ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Audits of Financial Statements

December 31, 2017 and 2016

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

LaPorte
CPAs & BUSINESS ADVISORS

LaPorte, APAC
111 Veterans Blvd. | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

Independent Auditor's Report

To the Board of Commissioners
Ernest N. Morial New Orleans Exhibition Hall Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditor's 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 misstatement.

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 Authority as of December 31, 2017 and 2016, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 10, 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 (GASB) 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 comprise the Authority's basic financial statements. The schedule of compensation, benefits, and other payments to the agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedule of compensation, benefits, and other payments to the agency head 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 March 20, 2018, on our consideration of the Authority'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 the 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 Authority's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
March 20, 2018

The Management's Discussion and Analysis of the Ernest N. Morial New Orleans Exhibition Hall Authority's (the Authority) financial performance presents a narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2017 and 2016. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available). Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Ernest N. Morial New Orleans Exhibition Hall Authority's exclusive mission is to finance, construct, and operate facilities in order to attract and conduct conventions, trade shows, and other events that support and expand the economy of both the State of Louisiana and New Orleans Region. In support of this mission, the following are notable financial results from 2017:

- 2017 saw an almost 5% increase in the number of events (134) compared to 2016, with an increase in the total attendee (892,500) figures of 11.5% and out of town (711,505) attendance of 34%; total number of room nights (713,689) was comparable to 2016
- Net position increased by $21.7MM, an increase of 4.1% from prior year
- Cash flows increased by $35MM due to tax revenues and sales of investments
- Tax revenues remained the same year over year, with all debt covenants having been met

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements and the notes to the financial statements. The financial statements provide both long-term and short-term information about the Authority'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 Authority'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 government 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 Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the Authority are included in the Statements of Net Position.

The Statements of Net Position present financial information on all of the Authority's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

The net position, detailed in Table A-1, summarizes the value of the Authority as a whole. The following items are of particular interest:

- 2017 total assets increased $12MM or 1.8%
- The downward trend of liabilities continues with a 8.1% reduction since 2016 and a 12.4% decrease since 2015 as a result of bond refunding and re-payments
- The Authority continues to experience an increase in Net Position reaching $553MM at December 31, 2017

Table A-1
Ernest N. Morial New Orleans Exhibition Hall Authority
Condensed Statements of Net Position (in thousands of dollars)
December 31, 2017, 2016, and 2015

	2017	2016	2015
Current Assets	$ 153,673	$ 152,475	$ 168,746
Designated and Restricted Assets	164,117	148,966	99,646
Capital Assets	346,945	351,306	364,279
Total Assets	664,735	652,747	632,671
Unamortized Loss on Bond Refinancing	1,987	2,250	2,512
Total Deferred Outflows of Resources	1,987	2,250	2,512
Total Assets and Deferred Outflows of Resources	$ 666,722	$ 654,997	$ 635,183
Current Liabilities	$ 22,253	$ 22,283	$ 18,998
Long-Term Liabilities	91,341	101,310	110,736
Total Liabilities	113,594	123,593	129,734
Net Position			
Net Investment in Capital Assets	250,430	245,665	249,831
Restricted	84,426	57,953	38,337
Unrestricted	218,272	227,786	217,281
Total Net Position	553,128	531,404	505,449
Total Liabilities and Net Position	$ 666,722	$ 654,997	$ 635,183

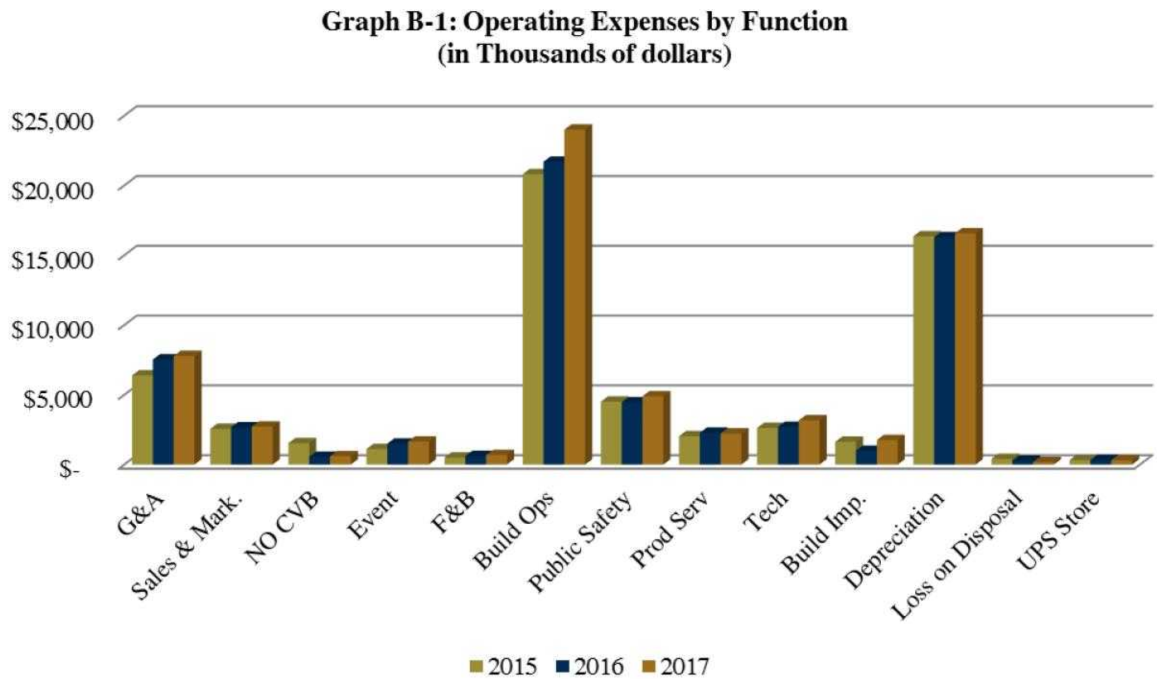
Changes in Net Position

The change in net position detailed in Table A-2 and Graph B-1, highlight the factors that have contributed to the Authority's change in financial position:

- The operating loss increased year over year by 5.1% from 2016 to 2017 and decreased by 3.5% since 2015
  - With comparable figures to 2016, 2017 continued to see strong Facility Rental revenues due to favorably negotiated contract terms for 2017 events
  - The support of French Quarter heightened security was introduced in 2015 and continued in 2016 and 2017, with annual payments totaling $1.25MM, $1MM, and $1MM, respectively
- Tax collections, shown in the Non-Operating Revenues line, were virtually unchanged from 2016 and continue to offset the operational loss.
- In 2017 the Authority recorded a $6.4MM distribution to government agencies which included $6MM to reimburse the City of New Orleans for Downtown Infrastructure Improvement Projects and additional money for the Spanish Plaza project

Table A-2
Ernest N. Morial New Orleans Exhibition Hall Authority
Condensed Statements of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)
December 31, 2017, 2016, and 2015

	2017	2016	2015
Operating Revenues:			
User Fees and Other Revenues	$ 27,120	$ 25,660	$ 22,087
Food and Beverage	7,993	6,317	6,147
Total Operating Revenues	35,113	31,977	28,234
Operating Expenses:			
Operating Expenses	49,991	45,614	44,451
Depreciation	16,572	16,288	16,357
Total Operating Expenses	66,563	61,902	60,808
Operating Income (Loss)	(31,450)	(29,925)	(32,574)
Non-Operating Revenues, Net	53,174	55,880	57,219
Change in Net Position	21,724	25,955	24,645
Net Position, Beginning of the Year	531,404	505,449	480,804
Net Position, End of the Year	$ 553,128	$ 531,404	$ 505,449



Cash Flows

The Statement of Cash Flows, outlined in Table A-3, shows a summary of all inflow and outflow of cash and cash equivalents and is an indication of the Authority's financial health. Items of note include:

- 2017 saw a similar level of investment sales and activities compared to 2016
- In 2017 Capital and related financing activities accounted for capital asset acquisitions, including the purchase of the New Orleans Culinary and Hospitality Institute (NOCHI) building, as well as scheduled debt payments; in 2016 it was scheduled debt payments and capital asset acquisitions

Table A-3
Ernest N. Morial New Orleans Exhibition Hall Authority
Condensed Statements of Cash Flows (in thousands of dollars)
December 31, 2017, 2016, and 2015

	2017		2016		2015	
Cash Flows from:						
Operations	$	(18,024)	$	(12,901)	$	(13,750)
Noncapital Financing		52,039		59,664		58,974
Capital and Related Financing Activities		(24,552)		(16,036)		(17,621)
Investing Activities		25,503		25,622		(27,508)
Net Increase in Cash	$	34,966	$	56,349	$	95

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets are various types of property that enable daily operations and contribute to an organization's ability to generate revenue.

