
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

FINANCIAL STATEMENTS AND SCHEDULES

JUNE 30, 2018

WITH INDEPENDENT AUDITORS' REPORT THEREON



Postlethwaite & Netterville

A Professional Accounting Corporation

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Independent Auditors' Report

The Board of Commissioners
New Orleans City Park Improvement Association:

Report on the Financial Statements

We have audited the accompanying financial statements of the New Orleans City Park Improvement Association (the Park) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Park's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Park as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 10 to the financial statements, the Park adopted Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2018. This new standard requires the Park to recognize and report its total other post-employment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the Schedule of Changes in Total OPEB Liability and Related Ratios on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprises the Park's basic financial statements. The supplementary information included in the Schedule of Operating Expenses on page 36 and Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 37 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park's internal control over financial reporting and compliance.

Postlethwaite & Netterville

New Orleans, Louisiana
December 19, 2018

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis

June 30, 2018 and 2017

This section of the New Orleans City Park Improvement Association (the Park) financial report presents a discussion and analysis of the Park's financial performance during the year ended June 30, 2018 and 2017. Please read it in conjunction with the Park's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

2018 Highlights

The Park's net position represents approximately 84% of total assets of approximately \$106.7 million at June 30, 2018. At June 30, 2017, the Park's net position approximated 83% of total assets of approximately \$98.1 million.

The Park's increase in net position was approximately \$8.2 million for the year ended June 30, 2018 as compared to an increase of approximately \$7.2 million for the year ended June 30, 2017, before the restatement related to the implementation of GASB Statement No 75. In addition, the Park's cash used in operating activities was approximately \$2.6 million in 2018 as compared to cash used in operating activities of approximately \$1.8 million in 2017.

2017 Highlights

The Park's net position represents approximately 83% of total assets of approximately \$98.1 million at June 30, 2017. At June 30, 2016, the Park's net position approximated 91% of total assets of approximately \$83.6 million.

The Park's increase in net position was approximately \$7.2 million for the year ended June 30, 2017 as compared to an increase of approximately \$14.7 million for the year ended June 30, 2016. In addition, the Park's cash used in operating activities was approximately \$1.8 million in 2017 as compared to cash used in operating activities of approximately \$1.3 million in 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements (including the notes to the financial statements), required supplementary information, and other supplementary information.

The financial statements provide both long-term and short-term information about the Park's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplemental information that further explains and supports the information in the financial statements.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2018 and 2017

The Park's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenue, Expenses, and Changes in Net position. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Park are included in the Statements of Net Position.

FINANCIAL ANALYSIS OF THE PARK – 2018

The Statements of Net Position reports the Park's net position. Net position, the difference between the Park's assets, liabilities and deferred inflows of resources, is one way to measure the Park's financial health or Position. The increase in the Park's net position in 2018 over 2017 is an indicator of its positive financial health.

TABLE A-1
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Net Position
June 30, 2018 and 2017

Assets	2018	Restated 2017	Increase (Decrease)
Current assets	\$ 5,648,893	\$ 6,513,048	\$ (864,155)
Investments, non-current	5,780,297	5,333,008	447,289
Capital assets	95,260,805	86,257,361	9,003,444
Total assets	106,689,995	98,103,417	8,586,578
Deferred outflows of resources	39,000	38,556	444
Total deferred outflows of resources	39,000	38,556	444
Total assets and deferred outflows	\$ 106,728,995	\$ 98,141,973	\$ 8,587,022
Current liabilities	\$ 3,970,603	\$ 4,100,317	\$ (129,714)
Long-term liabilities	4,318,744	4,117,467	201,277
Total liabilities	8,289,347	8,217,784	71,563
Deferred inflows of resources	8,799,755	8,452,669	347,086
Total deferred inflows of resources	8,799,755	8,452,669	347,086
Net position			
Net investment in capital assets	95,260,805	86,257,361	9,003,444
Restricted	6,187,498	5,932,067	255,431
Unrestricted	(11,808,410)	(10,717,908)	(1,090,502)
Total net position	89,639,893	81,471,520	8,168,373
Total liabilities, deferred inflows, and net position	\$ 106,728,995	\$ 98,141,973	\$ 8,587,022

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2018 and 2017

Net Position

The Park's total net position at June 30, 2018 increased 10% to approximately \$89.6 million (See Table A-1). Total assets increased 9% to approximately \$106.7 million, and total liabilities increased 1% to approximately \$8.3 million. In addition, the Park reported deferred inflows of resources of approximately \$8.8 million at June 30, 2018, which represents a 4% increase from the amount reported at June 30, 2017. The deferred inflow of resources relates to capital contribution made by the Bayou District Foundation (BDF) to fund a portion of the improvements to the South Course at Bayou Oaks under a service concession arrangement between the Park and the Bayou District Foundation (BDF) and the deferred inflows related to the implementation of GASB Statement No. 75 related to the accounting for other post-retirement benefits. The increase in net position is mainly attributable to the purchase of property and equipment funded through \$12.1 million in public and private capital contributions.

Total current assets decreased by approximately \$860,000 and current liabilities decreased by approximately \$130,000 which resulted in a decrease in working capital of \$730,000. Receivables decreased by approximately \$550,000 from quicker collections of the taxes received from the State of Louisiana and collections on project worksheets from Hurricane Katrina from the Federal Emergency Management Agency (FEMA). Unrestricted cash increased by approximately \$250,000, which was almost equally offset by the net transfers of approximately \$250,000 from the Louisiana Asset Management Pool (LAMP) into the Park's main operating bank account during the year ending June 30, 2018. Restricted cash decreased by approximately \$280,000 mostly from uses of funds for capital projects by the Park in excess of the Sales Tax collected by the City Park Taxing District (TIF), a blended component unit of the Park (note 1). Non-current assets increased by approximately \$9.5 million. Contributions to fund capital expenditures of approximately \$12 million exceeded depreciation on the Park's capital assets of approximately \$4.5 million, along with the TIF and Park's share of capital expenditures increased property by approximately \$9 million. The Park's permanent endowment held at the Greater New Orleans Foundation (GNOF) increased by approximately \$350,000 primarily from investment gains, dividends and interest on the monies held in trust for the benefit of the Park (note 2).

During the year ended June 30, 2018, the Park adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This new accounting standard requires governments providing post-employment benefits to report a liability for the full amount of actuarially determined accrued benefits less amounts funded into a trust, if applicable, rather than recognizing a liability based upon the difference between funding recommendations and actual contributions, which was previously required. Implementation of this new accounting standard reduced the Park's net position by \$1,706,911 at June 30, 2017, and the recognition of a \$4,357,744 and \$4,156,467 total OPEB liability at June 30, 2018 and 2017, respectively.

Total liabilities increased by approximately \$70,000. The total OPEB liability increased by approximately \$200,000 from the prior the prior year, as restated. Accounts payable decreased by approximately \$370,000, which was partially offset by a \$250,000 increase in the amount due to the Office of Risk Management for the Park's insurance premiums (note 7).

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2018 and 2017

Net position grew by approximately \$8.2 million as explained in the following section. Net investments in capital assets reflect capital assets, net of accumulated depreciation. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

Changes in Net Position

The change in net position for the year ended June 30, 2018 was an increase of approximately \$8.2 million compared to an increase in net position of approximately \$7.2 million for the year ended June 30, 2017. Total operating revenues decreased by approximately \$1.3 million to \$12.0 million for the year ended June 30, 2018, compared to \$13.4 million in the year ended June 30, 2017.

