
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

FINANCIAL STATEMENTS AND SCHEDULES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

WITH INDEPENDENT AUDITORS' REPORT THEREON

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
Independent Auditors' Report		1 - 2
Management's Discussion and Analysis		3 - 12
Statements of Net Assets		13
Statements of Changes in Net Assets		14
Statements of Cash Flows		15
Notes to Financial Statements		16 - 26
Required Supplemental Information -- Schedule of Funding Progress for Louisiana's State OPEB Plan	1	27
Supplemental Information -- Schedules of Operating Expenses	2	28

Independent Auditors' Report

The Board of Commissioners
New Orleans City Park Improvement Association

We have audited the statements of net assets of the New Orleans City Park Improvement Association (the Park) as of June 30, 2011 and 2010, and the related statements of changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Park's management. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Park's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2011 on our consideration of the Park's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the Schedule of Funding Progress for Louisiana's State OPEB Plan on page 27 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.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedules of Operating Expenses on page 28 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Postlethwaite & Nettville

New Orleans, Louisiana
December 12, 2011

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis

June 30, 2011 and 2010

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 years ended June 30, 2011 and 2010. Please read it in conjunction with the Park's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

2011 Highlights

The Park's net assets represent approximately 90% of total assets of approximately \$52.8 million at June 30, 2011. At June 30, 2010, the Park's net assets approximated 90% of total assets of approximately \$43.7 million.

The Park's increase in net assets was approximately \$8.1 million for the year ended June 30, 2011 as compared to an increase of approximately \$6.0 million for the year ended June 30, 2010. In addition, the Park's cash used in operating activities was approximately \$1.1 million in 2011 as compared to cash used in operating activities of approximately \$2.5 million in 2010.

2010 Highlights

The Park's net assets represent approximately 90% of total assets of approximately \$43.7 million at June 30, 2010. At June 30, 2009, the Park's net assets approximated 89% of total assets of approximately \$37.6 million.

The Park's increase in net assets was approximately \$6.0 million for the year ended June 30, 2010 as compared to an increase of approximately \$10.8 million for the year ended June 30, 2009. In addition, the Park's cash used in operating activities was approximately \$2.5 million in 2010 as compared to cash used in operating activities of approximately \$3.9 million in 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, 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, 2011 and 2010

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 Changes in Net Assets. All assets and liabilities associated with the operation of the Park are included in the Statements of Net Assets.

The Statements of Net Assets reports the Park's net assets. Net assets, the difference between the Park's assets and liabilities, are one way to measure the Park's financial health or position. The increase in the Park's net assets in 2011 over 2010 is an indicator of its positive financial health.

FINANCIAL ANALYSIS OF THE PARK – 2011

Net Assets

The Park's total net assets at June 30, 2011 increased 20% to \$47.6 million (See Table A-1). Total assets increased 21% to approximately \$52.8 million, and total liabilities increased 25% to approximately \$5.2 million. The increase in net assets is mainly attributable to the purchase of property and equipment funded through public and private capital contributions.

Assets	2011	2010	Increase (Decrease)
Current assets	\$ 4,668,782	\$ 5,260,448	\$ (591,666)
Investments	1,271,828	1,082,012	189,816
Capital assets	46,853,157	37,364,723	9,488,434
Total assets	\$ 52,793,767	\$ 43,707,183	\$ 9,086,584
Current liabilities	3,143,675	2,460,486	683,189
Insurance payable	2,050,575	1,706,069	344,506
Total liabilities	5,194,250	4,166,555	1,027,695
Net assets			
Invested in capital assets, net	46,853,157	37,364,723	9,488,434
Restricted	1,456,036	1,272,541	183,495
Unrestricted	(709,676)	903,364	(1,613,040)
Total net assets	47,599,517	39,540,628	8,058,889
	\$ 52,793,767	\$ 43,707,183	\$ 9,086,584

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2011 and 2010

Total current assets decreased by \$592,000 primarily to the decrease in the receivable from the Friends of City Park at June 30, 2011 compared to June 30, 2010. Capital assets increased due to construction of new facilities for administration and tennis and other improvements throughout the Park. This increase was partially offset by the continued depreciation of the capital assets. Included in the federal receivable at June 30, 2011 and 2010 is approximately \$314,000 and \$273,000, respectively, which is for FEMA project worksheets that are obligated as of the report issuance date.

Total liabilities increased by \$1.0 million primarily due to increases in due to other governments for the reimbursement to the State of the Park's share of construction costs and insurance proceeds applied to paid FEMA project worksheets in the amount of \$314,000 and \$393,000, respectively. Included in deferred revenue at June 30, 2011 and 2010, is \$27,561 for FEMA public assistance grants that have been funded to the Park, however, the Park has not expended the funds.