- Through December 31, 2017 the Authority has invested approximately $644.5MM in property, buildings and equipment; this figure is comprised of $95.9MM not depreciated and $548.6MM being depreciated
- 2017 resulted in a net increase in capital assets of approximately $11.8MM
  - $12.4MM of assets was added during the year
  - Approximately $600K in disposals were also recognized in 2017
- In 2016 the net increase was $2.1MM, and in 2015 the increase was only $800K due to a change in the capitalization policy
- Construction in progress continues to reflect the work related to the Convention Center Development District and ongoing capital improvements; The Great Hall remodel was the last major project completed and put into service in 2013

Debt Administration

The administration and repayment of debt has continued as scheduled:

- In 2017 almost $8.2MM of bond principal payments were made; during 2016, $7.9MM in bond principal payments were made
- All debt covenants have been met; Continuing Disclosure reports are maintained in the official municipal repository

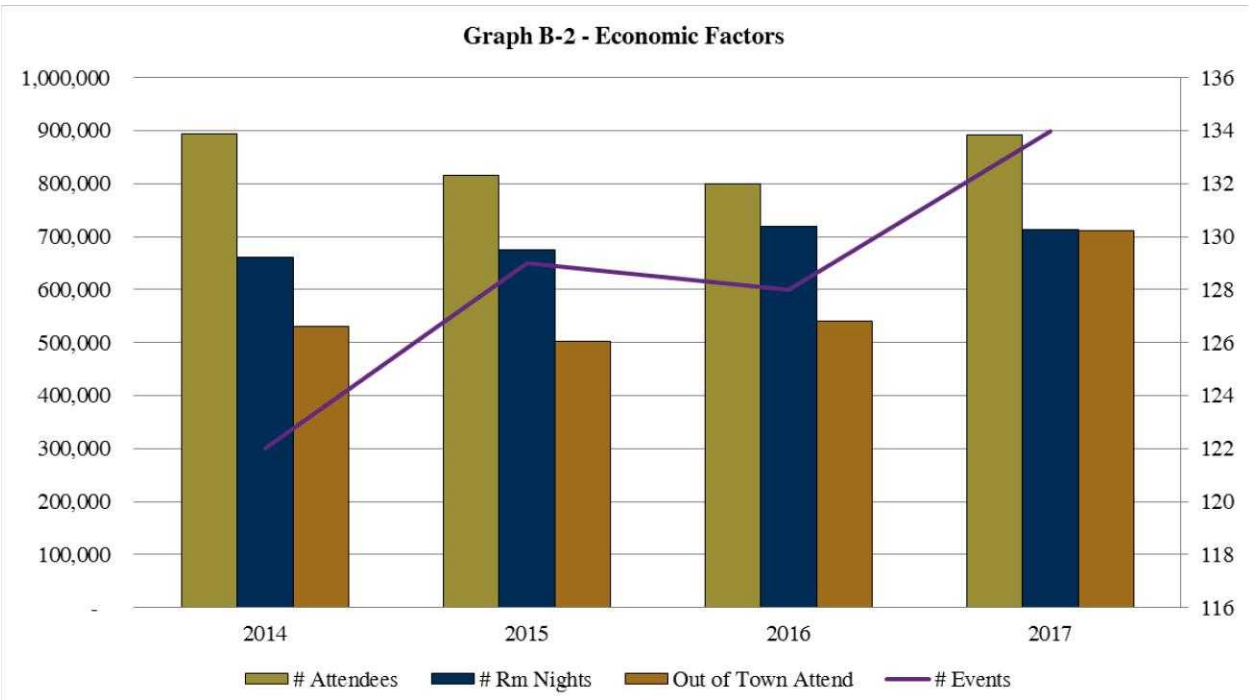
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The New Orleans Ernest N. Morial Convention Center is one of the greatest economic assets of the City of New Orleans and the State of Louisiana. As such, it is important to point out the overall economic impact the Center produces as well as highlight the key metrics that illustrate the non-financial performance of the organization:

- The economic impact report for 2017 has not yet been completed
- The key measurements of the Center's economic impact for 2016 are as follows:
  - Total annual impact of $2B; $1.1B of direct spending and $873.1MM of indirect spending
  - All spending resulted in $158.4MM in tax revenues collected by the State and local governments
  - Almost 19,000 jobs were supported by the Center and created $611.4MM in income for local residents

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

- Graph B-2 illustrates the key internal economic factors that effect the operating revenues and expenses:
  - 2017 saw an almost 5% increase in the number of events compared to 2016, with an increase in the total attendee figures of 11.5% and out of town attendance of 34%; total number of room nights was comparable to 2016
  - The 2018 budget estimates fewer events, total attendees and out of town attendees, and a greater number of room nights than 2017 (*Note: no assurances can be made that all anticipated conventions will occur; thus, 2017 estimates may not be realized*)



CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Vice President of Finance and Administration, Alita Caparotta, at (504) 582-3022.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Statements of Net Position
December 31, 2017 and 2016

	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	**$ 123,689,222**	$ 99,447,322
Investments	**25,474,834**	49,927,957
Accounts Receivable, Net	**3,764,197**	1,838,927
Interest Receivable	**193,685**	244,952
Prepaid Expenses and Other Assets	**551,001**	1,016,121
Total Current Assets	**153,672,939**	152,475,279
Designated and Restricted Assets		
Cash, Designated for Construction	**13,958**	13,958
Cash, Designated by Board for Future Specified Use	**35,600,000**	47,600,000
Cash, Restricted Primarily for Construction and Debt Service	**5,418,276**	5,436,854
Cash, Restricted to Satisfy Cooperative Endeavor Agreements	**46,742,679**	24,000,000
Investments, Designated by Board for Future Specified Use	**41,995,405**	41,174,335
Investments, Restricted for Debt Service	**19,277,672**	18,874,150
Interest Receivable	**165,048**	165,048
Taxes Receivable	**14,903,820**	11,701,569
Total Designated and Restricted Assets	**164,116,858**	148,965,914
Property, Building, and Equipment, Net	**346,944,856**	351,306,334
Total Assets	**664,734,653**	652,747,527
Deferred Outflows of Resources		
Unamortized Loss on Bond Refinancing	**1,987,213**	2,249,644
Total Assets and Deferred Outflows of Resources	**$ 666,721,866**	$ 654,997,171

The accompanying notes are an integral part of these financial statements.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Statements of Net Position (Continued)
December 31, 2017 and 2016

	2017	2016
Liabilities and Net Position		
Current Liabilities (Payable from Current Assets)		
Accounts Payable	**$ 6,142,932**	$ 6,003,588
Other Payables	**1,420,501**	1,421,140
Unearned Revenue, Current Portion	**3,468,161**	3,967,339
Compensated Absences, Current Portion	**645,244**	491,733
Total Current Liabilities (Payable from Current Assets)	**11,676,838**	11,883,800
Current Liabilities (Payable from Restricted Assets)		
Other Liabilities	**175,399**	178,064
Accrued Bond Interest	**1,906,120**	2,046,828
Current Portion of Bonds Payable	**8,495,000**	8,175,000
Total Current Liabilities (Payable from Restricted Assets)	**10,576,519**	10,399,892
Total Current Liabilities	**22,253,357**	22,283,692
Long-Term Liabilities		
Compensated Absences, Less Current Portion	**357,957**	311,921
Bonds Payable, Less Current Portion, Net	**90,007,134**	99,715,850
Unearned Revenue, Less Current Portion	**975,318**	1,282,124
Total Long-Term Liabilities	**91,340,409**	101,309,895
Total Liabilities	**113,593,766**	123,593,587
Net Position		
Net Investment in Capital Assets	**250,429,933**	245,665,128
Restricted Primarily for Debt Service, Construction, and CEA	**84,425,976**	57,952,729
Unrestricted	**218,272,191**	227,785,727
Total Net Position	**553,128,100**	531,403,584
Total Liabilities and Net Position	**$ 666,721,866**	$ 654,997,171

