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**CITY OF NEW ORLEANS, LOUISIANA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2013**  
**(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

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Prepared by the  
Finance Department of  
the City of New Orleans



A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

**CITY OF NEW ORLEANS, LOUISIANA**

**Comprehensive Annual Financial Report**

**December 31, 2013**

**(With Independent Auditors' Report Thereon)**

**CITY OF NEW ORLEANS, LOUISIANA**

**Comprehensive Annual Financial Report**

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## **INTRODUCTORY SECTION**

DEPARTMENT OF FINANCE  
**CITY OF NEW ORLEANS**

MITCHELL J. LANDRIEU  
MAYOR

NORMAN S. FOSTER  
DIRECTOR OF FINANCE/CFO

The Honorable Mayor and City Council  
City of New Orleans, LA

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of New Orleans, Louisiana for the fiscal year ended December 31, 2013. The CAFR is provided to give detailed information about the financial position and activities of the City to citizens, City Council, City staff and other readers. City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. We believe the data, as presented, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City. These financial statements have been prepared by the City's Department of Finance, in accordance with generally accepted accounting principles (GAAP) for local governments.

The City's financial statements and related notes have been audited by the independent firm of Certified Public Accountants Postlethwaite & Netterville. This audit satisfies Section 6-108 of the City Charter, which requires an audit of all accounts of the City by an independent Certified Public Accountant. The City is required to undergo an annual single audit in conformance with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditors' reports on the internal control structure and compliance with applicable laws and regulations, is presented immediately following the Statistical Section of this publication.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report. It provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

### **THE REPORTING ENTITY AND ITS SERVICES**

New Orleans, the largest city in Louisiana, was founded in 1718 and incorporated in 1805. The City's system of government is established by its Home Rule Charter which became effective in 1954. The Louisiana Constitution prohibits the state legislature from enacting any law affecting the structure, organization, or distribution of the powers and functions of any local subdivision which operates under a Home Rule Charter. The City's Home Rule Charter may be amended only by a vote of a majority of qualified voters in the City, voting at an election called by the City Council on its own initiative, or upon receipt of a petition of not less than ten thousand registered voters.

The City has a Mayor-Council form of government. The Mayor is elected for a four-year term and is limited to two consecutive terms. The Mayor appoints the Chief Administrative Officer, who is his principal assistant and budget officer for the City. The City has executive departments and numerous affiliated boards and commissions, and provides a full range of services including police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, and recreational activities and cultural events. The Council is the legislative body of the City government, and

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is comprised of five Council members elected from five geographic districts and two members elected at large. All Council members are limited to four-year terms. Laws are enacted through Council ordinance. The Council adopts the City's annual capital and operating budgets. Ordinances of the Council may be vetoed by the Mayor. Vetoes may be overridden by a two-thirds vote of the Council.

The financial statements of the reporting entity include those of the City (the primary government) and its component units in conformity with GASB Statement No. 34. Component units are legally separate organizations for which the elected officials of the City are financially accountable, or the relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**Component Units** - In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units. Each blended and discretely presented component unit has a December 31 year end. Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices or websites.

**Blended Component Units** - For financial reporting purposes, the Board of Liquidation, City Debt is included (blended) in the operations and activities of the City because it handles all matters relating to the bonded debt of the City. Complete financial statements for this blended component unit may be obtained at the entity's administrative offices.

**Discretely Presented Component Units** - The financial statements of the City include all government activities, organization and functions for which the City is financially accountable, or the relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Based upon the foregoing criteria, the financial statements of the following associated organizations are included in the basic financial statements:

- Audubon Commission
- Canal Street Development Corporation
- Downtown Development District
- French Market Corporation
- Louis Armstrong New Orleans International Airport
- Municipal Yacht Harbor Management Corporation
- New Orleans Building Corporation
- New Orleans Tourism Marketing Corporation
- Orleans Parish Communication District
- Orleans Parish Hospital Service District A
- Upper Pontalba Building Restoration Corporation
- Sewerage and Water Board of New Orleans

Current Louisiana law provides for the creation of several districts and independently elected public officials for the provision of certain services at the parish level. Examples would include the Orleans Parish School Board, the New Orleans Assessor, the Orleans Parish Sheriff's Office and the Clerk of Court. These officials prepare their own budgets and operate independently of the City. The results of operations of those offices are not included in this report because there is a lack of financial accountability of these offices on the part of the City's elected officials.



## **YEAR IN REVIEW AND MAJOR INITIATIVES**

The City of New Orleans made significant progress in 2013. After taking office in 2010, Mayor Mitch Landrieu committed to enhance quality of life across the city while creating lasting reforms that will endure for generations. After years of decline, New Orleans is now the fastest growing city in America, attracting high-tech jobs and becoming a hub of entrepreneurship. School performance is up and the city is a leader in school reform with 90% of our students attending charter schools. The City is aggressively attacking blight, and the real estate market is thriving. Billions of dollars are being invested in housing, schools, hospitals, parks and playgrounds, roads, and vital hurricane protection. New Orleans has turned a corner in its recovery from Hurricane Katrina and is moving forward on a new path.

### **KEY INFRASTRUCTURE IMPROVEMENTS**

Improvements to the city's infrastructure kicked off 2013 with the unveiling of more than \$300 million in improvements at the Louis Armstrong International Airport and the opening of the \$60 million Loyola Avenue street car line in time for the city to host Super Bowl XLVII. The projects were another example of the city building back better than before by leveraging federal, state and local partnerships. In April 2013, the City also announced plans to build a brand new, state-of-the-art airport terminal. The \$826 million project will create 13,000 construction jobs and plans to be completed in 2018 for the 300th anniversary of New Orleans.

### **NEW ORLEANS EAST HOSPITAL**

Delivering on the commitment to build a full service hospital in New Orleans East, Mayor Landrieu announced the start of construction on an 80 bed acute care hospital at the site of the former Methodist Hospital in January 2013. The \$130 million project, which is expected to open in summer of 2014, will restore full-service healthcare to residents in New Orleans East.

### **SAENGER THEATRE REOPENED**

In September 2013, the City celebrated the reopening of the historic Saenger at 1111 Canal Street after a \$52 million renovation. The building, shuttered since suffering significant damage from Hurricane Katrina, was the focus of complex redevelopment through a public-private partnership between the City of New Orleans, the Canal Street Development Corporation, and ACE Theatrical Group. With the Saenger's opening, and the recent restorations of the Joy and Civic theaters, New Orleans stands poised to attract more residents and visitors downtown for live performances.

### **SUPER BOWL XLVII**

New Orleans shined brightly on the world stage as the city hosted Super Bowl XLVII in the middle of the 2013 Carnival Season. The weeklong celebration wrapped an unprecedented run of major events hosted in the city and showed the world that New Orleans is back and better than ever before. More than 800 volunteers turned out to improve five NORDC playgrounds including, Lyons Center, Pontchartrain Park, Harrell Stadium, Hunter's Field and Kingswood Playspot. The project totaled \$5 million in improvements, including bench building, tree planting, landscaping and painting.

## **CAPITAL PROJECTS**

Thirty-six capital projects were completed in 2013 totaling \$38.7 million. Highlights include Joe W. Brown Memorial Park in New Orleans East, Lyons Center in East Riverside, Tremé Center, Cita Hubbell Library in Algiers Point, St. Roch Park, the Joseph Bartholomew Maintenance Warehouse in Pontchartrain Park, Norwood Thompson Playground in Gert Town and Harrell Stadium in Leonidas. Numerous 2013 projects leveraged support from corporate and philanthropic partners. By partnering with NIKE, Allstate, and the Brees Dream Foundation, Joe W. Brown Memorial Park includes a state-of-the-art community center, football stadium, and track and field facility. At the Lyons Center, Chevron provided funding for a new ballet studio and the NFL Foundation has provided a new computer lab. As part of the city of New Orleans hosting Super Bowl XLVII, the synthetic turf from the game was installed at Harrell Stadium through the support of Chevron and the Super Bowl Host Committee.

## **PUBLIC WORKS**

In 2013, the City started construction on 33 projects with a total funding value of \$87 million. Major projects include the Sanchez Center and Natatorium in the Lower Ninth Ward, Coroner's Complex/ EMS Headquarters in B.W. Cooper, the new NORDC Headquarter at the Milne Boys Home in Milneburg, and the Stalling St. Claude Center. The City completed a total of 51 roadway projects in 2013 with a total funding investment of over \$56 million. This work resulted in over 17 miles of newly paved streets and an additional 13.5 miles of bike lanes. Before Hurricane Katrina, New Orleans had fewer than 5 miles of designated bikeways. The city now has over 80 miles of bikeways and by the end of 2014 will over 100 miles of bikeways.

## **DBE FOCUS**

In 2013, the City strengthened its Disadvantaged Business Enterprises (DBE) program and increased the number of certified DBE businesses by certifying 103 new firms. To help build capacity for these firms, the City partnered with Goldman Sachs 10,000 Small Businesses at Delgado Community College to offer a small business seminar series. In total, DBE firms were awarded over \$45.5 million in business opportunities within the City of New Orleans. Through the City's JOB1 Business and Career Solutions Center, over 3,500 new job seekers were assisted with employment and training services and over 1,400 youths were provided job and career exploration opportunities through the Mayor's Summer Youth Employment Program.

## **BLIGHT**

After Mayor Landrieu took office in 2010, New Orleans faced the worst blight problem in the country with an estimated 40,000 blighted structures and no strategy to address it. The City launched an aggressive blight reduction strategy based on extensive public input, national best practices, and advice from national experts, that prioritizes data-driven decision-making, innovative new enforcement policies, and opportunities for reinvestment to grow and strengthen neighborhoods. In 2013, the Landrieu administration reached its four year goal of reducing the number of blighted units by 10,000.

## **NOLA FOR LIFE**

To make New Orleans safe, Mayor Landrieu has worked to reform the New Orleans Police Department (NOPD) and launched in 2012 the NOLA FOR LIFE initiative, a comprehensive murder reduction

strategy. Recognizing that law enforcement alone cannot solve the murder problem, NOLA FOR LIFE takes a holistic approach to get to the root of the problem, and implements initiatives in five main categories: Stop the Shooting; Invest in Prevention, Promote Jobs and Opportunity, Improve the NOPD, and Get Involved and Rebuild Neighborhoods.

In 2013, the City continued implementing proactive steps to prevent violence from occurring and helped young people and families succeed. These steps included doubling the number of summer jobs the City offered to young people and started partnerships with local businesses and universities to create new job training and placement services for those interested in the thousands of jobs that are coming online now at the Sewerage and Water Board, Regional Transit Authority, airport, and the new University Medical Center. During 2013, the City raised over \$1 million for local organizations that help stop the shooting and hosted NOLA FOR LIFE Days bringing hundreds of citizens together with community groups, City agencies, and the NOPD to clean up crime hot spots.

The City dedicated more resources to fighting crime including increasing the NOPD's homicide unit, employing proactive hot spot policing, and established a new Multi-Agency Gang Unit with local, state, and federal law enforcement.

The City made extraordinary progress in 2013 as statistics show that the number of murders in New Orleans reached its lowest point in over 30 years.

## **REFORMING NEW ORLEANS POLICE DEPARTMENT AND ORLEANS PARISH PRISON**

Within weeks of taking office in 2010, the Landrieu Administration launched an ambitious, comprehensive plan to completely remake the New Orleans Police Department. The aim of these reforms are to reorient and improve the NOPD in three key areas: improve the quality of policing with a laser focus on New Orleans' top public safety concerns – murder and violent crime, ensure transparency and accountability to enhance public trust in the integrity and professionalism of the NOPD, and foster police-community partnerships to collaboratively solve problems and align police resources with community needs. During 2013, the City continued moving full-speed ahead with these reforms, restructuring the NOPD to be more effective, more responsive, and more efficient.

In 2013, the City also continued working with the Orleans Parish Sheriff's Office and the Justice Department to address issues at the Orleans Parish Prison, including the construction of a new constitutional jail that provides adequate housing and care for all prisoners, including those with medical, mental health, and substance abuse issues.

## **RECREATION DEVELOPMENT**

New Orleans saw a number of major achievements in recreation in 2013 including openings at nearly a dozen recreational sites across the city, the launch of several capital projects, and successful summer and fall programming.

In 2013, the New Orleans Recreation and Development Commission (NORDC) offered 34 youth camps that served more than 3,400 children. Seven teen camps, offered in partnership with JOB1, the City's Office of Workforce Development, provided 900 teens recreational activities, exposure to a variety of careers and a weekly stipend. In total, 1,654 New Orleans youth and teen camp participants participated in the City's NOLA Youth Works Summer Youth Employment Program.

The City operated 13 pools in summer 2013 in conjunction with NORDC summer camps, along with public swimming and lessons. These included the pool at the Tremé Center, which is opened for the first time since Katrina and the pool at the newly renovated Lyons Center. Offered in partnership with the American Red Cross, the aquatics program provided 42,616 total hours of professional instruction to 5,442 participants. Over 70 partner agencies participated and 40 youth volunteers assisted as junior life guards and water safety aides. NORDC participated in the World's Largest Swimming Lesson, a global event to build awareness about the vital importance of teaching children to swim to help prevent drowning. The event was recorded for the Guinness World Book of Records, which included 123 youth from Kingsley House in a lesson at the Lyons Center Pool.

## **Economy**

On June 18<sup>th</sup>, 2013, Forbes Magazine named New Orleans the fastest growing city in America. This recognition was a result of the astonishing growth in population, approximately 28%, since 2007. More than eight years after Hurricane Katrina, New Orleans continues to grow in population. Between July of 2012 and July of 2013, the City's population increased by 9,000 residents to 378,715, which represents a 2.5% increase from 2012.

In 2013 the City's economy showed healthy growth over the same period last year with approximately 2,700 more jobs or an increase in employment of about 2%. This increase was accompanied by a reduction in the unemployment rate from 7.0% at the end of 2012 to 5.5 % at the end of 2013. The sectors of the economy experiencing the most the gains during the year included professional and technical services, educational services, accommodation and food services, construction and retail trade. Job losses in New Orleans were most notable in the health care and social assistance, information and finance and insurance sectors.

The City enjoyed a remarkable year in terms of retail sales growth. It is estimated that the total value of taxable retail goods in the City surpassed the \$6 billion mark for the first time in history. This represents approximately a \$550 million increase from 2012 taxable retail sales. The rate of growth in sales of taxable goods for 2013 reached 9.6%, which is almost 2.5 times the rate of growth of the previous year. The City's robust retail development strategy was a critical factor contributing to this growth. New retail options that opened in 2013 or are currently under construction include Walmarts in New Orleans East and Gentilly, Costco on Carrollton Avenue, Mid-City Market, Algiers Plaza, South Market District, The Outlet Collection at Riverwalk, Magnolia Marketplace, H&M and Tiffany & Co. in the French Quarter, and CVS and Big Lots stores in New Orleans East.

Based on the latest personal income information released by the Bureau of Economic Analysis in late November of 2013, the New Orleans Metropolitan area personal income and personal income per capita grew by 3.3% and 2.2% in 2012 compared to 2011. Annualized growth for personal income and personal income per capita between 2010 and 2012 reached 3.7% and 2.2% respectively.

Figures released on September 17<sup>th</sup>, 2013 by the Bureau of Economic Analysis on real gross domestic product by metropolitan area reveal an annualized growth rate for the New Orleans Metro of approximately 2.7% between 2009 and 2012. This positions the New Orleans area among the fastest 25 growing metros in the country during the last 4 years.

According to the New Orleans Metropolitan Association of Realtors home prices in New Orleans continued to climb in 2013, reaching almost 15% in certain neighborhoods. The increase was driven by higher demand, in part fueled by historically low interest rates.

In 2013 New Orleans attracted 9.3 million visitors making it the second highest tourist count on record only behind the 10.1 million visitors in 2004, the year before hurricane Katrina. The number of visitors to the New Orleans Metropolitan area has increased from approximately 7.1 million in 2007 to 9.3 million in 2013, which represents an annualized growth rate of approximately 4.6% per year. The growth in tourism during the year was accompanied by robust growth in hotel and motel rental revenues, which surpassed the \$1 billion mark in 2013. Total visitor spending in the New Orleans metropolitan area during 2013 is estimated at over \$6 billion. New Orleans received top honors at the 2013 World Travel Awards for excellence in sports tourism, beating out leading travel and sports tourism destinations such as Chicago, Las Vegas, New York City, San Francisco and Toronto. This is the first time New Orleans has received the award since its inception in 2010.

In 2013 the City hosted Super Bowl XLVII. According to the University of New Orleans and the New Orleans Superbowl Committee the event generated a total economic impact of \$480 million, including both direct and secondary spending. In addition, the University of New Orleans estimates that nearly 5,672 full and part time jobs were created as a result.

In 2013, the airport set new records for passenger enplanement and arrivals and added four new air carriers; Frontier, Air Canada, Spirit and Vacation Express; and expanded its relationship with Southwest Airlines to increase flights by 35%. The airport added eight new destinations, including a second direct international destination to Cancun, Mexico. Airport passengers, as measured by enplanements, grew by almost 300,000 in 2013, which represents a 7% increase from the previous year. The cruise business sector continued to grow in 2013. Passenger volumes increased by approximately 152,000 in 2012 to almost 1 million passengers in 2013.

The Port of New Orleans cargo results for 2013 are reflective of the very slow economic growth in the U.S. General Cargo volumes for Fiscal Year 2013 had a slight decrease compared to Fiscal Year 2012. Port container tonnage decreased 172,000 tons or 4.1 percent when comparing Fiscal Year 2012. In comparison, 2012 general cargo tonnage increased 397,000 or 6.1 percent over Fiscal Year 2011.

Film production continues to be a major economic driver. In 2013, New Orleans hosted 60 tax credit film projects (TV, films, and commercials with budgets over \$300,000), with direct spending of \$456 million.

#### **LOOKING FORWARD TO 2014**

The New Orleans City Council unanimously approved the passage of the City's 2014 Capital and General Fund budgets, totaling \$247 million and \$504 million respectively. The 2014 budget will pay for five recruiting classes to put 150 new police officers on the streets. The capital budget will fund 100 new police cars on top of the 100 cars funded in 2013. NOPD, NOFD and EMS all received increases over their 2013 budgets. The budget also prioritized NORDC again, adding nearly another \$1 million on top of their 2013 budget. To combat blight, more funds were allocated for new inspectors and title research staff to help speed up the blight eradication process.

## **FINANCIAL CONTROLS**

The City's administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## **BUDGETARY PROCEDURES**

The City's Charter requires the annual preparation of a balanced operating budget. It prohibits the Department of Finance from approving any expenditure under any portion of the annual operating budget unless sufficient revenues have been appropriated by the City Council to finance the proposed expenditure. The City Council is required to appropriate the necessary tax and other revenue measures to produce a balanced budget. In addition, no budgeted expenditures may be made unless authorized by the Mayor or the Chief Administrative Officer through an allotment system.

The City monitors revenues and expenditures closely during the year. Transfers within the budget are adopted by the City Council when necessary to increase or curtail budgeted expenditures to ensure a balanced budget.

The City maintains budgetary controls at the departmental level by cost object classification and allocates appropriations on a quarterly basis. The City's Home Rule Charter specifies three cost object classifications; personal services, other operating expenses, and debt service. Although all expenditures are recorded at the individual line item level, they are summarized for reporting purposes in these three expenditure classifications.

Encumbrances are recorded via an online processing system. If sufficient funds are not available to cover a purchase, the requisition is rejected and returned to the originating department for appropriation or allotment changes, transfer of funds or cancellations. Appropriations may be amended through council action during the year and all unencumbered appropriations lapse at year end. Neither the City Charter nor state law, allow deficit spending. The Department of Finance is able to control all of the above through a computerized financial management system and the use of a departmental budget.

The Mayor's 2013 Budget was prepared using a process called Budgeting for Outcomes (BFO). Budgeting for Outcomes is designed to improve services and get a better return on investment of public dollars. BFO starts with a set of results that matter to citizens and encourage creative ways of achieving them within the resources available. In line with the Mayor's budgeting principles, BFO emphasizes accountability, innovation and teamwork. Like performance budgeting, BFO focuses on what the public receives, how much it costs and how outcomes will be measured. BFO starts with the results citizens want from their City government and works to align those priorities with the budget decision-making process.

## **CAPITAL BUDGET**

The Mayor annually recommends to the City Council a capital improvement program for the next five years and a capital budget by project for the first year of the program. The City Council is obligated to approve a capital budget program and adopt a capital budget before it adopts the annual operating budget. The capital program and budget must show the amounts and sources of money for each project. The amounts budgeted constitute appropriations from the funds indicated when they become available. Expenditures for capital projects are made through the capital projects fund.

## **BUDGETARY AND FINANCIAL REPORTING**

The fund structure by which the financial transactions of the City of New Orleans are recorded is defined on Article VI Chapter 1 and 2 of the Home Rule Charter. All general governmental functions other than debt service and capital improvements are accounted for in the general fund. Encumbrances of the current year are recorded as obligations against budgetary appropriations. Appropriations neither encumbered nor expended lapse at the end of the fiscal year.

## **RISK MANAGEMENT**

The City maintains a self-insurance program for its motor vehicle fleet, general liability, and police department excessive force losses. Premiums are charged to the City's various funds for the unemployment and worker's compensation self-insurance programs and to employees and the City's various funds for the hospitalization self-insurance programs. In addition, the City's Risk Management Division works toward reducing the number of claims which proceed to lawsuits, shorten length of time in which a claim is processed or resolved, and provides investigations and support services and employs various risk control techniques.

## **ACKNOWLEDGMENTS**

The preparation of this report could not have been accomplished without the patience and dedication of the entire staff of the Finance Department; however, a special word of appreciation is due to the Bureau of Accounting staff who prepared this financial report while coping with the hectic day-to-day work which must be done. I would also like to express my appreciation to all members of the Finance Department and the staff of other departments, boards, and agencies of the City who assisted and contributed to the preparation of this report. Finally, I would like to acknowledge the helpful suggestions and support received from the Mayor, CAO, and staff members of the City Council and Council Audit Committee. Their support is greatly appreciated.

Respectfully submitted,

*Norman S. Foster*

Norman S. Foster  
Director of Finance

**CITY OF NEW ORLEANS, LOUISIANA**

**Government Officials – Elected and Appointed**

December 31, 2013

**City Council**

|                            |                           |
|----------------------------|---------------------------|
| Councilmember-at-Large     | Ms. Stacey Head           |
| Councilmember-at-Large     | Mr. Jason Rogers Williams |
| Councilmember – District A | Ms. Susan G. Guidry       |
| Councilmember – District B | Ms. LaToya Cantrell       |
| Councilmember – District C | Ms. Nadine M. Ramsey      |
| Councilmember – District D | Mr. Jared C. Brossett     |
| Councilmember – District E | Mr. James Austin Gray II  |

**Executive Staff**

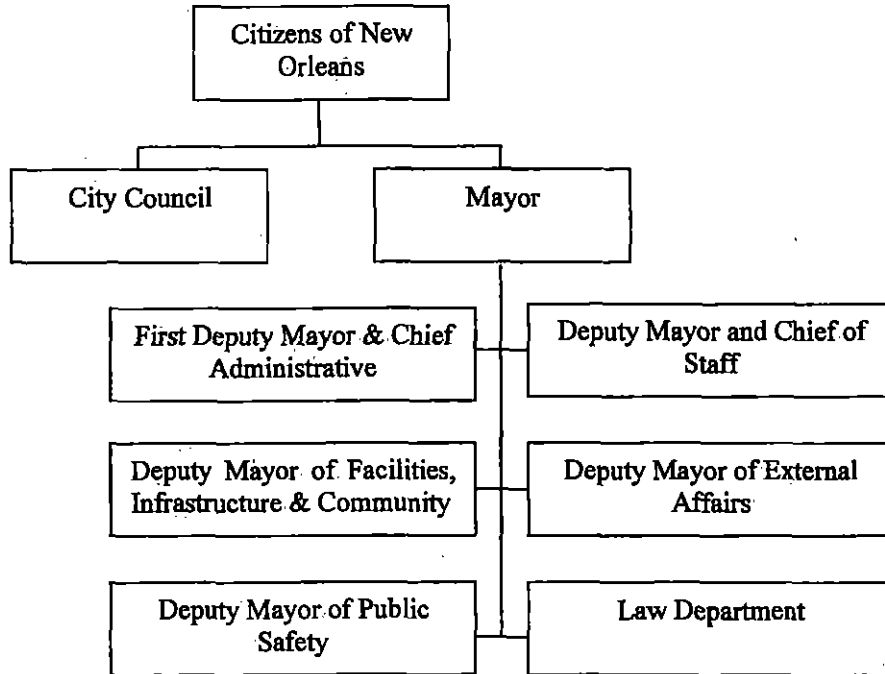
|   |                          |
|---|--------------------------|
| Mayor   | Mr. Mitchell J. Landrieu |
| First Deputy Mayor and Chief Administrative Officer | Mr. Andrew Kopplin       |
| Deputy Mayor and Chief of Staff                     | Ms. Judy Reese Morse     |
| Deputy Mayor of External Affairs                    | Ms. Emily Arata          |
| Deputy Mayor of Facilities, Infra. and Community    | Mr. Cedric S. Grant      |
| Deputy Mayor of Public Safety                       | Lt. Col. Jerry Sneed     |
| City Attorney                                       | Ms. Sharonda Williams    |
| Deputy Chief Administrative Officer                 | Ms. Ava L. Rogers        |
| Acting Health Director                              | Ms. Charlotte Parent     |
| Superintendent - Fire                               | Chief Timothy McConnell  |
| Superintendent - Police                             | Chief Ronal Serpas       |
| Director of Finance                                 | Mr. Norman SJ Foster     |



**CITY OF NEW ORLEANS, LOUISIANA**

**New Orleans City Government Organizational Chart**

December 31, 2013



**FINANCIAL SECTION**



A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
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## Independent Auditors' Report

The Honorable Mayor and Members  
City Council of the City of New Orleans, Louisiana:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Upper Pontalba Building Restoration Corporation, the Canal Street Development Corporation, the Orleans Parish Hospital Service District A, and the Downtown Development District, which represent 10% and 21% respectively, of the assets and revenues of the aggregate discretely presented component units; the Firefighters' Pension and Relief Fund of the City of New Orleans (old and new systems), the Police Pension Fund of the City of New Orleans, and the Employees' Retirement System of the City of New Orleans, which represent 85% of the assets and 58% of the additions and revenues of the aggregate remaining fund information; and the Board of Liquidation, City Debt, which is included in a major fund and 16% and 18% of assets and revenues of the governmental activities, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Upper Pontalba Building Restoration Corporation, the Canal Street Development Corporation, the Orleans Parish Hospital Service District A, the Downtown Development District, the Firefighters' Pension and Relief Fund of the City of New Orleans (old and new systems), the Police Pension Fund of the City of New Orleans, the Employees' Retirement System of the City of New Orleans, and the Board of Liquidation, City Debt, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 opinions.

### *Opinions*

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position for the year 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, budgetary comparison information, and the schedules of funding progress on pages 4 through 15 and 76 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements, affidavit of the City of New Orleans as tax collector, schedule of compensation paid to the City Council, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements, affidavit of the City of New Orleans as tax collector, and schedule of compensation paid to the City Council are the responsibility of management and were derived from and relate 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Rosaletha White Nettlesville*

New Orleans, Louisiana  
June 27, 2014

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2013

**Management's Discussion and Analysis**

The following Management's Discussion and Analysis (MD&A) of the City of New Orleans, Louisiana's (the City), financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the City's basic financial statements and the notes to the basic financial statements.

**Financial Highlights**

- The City's net position balance on the government-wide basis was approximately \$184.8 million at December 31, 2013.
- The government-wide statement of activities reported an increase in net position of \$155.7 million.
- 2013 general fund tax revenues increased by \$21.2 million, or 7.2%, compared to 2012.
- The general fund reported an excess of revenues and other financing sources over expenses and other financing uses of \$26.3 million for a total ending fund balance surplus at December 31, 2013 of \$17.0 million. The general fund's unassigned fund balance at December 31, 2013 is a surplus of \$10.9 million.
- Total governmental funds reported an excess of revenues and other financing sources over expenses and other financing uses of \$71.6 million.
- Total cash and investments of governmental funds amounted to \$227.8 million at December 31, 2013, an increase of \$47.1 million compared to December 31, 2012.
- Total bonded debt amounted to \$712.5 million, an increase of \$16.9 million over the beginning of the year total.

**Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information to provide greater detail of data presented in the basic financial statements.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The statement of net position presents financial information on all of the City'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 City is improving or deteriorating.

## CITY OF NEW ORLEANS

### Management's Discussion and Analysis

December 31, 2013

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by *taxes and intergovernmental revenues (governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health and human services, culture and recreation, urban development and housing and economic development. All of the business-type activities of the City are undertaken through component units, which are presented separately.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses *fund accounting to ensure and demonstrate compliance with finance-related legal requirements*. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund activities focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance provide a reconciliation between governmental funds and governmental activities.

The City maintains 61 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for its seven major funds: the General Fund, the Department of Housing and Urban Development (HUD) grant fund, the Federal UDAG grant fund, the Federal Emergency Management Agency (FEMA) fund, the Debt Service Fund, the Capital Projects Fund, and the Louisiana Office of Community Development (LCD) grant fund. Data from the other governmental funds are combined under the heading "Nonmajor Governmental Funds."

**Proprietary Funds.** The City does not directly maintain proprietary funds. Proprietary activities are included within component units of the City.



**CITY OF NEW ORLEANS**  
**Management's Discussion and Analysis**  
**December 31, 2013**

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information to demonstrate legal budgetary compliance for each major fund for which an annual budget is adopted and to provide information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

**Government-wide Financial Analysis**

As noted previously, net position over time, may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$184.8 million at December 31, 2013.

**Net Position**  
**December 31, 2013 and 2012**  
**(Amounts in thousands)**

|                                      | <b>Governmental Activities</b> |                           |
|--------------------------------------|--------------------------------|---------------------------|
|                                      | <b>2013</b>                    | <b>2012 (as restated)</b> |
| Current and other assets             | \$ 344,434                     | \$ 287,068                |
| Capital assets                       | 1,550,110                      | 1,474,291                 |
| Total assets                         | <u>1,894,544</u>               | <u>1,761,359</u>          |
| Deferred loss on bond refunding      | 7,241                          | 8,073                     |
| Total deferred outflows of resources | <u>7,241</u>                   | <u>8,073</u>              |
| Long-term liabilities                | 1,595,255                      | 1,588,235                 |
| Other liabilities                    | 114,342                        | 148,429                   |
| Total liabilities                    | <u>1,709,597</u>               | <u>1,736,664</u>          |
| Unavailable revenue                  | 7,386                          | 3,699                     |
| Total deferred inflows of resources  | <u>7,386</u>                   | <u>3,699</u>              |
| Net position:                        |                                |                           |
| Net investment in capital assets     | 894,662                        | 890,521                   |
| Restricted                           | 113,204                        | 81,294                    |
| Unrestricted (deficit)               | <u>(823,064)</u>               | <u>(942,746)</u>          |
| Total net position                   | <u>\$ 184,802</u>              | <u>\$ 29,069</u>          |

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
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The City's statement of net position reflects its net investment in capital assets in the amount of \$894.7 million at December 31, 2013. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided for by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Debt service funds have accumulated \$77.8 million at December 31, 2013 to provide for the servicing of annual interest and principal payments on bonds and are classified in restricted net position. The unrestricted deficit net position in the amount of \$823.1 million is due to the City's recording of long-term obligations including claims and judgments, liabilities, accrued annual and sick leave. The unrestricted deficit decreased by \$119.7 million, which is primarily due to the change in net position described below.

**Governmental Activities**

Total revenue increased by \$73.1 million or 8.8% from \$832.1 million in 2012 to \$905.2 million in 2013. This increase is primarily attributable to an increase of \$24.0 million in income from property taxes. Sales tax revenues increased by \$13.3 million, or 8.2%, due to an increase in general and hotel sales revenue as a result of the City hosting Super Bowl XLVII and four national retailers opening in 2011. Capital grants and contributions increased by \$51.2 million, or 56.6%, due to the increase in revenues from the FEMA disaster grant.

Total expenses were \$749.5 million in 2013, a decrease of \$160.0 million, or 17.6%, compared to \$910.5 million in 2012. General government expense decreased \$134.9 million, or 35.2%, from \$382.2 million in 2012 to \$247.3 million in 2013 primarily due to the increase in the estimate for legal claims \$98.9 million in 2012 compared to an increase of \$2.7 million in 2013. Urban development and housing expense decreased \$9.6 million, or 28.8%, from \$33.5 million in 2012 to \$23.9 million in 2013 due to ending of several major grants.

**CITY OF NEW ORLEANS**  
**Management's Discussion and Analysis**  
**December 31, 2013**

A comparison of 2013 to 2012 is as follows (amounts are reported in thousands):

|   | <u>2013</u>       | <u>2012 (as restated)</u> |
|---|-------------------|---------------------------|
| <b>Revenues:</b>                            |                   |                           |
| <b>Program revenues:</b>                    |                   |                           |
| Charges for services                        | \$ 140,590        | \$ 158,206                |
| Operating grants and contributions          | 139,577           | 143,964                   |
| Capital grants and contributions            | 141,650           | 90,434                    |
| <b>General revenues:</b>                    |                   |                           |
| Property taxes                              | 204,335           | 180,318                   |
| Sales taxes                                 | 176,465           | 163,128                   |
| Other taxes                                 | 57,134            | 46,953                    |
| Investment earnings (losses)                | 15,231            | 13,470                    |
| Forgiveness of debt                         | 1,027             | 5,973                     |
| Miscellaneous                               | 29,189            | 29,674                    |
| <b>Total revenues</b>                       | <u>905,198</u>    | <u>832,120</u>            |
| <b>Expenses:</b>                            |                   |                           |
| General government                          | 247,292           | 382,208                   |
| Public safety                               | 230,231           | 233,745                   |
| Public works                                | 124,449           | 133,817                   |
| Health and human services                   | 27,981            | 26,805                    |
| Culture and recreation                      | 23,403            | 24,576                    |
| Urban development and housing               | 23,891            | 33,538                    |
| Economic development                        | 12,731            | 8,793                     |
| Interest and fiscal changes                 | 59,487            | 66,996                    |
| <b>Total expenses</b>                       | <u>749,465</u>    | <u>910,478</u>            |
| Change in net position                      | 155,733           | (78,358)                  |
| Net position, beginning of year as restated | 29,069            | 107,427                   |
| Net position, ending                        | <u>\$ 184,802</u> | <u>\$ 29,069</u>          |

**Financial Analysis of the Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited spending to use for a particular purpose by either an external party, the City itself, or group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At December 31, 2013, the City's governmental funds reported a combined fund balances of \$179.0 million, an increase of \$71.6 million in comparison with the prior year. Included in this amount is a deficit of \$25.6 million which constitutes unassigned fund balance. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$2.4 million), 2) restricted for particular purposes (\$137.1 million), 3) committed for particular purposes (\$64.9 million), or 4) assigned for particular purposes (\$225 thousand).

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2013

**General Fund**

The general fund is the chief operating fund of the City. At December 31, 2013, the general fund's fund balance increased by \$26.3 million from a \$9.3 million deficit in 2012 to a \$16.9 million surplus in 2013. Key factors relative to this change are as follows:

- Expenditures decreased in 2013 to \$512.4 million compared to \$529.3 million in 2012, a decrease of \$16.9 million, which represents a 3.2% decrease in expenditures. General government expenditures decreased due to the ending of debt service payments out of the General Fund and the New Orleans Police Department's delay in hiring new police officers.
- Debt service expenditures for the general fund decreased by \$14.2 million or 35.6% compared to 2012 as a result of the issuance of the Series 2012 Taxable Limited Tax bonds and defeasance of existing bonds in 2012.
- Total revenues and other financing sources (uses), net, for the general fund decreased by \$30.7 million or 5.4% compared to 2012.
- Other financing sources (uses), net, totaled (\$3.0) million in 2013 representing a decrease of \$62.4 million in comparison to 2012 due to the issuance of the Series 2012 Taxable Limited Tax bonds and defeasance of existing bonds in 2012.
- Charges for services increased by \$4.8 million or 6.5% compared to 2012.
- Taxes increased by \$21.2 million or 7.2% as compared to 2012.
- Licenses and Permits revenues increased by \$6.4 million or 11.2% as compared to 2012.
- Fines and Fees revenues decreased by \$1.4 million or 4.0% as compared to 2012.
- Miscellaneous revenues decreased from \$29.6 million in 2012 to \$25.3 million in 2013, a decrease of \$4.3 million, or 14.6%.
- In 2012, the City was required to pay \$46.0 million to terminate the interest rate swap on the 2000 Taxable Revenue Pension Bonds. This expense was included as a special item on the statement of revenues, expenditures and changes in fund balance.

**CITY OF NEW ORLEANS**  
**Management's Discussion and Analysis**  
December 31, 2013

The accompanying table shows the amount (in thousands) of general fund revenues by source for 2013 and 2012.

| Revenues and Other Financing Sources | 2013<br>Actual    | % of<br>Total | Increase<br>(Decrease)<br>Over 2012 | 2012<br>Actual    | % of<br>Total |
|--------------------------------------|-------------------|---------------|-------------------------------------|-------------------|---------------|
| Taxes                                | \$ 316,578        | 58.77%        | \$ 21,159                           | \$ 295,419        | 51.89%        |
| Licenses and permits                 | 62,963            | 11.69         | 6,351                               | 56,612            | 9.94          |
| Intergovernmental                    | 24,304            | 4.51          | 4,590                               | 19,714            | 3.46          |
| Charges for services                 | 78,996            | 14.66         | 4,832                               | 74,164            | 13.03         |
| Fines and forfeits                   | 32,947            | 6.12          | (1,368)                             | 34,315            | 6.03          |
| Interest income                      | 24                | 0.00          | (61)                                | 85                | 0.01          |
| Contributions, gifts, and donations  | 614               | 0.11          | 574                                 | 40                | 0.01          |
| Miscellaneous and other              | 25,279            | 4.69          | (4,326)                             | 29,605            | 5.20          |
| Other financing sources (uses), net  | (3,028)           | (0.55)        | (62,434)                            | 59,406            | 10.43         |
|                                      | <u>\$ 538,677</u> | <u>100.0%</u> | <u>\$ (30,683)</u>                  | <u>\$ 569,360</u> | <u>100.0%</u> |

The accompanying table shows the amount (in thousands) of general fund expenditures by source for 2013 and 2012.

| Expenditures              | 2013<br>Actual    | % of<br>Total | Increase<br>(Decrease)<br>Over 2012 | 2012<br>Actual    | % of<br>Total |
|---------------------------|-------------------|---------------|-------------------------------------|-------------------|---------------|
| General government        | \$ 162,924        | 31.80%        | \$ 139                              | \$ 162,785        | 30.76%        |
| Public safety             | 220,464           | 43.03         | 774                                 | 219,690           | 41.51         |
| Public works              | 63,545            | 12.40         | (6,927)                             | 70,472            | 13.31         |
| Health and human services | 14,993            | 2.93          | (912)                               | 15,905            | 3.00          |
| Other                     | 24,766            | 4.83          | 4,236                               | 20,530            | 3.88          |
| Debt service              | 25,693            | 5.01          | (14,211)                            | 39,904            | 7.54          |
|                           | <u>\$ 512,385</u> | <u>100.0%</u> | <u>\$ (16,901)</u>                  | <u>\$ 529,286</u> | <u>100.0%</u> |

**HUD Fund**

This special revenue fund is used to account for funding from the Department of Housing and Urban Development (HUD). Some of the major initiatives are Community Development Block Grants (CDBG), HOME Investment Partnership Act Program (HOME), Emergency Shelter Grant (ESG) Program, and Housing Opportunities for Persons with HIV/AIDS (HOPWA). Revenues decreased \$1.5 million from \$19.2 million in 2012 to \$20.8 million in 2013, and expenditures decreased \$7.0 million from \$26.9 million in 2012 to \$19.9 million in 2013. The increase in revenues was due to increased activity in the HOME grant. The decrease in expenditures is due to the ending of several grant periods (Neighborhood Stabilization Program and Homeless Prevention and Rapid Re-Housing grants) as well as moving the Shelter Plus Care grant operation in-house.

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2013

**Federal UDAG Fund**

The Federal UDAG special revenue fund accounts for grants received from HUD for the purpose of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Expenditures decreased \$972 thousand from \$1.2 million in 2012 to \$239 thousand in 2013. Revenues were \$1.5 million in 2013 compared to \$77 thousand in 2012. The change in revenues and expenditures are due to the allocation of funding for the N.O. East Hospital. Most of the project expenditures related to the hospital were incurred in 2012. However, the related revenues were made available in 2013.

**FEMA Fund**

The FEMA Fund primarily accounts for grants received as a result of Hurricanes Katrina, Rita and Gustav from the Federal government. FEMA, as authorized by the Stafford Act, assists individuals, as well as, state and local governments with response to and recovery from disasters. The FEMA grants are reimbursement basis grants where expenditures and related revenues have been accrued. The deficit in the FEMA fund at December 31, 2013 is primarily due to revenue that has been deferred and will be collected by the City in the future in addition to funds borrowed from the general fund to cover expenditures of the FEMA Fund. Revenue amounted to \$20.9 million in 2013 compared to \$71.6 million in 2012 while expenditures totaled \$18.6 million in 2013 compared to \$42.0 million in 2012. The decrease in revenues and expenditures is due, in part, to the City's decision to request less advanced funding from GOHSEP in 2013, opting to follow the traditional reimbursement process. There was also a decline in reimbursement activities to focus on meeting closeout targets imposed by FEMA and GOHSEP, which is tied to the City's future eligibility for Direct Administrative Cost funding.

**Debt Service Funds**

The Debt Service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Total fund balance for the Debt Service Fund was \$77.8 million at December 31, 2013, which was a \$3.5 million decrease compared to the prior year balance of \$81.3 million. The decrease is due to 2013 debt service payments.

**Capital Project Funds**

The Capital Projects fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and repair and maintenance projects other than those accounted for in the component units. Expenditures for capital projects in 2013 totaled \$143.3 million, an increase of \$47.2 million compared to 2012. The increase in expenditures in the capital projects fund is due to the change in the status of projects from the design stage in 2012 to the construction stage in 2013. The increase in revenues is related to the increase in expenditures for reimbursement of these costs from intergovernmental grants.

**CITY OF NEW ORLEANS**

Management's Discussion and Analysis

December 31, 2013

**Louisiana Office of Community Development Fund**

The Louisiana Office of Community Development (LCD) fund primarily accounts for grants received from the Louisiana Office of Community Development. The primary purpose of this fund is to purchase properties for the site of the new Charity/Tulane/Veterans Administration (VA) Hospital Complex.

Revenues increased \$17.2 million from \$21.8 million in 2012 to \$39.0 million in 2013, and expenditures decreased \$3.0 million from \$25.5 million in 2012 to \$22.5 million in 2013. The increase in revenue is due to a timing issue relative to reimbursement of funding from the State. The decrease in expenditures in the LCD fund is due to the ongoing completion of various phases of the capital and operating projects resulting in a reduction in available funds.

**General Fund Budgetary Highlights**

Variances between general fund amended budget and actual expenditures are delineated in the schedule below. The 2013 amended budgeted revenues and expenditures were increased primarily to reflect the restructuring of the City's Pension Revenue Bonds as noted in the schedule below.

|  | 2013           |                                 |                                    |
|--|----------------|---------------------------------|------------------------------------|
|  | Budget         | Actual<br>on budgetary<br>basis | Variance<br>Positive<br>(Negative) |
| <b>Revenues</b>                            |                |                                 |                                    |
| Taxes                                      | \$ 310,685     | \$ 316,578                      | \$ 5,893                           |
| Licenses and permits                       | 53,070         | 62,963                          | 9,893                              |
| Intergovernmental                          | 13,575         | 24,304                          | 10,729                             |
| Charges for services                       | 73,191         | 79,101                          | 5,910                              |
| Fines and forfeits                         | 30,415         | 31,628                          | 1,213                              |
| Interest income                            | 63             | 34                              | (29)                               |
| Contributions, gifts, and donations        | 5,762          | 452                             | (5,310)                            |
| Miscellaneous                              | 5,890          | 28,454                          | 22,564                             |
| <b>Total Revenues</b>                      | <b>492,651</b> | <b>543,514</b>                  | <b>50,863</b>                      |
| <b>Expenditures</b>                        | <b>509,751</b> | <b>516,346</b>                  | <b>(6,595)</b>                     |
| <b>Other financing sources (uses), net</b> | <b>17,100</b>  | <b>(4,014)</b>                  | <b>(21,114)</b>                    |
| <b>Change in fund balance</b>              | <b>\$ -</b>    | <b>\$ 23,154</b>                | <b>\$ 23,154</b>                   |

**CITY OF NEW ORLEANS**  
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**December 31, 2013**

**Capital Assets**

Capital assets at December 31, 2013 and 2012 are as follows (net of depreciation):

|  | <u>2013</u>         | <u>2012</u>         |
|--|---------------------|---------------------|
| Land                                   | \$ 94,474           | \$ 94,474           |
| Construction in progress               | 447,135             | 347,632             |
| Buildings, improvements, and equipment | 273,155             | 248,134             |
| Other                                  | 10,310              | 11,939              |
| Infrastructure assets                  | <u>725,036</u>      | <u>772,112</u>      |
|  | <u>\$ 1,550,110</u> | <u>\$ 1,474,291</u> |

Hurricane Katrina and the related flooding caused physical damage to the City's capital assets. As a result, certain assets were destroyed and other assets, specifically buildings, require restoration efforts to restore their service utility. Some assets have been demolished and are being replaced. Buildings, improvements, equipment, other, and infrastructure assets have been reduced in value as a result of demolition, damage, or depreciation. Rebuilding efforts are ongoing and, as a result, the replacement and repair costs for these assets have led to an increase in construction in progress of \$347.6 million at December 31, 2012 to \$447.1 million at December 31, 2013.

**Debt Administration**

Outstanding general obligation bonds at December 31, 2013 totaled \$489.5 million, all of which are considered to be net, direct-tax supported debt. There are no special assessment bonds outstanding. During 2013, the City issued \$40.0 million of Taxable Public Improvement Bonds.

**Outstanding Debt**

|   | <u>2013</u>       | <u>2012</u>       |
|---|-------------------|-------------------|
| General obligation bonds                    | \$ 489,463        | \$ 470,077        |
| Accreted GO 1991 refunding bonds            | 83,739            | 95,344            |
| Limited tax bonds                           | 19,550            | 21,500            |
| Taxable limited tax bonds                   | 195,885           | 195,885           |
| Revenue bonds                               | <u>7,610</u>      | <u>8,125</u>      |
| Total bonds                                 | 796,247           | 790,931           |
| Certificates of indebtedness                | 13,340            | 26,015            |
| Notes payable (vehicle and equipment loans) | 2,782             | 4,312             |
| Capital leases                              | 12,933            | 15,993            |
| Go Zone Notes                               | 74,706            | 76,082            |
| Section 108 HUD loans                       | <u>17,998</u>     | <u>20,778</u>     |
| Total outstanding debt                      | <u>\$ 918,006</u> | <u>\$ 934,111</u> |



**CITY OF NEW ORLEANS**  
**Management's Discussion and Analysis**  
**December 31, 2013**

The following is a summary of debt transactions:

|                              |    |                 |
|------------------------------|----|-----------------|
| Balance at January 1, 2013   | \$ | 934,111         |
| New issues                   |    | 40,000          |
| Payments                     |    | <u>(56,103)</u> |
| Balance at December 31, 2013 | \$ | <u>918,008</u>  |

The Louisiana Legislature, in Act 1 of 1994, increased the City's general obligation bond debt limit to an amount equal to the greater of (i) \$500,000,000 or (ii) 35% of total assessed valuation of the City. Under Act 1, based on the most recent assessed valuations, the City's debt limit is \$1.3 billion as of December 31, 2013. At December 31, 2013, the City's legal debt margin adjusted for outstanding principal of \$489.5 million and past and future accretion of \$104.9 million on the City's outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$36.5 million to service this debt was \$694.8 million.

As of December 31, 2013, Moody's general obligation bond rating for the City was "A3", Fitch general obligation bond rating was "A-", and Standard & Poor's general obligation bond rating was "BBB+".

**Economic Factors and Next Year's Budgets and Rates**

The General Fund's final budgeted revenues and other financing sources exceeded the original budgeted revenues and other financing sources by approximately \$22.5 million, and final budgeted expenditures exceeded original budgeted expenditures by approximately \$22.5 million. The budget change was primarily the result of an increase in intergovernmental revenue due to the State's supplemental pay for public safety employees and higher intergovernmental revenue through participation in a new State program that supplements revenues for emergency medical service transports covered through Medicaid. The remaining increase was the result of several small revenue additions for miscellaneous reimbursements and contributions.

The 2014 budgeted revenues and expenditures were increased primarily to reflect higher sales tax, higher Entergy franchise fee revenue and additional intergovernmental revenues as a result of the City's participation in a new State program that supplements revenues resulting from emergency medical service transports for Medicaid patients.

The following table presents an adopted budget comparison for 2014, 2013, and 2012 (amounts in thousands):

|                                      | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|--------------------------------------|-------------|-------------|-------------|
| Revenues and other financing sources | \$ 504,936  | \$ 491,379  | \$ 494,879  |
| Expenditures                         | 504,936     | 491,379     | 494,879     |

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2013

Nearly five years since the end of the Great Recession, the US economy continues to grow at a timid pace. Gross Domestic Product in 2013 grew by a modest 1.8 percent. The government shutdown in October, the expiration of the temporary payroll tax cut at the beginning of the year, and the budget caps on discretionary spending were all factors affecting overall spending in 2013. The labor market did show signs of further improvement during 2013, with unemployment decreasing to levels not seen until before the 2009 recession. Consumer price inflation remained low in 2013 with the price index for personal consumption expenditures increasing at an annual rate of approximately 1 percent. Lending policies for home purchase remained quite tight overall, but there are some indications that mortgage credit is starting to become more widely available.

The New Orleans economy continues to outpace the national economy. Partnerships between the City, the State and the business community have been critical to the City's economic success. The City's economic development efforts have been effective in attracting new businesses and new jobs. As a result, employment and population growth are steady and expected to continue well ahead of national levels. In 2013, employment in professional and business services increased by about 2,600 jobs or 4 percent over 2012 figures. The second biggest gain was recorded in retail where about 1,600 (3 percent) additional jobs were added to the local economy. The construction sector also reported a substantial growth in employment due to an increase in the residential and non-residential contract activity. This sector added about 1,200 (4 percent) jobs over 2012.

The tourism industry continues to expand. In 2013, approximately 9.3 million tourists visited New Orleans, a 3% increase from the prior year. Greater visitor spending in New Orleans resulted in additional tourism related employment opportunities.

The real estate market is performing well with record number of building permits issued in 2013. Net assessed taxable property values within the City increased by almost 5 percent in 2013 as compared to 2012. Multiple year projects like the rebuilding of New Orleans public schools, the University Medical Center, and the Veterans Affairs Hospital continue to drive up non-residential contracts.

The City's robust strategy to bring more retail to Orleans Parish, including renown stores like Costco, H&M, and Tiffany and Co., is not only enhancing shopping alternatives to residents, but is also strengthening the City's finances. Retail sales tax grew by 9.6 percent in 2013, as compared to 2012. New retail options currently on the way include Walmart in New Orleans East and Gentilly, Mid-City Market, Algiers Plaza, South Market District, The Outlet Collection at Riverwalk, Magnolia Marketplace, and CVS and Big Lots stores in New Orleans East.

The City of New Orleans hosted Super Bowl XLVII in the middle of the 2013 Carnival Season. The weeklong celebration wrapped an unprecedented run of major events hosted in the city and showed the world that New Orleans is back and better than ever before. With an estimated \$480 million economic impact, Super Bowl XLVII was a major success for the City's local economy.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information may be addressed to the Office of the Director of Finance, City of New Orleans, 1300 Perdido Street, Room 3E06, New Orleans, Louisiana 70112.

**BASIC FINANCIAL STATEMENTS**

## CITY OF NEW ORLEANS, LOUISIANA

## Statement of Net Position

December 31, 2013

(Amounts in thousands)

| Assets   | Primary<br>government<br>Governmental<br>activities | Component<br>units |
|--|---|--------------------|
| Cash and cash equivalents                          | \$ 62,125   | 116,617            |
| Investments  | 165,644   | 68,472             |
| Receivables (net of allowance for uncollectibles): |   |                    |
| Taxes  | 31,443  | 8,390              |
| Accounts   | 10,841  | 26,138             |
| Interest   | —   | 28                 |
| Grantee loans                                      | 1,517   | 12,432             |
| Other  | —   | 21,467             |
| Due from component units                           | 19,627  | —                  |
| Due from other governments                         | 53,213  | 2,674              |
| Other assets                                       | 24  | 36,304             |
| Restricted cash and investments                    | —   | 199,268            |
| Capital assets (net of accumulated depreciation)   | 1,550,110   | 2,945,985          |
| Total assets                                       | <u>1,894,544</u>                                    | <u>3,437,775</u>   |
| <b>Deferred Outflows of Resources</b>              |   |                    |
| Deferred loss on bond refunding                    | 7,241   | 20,654             |
| Total deferred outflows of resources               | <u>7,241</u>  | <u>20,654</u>      |
| <b>Liabilities</b>                                 |   |                    |
| Accounts payable                                   | 84,953  | 57,297             |
| Retainages payable                                 | 3,728   | 6,548              |
| Accrued expenses                                   | 1,001   | 29,846             |
| Taxes payable                                      | 5,422   | —                  |
| Accrued interest payable                           | 6,218   | 13,653             |
| Due to component units                             | 59  | —                  |
| Due to other governments                           | 10,217  | 31,650             |
| Unearned revenue                                   | 2,744   | —                  |
| Liabilities payable from restricted assets         | —   | 17,460             |
| Long-term liabilities due within one year          | 163,403   | 44,880             |
| Long-term liabilities due in more than one year    | 1,431,852   | 810,323            |
| Total liabilities                                  | <u>1,709,597</u>                                    | <u>1,011,657</u>   |
| <b>Deferred Inflows of Resources</b>               |   |                    |
| Unavailable revenue                                | 7,386   | 2,031              |
| Total deferred inflows of resources                | <u>7,386</u>  | <u>2,031</u>       |
| <b>Net Position</b>                                |   |                    |
| Net investment in capital assets                   | 894,662   | 2,358,587          |
| Restricted for debt service                        | 77,759  | 80,009             |
| Restricted for capital improvement                 | 35,445  | 50,009             |
| Restricted for operating reserve                   | —   | 16,030             |
| Unrestricted (deficit)                             | (823,064)   | (59,894)           |
| Total net position                                 | <u>\$ 184,802</u>                                   | <u>2,444,741</u>   |