TABLE A-2
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2018 and 2017

	2018	Restated 2017	Increase (Decrease)
Operating Revenues:			
Amusements, concerts, and other events	\$ 5,924,572	\$ 6,260,170	\$ (335,598)
Catering, restaurant, and gift shop	3,639,740	3,720,021	(80,281)
Golf operations	131,742	1,052,603	(920,861)
Horticulture, grounds and pavilion rental	999,959	992,368	7,591
Athletic services and tennis	1,333,839	1,340,869	(7,030)
Total operating revenues	<u>12,029,852</u>	<u>13,366,031</u>	<u>(1,336,179)</u>
Operating expenses:			
Amusements, concerts, and other events	3,278,911	3,359,347	(80,436)
Catering, restaurant, and gift shop	3,005,296	2,738,210	267,086
Golf operations	-	636,318	(636,318)
Horticulture, grounds and pavilion rental	1,098,238	1,250,119	(151,881)
Athletic services and tennis	1,228,735	1,193,722	35,013
General park	6,058,910	5,702,927	355,983
Depreciation	4,517,595	3,817,668	699,927
Other postretirement benefit expense	517,469	(869,000)	1,386,469
Total operating expenses	<u>19,705,154</u>	<u>17,829,311</u>	<u>1,875,843</u>
Net operating loss	(7,675,302)	(4,463,280)	(3,212,022)
Non-operating income	3,735,483	3,473,572	261,911
Capital contributions	12,083,761	7,853,897	4,229,864
Additions to permanent endowment	24,431	328,170	(303,739)
Changes in net position	8,168,373	7,192,359	976,014
Total net position, beginning of the year	81,471,520	75,986,072	5,485,448
Implementation of GASB Statement No. 75	-	(1,706,911)	1,706,911
Total net position, end of the year, as restated	<u>\$ 89,639,893</u>	<u>\$ 81,471,520</u>	<u>\$ 8,168,373</u>

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2018 and 2017

Amusement, concerts, and other events revenue decreased by \$335,000, mostly as a result of poorer weather experienced in December during Celebration in the Oaks as compared to the prior year. Reported Golf revenues decreased by approximately \$920,000. However, the decrease in Golf revenues was entirely the result of a reduction in golf related to the application of GASB 60. Under GASB 60, the Park accounts for its cooperative endeavor agreement (CEA) with BDF as a service concession arrangement. Consequently, the Park recognizes only its share of the net revenue, which excludes the expenses of operating facility and the BDF's share of the net income. For the first 7 months of the year ended June 30, 2017, the course was not operated by the BDF under the CEA and GASB 60 did not apply to the treatment of those revenues. Excluding the effect of GASB 60, golf revenues would have increased by approximately \$1.9 million. This accounting treatment reduced reported golf revenues and expenses by approximately \$3.9 million and \$1.1 million on a pro forma basis for the years ending June 30, 2018 and 2017, respectively (See Note 12).

Capital contributions increased by approximately \$4.2 million, or 54%, primarily due to the increased pace of construction on the Early Learning Village (ELV) by the Louisiana Children's Museum (LCM). Capital contributions for the ELV were approximately \$10 million during fiscal year 2018, which is an increase of \$6.4 million from the ELV contributions in fiscal year 2017. The increase in capital contributions from the ELV project was partially offset by construction projects that were completed in fiscal year 2017 in the Botanical Garden.

TABLE A-3
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
 Schedule of Operating Expenses
 For the years ended June 30, 2018 and 2017

	2018	2017	Increase (Decrease)
Payroll	\$ 6,829,378	\$ 6,552,730	\$ 276,648
Depreciation	4,517,595	3,817,668	699,927
Cost of goods sold	1,508,651	1,437,664	70,987
Payroll benefits	1,113,890	1,095,839	18,051
Contract services	895,534	868,867	26,667
Repairs and maintenance	858,435	771,161	87,274
Supplies	653,124	743,955	(90,831)
Utilities	709,154	673,933	35,221
Golf operations	-	636,318	(636,318)
Administrative	531,441	523,090	8,351
Contract labor	422,583	432,538	(9,955)
Insurance	450,552	401,967	48,585
Advertising	279,592	267,906	11,686
Other	268,054	275,954	(7,900)
Special events	149,722	198,721	(48,999)
Other post-employment benefits expense	517,469	(869,000)	1,386,469
Total operating expenses	\$ 19,705,174	\$ 17,829,311	\$ 1,875,863

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2018 and 2017

Operating expenses increased by approximately \$1.9 million in fiscal year 2018 compared to fiscal year 2017. The \$1.4 million increase in other postretirement expense is due to the implementation of GASB Statement No. 75 for the year ended June 30, 2018. Depreciation increased by \$700,000 as a result of a number of projects completed in the past couple of years being placed into operation and depreciated. OPEB expenses increased by approximately \$1.4 million in 2018. Golf expenses decreased from the prior year by approximately \$640,000 due to the aforementioned implementation of GASB 60.

Non-operating income and expenses increased by approximately \$260,000 or 8%. Federal grant revenue increased by nearly \$200,000 as the Park collected on the project worksheet related to Hurricane Gustav from FEMA for debris removal costs expended in 2008.

FINANCIAL ANALYSIS OF THE PARK – 2017

Net Position

The Park's total net position at June 30, 2017 increased 7% to approximately \$81.4 million (See Table A-4). Total assets increased 17% to approximately \$98.1 million, and total liabilities increased 8% to approximately \$8.2 million. In addition, the Park reported deferred inflows of resources of approximately \$8.5 million at June 30, 2017. The deferred inflow of resources is related to a capital contribution made by the Bayou District Foundation (BDF) to fund a portion of the improvements to the South Course at Bayou Oaks under a service concession arrangement between the Park and BDF. The increase in net position is mainly attributable to the purchase of property and equipment funded through \$7.9 million in public and private capital contributions.

Total current assets decreased by approximately \$500,000, which was partially offset by a decrease in current liabilities of approximately \$300,000 which resulted in a decrease in working capital of \$200,000. Unrestricted cash decreased by approximately \$1.9 million as the Park invested approximately \$1.4 million into the Louisiana Asset Management Pool (LAMP). The other \$500,000 decrease related to financing the higher level of receivables and incurring slightly higher than budgeted capital expenditures during the year. Restricted cash decreased by approximately \$600,000 related to funds contributed by the City for construction of the Arrival Garden with an unexpended balance of approximately \$500,000 at June 30, 2016 that were fully expended at June 30, 2017. The State of Louisiana's Facility Planning and Control (FP&C) through a combination of funds from State capital outlay and FEMA project worksheets completed construction of a championship quality golf course to replace the East and West Courses destroyed by Hurricane Katrina. In addition, the Children's Museum began construction of their Early Learning Village. Capital expenditures from public and private sources of \$7.9 million, a deferred inflow of resources by the BDF of approximately \$8.7 million along with TIF and Park's share of capital purchases of approximately \$1.4 million exceeded depreciation of \$3.8 million, which accounted for substantially all of the \$14.2 million increase in capital assets. Contributions and investment returns on the Park's permanent endowment of approximately \$700,000 accounted for most of the rest of the increase in Park assets.

Total liabilities increased by approximately \$590,000 primarily due to the increase and decrease of approximately \$900,000 and \$500,000 in other postemployment benefits (OPEB) and amounts due to other governments, respectively. The increase in OPEB was due to the implementation of GASB Statement of GASB Statement No. 75 during the year ended June 30, 2018 which resulted in a

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2018 and 2017

restatement of the OPEB liability as of June 30, 2017 (see Note 1). The reduction in due to other governments related to unexpended capital funds advanced by the City of New Orleans to build the Entrance garden in the Botanical Gardens. The liability was recognized as a capital contribution after the project was completed during the year.

Net position grew by approximately \$5.4 million as explained in the following section. Net investments in capital assets reflect capital assets, net of accumulated depreciation. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

TABLE A-4
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
 Statements of Net Position
 June 30, 2017 and 2016

Assets	Restated 2017	2016	Increase (Decrease)
Current assets	\$ 6,513,048	\$ 6,961,501	\$ (448,453)
Investments, non-current	5,333,008	4,604,389	728,619
Capital assets	86,257,361	72,050,398	14,206,963
Total assets	<u>98,103,417</u>	<u>83,616,288</u>	<u>14,487,129</u>
Deferred outflows of resources	38,556	-	38,556
Total deferred outflows of resources	<u>38,556</u>	<u>-</u>	<u>38,556</u>
Total assets and deferred outflows	<u>\$ 98,141,973</u>	<u>\$ 83,616,288</u>	<u>\$ 14,525,685</u>
Current liabilities	\$ 4,100,317	\$ 4,350,216	\$ (249,899)
Long-term liabilities	4,117,467	3,280,000	837,467
Total liabilities	<u>8,217,784</u>	<u>7,630,216</u>	<u>587,568</u>
Deferred inflows of resources	8,452,669	-	8,452,669
Total deferred inflows of resources	<u>8,452,669</u>	<u>-</u>	<u>8,452,669</u>
Net position			
Net investment in capital assets	86,257,361	72,050,398	14,206,963
Restricted	5,932,067	5,264,673	667,394
Unrestricted	<u>(10,717,908)</u>	<u>(1,328,999)</u>	<u>(9,388,909)</u>
Total net position	<u>81,471,520</u>	<u>75,986,072</u>	<u>5,485,448</u>
Total liabilities, deferred inflows, and net position	<u>\$ 98,141,973</u>	<u>\$ 83,616,288</u>	<u>\$ 14,525,685</u>

Changes in Net Position

The change in net position for the year ended June 30, 2017 was an increase of approximately \$5.4 million, which includes the \$1.7 million restatement of net position as of June 30, 2017 due to the implementation of GASB Statement No. 75, compared to an increase in net position of approximately

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2018 and 2017

\$14.7 million for the year ended June 30, 2016. Total operating revenues decreased by approximately \$130,000 to \$13.4 million for the year ended June 30, 2017, compared to \$13.5 million in the year ended June 30, 2016.