The accompanying notes are an integral part of these financial statements.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2017 and 2016

	2017	2016
Operating Revenues		
User Fees	$ 26,607,168	$ 25,154,870
Food and Beverage	7,992,572	6,317,207
The UPS Store	346,696	340,770
Rentals	161,676	159,380
Miscellaneous	5,358	5,053
Total Operating Revenues	35,113,470	31,977,280
Operating Expenses		
General and Administrative	7,782,526	7,534,376
Sales and Marketing	2,725,603	2,671,723
New Orleans Convention and Visitors Bureau	594,948	556,141
Event Services	1,648,622	1,496,878
Food Services	684,268	618,906
Building Operations	23,999,184	21,701,153
Public Safety	4,893,930	4,458,441
Production Services	2,230,078	2,277,288
Technology Services	3,174,820	2,703,732
Non-Capital, One-Time Projects	1,759,162	989,073
Depreciation	16,571,938	16,288,186
Loss on Disposal of Assets	184,241	272,328
The UPS Store	313,579	334,659
Total Operating Expenses	66,562,899	61,902,884
Operating Loss	(31,449,429)	(29,925,604)
Non-Operating Revenues (Expenses)		
Tax Revenues	62,291,707	59,793,709
Investment Income	2,232,214	1,850,277
Interest Expense	(3,403,612)	(3,690,412)
Distributions to Government Agencies	(6,412,660)	(2,073,781)
Refund of Hotel Occupancy Taxes	(1,533,704)	-
Total Non-Operating Revenues, Net	53,173,945	55,879,793
Change in Net Position	21,724,516	25,954,189
Net Position, Beginning of Year	531,403,584	505,449,395
Net Position, End of Year	$ 553,128,100	$ 531,403,584

The accompanying notes are an integral part of these financial statements.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Cash Received from User Fees	**$ 25,192,651**	$ 26,100,497
Cash Received from Other Sources	**7,189,566**	6,841,441
Cash Paid to Employees and for Related Expenses	**(26,736,387)**	(25,214,645)
Cash Paid to Suppliers	**(23,669,872)**	(20,628,427)
Net Cash Used in Operating Activities	**(18,024,042)**	(12,901,134)
Cash Flows from Non-Capital Financing Activities		
Cash Received from Taxes	**59,089,455**	59,664,466
Distributions to Government Agencies	**(5,517,000)**	-
Refund of Hotel Occupancy Taxes	**(1,533,704)**	-
Net Cash Provided by Non-Capital Financing Activities	**52,038,751**	59,664,466
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	**(11,881,699)**	(3,394,588)
Interest Paid	**(4,495,605)**	(4,786,372)
Repayment of Bonds	**(8,175,000)**	(7,855,000)
Net Cash Used in Capital and Related Financing Activities	**(24,552,304)**	(16,035,960)
Cash Flows from Investing Activities		
Purchases of Investment Securities	**(90,418,553)**	(105,437,130)
Investment Sales and Maturities	**113,745,282**	129,423,330
Interest Payments Received	**2,176,867**	1,635,722
Net Cash Provided by Investing Activities	**25,503,596**	25,621,922
Net Increase in Cash	**34,966,001**	56,349,294
Cash, Beginning of Year	**176,498,134**	120,148,840
Cash, End of Year	**$ 211,464,135**	$ 176,498,134
Reconciliation to Statements of Net Position		
Cash - Current Assets	**$ 123,689,222**	$ 99,447,322
Cash, Designated for Construction	**13,958**	13,958
Cash, Designated by Board for Future Specified Use	**35,600,000**	47,600,000
Cash, Restricted Primarily for Construction and Debt Service	**5,418,276**	5,436,854
Cash, Restricted to Satisfy Cooperative Endeavor Agreements	**46,742,679**	24,000,000
Total Cash	**$ 211,464,135**	$ 176,498,134

The accompanying notes are an integral part of these financial statements.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2017 and 2016

	2017	2016
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	**$ (31,449,429)**	$ (29,925,604)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation	**16,571,938**	16,288,186
Loss from Disposal of Capital Assets	**184,241**	272,328
(Increase) Decrease in:		
Accounts Receivable	**(1,925,270)**	127,184
Prepaid and Other Assets	**465,120**	(469,033)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	**(1,064,658)**	(303,846)
Unearned Revenue	**(805,984)**	1,109,651
Net Cash Used in Operating Activities	**$ (18,024,042)**	$ (12,901,134)

The accompanying notes are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies

Organization and Reporting Entity

The Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) was created in 1978 by Act 305 (subsequently amended) of the Louisiana Legislature to plan, finance, construct, and manage a convention and exhibition center in the City of New Orleans (the City). The operations of the convention and exhibition center are through the New Orleans Public Facility Management, Inc. (NOPFM), a separately incorporated organization, doing business as the New Orleans Ernest N. Morial Convention Center. Under the present management agreement between the Authority and NOPFM, the Authority reimburses NOPFM for costs of operating the convention and exhibition center, and NOPFM will neither own assets nor retain revenues. The NOPFM is a blended component unit of the Authority.

The Authority is governed by a twelve member Board of Commissioners composed of nine (9) appointees of the Governor of Louisiana and three (3) appointees of the Mayor of New Orleans. The Board of Commissioners establishes policies, approves the budget, controls appropriations, and appoints an Executive Vice President responsible for administering all the Authority's operations and activities.

No other potential component units meet the criteria for inclusion in the financial statements of the Authority.

Basis of Presentation

The Authority'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 government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). 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 revenues, expenses, and changes in net position. All assets and liabilities associated with the operation of the Authority are included in the statements of net position.

The proprietary fund is used to account for the Authority's ongoing operations and activities which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resource measurement focus under which assets and liabilities associated with the operation of these funds are included in the statements of net position. The statements of revenues, expenses, and changes in net position present increases (revenues) and decreases (expenses) in net position.

The Authority maintains one proprietary fund type - the enterprise fund. The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance.

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Operating revenues include all charges for service and related fees associated with operating expenses. Interest income, interest expense, insurance proceeds, distributions to government agencies, and tax revenues are presented as non-operating items.

Basis of Reporting

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* as amended, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital position, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources related to those assets.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The Authority utilizes available restricted assets before utilizing unrestricted assets.

Designated and Restricted Assets

Certain assets, consisting of cash, investments, and receivables, are segregated and classified as designated or restricted assets.

Restricted assets are held as follows:

- Debt service reserve was established by the Authority's bond indentures. The required reserve is the lesser of (i) ten percent of the original principal issued, (ii) the maximum amount of principal installments and interest maturing and becoming due in the fiscal year in which such calculation is made or in any single succeeding fiscal year on all outstanding bonds, and (iii) 125% of average annual principal and interest requirement on the bonds, calculated on a fiscal year basis.

- Debt service, funded by the special revenue taxes, was established by the Authority's bond indentures. The required accumulated debt service is equal to the sum of (i) interest accruing during the period of bonds outstanding and (ii) the portion of principal accruing until the next principal payment date.

Note 1. Summary of Significant Accounting Policies (Continued)

Designated and Restricted Assets (Continued)

- Capital projects, funded by the proceeds of taxes, restricted for building expansion and improvements.

- Venture Lease Escrows, which include rental income received by the Authority on behalf of and remitted to the City of New Orleans for property owned by the City. In addition to the amounts collected on behalf of the City of New Orleans, the Authority also collects certain funds related to a third-party cell site. The amounts payable are included in other liabilities on the balance sheet.

- Cooperative Endeavor Agreement with the City of New Orleans for the development of Convention Center Boulevard and Spanish Plaza.

- Cooperative Endeavor Agreement with the City of New Orleans, the New Orleans Convention and Visitors Bureau, and the Louisiana Department of Public Safety: Public Safety Services, Office of Louisiana State Police (LSP) to further enhance public safety in the French Quarter in the City of New Orleans.