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

## Statement of Activities

Year ended December 31, 2013

(Amounts in thousands)

| Functions/Programs                                 | Expenses          | Program revenues     |                                    |                                  | Net (expense) revenue and changes in net position |                  |
|--|-------------------|----------------------|------------------------------------|----------------------------------|---|------------------|
|  |                   | Charges for services | Operating grants and contributions | Capital grants and contributions | Primary governmental activities                   | Component units  |
| <b>Primary government:</b>                         |                   |                      |                                    |                                  |   |                  |
| Governmental activities:                           |                   |                      |                                    |                                  |   |                  |
| General government                                 | \$ 247,292        | 70,692               | 71,383                             | 31,659                           | (73,558)  | —                |
| Public safety                                      | 230,231           | 22,331               | 15,605                             | 5,137                            | (187,158)   | —                |
| Public works                                       | 124,449           | 37,015               | 3,331                              | 84,113                           | 10  | —                |
| Health and human services                          | 27,981            | 8,003                | 15,510                             | 12,412                           | 7,944   | —                |
| Culture and recreation                             | 23,403            | 814                  | 4,127                              | 8,329                            | (10,133)  | —                |
| Urban development and housing                      | 23,891            | 1,735                | 24,179                             | —                                | 2,023   | —                |
| Economic development                               | 12,731            | —                    | 5,442                              | —                                | (7,289)   | —                |
| Interest and fiscal charges                        | 59,487            | —                    | —                                  | —                                | (59,487)  | —                |
| <b>Total primary government</b>                    | <b>\$ 749,465</b> | <b>140,590</b>       | <b>139,577</b>                     | <b>141,650</b>                   | <b>(327,648)</b>                                  | <b>—</b>         |
| <b>Component units:</b>                            |                   |                      |                                    |                                  |   |                  |
| Audubon Commission                                 | \$ 59,061         | 38,829               | —                                  | 11,273                           | —   | (8,959)          |
| Louis Armstrong New Orleans International Airport  | 107,820           | 73,485               | —                                  | 9,187                            | —   | (25,148)         |
| Sewerage and Water Board                           | 188,712           | 143,577              | 2,054                              | 114,318                          | —   | 71,237           |
| Other nonmajor component units                     | 55,926            | 35,339               | 5,259                              | 10,672                           | —   | (4,656)          |
| <b>Total component units</b>                       | <b>\$ 411,519</b> | <b>291,230</b>       | <b>7,313</b>                       | <b>145,450</b>                   | <b>—</b>  | <b>32,474</b>    |
| <b>General revenues:</b>                           |                   |                      |                                    |                                  |   |                  |
| Taxes:   |                   |                      |                                    |                                  |   |                  |
| Property taxes                                     |                   |                      |                                    |                                  | 204,335   | 67,017           |
| Sales taxes  |                   |                      |                                    |                                  | 176,465   | —                |
| Utility taxes                                      |                   |                      |                                    |                                  | 10,337  | —                |
| Culture and recreation taxes                       |                   |                      |                                    |                                  | 1,781   | —                |
| Parking taxes                                      |                   |                      |                                    |                                  | 3,940   | —                |
| Franchise fees                                     |                   |                      |                                    |                                  | 35,239  | —                |
| Beverage taxes                                     |                   |                      |                                    |                                  | 5,837   | —                |
| Unrestricted investment income                     |                   |                      |                                    |                                  | 15,231  | 777              |
| Passenger facility charges                         |                   |                      |                                    |                                  | —   | 30,152           |
| Forgiveness of loan principle and accrued interest |                   |                      |                                    |                                  | 1,027   | 30,061           |
| Miscellaneous                                      |                   |                      |                                    |                                  | 29,189  | 17,776           |
| <b>Total general revenues</b>                      |                   |                      |                                    |                                  | <b>483,381</b>                                    | <b>145,783</b>   |
| <b>Change in net position</b>                      |                   |                      |                                    |                                  | <b>155,733</b>                                    | <b>178,257</b>   |
| Net position – beginning of year                   |                   |                      |                                    |                                  | 38,619  | 2,211,665        |
| Prior period adjustments (note 14)                 |                   |                      |                                    |                                  | (9,550)   | 54,819           |
| Net position – beginning of year, as restated      |                   |                      |                                    |                                  | 29,069  | 2,266,484        |
| <b>Net position – end of year</b>                  |                   |                      |                                    |                                  | <b>\$ 184,802</b>                                 | <b>2,444,741</b> |

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

## Balance Sheet — Governmental Funds

Year ended December 31, 2013

(Amounts in thousands)

| Assets   | General          | HUD            | Federal UDAG  | FEMA            | Debt Service  | Capital Projects | Louisiana Office of Community Development | Nonmajor Governmental | Total Governmental Funds |
|--|------------------|----------------|---------------|-----------------|---------------|------------------|---|-----------------------|--------------------------|
| Cash and cash equivalents  | \$ 13,309        | —              | 12,815        | —               | 360           | 13,034           | 1,781                                     | 20,826                | 62,125                   |
| Investments  | 1,372            | —              | —             | —               | 79,535        | 73,779           | —   | 10,958                | 165,644                  |
| Receivables (net of allowance for uncollectibles):                         |                  |                |               |                 |               |                  |   |                       |                          |
| Sales taxes  | 17,117           | —              | —             | —               | —             | —                | —   | —                     | 17,117                   |
| Property taxes   | 3,806            | —              | —             | —               | 2,338         | —                | —   | 335                   | 6,479                    |
| Franchise taxes  | 7,847            | —              | —             | —               | —             | —                | —   | —                     | 7,847                    |
| Accounts   | 9,112            | 153            | —             | —               | —             | 1,345            | —   | 231                   | 10,841                   |
| Grantee loans  | —                | —              | 1,517         | —               | —             | —                | —   | —                     | 1,517                    |
| Interest   | —                | —              | —             | —               | —             | —                | —   | —                     | —                        |
| Due from other funds   | 29,580           | —              | —             | 3,935           | —             | 28,437           | —   | 177                   | 62,129                   |
| Due from other governments   | 1,534            | 9,005          | —             | 6,802           | —             | 22,754           | 7,709                                     | 5,409                 | 53,213                   |
| Due from component units   | 5,308            | —              | —             | —               | —             | 14,319           | —   | —                     | 19,627                   |
| Advances to other funds  | 2                | —              | —             | —               | —             | —                | —   | —                     | 2                        |
| Other assets   | 4                | 1              | —             | —               | —             | —                | —   | 19                    | 24                       |
| <b>Total assets</b>  | <b>88,991</b>    | <b>9,159</b>   | <b>14,332</b> | <b>10,737</b>   | <b>82,233</b> | <b>153,668</b>   | <b>9,490</b>                              | <b>37,955</b>         | <b>406,565</b>           |
| <b>Liabilities</b>   |                  |                |               |                 |               |                  |   |                       |                          |
| Accounts payable   | \$ 32,039        | 4,768          | —             | 2,156           | —             | 33,546           | 7,366                                     | 5,078                 | 84,953                   |
| Retainages payable   | —                | —              | —             | —               | —             | 3,728            | —   | —                     | 3,728                    |
| Accrued expenses   | —                | 129            | —             | 155             | 416           | —                | 94  | 207                   | 1,001                    |
| Due to other funds   | 27,449           | 7,281          | 430           | 15,815          | —             | 3,935            | 243                                       | 6,976                 | 62,129                   |
| Due to other governments   | 3,845            | —              | —             | 8,018           | —             | —                | 494                                       | 688                   | 13,045                   |
| Due to component units   | —                | —              | —             | —               | —             | 59               | —   | —                     | 59                       |
| Advances from other funds  | —                | —              | —             | —               | —             | —                | —   | 2                     | 2                        |
| Unearned revenue   | —                | 2,744          | —             | —               | —             | —                | —   | —                     | 2,744                    |
| <b>Total liabilities</b>   | <b>63,333</b>    | <b>14,922</b>  | <b>430</b>    | <b>26,144</b>   | <b>416</b>    | <b>41,268</b>    | <b>8,197</b>                              | <b>12,951</b>         | <b>167,661</b>           |
| <b>Deferred Inflows of Resources</b>                                       |                  |                |               |                 |               |                  |   |                       |                          |
| Unavailable revenue  | 8,702            | 3,136          | —             | 3,862           | 4,058         | 33,354           | 3,719                                     | 3,047                 | 59,878                   |
| <b>Total deferred inflows of resources</b>                                 | <b>8,702</b>     | <b>3,136</b>   | <b>—</b>      | <b>3,862</b>    | <b>4,058</b>  | <b>33,354</b>    | <b>3,719</b>                              | <b>3,047</b>          | <b>59,878</b>            |
| <b>Fund Balances</b>   |                  |                |               |                 |               |                  |   |                       |                          |
| Fund balances:   |                  |                |               |                 |               |                  |   |                       |                          |
| Nonspendable   | —                | —              | 1,517         | —               | —             | —                | —   | 890                   | 2,407                    |
| Restricted   | —                | —              | 12,385        | —               | 77,759        | 35,445           | —   | 11,524                | 137,113                  |
| Committed  | 6,036            | —              | —             | —               | —             | 43,601           | —   | 15,281                | 64,918                   |
| Assigned   | —                | —              | —             | —               | —             | —                | —   | 225                   | 225                      |
| Unassigned   | 10,920           | (8,899)        | —             | (19,269)        | —             | —                | (2,426)                                   | (5,963)               | (25,637)                 |
| <b>Total fund balances</b>   | <b>16,956</b>    | <b>(8,899)</b> | <b>13,902</b> | <b>(19,269)</b> | <b>77,759</b> | <b>79,046</b>    | <b>(2,426)</b>                            | <b>21,957</b>         | <b>179,026</b>           |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 88,991</b> | <b>9,159</b>   | <b>14,332</b> | <b>10,737</b>   | <b>82,233</b> | <b>153,668</b>   | <b>9,490</b>                              | <b>37,955</b>         | <b>406,565</b>           |

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

Reconciliation of Balance Sheet — Governmental Funds to the  
Statement of Net Position

December 31, 2013

(Amounts in thousands)

|  |                   |
|--|-------------------|
| Total fund balances — governmental funds   | \$ 179,026        |
| Amounts reported for governmental activities in the statement of net position are different because:   |                   |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds   | 1,550,110         |
| Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds   | 52,492            |
| The deferred loss on bond refunding is not an available resource and, therefore, is not reported in the funds  | 7,241             |
| Interest expense is accrued at year-end in the government-wide financial statements, but is recorded only if due and payable on the governmental fund financial statements | (5,994)           |
| Taxes payable  | (5,422)           |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.                               |                   |
| Long-term liabilities consist of:  |                   |
| Bonds payable  | (825,542)         |
| Certificates of indebtedness   | (13,340)          |
| Loans payable  | (92,882)          |
| Capital leases payable   | (12,933)          |
| Annual and sick leave  | (41,391)          |
| Claims payable   | (399,569)         |
| Net pension obligation   | (140,913)         |
| Other long-term liabilities  | (66,081)          |
|  | <hr/>             |
| Total net position — governmental activities   | \$ <u>184,802</u> |

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**Year ended December 31, 2013**  
**(Amounts in thousands)**

|   | General          | HUD            | Federal<br>UDAG | FEMA            | Debt<br>Service | Capital<br>Projects | Louisiana Office<br>of Community<br>Development | Nonmajor<br>Governmental | Total<br>Governmental<br>Funds |
|---|------------------|----------------|-----------------|-----------------|-----------------|---------------------|---|--------------------------|--------------------------------|
| <b>Revenues:</b>  |                  |                |                 |                 |                 |                     |   |                          |                                |
| Taxes   | \$ 316,578       | —              | —               | —               | 73,222          | —                   | —   | 7,173                    | 396,973                        |
| Licenses and permits                                    | 62,963           | —              | —               | —               | —               | —                   | —   | —                        | 62,963                         |
| Intergovernmental                                       | 24,304           | 20,698         | —               | 20,896          | —               | 125,085             | 38,994  | 35,617                   | 265,594                        |
| Charges for services                                    | 78,996           | —              | —               | —               | —               | —                   | —   | —                        | 78,996                         |
| Program income  | —                | 71             | 1,499           | —               | —               | —                   | —   | 372                      | 1,942                          |
| Fines and forfeits                                      | 32,947           | —              | —               | —               | —               | —                   | 49  | 2,981                    | 35,977                         |
| Interest income   | 24               | —              | 33              | —               | 239             | —                   | —   | 4                        | 300                            |
| Contributions, gifts and donations                      | 614              | —              | —               | —               | —               | —                   | —   | 3,073                    | 3,687                          |
| Miscellaneous   | 25,279           | —              | —               | —               | —               | 1,202               | —   | 1,876                    | 28,357                         |
| <b>Total revenues</b>                                   | <b>541,705</b>   | <b>20,769</b>  | <b>1,532</b>    | <b>20,896</b>   | <b>73,461</b>   | <b>126,287</b>      | <b>39,043</b>                                   | <b>51,096</b>            | <b>874,789</b>                 |
| <b>Expenditures:</b>                                    |                  |                |                 |                 |                 |                     |   |                          |                                |
| <b>Current:</b>   |                  |                |                 |                 |                 |                     |   |                          |                                |
| General government                                      | 162,924          | —              | —               | 9,917           | 536             | 178                 | 20,884  | 13,366                   | 207,805                        |
| Public safety   | 220,464          | —              | —               | 3,106           | —               | —                   | —   | 3,261                    | 226,831                        |
| Public works  | 63,545           | —              | —               | 2,670           | —               | 1                   | —   | —                        | 66,216                         |
| Health and human services                               | 14,993           | —              | —               | (57)            | —               | —                   | —   | 13,045                   | 27,981                         |
| Culture and recreation                                  | 19,271           | 1,210          | —               | (85)            | —               | —                   | —   | 1,620                    | 22,016                         |
| Urban development and housing                           | 166              | 18,728         | 239             | 1,299           | —               | —                   | 1,579   | 1,880                    | 23,891                         |
| Economic development and assistance                     | —                | —              | —               | —               | —               | —                   | —   | 12,731                   | 12,731                         |
| Capital outlays   | 5,329            | —              | —               | 1,705           | —               | 143,160             | —   | 2,753                    | 152,947                        |
| <b>Debt service:</b>                                    |                  |                |                 |                 |                 |                     |   |                          |                                |
| Principal   | 22,844           | —              | —               | —               | 23,939          | —                   | —   | 320                      | 47,103                         |
| Interest and fiscal charges                             | 2,849            | —              | —               | —               | 53,303          | —                   | —   | 68                       | 56,220                         |
| Bond issuance costs                                     | —                | —              | —               | —               | 784             | —                   | —   | —                        | 784                            |
| <b>Total expenditures</b>                               | <b>512,385</b>   | <b>19,938</b>  | <b>239</b>      | <b>18,555</b>   | <b>78,562</b>   | <b>143,339</b>      | <b>22,463</b>                                   | <b>49,044</b>            | <b>844,525</b>                 |
| <b>Excess (deficiency) of revenue over expenditures</b> | <b>29,320</b>    | <b>831</b>     | <b>1,293</b>    | <b>2,341</b>    | <b>(5,101)</b>  | <b>(17,052)</b>     | <b>16,580</b>                                   | <b>2,052</b>             | <b>30,264</b>                  |
| <b>Other financing sources (uses):</b>                  |                  |                |                 |                 |                 |                     |   |                          |                                |
| Transfers in  | 6,143            | —              | —               | 9,215           | —               | 39,709              | —   | —                        | 55,067                         |
| Transfers out   | (9,215)          | —              | —               | —               | (39,709)        | (3,570)             | —   | (2,573)                  | (55,067)                       |
| Proceeds from issuance of bonds                         | —                | —              | —               | —               | 40,000          | —                   | —   | —                        | 40,000                         |
| Premium on bonds issued                                 | —                | —              | —               | —               | 263             | —                   | —   | —                        | 263                            |
| Federal subsidy - Build America Bonds                   | —                | —              | —               | —               | 1,012           | —                   | —   | —                        | 1,012                          |
| Other, net  | 44               | —              | —               | —               | —               | —                   | —   | —                        | 44                             |
| <b>Total other financing sources (uses)</b>             | <b>(3,028)</b>   | <b>—</b>       | <b>—</b>        | <b>9,215</b>    | <b>1,566</b>    | <b>36,139</b>       | <b>—</b>  | <b>(2,573)</b>           | <b>41,319</b>                  |
| <b>Net change in fund balances</b>                      | <b>26,292</b>    | <b>831</b>     | <b>1,293</b>    | <b>11,556</b>   | <b>(3,535)</b>  | <b>19,087</b>       | <b>16,580</b>                                   | <b>(521)</b>             | <b>71,583</b>                  |
| <b>Fund balances – beginning of year</b>                | <b>(9,336)</b>   | <b>(8,833)</b> | <b>12,609</b>   | <b>(30,321)</b> | <b>81,294</b>   | <b>61,160</b>       | <b>(16,935)</b>                                 | <b>22,565</b>            | <b>112,203</b>                 |
| <b>Prior period adjustments</b>                         | <b>—</b>         | <b>(897)</b>   | <b>—</b>        | <b>(504)</b>    | <b>—</b>        | <b>(1,201)</b>      | <b>(2,071)</b>                                  | <b>(87)</b>              | <b>(4,760)</b>                 |
| <b>Fund balances – beginning of year, as restated</b>   | <b>(9,336)</b>   | <b>(9,730)</b> | <b>12,609</b>   | <b>(30,825)</b> | <b>81,294</b>   | <b>59,959</b>       | <b>(19,006)</b>                                 | <b>22,478</b>            | <b>107,443</b>                 |
| <b>Fund balances – end of year</b>                      | <b>\$ 16,956</b> | <b>(8,899)</b> | <b>13,902</b>   | <b>(19,269)</b> | <b>77,759</b>   | <b>79,046</b>       | <b>(2,426)</b>                                  | <b>21,957</b>            | <b>179,026</b>                 |

See accompanying notes to basic financial statements.



CITY OF NEW ORLEANS, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities:

Year ended December 31, 2013

(Amounts in thousands)

|   |                   |
|---|-------------------|
| Net change in fund balances – total governmental funds  | \$ 71,583         |
| Amounts reported for governmental activities in the statement of activities are different because:  |                   |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This represents the amount that capital outlays exceeded depreciation and loss on disposals in the current period.   | 75,819            |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This represents the change in deferred revenue.   | 9,093             |
| The decrease in taxes payable related to current year refunds due to taxpayers does not consume current resources in the governmental funds, but decreases tax revenue in the statement of activities.  | 5,085             |
| The issuance of long-term debt (e.g., bonds and certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities: |                   |
| Change in interest payable  | (599)             |
| Amortization of deferred loss on bond refunding   | (832)             |
| Bond and note principal payments  | 47,103            |
| Issuance of bonds and note payable  | (40,000)          |
| Premium on bonds issued   | (263)             |
| Amortization of bond discount and premium   | 14,906            |
| Compensated absences are recorded in the governmental funds when paid, but are recorded in the statement of activities when earned. This represents the amount compensated absences earned exceeded amounts paid in the current period.   | 1,798             |
| Legal claims and judgments are recorded in the governmental funds when paid, but are recorded in the statement of activities when incurred. This represents the amount claims paid and changes in estimates to claims exceed new claims incurred in the current period.   | (9,633)           |
| Changes in estimates related to municipal landfill closure costs do not consume current financial resources in the governmental funds, but are expensed in the statement of activities.   | 38                |
| Other post retirement benefits contributions are recorded as expenditures when paid by the governmental funds. This is the amount that the annual other post retirement benefit costs exceeded the other post retirement benefit contributions.   | (2,296)           |
| Pension and contributions are recorded as expenditures when paid by the governmental funds. Pension expense is recorded based on the annual pension cost in the statement of activities. This is the amount that the annual pension cost exceeded pension contributions.  | (16,069)          |
| Change in net position of governmental activities   | <u>\$ 155,733</u> |

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

## Statement of Fiduciary Net Position

December 31, 2013

(Amounts in thousands)

| Assets  | Pension<br>Trust<br>Funds | Agency<br>Funds |
|---|---------------------------|-----------------|
| Cash  | \$ 10,209                 | 33,174          |
| Investments                                     | 523,032                   | 21,961          |
| Receivables:                                    |                           |                 |
| Accounts  | —                         | 30              |
| Accrued interest                                | 5,596                     | —               |
| Contribution                                    | 317                       | —               |
| Other   | 1,125                     | —               |
| Due from other funds                            | —                         | —               |
| Other assets                                    | 346                       | —               |
| Capital assets, net of accumulated depreciation | 1                         | —               |
| Total assets                                    | <u>540,626</u>            | <u>55,165</u>   |
| <b>Liabilities and Net Position</b>             |                           |                 |
| Liabilities:                                    |                           |                 |
| Accounts payable                                | 720                       | 1               |
| Other payables and accruals                     | 53,811                    | 55,164          |
| Notes payable                                   | 9,459                     | —               |
| Total liabilities                               | <u>63,990</u>             | <u>55,165</u>   |
| Net position restricted for pension benefits    | <u>\$ 476,636</u>         | <u>—</u>        |

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
**Statement of Changes in Fiduciary Net Position**  
**Year ended December 31, 2013**  
**(Amounts in thousands)**

|  | <u>Pension<br/>Trust Funds</u> |
|--|--------------------------------|
| <b>Additions:</b>  |                                |
| <b>Contributions:</b>  |                                |
| Employer   | \$ 47,938                      |
| Members  | 7,347                          |
| Fire insurance rebate  | 1,478                          |
| Other  | 3,967                          |
| <b>Total contributions</b>                                       | <u>60,730</u>                  |
| <b>Other income:</b>   |                                |
| Other - City of New Orleans                                      | 63                             |
| <b>Total other income</b>  | <u>63</u>                      |
| <b>Investment income:</b>  |                                |
| Net appreciation in fair value of investments                    | 11,555                         |
| Interest and dividends   | 5,733                          |
| Other investment income  | 849                            |
| <b>Total investment income</b>                                   | <u>18,137</u>                  |
| Investment expense   | (7,002)                        |
| <b>Net investment income</b>                                     | <u>11,135</u>                  |
| <b>Total additions</b>   | <u>71,865</u>                  |
| <b>Deductions:</b>   |                                |
| Pension benefits   | 75,075                         |
| Refunds of member contributions                                  | 1,693                          |
| Death benefits   | 179                            |
| Administrative expenses  | 1,973                          |
| DROP withdrawal  | 5,914                          |
| PLOP withdrawal  | 10,374                         |
| Transfers to other plans   | 555                            |
| <b>Total deductions</b>  | <u>95,763</u>                  |
| <b>Change in net position</b>                                    | <u>(23,835)</u>                |
| Net position restricted for pension benefits – beginning of year | 500,471                        |
| Net position restricted for pension benefits – end of year       | <u>\$ 476,636</u>              |

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
**Combining Statement of Net Position**  
**Component Units**  
**December 31, 2013**  
(Amounts in thousands)

| Assets  | Audubon<br>Commission | Louis<br>Armstrong<br>New Orleans<br>International<br>Airport | Sewerage<br>and<br>Water<br>Board | Nonmajor<br>Component<br>Units | Total            |
|---|-----------------------|---|-----------------------------------|--------------------------------|------------------|
| <b>Current assets:</b>                                      |                       |   |                                   |                                |                  |
| Cash and cash equivalents                                   | \$ 2,153              | 7,208   | 71,426                            | 35,830                         | 116,617          |
| Investments   | —                     | 68,472  | —                                 | —                              | 68,472           |
| Receivables (net of allowances<br>for uncollectibles):      |                       |   |                                   |                                |                  |
| Property taxes  | —                     | —   | 8,119                             | 271                            | 8,390            |
| Accounts  | 342                   | 4,748   | 13,944                            | 7,104                          | 26,138           |
| Accrued interest  | —                     | —   | —                                 | 28                             | 28               |
| Grants  | 590                   | —   | 11,842                            | —                              | 12,432           |
| Other   | —                     | —   | 7,155                             | 14,312                         | 21,467           |
| Due from other governments                                  | —                     | —   | —                                 | 2,674                          | 2,674            |
| Inventory of supplies                                       | 1,367                 | —   | 6,936                             | —                              | 8,303            |
| Prepaid expenses and deposits                               | 1,277                 | 1,130   | 11,082                            | 1,353                          | 14,842           |
| <b>Total current assets</b>                                 | <b>5,729</b>          | <b>81,558</b>   | <b>130,504</b>                    | <b>61,572</b>                  | <b>279,363</b>   |
| <b>Restricted cash and investments:</b>                     |                       |   |                                   |                                |                  |
| Customer deposits   | —                     | —   | —                                 | 3,927                          | 3,927            |
| Current debt service account                                | —                     | 21,281  | 33,405                            | —                              | 54,686           |
| Future debt service account                                 | 307                   | 32,835  | —                                 | 6,914                          | 40,056           |
| Operation and maintenance account                           | —                     | 8,373   | —                                 | —                              | 8,373            |
| Capital improvements  | 1,791                 | 69,264  | 4,556                             | —                              | 75,611           |
| Health insurance reserve                                    | —                     | —   | 2,328                             | —                              | 2,328            |
| Receivables   | 1,250                 | 3,616   | —                                 | —                              | 4,866            |
| Other   | —                     | 9,421   | —                                 | —                              | 9,421            |
| <b>Total restricted assets</b>                              | <b>3,348</b>          | <b>144,790</b>  | <b>40,289</b>                     | <b>10,841</b>                  | <b>199,268</b>   |
| <b>Capital assets (net of accumulated<br/>depreciation)</b> | <b>133,310</b>        | <b>522,258</b>  | <b>2,107,838</b>                  | <b>182,579</b>                 | <b>2,945,985</b> |
| <b>Other assets</b>   | <b>8,717</b>          | <b>4,343</b>  | <b>51</b>                         | <b>48</b>                      | <b>13,159</b>    |
| <b>Total assets</b>   | <b>151,104</b>        | <b>752,949</b>  | <b>2,278,682</b>                  | <b>255,040</b>                 | <b>3,437,775</b> |
| <b>Deferred Outflows of Resources</b>                       |                       |   |                                   |                                |                  |
| Unamortized loss on advance refunding                       | 480                   | 20,174  | —                                 | —                              | 20,654           |
| <b>Total deferred outflows of resources</b>                 | <b>480</b>            | <b>20,174</b>   | <b>—</b>                          | <b>—</b>                       | <b>20,654</b>    |
| <b>Total assets and deferred<br/>outflows of resources</b>  | <b>\$ 151,584</b>     | <b>773,123</b>  | <b>2,278,682</b>                  | <b>255,040</b>                 | <b>3,458,429</b> |

See accompanying notes to basic financial statements.