TABLE A-5
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
 Statements of Revenues, Expenses and Changes in Net Position
 For the years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Operating Revenues:			
Amusements, concerts and other events	\$ 6,260,170	\$ 6,896,367	\$ (636,197)
Catering, restaurant, and gift shop	3,720,021	3,483,036	236,985
Golf operations	1,052,603	896,581	156,022
Horticulture, grounds and pavilion rental	992,368	849,822	142,546
Athletic services and tennis	1,340,869	1,369,882	(29,013)
Total operating revenues	<u>13,366,031</u>	<u>13,495,688</u>	<u>(129,657)</u>
Operating expenses:			
Amusements, concerts and other events	3,359,347	3,640,455	(281,108)
Catering, restaurant, and gift shop	2,738,210	2,800,888	(62,678)
Golf operations	636,318	1,116,676	(480,358)
Horticulture, grounds and pavilion rental	1,250,119	1,154,890	95,229
Athletic services and tennis	1,193,722	1,181,785	11,937
General park	5,702,927	5,651,194	51,733
Depreciation	3,817,668	3,390,500	427,168
Other postretirement benefit expense	(869,000)	420,600	(1,289,600)
Total operating expenses	<u>17,829,311</u>	<u>19,356,988</u>	<u>(1,527,677)</u>
Net operating loss	(4,463,280)	(5,861,300)	1,398,020
Non-operating income	3,473,572	3,227,331	246,241
Capital contributions	7,853,897	16,425,646	(8,571,749)
Additions to permanent endowment	328,170	860,791	(532,621)
Changes in net position	7,192,359	14,652,468	(7,460,109)
Total net position, beginning of the year	75,986,072	61,333,604	14,652,468
Implementation of GASB Statement No. 75	(1,706,911)	-	(1,706,911)
Total net position, end of the year, as restated	<u>\$ 81,471,520</u>	<u>\$ 75,986,072</u>	<u>\$ 5,485,448</u>

Amusements, concerts, and other events revenue decreased by approximately \$640,000, or 9%, in fiscal year 2017 to approximately \$6.3 million mostly from a one-time special event, China Lights in the Botanical Gardens that occurred during the spring of the prior year. Catering revenues increased by approximately \$200,000. Lower costs in amusements, concerts, and other events related to the one-time effect of China Lights, while the reduction in golf are related to the application of GASB 60. Under

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2018 and 2017

GASB 60, the Park accounts for its cooperative endeavor agreement (CEA) with BDF as a service concession arrangement. Consequently, the Park recognizes only its share of the net revenue, which excludes the expenses of operating facility and the BDF's share of the net income. This accounting treatment reduced reported golf revenues and expenses by approximately \$1.1 million on a pro forma basis in comparison to 2017 (See Note 12).

Non-operating income and expenses increased by approximately \$250,000 or 8%. Investment gains on the Parks endowment increased by \$400,000 as a result of strength in financial markets that was partially offset by a reduction of approximately \$200,000 in donations.

Capital contributions decreased by approximately \$8.6 million, or 52%, primarily due from the accounting treatment of the BDF's contribution to the golf project accounting under GASB 60. While the level of capital expenditures was relatively unchanged as compared to the prior year, the \$8.7 million contributed by the BDF was recorded as a deferred inflow of resources on the Statement of Net Position and amortized and reported as service concession revenue over the remaining 33 years of the CEA, under GASB 60. As compared to the accounting treatment that existed prior to GASB 60, the BDF's contribution would have been treated as a capital contribution and the level from the prior year's total capital contributions reported would have been unchanged.

TABLE A-6
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
Schedule of Operating Expenses
For the years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Payroll	\$ 6,552,730	\$ 6,643,408	\$ (90,678)
Depreciation	3,817,668	3,390,500	427,168
Cost of goods sold	1,437,664	1,500,489	(62,825)
Payroll benefits	1,095,839	1,083,480	12,359
Contract services	868,867	917,516	(48,649)
Repairs and maintenance	771,161	954,426	(183,265)
Supplies	743,955	792,759	(48,804)
Utilities	673,933	587,027	86,906
Golf operations	636,318	1,116,676	(480,358)
Administrative	523,090	375,874	147,216
Contract labor	432,538	467,509	(34,971)
Insurance	401,967	371,501	30,466
Advertising	267,906	349,844	(81,938)
Other	275,954	262,720	13,234
Special events	198,721	122,659	76,062
Other post-employment benefits expense	(869,000)	420,600	(1,289,600)
Total operating expenses	<u>\$ 17,829,311</u>	<u>\$ 19,356,988</u>	<u>\$ (1,527,677)</u>

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2018 and 2017

Operating expenses decreased by approximately \$1.5 million in fiscal year 2017 compared to fiscal year 2016. The decrease in other post-employment benefits expense was due to the change in the actuarially determined OPEB obligation in accordance with GASB Statement No. 45. Golf operations and recreational services decreased by approximately \$500,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

2018 Capital Assets

As of June 30, 2018, the Park's investment in capital assets approximated \$95.3 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. At June 30, 2018, the Park has construction in progress of approximately \$15.8 million relating to projects throughout the park, consisting primarily of \$13.8 million for the design and construction fees related to the Louisiana Children's Museum Early Learning Village.

2017 Capital Assets

As of June 30, 2017, the Park's investment in capital assets approximated \$86.3 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. At June 30, 2017, the Park has construction in progress of approximately \$9.6 million relating to projects throughout the Park including \$3.7 million for the design and construction fees related to the Louisiana Children's Museum Early Learning Village and \$2.2 million in maintenance and other ancillary buildings under construction for the new championship quality golf course.

ECONOMIC FACTORS AND OUTLOOK

The Park continues to rebuild and restore its facilities following Hurricane Katrina in 2005. Due to the hurricane, 90% of the staff was laid off and virtually all operations were closed. From 2006 through 2018, facilities have reopened, including the Botanical Garden, Tad Gormley Stadium, Pan American Stadium, various ball fields, North Golf Course and Driving Range, Storyland, and the Carousel Gardens Amusement Park. As of June 30, 2018 nearly all of the Park's facilities have reopened. In October 2012, the Park opened the Arbor Room at Popp's Fountain, a new facility for catered events. In April 2012, the Park opened the Pepsi Tennis Center to replace the older smaller facility that was near the site of the new miniature golf facility, City Putt. In December 2016, the Park opened the new Festival Grounds with a one-mile walking/jogging/bicycle path surrounding five soccer fields, which also serves as a venue for large festivals. In May 2016, the Park opened City Putt, a New Orleans and Louisiana themed 36-hole miniature golf course with a clubhouse and two party rooms. In April of 2018, the Park opened the South Course at Bayou Oaks, an 18-hole championship quality golf course designed by Rees Jones and Greg Muirhead of Rees Jones and Torre Design Consortium. The Park has also hosted several events including the annual Celebration in the Oaks, Voodoo Festival, Mardi Gras Marathon, Crescent City Classic and various run/walk events.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2018 and 2017

CONTACTING THE PARK'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patrons and other interested parties with a general overview of the Park's finances and to demonstrate the Park's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the New Orleans City Park Improvement Association at (504) 482-4888.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Net Position