Designated assets are held to fund capital projects which are under contract and underway, in the planning stages, or in the acquisition stage.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include investments with an original maturity of three months or less at time of purchase. Under state law, the Authority may deposit funds in demand deposits, interest-bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments

Investments consist of time deposits, money market mutual funds, certificates of deposits, U.S. Treasury obligations, U.S. government agency securities, and repurchase agreements and are stated at fair value. Fair value is based on quoted market prices, as applicable; if quoted prices are not available, fair value is estimated based on similar securities.

Note 1. Summary of Significant Accounting Policies (Continued)

Property, Building, and Equipment

Property, building, and equipment are carried at historical cost. Depreciation and amortization are charged to expense over the estimated useful lives of the assets and are determined using the straight-line method. The estimated useful lives used in computing depreciation and amortization are as follows:

Buildings	40 Years
Building Improvements	20 Years
Equipment, Furniture, and Fixtures	5 - 12 Years

The Authority capitalizes moveable equipment with a value of $5,000 or greater. The Authority capitalizes building improvements greater than $50,000. The cost of additions includes contracted work, direct labor, materials, and allocable cost. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Interest is capitalized on fixed assets acquired and/or constructed with tax-exempt debt. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue for the period. The cost of maintenance and repairs is charged to operations as incurred, and significant renewals and betterments are capitalized. Deductions are made for retirements resulting from renewals or betterments.

The Authority reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable through future utilization. An impairment charge is recognized when the fair value of an asset is less than its carrying value.

Taxes

The Authority receives dedicated taxes as follows:

Hotel Occupancy Tax

The Authority's bonds are payable from revenues derived by the Authority from the Hotel Occupancy Tax authorized by Act No. 305 of the Regular Session of the Legislature of Louisiana for 1978, as amended, and earnings on certain funds and accounts of the Authority. The 1978 Hotel Occupancy Tax is levied and collected on the occupancy of hotel and motel rooms within the Parish of Orleans. Initially established as a 1% tax, the rate (with approval by the Legislature and public referendum) was increased to 2%, effective October 1, 1980. This tax is presently being collected within the City and other locations on behalf of the Authority by the Louisiana Department of Revenue and Taxation.

Effective July 1, 2002, an additional 1% percent was imposed for the purpose of providing funds for the Phase IV Convention Center Expansion Project. These additional taxes were used to fund initial capital expenditures incurred and are currently used to retire all bonds.

Note 1. Summary of Significant Accounting Policies (Continued)

Taxes (Continued)

Hotel Occupancy Tax (Continued)
This tax is legally pledged to secure the Authority's Series 2012 and 2014 bonds and will expire on the date such tax no longer secures outstanding indebtedness of the Authority.

Hotel Occupancy/Food and Beverage Tax
Pursuant to Act 390 of the Regular Session of the Legislature of Louisiana for 1987, the Authority is empowered to levy and collect a Hotel Occupancy Tax (the 1988 Hotel Occupancy Tax) and a Food and Beverage Tax (collectively referred to as the Tax), to secure bonds to be issued to finance a portion of the costs of the Convention Center expansion. The 1988 Hotel Occupancy Tax is separate and distinct from the 1978 Hotel Occupancy Tax levied by the Authority. The Tax has additionally been approved by the City Council and was imposed pursuant to a special election held on November 21, 1987.

On February 24, 1988, the Authority adopted a resolution authorizing the actual levy and collection of the Tax to be effective April 1, 1988. The Tax is presently being collected within the City and other locations on behalf of the Authority pursuant to a Contract of Agency for Collection of Taxes with the Louisiana Department of Revenue and Taxation (the Department). The Department is required to remit tax collections to the Authority, initially net of the $200,000 annual collections fee retained by the Department at the rate of 3% of monthly collections until the total amount is attained. The collection fee is subject to annual renegotiation which is currently $200,000.

The 1988 Hotel Occupancy Tax is levied in the amount of fifty cents ($0.50) per occupied hotel room per night for hotels containing ten (10) to two hundred ninety-nine (299) guest rooms, one dollar ($1.00) per occupied hotel room per night for hotels containing three hundred (300) to nine hundred ninety-nine (999) guest rooms, and two dollars ($2.00) per occupied hotel room for hotels containing one thousand (1,000) or more guest rooms.

The 1988 Hotel Occupancy Tax is legally pledged to secure the Authority's Series 2012 and 2014 bonds and will automatically terminate upon payment in full of all bonds or other obligations of the Authority payable in whole or in part from or secured by the 1988 Hotel Occupancy Tax.

Note 1. Summary of Significant Accounting Policies (Continued)

Taxes (Continued)

Food and Beverage Tax
The Food and Beverage Tax is a tax in the amount of one half of one percent (0.5%) imposed on the gross receipts from the sale of food and beverages in any food service establishment. The tax is applicable to all such establishments located within the City or in any airport or air transportation facility owned and operated by the City, excluding food service establishments which have annual gross receipts from food and beverage sales of less than $200,000 from the operation of all such establishments during the calendar year prior to the year in which such tax is assessed. The tax is not applicable to meals furnished to the staff and students of educational institutions; the staff and patients of hospitals; the staff, inmates, and patients of mental institutions; and the boarders of rooming houses.

Effective July 1, 2002, an additional one quarter of one percent (0.25%) on annual gross receipts from food and beverage sales greater than $500,000 was imposed for the purpose of providing funds for the Phase IV Convention Center Expansion Project. These additional taxes were used to fund initial capital expenditures incurred and are currently used to retire all bonds.

The Food and Beverage Tax is legally pledged to secure the Authority's Series 2012 and 2014 bonds and will automatically terminate upon payment in full of all bonds or other obligations of the Authority payable in whole or in part from or secured by the Food and Beverage Tax.

Service Contractors and Tour Tax
Pursuant to Act 42 of the Regular Session of the Legislature of Louisiana for 1994 which amended Act 305 of 1978, the Authority is empowered to levy and impose a 2% tax on the furnishing of goods and services in conjunction with trade shows, conventions, and exhibitions located within the Parish of Orleans. The effective date of the Service Contractors Tax was May 1, 1995. "Goods and services" means merchandise, wares, materials, labor, assistance, or benefits provided in connection with the installation and dismantling of exhibits, displays and booths, decorations, electrical supplies, materials handling, drayage, flowers and floral decorations, computers, audio and visual equipment, bands and orchestras, lighting trusses, rigging and associated equipment, furniture, carpets, signs, props, floats, business machines, plumbing, telephones, photography, utilities, balloons, scaffolding, forklifts, high lifts, security, information retrieval systems, and any other services or items associated with the above. Specifically excluded are foods and beverages and the shuttle services of attendees to and from the location of the convention and trade show.

In addition to the above, the Authority is also empowered to levy and impose a one dollar ($1.00) tax on the sale of tickets sold in the Parish of Orleans for per capita sightseeing tours in the Parish of Orleans, and for tours a portion of which includes sight-seeing in the Parish of Orleans. The effective date of this tax was May 1, 1995, and is presently being collected within the City and other locations on behalf of the Authority by the Louisiana Department of Revenue and Taxation.

Note 1. Summary of Significant Accounting Policies (Continued)

Taxes (Continued)

Service Contractors and Tour Tax (Continued)
This tax is legally pledged to secure the Authority's Series 2012 and 2014 bonds and will automatically terminate upon payment in full of all bonds or other obligations of the Authority payable in whole or in part from or secured by the Service Contractors and Tour Tax.

RTA Tax
In April 2002, the Authority entered into a Cooperative Endeavor Agreement (CEA) with the Regional Transit Authority (RTA) and the New Orleans Tourism Marketing Corporation (NOTMC), creating a transit fund to be separately maintained and funded with taxes collected by the RTA based on a 1% sales tax to be collected from hotels and motels in the City of New Orleans and equal to 50% of the annual fee paid by RTA to NOTMC. In exchange for the funds received, the Authority agreed to utilize the funds for financing or funding of actual physical construction costs (labor and materials) of new capital facilities and/or capital improvements of the Convention Center in connection with the Phase IV Expansion Project, particularly including, but not limited to, facilities and/or improvements that address and recognize the need to access the RTA's Riverfront Streetcar and Shuttle bus services and the transportation needs of the Convention Center attendees and the public, consistent with the needs of the Authority and the legal requirements for the use and/or expenditure of the revenues derived from the RTA tax. In addition, moneys in the transit fund may be used to pay debt service on any bonds issued for construction financing of the Phase IV Expansion Project.