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Net Position

Component Units

December 31, 2013

(Amounts in thousands)

|  | Audubon<br>Commission | Louis<br>Armstrong<br>New Orleans<br>International<br>Airport | Sewerage<br>and<br>Water<br>Board | Nonmajor<br>Component<br>Units | Total            |
|--|-----------------------|---|-----------------------------------|--------------------------------|------------------|
| <b>Liabilities</b>   |                       |   |                                   |                                |                  |
| <b>Current liabilities (payable from current assets):</b>                          |                       |   |                                   |                                |                  |
| Accounts payable   | \$ 5,955              | 3,955   | 37,622                            | 9,765                          | 57,297           |
| Retainages payable   | —                     | —   | 6,548                             | —                              | 6,548            |
| Other payables and accruals  | —                     | 1,450   | 22,586                            | 5,810                          | 29,846           |
| Due to other governments   | —                     | 5,308   | 23,020                            | 3,322                          | 31,650           |
| Capital lease payable  | 130                   | 1,195   | —                                 | —                              | 1,325            |
| Loans payable  | —                     | —   | 4,039                             | —                              | 4,039            |
| <b>Total current liabilities (payable from current assets)</b>                     | <b>6,085</b>          | <b>11,908</b>   | <b>93,815</b>                     | <b>18,897</b>                  | <b>130,705</b>   |
| <b>Current liabilities (payable from restricted assets):</b>                       |                       |   |                                   |                                |                  |
| Retainages payable   | —                     | —   | 590                               | —                              | 590              |
| Capital projects payable   | 2,921                 | 2,409   | —                                 | —                              | 5,330            |
| Accounts payable   | —                     | 1,252   | —                                 | —                              | 1,252            |
| Accrued interest   | 1,268                 | 10,073  | 2,244                             | 68                             | 13,653           |
| Limited tax bonds  | 3,030                 | —   | —                                 | —                              | 3,030            |
| Loans payable, current portion   | 1,118                 | 3,606   | —                                 | —                              | 4,724            |
| Bonds payable, current portion   | —                     | 11,950  | 18,145                            | 1,667                          | 31,762           |
| Deposits and other   | —                     | —   | 10,107                            | 181                            | 10,288           |
| <b>Total current liabilities (payable from restricted assets)</b>                  | <b>8,337</b>          | <b>29,290</b>   | <b>31,086</b>                     | <b>1,916</b>                   | <b>70,629</b>    |
| <b>Total current liabilities</b>   | <b>14,422</b>         | <b>41,198</b>   | <b>124,901</b>                    | <b>20,813</b>                  | <b>201,334</b>   |
| <b>Long-term liabilities:</b>  |                       |   |                                   |                                |                  |
| Claims payable   | —                     | —   | 1,914                             | —                              | 1,914            |
| Capital lease payable  | 255                   | —   | —                                 | —                              | 255              |
| Other postretirement benefits liability  | —                     | —   | 54,778                            | —                              | 54,778           |
| Limited tax bonds (net of current portion)   | 24,786                | —   | —                                 | —                              | 24,786           |
| Revenue bonds (net of current portion and unamortized discounts)                   | —                     | —   | 170,256                           | 8,710                          | 178,966          |
| Refunding bonds (net of current portion and unamortized loss on advance refunding) | —                     | 323,005   | —                                 | —                              | 323,005          |
| Loans payable  | 14,252                | 30,082  | 65,879                            | —                              | 110,213          |
| Other  | 10,000                | —   | 44,821                            | 61,585                         | 116,406          |
| <b>Total long-term liabilities</b>   | <b>49,293</b>         | <b>353,087</b>  | <b>337,648</b>                    | <b>70,295</b>                  | <b>810,323</b>   |
| <b>Total liabilities</b>   | <b>63,715</b>         | <b>394,285</b>  | <b>462,549</b>                    | <b>91,108</b>                  | <b>1,011,657</b> |
| <b>Deferred Inflows of Resources</b>   |                       |   |                                   |                                |                  |
| Unavailable revenue  | —                     | —   | —                                 | 2,031                          | 2,031            |
| <b>Total deferred inflows of resources</b>   | <b>—</b>              | <b>—</b>  | <b>—</b>                          | <b>2,031</b>                   | <b>2,031</b>     |
| <b>Net position</b>  |                       |   |                                   |                                |                  |
| Net investment in capital assets   | 88,633                | 231,487   | 1,919,437                         | 119,030                        | 2,358,587        |
| Restricted for bond debt service   | —                     | 44,784  | 33,405                            | 1,820                          | 80,009           |
| Restricted for capital improvements (deficit)                                      | —                     | 50,009  | —                                 | —                              | 50,009           |
| Restricted for operating reserve   | —                     | 12,094  | —                                 | 3,936                          | 16,030           |
| Unrestricted   | (764)                 | 40,464  | (136,709)                         | 37,115                         | (59,894)         |
| <b>Total net position</b>  | <b>\$ 87,869</b>      | <b>378,838</b>  | <b>1,816,133</b>                  | <b>161,901</b>                 | <b>2,444,741</b> |

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Activities

## Component Units

Year ended December 31, 2013

(Amounts in thousands)

|   | Program revenues  |                      |                                    |                                  | Net (expense) revenue and changes in net position |   |                          |                          | Total            |
|---|-------------------|----------------------|------------------------------------|----------------------------------|---|---|--------------------------|--------------------------|------------------|
|   | Expenses          | Charges for services | Operating grants and contributions | Capital grants and contributions | Audubon Commission                                | Louis Armstrong New Orleans International Airport | Sewerage and Water Board | Nonmajor Component Units |                  |
| <i>Component units:</i>                           |                   |                      |                                    |                                  |   |   |                          |                          |                  |
| Audubon Commission                                | \$ 59,061         | 38,829               | —                                  | 11,273                           | (8,959)   | —   | —                        | —                        | (8,959)          |
| Louis Armstrong New Orleans International Airport | 107,820           | 73,485               | —                                  | 9,187                            | —   | (25,148)  | —                        | —                        | (25,148)         |
| Sewerage and Water Board                          | 188,712           | 143,577              | 2,054                              | 114,318                          | —   | —   | 71,237                   | —                        | 71,237           |
| Other nonmajor component units                    | 55,926            | 35,339               | 5,259                              | 10,672                           | —   | —   | —                        | (4,656)                  | (4,656)          |
| <b>Total component units</b>                      | <b>\$ 411,519</b> | <b>291,230</b>       | <b>7,313</b>                       | <b>145,450</b>                   | <b>(8,959)</b>                                    | <b>(25,148)</b>                                   | <b>71,237</b>            | <b>(4,656)</b>           | <b>32,474</b>    |
| <i>General revenues:</i>                          |                   |                      |                                    |                                  |   |   |                          |                          |                  |
| Interest revenue                                  |                   |                      |                                    |                                  | 1   | 380   | 354                      | 42                       | 777              |
| Property taxes                                    |                   |                      |                                    |                                  | 9,281   | —   | 52,069                   | 5,667                    | 67,017           |
| Passenger and customer facility charges           |                   |                      |                                    |                                  | —   | 30,152  | —                        | —                        | 30,152           |
| Forgiveness of debt                               |                   |                      |                                    |                                  | —   | —   | 30,061                   | —                        | 30,061           |
| Other   |                   |                      |                                    |                                  | 3,582   | 630   | —                        | 13,564                   | 17,776           |
| <b>Total general revenues</b>                     |                   |                      |                                    |                                  | <b>12,864</b>                                     | <b>31,162</b>                                     | <b>82,484</b>            | <b>19,273</b>            | <b>145,783</b>   |
| <b>Changes in net position</b>                    |                   |                      |                                    |                                  | <b>3,905</b>                                      | <b>6,014</b>                                      | <b>153,721</b>           | <b>14,617</b>            | <b>178,257</b>   |
| Net position – beginning of year                  |                   |                      |                                    |                                  | 84,198  | 379,479   | 1,600,612                | 147,376                  | 2,211,665        |
| Prior period adjustments                          |                   |                      |                                    |                                  | (234)   | (6,655)   | 61,800                   | (92)                     | 54,819           |
| Net position – beginning of year, as restated     |                   |                      |                                    |                                  | 83,964  | 372,824   | 1,662,412                | 147,284                  | 2,266,484        |
| <b>Net position – ending</b>                      |                   |                      |                                    |                                  | <b>\$ 87,869</b>                                  | <b>378,838</b>                                    | <b>1,816,133</b>         | <b>161,901</b>           | <b>2,444,741</b> |

See accompanying notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

**(1) Summary of Significant Accounting Policies**

The basic financial statements of the City of New Orleans, Louisiana (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The most significant accounting and reporting policies of the City are described in the following notes to the basic financial statements.

The City was incorporated in 1805. The City's system of government was established by its Home Rule Charter, which became effective in 1954 and was amended effective January 1, 1996. The City operates under a Mayor-Council form of government and provides the following types of services as authorized by its charter: public safety, health and human services, public works, water and sewerage, urban development and housing, economic development, culture and recreation, airport, and general government services. Education and welfare are administered by other governmental entities.

***Basis of Presentation – Financial Reporting Entity***

The accompanying financial statements include financial statements for the City and certain legally separate organizations in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. Organizations are included if the City is financially accountable for them and the relationship creates a financial benefit or burden for the City. An organization may also be included if the nature and significance of their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The City is financially accountable for an organization if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization. An organization can provide a financial benefit to, or impose a financial burden on, the City in a variety of ways. The benefit or burden may result from legal entitlements or obligations, or it may be less formalized and exist because of decisions made by the City or agreements between the City and a component unit.

***Component Units***

In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units. Each blended and discretely presented component unit has a December 31 year-end.

Complete financial statements of the following individual discretely presented component units can be obtained from their administrative offices:

Audubon Commission  
6500 Magazine Street  
New Orleans, Louisiana, 70118

Canal Street Development Corporation  
1300 Perdido Street, Suite 2E04  
New Orleans, Louisiana 70112



**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

Downtown Development District  
201 St. Charles Avenue, Suite 3912  
New Orleans, Louisiana 70170

French Market Corporation  
1008 N. Peters Street, 3 floor  
New Orleans, Louisiana 70116

Louis Armstrong New Orleans International Airport  
New Orleans Aviation Board  
P.O. Box 20007  
New Orleans, Louisiana 70141

New Orleans Municipal Yacht Harbor  
Management Corporation  
401 North Roadway  
New Orleans, Louisiana 70124

New Orleans Building Corporation  
1300 Perdido Street, Suite 2E04  
New Orleans, Louisiana 70112

New Orleans Tourism Marketing Corporation  
One Canal Place, Suite 2020  
New Orleans, Louisiana 70130

Orleans Parish Communication District  
301 South Broad Street  
New Orleans, Louisiana 70119

Orleans Parish Hospital Service District A  
6600 Plaza Drive, Suite 307  
New Orleans, Louisiana 70128

Upper Pontalba Building Restoration Corporation  
1008 N. Peters Street, 2 Floor  
New Orleans, Louisiana 70116

Sewerage and Water Board  
625 St. Joseph Street  
New Orleans, Louisiana 70165

***Blended Component Units***

*Blended component units, although legally separate entities, are, in substance, part of the City's operations, as they provide services exclusively or almost exclusively for the City. The following is a description of those legally separate component units for which the City is financially accountable that are blended with the primary government because they are, in substance, part of the government's operations. Blended means the data from these units are combined with data of the primary government.*

***Board of Liquidation, City Debt (The Board)*** – The Board is a separate legal entity and is included (blended) in the operations of the debt service fund and governmental activities of the City because it handles all matters relating to the bonded debt of the City.

In addition, the following component units are reported as pension trust funds:

***Employees' Retirement System of the City of New Orleans (NOMERS)*** – NOMERS is a separate legal entity established by City ordinance to provide pension benefits for substantially all City employees, except police officers and fire fighters. The Mayor appoints a voting majority of the members of the NOMERS governing board. NOMERS is presented as a pension trust fund because NOMERS serves the employees of the City. The net position of NOMERS is held for the sole benefit of the participants and is not available for appropriation.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

**Firefighters' Pension and Relief Fund (FPRF)** – FPRF is a separate legal entity established by City ordinance to provide pension benefits for City firefighters. The Mayor appoints the members of the FPRF governing board. FPRF is presented as a pension trust fund because FPRF serves the employees of the City. The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. The net position of FPRF is held for the sole benefit of the participants and is not available for appropriation.

**Police Pension Fund (MPERS)** – MPERS is a separate legal entity established by City ordinance to provide pension benefits for City police officers. The Mayor appoints the members of MPERS' governing board. MPERS is presented as a pension trust fund because MPERS serves the employees of the City. The net position of MPERS is held for the sole benefit of the participants and is not available for appropriation.

**Discretely Presented Component Units**

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the City.

The following are the City's discretely presented component units:

| <b>Discretely Presented Component Units</b>                                   | <b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>  |
|---|---|
| <b><i>Louis Armstrong New Orleans International Airport (the Airport)</i></b> | Local government corporation established in 1943 by the City to provide for the operation and maintenance of the Airport. The Board consists of nine members appointed by the Mayor of the City with approval of the City Council. The City of Kenner, Louisiana and the Parish of St. Charles, Louisiana each have input as to the selection of one board member. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.  |
| <b><i>Downtown Development District</i></b>                                   | Local government corporation created by Act 498 of 1974 and amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature, effective January 1, 1975. The District is a special taxing district designated "the Core Area Development District of the City of New Orleans," later renamed the Downtown Development District of the City of New Orleans, comprising all the territory within prescribed boundaries. The Board of Directors is composed of nine members for governance of the District. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will. |

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

**Discretely Presented Component Units**

**Brief Description of Activities, Relationship to City,  
and Key Inclusion Criteria**

***Sewerage and Water Board***

A local government corporation created by the City through Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain, and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In accordance with Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The board is composed of 13 members, including the Mayor of the City, the two Council members-at-large, and one District Council member, selected by the City Council, two members of the Board of Liquidation, and seven citizens appointed by the Mayor. The appointed members of the board serve staggered nine-year terms. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

***Audubon Commission (the Commission)***

The Commission was created by the Louisiana Legislature to manage and operate its facilities consisting of nine museums and parks dedicated to celebrating the wonders of nature, with goals of fostering education, research, wildlife conservation, family entertainment, and positive economic impact. The Commission has a 24-member board appointed by the Mayor. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

***New Orleans Municipal Yacht Harbor  
Management Corporation***

Local corporation formed by the City to operate the Municipal Yacht Harbor in the manner comparable to that of a private business enterprise; to provide a safe and secure environment for recreational boating; to ensure that the cost associated with providing services to the general public are financed or recovered through user fee and charge; and to place an emphasis on generating a sufficient amount of net operating revenues to be used for maintenance and capital improvement projects. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

**Discretely Presented Component Units**

**Brief Description of Activities, Relationship to City,  
and Key Inclusion Criteria**

***New Orleans Tourism Marketing Corporation***

A local government corporation created by the City on January 1, 1990. Its objectives and purposes are to continuously stimulate the hospitality and tourism industry of the City of New Orleans through regional, national, and international advertising and marketing of the City of New Orleans as a tourist and convention site and a vacation destination; to stimulate economic development in the City of New Orleans through the marketing and solicitation of conventions and trade shows throughout the U.S. and the World; and to advance, promote, and maintain tourism and trade in the City of New Orleans through marketing activities directed at the discretionary tourist or traveler through advertising, direct mailing, or other means. A 15-member Board of Directors is appointed in various ways. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

***French Market Corporation***

Local government corporation formed January 1, 1972 by the City to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans. These properties include five buildings and the Farmers Market. The French Market is a nonprofit corporation that is owned by the City and administered by a board of directors consisting of 12 members appointed by the Mayor. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

***Upper Pontalba Building Restoration Corporation***

Local government corporation organized on July 14, 1988 by the City for the purpose of renovating and operating the Upper Pontalba Building. The organization is a nonprofit corporation administered by a board of directors consisting of 7 members that are appointed by the sole stockholder, the Mayor of New Orleans. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

December 31, 2013

| <b>Discretely Presented Component Units</b>         | <b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>   |
|---|--|
| <b><i>Canal Street Development Corporation</i></b>  | Nonprofit, public benefit corporation incorporated on August 8, 1989 under the Internal Revenue Code Section 501(c)(3) for the sole and exclusive purpose of stimulating business development in the Central Business District and the adaptive reuse and development of Canal Street for commercial purposes. This objective is currently being met through renovations and the leasing of donated real estate and economic development endeavors. The corporation's board of directors is comprised of three Councilmen from the City Council and eight other board members who are appointed by the Mayor of the City. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.   |
| <b><i>New Orleans Building Corporation</i></b>      | Nonprofit, public benefit corporation, incorporated in the State of Louisiana on May 4, 2000 under the Internal Revenue Code Section 501(c)(3) for the purpose of owning, leasing, developing and operating properties owned by the City of New Orleans or by the Corporation. The organization's board of directors is comprised of the Mayor of the City, two council members-at-large, one District Council member, and three citizens. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.  |
| <b><i>Orleans Parish Communication District</i></b> | The Orleans Parish Communication District, comprising of Orleans Parish, was created effective July 13, 1982, pursuant to Act No. 155 of the 1982 Regular Session of the Louisiana Legislature. The district was created for the purpose of establishing a local emergency telephone service; to establish a primary emergency telephone number; to provide for the governing body of the District; and to authorize the governing authority of such district to levy an emergency telephone tax. This act was amended by Act No. 1029 in 1999 to provide for the creation of multi-parish communications districts; to provide information relative to the rate of the emergency telephone service charge on landline phones; and to authorize the levy of an emergency telephone service charge on certain wireless communications systems. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will. |

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

| <b>Discretely Presented Component<br/>Units</b> | <b>Brief Description of Activities, Relationship to City,<br/>and Key Inclusion Criteria</b> |
|---|--|
|---|--|

***Orleans Parish Hospital Service  
District A***

Louisiana hospital service district was created effective July 5, 2006, pursuant to Act No. 830 of the 2006 Regular Session of the Louisiana Legislature. The district was created for the purpose of studying the feasibility of building or acquiring and operating hospital facilities within the District. The district is divided into two areas: (a) Orleans Parish east of the Industrial Canal and (b) all of Orleans Parish except the geographical areas of the Industrial Canal and the area of Orleans Parish bounded by Earhart Boulevard, Carrollton Avenue, Loyola Avenue, and Iberville Street. The two areas of the district are governed by separate governing boards consisting of thirteen commissioners each. The Mayor of the City appoints seven members of each board. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

***Related and Jointly Governed Organizations***

Related organizations and jointly governed organizations provide services within the City that are administered by separate boards or commissions, for which the City is not financially accountable, and such organizations are, therefore, not reported as component units of the City even though the Mayor and/or the City Council may appoint a voting majority of an organization's board.

***Related Organizations***

For the following organizations, the Mayor and/or the City Council appoints a voting majority of the members of the respective boards.

- Community Improvement Agency
- Housing Authority of New Orleans
- Finance Authority of New Orleans
- Public Belt Railroad Commission
- New Orleans Affordable Home Ownership, Inc.
- Regional Transit Authority

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

#### *Jointly Governed Organizations*

The City is a participant in other jointly governed organizations. The Mayor and/or the City Council appoints members of the boards for the following organizations. Such appointments represent less than a voting majority of the respective boards. There is no ongoing financial interest or ongoing financial responsibility for these entities.

New Orleans Regional Loan Corporation  
New Orleans City Park Improvement Association  
New Orleans Exhibition Hall Authority  
Regional Planning Commission

#### **Basis of Presentation – Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. Activity for the City and its discretely presented component units are reported separately in the government-wide financial statements. All fiduciary activities are reported only in the fund financial statements. The effect of interfund activity has been eliminated in these statements.

Governmental activities are supported in part by property taxes, sales taxes, franchise taxes, charges for services, and grant revenues from the federal government and the State of Louisiana.

The statement of activities reports the change in the City's net position from January 1, 2013 to December 31, 2013. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The identification of major funds is determined by the City each year under the methods outlined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – of State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – of State and Local Governments: Omnibus GASB Statements*.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

#### Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources, and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds:

- (a) **General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.
- (b) **HUD Fund** – This special revenue fund is used to account for funding from the Department of Housing and Urban Development (HUD). Some of the major initiatives are Community Development Block Grants (CDBG), HOME Investment Partnership Act Program (HOME), Emergency Shelter Grant (ESG) Program, and Housing Opportunities for Persons with HIV/AIDS (HOPWA).
- (c) **Federal UDAG Fund** – This special revenue fund accounts for grants received from the Department of HUD for the purpose of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City.
- (d) **FEMA Fund** – This special revenue fund accounts for grants received from the Federal Emergency Management Agency (FEMA) for hurricane relief efforts.
- (e) **Debt Service Fund** – The debt service fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds, limited tax bonds, and revenue bonds, including debt principal, interest, and related costs.
- (f) **Capital Projects Fund** – The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).
- (g) **Louisiana Office of Community Development Fund** – This special revenue fund accounts for Disaster Community Development Block Grants received from the Louisiana Office of Community Development (LCD) to assist the City in recovery from the effects of Hurricane Katrina and Hurricane Gustav.

#### Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. These include the following:

- (a) **Pension Trust Funds** – account for the accumulation of resources for pension benefit payments to qualified employees.
- (b) **Agency Funds** – are custodial in nature and do not involve measurement of results of operations.



# CITY OF NEW ORLEANS, LOUISIANA

## Notes to Basic Financial Statements

December 31, 2013

### **Basis of Accounting-Measurement Focus**

#### ***Government-Wide Financial Statements (GWFS)***

The statement of net position and the statement of activities include all the financial activities of the City, except for the fiduciary funds, and its component units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

#### ***Fund Financial Statements***

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their reported fund balances are considered a measure of "available spendable resources." Governmental fund statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Under the modified accrual basis of accounting, revenues are recorded when considered both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers amounts collected within sixty days after year-end to be available and recognizes them as revenues of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to principal and interest on long-term debt, claims, judgments, landfill post closing costs, and compensated absences are recognized when matured (i.e., due and payable).

The following types of revenues are susceptible to accrual under the modified accrual basis of accounting: delinquent property taxes (including penalty and interest); services billed to other funds; sales tax; franchise fees; investment earnings; and grants. Intergovernmental revenues from reimbursable grants and capital projects are recognized when all eligibility requirements have been met and amounts are considered available. Non-current portions of certain long-term receivables, primarily property taxes and special assessments, are reported on the balance sheet of governmental funds in spite of their spending measurement focus. Special reporting treatments are used to indicate that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become available.

Licenses and permits, certain charges for services, fines, and forfeitures, and miscellaneous other revenues are recorded as revenues when received in cash because they are generally not measurable or available until actually received.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

***Pension Trust and Agency Funds***

Pension trust funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Their revenues are recognized when earned, and their expenses are recognized when incurred. Agency funds use the accrual basis of accounting, but do not involve the measurement of operations.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires 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, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

***Cash and Cash Equivalents***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

***Investments***

Investments are stated at fair value (generally based on quoted market prices) except for the position in the Louisiana Asset Management Pool (LAMP). LAMP operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the LAMP qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State of Louisiana, although it is not registered with the SEC.

***Accounts Receivable***

Property tax receivables of \$25,466,000 and grantee loan receivables of \$26,979,000 are shown net of an allowance of uncollectible amounts of \$18,987,000 and \$25,462,000, respectively.

***Capital Assets***

Capital assets (i.e., land, buildings, equipment, and improvements other than buildings), which include the City's infrastructure, and construction in progress are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets are recorded at their fair value on the date donated. An item is classified as an asset if the initial individual cost is \$5,000 or greater. Capital assets of the City are reported in the government-wide financial statements but not in the governmental fund financial statements. Assets subject to depreciation are depreciated using the straight-line method over estimated useful lives.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

Additions and improvements that significantly extend the useful life of an asset are capitalized. Repairs and maintenance costs are expensed as incurred.

The City reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment in the carrying value of capital assets. If facts or circumstances support the possibility of impairment, management follows guidance in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment will be made to the carrying value of the capital assets. No impairment was recorded in 2013.

The estimated useful lives (in years) of all depreciable assets are as follows:

|                            |         |
|----------------------------|---------|
| Buildings and improvements | 20 – 40 |
| Equipment and vehicles     | 5 – 10  |
| Infrastructure             | 25 – 50 |
| Other                      | 5 – 15  |

Fully depreciated capital assets are included in the capital asset accounts until their disposal. The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement, and any resulting gain or loss is recorded in the financial statements.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City received advances of property taxes levied for the subsequent year. These amounts are deferred and will be recognized as revenue in the subsequent year. In addition, the City has a type of deferred inflows which arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

#### *Annual and Sick Leave*

All full-time classified employees of the City hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 may accrue a maximum of 45 days of annual leave and an unlimited number of days of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon his or her current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued leave to additional days of service.

For governmental funds, annual and sick leave expenditures are recorded when due and payable. All vacation and sick leave is accrued when earned at the government-wide level.

#### *Litigation*

Claims and judgments are recognized in the governmental funds as expenditures when due and payable. Therefore, claims and judgments that are due and payable would be expected to be liquidated with expendable available financial resources. To the extent that claims and judgments mature prior to December 31, and are payable from current financial resources, they are accrued at December 31, 2013. Other liabilities not expected to mature as of December 31, 2013 are reported as liabilities in the government-wide financial statements. Estimates of claims and judgment liabilities (both incurred and reported and incurred but not reported) are made through a case-by-case review of all claims and the application of historical experience to the outstanding claims.

#### *Net Position*

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets; increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

Restricted net position is when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. Liabilities and deferred inflows related to restricted assets include liabilities and deferred inflows to be liquidated with restricted assets and arising from the same resource flow that results in restricted assets. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

#### ***Net Position Flow Assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### ***Fund Balance***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). In the governmental fund financial statements, fund balances are classified as follows:

- (a) **Non-Spendable Fund Balance** - amounts that cannot be spent either because they are in a non-spendable form (such as prepaid expenses) or because they are legally or contractually required to be maintained intact.
- (b) **Restricted Fund Balance** - amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- (c) **Committed Fund Balance** - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority by a vote of the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- (d) **Assigned Fund Balance** - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governmental body delegates the authority such as the City and its management.
- (e) **Unassigned Fund Balance** - all amounts not included in other spendable classifications.

#### ***Fund Balance Flow Assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

#### (2) Deposits and Investments

**Deposits.** The City's deposits are subject to and maintained in accordance with the State of Louisiana's Constitutional Revised Statutes (Revised Statutes). Under the Revised Statutes, all deposits exceeding the amount insured by the FDIC are to be fully collateralized with specific approved securities designated therein valued at 102% of the deposits. The eligible collateral pledged are held in custody by any Federal Reserve Bank, or branch thereof or an independent third party with whom the City has a current custodial agreement. All collateral held must be clearly marked, indicating evidence of ownership (safekeeping receipt). Deposits collateralized under the Revised Statutes are considered collateralized with securities held by the pledging financial institutions trust department or agent in the "City's name."

At December 31, 2013, the carrying amount of the City's deposits was \$105,514,000, including \$62,131,000 reported in the governmental funds and \$43,383,000 reported in the fiduciary funds.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it under state law. At December 31, 2013, the City's bank balances totaled \$98,764,000. These bank deposits were completely secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City's name at December 31, 2013.

**Investments.** The City's investment policy states its primary objectives, in priority order, of investment activities shall be:

Safety: Safety/security of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

Liquidity: The City investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

Return on Investments: The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with investment risks constraints and the cash flow characteristics of the portfolio. Return on investments shall be secondary to the safety and liquidity objectives described above. The core of investments is limited to qualified, relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed.

The City's investment policy applies to all investment activities of the City under the control of the Director of Finance, including management of certain investments related to governmental and agency funds. All deposits and investments shall be made with a qualified public depository or dealer. Broker/Dealers are selected by their credit worthiness and must be authorized to provide investment services in the state of Louisiana. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

The City's policy also requires, to the extent possible, diversification of its investments by security type and institution. With the exception of U.S. Treasury securities, bank certificates of deposit (as limited by R.S.39:1242d), and authorized pools, no more than 25% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. This diversification is required in order that potential losses on individual securities do not exceed the income of the remainder of the portfolio. Deviation from expectations will be reported in a timely manner and appropriate action taken to control adverse risks.

The City invests monies with the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB standards requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7- like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 60 as of December 31, 2013.
- Foreign currency risk: Not applicable to 2a7 -like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

**CITY OF NEW ORLEANS, LOUISIANA**

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

The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value, which is based on available market values. The Local Government Investment Pool is a "2a7-like" pool in accordance with GASB Statement No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value.

At December 31, 2013, the City's market value of investments was as follows (amounts in thousands):

|   | <u>Governmental</u> | <u>Agency</u>    | <u>Pension Trust</u> | <u>Total</u>      |
|---|---------------------|------------------|----------------------|-------------------|
| LAMP  | \$ 12,330           | \$ 21,961        | \$ -                 | \$ 34,291         |
| Money market  | 100,058             | -                | -                    | 100,058           |
| U.S. Agency securities  | 37,409              | -                | 102,090              | 139,499           |
| U.S. Treasury Bills   | 15,847              | -                | -                    | 15,847            |
| Corporate bonds   | -                   | -                | 3                    | 3                 |
| Stock and mutual funds  | -                   | -                | 243,665              | 243,665           |
| Real estate and real estate funds   | -                   | -                | 55,293               | 55,293            |
| Invested in corporations, partnerships,<br>and limited liability corporations | -                   | -                | 19,998               | 19,998            |
| Invested in hedge funds, private<br>equity funds, and fund of funds           | -                   | -                | 39,568               | 39,568            |
| Notes receivable  | -                   | -                | 10,582               | 10,582            |
| Other   | -                   | -                | 1,970                | 1,970             |
| Cash equivalents  | -                   | -                | 49,863               | 49,863            |
| <b>Total investments</b>  | <b>\$ 165,644</b>   | <b>\$ 21,961</b> | <b>\$ 523,032</b>    | <b>\$ 710,637</b> |

**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 City manages interest rate risk for investments under the control of the City by limiting the maximum maturity of investments in accordance with their investment policy. As stated in its investment policy, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, cash will not be invested in securities maturing more than three years from the date of purchase.

At December 31, 2013, the governmental and fiduciary funds, investment balances and maturities for those investments were as follows (amounts in thousands):

|                          | <u>Investment maturity in years</u> |                               |
|--------------------------|-------------------------------------|-------------------------------|
|                          | <u>Total</u>                        | <u>Less than<br/>one year</u> |
| LAMP                     | \$ 34,291                           | \$ 34,291                     |
| Money market             | 100,058                             | 100,058                       |
| U.S. Agency Securities   | 37,409                              | 37,409                        |
| U.S. Treasury Bills      | 15,847                              | 15,847                        |
| <b>Total investments</b> | <b>\$ 187,605</b>                   | <b>\$ 187,605</b>             |



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At December 31, 2013, the Firefighters' Pension trust fund's investment balances and maturities for those investments subject to interest rate risk were as follows (amounts in thousands):

|                  | Investment maturity in years |                    |       |              |
|------------------|------------------------------|--------------------|-------|--------------|
|                  | Total                        | Less than one year | 1 - 5 | More than 10 |
| Corporate bonds  | \$ 3                         | \$ -               | \$ 3  | \$ -         |
| Notes receivable | \$ 10,582                    | \$ 8,938           | \$ -  | \$ 1,644     |

At December 31, 2013, the Municipal Employees' Pension trust fund's investment balances and maturities for those investments subject to interest rate risk were as follows (amounts in thousands):

|                  | Investment maturity in years |                    |                 |                 |               |
|------------------|------------------------------|--------------------|-----------------|-----------------|---------------|
|                  | Total                        | Less than one year | 1 - 5           | 6 - 10          | More than 10  |
| Commercial Paper | \$ 7                         | \$ -               | \$ -            | \$ -            | \$ 7          |
| Discounted Notes | 1,695                        | 1,695              | -               | -               | -             |
| Government Bonds | 11,583                       | 3,099              | 4,234           | 3,498           | 752           |
|                  | <u>\$ 13,285</u>             | <u>\$ 4,794</u>    | <u>\$ 4,234</u> | <u>\$ 3,498</u> | <u>\$ 759</u> |

**Credit Quality Risk** – Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the City. The City does not have a policy statement concerning credit quality risk in its investment policy. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not assigned credit quality ratings. Credit quality ratings are reported on obligations of U.S. government agencies not explicitly guaranteed by the U.S. government. LAMP has been rated AAA by Standard & Poor's Corporation.