Net assets grew by approximately \$8.1 million as explained in the following section. Net assets invested in capital assets reflect fixed assets, net of accumulated depreciation, net of debt balance for capital leases. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

Changes in Net Assets

The change in net assets for the year ended June 30, 2011 was approximately an increase of \$8.1 million compared to an increase in net assets of approximately \$6.0 million for the year ended June 30, 2010. Total operating revenues increased by \$1.9 million or 25% to \$9.4 million. Operations were strong across the Park, including an increase of \$1.1 million in Amusements, concerts and other events. In addition, golf, catering, and restaurant operations experienced a combined increase of over \$500,000. Total operating expenses increased by \$1.6 million or 13% to approximately \$14.0 million. Higher depreciation from the increased number of completed facilities and improvements accounted for \$644,000 of the increase. As a result of higher sales volumes, expenses increased by a combined \$606,000 in amusements and other events, golf, catering and restaurant operations. The changes in net assets are detailed in Table A-2, operating expenses are detailed in Table A-3.

Net non-operating income and expenses decreased \$1.3 million or 32% to approximately \$2.7 million almost entirely as a result of the elimination of the State general fund appropriation during the year ended June 30, 2011. The State appropriated \$1.2 million from its general fund for the year ended June, 30, 2010, but did not make an appropriation for the year ended June, 30, 2011.

Capital contributions increased by \$3.1 million or 45% due to increased funding from State and private sources during the year ended June 30, 2011. State and private capital contributions increased \$1.2 million each to \$5.6 million and \$3.0 million, respectively, for the year ended June 30, 2011. In addition, City and federal capital contributions increased by \$515,000 and \$129,000 to \$545,000 and \$713,000, respectively, for the year ended June 30, 2011.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
TABLE A-2			
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION			
Statements of Changes in Net Assets			
For the years ended June 30, 2011 and 2010			
Operating Revenues			
Amusements and other events	\$ 3,727,371	\$ 2,648,620	\$ 1,078,751
Casino, catering, and restaurant revenue	2,702,718	2,434,757	267,961
Golf operations	1,448,729	1,186,101	262,628
Horticulture, grounds and pavilion	653,986	647,242	6,744
Other	877,717	636,191	241,526
Total operating revenues	<u>9,410,521</u>	<u>7,552,911</u>	<u>1,857,610</u>
Operating expenses			
Amusement and other events	1,685,000	1,364,518	320,482
Casino, catering, and restaurant expense	2,314,390	2,145,608	168,782
Golf operations	1,235,617	1,118,269	117,348
General park	3,946,964	3,644,740	302,224
Depreciation	2,922,588	2,278,103	644,485
Horticulture and grounds	751,876	796,633	(44,757)
Hurricanes Katrina/Gustav loss	230	23,503	(23,273)
Other postretirement benefit expense	344,506	351,356	(6,850)
Other	786,777	676,051	110,726
Total operating expenses	<u>13,987,948</u>	<u>12,398,781</u>	<u>1,589,167</u>
Operating loss	(4,577,427)	(4,845,870)	268,443
Nonoperating income	2,739,063	4,031,789	(1,292,726)
Capital contributions	<u>9,897,253</u>	<u>6,830,545</u>	<u>3,066,708</u>
Changes in net assets	8,058,889	6,016,464	2,042,425
Total net assets, beginning of the year	<u>39,540,628</u>	<u>33,524,164</u>	<u>6,016,464</u>
Total net assets, end of the year	<u>\$ 47,599,517</u>	<u>\$ 39,540,628</u>	<u>\$ 8,058,889</u>

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2011 and 2010

TABLE A-3			
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION			
Schedule of Operating Expenses			
For the years ended June 30, 2011 and 2010			
	2011	2010	Increase (Decrease)
Payroll	\$ 4,291,941	\$ 4,207,291	\$ 84,650
Cost of goods sold	1,135,305	932,289	203,016
Contract labor	269,734	207,510	62,224
Depreciation	2,922,588	2,278,103	644,485
Payroll benefits	597,785	606,969	(9,184)
Utilities	536,938	417,896	119,042
Repairs and maintenance	658,521	278,113	380,408
Insurance	272,583	330,649	(58,066)
Hurricane Katrina/Gustav	230	23,503	(23,273)
Other postretirement benefits expense	344,506	351,356	(6,850)
Other	2,957,817	2,765,102	192,715
Total operating expenses	\$ 13,987,948	\$ 12,398,781	\$ 1,589,167

FINANCIAL ANALYSIS OF THE PARK – 2010

Net Assets

The Park's total net assets at June 30, 2010 reached approximately \$39.5 million, an 18% increase over June 30, 2009 (See Table A-4). Total assets increased 16% to approximately \$43.7 million, and total liabilities increased 2% to approximately \$4.2 million. The increase in net assets is mainly attributable to the purchase of property and equipment funded through donations and FEMA public assistance grants, along with state funding for operations.