This tax is legally pledged to secure the Authority's Series 2012 and 2014 bonds and will expire on the date such tax no longer secures outstanding indebtedness of the Authority.

State of Louisiana, Department of State Economic Development
Pursuant to Act 73, based on the sufficiency of the hotel occupancy tax collections to pay the obligations of related bonds within any fiscal year of the State of Louisiana, the State of Louisiana Department of State Economic Development appropriates $2 million of the remaining funds on an annual basis to the Authority.

These funds are legally pledged to secure the Authority's Series 2012 and 2014 bonds.

Capital Contributions
Contributions from state appropriations are made available to the Authority for capital improvements and are recognized when the expenses have been incurred and approval of the appropriation has been received. These appropriations are included in capital contributions in the statements of revenues, expenses, and changes in net position. There were no capital contributions for the years ended December 31, 2017 and 2016.

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Authority's personal time off (PTO) plan provides for the following paid time off:

- 0 to less than 5 years of continuous service - 128 hours/16 days
- 5 years to less than 10 years of continuous service - 168 hours/21 days
- 10 years to less than 20 years of continuous service - 208 hours/26 days
- 20 or more years of continuous service - 248 hours/31 days

Employees may carry over up to a maximum of 200 hours of accrued, unused PTO from one calendar year to the next. Any unused PTO that exceeds 200 hours is forfeited.

Bond Issuance Costs and Refunding

Costs related to issuing bonds are expensed when incurred. Gains and losses associated with refunding and advance refunding are being deferred and amortized based upon the methods used to approximate the interest method over the life of the new bonds or the remaining term on any refunded bond, whichever is shorter.

Risk Management

The Authority provides for losses, up to the per employee maximum amount, resulting from health insurance claims. The Authority is commercially insured for amounts greater than the annual maximum as well as for other significant risks (e.g., general liability, workers' compensation, building, etc.).

Revenues and Unearned Revenue

Revenues from user fees, food and beverage, the UPS store, and rentals are recognized when earned (when the event/transaction occurs). Revenue collected for events in future years is reported as unearned revenue.

Use of Estimates

The Authority prepares financial statements in accordance with accounting principles generally accepted in the United States of America. Such principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 2. Cash and Investments

The Authority's cash and investments consisted of the following as of December 31, 2017 and 2016:

	2017	2016
Cash		
Unrestricted	$ 123,689,222	$ 99,447,322
Designated for Construction	13,958	13,958
Designated by Board for Future Specified Use	35,600,000	47,600,000
Restricted Primarily for Debt Service and Construction	5,418,276	5,436,854
Restricted to Satisfy Cooperative Endeavor Agreement	46,742,679	24,000,000
Total Cash	$ 211,464,135	$ 176,498,134
Investments		
Unrestricted	$ 25,474,834	$ 49,927,957
Designated by Board for Future Specified Use	41,995,405	41,174,335
Restricted for Debt Service	19,277,672	18,874,150
Total Investments	$ 86,747,911	$ 109,976,442

Actual cash in banks as of December 31, 2017 and 2016 for restricted and unrestricted bank accounts, before outstanding checks and reconciling items, was $211,349,312 and $176,754,011, respectively. Of the total bank balances at December 31, 2017 and 2016, all amounts were covered by federal depository insurance or by collateral held in the Authority's name by its agent. Because the pledged securities are held by the pledging fiscal agent in the Authority's name, the Authority does not have any custodial credit risk. The pledged securities may be released only upon the written authorization of the Authority.

State of Louisiana Revised Statutes authorize the Authority to invest in direct United States Treasury obligations; short-term repurchase agreements; time certificates of deposit at financial institutions, state banks, and national banks; bonds, debentures, notes, or other indebtedness issued or guaranteed by U.S. government instrumentalities which are federally sponsored or federal agencies that are backed by the full faith and credit of the United States.

Note 2. Cash and Investments (Continued)

At December 31, 2017 and 2016, investment balances were as follows:

Investment Type	2017	2016
U.S. Agency	$ 47,497,142	$ 60,694,462
U.S. Treasury	19,963,950	30,000,750
Cash Equivalents	11,895,519	11,889,930
Repurchase Agreements	7,391,300	7,391,300
Total	$ 86,747,911	$ 109,976,442

Credit Quality Risk
Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality risk disclosures apply to fixed income investments.

Credit ratings of the Authority's investments in debt securities as of December 31, 2017 are as follows:

Investment Type	U.S. Agency	U.S. Treasury	Total
AAA	$ 47,497,142	$ 19,963,950	$ 67,461,092

Credit ratings of the Authority's investments in debt securities as of December 31, 2016 are as follows:

Investment Type	U.S. Agency	U.S. Treasury	Total
AAA	$ 60,694,462	$ 30,000,750	$ 90,695,212

Custodial Credit Risk
Custodial credit risk for investments is the risk that, in the event of the failure, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the Authority's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the Authority's name. The investments of the Authority owned at December 31, 2017 and 2016 were not subject to custodial credit risk.

Concentration of Credit Risk
The Authority's investment policy only allows investments in U.S. Treasury bills and notes, U.S. government agency securities, municipal bonds, certificates of deposits, and mutual and trust funds. As of December 31, 2017 and 2016, the Authority was in compliance with this policy. Investment in mutual or trust funds are limited to 25% of monies considered available for investment.

Note 2. Cash and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The Authority manages interest rate risk for investments under the control of the Authority by limiting the maximum maturity of investments to five years in accordance with its investment policy.

At December 31, 2017, the Authority's investment balances and maturities for those investments subject to interest rate risk were as follows:

Investment Type	**Total**	**Less than One Year**	**1 - 5 Years**
U.S. Agency	**$ 47,497,142**	**$ 20,496,650**	**$ 27,000,492**
U.S. Treasury	**19,963,950**	**19,963,950**	**-**
Total	**$ 67,461,092**	**$ 40,460,600**	**$ 27,000,492**

At December 31, 2016, the Authority's investment balances and maturities for those investments subject to interest rate risk were as follows:

Investment Type	Total	Less than One Year	1 - 5 Years
U.S. Agency	$ 60,694,462	$ 32,252,413	$ 28,442,049
U.S. Treasury	30,000,750	20,002,400	9,998,350
Total	$ 90,695,212	$ 52,254,813	$ 38,440,399

Repurchase Agreements

As of December 31, 2017 and 2016, the Authority had $7,391,300 of repurchase agreements with fixed rates of interest through the terms of the agreements. These investments are held under the terms of the bond indenture agreements as reserve funds. The repurchase agreements were supported by collateral requirements varying from 104% to 105% of the account balance. Collateral is held in the name of the trustees of the bond issue for the benefit of the Authority and consists of U.S. government and agency securities. Custodians are independent of the counterparties to the agreements. Under the terms of the repurchase agreements, the trustees may make deposits and withdrawals for these accounts in accordance with certain terms of the trust indenture agreements. The investments are subject to custodial credit risk upon default of the custodian.

Note 2. Cash and Investments (Continued)

The Authority's repurchase agreements were as follows as of December 31:

2017

Bond Issue	Interest Rate	Termination Date		Amount
2012 and 2014 Refunding	**4.785%**	**July 2033**	**$**	**7,391,300**

2016

Bond Issue	Interest Rate	Termination Date		Amount
2012 and 2014 Refunding	4.785%	July 2033	$	7,391,300

Custodial credit risk is managed through the requirements of the counterparty to maintain pledged securities in the name of the Authority held in the counterparty's trust department or by the Federal Reserve Bank of the United States. The Authority's investment in repurchase agreements is a contract and is not rated.

Note 3. Accounts Receivable

Accounts receivable consisted of the following as of December 31:

		2017		2016
Customers	**$**	**4,009,216**	$	2,112,002
Other		**35,920**		7,524
		4,045,136		2,119,526
Less Allowance for Uncollectible Accounts		**(280,939)**		(280,599)
Total	**$**	**3,764,197**	$	1,838,927

Receivables from customers represent amounts due in connection with the use of facilities.