The following table provides information on the credit ratings associated with the Municipal Employees' pension trust fund's investments in debt securities at December 31, 2013 (amounts in thousands):

| Asset Category             | Rating    | Market Value     |
|----------------------------|-----------|------------------|
| Corporate Bonds            | Not rated | \$ 7             |
| Discounted Notes           | Not rated | 1,695            |
| Government Bonds           | AAA       | 303              |
| Government Bonds           | AA+       | 375              |
| Government Bonds           | BBB       | 67               |
| Government Bonds           | BB+       | 26               |
| Government Bonds           | Not rated | 554              |
| Short Term Investment Fund | Not rated | 20,721           |
|                            |           | <u>\$ 23,748</u> |

The Firefighters' pension trust fund's investment policy allows for investment in publicly-traded debt securities rated at or above Baa by Moody's and BBB by Standard and Poor's at time of purchase. At December 31, 2013, \$13,191,649 of the New System's cash equivalents were rated AAA by Standard and Poor's, and \$126,449 was not rated. At December 31, 2013, \$5,606,761 of the Old System's cash equivalents were rated AAA by Standard and Poor's and \$11,716,145 were not rated.

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**Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of a failure, the City 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 City'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 City's name. The investments of the City and NOMERS' trust fund's investments owned at December 31, 2013 were not subject to custodial credit risk.

The City has no formal investment policy regarding custodial credit risk.

At December 31, 2013, the Firefighters' Pension and Relief Fund's (New System) cash collateral held under the securities lending program in the amount of \$1,926,475 is exposed to custodial credit risk since the collateral is not in the name of the fund.

**Concentration of Credit Risk** – The City's investment policy does not allow for more than 25% of the total investment portfolio to be invested in a single security type with the exception of U.S. Treasury securities, bank certificates of deposit, and authorized pools. As of December 31, 2013, the City was in compliance with this policy. All of the City's governmental fund investments are issued or explicitly guaranteed by the U.S. government or are held in LAMP and are not subject to concentration of credit risk.

The NOMERS pension trust fund's investment policy mandates the maximum limits on position held with each assets class as follows: equities (50%), fixed income (25%), real estate (10%), and alternative investments (15%). As of December 31, 2013, all NOMERS investments were in compliance with this policy.

The Firefighter's Pension and Relief Fund's investment policy states that no more than 25% of the equity portfolio market value may be invested in any single industry at the time of purchase. In addition, no more than 5% of total fund assets at market may be invested in any one issuer's securities (exclusive of issues of the U.S. Treasury or other federal agencies). The Firefighter's Pension and Relief Fund was in compliance with the concentration of risk investment policy during the year ended December 31, 2013.

**Securities Lending Transactions** – The Board of Trustees of the Firefighter's Pension and Relief Fund authorized the fund to enter into a securities lending program. These agreements consist of the loan of stock and bonds with a simultaneous agreement to reacquire the same loaned security in the future plus a contract rate of interest. The Fund requires the dealer to transfer cash or collateral of no less than 100% of the market value of the securities underlying the securities lending agreements. At December 31, 2013, the fair value of the securities on loan is \$1,933,304. The underlying collateral for these securities is \$1,926,475.

In cases of security loans in which the collateral received by the fund is cash, the fund is able to reinvest the cash under the agreement with the dealer. When this occurs the collateral is reported as an asset with a corresponding liability. If the fund receives collateral other than cash, it may not reinvest the collateral. When this occurs, the fund does not record the collateral on the financial statements. In both cases, the loaned securities continue to be reported as an asset on the balance sheet. The cash collateral was invested in cash equivalents and fixed income securities at December 31, 2013. The maturities of these investments match the maturities of the securities loans.

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At year end, the fund has no credit risk exposure to borrowers because the amounts the borrowers owe the Fund exceed the amounts the Fund owes the borrowers. The fund cannot pledge or sell collateral securities received unless the borrower defaults.

(3) Tax Revenues

At December 31, 2013, the total sales tax levied in the City is 9%, of which 4% is state sales tax, 1.5% is levied by the Orleans Parish School Board (the School Board), and 1% is dedicated for transportation and is levied by the Regional Transit Authority (RTA). The remaining 2.5% is used to fund the general operations of the City. The City administers and collects the entire 5% of local sales tax. The School Board's portion of the sales tax is accounted for in the Orleans Parish School Board sales tax clearing fund, and the RTA's portion of the sales tax is accounted for in the RTA sales tax clearing fund, both of which are agency funds.

The City levies a tax on real and personal property. Portions of these property taxes are dedicated for fire and police protection services and the public library system. Taxes on real and personal property are levied on January 1 of the assessment year based upon the assessed value as of the prior August 15. However, before the tax can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are due and payable on January 1, the date on which an enforceable lien attaches on the property, and are delinquent on February 1.

The assessed value of property in the City for each year is determined by an elected Board of Assessors. It is then certified by the Louisiana Tax Commission as complying with the Louisiana Constitution of 1974. The City is permitted by the Louisiana statutes to levy taxes up to \$31.78 per \$1,000 of assessed valuation for general governmental services (including fire and police) other than the payment of principal and interest on long-term debt and other purposes specifically approved by the voters. It is permitted to levy taxes in unlimited amounts for the payment of principal and interest on general obligation bonds of the City.

Property tax levies per \$1,000 of assessed valuation accounted for within the funds of the City (primary government only) for the year ended December 31, 2013 are as follows:

General:

|   |    |       |
|---|----|-------|
| General governmental services                         | \$ | 13.91 |
| Dedicated for fire and police                         |    | 6.40  |
| Public library  |    | 3.14  |
| Fire and police, without applying homestead exemption |    | 10.47 |
| Parkways and parks and recreation department          |    | 3.00  |
| Street and traffic control device maintenance         |    | 1.90  |
| Act 44  |    | 1.19  |

Special revenue:

|  |  |      |
|--|--|------|
| Neighborhood housing improvement fund  |  | 0.91 |
| New Orleans economic development fund  |  | 0.91 |
| Capital improvement and infrastructure |  | 1.82 |

|              |    |              |
|--------------|----|--------------|
| Debt service |    | 25.50        |
|              | \$ | <u>69.15</u> |

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Property taxes levied on January 1, 2013, collected during 2013, or expected to be collected within the first 60 days of 2014, are recognized as revenues in the statement of revenues, expenditures, and changes in fund balances – governmental funds. The entire estimated collectible amount of the tax levy for the fiscal year is recorded as revenue in the government-wide financial statements. Property taxes paid under protest are held in escrow until resolution of the dispute. Amounts collected for other governmental entities are accounted for in the agency funds.

**(4) Grantee Loans**

The City's grantee loan balances at December 31, 2013 are as follows (amounts in thousands):

|                     | <u>Gross</u>     | <u>Allowance</u>   | <u>Net</u>      |
|---------------------|------------------|--------------------|-----------------|
| UDAG                | \$ 7,621         | \$ (6,104)         | \$ 1,517        |
| HUD                 | 19,358           | (19,358)           | -               |
| Total grantee loans | <u>\$ 26,979</u> | <u>\$ (25,462)</u> | <u>\$ 1,517</u> |

**(a) UDAG**

The City has received certain grant awards or loans from the HUD for the purposes of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Seventeen individual loans are outstanding at December 31, 2013 totaling \$7,621,000, which bear interest at rates ranging from 0.1% to 7.0%. These loans are receivable over a 10- to 30-year period. Once loan repayments are received and the project is accepted by HUD, the City may use the amounts received for other allowable economic development activities specified in the grant agreement. The City has recorded \$6,104,000 in allowance for bad debt on these loans.

**(b) HUD Section 108**

The City received a Section 108 loan from HUD to allow/provide loans to the private sector for economic development. At December 31, 2013, there were four outstanding loans which bear interest at rates of 2% to 7.87% and are receivable over 15 to 30 years.

During 2000, HUD agreed to loan to the City \$5,000,000 for the development of the old American Can Factory into apartments. The City subsequently loaned these funds and an additional \$1,500,000 (amount received by the City through Urban Development Action Grants) to Historic Restoration, Inc. (HRI). These funds are due from HRI in quarterly installments plus 2% interest. The principal payments commenced on April 1, 2003, and the final payment is due January 1, 2040. The remaining balance due to the City was paid in full in 2013.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

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During 1998, HUD agreed to loan to the City \$24,375,000 for the development of the Jazzland Theme Park. These funds were subsequently loaned to Jazzland, Inc. (Jazzland) and were due from Jazzland in bi-annual installments plus 7.87% interest. During 2001, Jazzland failed to remit to the City a required payment and was in default on its loan as of December 31, 2001. On February 28, 2002, Jazzland filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. As a result, the City wrote off its remaining receivable from Jazzland. In 2002, Six Flags Theme Park, Inc. assumed management of Jazzland, and the theme park was renamed "Six Flags New Orleans." Six Flags had agreed to make monthly lease payments of \$116,667 to the Industrial Development Board (IDB), which in turn, would transfer the money to the City. The lease expires in 2017. These monies are to be used by the City to repay the HUD loan. Annual debt service on the loan is \$2,400,000 through 2017. The outstanding balance at December 31, 2013 is \$8,814,000. No payments were received during the year ended December 31, 2013. The City has recorded \$8,814,000 in allowance for the remaining balance on this loan.

During 2002, HUD agreed to loan to the City \$5,000,000 for the development of the Palace of the East. The City subsequently loaned these funds to the Palace of the East. The loan is due to be repaid in quarterly installments plus 6% interest. The principal payments commenced on July 15, 2004, and the final payment is due on August 1, 2021. The outstanding balance at December 31, 2013 is \$3,731,000. No payments were received during the year ended December 31, 2013. The City has recorded an allowance of \$3,731,000 against this loan.

During 2002, HUD agreed to loan to the City approximately \$7,047,000 for the development of the Louisiana Artists Guild, a Louisiana Nonprofit Corporation. The City subsequently loaned these funds to LA Artworks. The loan is due to be repaid in quarterly installments plus interest of 5.6183%. Principal payments commenced on October 15, 2003 and end on July 15, 2022. The outstanding balance at December 31, 2013 is \$6,812,000. No payments were received during the year ended December 31, 2013. The City has recorded an allowance of \$6,812,000 against this loan. In 2014, the City received a payment of approximately \$6.2 million to settle the outstanding balance of the loan.

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Notes to Basic Financial Statements

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**(5) Capital Assets**

A summary of changes in capital assets of governmental activities (amounts in thousands) is as follows:

|  | <u>Balance<br/>January 1,<br/>2013</u> | <u>Additions</u>  | <u>Deletions and<br/>adjustments</u> | <u>Transfers</u>   | <u>Balance<br/>December 31,<br/>2013</u> |
|--|--|-------------------|--------------------------------------|--------------------|--|
| <b>Nondepreciable capital assets:</b>            |  |                   |                                      |                    |  |
| Land   | \$ 94,474                              | \$ -              | \$ -                                 | \$ -               | \$ 94,474                                |
| Construction in progress                         | 347,632                                | 143,696           | -                                    | (44,193)           | 447,135                                  |
| <b>Total nondepreciable<br/>capital assets</b>   | <b>442,106</b>                         | <b>143,696</b>    | <b>-</b>                             | <b>(44,193)</b>    | <b>541,609</b>                           |
| <b>Depreciable capital assets:</b>               |  |                   |                                      |                    |  |
| Infrastructure                                   | 2,469,541                              | 11,251            | (217)                                | -                  | 2,480,575                                |
| Buildings and improvements                       | 333,798                                | 32,955            | (564)                                | -                  | 366,189                                  |
| Equipment and vehicles                           | 97,002                                 | 9,238             | (1,167)                              | -                  | 105,073                                  |
| Other  | 41,072                                 | -                 | (580)                                | -                  | 40,492                                   |
| <b>Total depreciable<br/>capital assets</b>      | <b>2,941,413</b>                       | <b>53,444</b>     | <b>(2,528)</b>                       | <b>-</b>           | <b>2,992,329</b>                         |
| <b>Less accumulated<br/>depreciation for:</b>    |  |                   |                                      |                    |  |
| Infrastructure                                   | 1,697,429                              | 58,233            | (123)                                | -                  | 1,755,539                                |
| Buildings and<br>improvements                    | 102,449                                | 9,925             | (221)                                | -                  | 112,153                                  |
| Equipment and vehicles                           | 80,217                                 | 6,800             | (1,063)                              | -                  | 85,954                                   |
| Other  | 29,133                                 | 1,387             | (338)                                | -                  | 30,182                                   |
| <b>Total accumulated<br/>depreciation</b>        | <b>1,909,228</b>                       | <b>76,345</b>     | <b>(1,745)</b>                       | <b>-</b>           | <b>1,983,828</b>                         |
| <b>Total depreciable<br/>capital assets, net</b> | <b>1,032,185</b>                       | <b>(22,901)</b>   | <b>(783)</b>                         | <b>-</b>           | <b>1,008,501</b>                         |
| <b>Total</b>                                     | <b>\$ 1,474,291</b>                    | <b>\$ 120,795</b> | <b>\$ (783)</b>                      | <b>\$ (44,193)</b> | <b>\$ 1,550,110</b>                      |

Depreciation expense was charged to functions/programs of the primary government as follows (amounts in thousands):

|                                   |                  |
|-----------------------------------|------------------|
| General government                | \$ 58,233        |
| Public safety                     | 13,325           |
| Public works                      | 3,400            |
| Culture and recreation            | 1,387            |
| <b>Total depreciation expense</b> | <b>\$ 76,345</b> |

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

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**(6) Long-Term Debt**

***Debt Service Fund***

The City's debt service fund includes the Board, City Debt (the Board of Liquidation), an autonomous, self-perpetuating board created under the State of Louisiana Constitution of 1974. All property taxes levied by the City and dedicated to the payment of outstanding general obligation bonds are collected by the City and, as required by law, paid over to the Board of Liquidation as collected.

The Board of Liquidation annually determines the amount of property tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City and all such bonds proposed to be issued by the City during such year. The annual determination of the necessary tax millage to service bonds of the City is adopted by resolution of the Board of Liquidation, which is submitted to the City Council. The millage recommended by the Board of Liquidation is then levied by the City Council. The millages for the various limited bonds of the City were established at the time the bonds were issued based upon approval of the voters. Administrative expenditures paid in connection with the operations of the Board of Liquidation are recorded in the City's Debt Service fund.

***Bond Transactions***

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Bonds payable, excluding unamortized premium of \$29,589,000 and unamortized discount of \$297,000, at December 31, 2013 comprise the following (all bonds are serial bonds) (amounts in thousands):

| Description  | Original<br>issue | Range of<br>average<br>interest rates | Amount<br>outstanding | Due in<br>one year |
|--|-------------------|---------------------------------------|-----------------------|--------------------|
| <b>General obligation bonds:</b>   |                   |                                       |                       |                    |
| 2004-2013 Public Improvement<br>Bonds, due in annual<br>installments ranging from \$2,190<br>to \$8,900 through December 2039                                    | \$ 246,000        | 4.3 - 8.4%                            | \$ 160,550            | \$ 4,495           |
| 1991 General Obligation Refunding<br>Bonds, due in annual installments<br>ranging from \$3,839 to \$9,964<br>commencing September 2004<br>through September 2018 | 98,886            | 6.7 - 7.1%                            | 22,313                | 5,142              |
| 1998 General Obligation Refunding<br>Bonds, due in annual installments<br>ranging from \$210 to \$13,080<br>through December 2021                                | 106,520           | 3.7 - 5.5%                            | 53,500                | 2,885              |
| 2005 General Obligation Refunding<br>Bonds, due in annual installments<br>ranging from \$275 to \$8,795<br>commencing December 2009<br>through December 2029     | 105,250           | 3.0 - 5.25%                           | 87,960                | 6,120              |

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| <u>Description</u>  | <u>Original<br/>issue</u> | <u>Range of<br/>average<br/>interest rates</u> | <u>Amount<br/>outstanding</u> | <u>Due in<br/>one year</u> |
|---|---------------------------|--|-------------------------------|----------------------------|
| <b>General obligation bonds, continued:</b>   |                           |  |                               |                            |
| 2012 General Obligation Refunding Bonds, due in annual installments ranging from \$750 to \$20,700 commencing December 2012 through December 2033 | \$ 167,840                | 2.0 – 5.0%                                     | \$ 165,140                    | \$ 2,995                   |
| <b>Limited tax bonds:</b>   |                           |  |                               |                            |
| 2005 Limited Tax Bonds, due in annual installments of \$1,450 to \$2,900 commencing March 2006 through March 2021                                 | 33,000                    | 3.0-5.0%                                       | 19,550                        | 2,040                      |
| <b>Taxable limited tax bonds:</b>   |                           |  |                               |                            |
| 2012 Taxable Limited Tax Bonds, due in annual installments of \$9,775 to \$16,275 commencing September 2015 through September 2030                | 195,885                   | 1.399-4.961%                                   | 195,885                       |                            |
| <b>Revenue bonds:</b>   |                           |  |                               |                            |
| 2004 Variable Rate Revenue Bonds, due in annual installments from \$355 to \$865 commencing August 2005 through August 2024                       | 11,500                    | Variable                                       | <u>7,610</u>                  | <u>540</u>                 |
| Total bonds   |                           |  | <u>712,508</u>                | <u>24,217</u>              |
| Accreted bond discount at December 31, 2013   |                           |  | <u>83,739</u>                 | <u>-</u>                   |
|   |                           |  | <u>\$ 796,247</u>             | <u>\$ 24,217</u>           |

In November 2004, the City received approval from taxpayers to issue \$260,000,000 in General Obligation Bonds. The City issued \$75,000,000 in December 2007, \$40,000,000 in January 2010, and \$40,000,000 in March 2013 in face amount of these authorized General Obligation Bonds. The remaining authorized and unissued General Obligation Bonds were \$105,000,000 at December 31, 2013.



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The payment requirements for all bonds outstanding, including accretion on the 1991 General Obligation Refunding Bonds of \$83,739,000 (included in interest payments) as of December 31, 2013, are as follows (amounts in thousands):

| Year ending December 31: | <u>Principal</u>  | <u>Interest</u>   |
|--------------------------|-------------------|-------------------|
| 2014                     | \$ 24,217         | \$ 53,141         |
| 2015                     | 34,825            | 52,594            |
| 2016                     | 35,589            | 51,859            |
| 2017                     | 36,493            | 50,955            |
| 2018                     | 37,084            | 49,946            |
| 2019 – 2023              | 239,305           | 108,228           |
| 2024 – 2028              | 158,815           | 63,509            |
| 2029 – 2033              | 100,320           | 27,099            |
| 2034 – 2038              | 34,370            | 9,130             |
| 2039 – 2042              | 11,490            | 1,371             |
|                          | <u>\$ 712,508</u> | <u>\$ 467,832</u> |

The City's legal debt limit for General Obligation Bonds is \$1,252,707,000. At December 31, 2013, the City's legal debt margin adjusted for outstanding principal of \$489,463,000 and past and future accretion of \$104,912,000 on the City's outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$36,481,000 to service this debt was \$694,813,000.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of money through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. At December 31, 2013, management believes it is in compliance with all financial related covenants.

***Taxable Public Improvement Bonds Series 2013A***

In 2013, the City issued \$40,000,000 of Taxable Public Improvement Bonds Series 2013A for the purpose of improvements to streets, curbing, bridge replacement and improvement, urban systems, traffic signal control, improvements required under the Americans with Disabilities Act, and related administrative and maintenance facilities. Interest on the bonds is due semiannually at rates ranging from 3.0% to 5.0% commencing June 1, 2013. Principal payments are due annually, commencing December 1, 2014 and maturing on December 1, 2042.

***Defeased Bonds***

The Series 2004 Public Improvement Bonds were partially advanced refunded in 2012. A portion of the proceeds from a subsequent bond issuance was placed in escrow with a trustee. The principal and interest from these invested funds is used to service the debt of the refunded issue. Neither the escrow fund nor the Series 2004 bonds payable are shown in the accompanying statement of net position. At December 31, 2013, the outstanding balance of the defeased 2004 bonds was \$25,975,000.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

***Certificates of Indebtedness***

In December 2004, the City issued \$40,415,000, of which \$13,135,000 remained outstanding at December 31, 2013, in limited tax certificates of indebtedness (Series 2004B) for the primary purpose of financing the partial defeasance of the 1998B Certificates, financing judgment claims against the City, and paying the costs of issuance. The certificates bear interest ranging from 3.15% to 4.75%, payable semiannually and will be fully matured on March 1, 2014.

During 2005, the City issued \$2,050,000, of which \$205,000 remained outstanding at December 31, 2013, in certificates of indebtedness (Series 2005) for the primary purpose of paying costs to repair trackage for rail car storage and to make infrastructure improvements in connection with the CG Rail Project. The certificates bear interest of 3.59%, payable semiannually and will be fully matured on December 1, 2014.

***Debt Service Assistance Program***

The City entered into a cooperative endeavor agreement with the State of Louisiana to provide for the issuance of general obligation bonds of the State of Louisiana (GO Zone Series) to fund the debt service assistance loan program, which will make scheduled debt service payments on behalf of the City for certain issues of outstanding debt. The loans are payable beginning in 5 years in equal installments over 15 years commencing in 2012. Interest is deferred during the initial 5-year period and then accrues at a rate of 4.64% during the repayment period. In 2012, the State of Louisiana granted the City a credit of \$7,000,000 against 2012 and 2013 principal and interest payments. Included in the statement of activities for the year ended December 31, 2012 was forgiveness of debt totaling \$5,973,000. The remaining credit of \$1,027,000 was applied to interest due in 2013. Matured payments due in 2013, including principle of \$2,604,095 and interest of \$223,676, were not paid and are included in due to other governments in the general fund. The loan balance at December 31, 2013 is \$74,706,000.

The requirements to amortize the debt service assistance loan are as follows (amounts in thousands):

|                          | <u>Principal</u> | <u>Interest</u>  |
|--------------------------|------------------|------------------|
| Year ending December 31: |                  |                  |
| 2014                     | \$ 6,769         | \$ 3,346         |
| 2015                     | 4,358            | 3,152            |
| 2016                     | 4,560            | 2,950            |
| 2017                     | 4,772            | 2,739            |
| 2018                     | 4,993            | 2,517            |
| 2019-2023                | 28,663           | 8,888            |
| 2024-2026                | 20,591           | 1,939            |
|                          | <u>\$ 74,706</u> | <u>\$ 25,531</u> |

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

**Notes Payable**

In 2009, the City entered into a loan agreement. The loan proceeds of \$7,000,000 were restricted for equipment purchases. The loan is payable over 4 years beginning in 2010 and accrues interest at a rate of 3.71%. The remaining balance was paid off in 2013.

In 2012, the City entered into a loan agreement. The loan proceeds of \$3,500,000 were restricted for the purchase of ambulances. The loan is payable over 3 years beginning in 2013 and accrues interest at a rate of 2.24%. The requirements to amortize the loan are as follows (amounts in thousands):

|                          | <u>Principal</u> | <u>Interest</u> |
|--------------------------|------------------|-----------------|
| Year ending December 31: |                  |                 |
| 2014                     | \$ 1,376         | \$ 62           |
| 2015                     | 1,406            | 32              |
|                          | <u>\$ 2,782</u>  | <u>\$ 94</u>    |

**HUD Section 108 Loans**

The City has entered into contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, with the Secretary of HUD as guarantor. Portions of these funds were used to fund grantee loans referred to in Note 4. The loans consist of notes bearing interest at either fixed interest rates ranging from 5% to 8% or variable interest rates based upon the London Interbank Offered Rate (LIBOR). As of December 31, 2013, \$17,998,000 is recorded as a liability in the government-wide financial statements. The requirements to amortize the Section 108 loans are as follows (amounts in thousands):

|                          | <u>Principal</u> | <u>Interest</u> |
|--------------------------|------------------|-----------------|
| Year ending December 31: |                  |                 |
| 2014                     | \$ 2,952         | \$ 684          |
| 2015                     | 3,149            | 607             |
| 2016                     | 3,338            | 513             |
| 2017                     | 3,529            | 402             |
| 2018                     | 1,256            | 277             |
| 2019-2022                | 3,774            | 496             |
|                          | <u>\$ 17,998</u> | <u>\$ 2,979</u> |

**Capital Leases**

On October 15, 2000, the City entered into an agreement with a vendor to purchase heating, ventilation, and air cooling (HVAC) equipment under a 20 year capital lease. The City entered into two similar subsequent agreements with this vendor on June 1, 2001 and July 21, 2003 primarily for the purpose of purchasing additional HVAC equipment and traffic lights, respectively.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

The original net present value of these capital leases were \$9,625,000, \$17,919,000, and \$6,887,000 with corresponding interest rates of 7.8%, 7.1%, and 9.3%, respectively. Under terms of the agreement, title to this equipment is transferred to the City at the end of the lease.

The requirements to amortize the capital leases are as follows (amounts in thousands):

|                          | <u>Principal</u> | <u>Interest</u> |
|--------------------------|------------------|-----------------|
| Year ending December 31: |                  |                 |
| 2014                     | \$ 2,619         | \$ 645          |
| 2015                     | 2,758            | 506             |
| 2016                     | 2,905            | 359             |
| 2017                     | 3,060            | 204             |
| 2018                     | 1,591            | 42              |
|                          | <u>\$ 12,933</u> | <u>\$ 1,756</u> |

The City has recorded \$41,391,000 in accrued annual and sick leave in accordance with its pay-out policies. During the year active employees earned and used \$19,858,000 and \$21,656,000, respectively in sick and vacation leave benefits. The entire annual and sick liability is recorded in the government wide statements, and no liability is recorded in the governmental funds.

***Changes in Long-Term Liabilities***

Long-term liability activity for the year ended December 31, 2013 was as follows (amounts in thousands):

|                                  | <u>January 1,<br/>2013</u> | <u>Additions</u>  | <u>Deletions</u>    | <u>December 31,<br/>2013</u> | <u>Due in<br/>one year</u> |
|----------------------------------|----------------------------|-------------------|---------------------|------------------------------|----------------------------|
| Claims and judgments (note 12)   | \$ 389,936                 | \$ 95,834         | \$ (86,201)         | \$ 399,569                   | \$ 32,100                  |
| Landfill closing costs (note 12) | 6,303                      | 94                | (132)               | 6,265                        | 136                        |
| Accrued annual and sick leave    | 43,189                     | 19,858            | (21,656)            | 41,391                       | 5,000                      |
| Revenue bonds                    | 8,125                      | -                 | (515)               | 7,610                        | 540                        |
| Certificates of indebtedness     | 26,015                     | -                 | (12,675)            | 13,340                       | 13,340                     |
| General obligation bonds (a)     | 565,421                    | 40,000            | (32,219)            | 573,202                      | 34,848                     |
| Limited tax bonds                | 21,500                     | -                 | (1,950)             | 19,550                       | 2,040                      |
| Taxable limited tax bonds        | 195,885                    | -                 | -                   | 195,885                      | -                          |
| Premium on bonds payable         | 32,652                     | 263               | (3,324)             | 29,591                       | 3,241                      |
| Discount on bonds payable        | (322)                      | -                 | 26                  | (296)                        | (26)                       |
| Debt service assistance program  | 76,082                     | -                 | (1,376)             | 74,706                       | 4,165                      |
| Note payable                     | 4,312                      | -                 | (1,530)             | 2,782                        | 1,376                      |
| HUD Section 108 loan             | 20,778                     | -                 | (2,780)             | 17,998                       | 2,952                      |
| Capital leases                   | 15,993                     | -                 | (3,060)             | 12,933                       | 2,619                      |
| Net pension obligation (note 7)  | 124,844                    | 67,822            | (51,753)            | 140,913                      | 52,175                     |
| Post-employment benefit (note 7) | 57,520                     | 10,079            | (7,783)             | 59,816                       | 8,897                      |
|                                  | <u>\$ 1,588,233</u>        | <u>\$ 233,950</u> | <u>\$ (226,928)</u> | <u>\$ 1,595,255</u>          | <u>\$ 163,403</u>          |

(a) Additions and deletions include amounts related to accretion of 1991 Refunding Series of \$8,327 and \$(19,932), respectively.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

The long-term liabilities will be repaid from the General Fund, except for HUD Section 108 loans, which will be repaid from the American Can non-major fund, and the General Obligation, Limited Tax Bonds, Taxable Limited Tax Refunding Bonds and a portion of the Debt Service Assistance Loan Program, which will be repaid from the Debt Service Fund. The Board of Liquidation handles all the General Obligation bonded debt of the City and the 2005 Limited Tax Bonds and results of its operations are reported in the debt service fund. For the year ended December 31, 2013, the debt service fund had \$77,759,000 in fund balance reserved to service debt.

