

STATE OF LOUISIANA

OFFICE OF STATE INSPECTOR GENERAL



TOURNAMENT PLAYERS CLUB AT FAIRFIELD, L.L.C.

AGREED-UPON PROCEDURES REPORT

Date Released:

September 18, 2006

File No. 3-07-0001



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATE INSPECTOR GENERAL
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GOVERNOR

JERRY LUKE LEBLANC
COMMISSIONER OF ADMINISTRATION

September 18, 2006

Ms. Jean S. Vandal, Deputy Commissioner
Office of the Commissioner
Division of Administration
Post Office Box 94095
Baton Rouge, Louisiana 70804-9095

We have performed the procedures listed below, which were agreed to by the Division of Administration (Division), solely to assist the Division in examining the statements furnished by the Tournament Players Club at Fairfield, L.L.C. (TPC). We examined TPC's cash flows and the total number of rounds of paid golf play at the TPC facility booked through participating hotels/motels within certain parishes, Harrah's Casino New Orleans, and the Audubon Golf Trail during the period from May 1, 2005 through August 29, 2005 (Attachment A, which is unaudited). While performing the agreed-upon procedures, TPC management advised us that golf rounds from guests of the participating hotels/motels booked through Destination Management Company (DMC) should also be counted toward the state guaranteed golf rounds. As a result, the calculation of golf rounds booked through DMC was made part of our procedures and included in this report.

TPC management is responsible for its statements regarding its cash flows and total number of rounds of paid golf play. This agreed-upon engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Division. 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.

For the period examined, our procedures and findings are as follows:

1. We compared the total number of paid golf rounds booked through participating hotels/motels, Harrah's Casino New Orleans, the Audubon Golf Trail, and DMC and reported by TPC to the total paid golf rounds booked through hotels/motels, Harrah's Casino New Orleans, the Audubon Golf Trail, and DMC recorded during that period in the TPC's *Fore! Reservations Technology* reservation system.

We noted the following differences:

Month	Rounds Reported by TPC	Rounds Recorded by TPC	Differences Over/(Under)
May 2005	430	511	81
June 2005	68	112	44
July 2005	66	71	5
August 2005	16	33	17
Total	580	727	147

Per the Ground Lease document, the value of each round of golf, for the second annual period, is set at \$130. Based on the calculated rounds of golf recorded by TPC compared to the rounds of golf reported by TPC, the obligated payment requested by TPC, totaling \$444,600, should be reduced by \$19,110 (147 X \$130).

2. We attempted to compare the total paid golf rounds booked through Harrah's Casino New Orleans recorded in the TPC's *Fore! Reservations Technology* reservations system to the golf round bookings maintained by Harrah's Casino New Orleans.

We found that the paid golf rounds booked through Harrah's Casino New Orleans and recorded in the TPC's *Fore! Reservations Technology* reservation system totaled 197. However, we were advised by Harrah's Casino New Orleans that adequate records associated with the total rounds booked by the casino were not available; therefore, no comparison could be made.

3. We attempted to compare the total paid golf rounds booked through the Omni Royal Orleans Hotel recorded in the TPC's *Fore! Reservations Technology* reservation system to the golf round bookings maintained by the Omni Royal Orleans Hotel.

We found that the paid golf rounds booked through Omni Royal Orleans Hotel and recorded in the TPC's *Fore! Reservations Technology* reservation system totaled 4. However, we were advised by the Omni Royal Orleans Hotel that records associated with rounds booked by the hotel no longer existed; therefore, no comparison could be made.

4. We compared the TPC's operating revenues and direct and overhead expenses for the period reported by TPC to the operating revenues and direct and overhead expenses recorded in the TPC general ledger for that period.

We found no material differences.

Letter to Ms. Jean Vandal
September 18, 2006
Page Three

We noted that the Ground Lease agreement guarantees to TPC a minimum volume of play at the TPC Louisiana from guests at hotels and motels located in certain parishes. However, the agreed-upon procedures, agreed to by the Division, called for rounds of golf generated by Harrah's Casino New Orleans and the Audubon Golf Trail also be included in calculations of rounds of golf from guests at hotels and motels. In addition, as previously explained, golf rounds generated by DMC were included in our calculations.

We were not engaged to, and did not conduct an audit, the objective of which would be to express an opinion, on the records and books of TPC. Accordingly, we do not express such an opinion. Furthermore, we did not evaluate the effectiveness of TPC's controls over financial reporting or any part thereof, including TPC's internal control over recording the number of paid golf rounds booked through hotels/motels, Harrah's Casino New Orleans, the Audubon Golf Trail, and DMC. 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 information and use of management of the Division and is not intended to be and should not be used by anyone other than that specified party.

Sincerely,

A handwritten signature in cursive script that reads "Sharon B. Robinson".

Sharon B. Robinson, CPA
State Inspector General

SBR:BJJ:dm

Attachment A

(UNAUDITED)

TPC Louisiana
Monthly Operating Statements

	May 2005 Actual	June 2005 Actual	July 2005 Actual	August 2005 Actual	Total
Total Operating Revenue	\$ 713,628	\$ 321,881	\$ 222,000	\$ 157,456	\$ 1,414,965
Total Direct Expenses	464,102	297,549	234,585	210,705	1,206,942
Income from Operations before Overhead	249,526	24,332	(12,585)	(53,250)	208,023
Overhead Expenses	174,181	164,040	164,573	166,976	669,770
Net Income before Taxes and Depreciation	75,345	(139,708)	(177,158)	(220,226)	(461,747)
Depreciation	68,656	68,656	68,657	67,568	273,537
Net Income before Taxes	6,689	(208,364)	(245,815)	(287,794)	(735,284)
Cash Flow:					
Net Income before Taxes	6,689	(208,364)	(245,815)	(287,794)	(735,284)
Add Back Depreciation, Interest and Reserve	160,497	149,505	147,166	148,078	605,246
Less: Debt, Capital Expenditures and Reserves	91,841	80,849	78,509	191,988	443,187
Total Cash Flow	\$ 75,345	\$ (139,708)	\$ (177,158)	\$ (331,704)	\$ (573,225)
Number of Hotel Rounds	430	68	66	16	580
Pro Rata monthly rounds per agreement	1,000	1,000	1,000	1,000	4,000
Total short fall in rounds	570	932	934	984	3,420
Rate per round	\$ 130	\$ 130	\$ 130	\$ 130	\$ 130
Total State of Louisiana Obligation	\$ 74,100	\$ 121,160	\$ 121,420	\$ 127,920	\$ 444,600

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A copy of this report has been made available for public inspection at the Office of State Inspector General and is posted on the Office of State Inspector General's website at www.doa.louisiana.gov/oig/inspector.htm. Reference should be made to Case No. 3-07-0001. If you need any assistance relative to this report, please contact Bruce J. Janet, CPA, State Audit Director at (225) 342-4262.

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