Total current assets decreased due primarily to the decrease in the receivable from the State of Louisiana at June 30, 2010 compared to June 30, 2009. Capital assets increased due to the acquisition of various fixed assets for amusements, stadiums and the general park. This increase was partially offset by the continued depreciation of the capital assets. Included in the federal receivable at June 30, 2010 and 2009 is approximately \$273,000 and \$543,000, respectively, which is for FEMA project worksheets that are obligated as of the report issuance date.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2011 and 2010

Total liabilities increased due to increases in deferred income and other post retirement benefits. This increase was mostly offset by a decrease in the trade accounts payable and other liabilities. Included in deferred revenue at June 30, 2010 and 2009, is \$27,561 for FEMA public assistance grants that have been funded to the Park; however, the Park has not expended the funds.

Net assets grew by approximately \$6.0 million as explained in the following section. Net assets invested in capital assets reflect fixed assets, net of accumulated depreciation, net of debt balance for capital leases. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

Assets	2010	2009	Increase (Decrease)
Current assets	\$ 5,260,448	\$ 8,964,977	\$ (3,704,529)
Investments	1,082,012	733,152	348,860
Capital assets	37,364,723	27,899,201	9,465,522
Total assets	\$ 43,707,183	\$ 37,597,330	\$ 6,109,853
Current liabilities	2,460,486	2,718,453	(257,967)
Insurance payable	1,706,069	1,354,713	351,356
Total liabilities	4,166,555	4,073,166	93,389
Net assets			
Invested in capital assets, net	37,364,723	27,899,201	9,465,522
Restricted	1,272,541	929,788	342,753
Unrestricted	903,364	4,695,175	(3,791,811)
Total net assets	39,540,628	33,524,164	6,016,464
	\$ 43,707,183	\$ 37,597,330	\$ 6,109,853

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2011 and 2010

Changes in Net Assets

The change in net assets for the year ended June 30, 2010 was approximately an increase of \$6.0 million compared to an increase in net assets of approximately \$10.8 million for the year ended June 30, 2009. The Park's total operating revenues were unchanged from the previous year at approximately \$7.6 million, and total operating expenses increased by 6% to approximately \$12.4 million. The changes in net assets are detailed in Table A-5, operating expenses are detailed in Table A-6.

Operating revenues for the year ended June 30, 2010 were approximately the same as the prior year, at \$7.6 million. This Park managed to sustain the level of operating activities despite a weak economy due in part to its continued investments in new and renovated facilities within amusements and catering, as well as, improvements to the grounds.

On August 29, 2005, Hurricane Katrina hit the greater New Orleans area and the Mississippi Gulf Coast. Approximately 90% of the Park was under between one and eight feet of water. The Administration Building, Maintenance Building, Botanical Gardens, three golf courses, equipment and vehicles, and approximately 2,000 trees were substantially destroyed by the impact of the storm. The park is insured by the Office of Risk Management and received reimbursement for damaged Park vehicles.

Management evaluated the extent of the damage to property and equipment and recorded losses included in Hurricane Katrina/Gustav expense line of \$23,503 and \$254,070 for the years ended June 30, 2010 and 2009, respectively.

Operating expenses increased by 6% to approximately \$12.4 million. The increase in operating expenses is primarily the result of maintaining newly acquired revenue generating facilities and improvements to the grounds.

Non-operating income decreased 42% to approximately \$4.0 million due to decreased funding from federal and state sources and private contributions during the year ended June 30, 2010.

Capital contributions decreased by 44% to \$6.8 million due to decreased funding from federal and state sources during the year ended June 30, 2010.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2011 and 2010

TABLE A-5			
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION			
Statements of Changes in Net Assets			
For the years ended June 30, 2010 and 2009			
	2010	2009	Increase (Decrease)
Operating Revenues:			
Golf operations	\$ 2,648,620	\$ 1,153,578	\$ 1,495,042
Amusements and other events	2,434,757	2,704,570	(269,813)
Casino, catering, and restaurant revenue	1,186,101	2,439,603	(1,253,502)
Horticulture, grounds and pavilion	647,242	687,302	(40,060)
Other	636,191	582,890	53,301
Total operating revenues	7,552,911	7,567,943	(15,032)
Operating expenses			
Golf operations	1,364,518	1,057,439	307,079
General park	2,145,608	3,321,053	(1,175,445)
Casino, catering, and restaurant expense	1,118,269	2,028,468	(910,199)
Amusement and other events	3,644,740	1,068,727	2,576,013
Depreciation	2,278,103	1,621,684	656,419
Horticulture and grounds	796,633	803,972	(7,339)
Hurricane Katrina / Gustav loss	23,503	471,739	(448,236)
Other postretirement benefit expense	351,356	665,388	(314,032)
Other	676,051	612,377	63,674
Total operating expenses	12,398,781	11,650,847	747,934
Operating loss	(4,845,870)	(4,082,904)	(762,966)
Nonoperating income	4,031,789	7,504,707	(3,472,918)
Capital contributions	6,830,545	7,392,524	(561,979)
Changes in net assets	6,016,464	10,814,327	(4,797,863)
Total net assets, beginning of the year	33,524,164	22,709,837	10,814,327
Total net assets, end of the year	\$ 39,540,628	\$ 33,524,164	\$ 6,016,464