Note 4. Property, Building, and Equipment

Property, building, and equipment are summarized as follows at December 31, 2017:

	Balance January 1, 2017	Additions/ Increases	Transfers	Disposals/ Retirements	Balance December 31, 2017
Capital Assets Not Depreciated					
Land	$ 76,575,515	$ 2,647,470	$ -	$ -	$ 79,222,985
Art/Exhibits	210,000	-	-	(28,000)	182,000
Construction in Progress	15,429,787	2,158,649	(1,119,604)	-	16,468,832
Total Capital Assets Not Depreciated	92,215,302	4,806,119	(1,119,604)	(28,000)	95,873,817
Capital Assets Being Depreciated					
Building/Building Improvements	515,375,322	6,272,781	1,119,604	-	522,767,707
Equipment	14,365,064	1,339,588	-	(11,758)	15,692,894
Surface Parking	8,211,006	-	-	-	8,211,006
Software	2,520,203	-	-	(558,744)	1,961,459
Total Capital Assets Being Depreciated	540,471,595	7,612,369	1,119,604	(570,502)	548,633,066
Less Accumulated Depreciation and Amortization	(281,380,563)	(16,571,938)	-	390,474	(297,562,027)
Total Capital Assets, Net	$ 351,306,334	$ (4,153,450)	$ -	$ (208,028)	$ 346,944,856

Property, building, and equipment are summarized as follows at December 31, 2016:

	Balance January 1, 2016	Additions/ Increases	Transfers	Disposals/ Retirements	Balance December 31, 2016
Capital Assets Not Depreciated					
Land	$ 76,575,515	$ -	$ -	$ -	$ 76,575,515
Art/Exhibits	210,000	-	-	-	210,000
Construction in Progress	16,059,380	3,313,865	(3,943,458)	-	15,429,787
Total Capital Assets Not Depreciated	92,844,895	3,313,865	(3,943,458)	-	92,215,302
Capital Assets Being Depreciated					
Building/Building Improvements	512,926,545	-	3,555,857	(1,107,080)	515,375,322
Equipment	14,124,681	266,177	353,429	(379,223)	14,365,064
Surface Parking	8,181,056	29,950	-	-	8,211,006
Software	2,486,031	-	34,172	-	2,520,203
Total Capital Assets Being Depreciated	537,718,313	296,127	3,943,458	(1,486,303)	540,471,595
Less Accumulated Depreciation and Amortization	(266,284,523)	(16,288,186)	-	1,192,146	(281,380,563)
Total Capital Assets, Net	$ 364,278,685	$ (12,678,194)	$ -	$ (294,157)	$ 351,306,334

Note 4. Property, Building, and Equipment (Continued)

The construction in progress as of December 31, 2017 and 2016 includes consulting surveys, architectural and engineering contracts, and related improvements associated with the Convention Center Development District, along with routine capital improvements.

Note 5. Fair Value

The Authority's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 - Investments reflect prices quoted in active markets.
- Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The valuation of the Authority's investments measured at fair value at December 31, 2017, is as follows:

	Level 1	Level 2	Level 3	Total
Investments Reported at Fair Value				
Cash and Cash Equivalents	$ 11,895,519	$ -	$ -	$ 11,895,519
Fixed Income Securities				
U.S. Treasury Obligations	19,963,950	-	-	19,963,950
U.S. Agency Obligations	13,425,930	34,071,212	-	47,497,142
Total Investments Reported at Fair Value	$ 45,285,399	$ 34,071,212	$ -	79,356,611
Investments Not Reported at Fair Value				
Repurchase Agreement				7,391,300
Total Investments				$ 86,747,911

Note 5. Fair Value (Continued)

The valuation of the Authority's investments measured at fair value at December 31, 2016, is as follows:

	Level 1	Level 2	Level 3	Total
Investments Reported at Fair Value				
Cash and Cash Equivalents	$ 11,889,930	$ -	$ -	$ 11,889,930
Fixed Income Securities				
U.S. Treasury Obligations	30,000,750	-	-	30,000,750
U.S. Agency Obligations	-	60,694,462	-	60,694,462
Total Investments Reported at Fair Value	$ 41,890,680	$ 60,694,462	$ -	102,585,142
Investments Not Reported at Fair Value				
Repurchase Agreement				7,391,300
Total Investments				$ 109,976,442

Note 6. Long-Term Obligations

The following summarizes the changes in the Authority's long-term obligations for the years ended December 31, 2017 and 2016:

	January 1, 2017	Additions	Deletions	December 31, 2017	Due Within One Year	Over One Year
Bonds Payable	$ 96,675,000	$ -	$ (8,175,000)	$ 88,500,000	$ 8,495,000	$ 80,005,000
Adjustments:						
Premiums						10,002,134
						90,007,134
Compensated Absences	803,654	199,547	-	1,003,201	645,244	357,957
	$ 97,478,654	$ 199,547	$ (8,175,000)	$ 89,503,201	$ 9,140,244	$ 90,365,091

	January 1, 2016	Additions	Deletions	December 31, 2016	Due Within One Year	Over One Year
Bonds Payable	$ 104,530,000	$ -	$ (7,855,000)	$ 96,675,000	$ 8,175,000	$ 88,500,000
Adjustments:						
Premiums						11,215,850
						99,715,850
Compensated Absences	836,601	-	(32,947)	803,654	491,733	311,921
	$ 105,366,601	$ -	$ (7,887,947)	$ 97,478,654	$ 8,666,733	$ 100,027,771

Note 6. Long-Term Obligations (Continued)

Bonds

Long-term debt activity for the years ended December 31, 2017 and 2016, was as follows:

	Series 2012 Bonds	Series 2014 Bonds	Total
Balance January 1, 2017	**$ 38,235,000**	**$ 58,440,000**	**$ 96,675,000**
Additions	**-**	**-**	**-**
Maturities/Refinancing	**(3,450,000)**	**(4,725,000)**	**(8,175,000)**
Balance December 31, 2017	**$ 34,785,000**	**$ 53,715,000**	**$ 88,500,000**
Due Within One Year	**$ 3,580,000**	**$ 4,915,000**	**$ 8,495,000**

	Series 2012 Bonds	Series 2014 Bonds	Total
Balance January 1, 2016	$ 41,590,000	$ 62,940,000	$ 104,530,000
Additions	-	-	-
Maturities/Refinancing	(3,355,000)	(4,500,000)	(7,855,000)
Balance December 31, 2016	$ 38,235,000	$ 58,440,000	$ 96,675,000
Due Within One Year	$ 3,450,000	$ 4,725,000	$ 8,175,000

The Authority's bond issues outstanding as of December 31, were as follows:

	2017	2016
2012 Series, Refunding Bonds, interest rates between 3.0% and 5.0%, due in annual principal debt service requirements ranging from $465,000 to $10,270,000, final payment due July 2027.	**$ 34,785,000**	$ 38,235,000
2014 Series, Refunding Bonds, interest rates between 2.0% and 5.0%, due in annual principal debt service requirements ranging from $1,975,000 to $7,775,000, final payment due July 2025.	**53,715,000**	58,440,000
	88,500,000	96,675,000
Plus Unamortized Net Premium	**10,002,134**	11,215,850
Less Current Maturities	**(8,495,000)**	(8,175,000)
Long-Term Debt Less Current Maturities	**$ 90,007,134**	$ 99,715,850

Note 6. Long-Term Obligations (Continued)

Bonds (Continued)

The principal and interest on the Authority's bonds are payable from the proceeds of the levy and collection of legally pledged taxes as described in Note 1. The Series 2012 and Series 2014 Bonds are solely the obligation of the Authority and not of the State of Louisiana or any other agency or political subdivision thereof.

The Authority was in compliance with its bond covenants as of December 31, 2017 and 2016.