June 30, 2018 and 2017

<u>Assets and Deferred Outflows of Resources</u>	<u>2018</u>	<u>Restated 2017</u>
Current assets:		
Cash (note 2):		
Unrestricted	\$ 937,186	\$ 676,175
Restricted	373,290	655,078
Total cash and cash equivalents (note 2)	1,310,476	1,331,253
Investments substantially restricted (note 2)	28,127	28,127
Investments with Louisiana Asset Management Pool (note 2)	1,707,976	1,949,675
Receivables (less allowance for doubtful accounts):		
Friends of City Park	266,756	206,470
Federal grant receivable	565,151	679,630
City of New Orleans	82,179	72,571
State of Louisiana	314,768	589,503
Other	318,469	555,174
Inventories	238,478	211,574
Prepaid expenses and other assets	816,513	889,071
Total current assets	5,648,893	6,513,048
Endowment at GNOF, nonexpendable portion (note 2)	5,088,979	4,733,248
Endowment at GNOF, expendable portion (note 2)	691,318	599,760
Capital assets, net (note 5)	95,260,805	86,257,361
Total assets	106,689,995	98,103,417
Deferred outflows of resources		
Other post-employment benefits (note 10)	39,000	38,556
Total assets and deferred outflows	\$ 106,728,995	\$ 98,141,973
 <u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Current liabilities:		
Accounts payable - trade	\$ 564,635	\$ 936,665
Other liabilities	169,451	137,429
Accrued salaries	266,422	250,007
Unearned income (note 6)	942,712	1,026,225
Insurance payable (note 7)	754,877	505,680
Due to other governments (note 7)	785,372	785,372
Accrued vacation leave	448,134	419,939
Other post-employment benefits, current (note 10)	39,000	39,000
Total current liabilities	3,970,603	4,100,317
Long-term liabilities		
Other post-employment benefits (note 10)	4,318,744	4,117,467
Total liabilities	8,289,347	8,217,784
Deferred inflows of resources		
Service concession arrangement (note 12)	8,483,119	8,452,669
Other post-employment benefits (note 10)	316,636	-
Total deferred inflows of resources	8,799,755	8,452,669
Net position:		
Net investment in capital assets	95,260,805	86,257,361
Restricted	6,187,498	5,932,067
Unrestricted	(11,808,410)	(10,717,908)
Total net position, as restated	89,639,893	81,471,520
Total liabilities, deferred inflows, and net position	\$ 106,728,995	\$ 98,141,973

See accompanying notes to financial statements

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>Restated 2017</u>
Operating revenues:		
Amusements, concerts, and other events	\$ 5,924,572	\$ 6,260,170
Catering, restaurant, and gift shop	3,639,740	3,720,021
Golf operations	131,742	1,052,603
Horticulture, grounds and pavilion rental	999,959	992,368
Stadium rentals and concessions	786,956	807,276
Tennis	546,883	533,593
Total operating revenues	<u>12,029,852</u>	<u>13,366,031</u>
Operating expenses		
Amusements and other events	3,278,911	3,359,347
Catering, restaurant, and gift shop	3,005,296	2,738,210
Depreciation	4,517,595	3,817,668
General park	6,058,910	5,702,927
Golf operations	-	636,318
Horticulture and grounds	1,098,238	1,250,119
Stadium	811,668	751,577
Tennis	417,067	442,145
Other post-employment benefits	517,469	(869,000)
Total operating expenses	<u>19,705,154</u>	<u>17,829,311</u>
Net operating loss	<u>(7,675,302)</u>	<u>(4,463,280)</u>
Non-operating income (expense):		
Donations	293,522	310,031
Income and gains on GNOF	422,858	400,449
Interest income	27,437	26,565
Federal grant revenue	189,467	-
State revenue	1,900,196	1,950,000
Sales tax	526,918	460,624
Lease revenue	309,848	291,410
Insurance claim revenue	20,027	12,550
Other revenue	45,210	21,943
Total non-operating income	<u>3,735,483</u>	<u>3,473,572</u>
Changes in net position before capital contributions	<u>(3,939,819)</u>	<u>(989,708)</u>
Capital contributions	<u>12,083,761</u>	<u>7,853,897</u>
Changes in net position after capital contributions	8,143,942	6,864,189
Additions to permanent endowments	<u>24,431</u>	<u>328,170</u>
Changes in net position after additions to endowments	8,168,373	7,192,359
Total net position, beginning of the year	81,471,520	75,986,072
Implementation of GASB Statement No. 75 (note 1)	-	(1,706,911)
Total net position, end of the year, as restated	<u>\$ 89,639,893</u>	<u>\$ 81,471,520</u>

See accompanying notes to financial statements

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Cash Flows

For the years ended June 30, 2018 and 2017

	2018	Restated 2017
Cash flows from operating activities:		
Cash received from user fees and other park activities	\$ 12,183,044	\$ 12,983,980
Cash payments to suppliers for goods and services	(6,854,118)	(7,167,503)
Cash payments to employees for services	(7,898,473)	(7,631,386)
Net cash used in operating activities	<u>(2,569,547)</u>	<u>(1,814,909)</u>
Cash flows from noncapital and related financing activities:		
Cash received from State of Louisiana	2,133,942	1,710,209
Cash received from sales tax	517,310	444,395
Cash received from Insurance claim proceeds	20,027	12,550
Cash received from donations	293,522	310,031
Cash received from lease revenue	309,848	291,410
Net cash provided by noncapital financing activities	<u>3,274,649</u>	<u>2,768,595</u>
Cash flows from capital and related financing activities:		
Contributed by others for capital improvements	2,388,065	2,699,949
Acquisition and construction of capital assets	(3,428,290)	(4,846,630)
Net cash used in capital and related financing activities	<u>(1,040,225)</u>	<u>(2,146,681)</u>
Cash flows from investing activities:		
Purchase of investments	(345,000)	(1,380,000)
Sale of investments	610,000	-
Interest received on investments	4,136	34,133
Other revenue	45,210	21,943
Net cash provided by (used in) investing activities	<u>314,346</u>	<u>(1,323,924)</u>
Net decrease in cash and cash equivalents	(20,777)	(2,516,919)
Cash and cash equivalents at beginning of the year	<u>1,331,253</u>	<u>3,848,172</u>
Cash and cash equivalents at end of the year	<u>\$ 1,310,476</u>	<u>\$ 1,331,253</u>
Reconciliation of net operating loss to net cash provided by operating activities are as follows:		
Operating loss	\$ (7,675,302)	\$ (4,463,280)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation	4,517,595	3,817,668
(Increase) decrease in receivables	236,705	(270,528)
(Increase) decrease in inventories	(26,904)	3,627
(Increase) decrease in prepaid expenses and other assets	72,558	(17,730)
Increase (decrease) in trade payables and insurance payable	183,163	72,470
Increase (decrease) in accrued liabilities and other liabilities	206,151	(845,613)
Increase (decrease) in unearned income	(83,513)	(111,523)
Net cash used in operating activities	<u>\$ (2,569,547)</u>	<u>\$ (1,814,909)</u>
Noncash investing, capital and financing activities		
Contributions to GNOF	\$ 24,431	\$ 328,170
In-kind capital contributions	<u>\$ 10,672,394</u>	<u>\$ 11,008,726</u>

See accompanying notes to financial statements

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The State of Louisiana legislature passed Act 84 of 1870 which established a public park in the City of New Orleans (the City) and created the New Orleans Park Board of Commissioners. By Act 87 of 1877, the Board was abolished and the powers and duties were transferred to the City Council of New Orleans. In 1896, Act 84 of 1870 was repealed and Act 130 gave recognition to an organization called the "New Orleans City Park Improvement Association" (the Park), an agency of the State, which was to manage and supervise the City's park. Act 865 of 1982 transferred the Park to the State Department of Culture, Recreation and Tourism. The Park shall be used for park, educational and cultural purposes.

Act 13 of 1998 authorized the Park to contract with a not-for-profit entity for the operation, care, control, and management of the Park, including contracting for employment, procurement of goods and services and entering into lease arrangements. Additionally, the entity was specifically exempted from Title 38 relative to public contracts, Title 39 relative to procurement of professional, personal, consulting and social services and Title 41 relative to the lease of public lands. In 2001, the Park entered into a cooperative endeavor agreement with the Park Employment and Procurement Corporation (PEPCO) for the purposes stated in Act 13. PEPCO has no assets or liabilities and neither receives, nor expends any funds.

(a) *Reporting Entity*

For financial reporting purposes and in accordance with Governmental Accounting Standards Board's definition of a reporting entity, the Park has only one fund, an enterprise fund, which accounts for all assets, liabilities and operations of the Park, and, as such, is considered a primary government.

Of the 36 authorized Board members, 13 are appointed by various governmental units and nonprofit organizations. The remaining board members serve limited staggered terms and are appointed by the current Board members of the Park. The Park's Board members have decision-making authority over the activities of the Park including: the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Park has no special financial relationships with any other governmental unit and is responsible for its own debt, surpluses, and deficits.