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2011 and 2010

	2010	2009	Increase (Decrease)
Payroll	\$ 4,207,291	\$ 3,637,752	\$ 569,539
Cost of goods sold	932,289	899,501	32,788
Contract labor	207,510	191,570	15,940
Depreciation	2,278,103	1,621,684	656,419
Payroll benefits	606,969	507,475	99,494
Utilities	417,896	352,973	64,923
Repairs and maintenance	278,113	380,807	(102,694)
Insurance	330,649	252,274	78,375
Hurricane Katrina / Gustav	23,503	471,739	(448,236)
Other postretirement benefits	351,356	665,388	(314,032)
Other	2,765,102	2,669,684	95,418
Total operating expenses	\$ 12,398,781	\$ 11,650,847	\$ 747,934

CAPITAL ASSET AND DEBT ADMINISTRATION

2011 Capital Assets

As of June 30, 2011, the Park's investment in capital assets approximated \$46.9 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. At June 30, 2011, the Park has construction in progress of approximately \$6.4 million relating to projects throughout the Park, including \$2.5 million for the new Arbor Room Pavilion at Popp's Fountain, \$1.2 million in infrastructure around the Great Lawn to service the planned Tri-Centennial improvements and various other facilities and improvements being constructed totaling \$2.7 million.

2010 Capital Assets

As of June 30, 2010, the Park's investment in capital assets approximated \$37.4 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. At June 30, 2010, the Park has construction in progress of approximately \$6.5 million relating to projects throughout the Park including \$3.0 million for the new Administration Building, \$1.3 million for the new Pepsi Tennis facility and \$2.2 million for various other projects.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, continued

June 30, 2011 and 2010

ECONOMIC FACTORS AND OUTLOOK

The Park continues to rebuild and restore its facilities following Hurricane Katrina. Due to the hurricane, 90% of the staff was laid off and virtually all operations were closed. During 2007 and 2006, several facilities have reopened, including the Botanical Garden (through a grant from the Azby Fund), Tad Gormley Stadium, driving range, Storyland, and the amusement park. As of June 30, 2011 approximately 90% of the Park's facilities have opened. The Park has also hosted several events including the annual Celebration in the Oaks, Voodoo Festival, Battle of the Bands, and various run/walk events.

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 Assets

June 30, 2011 and June 2010

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current assets		
Cash (note 2)		
Unrestricted	\$ 221,974	\$ 132,236
Restricted	156,299	163,273
Total cash and cash equivalents (note 2)	378,273	295,509
Investments substantially restricted (note 2)	27,909	27,256
Investments with Louisiana Asset Management Pool (note 2)	2,218,977	2,121,981
Receivables (less allowance for doubtful accounts)		
Friends of City Park	24,101	646,993
Federal grant receivable	420,250	495,540
State of Louisiana	990,222	924,845
Other	455,021	144,701
Inventories	108,067	116,440
Prepaid expenses and other assets	45,962	487,183
Total current assets	4,668,782	5,260,448
Investments held at the Greater New Orleans Foundation (note 2)	1,271,828	1,082,012
Capital assets, net (note 3)	46,853,157	37,364,723
	<u>\$ 52,793,767</u>	<u>\$ 43,707,183</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable - trade	\$ 867,308	\$ 744,757
Other liabilities	62,923	351,529
Accrued salaries	84,035	176,867
Deferred income (note 4)	943,057	912,399
Insurance payable	194,028	-
Due to other governments (note 5)	707,112	-
Accrued vacation leave	285,212	274,934
Total current liabilities	3,143,675	2,460,486
Long-term liabilities		
Other postretirement benefits	2,050,575	1,706,069
Total liabilities	5,194,250	4,166,555
Net assets		
Invested in capital assets	46,853,157	37,364,723
Restricted	1,456,036	1,272,541
Unrestricted	(709,676)	903,364
Total net assets	47,599,517	39,540,628
	<u>\$ 52,793,767</u>	<u>\$ 43,707,183</u>

See accompanying notes to financial statements

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Changes in Net Assets

For the years ended June 30, 2011 and June 2010

	<u>2011</u>	<u>2010</u>
Operating revenues		
Amusements, concerts and other events	\$ 3,727,371	\$ 2,648,620
Casino, catering, and restaurant revenue	2,702,718	2,434,757
Golf operations	1,448,729	1,186,101
Horticulture, grounds and pavilion	653,986	647,242
Stadium rentals and concessions	639,903	478,906
Tennis fees and shop sales	237,814	157,285
Total operating revenues	<u>9,410,521</u>	<u>7,552,911</u>
Operating expenses		
Amusements, concerts and other events	1,685,000	1,364,518
Casino, catering, and restaurant expense	2,314,390	2,145,608
Depreciation	2,922,588	2,278,103
General park	3,946,964	3,644,740
Golf operations	1,235,617	1,118,269
Horticulture and grounds	751,876	796,633
Stadium	571,064	515,991
Tennis	215,713	160,060
Hurricane Katrina loss	230	23,503
Postretirement benefits expense	344,506	351,356
Total operating expenses	<u>13,987,948</u>	<u>12,398,781</u>
Net operating loss	<u>(4,577,427)</u>	<u>(4,845,870)</u>
Non-operating income (expense)		
Donations	406,190	385,258
Interest income	22,230	30,368
State revenue	2,152,120	3,405,860
Lease revenue	123,660	110,960
Other revenue	429,326	99,343
Other expense	<u>(394,463)</u>	<u>-</u>
Total non-operating income	<u>2,739,063</u>	<u>4,031,789</u>
Changes in net assets before capital contributions	<u>(1,838,364)</u>	<u>(814,081)</u>
Capital contributions	<u>9,897,253</u>	<u>6,830,545</u>
Changes in net assets after capital contributions	8,058,889	6,016,464
Net assets at beginning of year	<u>39,540,628</u>	<u>33,524,164</u>
Net assets at end of year	<u>\$ 47,599,517</u>	<u>\$ 39,540,628</u>