The annual requirements to amortize all bonds as of December 31, 2017, were as follows:

	2012 Bond Series		2014 Bond Series		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2018	$ 3,580,000	$ 1,648,300	$ 4,915,000	$ 2,510,500	$ 8,495,000	$ 4,158,800	$ 12,653,800
2019	2,340,000	1,525,100	7,460,000	2,264,750	9,800,000	3,789,850	13,589,850
2020	2,470,000	1,408,100	7,775,000	1,951,000	10,245,000	3,359,100	13,604,100
2021	1,595,000	1,284,600	5,640,000	1,562,250	7,235,000	2,846,850	10,081,850
2022	1,680,000	1,204,850	5,915,000	1,280,250	7,595,000	2,485,100	10,080,100
2023-2027	23,120,000	4,652,600	22,010,000	1,995,200	45,130,000	6,647,800	51,777,800
Total	$ 34,785,000	$ 11,723,550	$ 53,715,000	$ 11,563,950	$ 88,500,000	$ 23,287,500	$ 111,787,500

Note 7. Unearned Revenue

A summary of the unearned revenue, consisting primarily of rental payments, was as follows as of December 31:

	2017	2016
Customer Prepayments	**$ 4,443,479**	$ 5,249,463
Less Current Portion	**3,468,161**	3,967,339
Long-Term Portion	**$ 975,318**	$ 1,282,124

Note 8. Taxes

The following summarizes tax receivables and revenue as of and for the years ended December 31:

	2017		2016	
	Receivables	**Revenue**	Receivables	Revenue
3% Hotel Occupancy Tax	**$ 5,737,263**	**$ 34,658,588**	$ 4,827,305	$ 33,930,207
State Economic Development	**2,000,000**	**2,000,000**	2,000,000	1,830,000
Hotel Occupancy/Food and Beverage Tax	**3,491,037**	**20,492,105**	3,110,056	19,636,492
Service Contractors and Tour Tax	**665,906**	**2,897,109**	576,821	2,904,644
RTA Tax	**3,009,614**	**3,215,144**	1,187,387	2,449,875
Collection Fees	**-**	**(971,239)**	-	(957,509)
Total	**$ 14,903,820**	**$ 62,291,707**	$ 11,701,569	$ 59,793,709

Note 9. Food and Beverage Revenue

Under the contractual agreement with the vendor allowed to operate with the Convention Center, the Authority receives various food and beverage revenue. For the years ended December 31, 2017 and 2016, the Authority earned $7,992,572 and $6,317,207, respectively, in food and beverage revenue.

Note 10. Cooperative Endeavor Agreements

In March 2015, the Authority entered into a cooperative endeavor agreement with the Sate of Louisiana, Office of Facility Planning and Control of the Division of Administration to undertake enhancement of the Convention Center and installation of basic infrastructure to facilitate establishment and development of the Convention Center District. The estimated cost of the project is approximately $142,000,000. Under the terms of the agreement, the Authority agrees to provide a match of not less than 25% of the estimated cost of the project.

In September 2015, a cooperative endeavor agreement was made between the Authority, the City of New Orleans, the New Orleans Convention and Visitors Bureau, and the Louisiana Department of Public Safety: Public Safety Services, Office of Louisiana State Police (LSP) in order to further enhance public safety for the continued economic development of the historic French Quarter in the City of New Orleans. The agreement was contingent upon the successful levy of a 0.2495% sales tax by the French Quarter Economic Development District, which passed in October 2015. Under the terms of the agreement, the Authority will remit $1,000,000 per year throughout the life of the agreement for the purpose of funding additional full time LSP officers. The term of the agreement began on January 1, 2016 and will continue through December 31, 2020.

Note 10. Cooperative Endeavor Agreements (Continued)

In October 2016, a cooperative endeavor agreement was made between the Authority and the City of New Orleans in order to redevelop Convention Center Boulevard and Spanish Plaza. During 2017, under the terms of the agreement, the Authority deposited \$12,500,000 into an escrow account to fund traffic relocation and offsite improvements to Convention Center Boulevard and \$7,500,000 into an escrow account for improvements at Spanish Plaza in conjunction with the City's master plan to turbocharge the riverfront for the tri-centennial of New Orleans.

In addition, the Authority will remit up to \$2,900,000 to the City to satisfy a prior CEA with the City and contribute \$150,000 toward the City's master downtown traffic study. As of December 31, 2017, the Authority has paid \$1,923,781 of the \$2,900,000 to the City of New Orleans.

In December 2016, the Authority entered into a cooperative endeavor agreement with the New Orleans Culinary and Hospitality Institute (NOCHI) for the acquisition of immovable property to facilitate the education and training of employees for the local hospitality industry and to provide additional available space for the Authority. On January 31, 2017, the Authority purchased, from NOCHI, the Louisiana ArtWorks building located at 725 Howard Avenue, New Orleans, for \$12,033,953. As part of the agreement, NOCHI entered into a 40-year lease of the building with the Authority. Under the terms of the agreement, \$4,000,000 of the purchase price was deposited into an escrow account for payment of leasehold improvements and repairs and maintenance to the property as required under the lease.

In March 2017, the Authority entered into a cooperative endeavor agreement with the City of New Orleans to enhance public safety for residents, employees, and visitors. The Authority will contribute \$23,000,000 toward the citywide public safety improvement plan. Under the terms of the agreement, the Authority made an initial payment of \$5,472,000 to reimburse the City for amounts expended toward the project.

In June 2017, the Authority entered into a cooperative endeavor agreement with the New Orleans Convention and Visitors Bureau to enhance international travel to New Orleans in conjunction with the commencement of British Airways operating nonstop flights from New Orleans to London in March 2017. Under the terms of the agreement, the Authority agrees to reimburse the Convention and Visitors Bureau up to a maximum of \$2,250,000 over a period of three years.

In December 2017, a cooperative endeavor agreement was made between the Authority, the City of New Orleans, and the Downtown Development District to accomplish the public purpose of enhancing public services available to the homeless population of New Orleans by collaborating in the design, remodeling, and operation of a low barrier shelter for local homeless people. Under the terms of the agreement, the Authority agrees to provide an annual sum of \$250,000 over the five-year term of the agreement, to fund the operation of the shelter.

Note 11. Commitments and Contingencies

Self Insurance

For 2017 and 2016, the Authority is self-insured for medical claims up to $125,000 per participant. In 2017 and 2016, the aggregate for claims liability was $4,882,510 and $4,595,636, respectively. The Authority has commercial insurance to cover any excess. The Authority has an external third-party administrator for health insurance claims. Changes in claims liability during the years ended December 31, were as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Year End
2016	$ 219,369	$ 2,929,342	$ (2,929,342)	$ 219,369
2017	$ 219,369	$ 2,600,655	$ (2,600,655)	$ 219,369

Contingencies

The Authority is obligated under various contracts and initiatives for projects ongoing to the improvements and maintenance of the Convention Center and its property.

The Authority's ability to receive the necessary taxes and other cash sources is dependent on other third parties.

Note 12. Pension Plans

The Authority has a defined contribution 401(a) plan and a defined contribution 457(b) plan. The Authority makes contributions to the 401(a) plan and employees make contributions to the 457(b) plan. Full-time employees are eligible for the plans following 30 days of employment. Employee contributions to the 457(b) plan totaled $961,932 and $875,507, for the years ended December 31, 2017 and 2016, respectively. The Authority contributes 2% of covered employees' annual salaries to the 401(a) plan. In addition, the Authority contributes to the 401(a) plan a 50% match, up to 8%, of the employees' contributions to the 457(b) plan. The Authority's contributions to the 401(a) plan totaled $881,747 and $826,311, for the years ended December 31, 2017 and 2016, respectively.

Note 13. Subsequent Event

In February 2018, the Authority hired a new executive vice president to replace the former executive vice president who retired in September 2017 after 10 years of service.

OTHER SUPPLEMENTARY INFORMATION

Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2017

Agency Head Name: Robert L. Johnson**

Purpose	Amount	
Salary	$	332,993
Benefits - Insurance	$	13,456
Benefits - Retirement	$	17,063
Benefits - (Vision, Dental, LTD, LTC, Life)	$	2,039
Car Allowance	$	7,500
Travel	$	-
Registration Fees	$	885
Conference Travel	$	1,317
Other (Meals, Entertainment, Parking)	$	1,817
Cell Phone	$	1,037

** Mr. Johnson retired after 10 years of service in September 2017.

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statements of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

See independent auditor's report.