(b) *Component Units*

New Orleans City Park Taxing District (TIF) is a blended component unit of the Park. Although a blended component unit is a legally separate entity, it is, in substance, part of the Park's operations, as it provides funding exclusively for the Park. Act 266 of 2007 of the State of Louisiana, created the TIF, and Ordinance No. 23010 on December 20, 2007 designates a portion of the local sales and use taxes within the City Park boundaries to fund economic development projects undertaken by the Park. The net position of the TIF, restricted for Park capital projects, totaled \$379,074 and \$570,931 at June 30, 2018 and 2017, respectively. See the following page for the net positions and changes in net position for the New Orleans City Park Taxing District.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

(c) *Component Units (continued)*

New Orleans City Park Taxing District
Statement of Net Position
June 2018 and 2017

	<u>2018</u>	<u>2017</u>
Current assets	\$ 385,674	\$ 586,476
Total assets	<u>\$ 385,674</u>	<u>\$ 586,476</u>
Current liabilities	\$ 6,600	\$ 15,545
Total liabilities	<u>6,600</u>	<u>15,545</u>
Net position		
Restricted	<u>379,074</u>	<u>570,931</u>
Total liabilities and net position	<u>\$ 385,674</u>	<u>\$ 586,476</u>

New Orleans City Park Taxing District
Statement of Changes in Net Position
For the years ended June 2018 and 2017

	<u>2018</u>	<u>2017</u>
General revenues:		
Sales taxes	\$ 526,918	\$ 460,624
Expenses:		
Economic development	<u>718,775</u>	<u>521,850</u>
Change in net position	(191,857)	(61,226)
Net position, beginning of year	<u>570,931</u>	<u>632,157</u>
Net position, end of year	<u>\$ 379,074</u>	<u>\$ 570,931</u>

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

(d) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting policies of the Park conform to accounting principles generally accepted in the United States of America as applicable to governments. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and measurable and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Park has no governmental or fiduciary funds. The Park uses fund accounting to report its financial position and results of operations. The Park's accounts are organized into a single proprietary fund.

The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in net position is appropriate for capital maintenance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers and users of its services. Operating expenses for the Park include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Park's principal operating revenues are the fees received for services and use of the Park's facilities. Operating revenues are recognized when services are provided and facilities are used by customers. Grants, donations, capital contributions, and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

(e) Investments

Investments are stated at fair value based on quoted market prices. If quoted prices are not available, fair value is estimated based on similar securities. The Park does not have an investment policy, however the Louisiana Revised Statutes authorize the Park to invest in bonds, treasury notes, certificates or other obligations of the United States, or time certificates of deposit in state banks organized under Louisiana laws and national banks having principal offices in the State. Unrealized gains and losses on investments are recorded at fair value and are included in interest income and investment and gains on GNOF.

(f) Inventories

Inventories, consisting primarily of gift shop, concession, and catering supplies, are valued at cost, which approximates market, using the weighted average method.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

(g) *Capital Assets*

Capital assets are stated at historical cost. Contributed assets are recorded at acquisition value at the time received. An item is classified as a capital asset if the individual cost is \$1,000 or greater and has a useful life in excess of 1 year. Depreciation is provided using the straight-line method over the estimated useful lives.

(h) *Vacation Leave*

The Park permits employees a limited amount of earned but unused vacation benefits not to exceed 300 hours, which will be paid to employees upon separation from Park service.

(i) *Net Position*

The Park classifies net position into three components: net investment in capital assets, net of related debt; restricted; and unrestricted. These components are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation. As of June 30, 2018 and 2017, the Park did not have debt related to capital assets.

Restricted - This component reports those net position with externally imposed constraints placed on their use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Park utilizes restricted assets before utilizing available unrestricted assets.

Unrestricted - This component reports net positions that do not meet the definition of either of the other two components.

(j) *Cash Flows*

For purposes of the statement of cash flows, only cash certificates on hand and on deposit and investments having an initial term of three months or less are included in cash and cash equivalents.

(k) *Allowance for Doubtful Accounts*

The allowance for doubtful accounts is based on prior years' experience and management's analysis of possible bad debts. Accounts receivable considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. No allowance for doubtful accounts was recorded at June 30, 2018 and 2017.

(l) *Unearned Income*

Unearned income represents resources the Park has received, but not yet earned, such as federal grant funds received prior to the incurrence of qualifying expenditures, cash deposits received as prepayments from customers on catering events and birthday parties, or prepaid rental revenue.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

(m) Deferred Outflows and Inflows of Resources

Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. See Note 10 for more information regarding deferred outflows of resources related to other post-employment benefits. Deferred inflows of resources represent the acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until then. Capital contributions made by BDF in relation to its cooperative endeavor agreement with the Park are reported as deferred inflows of resources and amortized over the life of the agreement. See Note 12 for additional information. See Note 10 for more information regarding deferred inflows of resources related to other post-employment benefits.

(n) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(o) Reclassifications

Certain accounts in the 2017 financial statements have been reclassified to conform to the current year presentation.

(p) Current Year Adoption of New Accounting Standard and Restatement of Net Position

The Park adopted Government Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net effect to the Entity's Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is as follows:

Total Net Position, June 30, 2017, as previously reported	\$ 83,178,431
Reverse post-employment benefit obligation at June 30, 2017	2,411,000
Record total post-employment benefit liability at June 30, 2017	(4,156,467)
Record deferred outflows of resources at June 30, 2017	38,556
Net effect	<u>(1,706,911)</u>
Total Net Position, June 30, 2017, Restated	<u>\$ 81,471,520</u>

Other post-employment benefits expense for the year ended June 30, 2017 is not restated and the disclosures for other post-employment benefits in note 10 are not comparative because detailed information for the year ended June 30, 2017 is not available. The actuarial valuation performed under GASB Statement No. 75 is for the most recent fiscal year only.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(2) Cash, Cash Equivalents, and Investments

The following are the components of the Park's cash, cash equivalents and investments at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Current:		
Cash in banks	\$ 1,310,476	\$ 1,331,253
Certificates of deposit	28,127	28,127
Investments with Louisiana Asset Management Pool	1,707,976	1,949,675
Long-term:		
Investments held at Greater New Orleans Foundation	5,780,297	5,333,008
	<u>\$ 8,826,876</u>	<u>\$ 8,642,063</u>

Restricted cash and investments as of June 30, 2018 and 2017 are as follows:

	<u>Restricted Cash</u>	<u>Restricted Investments</u>	<u>Total</u>
2018:			
Ribet Fund	\$ -	\$ 28,127	\$ 28,127
Greater New Orleans Foundation	-	5,780,297	5,780,297
New Orleans City Park Taxing District	303,495	-	303,495
Capital funds received from private donors	69,795	-	69,795
	<u>\$ 373,290</u>	<u>\$ 5,808,424</u>	<u>\$ 6,181,714</u>
2017:			
Ribet Fund	\$ -	\$ 28,127	\$ 28,127
Greater New Orleans Foundation	-	5,333,008	5,333,008
New Orleans City Park Taxing District	513,905	-	513,905
Capital funds received from private donors	141,173	-	141,173
	<u>\$ 655,078</u>	<u>\$ 5,361,135</u>	<u>\$ 6,016,213</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes require that the Park's cash and certificates of deposit be covered by federal depository insurance or collateral.

The bank balances of cash and certificates of deposit, as reflected by the banks' records totaled \$1,231,805 and \$1,335,567 at June 30, 2018 and 2017, respectively. The Park's bank balances and certificates of deposits at year-end were covered by federal depository insurance or by collateral held by the Park's custodial bank in the Park's name.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(2) Cash, Cash Equivalents, and Investments (continued)

The Park invests monies with the Louisiana Asset Management Pool (LAMP), which are reported at net asset value. LAMP is considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. Accordingly, Lamp Investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. Only local Louisiana government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The following facts are relevant for LAMP:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable.

LAMP values its investments at fair value based on quoted market values. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares which approximates net asset value (NAV).

LAMP is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the Securities and Exchange Commission (SEC).

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP. LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(2) Cash, Cash Equivalents, and Investments (continued)

As of June 30, 2018 and 2017, the Park had investments totaling \$5,780,297 and \$5,333,008, respectively, in the Greater New Orleans Foundation (GNOF). GNOF investments are held in a donor investment pool of which the investments are not evidenced by securities that exist in physical or book entry form. Investments in GNOF are administered by the Greater New Orleans Foundation, a 501(c)(3) public charity. The GNOF investments are in a permanent endowment. Investment earnings on the permanently restricted balance are available to the Park for spending on general operations. The amounts available for spending at June 30, 2018 and 2017 are \$691,318 and \$599,760, respectively. The GNOF investments are valued at the fair value of the trust investments as reported to the Park by the trustees and include the use of NAV as the primary input to measure fair value.

The primary objective of GNOF is to provide a safe environment for the placement of donor funds in high quality investments. To achieve these objectives, GNOF's investment portfolio consists of three diversified investment portfolios: the money market portfolio, the fixed income portfolio and the equity portfolio.

(3) Fair Value Measurement

The Park's investments are recorded at fair value as of June 30, 2018 and 2017. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the market place.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2 – Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.