See accompanying notes to financial statements

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Cash Flows

For the years ended June 30, 2011 and June 30, 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Cash received from user fees and other park activities	\$ 9,229,004	\$ 7,800,968
Cash payments to suppliers for goods and services	(5,700,178)	(5,870,778)
Cash payments to employees for services	(4,627,774)	(4,405,142)
Net cash used in operating activities	<u>(1,098,948)</u>	<u>(2,474,952)</u>
Cash flows from noncapital and related financing activities		
Cash received from State of Louisiana	2,386,548	6,621,425
Cash received from donations	398,090	135,762
Cash received from lease revenue	123,660	110,960
Net cash provided by noncapital financing activities	<u>2,908,298</u>	<u>6,868,147</u>
Cash flows from capital and related financing activities		
Contributed by others for capital improvements	5,215,077	1,992,405
Acquisition and construction of capital assets	(6,930,805)	(7,254,815)
Net cash used in capital and related financing activities	<u>(1,715,728)</u>	<u>(5,262,410)</u>
Cash flows from investing activities		
Interest received on investments	22,230	30,368
Increase in investments	(29,466)	(29,053)
Other revenue	94,027	29,035
Net cash provided by investing activities	<u>86,791</u>	<u>30,350</u>
Net increase (decrease) in cash and cash equivalents	180,413	(838,865)
Cash and cash equivalents at beginning of the year	<u>2,444,746</u>	<u>3,283,611</u>
Cash and cash equivalents at end of the year	<u>\$ 2,625,159</u>	<u>\$ 2,444,746</u>
Reconciliation of cash and cash equivalents		
Cash	\$ 378,273	\$ 295,509
Investments substantially restricted	27,909	27,256
Investments with Louisiana Asset Management Pool	2,218,977	2,121,981
	<u>\$ 2,625,159</u>	<u>\$ 2,444,746</u>
Reconciliation of net operating loss to net cash used in operating activities are as follows		
Operating loss	\$ (4,577,427)	\$ (4,845,870)
Adjustments to reconcile net operating loss to net cash used in operating activities		
Depreciation	2,922,588	2,278,103
(Increase) decrease in receivables	(212,175)	104,600
(Increase) decrease in inventories	8,373	(23,427)
(Increase) decrease in prepaid expenses and other assets	441,221	(469,456)
Increase (decrease) in trade payables and insurance payable	(62,610)	116,774
Increase in accrued liabilities and other liabilities	350,424	220,867
Increase in deferred income	30,658	143,457
Net cash used in operating activities	<u>\$ (1,098,948)</u>	<u>\$ (2,474,952)</u>
Noncash investing, capital and financing activities		
Contributions to GNOF	\$ 8,100	\$ 249,496
In kind capital contributions	<u>\$ 4,982,407</u>	<u>\$ 4,876,519</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.

(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 and surpluses and deficits.

(b) *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 government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned 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 assets is appropriate for capital maintenance.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

The Park's principal operating revenues are the fees received for services. The Park applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

(c) *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. 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.

(d) *Inventories*

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

(e) *Capital Assets*

Capital assets are stated at historical cost. Contributed assets are recorded at fair market 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.

(f) *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.

(g) *Net Assets*

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

Invested in capital assets - This component of net assets consists of capital assets, net of accumulated depreciation. As of June 30, 2011 and 2010, the Park did not have debt related to capital assets.

Restricted - This component reports those net assets 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.

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

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

(h) *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

(i) *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, 2011 and 2010.

(j) *Deferred Income*

Deferred 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.