#### (7) Pension Plans and Postretirement Healthcare Benefits

At December 31, 2013, the City sponsors and administers four separate single-employer, contributory defined benefit pension plans, namely: (1) Firefighters' Pension and Relief Fund – Old System; (2) Firefighters' Pension and Relief Fund – New System; (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees' Retirement System (State of Louisiana) (MPERS). The Police Plan of the City will remain responsible for the payment of certain benefits due to differences in length of service and age requirements for the participants who were not transferred to the MPERS plan. MPERS is the only cost-sharing, multiple-employer retirement plan in which employees of the City participate. The Employees' Plan covers all City employees other than firefighters and police.

All four plans use the accrual basis of accounting for changes in net position. Within this context, interest income is recognized when earned, as are employer and employee contributions, except in the case of the Police Plan, which recognizes employer contributions when due from the City. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### ***MPERS Plan Description***

On March 6, 1983, an agreement was signed among the City, the Police Pension Funds of the City of New Orleans, and the MPERS, which provided for the merger of the Police Pension Plans with the MPERS. As of that date, all members of the Police Pension Plans, active and retired, became members of the MPERS. Those members covered by the system who did not meet the age and service requirements of the MPERS will be paid by the Police Pension Fund of the City until they reach age 50 or 55, depending on the length of active service. The MPERS is a defined benefit pension plan established by a State of Louisiana statute.

Employees become eligible for retirement under the MPERS plan at age 50 and after 20 years of active continuous service. An employee who is age 55 becomes eligible for retirement benefits after 16 years of active continuous service. The plan also provides death and disability benefits. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809, or by calling (800) 443-4248.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

#### *Employees' Plan, Police Plan, Firefighters' Pension and Relief Fund – Old and New System Descriptions*

Each plan is a defined benefit pension plan established by the State of Louisiana statute, which provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana. Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan.

Employees' Retirement System of the City of New Orleans  
1300 Perdido Street, Suite 1E12  
New Orleans, Louisiana 70112  
(504) 658-1850

Police Pension Fund of the City of New Orleans  
715 S. Broad, Room B23  
New Orleans, Louisiana 70119  
(504) 826-2900

Firefighters' Pension and Relief Fund of the  
City of New Orleans (Old and New Systems)  
329 S. Dorgenois Street  
New Orleans, Louisiana 70119  
(504) 821-4671

#### *Funding Policies and Annual Pension Costs*

The employer contributions for the Employees' Plan and the Firefighters' Pension and Relief Fund (New System) are based on actuarially determined amounts. The employer contribution for the Police Pension Fund is based on amounts necessary to cover administrative costs and payments of pensions and benefits, as certified by the board of trustees of the Fund. The employer contribution for the Firefighters' Pension and Relief Fund (Old System) is based on amounts necessary to pay current expenses, and, in effect, is being funded on a "pay-as-you-go" basis. Employees covered under the Employees' Plan contribute 6% of their earnable compensation to the plan. Employees covered under the Firefighters' Pension and Relief Fund of the City of New Orleans (Old and New Systems) contribute 6% of their salary for the first 20 years of employment.

As a result of the merger contract with the MPERS to transfer all active policemen who were participating in the City's Police Pension Fund to MPERS, there were no active participants in the plan and therefore the only contributions by employees to the plan related to retirees' contributions for the purchase of military service credit.

The City's annual pension cost for the current year and related actuarial methods and assumptions for each plan is as follows (amounts in thousands):

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

|   | <b>Employees'<br/>Retirement<br/>System</b> | <b>Police<br/>Pension<br/>Fund</b>   | <b>Firefighters'<br/>Pension and<br/>Relief Fund<br/>(Old System)</b> | <b>Firefighters'<br/>Pension and<br/>Relief Fund<br/>(New System)</b> |
|---|---|--------------------------------------|---|---|
| Annual required contribution<br>(thousands) | \$ 20,228                                   | \$ -                                 | \$ 20,532   | \$ 34,387   |
| Annual pension cost (thousands)             | 19,646                                      | -                                    | 16,834  | 30,824  |
| Contributions made (thousands)              | 18,545                                      | -                                    | 20,896  | 12,313  |
| Actuarial valuation date                    | 1/1/2014                                    | 12/31/2013                           | 1/1/2014  | 1/1/2014  |
| Actuarial cost method                       | Entry age<br>normal cost<br>method          | Entry age<br>normal cost<br>method   | Entry age<br>normal cost<br>method                                    | Aggregate<br>level normal<br>cost method                              |
| Amortization method                         | (a)   | (b)                                  | Specific<br>number<br>of years –<br>level amount,<br>closed           | (c)   |
| Remaining amortization period               | (a)   | (b)                                  | 3 years   | (c)   |
| Asset valuation method                      | Adjusted<br>market value                    | Cost which<br>approximates<br>market | Market<br>value   | Three-year<br>averaging<br>market value                               |
| <b>Actuarial assumptions:</b>               |   |                                      |   |   |
| Investment rate of return                   | 7.5%  | 7.0%                                 | 7.5%  | 7.5%  |
| Projected salary increases                  | 5.0%  | NA                                   | 5.0%  | 5.0%  |

- (a) The fund uses the "Entry Age Normal Cost Method" to calculate the funding requirements for this Fund. Under this method the normal cost of the plan is designed to be a level percentage of payroll, calculated on an aggregate basis, spread over the entire working lifetime of the participants. The future working lifetime is determined from each participant's hypothetical entry age into the plan assuming the plan had always been in existence, to the participant's expected retirement date. This fund uses a level dollar amortization for an open fifteen year amortization period effective on each valuation date.
- (b) The "Entry Age Normal Cost Method" was used to calculate the funding requirements of the Fund. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as a percentage of payroll for each participant between entry age and assumed retirement age.
- (c) The "Aggregate Level Normal Cost Method" allocates pension costs as a level percentage of payroll over the future working lifetime of current members. The Aggregate Cost Method produces no unfunded accrued liability.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

**Annual Pension Cost, Prepaid Pension Asset, and Net Pension Obligation** – The City’s annual pension cost (APC), prepaid pension asset (PPA), and net pension obligation (NPO) to the City of New Orleans Employees’ Retirement System and the Firefighters’ Pension and Relief Fund (Old System and New System) for the current year are as follows (amounts in thousands):

|   | <b>New Orleans<br/>Employees'<br/>Retirement<br/>System</b> | <b>Firefighters'<br/>Pension and<br/>Relief Fund<br/>(Old System)</b> | <b>Firefighters'<br/>Pension and<br/>Relief Fund<br/>(New System)</b> | <b>Total</b>        |
|---|---|---|---|---------------------|
| Annual required contribution                  | \$ 20,228   | \$ 20,532   | \$ 34,386   | \$ 75,146           |
| Interest on NPO                               | 1,140   | 4,209   | 4,053   | 9,402               |
| Adjustment to annual<br>required contribution | <u>(1,203)</u>  | <u>(7,907)</u>  | <u>(7,615)</u>  | <u>(16,725)</u>     |
| Annual pension cost                           | 20,165  | 16,834  | 30,824  | 67,823              |
| Contributions made                            | <u>18,545</u>   | <u>20,896</u>   | <u>12,313</u>   | <u>51,754</u>       |
| Decrease (increase) in NPO                    | <u>(1,620)</u>  | <u>4,062</u>  | <u>(18,511)</u>   | <u>(16,069)</u>     |
| NPO, beginning of year                        | <u>(14,675)</u>   | <u>(56,116)</u>   | <u>(54,053)</u>   | <u>(124,844)</u>    |
| NPO, end of year                              | <u>\$ (16,295)</u>  | <u>\$ (52,054)</u>  | <u>\$ (72,564)</u>  | <u>\$ (140,913)</u> |

The NPOs total approximately \$140,913,000 at December 31, 2013, and are recorded in the governmental activities of the government-wide statement of net position.

The required schedule of funding progress following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Three Year Trend Information (amounts in thousands)**

|   | <b>Year<br/>ending</b> | <b>APC</b> | <b>Percentage<br/>of APC<br/>contributed</b> | <b>NPO</b> |
|---|------------------------|------------|--|------------|
| Employees' Retirement System                          | 12/31/13               | \$ 19,646  | 97%  | \$ 16,295  |
|   | 12/31/12               | 18,216     | 109  | 14,675     |
|   | 12/31/11               | 19,720     | 101  | 15,988     |
| Firefighters' Pension and Relief<br>Fund (Old System) | 12/31/13               | 16,834     | 123  | 52,054     |
|   | 12/31/12               | 18,623     | 111  | 56,116     |
|   | 12/31/11               | 18,084     | 116  | 58,234     |
| Firefighters' Pension and Relief<br>Fund (New System) | 12/31/13               | 30,824     | 39   | 72,564     |
|   | 12/31/12               | 29,816     | 41   | 54,053     |
|   | 12/31/11               | 28,087     | 43   | 36,396     |



## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

#### **Firefighters' Pension and Relief Fund Lawsuit**

During the year ended December 31, 2010, a lawsuit was filed by city firefighters against the City to adjust their pensions for longevity raises not received while employed by the City. A judgment was obtained against the City for the difference in the amount retired firefighters were receiving as their pension benefit and what they should have received had the longevity raises been included in their retirement benefit calculation. The judgment applies to all firefighters who retired on or after March 2, 1990. The increase in their pension payment is to be calculated in accordance with longevity factors determined by the Court. The judgment states that benefits are only to be upwardly adjusted when the funds are appropriated by the City.

On March 17, 2010, the firefighters obtained a consent judgment authorizing the Fund, upon receiving the appropriated funds from the City of New Orleans, to upwardly adjust monthly pension benefits owed to those members who retired on or after March 2, 1990, starting on January 1, 2010 in accordance with the longevity factors determined by the Court. During the year ended December 31, 2010, the City appropriated funds necessary to pay the increased benefit to those members currently receiving cash benefits.

As of December 31, 2013, the City has not appropriated funds to pay the increased benefit owed to members prior to December 31, 2009.

Member Deferred Retirement Option Plan (DROP) and Partial Lump-Sum Option Plan (PLOP) accounts were not increased during the year ended December 31, 2013 since the City appropriation received did not cover these accounts. The NOFF has calculated the increased benefit owed to the members in their DROP and PLOP accounts. As of December 31, 2013, the amount of DROP benefits owed to members is estimated to be \$20,207,931 and \$3,427,427 for the New and Old Systems, respectively. As of December 31, 2013, the amount of PLOP benefits owed to these members is estimated to be \$12,676,571 and \$1,371,247 for the New and Old Systems, respectively.

#### **Firefighters' Pension and Relief Fund Investment Receivable**

On March 31, 2008, the NOFF invested \$15,000,000 into the FIA Leveraged Fund (Leverage Fund), an open ended investment fund registered in the Cayman Islands. The Leveraged Fund in turn invested in other feeder funds that ultimately invested in the Master-Fund, Fletcher International, Ltd (FILB). Fletcher Asset Management ("FAM") served as the investment manager to all of the funds in the master-feeder fund structure. On June 27, 2011, the NOFF requested a full redemption of funds invested in the Leverage Fund. This redemption request was not met resulting in the NOFF filing a winding-up petition with the Grand Court in the Cayman Islands to force the liquidation of the Leveraged Fund. On April 18, 2012, the Grand Court issued a winding-up order against the Leveraged Fund and appointed official liquidators to wind up its affairs. In response to this judgment, FAM filed for bankruptcy protection for the Master Fund, FILB. In October 2012, the bankruptcy court issued an order for the appointment of a U.S. Trustee to investigate the assets of the Leveraged Fund and manage its liquidation. As the Trustee recently commenced his investigation, information regarding the value of the assets remaining in the Leveraged Fund and any potential recovery was not yet available. As of December 31, 2013, the NOFF has recorded a reserve of \$18,425,727 against the receivable balance of \$18,425,727.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2013**

**Postretirement Healthcare Benefits**

**Plan Description**

The City of New Orleans' medical benefits are provided through a self-insured comprehensive health benefit program and are made available to employees upon retirement. Full details are contained in the official plan documents. Medical benefits are provided to employees upon actual retirement (that is, at the end of the DROP period, if applicable) according to the retirement eligibility provisions of the System by which the employee is covered. Most City employees are covered by one of three primary systems: the Employees' Retirement System of the City of New Orleans (NOMERS), the Louisiana State Municipal Police Retirement System (MPERS), and the New Orleans Firefighters' Pension and Relief Fund (NOFF). The maximum DROP period is five years in NOMERS and NOFF and three years in MPERS. Retirement (DROP entry) eligibility is as follows: in NOMERS, the earliest of 30 years of service at any age; age 60 and 10 years of service; age 65 and 20 years of service; or, satisfaction of the "Rule of 80" (age plus service equals or exceeds 80); in MPERS, the earlier of 25 years of service and age 50 and 20 years of service (in MPERS, DROP entry requires age 55 and 12 years of service or 20 years of service and eligibility to retire); in NOFF, age 50 and 12 years of service. However, because of the "back-loaded" benefit formula in the NOFF plan relative to years of service, the retirement assumption used for that plan was the earliest of age 50 and 30 years of service, age 55 and 25 years of service, and age 60 and 12 years of service.

**Contribution Rates**

Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy**

The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs. In 2013, the City's portion of health care funding cost for retired employees totaled approximately \$7,783,000. These amounts were applied toward the net other post-employment benefit (OPEB) obligation.

**Annual Required Contribution**

The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the year ended December 31, 2013 is \$11,104,822, as set forth below:

|                                    |                      |
|------------------------------------|----------------------|
| Normal Cost                        | \$ 2,777,920         |
| 30-year UAL amortization amount    | 8,326,902            |
| Annual required contribution (ARC) | <u>\$ 11,104,822</u> |

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

**Net Post-employment Benefit Obligation (Asset)**

The table below shows the City's net OPEB obligation for fiscal year ending December 31, 2013:

|  |                      |
|--|----------------------|
| Beginning Net OPEB Obligation 1/1/2013 | \$ 57,520,340        |
| Annual required contribution           | 11,104,822           |
| Interest on Net OPEB Obligation        | 2,300,814            |
| ARC Adjustment                         | <u>(3,326,407)</u>   |
| OPEB Cost                              | 10,079,229           |
| Contribution                           | -                    |
| Current year retiree premium           | <u>7,783,323</u>     |
| Change in Net OPEB Obligation          | <u>2,295,906</u>     |
| Ending Net OPEB Obligation 12/31/2013  | <u>\$ 59,816,246</u> |

The following table shows the City's annual other post-employment benefits cost, percentage of the cost contributed, and the net unfunded other post-employment benefits obligation (asset):

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|--|----------------------------|
| December 31, 2013        | \$ 10,079,229           | 77.22%                                       | \$ 59,816,246              |
| December 31, 2012        | \$ 12,957,882           | 75.72%                                       | \$ 57,520,340              |
| December 31, 2011        | \$ 12,482,789           | 72.78%                                       | \$ 54,374,713              |

**Funded Status and Funding Progress**

In the fiscal year ending December 31, 2013 the City made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2011 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2013 was \$149,749,527 which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

|   |                       |
|---|-----------------------|
| Actuarial Accrued Liability (AAL)       | \$ 149,749,527        |
| Actuarial Value of Plan Assets (AVP)    | -                     |
| Unfunded Act. Accrued Liability (UAAL)  | <u>\$ 149,749,527</u> |
| <br>                                    |                       |
| Funded Ratio (AVP/AAL)                  | 0%                    |
| <br>                                    |                       |
| Covered Payroll (active plan members)   | \$ 216,764,077        |
| UAAL as a percentage of covered payroll | 69%                   |

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

The required schedule of funding progress following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### **Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

#### **Actuarial Cost Method**

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

#### **Actuarial Value of Plan Assets**

Since the plan has not been funded, there are no assets. It is anticipated that in future valuations, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45, will be used.

#### **Turnover Rate**

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

#### **Post-Employment Benefit Plan Eligibility Requirements**

It is assumed that entitlement to benefits will commence at the end of the DROP period. In addition, an additional delay of one year after earliest retirement eligibility was included for NOMERS employees and a further two years' delay where eligibility was under the "Rule of 80". Medical benefits are provided to employees upon actual retirement (that is, at the end of the DROP period, if applicable) according to the retirement eligibility provisions of the System by which the employee is covered.

#### **Investment Return Assumption (Discount Rate)**

GASB Statement No. 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

#### **Health Care Cost Trend Rate**

The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

#### **Mortality Rate**

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans.

#### **Method of Determining Value of Benefits**

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer rates provided are "unblended" rates for active and retired as required by GASB 45 for valuation purposes. The retiree medical plan was amended in 2010 to provide that only Medicare Part D Prescription Drug coverage is covered by the employer after age 65 for current and future retirees.

#### **Inflation Rate**

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates is an implicit inflation assumption of 2.50% annually.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

**Projected Salary Increases**

This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

**Post-retirement Benefit Increases**

The plan benefit provisions in effect for retirees as of the valuation date have been used, and it has been assumed for valuation purposes that there will not be any changes in the future.

**(8) Individual Fund Disclosures**

***Deficit Fund Equity***

At December 31, 2013, the HUD, FEMA, and LCD funds had deficit fund balances in the amounts of approximately \$8,899,000, \$19,269,000, and \$2,426,000, respectively. The deficit fund balance in the HUD and LCD funds result from accrued expenditures for which no revenue has been recognized. The City plans to fund these deficits with future revenues. The deficit fund balance in the FEMA fund results primarily from accrued expenditures for which no revenue has been recognized. The City plans to fund the deficit through future revenues. The City is currently pursuing obtaining FEMA approval for projects that have been completed by the City and increases in funding for projects that have already been approved by FEMA. If the City is not able to obtain increased funding, the deficit will be funded by the general fund.

At December 31, 2013, the following special revenue nonmajor funds had deficit balances:

| <u>Special Revenue Nonmajor Fund</u>         | <u>Deficit Amount</u> |
|--|-----------------------|
| Mayoral Fellows Program                      | \$ 81,000             |
| Federal Department of Interior               | 27,000                |
| FDJ Office of Justice Program                | 2,000                 |
| Federal Department of Health                 | 2,068,000             |
| Department of Defense                        | 210,000               |
| Federal Department of Commerce               | 291,000               |
| Louisiana Commission on Law Enforcement      | 396,000               |
| Department of Health and Human Resources     | 2,389,000             |
| Federal Department of Highway Administration | 50,000                |
| Federal Department of Homeland Security      | 31,000                |
| Federal Department of Social Service         | 192,000               |
| Federal American Recovery Act                | 24,000                |
| Federal Department of Transportation         | 45,000                |

The deficit fund balances in these special revenue non-major funds result from accrued expenditures for which no revenue has been recognized. The City plans to fund these deficits with future revenues.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

***Interfund Receivables and Payables***

Individual fund interfund receivables and payables at December 31, 2013 were as follows (amounts in thousands):

| <u>Receivable Fund</u> | <u>Payable Fund</u>   | <u>Amount</u>    |
|------------------------|-----------------------|------------------|
| General Fund           | FEMA Fund             | \$ 14,767        |
|                        | Federal UDAG Fund     | 430              |
|                        | HUD Fund              | 7,167            |
|                        | Nonmajor Funds        | 6,972            |
|                        | LCD Fund              | 244              |
| Capital Projects Fund  | General Fund          | 27,389           |
|                        | FEMA Fund             | 1,048            |
| FEMA Fund              | Capital Projects Fund | 3,935            |
| Nonmajor Funds         | Nonmajor Funds        | 3                |
|                        | General Fund          | 60               |
|                        | HUD Fund              | 114              |
|                        |                       | <u>\$ 62,129</u> |

Interfund balances resulted from the time lag between the dates (1) when interfund services are provided or reimbursable expenditures occur and (2) payments between funds are made. For example, the General Fund originally incurred expenditures that were ultimately recorded in the FEMA grant and reimbursed by the federal government. The interfund balances between the General Fund and Nonmajor Funds result from timing differences in the payment for services and reimbursement from the federal government. The interfund balances are not expected to be repaid within the year.

***Interfund Advances***

Individual fund interfund advances at December 31, 2013 were as follows (amounts in thousands):

|                               | <u>Advances to<br/>other funds</u> | <u>Advances from<br/>other funds</u> |
|-------------------------------|------------------------------------|--------------------------------------|
| General                       | \$ 2                               | \$ -                                 |
| Nonmajor special revenue:     |                                    |                                      |
| Sidewalk Paving and Repairing | -                                  | 2                                    |
|                               | <u>\$ 2</u>                        | <u>\$ 2</u>                          |

The interfund balances are not expected to be repaid within the year.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

***Fund Transfers***

Individual fund transfers for the year ended December 31, 2013 were as follows (amounts in thousands):

|                             | <u>Transfers-in</u> | <u>Transfers-out</u> |
|-----------------------------|---------------------|----------------------|
| General                     | \$ 6,143            | \$ (9,215)           |
| FEMA                        | 9,215               | -                    |
| Debt service                | -                   | (39,709)             |
| Capital projects            | 39,709              | (3,570)              |
| Nonmajor governmental funds | -                   | (2,573)              |
| Total                       | <u>\$ 55,067</u>    | <u>\$ (55,067)</u>   |

Transfers are used to (1) move revenues from the fund that statute or the budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds. Amounts transferred to the General Fund from the Rivergate Development Corporation Fund (included as a nonmajor governmental fund) represent net rents and other cost reimbursements received related to the land-based casino.

***Charges to Component Units for Support Services***

Charges for support services paid by the Airport to the general fund during fiscal year 2013 amounted to \$4,632,000 primarily for overhead reimbursement and fire protection.

The City does not charge the Downtown Development District, French Market Corporation, the Municipal Yacht Harbor Management Corporation, the Upper Pontalba Building Restoration Corporation, or Canal Street Development Corporation for any support services provided to them. In addition, the City does not charge rent to the Audubon Commission for the land which is owned by the City on which the golf course operates.

**(9) Fund Balance**

Fund balances for the City's governmental funds consisted of the following as of December 31, 2013:

**Non-Spendable Fund Balance** – The non-spendable fund balance on the special revenue funds is made up of long-term grantee loan receivables and trust accounts.

**Restricted Fund Balance** – The restricted fund balance on the special revenue funds is made up of balances restricted for purposes as designated in the grant agreements. The restricted fund balance on the debt service fund is made up of balances restricted for future debt service. The restricted fund balance in the capital projects fund includes unspent proceeds from bond issuances, grants, and donations that are restricted for capital improvements.



**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

Committed Fund Balance – The committed fund balance on the general fund is made up of funds designated by the City Council to be used to fund future litigation costs and public libraries. The committed fund balance on the special revenue funds consists of unrestricted donations and grants committed for various projects by the City Council.

Assigned Fund Balance – The assigned fund balance on the special revenue funds are unrestricted donations and other funds assigned by the Council or management for various projects.

Unassigned Fund Balance – The unassigned fund balance includes all amounts not included in other spendable classifications.

**(10) Summary of Sales Tax Collections Remitted to Other Taxing Authorities**

Act 711 of the Louisiana Legislative Session amended LRS 24:513 B to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during 2013 (amounts in thousands).

|                             | <u>Total</u>       | <u>Collection</u> | <u>December 2012</u> | <u>December 2013</u> |                     |
|-----------------------------|--------------------|-------------------|----------------------|----------------------|---------------------|
|                             | <u>Collections</u> | <u>Cost</u>       | <u>Collections</u>   | <u>Collections</u>   | <u>Final</u>        |
|                             |                    |                   | <u>Distributed</u>   | <u>Distributed</u>   | <u>Distribution</u> |
|                             |                    |                   | <u>in 2013</u>       | <u>in 2014</u>       |                     |
| Orleans Parish School Board | \$ 102,236         | \$ (1,636)        | \$ 7,794             | \$ (8,662)           | \$ 99,732           |
| Regional Transit Authority  | 64,743             | (1,036)           | 4,931                | (5,482)              | 63,156              |
|                             | <u>\$ 166,979</u>  | <u>\$ (2,672)</u> | <u>\$ 12,725</u>     | <u>\$ (14,144)</u>   | <u>\$ 162,888</u>   |

**(11) Interest Income**

Interest earned on investments held by the City's capital projects fund, certain special revenue funds (Sidewalk Paving and Repairing, Traffic Court Judicial Expense, Department of Safety and Permits – Demolition, Vieux Carre' Commission, and Municipal Court Judicial Expense) and certain agency funds (Clearing and Deposit) is recorded as revenue of the General Fund. The amount of interest revenue recorded by the General Fund on investments of the capital projects fund for the year ended December 31, 2013 was approximately \$40,910.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

**(12) Commitments and Contingencies**

***Operating Lease Agreements***

The City has commitments under several operating lease agreements for equipment and facilities. These lease agreements are primarily for copier and data processing equipment and for land and buildings. Future minimum lease payments under these leases for the next five years are as follows (amounts in thousands):

| Year ending December 31: |          |
|--------------------------|----------|
| 2014                     | \$ 3,653 |
| 2015                     | 1,895    |
| 2016                     | 1,299    |
| 2017                     | 903      |
| 2018                     | 819      |

Annual lease expense 2013 for such operating lease agreements was approximately \$8,838,000.

***Claims and Judgments***

The City is a defendant in a number of claims and lawsuits alleging, among other things, personal injury, police brutality, wrongful death, overcollection of property taxes, and improperly designed drainage systems. The City is self-insured for such cases as described below.

***Self-Insurance***

The City is self-insured for its motor vehicle fleet, and general liability and police department excessive force, workers' compensation, hospitalization, and unemployment losses and claims.

The City's claims are financed on a "pay-as-you-go" basis for its motor vehicle fleet, general liability, and police department excessive force losses. Premiums are charged by the General Fund to the City's various funds for the unemployment and worker's compensation self-insurance programs and to employees and the City's various funds for the hospitalization self-insurance programs. Paid claims in excess of such premiums, if any, are funded by the General Fund.