Level 3 – Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(3) Fair Value Measurement (continued)

The Park has the following recurring fair value measurements as of June 30, 2018 and 2017:

	Fair Value Measurements – June 30, 2018			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ 28,127	\$ -	\$ -	\$ 28,127
GNOF		5,780,297		5,780,297
Investments at NAV				
LAMP	-	-	-	1,707,976
Total	<u>\$ 28,127</u>	<u>\$ 5,780,297</u>	<u>\$ -</u>	<u>\$ 7,516,400</u>

	Fair Value Measurements – June 30, 2017			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ 28,127	\$ -	\$ -	\$ 28,127
GNOF		5,333,008		5,333,008
Investments at NAV				
LAMP	-	-	-	1,949,675
Total	<u>\$ 28,127</u>	<u>\$ 5,333,008</u>	<u>\$ -</u>	<u>\$ 7,310,810</u>

(4) Sales Tax

Act No. 266 of the 2007 Regular Session of the Louisiana Legislature, stated that the TIF must designate the local sales and use taxes to be used to determine the sales tax increment (the “increment”) to be pledged and dedicated to the payment of economic development projects of the District. Pursuant to Board Resolution adopted on December 18, 2007, the TIF designated the local sales and use taxes as those sales taxes paid at, by, or in connection with activities which generate sales taxes within the TIF which are the City of New Orleans’ aggregate 2.5% sales and use taxes collected on the sale at retail, the use, the lease or rental, the consumption, and the storage for use or consumption of tangible personal property. The increment is the amount of sales taxes to be collected in the District in excess of the Initial Annual Baseline Collection Rate which is \$83,543 for the annual baseline collection rate, and \$6,961 for the monthly baseline collection rate.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(5) Capital Assets

The capital assets of the Park as of June 30, 2018 and 2017 are as follows:

<u>Description</u>	<u>2017</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>2018</u>	<u>Estimated useful life (years)</u>
Land	\$ 3,062,144	\$ -	\$ -	\$ 3,062,144	
Infrastructure	40,400,773	3,888,734	-	44,289,507	10-30
Buildings and improvements	45,167,242	2,786,432	-	47,953,674	10-30
Fixed equipment	13,611,148	380,946	-	13,992,094	5-20
Moveable equipment	7,469,029	291,206	-	7,760,235	3-20
Construction in progress	9,614,306	12,319,406	(6,145,685)	15,788,027	
	119,324,642	19,666,724	(6,145,685)	132,845,681	
Less accumulated depreciation	(33,067,281)	(4,517,595)	-	(37,584,876)	
Capital assets, net	<u>\$ 86,257,361</u>	<u>\$ 15,149,129</u>	<u>\$ (6,145,685)</u>	<u>\$ 95,260,805</u>	

Construction in progress of \$15,788,027 and \$9,614,306 as of June 30, 2018 and 2017, respectively, consists primarily of Bayou Oaks South Golf Course, Louisiana Children's Museum Early Learning Center, Botanical Garden Tolmas Center and various other facilities and grounds improvements.

The capital assets of the Park as of June 30, 2017 and 2016 are as follows:

<u>Description</u>	<u>2016</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>2017</u>	<u>Estimated useful life (years)</u>
Land	\$ 3,062,144	\$ -	\$ -	\$ 3,062,144	
Infrastructure	20,450,597	19,950,176	-	40,400,773	10-30
Buildings and improvements	41,516,962	3,650,280	-	45,167,242	10-30
Fixed equipment	12,781,407	829,741	-	13,611,148	5-20
Moveable equipment	5,722,050	1,746,979	-	7,469,029	3-20
Construction in progress	17,766,851	10,253,563	(18,406,108)	9,614,306	
	101,300,011	36,430,739	(18,406,108)	119,324,642	
Less accumulated depreciation	(29,249,613)	(3,817,668)	-	(33,067,281)	
Capital assets, net	<u>\$ 72,050,398</u>	<u>\$ 32,613,071</u>	<u>\$ (18,406,108)</u>	<u>\$ 86,257,361</u>	

(6) Unearned Income

Unearned income consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Payments in advance of events	\$ 872,917	\$ 885,052
Restricted contributions	69,795	141,173
	<u>\$ 942,712</u>	<u>\$ 1,026,225</u>

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(7) Due to Other Governments

Amounts due to other governments consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
City of New Orleans	\$ 732,000	\$ 732,000
State of Louisiana, Office of Risk Management	754,877	505,680
Federal (FEMA)	53,372	53,372
	<u>\$ 1,540,249</u>	<u>\$ 1,291,052</u>

The Park received payments on FEMA project worksheets, which were reduced by insurance proceeds from the State of Louisiana's Office of Risk Management (ORM). The payments were made by FEMA and ORM prior to the insurance deductibles being allocated and applied to the damage claims, which resulted in duplicate payment. The Park is working with FEMA and ORM to settle the amount owed during the closeout process.

On July 19, 2013, the Park entered into a Cooperative Endeavor Agreement with the City for the City to advance \$732,000 in Capital Outlay funds for construction costs associated with a parking lot for the upcoming City Splash project. In turn the Park advanced \$732,000 to FP&C, which is managing the project for the benefit of the Park. As a result, the Park recognized \$732,000 in due to other governments and \$732,000 in prepaid assets for both years ending June 30, 2018 and June 30, 2017.

The Park owed \$754,877 and \$505,680 to the State of Louisiana for premiums on the Park's insurance coverage self-insured through plans from the State's Office of Risk Management as of June 30, 2018 and June 30, 2017, respectively. This liability is classified as insurance payable on the statements of net position.

(8) Operating Leases

The Park leases certain facilities to various lessees under renewable operating lease agreements. These facilities include the cellular tower, the stables, and land to Christian Brothers School. Minimum future lease receipts as of June 30, 2018, are as follows:

2019	\$ 216,334
2020	247,377
2021	193,061
2022	175,601
2023	176,498
Thereafter	<u>1,200,028</u>
Total	<u>\$ 2,208,899</u>

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(8) Operating Leases (continued)

During the year ended September 30, 2006, the Park extended the lease with Christian Brothers School on similar terms as the exiting lease through September 30, 2020. On March 28, 2012, the Park leased the equestrian facilities to Equest Farms for \$4,000 per month increasing each year by a minimum of 3% through March 28, 2022. On August 21, 2012, the Park entered into a Cooperative Endeavor Agreement (CEA) to lease a portion of the first floor of the Casino Building to Morning Call in the Oaks, LLC (Morning Call) for \$3,400 a month increasing by \$1,000 a month at the beginning of each year through August 20, 2017. Under terms of the CEA, Morning Call elected to extend the term for an additional 2 years with rent of \$5,900 in the first year increasing to \$6,400 in the second year through August 20, 2017. On June 16, 2018, the Park notified Morning Call of its intent to lease the facility under the State of Louisiana Public Lease Law and converted the term of the lease to month to month until such time as a winning bidder is determined and a new contract to lease facility is executed. On June 12, 2013, the Park entered into a Cooperative Endeavor Agreement (CEA) to lease a portion of Big Lake to Wheel Fun New Orleans, LLC for \$25,000 per year with a contingent payment of 10% of gross revenues in excess of \$100,000 through June 14, 2018. Effective June 14, 2018, the Wheel Fun and the Park executed an Addendum to the CEA to extend the agreement an additional five (5) years under the original CEA terms. On November 25, 2014, the Park entered into a Cooperative Endeavor Agreement (CEA) with the Louisiana Children's Museum, Inc. (LCM) to lease the Early Learning Village that began construction in 2017 for a period of 39 years. Under the terms of the CEA, LCM pays the Park \$500 per month during construction and \$3,000 per month once the facility is completed, which is estimated to occur in 2019.

The cost and carrying amount included in buildings and improvements for the portion of facilities held for lease at June 30, 2018 were, as follows.

	<u>Gross Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Casino Building	\$ 502,868	\$ 362,134	\$ 140,734
Big Lake Dock & Boat House	417,131	111,235	305,896
Equestrian Facility	965,640	183,400	782,240
Leased Facilities	<u>\$ 1,885,639</u>	<u>\$ 656,769</u>	<u>\$ 1,228,870</u>

(9) Employee Benefit Plans - Deferred Compensation Plan

The Park offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The plan, available to all Park employees, permits them to defer a portion of their salary until future years. Full time employees with a minimum of 1 year of full time service are eligible for a contribution by the Park. The contribution for full time employees is \$2 for each \$1 contributed by the employee on the first 2.5% of base compensation. The deferred compensation is not available to the employee or their beneficiary until termination, retirement, death, or an unforeseeable emergency.