(k) *Reclassifications*

Certain accounts in the 2010 financial statements have been reclassified to conform to the current year presentation

(2) Cash, Cash Equivalents, and Investments

The following are the components of the Park's cash, cash equivalents and investments at June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Current:		
Cash in banks	\$ 378,273	\$ 295,509
Certificates of deposit	27,909	27,256
Investments with Louisiana Asset Management Pool	2,218,977	2,121,981
Long-term:		
Investments held at Greater New Orleans Foundation	1,271,828	1,082,012
	<u>\$ 3,896,987</u>	<u>\$ 3,526,758</u>

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

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

Restricted cash and investments as of June 30, 2011 and 2010 are as follows

	<u>Restricted Cash</u>	<u>Restricted Investments</u>	<u>Total</u>
2011			
Ribet Fund	\$ -	\$ 27,909	\$ 27,909
Greater New Orleans Foundation	-	1,271,828	1,271,828
Capital funds received from private donors	156,299	-	156,299
	<u>\$ 156,299</u>	<u>\$ 1,299,737</u>	<u>\$ 1,456,036</u>
2010			
Ribet Fund	\$ -	\$ 27,256	\$ 27,256
Greater New Orleans Foundation	-	1,082,012	1,082,012
Capital funds received from private donors	163,273	-	163,273
	<u>\$ 163,273</u>	<u>\$ 1,109,268</u>	<u>\$ 1,272,541</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 \$384,968 and \$775,753 at June 30, 2011 and 2010, 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.

Investments - Statutes authorize the Park to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poors Corporation or P-1 by Moody's Commercial Paper Record, repurchase agreements, and the Louisiana Asset Management Pool (LAMP).

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. 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. LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAA by Standard & Poor’s
- Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

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

- **Custodial credit risk** LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The Park's investment is with the pool, not the securities that make up the pool, therefore, no public disclosure is required.
- **Interest rate risk** 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statements.
- **Foreign currency risk** Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pools is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

As of June 30, 2011 and 2010, the Park had investments totaling \$1,271,828 and \$1,082,012, respectively, in the Greater New Orleans Foundation (GNOF). GNOF investments are held in a donor investment pool which is not categorized under GASB Codification Section 150.164 because 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 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.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(3) Capital Assets

The capital assets of the Park as of June 30, 2011 and 2010 are as follows.

<u>Description</u>	<u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>2011</u>	<u>Estimated useful life (years)</u>
Land	\$ 3,062,144	\$ -	\$ -	\$ 3,062,144	
Land improvements	4,961,456	4,168,646	-	9,130,102	10-30
Buildings and improvements	20,625,812	7,499,778	-	28,125,590	10-30
Fixed equipment	9,161,755	330,506	-	9,492,261	5-20
Moveable equipment	3,315,792	604,135	-	3,919,927	3-20
Construction in progress	6,569,334	11,316,381	11,508,424	6,377,291	
	47,696,293	23,919,446	11,508,424	60,107,315	
Less accumulated depreciation	(10,331,570)	(2,922,588)	-	(13,254,158)	
Capital assets, net	<u>\$37,364,723</u>	<u>\$20,996,858</u>	<u>\$11,508,424</u>	<u>\$46,853,157</u>	

Construction in progress of \$6,377,291 and \$6,569,334 as of June 30, 2011 and 2010, respectively, consists primarily of the new administration building, the new Tennis Center, the new Arbor Room at Popp's Fountain and various other facilities and grounds improvements

The capital assets of the Park as of June 30, 2010 and 2009 are as follows.

<u>Description</u>	<u>2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>2010</u>	<u>Estimated useful life (years)</u>
Land	\$ 3,062,144	\$ -	\$ -	\$ 3,062,144	
Land improvements	-	4,961,456	-	4,961,456	10-30
Buildings and improvements	16,381,363	4,244,449	-	20,625,812	10-30
Fixed equipment	6,714,805	2,446,950	-	9,161,755	5-20
Moveable equipment	2,479,655	836,137	-	3,315,792	3-20
Construction in progress	7,314,701	11,044,034	11,789,401	6,569,334	
	35,952,668	23,533,026	11,789,401	47,696,293	
Less accumulated depreciation	(8,053,467)	(2,278,103)	-	(10,331,570)	
Capital assets, net	<u>\$27,899,201</u>	<u>\$21,254,923</u>	<u>\$11,789,401</u>	<u>\$37,364,723</u>	

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(4) Deferred Income

Deferred income consists of the following at June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Event deferral	\$ 659,407	\$ 483,994
Federal funds (FEMA)	27,561	27,561
Restricted contributions	256,089	400,844
	<u>\$ 943,057</u>	<u>\$ 912,399</u>

(5) Due to Other Governments

Due to other governments consists of the following at June 30, 2011

State of Louisiana	\$ 312,649
Federal (FEMA)	<u>394,463</u>
	<u>\$ 707,112</u>

Included in the federal grant receivable and due to other governments was \$312,649, which the Park received and remitted to the State of Louisiana's Division of Administration on October 5, 2011 to reimburse the State for a portion of the Park's share of the construction costs of the Arbor Room at Popp's Fountain. Both the State and the Park are applicants on separate FEMA project worksheets that fund this project. The project is managed by the State of Louisiana's Office of Facility Planning and Control.

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 verify the accuracy of the amount owed.

No balances were due to other governments at June 30, 2010

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(6) 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, 2011, are as follows.

2012	\$ 115,393
2013	101,383
2014	66,000
2015	66,000
2016	66,000
Thereafter	280,500

During the year ended September 30, 2006, the Park extended the lease with Christian Brothers School on similar terms as the existing lease through September 30, 2020.