LAPORTE
CPAs & BUSINESS ADVISORS

LaPorte, APAC
111 Veterans Blvd. | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

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*

Independent Auditor's Report

To the Board of Commissioners
Ernest N. Morial New Orleans Exhibition Hall Authority

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 basic financial statements of Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) which comprise the statement of net position as of and for the year ended December 31, 2017, 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 March 20, 2018.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of an 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 maternal weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Metairie, LA
March 20, 2018

Schedule of Findings and Responses
For the Year Ended December 31, 2017

Part I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued	Unmodified
Internal Control Over Financial Reporting:	
• Material Weakness(es) Identified?	No
• Significant Deficiency(ies) Identified?	None Reported
Noncompliance Material to Financial Statements Noted?	No

Part II - Financial Statement Findings

None.

LAPORTE
CPAs & BUSINESS ADVISORS

LaPorte, APAC
111 Veterans Blvd. | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

AGREED-UPON PROCEDURES REPORT
Ernest N. Morial New Orleans
Exhibition Hall Authority

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2017 - December 31, 2017

To the Board of Commissioners
Ernest N. Morial New Orleans Exhibition Hall Authority and
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) 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 year January 1, 2017 through December 31, 2017. The Authority's management is responsible for those C/C areas identified in the SAUPs.

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.

Our procedures and associated results are as follows:

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.

   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.

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

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

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

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.

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.

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

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. Note: Ethics requirements are not applicable to nonprofits.

j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The Authority provided written policies and procedures for all of the financial/ business functions listed with the exception of Item i) Ethics. The Authority does not have a formal written policy on Ethics which addresses the elements listed above. We also noted that the written policy and procedures for credit cards did not address control, required approvers, or monitoring of card usage. All of other elements listed above for the financial/business functions were addressed in the written policies and procedures.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/ written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: We reviewed the Authority's board minutes noting meetings were held monthly with one exception due to lack of quorum. The minutes referenced review of monthly financial statements which include budget-to-actual comparisons and discussions and approval of non-budgetary financial information.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

   Results: Obtained a listing of client bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement*. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

   a) Bank reconciliations have been prepared;

   b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

   c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

   Results: Selected one-third of the bank accounts and noted that all bank reconciliations have been prepared, all reconciliations include evidence that a member of management has reviewed the reconciliation, and management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

   Results: Obtained a listing of cash/check/money order collection locations from management and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement*. **For each cash collection location selected**:

   a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Results: Selected two cash locations and noted that the persons responsible for collecting cash are insured under a policy covering loss of money.

In one location, a two person system has been established where the cashiers accompany the manager, assistant manager, or supervisor into the cash room where the proceeds and cash bank are sorted, organized, and labelled. Upon completion, each planned cash deposit "drop" is recounted, then handed to the cashier to deposit. In addition, pouches and sometimes an apron function as the only "cash drawers" available to cashiers and these are transferred from cashier to cashier. This keeps the ticket serial numbers in order and exposes less cash outside.

In the second location, duties are adequately segregated and no cash drawers are shared among employees.

b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Results: The Authority has a formal process to reconcile cash collections to the general ledger by revenue source by a person who is not responsible for cash collections in the cash collection locations.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: In the first cash collection location, all transactions for the week selected were deposited within one day of collection. In the second collection location, there were seven daily collections. One collection was deposited within one day of collection. The other six were deposited as follows: one item took six days between receipt to deposit; one item took five days between receipt to deposit; two items took four days between receipt to deposit; one item took three days between receipt to deposit; and one item took two days between receipt to deposit.

All daily cash collections were completely supported by documentation.

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

   Results: The Authority has a process specifically defined to determine completeness of all collections for each revenue source by a person who is not responsible for collections.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

   Results: Obtained a listing of disbursements from management and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

   a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
   b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
   c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

   Results: The supporting documentation for the 25 randomly selected disbursements demonstrated each of the required elements in a), b), and c) listed above without exception.

10. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

    Results: The person responsible for processing payments is prohibited from adding vendors to the Authority's purchasing/disbursement system.

11. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

    Results: The persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

    Results: The unused check supply is maintained in a locked location with access restricted to someone who does not have signature authority. In addition, the electronic checks are controlled in a manner whereby the persons with signatory authority do not have system access.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

    Results: No exceptions noted as a result of the procedures performed.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

    Results: Obtained a listing of all active cards from management and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

    Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

    a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: For the 10 monthly statements of the cards selected, the supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. No statements selected were assessed a finance charge.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization).

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/ disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: All of the transactions for the month on the 10 cards selected were supported by the information listed in criterion a). No exceptions were noted for criteria b) and c).

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: Obtained a listing of all travel and related expense reimbursements by person during the fiscal year from management and management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: The Authority's policy was adopted in 2014 and at the time used the rates included in the 2014 Louisiana Travel Policy. Over time, the rates in the 2014 policy and the GSA rates have varied. As a result, we noted the following:

- The rates for seven cities exceeded the GSA rate by $1.
- The rates for four cities exceeded the GSA rate by $5.
- The rate for all other "out of state cities" exceeded the GSA rate by $3.

The mileage rate in the Authority's policy is the same as the rate established by the GSA.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

    a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

    b) Report whether each expense is supported by:

        - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
        - Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating).
        - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

    c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

    d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

    Results: The largest travel expense selected for each of the three persons selected was supported by the documentation listed in criteria a) through d).

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: Obtained the listing of contracts in effect during the fiscal year from management and management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: The five contracts selected were supported by the information listed in criteria a) through e).

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: Obtained the listing of employees with their related salaries and management's representation that the listing is complete. The compensation paid to the five selected employees was in in accordance with the terms and conditions of the employment contract or pay rate structure and the changes made to pay rate during the fiscal year was approved in writing and in accordance with written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

    a) Report whether 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.)

    b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

    c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

    Results: All of the documentation listed in items a), b), and c) above was present for the 25 employees randomly selected.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

    Results: Obtained the listing of employees terminated during the fiscal year and management's representation that the listing is complete. The two largest termination payments selected were made in accordance with policy.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

    Results: The Authority submitted payroll taxes, retirement contributions, and reporting forms to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

    Results: The Authority maintained documentation to demonstrate that required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

    Results: No alleged ethics violations were reported to the Authority during the fiscal year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

    Results: No debt was issued during the fiscal year.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

    Results: The Authority made all scheduled debt service payments and maintained the required debt reserves.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

    Results: The Authority has no tax millages relating to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    Results: Our inquiry of management regarding misappropriations of public funds or assets identified no such instances of misappropriations.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Results: We noted that the Authority has posted the notice required by R.S. 24:523.1 on its premises and on its website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: No exceptions regarding management's representations noted.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to perform, and did not perform, an examination or review, the objective of which would be the expression of an opinion or conclusion. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Ernest N. Morial New Orleans Exhibition Hall Authority and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Metairie, LA
March 20, 2018

June 7, 2018

Laporte, APAC
111 Veterans Memorial Blvd.
Suite 600
Metairie, LA 70005

To Whom It May Concern:

The following is a response to the items brought to the attention of the Board of Commissioners for the Ernest N. Morial New Orleans Exhibition Hall Authority in your Agreed-Upon Procedures Report for the period January 1, 2017 – December 31, 2017.

Written Policies and Procedures

1g: We are in the process of revising our Credit Card Assignment and Use Policy to address the control, required approval and monitoring of card usage.

1i: We will work toward formalizing the Authority's ethics policy with the expected completion date of 12/31/18.

Collections

6c: Staff is aware of the goal to make deposits within one day of collection and will follow through when feasible. In the event we are not able to make a deposit within one day of collection, a note will be made as to the reason we were not able to do so.

Travel and Expense Reimbursement

18: We are reviewing our Travel & Expense Reimbursement Policy for items that may be out of date as it pertains to the GSA rates. Policy and attachments will be revised accordingly and an annual review will take place in the future.

Please contact me if you have any additional questions.

Sincerely,

Alita G. Caparotta

Alita G. Caparotta
Vice President of Finance and Administration

900 Convention Center Blvd., New Orleans, LA 70130 Phone: 504-582-3001