The plan is administered by the State of Louisiana (the State). Participants' rights under the plan are equal to those of the general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. The Park contributed \$149,853 and \$138,874 and participants contributed \$193,127 and \$178,977 to the deferred compensation plan during the years ended June 30, 2018 and 2017, respectively.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(10) Other Post-Employment Benefits (OPEB)

General Information about the OPEB Plan

Plan description – The Park provides certain continuing health care and life insurance benefits for its eligible retired employees and their beneficiaries through participation in the State of Louisiana’s health insurance plan administered by the Office of Group Benefits (OGB), an agent multiple-employer defined benefit plan. Louisiana Revised Statute 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. The OGB does not issue a stand-alone report; however, OGB is included in the State of Louisiana’s Comprehensive Annual Financial Report (CAFR) which may be obtained from the Office of Statewide Reporting and Accounting Policy’s website at www.doa.la.gov/osrap, by writing to P.O. Box 94095, Baton Rouge, Louisiana 70804-9095, or by calling (225) 342-0708. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan.

Benefits Provided – The OPEB Plan provides benefits such as: death benefits, life insurance, disability, and long term care that are paid in the period after employment and that are provided separately from a pension plan; as well as health care benefits paid in the period after employment for retirees, disabled retirees, and their eligible beneficiaries through premium subsidies.

OGB offers retirees under age 65 a choice of three self-insured health care plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage have access to these plans and an additional two fully insured Medicare Advantage HMO plans, one fully insured plan, and one zero premium HMO plan.

Funding Policy – Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums. Employees hired before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees hired on or after January 1, 2002 pay a percentage of the contribution rate based on years of service.

The contribution rate ranges are as follows:

<u>OGB Participation</u>	<u>Employer Contribution</u>	<u>Retiree Contribution</u>
Under 10 years	19%	81%
10 – 14 years	38%	62%
15 – 19 years	56%	44%
20 or more years	75%	25%

In addition to health care benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance are available for the individual retiree and spouses of retirees, subject to maximum values. The retiree pays \$0.54 monthly for each \$1,000 of life insurance. The retiree pays \$0.98 monthly for each \$1,000 of spouse life insurance. The employer pays the remaining amount.

Other post-employment benefits (OPEB) administered through the OGB are financed on a pay-as-you-go basis. OPEB contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(10) Other Post-Employment Benefits (OPEB) (continued)

General Information about the OPEB Plan (continued)

Employees covered by benefit terms – The June 30, 2018 total OPEB liability was determined using the July 1, 2017 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	97
	<u>102</u>

Total OPEB Liability

The Park's total OPEB liability of \$4,357,744 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.8% Consumer Price Index
Salary Increases	Consistent with the pension plan valuation assumptions in which employees participate.
Discount Rate	3.13% based on the June 30, 2017 S&P 20 year municipal bond index rated.
Health Care Cost Trend Rate	Pre-age 65 ranges from 7.0% to 4.5% Post-age 65 ranges from 5.5% to 4.5%
Mortality	For healthy lives the RP-2014 Combined Healthy Mortality Table projected on a fully generational basis by Mortality Improvement Scale MP-2017. For existing disabled lives the RP-2014 Disabled Retiree Mortality Tables projected on a fully generational basis by Mortality Improvement Scale MP-2017.
Participation Rate	Sliding scale from 56% to 93% based on years of service

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(10) Other Post-Employment Benefits (OPEB) (continued)

Total OPEB Liability (continued)

Actuarial Assumptions and Other Inputs (continued)

The actuarial assumptions used by the pension plan covering the same participants were used for the retirement, termination, disability, and salary scale assumptions. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for pension plan actuarial valuations for the period January 1, 2016 to December 31, 2017. As a result of the 2017 actuarial experience study, the expectation of life after disability was adjusted in the July 1, 2017 actuarial valuation to more closely reflect actual experience. There were no changes in benefit terms for 2017.

No changes in benefits or assumptions have occurred between the July 1, 2017 measurement date of the collective total OPEB liability and the June 30, 2018 reporting date of the Park that are expected to have a significant effect on the Park's total OPEB liability.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.13%, and was based on the Standards & Poor's Municipal Bond 20-year high grade rate index as of June 30, 2017. The discount rate used to measure the total OPEB liability was changed from 2.71% in the July 1, 2016 valuation to 3.13% in the July 1, 2017 valuation which is reflected as changes of assumptions deferred inflow.

Changes in Total OPEB Liability

Balance at June 30, 2017	\$ 4,156,467
Changes for the year:	
Service cost	502,056
Interest	125,727
Changes in assumptions or other inputs	(387,950)
Benefit payments	<u>(38,556)</u>
Net changes	<u>201,277</u>
Balance at June 30, 2018	<u>\$ 4,357,744</u>

The amount of total OPEB liability estimated to be due and payable within one year is \$ 39,000.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Park, as well as what the Park's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13%) or 1-percentage-point higher (4.13%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
Discount Rate	2.13%	3.13%	4.13%
Total OPEB Liability	\$5,360,409	\$4,357,744	\$3,590,163

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(10) Other Post-Employment Benefits (OPEB) (continued)

Changes in Total OPEB Liability (continued)

Sensitivity of the total OPEB liability to changes in the health care cost trend rates - The following presents the total OPEB liability of the Park, as well as what the Park's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rates</u>	<u>1% Increase</u>
Pre-65	6.0% decreasing to 3.5%	7.0% decreasing to 4.5%	8.0% decreasing to 5.5%
Post-65	4.5% decreasing to 3.5%	5.5% decreasing to 4.5%	6.5% decreasing to 5.5%
Total OPEB Liability	\$3,492,761	\$4,357,744	\$5,534,441

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Park recognized OPEB expense of \$517,469. At June 30, 2018, the Park reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ -	\$ (316,636)
Employer contributions subsequent to measurement date	39,000	-
Total	<u>\$ 39,000</u>	<u>\$ (316,636)</u>

Deferred outflows of resources related to OPEB resulting from OPEB payments subsequent to the measurement date of \$39,000 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Amounts reported as deferred inflows of resources relations to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>OPEB Expense</u>
2019	\$ (71,314)
2020	(71,314)
2021	(71,314)
2022	(71,314)
2023	(31,380)
Total	<u>\$ (316,636)</u>

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(11) Management Agreements

On June 11, 2008, the Park entered into a management agreement with Billy Casper Golf (BCG). As part of the management agreement, BCG provides certain procurement functions to and for the benefit of the Park, including solicitation of proposals for certain operations, management and maintenance responsibilities in regard to the facilities and related golf services under the supervision of the Chief Executive Officer and Board of Commissioners of the Park. The agreement term is from July 1, 2008 to December 31, 2018, unless terminated according to the cancellation provisions of the agreement. On February 1, 2018, the Bayou District Foundation (BDF) began operating the golf facilities under a Cooperative Endeavor Agreement (CEA) between the Park and the BDF and accounted for under a service concession arrangement in accordance with GASB 60. Therefore, the Park exercised its option to cancel the management agreement and BCG no longer operated the course after January 31, 2017. See note 12 for disclosures related to deferred inflows of resources and service concession arrangement from the BDF CEA.

(12) Service Concession Arrangement

The Park has determined that the cooperative endeavor agreement (CEA) between the Bayou District Foundation (BDF) and the Park meets the four criteria of a service concession arrangement (SCA) per GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. "SCA's are defined as a contract between a government and an operator, another government or private entity, such that the operator provides services, the operator collects and is compensated by fees from third parties, the government still retains control over the services provided, and the government retains ownership of the assets at the end of the contract.

As part of the CEA between the Park and the BDF, the BDF contributed significant resources to the golf project, which included the design and construction of an 18-hole championship quality golf course, club house, maintenance facility and other ancillary buildings and equipment. The facility was completed and opened in April 2017. The CEA was signed in April of 2014 for a 35-year period. The BDF will pay the Park annually a portion of the revenues in excess of expenses incurred in operating all of the Park's golf facilities, including the newly constructed South Course, the North Course, the driving range, the club house and the clubhouse grill. Under the arrangement, the Park receives 75% of the net income from the golf operations on the first \$1.1 million in net income and 55% thereafter. The BDF will be responsible for all the day to day operations of the golf facility.

During the years ended June 30, 2018 and 2017, the Park recorded a capital asset for costs incurred by the BDF and a deferred inflow of resources in the amounts of \$8,716,815 and \$304,099, respectively. The deferred inflow is being amortized to golf operating revenue over the remaining term of the agreement. For the years ended June 30, 2018 and 2017, the Park amortized the deferred inflow of resources in the amount of \$273,649 and \$264,146, respectively. The unamortized balance of deferred inflow of resources at June 30, 2018 and 2017 is \$8,483,119 and \$8,452,669, respectively.