(7) 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 regular full and part-time Park employees, permits them to defer a portion of their salary until future years. 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 \$104,483 and \$93,044 to the deferred compensation plan in 2011 and 2010, respectively.

(8) Other Postemployment Benefits (OPEB)

Plan Description

Employees of the Park voluntarily participate in the State of Louisiana's health and life insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is an agent multiple-employer defined benefit OPEB plan. Louisiana Revised Statute (R.S.) 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report, however, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR).

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(8) Other Postemployment Benefits (OPEB) (continued)

Funding Policy

The contribution requirements of plan members and the Park are established and may be amended by R S. 42 801-883 Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits The retirees contribute to the cost of retiree healthcare based on a service schedule Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage OGB offers three standard plans for both active and retired employees the Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health maintenance Organization (HMO) plan Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans – one HMO plan and one private fee-for-service (PFFS) plan, offered by two companies Depending upon the plan selected, during fiscal years 2011 and 2010, employee premiums for a single member receiving benefits ranged from \$49 to \$93 and \$48 to \$93 per month, respectively, for retiree-only coverage with Medicare

The plan is currently financed on a pay-as-you-go basis, with the Park contributing \$121 to \$262 and \$124 to \$262 per month for retiree and spouse coverage for fiscal years 2011 and 2010, respectively

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment (AD&D) coverage, which is underwritten by The Prudential Insurance Company of America The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one half of the premium Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees

Annual Other Postemployment Benefit Cost and Liability

The Park's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45 The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over a period of thirty years. A 30-year percentage of projected payroll amortization method with a closed amortization period has been used

The total ARC for fiscal years 2011 and 2010 is as set forth below

	<u>2011</u>	<u>2010</u>
Normal cost	\$ 294,700	\$ 283,900
30-year UAL amortization amount	97,000	108,400
Annual required contribution	<u>\$ 391,700</u>	<u>\$ 392,300</u>

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(8) Other Postemployment Benefits (OPEB) (continued)

The following schedule presents the Park OPEB obligation at June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Beginning net OPEB obligation	\$ 1,706,069	\$ 1,354,713
Annual required contribution	391,700	392,300
Interest on net OPEB obligation	68,243	54,188
ARC adjustment	<u>(98,663)</u>	<u>(78,343)</u>
OPEB cost	361,280	368,145
Contributions made (retiree premium)	<u>(16,774)</u>	<u>(16,789)</u>
Change in OPEB obligation	<u>344,506</u>	<u>351,356</u>
Ending net OPEB obligation	<u>\$ 2,050,575</u>	<u>\$ 1,706,069</u>

Using the pay-as-you-go method, the Park contributed 4.6% of the annual post-employment benefits cost during fiscal years 2011 and 2010, respectively

Funded Status and Funding Progress

During fiscal years 2011 and 2010, neither the Park nor the State of Louisiana made contributions to its postemployment benefits plan trust. During fiscal years 2011 and 2010, the plan did not establish or fund a trust. Since the plan was not established or funded, the Park's entire actuarial accrued liability of \$2,156,600 and \$2,455,400 was unfunded at June 30, 2011 and 2010, respectively.

The funded status of the plan, as determined by an actuary is as follows:

	<u>2011</u>	<u>2010</u>
Actuarial accrued liability (AAL)	\$ 2,156,600	\$ 2,455,400
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,156,600</u>	<u>\$ 2,455,400</u>
Funded Ratio (actuarial value of plan net assets / AAL)	0%	0%
Covered payroll	\$ 1,809,100	\$ 1,598,200
UAAL as a percentage of covered payroll	119%	154%

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(8) Other Postemployment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the State of Louisiana's CAFR, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2010 and 2009, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 9.5% for pre-Medicare and Medicare eligible retirees, scaling down to ultimate rates of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The Park's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2011 and 2010, is 26 and 27 years, respectively.

(9) 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, 2011, unless terminated according to the cancellation provisions of the agreement.

(10) 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 ASSOCIATION**Schedule of Funding Progress for Louisiana's State OPEB Plan****Last Three Years**

<u>Plan Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
2011	7/1/2010	\$ -	\$ 2,156,600	\$ 2,156,600	0 0%	\$ 1,809,100	119 2%
2010	7/1/2009	\$ -	\$ 2,455,400	\$ 2,455,400	0 0%	\$ 1,598,200	153 6%
2009	7/1/2008	\$ -	\$ 7,784,900	\$ 7,784,900	0 0%	\$ 1,371,501	567 6%