As of December 31, 2013, the City has determined, through an analysis of historical experience, the adequacy of the liability necessary to cover all losses and claims, both incurred and reported and incurred but not reported (IBNR), under its self-insurance programs. The City does not discount its claims liabilities. The liabilities of \$395,000 for motor vehicle fleet, \$298,248,000 for general liability and police department excessive force losses, \$96,470,000 for workers' compensation, and \$4,456,000 for hospitalization and unemployment have been accrued in the government-wide financial statements in the total amount of \$399,569,000.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

Changes to the City's claims liability amounts in fiscal 2013 and 2012 are as follows (amounts in thousands):

|  | <u>Beginning of<br/>fiscal year<br/>liability</u> | <u>Claims and<br/>changes in<br/>estimates</u> | <u>Benefit<br/>payments,<br/>claims, and<br/>adjustments</u> | <u>Balance<br/>at fiscal<br/>year-end</u> | <u>Short-term<br/>Portion</u> |
|--|---|--|--|---|-------------------------------|
| <b>General liability and police liability:</b> |   |  |  |   |                               |
| 2012   | \$ 197,021  | \$ 98,893                                      | \$ (410)   | \$ 295,504                                | \$ 5,000                      |
| 2013   | 295,504   | 19,134   | (16,390)   | 298,248                                   | 5,000                         |
| <b>Workers' compensation:</b>                  |   |  |  |   |                               |
| 2012   | 77,034  | 34,129   | (20,567)   | 90,596                                    | 20,567                        |
| 2013   | 90,596  | 28,123   | (22,249)   | 96,470                                    | 22,249                        |
| <b>Motor vehicle fleet:</b>                    |   |  |  |   |                               |
| 2012   | 288   | 413  | (291)  | 410                                       | 410                           |
| 2013   | 410   | 508  | (523)  | 395                                       | 395                           |
| <b>Hospitalization and unemployment:</b>       |   |  |  |   |                               |
| 2012   | 3,613   | 44,578   | (44,765)   | 3,426                                     | 3,426                         |
| 2013   | 3,426   | 48,069   | (47,039)   | 4,456                                     | 4,456                         |
| <b>Total:</b>                                  |   |  |  |   |                               |
| 2012   | 277,956   | 178,013  | (66,033)   | 389,936                                   | 29,403                        |
| 2013   | 389,936   | 95,834   | (86,201)   | 399,569                                   | 32,100                        |

***Federal Financial Assistance Questioned Costs***

The City receives federal financial assistance directly from federal agencies or passed through from other government agencies. Audits of the City's federal award programs periodically disclosed certain items or transactions as questioned costs. The ultimate resolution or determination as to whether the costs will be disallowed under the affected grants will be made by the various funding sources and cannot be determined at this time. The City believes disallowances, if any, will be immaterial to its financial position and operations.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2013**

***Landfill Closing Costs***

The City owns two closed landfill sites located in the eastern portion of the City (Recovery I Landfill and Gentilly Landfill). State and federal laws require the City to cap the landfill and to monitor and maintain the site for 30 subsequent years. The Gentilly Landfill, which was closed in 1995, was reopened in 2005 under an agreement with a third party vendor. The agreement requires the vendor to pay a 3% royalty fee to the City and a fee equal to 50 cents per cubic yard of waste disposed at the site to be put in to trust to fund the future landfill post closure costs until such time that this liability becomes fully funded, as certified by the Louisiana Department of Environmental Quality (LDEQ). The City does not record this liability on its' books, as the third party vendor is contributing to the trust in accordance with the agreement. The Recovery I site was closed in June 2003 upon obtainment of the Closure Certificate from LDEQ. In 2013, the LDEQ approved a revised closure date for the Recovery I site of April 2013.

Through the time of closure, in the government-wide financial statements, the City recognized a portion of the closure and postclosure care costs in each operating period although actual payouts will not occur until this landfill is capped and closed, respectively. The amount recognized each year to date was based on the landfills' capacities used as of the balance sheet date. As of December 31, 2013, the City has estimated its liability at \$6,265,000.

These amounts are based on what it would cost to perform all closure and postclosure care beginning in 2013 for a 30 year period, adjusted for annual cost increases of 3%. Actual cost may be higher due to inflation, changes in technology, or changes in regulations, and may need to be covered by charges from future tax revenue. Current funding of these costs comes from the General Fund.

***Arbitrage***

The City has issued tax-exempt bonds that are subject to arbitrage regulations of the Internal Revenue Service, which impose restrictions on the use of proceeds from tax-exempt bonds. If certain of these restrictions are not complied with, the bonds could lose their tax-exempt status retroactive to the date of original issuance and also result in the City being subject to arbitrage rebates. The City believes it is in compliance with the arbitrage regulations with respect to all of its tax-exempt bond issues.

***Consent Decrees***

On July 24, 2012, in a joint motion the United States of America and the City of New Orleans filed an entry of decree. The purpose of the consent decree is to remedy an alleged pattern or practice of conduct by the NOPD that subjects individuals to excessive force in violation of the Fourth Amendment. The Consent Decree contains detailed provisions concerning changes in NOPD policies and practices related to: (1) the use of force; (2) investigatory stops and detentions, searches, and arrests; (3) custodial interrogations; (4) photographic lineups; (5) bias-free policing; (6) community engagement; (7) recruitment; (8) training; (9) officer assistance and support; (10) performance evaluations and promotions; (11) supervision; (12) the secondary employment system, also known as the paid detail system; (13) misconduct complaint intake, investigation, and adjudication; and (14) transparency and oversight.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

A consent judgment was filed on December 12, 2012 in the United States District Court, Eastern District of Louisiana. The purpose of the agreement is to address certain alleged constitutional violations at the Orleans Parish Prison (OPP). The Orleans Parish Sheriff's Office (the Office) has taken steps to address the concerns at OPP. The Office has in place certain policies, practices, and procedures, and has plans to adopt certain other policies, practices, and procedures. The consent judgment is based on these policies, practices, and procedures and contemplates that the dispute will be resolved by the continued development and implementation of these measures.

The cost to implement the Consent Decrees over a five year period is estimated to be \$55,000,000.

**(13) Summary of Ad Valorem Tax Collections Remitted to Other Taxing Authorities**

Act 711 of the Louisiana Legislative Session amended LRS 24:513 B to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. The following table includes a list of ad valorem taxes to be collected by other City taxing jurisdictions (amounts in thousands):

|                               | 2013<br>Taxes Levied | Less Non-Cash<br>Adjustments<br>to Tax Rolls | Net<br>Taxes Levied |
|-------------------------------|----------------------|--|---------------------|
| Board of Liquidation          | \$ 78,769            | \$ 4,448                                     | \$ 83,217           |
| Sewerage & Water Board        | 50,752               | 2,850  | 53,602              |
| Orleans School Board          | 138,416              | 7,826  | 146,242             |
| Orleans Levee Board West Bank | 2,726                | 84   | 2,810               |
| Orleans Levee Board East Bank | 33,474               | 1,951  | 35,425              |
| Law Enforcement District      | 8,958                | 501  | 9,459               |
| Audubon Zoological Garden     | 988                  | 53   | 1,041               |
| Aquarium of the Americas      | 9,236                | 519  | 9,755               |
| Downtown Development District | 6,156                | 108  | 6,264               |
| Touro Bouligny                | 324                  | 10   | 334                 |
| Garden District               | 744                  | 13   | 757                 |
| <b>Total</b>                  | <b>\$ 330,543</b>    | <b>\$ 18,363</b>                             | <b>\$ 348,906</b>   |

Uncollected taxes are a result of properties that will be sold in the subsequent year or properties that were put up for sale but not purchased and will be put up for sale again in the subsequent year.

Listed on the following page is a summary of ad valorem tax activity related to other City taxing jurisdictions during 2013 (amounts in thousands).

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

|                                    | A<br>2012<br>Due From/<br>(Due To) | 2013<br>Tax Collected<br>in 2013 | 2014<br>Tax Collected<br>in 2013 | Prior Years<br>Tax Collected<br>in 2013 | B<br>Total Tax<br>Collected<br>in 2013 | C<br>2013<br>Payments<br>to Boards | =A-B+C<br>2012<br>Due From/<br>(Due To) |
|------------------------------------|------------------------------------|----------------------------------|----------------------------------|---|--|------------------------------------|---|
| Board of Liquidation               | \$ (2,386)                         | \$ 67,753                        | \$ 2,319                         | \$ 2,539                                | \$ 72,611                              | \$ 71,465                          | \$ (3,532)                              |
| Sewerage & Water Board             | (2,278)                            | 43,650                           | 1,494                            | 1,662                                   | 46,806                                 | 46,069                             | (3,015)                                 |
| Orleans Parish School Board        | 124                                | 120,079                          | 4,120                            | 4,320                                   | 128,519                                | 126,862                            | (1,533)                                 |
| Orleans Levee Board West Bank      | (912)                              | 2,293                            | 73                               | 96                                      | 2,462                                  | 2,386                              | (988)                                   |
| Orleans Levee Board East Bank      | (268)                              | 28,843                           | 993                              | 1,070                                   | 30,906                                 | 30,455                             | (719)                                   |
| Law Enforcement District           | (277)                              | 7,705                            | 264                              | 288                                     | 8,257                                  | 8,126                              | (408)                                   |
| Audubon Zoological Garden          | (30)                               | 850                              | 29                               | 32                                      | 911                                    | 896                                | (45)                                    |
| Aquarium of the Americas           | (284)                              | 7,943                            | 272                              | 302                                     | 8,517                                  | 8,384                              | (417)                                   |
| Downtown Development District      | (135)                              | 5,544                            | 108                              | 91                                      | 5,743                                  | 5,671                              | (207)                                   |
| New Orleans Regional Business Park | (6)                                | -                                | -                                | 1                                       | 1                                      | 1                                  | (6)                                     |
| Touro Bouligny                     | (25)                               | 292                              | 16                               | 4                                       | 312                                    | 302                                | (35)                                    |
| Garden District                    | (62)                               | 654                              | 39                               | 13                                      | 706                                    | 694                                | (74)                                    |
| Total                              | \$ (6,539)                         | \$ 285,606                       | \$ 9,727                         | \$ 10,418                               | \$ 305,751                             | \$ 301,311                         | \$ (10,979)                             |

The amount of taxes collected through tax sales in 2013 totaled \$1,902,146.

The amount of interest on late ad valorem tax payments that was collected and disbursed during 2013 totaled \$3,333,698.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2013

**(14) Restatement**

During 2013, the City identified several adjustments which impacted prior year financial statements which principally arose from the understatement of expenses. In addition, the implementation of GASB 65 resulted in a restatement of beginning net position on the government-wide financial statements. A summary of the impact of these adjustments is as follows.

The impact on governmental fund balance was as follows:

|   |                   |
|---|-------------------|
| Fund balance, as previously reported, December 31, 2012                                     | \$ 112,203        |
| Prior period adjustments  |                   |
| HUD fund related to understatement of expenditures  | (897)             |
| FEMA fund related to understatement of expenditures   | (504)             |
| Capital Projects fund related to understatement of expenditures                             | (1,201)           |
| Louisiana Office of Community Development fund related to<br>understatement of expenditures | (2,071)           |
| Nonmajor governmental funds related to understatement of expenditures                       | <u>(87)</u>       |
|   | <u>(4,760)</u>    |
| Fund balance, as restated, December 31, 2012  | <u>\$ 107,443</u> |

The impact on net position was as follows:

|  |                  |
|--|------------------|
| Net position, as previously reported, December 31, 2012                            | \$ 38,619        |
| Prior period adjustment  |                  |
| Related to understatement of expenses  | (4,760)          |
| Adjustment as a result of the implementation<br>of GASB Statement No. 65 (Note 15) | <u>(4,790)</u>   |
|  | <u>(9,550)</u>   |
| Net position, as restated, December 31, 2012                                       | <u>\$ 29,069</u> |

**(15) Change in Accounting Principles**

The City has implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB Statement No. 65 also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position/balance sheets. The City implemented this statement effective January 1, 2013. The impact to governmental activities was a decrease in beginning net position of \$4,790,000, as disclosed in Note 14.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2013

The GASB issued Statement No. 66, *Technical Corrections - 2012* in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for 2013. There was no impact to the City with the implementation of this statement.

#### (16) New Pronouncements

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* in June 2012. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement--determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014.

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

Management of the City is currently assessing the impact of these new pronouncements on the financial statements.

#### (17) Subsequent Events

In January 2014, the City issued \$40,000,000 of Taxable Public Improvement Bonds Series 2014A for the purpose of improvements to streets, parks, playgrounds, public libraries, and other public buildings. Interest on the bonds is due semiannually at rates ranging from 0.745% to 5.55% commencing June 1, 2014. Principal payments are due annually, commencing December 1, 2014 and maturing on December 1, 2043.

In April 2014, the City received a \$6.2 million payment to settle the outstanding balance of the grantee loan receivable due from the Louisiana Artists Guild. The total receivable balance is fully reserved as of December 31, 2013, as described in Note 4.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Required Supplementary Information

Year ended December 31, 2013

(Unaudited)

Required Supplementary Information includes budgetary comparisons for the General Fund and the Schedules of Funding Progress.

**(1) Budgetary Data**

The procedures used by the City in establishing the general fund budgetary data are as follows:

- Not later than November 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted, after proper official public notification, to obtain taxpayer comments.
- Not later than December 1, the budget is legally enacted through passage of an ordinance.
- The City's budget ordinance is structured such that revenues are budgeted by source, and expenditures are budgeted by department and by principal object classification within a department. The City's charter provides that expenditures may not legally exceed appropriations either at a departmental level or at the principal object classification within a department.
- The Mayor's office is allowed to authorize the transfer of budgeted amounts from one budget activity to another within a principal object classification within the same department. Budgetary transfers between principal object classifications of the same department or between departments must be approved by the City Council. Throughout the year, several amendments to the budget were made by the City Council. There were no supplemental appropriations necessary during the current year.
- The City utilizes formal budgetary integration as a management control device during the year for the general and capital projects funds. Formal budgetary integration is not employed for the debt service and special revenue funds because effective budgetary control is alternatively achieved through other provisions.
- Unencumbered appropriations lapse at year-end. Current year transactions, which are directly related to a prior year's budget, are not rebudgeted in the current year.
- The City adopts an ordinance subsequent to year end to agree the final budgeted expenditures to actual expenditures.

**(2) Schedules of Funding Progress**

The Firefighters' Pension and Relief Fund (New System) uses the aggregate actuarial cost method; therefore, a schedule of funding progress is not required when this method is used in determining funding requirements because this method does not separately identify an actuarial accrued liability.

**CITY OF NEW ORLEANS, LOUISIANA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (Non-GAAP Budgetary Basis) and Actual - General Fund**

Year ended December 31, 2013  
(Amounts in thousands)

|   | Original<br>budget | Revised<br>budget | Actual on<br>budgetary<br>basis | Variance<br>favorable<br>(unfavorable) |
|---|--------------------|-------------------|---------------------------------|--|
| <b>Revenues:</b>  |                    |                   |                                 |  |
| Taxes   | \$ 310,685         | 310,685           | 316,578                         | 5,893                                  |
| Licenses and permits  | 53,070             | 53,070            | 62,963                          | 9,893                                  |
| Intergovernmental   | 10,575             | 13,575            | 24,304                          | 10,729                                 |
| Charges for services  | 73,158             | 73,191            | 79,101                          | 5,910                                  |
| Fines and forfeits  | 30,415             | 30,415            | 31,628                          | 1,213                                  |
| Interest income   | 63                 | 63                | 34                              | (29)                                   |
| Contributions, gifts, and donations   | 4,406              | 5,762             | 452                             | (5,310)                                |
| Miscellaneous   | 5,290              | 5,890             | 28,454                          | 22,564                                 |
| <b>Total revenues</b>   | <b>487,662</b>     | <b>492,651</b>    | <b>543,514</b>                  | <b>50,863</b>                          |
| <b>Expenditures:</b>  |                    |                   |                                 |  |
| <b>Current:</b>   |                    |                   |                                 |  |
| General government  | 154,214            | 159,141           | 166,638                         | (7,497)                                |
| Public safety   | 216,417            | 216,415           | 223,856                         | (7,441)                                |
| Public works  | 59,108             | 59,820            | 64,707                          | (4,887)                                |
| Health and human services   | 15,773             | 15,807            | 15,753                          | 54                                     |
| Culture and recreation  | 27,706             | 28,306            | 19,699                          | 8,607                                  |
| <b>Debt service:</b>  |                    |                   |                                 |  |
| Principal retirement  | 30,262             | 30,262            | 22,844                          | 7,418                                  |
| Interest and fiscal charges   | —                  | —                 | 2,849                           | (2,849)                                |
| <b>Total expenditures</b>   | <b>503,480</b>     | <b>509,751</b>    | <b>516,346</b>                  | <b>(6,595)</b>                         |
| <b>Excess (deficiency) of revenues over expenditures</b>  | <b>(15,818)</b>    | <b>(17,100)</b>   | <b>27,168</b>                   | <b>44,268</b>                          |
| <b>Other financing sources (uses):</b>  |                    |                   |                                 |  |
| Operating transfers in  | 15,818             | 15,818            | 6,143                           | (9,675)                                |
| Operating transfers out   | —                  | —                 | (9,214)                         | (9,214)                                |
| Appropriations from prior year budgetary fund balance   | —                  | 1,282             | —                               | (1,282)                                |
| Reduction in prior year's outstanding encumbrances  | —                  | —                 | 581                             | 581                                    |
| Other   | —                  | —                 | (1,524)                         | (1,524)                                |
| <b>Total other financing sources (uses)</b>   | <b>15,818</b>      | <b>17,100</b>     | <b>(4,014)</b>                  | <b>(21,114)</b>                        |
| <b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b> | <b>\$ —</b>        | <b>—</b>          | <b>23,154</b>                   | <b>23,154</b>                          |
| Fund balances, beginning of year  |                    |                   | (10,688)                        |  |
| Fund balances - budgetary basis, end of year  |                    |                   | \$ 12,466                       |  |

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA

Budget to GAAP Reconciliation

(Unaudited)

The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual presents comparisons of the legally adopted original budget and final budget (non-GAAP basis) with actual data on a budgetary basis. In the general fund, accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with GAAP. A reconciliation of this basis and timing differences is presented below (amounts in thousands):

|  |                  |
|--|------------------|
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis) | \$ 23,154        |
| Adjustments:   |                  |
| To adjust revenues for accruals and deferrals  | <u>3,138</u>     |
| Net change in fund balance   | <u>\$ 26,292</u> |

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Schedule of Funding Progress  
 Required Supplementary Information Under GASB Statement No. 27  
 Year ended December 31, 2013  
 (Unaudited)  
 (Amounts in Thousands)

| <u>Actuarial valuation date</u>                            | <u>Value of assets (a)</u> | <u>Actuarial accrued liability (AAL) (b)</u> | <u>Excess of assets over AAL (a-b)</u> | <u>Funded ratio (a/b)</u> | <u>Covered payroll (c)</u> | <u>Excess as percentage of covered payroll ((a-b)/c)</u> |
|--|----------------------------|--|--|---------------------------|----------------------------|--|
| <b>Employees' Retirement System:</b>                       |                            |  |  |                           |                            |  |
| 12/31/2011   | \$ 379,526                 | \$ 507,173                                   | \$ (127,647)                           | 74.83                     | \$ 93,636                  | -136.32%   |
| 12/31/2012   | 372,050                    | 545,395                                      | (173,345)                              | 68.22                     | 92,881                     | -186.63%   |
| 12/31/2013   | 365,102                    | 544,536                                      | (179,434)                              | 67.05                     | 92,440                     | -194.11%   |
| <b>Police Pension Fund:</b>                                |                            |  |  |                           |                            |  |
| 12/31/2011   | 1,805                      | Not Known                                    | Not Known                              | Not Known                 | —                          | N/A  |
| 12/31/2012   | 1,763                      | Not Known                                    | Not Known                              | Not Known                 | —                          | N/A  |
| 12/31/2013   | 1,726                      | Not Known                                    | Not Known                              | Not Known                 | —                          | N/A  |
| <b>Firefighters' Pension and Relief Fund (Old System):</b> |                            |  |  |                           |                            |  |
| 12/31/2011   | 14,862                     | 171,593                                      | (156,731)                              | 8.66                      | —                          | N/A  |
| 12/31/2012   | 16,565                     | 159,529                                      | (142,964)                              | 10.38                     | —                          | N/A  |
| 12/31/2013   | 17,680                     | 148,577                                      | (130,897)                              | 11.90                     | —                          | N/A  |
| <b>Firefighters' Pension and Relief Fund (New System):</b> |                            |  |  |                           |                            |  |
| 12/31/2011   | 159,645                    | 430,550                                      | (270,905)                              | 37.08                     | 29,994                     | -903.20%   |
| 12/31/2012   | 150,640                    | 440,292                                      | (289,652)                              | 34.21                     | 29,688                     | -975.65%   |
| 12/31/2013   | 121,788                    | 423,820                                      | (302,032)                              | 28.74                     | 28,002                     | -1078.61%  |

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
 Schedule of Funding Progress  
 Required Supplementary Information Under GASB Statement No. 45  
 Year ended December 31, 2013  
 (Unaudited)  
 (Amounts in Thousands)

| <u>Actuarial valuation date</u> | <u>Value of assets (a)</u> | <u>Actuarial accrued liability (AAL) (b)</u> | <u>Excess of assets over AAL (a-b)</u> | <u>Funded ratio (a/b)</u> | <u>Covered payroll (c)</u> | <u>Excess as percentage of covered payroll ((a-b)/c)</u> |
|---------------------------------|----------------------------|--|--|---------------------------|----------------------------|--|
| 12/31/2011                      | \$ —                       | \$ 162,047                                   | \$ (162,047)                           | \$ —                      | \$ 219,251                 | -73.91%  |
| 12/31/2012                      | —                          | 168,529                                      | (168,529)                              | —                         | 225,509                    | -74.73%  |
| 12/31/2013                      | —                          | 149,750                                      | (149,750)                              | —                         | 216,764                    | -69.08%  |

See accompanying independent auditors' report.

**COMBINING FINANCIAL STATEMENTS**

**NON-MAJOR GOVERNMENTAL FUNDS**



## CITY OF NEW ORLEANS, LOUISIANA

### Combining Financial Statements

### Non-major Governmental Funds

December 31, 2013

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. Significant special revenue funds are as follows.

- *American Can* – Used to account for repayment of the Section 108 loan received from the U.S. Department of Housing and Urban development (HUD) for the benefit of the American Can Project.
- *Neighborhood Housing Improvement* – Used to account for funds allocated to programs which repair and renovate housing in low-income areas.
- *New Orleans Economic Development* – Used to account for funds allocated to programs designed to alleviate economic development problems, improve quality of life, and provide jobs for the citizens of New Orleans.
- *Housing and Environment Improvements* – Used to improve health, housing and environmental conditions in the City.
- *Environmental Improvement* – Used to account for funds received from fines, fees, costs, and penalties and allocated to programs designed to improve health, housing, and environmental conditions in the City.
- *Asset Seizure* – Used to account for property confiscated from drug dealers by the police department to be used for crime fighting measures.
- *Capital Improvements and Infrastructure* – Used to account for funds allocated for the improvements of infrastructures within the City.
- *Plant-a-Tree Campaign* – Used to account for funds allocated to programs designed for planting and beautifying trees, plants, and flowers throughout the City.
- *Sex Offender Proprietary Fund* – Used to account for funds collected by the New Orleans Police Department as a result of annual registration of criminals, annual updates for registration information, criminal penalties for failure to register, and related matters. Expenditures from the fund are for equipment and supplies necessary for its operation and continuation.
- *Miscellaneous Donations* – Used to account for donations designated to specific City departments.
- *Music and Entertainment Commission* – Used to account for funds allocated for programs designed to attract music and entertainment to the City.

## CITY OF NEW ORLEANS, LOUISIANA

### Combining Financial Statements

#### Non-major Governmental Funds

December 31, 2013

- *Environmental Disaster Mitigation Revolving Fund* – All revenues collected by the Department of Finance from public or private entities as a result of damage to the environment shall be placed in the fund. Expenditures from the fund shall be used to purchase materials, compensate personnel, obtain services, or offset expenses that may have resulted from said damage.
- *New Orleans Recreation Foundation* – the New Orleans Recreation Development (NORD) Foundation Fund is established in the department of finance, under section 6-207 of the City Charter, to receive periodic philanthropic contributions from the NORD Foundation
- *Delgado Albania Plantation Commission* – Used to account for funds generated from the operation of a sugar cane plantation.
- *Imagine It Clean* – Established to receive allocations from various funding sources, including advertising revenue, donations, and other monetary contributions from private individuals, corporations, and other institutions and entities in the private sector, to support the programs and activities of the Imagine It Clean program.
- *Indigent Defender* – Used to account for revenues collected for specified traffic violations. These funds are maintained by the Orleans Parish Public Defenders Office.
- *Edward Wisner* – Used to account for approximately 53,500 acres of land and waterbottoms in Jefferson, St. John the Baptist and Lafourche Parishes, Louisiana from the estate of Edward Wisner to the City of New Orleans, Louisiana as Trustee, for a 100 year charitable trust. The beneficiaries of the trust include the City of New Orleans, Louisiana as beneficiary for several charitable purposes, Charity Hospital, of New Orleans, Louisiana, Tulane University, and The Salvation Army. Specific portions of the land or the income from the land were also set aside for the establishment and maintenance of specified structures for certain other organizations operating within the City of New Orleans, Louisiana. This trust was created by an Act of Donation dated August 4, 1914.
- *Vieux Carré Residential* – This fund receives payments from individuals or businesses who wish to encourage residential uses in the Vieux Carré. The funds shall be used only for public purposes which help to retain or increase residential uses within the boundaries of the Vieux Carré National Register Historic District.
- *New Orleans Film Commission Trust* – Used to account for funds received for the spending budget of the New Orleans Film Commission from various sources, such as the New Orleans Tourism Marketing Corporation, as well as grant funds, donations, and other monetary contributions from private individual corporations, and other institutions and entities in the private sector to support the programs and activities of the Commission.
- *Mayor's Office of Tourism and Arts* – Used to account for programs and initiatives specifically directed toward supporting and advancing arts organizations.

**CITY OF NEW ORLEANS, LOUISIANA**

Combining Financial Statements

Non-major Governmental Funds

December 31, 2013

- *Mayoral Fellows Program* – Used to account for funds to offer post-baccalaureate students the opportunity to serve in the New Orleans city government while helping to create a cadre of potential leaders for the community.
- *Public Library Donations* – Used to account for donations to enhance the City’s library system.
- *New Orleans Recreation Department* – Used to account for donations designated to assist in the purchase of playground equipment.
- *Helen Adler Levy Library* – Used to account for funds for the purpose of the establishment and maintenance of the Helen Adler Levy Memorial Room at the New Orleans Public Library.
- *Simon Hersheim* – Used to account for funds for the purpose of purchasing books for the Public Library.
- *LaHache Music* – Used to account for funds to promote the history of New Orleans musicians and facilitate the development of new musicians and composers.
- *Mrs. Otto Joachim* – Used to account for funds to promote the study of orchestra music and violinists.
- *Isaac Delgado Memorial* – Used to account for funds which will benefit Delgado Community College.
- *John McDonogh School* – Used to account for funds to promote education throughout through the City of New Orleans.
- *Lafayette Cemetery No. 1 Under the Wiley of Lilly Violet* – a bequest to the City to maintain Lafayette Cemetery No. 1.
- *Sickles Legacy* – Used to account for funds designated to establish a city dispensary for gratuitous dispensing of medicine and medical advice for the poor.
- *Mahalia Zimmerman* – a bequest to the City to maintain Ms. Zimmerman’s tomb.
- *Institute of Mental Hygiene* – Used to account for funds for the purpose of study, research, and treatment in the field of mental hygiene and psychiatry.
- *Kiwanis Club Lee Circle Sprinkler System* – Used to maintain and improve the sprinkler system for the beautification and benefit of Lee Circle.

**CITY OF NEW ORLEANS, LOUISIANA**

**Combining Financial Statements**

**Non-major Governmental Funds**

**December 31, 2013**

- *Ella West Freeman Foundation* – Used to account for funds to establish and facilitate programs aimed at education, performing and applied arts, community improvement and governmental oversight, and human service organizations with an emphasis on capital projects for established agencies.
- *Adopt-a-Pothole/Streets* – Used to account for funds donated to repair damaged City streets.
- *New Orleans Police Department Crime Prevention* – Used to account for donations earmarked to assist the Police Department in their crime fighting efforts.
- *Sidewalk Paving and Repair* – Used to account for funds dedicated to maintaining sidewalks.