(13) Federal Grants

The Park received federal grants in previous years that are subject to federal examination that may result in a liability.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATIONSchedule of Changes in Total OPEB Liability and Related RatiosAs of June 30, 2018

<u>Financial statement reporting date</u>	<u>Measurement date</u>	<u>Service cost</u>	<u>Interest</u>	<u>Changes of assumptions or other inputs</u>	<u>Benefit payments</u>	<u>Net change in total OPEB liability</u>	<u>Total OPEB liability - beginning</u>	<u>Total OPEB liability - ending</u>	<u>Covered payroll</u>	<u>Total OPEB liability as a percentage of covered payroll</u>
6/30/2018	7/1/2017	\$ 502,056	\$ 125,727	\$ (387,950)	\$ (38,556)	\$ 201,277	\$ 4,156,467	\$ 4,357,744	\$ 3,618,577	120.43%

Notes to Schedule:

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan.

Changes of Assumptions.:

The changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used for in each measurement of total OPEB liability

Measurement Date	Discount Rate
7/1/2017	3.13%
7/1/2016	2.71%

See accompanying independent auditors' report.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATIONSchedules of Operating ExpensesFor the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Administrative	\$ 531,441	\$ 523,090
Advertising	279,592	267,906
Contract labor	422,583	432,538
Contract services	895,534	868,867
Cost of goods sold	1,508,651	1,437,664
Depreciation	4,517,595	3,817,668
Fuel	68,859	59,024
Golf operations	-	636,318
Insurance	450,552	401,967
Other	133,674	151,898
Other postretirement benefits expense	517,469	(869,000)
Payroll	6,829,378	6,552,730
Payroll benefits	1,113,890	1,095,839
Rentals	57,425	49,111
Repairs and maintenance	858,435	771,161
Special events	149,722	198,721
Supplies	653,124	743,955
Uniforms	8,076	15,921
Utilities	709,154	673,933
	<u> </u>	<u> </u>
Operating expenses	<u>\$ 19,705,154</u>	<u>\$ 17,829,311</u>

See accompanying independent auditors' report.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATIONSchedule of Compensation, Benefits, and Other Payments to Agency HeadFor the year ended June 30, 2018Agency Head Name: Robert Becker, Chief Executive Officer

<u>Purpose</u>	<u>Amount (\$)</u>
Salary	\$ 205,481
Benefits-insurance	10,638
Benefits-retirement	10,116
Benefits- cell phone	900
Car allowance	6,967
Registration fees	736
Conference travel	206
Membership dues	117
Special Meals	941
	<u>\$ 236,102</u>

See accompanying independent auditors' report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Commissioners
New Orleans City Park Improvement Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New Orleans City Park Improvement Association (the Park), which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Park's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Park's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Park's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

New Orleans, Louisiana
December 19, 2018

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NEW ORLEANS, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

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NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NEW ORLEANS, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2018

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
New Orleans City Park Improvement Association
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of New Orleans City Park Improvement Association (the Park) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Park's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in bold. If the item being subjected to the procedures is positively identified or present, then the results will read "**we performed the procedures above and noted no exceptions**". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, the response will read "**procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures**" or "**procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.**"

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget

We performed the procedures above and noted no exceptions.

- b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

We performed the procedures above and noted no exceptions.

Written Policies and Procedures (continued)

- c) *Disbursements*, including processing, reviewing, and approving

We performed the procedures above and noted no exceptions.

- d) *Receipts*, including receiving, recording, and preparing deposits

We performed the procedures above and noted no exceptions.

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We performed the procedures above and noted no exceptions.

- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

We performed the procedures above and noted the following exceptions:

- **No written policies regarding (2) standard terms and conditions.**

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

We performed the procedures above and noted no exceptions.

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

We performed the procedures above and noted no exceptions.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

We performed the procedures above and noted the following exceptions:

- **No written policies regarding (2) actions to be taken if an ethics violation takes place and (3) a system to monitor possible ethics violations.**

Management response:

The Park follows a formal process with regard to contracts and ethics. However, we recognize the benefits of having a comprehensive set of written policies and procedures manual to assure good controls over these areas and the others that follow in this report. Therefore, the Park will address these findings and add them to the current set of policies and procedures.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of six bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and 4 other accounts) and obtained the bank reconciliations for the month ending June 30, 2018, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

Bank Reconciliations (continued)

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Of the 5 bank reconciliations selected for testing, 3 accounts did not have a bank reconciliation prepared, and 2 reconciliations did not have evidence of preparation and review date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Of the 5 bank reconciliations selected for testing, 3 accounts did not have a bank reconciliation prepared, and 2 reconciliations did not have evidence of preparation and review date.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

We performed the procedures above and noted no exceptions.

Management response:

Park management does not perform a formal monthly reconciliation for accounts that have no activity. Management will start performing monthly reconciliations. Additionally, reconciliations are performed electronically, and date of preparation and review will be added to the reconciliation form.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 15 deposit sites. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 deposit sites and performed the procedures below.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection locations such that:

Collections (continued)

A list of collection locations for each deposit site selected in procedure #4 was provided and included a total of 15 collection locations. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

We performed the procedures above and noted no exceptions.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

We performed the procedures above and noted no exceptions.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger posting to each other and to the deposit.

We performed the procedures above and noted no exceptions.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

We performed the procedures above and noted no exceptions.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

We performed the procedures above and noted no exceptions.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selected the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

We selected two deposit dates for each of the 5 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.

Collections (continued)

- a) Observe that receipts are sequentially pre-numbered.

We performed the procedures above and noted no exceptions.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

We performed the procedures above and noted no exceptions.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

We performed the procedures above and noted no exceptions.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

We performed the procedures above and noted 4 of the 10 items selected for testing were not deposited within one business day.

- e) Trace the actual deposit per the bank statement to the general ledger.

We performed the procedures above and noted no exceptions.

Management's response:

Park management is aware that cash collected throughout the park is not deposited within 1 day of collection. The Park's collection process is designed this way due to the nature of the collections.

Non-payroll Disbursements – (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we randomly selected 5 locations (or all if less than 5) and performed the procedures below.

Non-payroll Disbursements – (excluding credit card/debit card/fuel card/P-Card purchases or payments) (continued)

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

We performed the procedures above and no exceptions.

- b) At least two employees are involved in processing and approving payments to vendors.

We performed the procedures above and no exceptions.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

We performed the procedures above and no exceptions.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

We performed the procedures above and no exceptions.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements from each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

- a) Observe that the disbursement matched the related original invoice/billing statement.

We performed the procedures above and noted no exceptions.

Non-payroll Disbursements – (excluding credit card/debit card/fuel card/P-Card purchases or payments) (continued)

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

We performed procedures noting the following exceptions:

- **The persons responsible for initiating and/or recording purchases makes the final authorization for disbursements.**

Management's response:

Our current policy requires a third level approval on all purchase orders in the amount of \$5,000 or greater by the CEO or the COO. All purchase orders require second level approval, which includes the CFO. However, for those purchases where one of the two executives with third level approval authorization is also the individual making the requisition request, we have not required approval by the other third level approver. We will address in our new policies and procedures to include a requirement for the other individual with third level approval authority to approve purchase order in instances where the other executive makes the requisition request in an amount of \$5,000 or greater.

All of the Park purchasing and accounts functions are handled by two individuals that back up certain duties of the other individual, including adding new vendors and processing payments to vendors. The Park will consult with auditors and others to work to remedy this exception to the satisfaction of the LLA.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We performed the procedures above and noted no exceptions.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

From the listing provided, we randomly selected all 3 cards used in the fiscal period. We randomly selected one monthly statement for each of the 3 cards selected and performed the procedures noted below.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

We performed the procedures above and noted no exceptions.

Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No finance charges or late fees were assessed on the selected statement.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

We performed the procedures above and noted no exceptions.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Of the 5 reimbursements selected for our procedures, 3 used a per diem. We performed the procedures above and noted no exceptions.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Of the 5 reimbursements selected for our procedures, 2 were reimbursed using actual costs. We performed the procedures above and noted no exceptions.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

We performed the procedures above and noted no exceptions.

Travel and Travel-Related Expense Reimbursements (excluding card transactions) (continued)

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We performed the procedures above and noted no exceptions.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

We performed the procedures above and noted no exceptions.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Of the 5 contracts selected for testing, 3 were required to be approved by the governing body/board. No exceptions were noted as a result of performing this procedure.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

None of the contracts selected for testing were amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We performed the procedures above and noted no exceptions.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Payroll and Personnel (continued)

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Postlethwaite & Netterville

New Orleans, Louisiana
December 19, 2018