See accompanying independent auditors' report.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**Schedules of Operating Expenses****For the years ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Administrative	\$ 288,129	\$ 311,945
Advertising	52,414	44,919
Communications	-	3,411
Contract labor	269,734	207,510
Contract services	687,357	625,297
Cost of goods sold	1,135,305	932,289
Depreciation	2,922,588	2,278,103
Fuel	63,450	59,595
Golf operations	1,235,372	1,118,269
Hurricane Katrina	230	23,503
Insurance	272,583	330,649
Master Plan	6,630	11,830
Other	143,258	136,039
Other postretirement benefits expense	344,506	351,356
Payroll	4,291,941	4,207,291
Payroll benefits	597,785	606,969
Rentals	53,211	56,055
Repairs and maintenance	658,521	278,113
Special events	43,370	55,751
Supplies	307,807	267,310
Telephone	64,992	55,372
Uniforms	11,827	19,309
Utilities	536,938	417,896
	<u> </u>	<u> </u>
Operating expenses	<u>\$ 13,987,948</u>	<u>\$ 12,398,781</u>

See accompanying independent auditors' report

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

SINGLE AUDIT REPORT

JUNE 30, 2011

P&N Postlethwaite
& Netterville

A Professional Accounting Corporation

www.pncpa.com

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Table of Contents

	Page
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1
Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7

**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 the financial statements of the New Orleans City Park Improvement Association (the Park) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 12, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the Park is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Park's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Park's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Park's financial statements are free of 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*.

We noted certain matters that we reported to management of the Park in a separate letter dated December 12, 2011.

This report is intended solely for the information of the Park, the Park's management, federal, state and city awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
December 12, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

The Board of Commissioners
New Orleans City Park Improvement Association

Compliance

We have audited the compliance of the New Orleans City Park Improvement Association (the Park) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Park's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Park's management. Our responsibility is to express an opinion on the Park's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Park's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Park's compliance with those requirements.

In our opinion, the Park complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Park is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Park's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Park as of and for the year ended June 30, 2011, and have issued our report thereon dated December 12, 2011. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information of the Park, the Park's management, federal, state and city awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
December 12, 2011

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Schedule of Expenditures of Federal Awards

June 30, 2011

Federal Grantor/Program Title	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Homeland Security:</u>		
Louisiana Office of Homeland Security and Emergency Preparedness Disaster Grants – Public Assistance (Pass-through award)	97 036	\$ <u>422,842</u>
Total U.S. Department of Homeland Security		<u>422,842</u>
<u>U.S. Department of Housing and Urban Development:</u>		
City of New Orleans Disaster Community Development Block Grant (Pass-through award)	14 228	178,794
State of Louisiana Disaster Community Development Block Grant (Pass-through award)	14 228	<u>111,859</u>
Total U.S. Department of Housing and Urban Development:		<u>290,653</u>
Total Federal Expenditures		<u>\$ 713,495</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Notes to Schedule of Expenditures of Federal Awards

June 30, 2011

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the federal grant activity of the New Orleans City Park Improvement Association. The Park's reporting entity is defined in note 1 to the financial statements for the year ended June 30, 2011. All Federal financial awards have been included on the Schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Park's financial statements for the year ended June 30, 2011.

(3) Relationship to Financial Statements

Federal awards are included in the statements of changes in net assets as capital contributions.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Schedule of Findings and Questioned Costs

June 30, 2011

(1) **Financial Statements**

(a) The type of auditor's report issued **unqualified opinion**

(b) Internal control over financial reporting

Material weakness identified. **no**

Significant deficiency identified not considered to be material weaknesses **no**

Noncompliance material to financial statements noted **no**

(2) **Federal Awards**

(a) Internal control over major programs

Material weakness identified **no**

Significant deficiency identified not considered to be material weaknesses **no**

(b) Type of auditor's report issued on compliance for major programs **unqualified opinion**

(c) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a) **no**

(d) Identification of major programs

- Department of Homeland Security – CFDA No 97 036 – Public Assistance Grants

(e) Dollar threshold used to distinguish between Type A and Type B programs **\$300,000**

(f) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133 **yes**

(3) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards* **none**

(4) Findings and Questioned Costs relating to Federal Awards. **none**

December 12, 2011

The Board of Commissioners
New Orleans City Park Improvement Association

We have audited the financial statements of the New Orleans City Park Improvement Association (the Park) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 12, 2011. In planning and performing our audit of the financial statements of the Park, we considered internal control as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

2011-1 Tennis Court Theft

Observation

The Park's procedures did not detect a misappropriation of cash and checks from its tennis operations in a timely manner totaling \$11,712. The Park's policies and procedures were not sufficient to establish preventative controls over receipts of the tennis operations. Detective controls did not identify the misappropriation in a timely manner.

Recommendation

The Park should implement processes and procedures to determine that cash deposits agree to the amount of cash receipts recorded in the general ledger on a timely basis. In addition, an independent review of the deposit logs should be performed to detect inconsistencies with controls put in place.

Management's Response

The Park's management has reviewed its policies and procedures on a Park-wide basis. Additional policies and procedures have been adopted and controls have been implemented to ensure timely preventative and detective identification of all cash receipts.

The Board of Commissioners
New Orleans City Park Improvement Association
Page 2
December 12, 2011

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information of the Park, the Park's management; federal, state and city awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

The Park's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Sincerely,



Postlethwaite & Netterville, APAC