**CITY OF NEW ORLEANS**  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2013  
 (Amounts in thousands)

| Assets  | New Orleans<br>Economic<br>Development | Neighborhood<br>Housing<br>Improvement | Environmental<br>Improvement | American<br>Can | Sex<br>Offender<br>Proprietary<br>Fund | Sidewalk<br>Paving and<br>Repairing | Adopt-a-<br>Pothole<br>Program | Mayor's<br>Office of<br>Tourism and<br>Arts |
|---|--|--|------------------------------|-----------------|--|-------------------------------------|--------------------------------|---|
| Cash  | \$ 1,371                               | —                                      | 3                            | 2,603           | 341                                    | —                                   | —                              | 244   |
| Investments   | 1,069                                  | 1,900                                  | 681                          | —               | —                                      | 2                                   | —                              | —   |
| Accounts receivable (net,<br>where applicable, of<br>allowances for uncollectibles) | —                                      | 14                                     | 44                           | —               | —                                      | —                                   | —                              | —   |
| Property taxes receivable   | 84                                     | 84                                     | —                            | —               | —                                      | —                                   | —                              | —   |
| Due from other funds  | —                                      | 114                                    | —                            | —               | —                                      | —                                   | —                              | —   |
| Due from other governments  | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | —   |
| Other assets  | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | 3   |
| <b>Total assets</b>   | <b>\$ 2,524</b>                        | <b>2,112</b>                           | <b>728</b>                   | <b>2,603</b>    | <b>341</b>                             | <b>2</b>                            | <b>—</b>                       | <b>247</b>                                  |
| <b>Liabilities and Fund Balances</b>  |  |  |                              |                 |  |                                     |                                |   |
| <b>Liabilities:</b>   |  |  |                              |                 |  |                                     |                                |   |
| Accounts payable  | \$ 37                                  | 207                                    | 72                           | —               | —                                      | —                                   | —                              | 1   |
| Accrued liabilities   | 19                                     | 35                                     | —                            | —               | —                                      | —                                   | —                              | —   |
| Due to other funds  | 1                                      | 439                                    | 522                          | —               | —                                      | —                                   | —                              | —   |
| Due to other governments  | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | —   |
| Advances from other funds   | —                                      | —                                      | —                            | —               | —                                      | 2                                   | —                              | —   |
| <b>Total liabilities</b>  | <b>57</b>                              | <b>681</b>                             | <b>594</b>                   | <b>—</b>        | <b>—</b>                               | <b>2</b>                            | <b>—</b>                       | <b>1</b>                                    |
| <b>Deferred Inflows of Resources</b>  |  |  |                              |                 |  |                                     |                                |   |
| Unavailable revenue   | 144                                    | 144                                    | —                            | —               | —                                      | —                                   | —                              | —   |
| <b>Total deferred inflows of resources</b>  | <b>144</b>                             | <b>144</b>                             | <b>—</b>                     | <b>—</b>        | <b>—</b>                               | <b>—</b>                            | <b>—</b>                       | <b>—</b>                                    |
| <b>Fund balances:</b>   |  |  |                              |                 |  |                                     |                                |   |
| Nonspendable  | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | —   |
| Restricted  | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | —   |
| Committed   | 2,319                                  | 1,283                                  | 259                          | 2,603           | 341                                    | —                                   | —                              | 246   |
| Assigned  | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | —   |
| Unassigned  | 4                                      | 4                                      | (125)                        | —               | —                                      | —                                   | —                              | —   |
| <b>Total fund balances</b>  | <b>2,323</b>                           | <b>1,287</b>                           | <b>134</b>                   | <b>2,603</b>    | <b>341</b>                             | <b>—</b>                            | <b>—</b>                       | <b>246</b>                                  |
| <b>Total liabilities, deferred inflows,<br/>and fund balances</b>                   | <b>\$ 2,524</b>                        | <b>2,112</b>                           | <b>728</b>                   | <b>2,603</b>    | <b>341</b>                             | <b>2</b>                            | <b>—</b>                       | <b>247</b>                                  |

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS**  
**Consolidating Balance Sheet**  
**Non-major Governmental Funds**  
**December 31, 2013**  
**(Amounts in thousands)**

| <b>Assets</b>   | <b>Mayoral<br/>Fellows<br/>Program</b> | <b>Music<br/>and<br/>Entertainment<br/>Commission</b> | <b>New Orleans<br/>Police<br/>Department<br/>Crime<br/>Prevention</b> | <b>Asset<br/>Seizure</b> | <b>New Orleans<br/>Recreation<br/>Foundation</b> | <b>New Orleans<br/>Recreation<br/>Department</b> | <b>New Orleans<br/>Film<br/>Commission</b> | <b>Vieux<br/>Carre'<br/>Restoration</b> |
|---|--|---|---|--------------------------|--|--|--|---|
| Cash  | —                                      | 80  | 1   | 694                      | 23   | 52   | 84   | 1                                       |
| Investments   | —                                      | 116   | —   | 658                      | —  | —  | 158  | —                                       |
| Accounts receivable (net,<br>where applicable, of<br>allowances for uncollectibles) | —                                      | —   | —   | —                        | —  | —  | —  | —                                       |
| Property taxes receivable   | —                                      | —   | —   | —                        | —  | —  | —  | —                                       |
| Due from other funds  | —                                      | —   | —   | —                        | —  | —  | —  | —                                       |
| Due from other governments  | —                                      | —   | —   | —                        | —  | —  | —  | —                                       |
| Other assets  | —                                      | 2   | —   | —                        | —  | —  | 2  | —                                       |
| <b>Total assets</b>   | <b>—</b>                               | <b>198</b>  | <b>1</b>  | <b>1,352</b>             | <b>23</b>  | <b>52</b>  | <b>244</b>                                 | <b>1</b>                                |
| <b>Liabilities and Fund Balances</b>  |  |   |   |                          |  |  |  |   |
| <b>Liabilities:</b>   |  |   |   |                          |  |  |  |   |
| Accounts payable  | —                                      | —   | —   | 11                       | 14   | —  | 8  | —                                       |
| Accrued liabilities   | 2                                      | —   | —   | —                        | —  | —  | —  | —                                       |
| Due to other funds  | 79                                     | —   | —   | —                        | —  | —  | —  | —                                       |
| Due to other governments  | —                                      | —   | —   | —                        | —  | —  | —  | —                                       |
| Advances from other funds   | —                                      | —   | —   | —                        | —  | —  | —  | —                                       |
| <b>Total liabilities</b>  | <b>81</b>                              | <b>—</b>  | <b>—</b>  | <b>11</b>                | <b>14</b>  | <b>—</b>   | <b>8</b>                                   | <b>—</b>                                |
| <b>Deferred Inflows of Resources</b>  |  |   |   |                          |  |  |  |   |
| Unavailable revenue   | —                                      | —   | —   | —                        | —  | —  | —  | —                                       |
| <b>Total deferred inflows of resources</b>  | <b>—</b>                               | <b>—</b>  | <b>—</b>  | <b>—</b>                 | <b>—</b>   | <b>—</b>   | <b>—</b>                                   | <b>—</b>                                |
| <b>Fund balances:</b>   |  |   |   |                          |  |  |  |   |
| Nonspendable  | —                                      | —   | —   | —                        | —  | 52   | —  | —                                       |
| Restricted  | —                                      | —   | —   | —                        | 9  | —  | —  | 1                                       |
| Committed   | —                                      | 198   | 1   | 1,341                    | —  | —  | 236  | —                                       |
| Assigned  | —                                      | —   | —   | —                        | —  | —  | —  | —                                       |
| Unassigned  | (81)                                   | —   | —   | —                        | —  | —  | —  | —                                       |
| <b>Total fund balances</b>  | <b>(81)</b>                            | <b>198</b>  | <b>1</b>  | <b>1,341</b>             | <b>9</b>   | <b>52</b>  | <b>236</b>                                 | <b>1</b>                                |
| <b>Total liabilities, deferred inflows,<br/>and fund balances</b>                   | <b>—</b>                               | <b>198</b>  | <b>1</b>  | <b>1,352</b>             | <b>23</b>  | <b>52</b>  | <b>244</b>                                 | <b>1</b>                                |

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS**  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2013  
 (Amounts in thousands)

| <b>Assets</b>   | <b>Public<br/>Library<br/>Donations</b> | <b>Plant-<br/>a-Tree<br/>Campaign</b> | <b>Capital<br/>Improvement<br/>and<br/>Infrastructure</b> | <b>Delgado-<br/>Albania<br/>Plantation<br/>Commission</b> | <b>Edward<br/>Wizner</b> | <b>LaHache<br/>Music</b> | <b>Simon<br/>Herstein</b> | <b>Kiwanis<br/>Club<br/>Lee Circle<br/>Sprinkler<br/>System</b> |
|---|---|---------------------------------------|---|---|--------------------------|--------------------------|---------------------------|---|
| Cash  | 592                                     | 294                                   | 2,274   | 715   | 4,567                    | —                        | 1                         | 5   |
| Investments   | 42                                      | —                                     | 277   | 1,186   | 2,550                    | —                        | 79                        | —   |
| Accounts receivable (net,<br>where applicable, of<br>allowances for uncollectibles) | —                                       | —                                     | —   | —   | —                        | —                        | —                         | —   |
| Property taxes receivable   | —                                       | —                                     | 167   | —   | —                        | —                        | —                         | —   |
| Due from other funds  | —                                       | —                                     | —   | —   | —                        | —                        | —                         | —   |
| Due from other governments  | —                                       | —                                     | —   | —   | —                        | —                        | —                         | —   |
| Other assets  | —                                       | —                                     | —   | 12  | —                        | —                        | —                         | —   |
| <b>Total assets</b>   | <b>634</b>                              | <b>294</b>                            | <b>2,718</b>  | <b>1,913</b>  | <b>7,117</b>             | <b>—</b>                 | <b>80</b>                 | <b>5</b>  |
| <b>Liabilities and Fund Balances</b>  |   |                                       |   |   |                          |                          |                           |   |
| <b>Liabilities:</b>   |   |                                       |   |   |                          |                          |                           |   |
| Accounts payable  | —                                       | 44                                    | —   | —   | 1,020                    | —                        | —                         | —   |
| Accrued liabilities   | —                                       | —                                     | —   | —   | —                        | —                        | —                         | —   |
| Due to other funds  | —                                       | —                                     | —   | —   | —                        | —                        | —                         | —   |
| Due to other governments  | —                                       | —                                     | —   | —   | —                        | —                        | —                         | —   |
| Advances from other funds   | —                                       | —                                     | —   | —   | —                        | —                        | —                         | —   |
| <b>Total liabilities</b>  | <b>—</b>                                | <b>44</b>                             | <b>—</b>  | <b>—</b>  | <b>1,020</b>             | <b>—</b>                 | <b>—</b>                  | <b>—</b>  |
| <b>Deferred Inflows of Resources</b>  |   |                                       |   |   |                          |                          |                           |   |
| Unavailable revenue   | —                                       | —                                     | 290   | —   | —                        | —                        | —                         | —   |
| <b>Total deferred inflows of resources</b>  | <b>—</b>                                | <b>—</b>                              | <b>290</b>  | <b>—</b>  | <b>—</b>                 | <b>—</b>                 | <b>—</b>                  | <b>—</b>  |
| <b>Fund balances:</b>   |   |                                       |   |   |                          |                          |                           |   |
| Nonspendable  | 634                                     | —                                     | —   | —   | —                        | —                        | —                         | —   |
| Restricted  | —                                       | —                                     | —   | —   | 6,097                    | —                        | —                         | 5   |
| Committed   | —                                       | 250                                   | 2,422   | 1,913   | —                        | —                        | 80                        | —   |
| Assigned  | —                                       | —                                     | 6   | —   | —                        | —                        | —                         | —   |
| Unassigned  | —                                       | —                                     | —   | —   | —                        | —                        | —                         | —   |
| <b>Total fund balances</b>  | <b>634</b>                              | <b>250</b>                            | <b>2,428</b>  | <b>1,913</b>  | <b>6,097</b>             | <b>—</b>                 | <b>80</b>                 | <b>5</b>  |
| <b>Total liabilities, deferred inflows,<br/>and fund balances</b>                   | <b>634</b>                              | <b>294</b>                            | <b>2,718</b>  | <b>1,913</b>  | <b>7,117</b>             | <b>—</b>                 | <b>80</b>                 | <b>5</b>  |

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS**  
**Consolidating Balance Sheet**  
**Non-major Governmental Funds**  
**December 31, 2013**  
**(Amounts in thousands)**

| <b>Assets</b>   | <b>Ella West<br/>Freeman<br/>Foundation</b> | <b>Isaac<br/>Delgado<br/>Memorial</b> | <b>John<br/>McDonogh<br/>School</b> | <b>Lafayette<br/>Cemetery<br/>No. 1 Under<br/>Will of Lilly<br/>Violet</b> | <b>Mahalla<br/>Zimmerman<br/>Tomb</b> | <b>Mrs.<br/>Otto<br/>Joachim</b> | <b>Sickles<br/>Legacy</b> | <b>Helen<br/>Adler<br/>Levy<br/>Library</b> |
|---|---|---------------------------------------|-------------------------------------|--|---------------------------------------|----------------------------------|---------------------------|---|
| Cash  | 4   | 333                                   | —                                   | 19   | 3                                     | 1                                | 1                         | 1   |
| Investments   | 4   | 217                                   | 6                                   | 2  | —                                     | —                                | 308                       | 1,540                                       |
| Accounts receivable (net,<br>where applicable, of<br>allowances for uncollectibles) | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | 6   |
| Property taxes receivable   | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| Due from other funds  | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| Due from other governments  | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| Other assets  | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| <b>Total assets</b>   | <b>8</b>                                    | <b>550</b>                            | <b>6</b>                            | <b>21</b>  | <b>3</b>                              | <b>1</b>                         | <b>309</b>                | <b>1,547</b>                                |
| <b>Liabilities and Fund Balances</b>  |   |                                       |                                     |  |                                       |                                  |                           |   |
| <b>Liabilities:</b>   |   |                                       |                                     |  |                                       |                                  |                           |   |
| Accounts payable  | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | 4   |
| Accrued liabilities   | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| Due to other funds  | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | 1,519                                       |
| Due to other governments  | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| Advances from other funds   | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| <b>Total liabilities</b>  | <b>—</b>                                    | <b>—</b>                              | <b>—</b>                            | <b>—</b>   | <b>—</b>                              | <b>—</b>                         | <b>—</b>                  | <b>1,523</b>                                |
| <b>Deferred Inflows of Resources</b>  |   |                                       |                                     |  |                                       |                                  |                           |   |
| Unavailable revenue   | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| <b>Total deferred inflows of resources</b>  | <b>—</b>                                    | <b>—</b>                              | <b>—</b>                            | <b>—</b>   | <b>—</b>                              | <b>—</b>                         | <b>—</b>                  | <b>—</b>                                    |
| <b>Fund balances:</b>   |   |                                       |                                     |  |                                       |                                  |                           |   |
| Nonspendable  | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| Restricted  | 8   | 550                                   | 6                                   | 21   | 3                                     | 1                                | 309                       | 24  |
| Committed   | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| Assigned  | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| Unassigned  | —   | —                                     | —                                   | —  | —                                     | —                                | —                         | —   |
| <b>Total fund balances</b>  | <b>8</b>                                    | <b>550</b>                            | <b>6</b>                            | <b>21</b>  | <b>3</b>                              | <b>1</b>                         | <b>309</b>                | <b>24</b>                                   |
| <b>Total liabilities, deferred inflows,<br/>and fund balances</b>                   | <b>8</b>                                    | <b>550</b>                            | <b>6</b>                            | <b>21</b>  | <b>3</b>                              | <b>1</b>                         | <b>309</b>                | <b>1,547</b>                                |

See accompanying independent auditors' report.

(Continued)



**CITY OF NEW ORLEANS**  
**Consolidating Balance Sheet**  
**Non-major Governmental Funds**  
**December 31, 2013**  
*(Amounts in thousands)*

| Assets  | Housing<br>and<br>Environment<br>Improvement | Indigent<br>Defender | Disaster<br>Mitigation | Miscellaneous<br>Donations | Other      | Grant<br>Recipient<br>Funds | Total         |
|---|--|----------------------|------------------------|----------------------------|------------|-----------------------------|---------------|
| Cash  | 1,682  | 57                   | 320                    | 221                        | 8          | 4,231                       | 20,826        |
| Investments   | —  | —                    | —                      | —                          | 163        | —                           | 10,958        |
| Accounts receivable (net,<br>where applicable, of<br>allowances for uncollectibles) | 114  | 53                   | —                      | —                          | —          | —                           | 231           |
| Property taxes receivable   | —  | —                    | —                      | —                          | —          | —                           | 335           |
| Due from other funds  | —  | —                    | —                      | —                          | —          | 63                          | 177           |
| Due from other governments  | —  | —                    | —                      | —                          | —          | 5,409                       | 5,409         |
| Other assets  | —  | —                    | —                      | —                          | —          | —                           | 19            |
| <b>Total assets</b>   | <b>1,796</b>                                 | <b>110</b>           | <b>320</b>             | <b>221</b>                 | <b>171</b> | <b>9,703</b>                | <b>37,955</b> |
| <b>Liabilities and Fund Balances</b>  |  |                      |                        |                            |            |                             |               |
| <b>Liabilities:</b>   |  |                      |                        |                            |            |                             |               |
| Accounts payable  | 325  | —                    | —                      | 2                          | —          | 3,333                       | 5,078         |
| Accrued liabilities   | 3  | —                    | —                      | —                          | —          | 148                         | 207           |
| Due to other funds  | 29   | —                    | —                      | —                          | —          | 4,387                       | 6,976         |
| Due to other governments  | —  | —                    | —                      | —                          | —          | 688                         | 688           |
| Advances from other funds   | —  | —                    | —                      | —                          | —          | —                           | 2             |
| <b>Total liabilities</b>  | <b>357</b>                                   | <b>—</b>             | <b>—</b>               | <b>2</b>                   | <b>—</b>   | <b>8,556</b>                | <b>12,951</b> |
| <b>Deferred Inflows of Resources</b>  |  |                      |                        |                            |            |                             |               |
| Unavailable revenue   | —  | —                    | —                      | —                          | —          | 2,469                       | 3,047         |
| <b>Total deferred inflows of resources</b>  | <b>—</b>                                     | <b>—</b>             | <b>—</b>               | <b>—</b>                   | <b>—</b>   | <b>2,469</b>                | <b>3,047</b>  |
| <b>Fund balances:</b>   |  |                      |                        |                            |            |                             |               |
| Nonspendable  | —  | —                    | —                      | —                          | 204        | —                           | 890           |
| Restricted  | —  | —                    | —                      | —                          | 7          | 4,403                       | 11,524        |
| Committed   | 1,439  | 110                  | 320                    | —                          | —          | —                           | 15,281        |
| Assigned  | —  | —                    | —                      | 219                        | —          | —                           | 225           |
| Unassigned  | —  | —                    | —                      | —                          | (40)       | (5,725)                     | (5,963)       |
| <b>Total fund balances</b>  | <b>1,439</b>                                 | <b>110</b>           | <b>320</b>             | <b>219</b>                 | <b>171</b> | <b>(1,322)</b>              | <b>21,957</b> |
| <b>Total liabilities, deferred inflows,<br/>and fund balances</b>                   | <b>1,796</b>                                 | <b>110</b>           | <b>320</b>             | <b>221</b>                 | <b>171</b> | <b>9,703</b>                | <b>37,955</b> |

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS**  
**Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-major Governmental Funds**  
**December 31, 2013**  
**(Amounts in thousands)**

|  | New Orleans<br>Economic<br>Development | Neighborhood<br>Housing<br>Improvement | Environmental<br>Improvement | American<br>Cdn | Sex<br>Offender<br>Proprietary<br>Fund | Sidewalk<br>Paving and<br>Repairing | Adopt-a-<br>Pothole<br>Program | Mayor's<br>Office of<br>Tourism and<br>Arts |
|--|--|--|------------------------------|-----------------|--|-------------------------------------|--------------------------------|---|
| <b>Revenues:</b>   |  |  |                              |                 |  |                                     |                                |   |
| Taxes  | \$ 2,548                               | 2,548                                  | —                            | —               | —                                      | —                                   | —                              | —   |
| Intergovernmental  | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | —   |
| Program income   | —                                      | 47                                     | —                            | —               | —                                      | —                                   | —                              | —   |
| Fees and forfeits  | —                                      | —                                      | 40                           | —               | —                                      | —                                   | —                              | —   |
| Interest income  | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | —   |
| Contributions, gifts, and donations                      | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | 187   |
| Miscellaneous  | —                                      | —                                      | —                            | 1,218           | 79                                     | —                                   | —                              | —   |
| <b>Total revenues</b>                                    | <b>2,548</b>                           | <b>2,595</b>                           | <b>40</b>                    | <b>1,218</b>    | <b>79</b>                              | <b>—</b>                            | <b>—</b>                       | <b>187</b>                                  |
| <b>Expenditures:</b>                                     |  |  |                              |                 |  |                                     |                                |   |
| General government                                       | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | 94  |
| Public safety  | —                                      | —                                      | —                            | —               | 20                                     | —                                   | —                              | —   |
| Health and human services                                | —                                      | —                                      | 433                          | —               | —                                      | —                                   | —                              | —   |
| Culture and recreation                                   | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | —   |
| Urban development and housing                            | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | —   |
| Economic development and assistance                      | 2,791                                  | 5,002                                  | —                            | —               | —                                      | —                                   | —                              | —   |
| Capital outlays  | —                                      | 1,108                                  | —                            | —               | —                                      | —                                   | —                              | —   |
| Debt service   | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | —   |
| Principal  | —                                      | —                                      | —                            | 320             | —                                      | —                                   | —                              | —   |
| Interest   | —                                      | —                                      | —                            | 68              | —                                      | —                                   | —                              | —   |
| <b>Total expenditures</b>                                | <b>2,791</b>                           | <b>6,110</b>                           | <b>433</b>                   | <b>388</b>      | <b>20</b>                              | <b>—</b>                            | <b>—</b>                       | <b>94</b>                                   |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(243)</b>                           | <b>(3,515)</b>                         | <b>(393)</b>                 | <b>830</b>      | <b>59</b>                              | <b>—</b>                            | <b>—</b>                       | <b>93</b>                                   |
| <b>Other financing sources (uses):</b>                   |  |  |                              |                 |  |                                     |                                |   |
| Operating transfers in                                   | —                                      | —                                      | —                            | —               | —                                      | —                                   | —                              | —   |
| Operating transfers out                                  | —                                      | —                                      | —                            | (1,772)         | —                                      | —                                   | —                              | —   |
| <b>Total other financing sources (uses)</b>              | <b>—</b>                               | <b>—</b>                               | <b>—</b>                     | <b>(1,772)</b>  | <b>—</b>                               | <b>—</b>                            | <b>—</b>                       | <b>—</b>                                    |
| <b>Net change in fund balance</b>                        | <b>(243)</b>                           | <b>(3,515)</b>                         | <b>(393)</b>                 | <b>(942)</b>    | <b>59</b>                              | <b>—</b>                            | <b>—</b>                       | <b>93</b>                                   |
| <b>Fund balances - beginning of year</b>                 | <b>2,566</b>                           | <b>4,802</b>                           | <b>527</b>                   | <b>3,545</b>    | <b>282</b>                             | <b>—</b>                            | <b>—</b>                       | <b>153</b>                                  |
| <b>Prior period adjustments</b>                          | <b>—</b>                               | <b>—</b>                               | <b>—</b>                     | <b>—</b>        | <b>—</b>                               | <b>—</b>                            | <b>—</b>                       | <b>—</b>                                    |
| <b>Fund balances - beginning of year, as restated</b>    | <b>2,566</b>                           | <b>4,802</b>                           | <b>527</b>                   | <b>3,545</b>    | <b>282</b>                             | <b>—</b>                            | <b>—</b>                       | <b>153</b>                                  |
| <b>Fund balances - end of year</b>                       | <b>\$ 2,323</b>                        | <b>1,287</b>                           | <b>134</b>                   | <b>2,603</b>    | <b>341</b>                             | <b>—</b>                            | <b>—</b>                       | <b>246</b>                                  |

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS**  
**Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-major Governmental Funds**  
**December 31, 2013**  
**(Amounts in thousands)**

|  | Mayor's<br>Fellows<br>Program | Music<br>and<br>Entertainment<br>Commission | New Orleans<br>Police<br>Department -<br>Crime<br>Prevention | Asset<br>Seizure | New Orleans<br>Recreation<br>Foundation | New Orleans<br>Recreation<br>Department | New Orleans<br>Film<br>Commission | Vieux<br>Carre'<br>Restoration |
|--|-------------------------------|---|--|------------------|---|---|-----------------------------------|--------------------------------|
| <b>Revenues:</b>   |                               |   |  |                  |   |   |                                   |                                |
| Taxes  | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| Intergovernmental  | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| Program income   | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| Fines and forfeits   | —                             | —   | —  | 487              | —                                       | —                                       | —                                 | —                              |
| Interest income  | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| Contributions, gifts, and donations                              | —                             | 100   | —  | —                | 13                                      | —                                       | 100                               | —                              |
| Miscellaneous  | 170                           | —   | —  | —                | 146                                     | —                                       | —                                 | —                              |
| <b>Total revenues</b>  | <b>170</b>                    | <b>100</b>                                  | <b>—</b>   | <b>487</b>       | <b>159</b>                              | <b>—</b>                                | <b>100</b>                        | <b>—</b>                       |
| <b>Expenditures:</b>   |                               |   |  |                  |   |   |                                   |                                |
| General government   | 160                           | 94  | —  | —                | —                                       | —                                       | 97                                | —                              |
| Public safety  | —                             | —   | —  | 157              | —                                       | —                                       | —                                 | —                              |
| Health and human services  | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| Culture and recreation   | —                             | —   | —  | —                | 150                                     | —                                       | —                                 | —                              |
| Urban development and housing                                    | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| Economic development and assistance                              | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| Capital outlays  | —                             | —   | —  | 195              | —                                       | —                                       | —                                 | —                              |
| Debt service   | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| Principal  | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| Interest   | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| <b>Total expenditures</b>  | <b>160</b>                    | <b>94</b>                                   | <b>—</b>   | <b>352</b>       | <b>150</b>                              | <b>—</b>                                | <b>97</b>                         | <b>—</b>                       |
| <b>Excess (deficiency) of<br/>revenues over<br/>expenditures</b> | <b>10</b>                     | <b>6</b>                                    | <b>—</b>   | <b>135</b>       | <b>9</b>                                | <b>—</b>                                | <b>3</b>                          | <b>—</b>                       |
| <b>Other financing sources (uses):</b>                           |                               |   |  |                  |   |   |                                   |                                |
| Operating transfers in   | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| Operating transfers out  | —                             | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| <b>Total other financing<br/>sources (uses)</b>                  | <b>—</b>                      | <b>—</b>                                    | <b>—</b>   | <b>—</b>         | <b>—</b>                                | <b>—</b>                                | <b>—</b>                          | <b>—</b>                       |
| <b>Net change in fund<br/>balance</b>                            | <b>10</b>                     | <b>6</b>                                    | <b>—</b>   | <b>135</b>       | <b>9</b>                                | <b>—</b>                                | <b>3</b>                          | <b>—</b>                       |
| <b>Fund balances - beginning of year</b>                         | <b>59</b>                     | <b>192</b>                                  | <b>1</b>   | <b>1,206</b>     | <b>—</b>                                | <b>52</b>                               | <b>233</b>                        | <b>1</b>                       |
| Prior period adjustments   | (150)                         | —   | —  | —                | —                                       | —                                       | —                                 | —                              |
| <b>Fund balances - beginning of year, as restated</b>            | <b>(91)</b>                   | <b>192</b>                                  | <b>1</b>   | <b>1,206</b>     | <b>—</b>                                | <b>52</b>                               | <b>233</b>                        | <b>1</b>                       |
| <b>Fund balances - end of year</b>                               | <b>(81)</b>                   | <b>198</b>                                  | <b>1</b>   | <b>1,341</b>     | <b>9</b>                                | <b>52</b>                               | <b>236</b>                        | <b>1</b>                       |

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS**  
**Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-major Governmental Funds**  
**December 31, 2013**  
**(Amounts in thousands)**

|   | Public<br>Library<br>Donations | Plant-<br>A-Tree<br>Campaign | Capital<br>Improvement<br>and<br>Infrastructure | Delgado-<br>Albania<br>Plantation<br>Commission | Edward<br>Wisner | LaHache<br>Music | Simon<br>Heriberto | Kiwanis<br>Club<br>Les Circle<br>Sprinkler<br>System |
|---|--------------------------------|------------------------------|---|---|------------------|------------------|--------------------|--|
| <b>Revenues:</b>                                  |                                |                              |   |   |                  |                  |                    |  |
| Taxes   | —                              | —                            | 2,077   | —   | —                | —                | —                  | —  |
| Intergovernmental                                 | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Program income                                    | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Fees and forfeits                                 | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Interest income                                   | —                              | —                            | —   | 1   | 2                | —                | —                  | —  |
| Contributions, gifts, and donations               | —                              | 244                          | —   | —   | 2,387            | —                | —                  | —  |
| Miscellaneous                                     | 115                            | —                            | —   | 149   | —                | —                | —                  | —  |
| <b>Total revenues</b>                             | <b>115</b>                     | <b>244</b>                   | <b>2,077</b>                                    | <b>149</b>                                      | <b>2,389</b>     | <b>—</b>         | <b>—</b>           | <b>—</b>   |
| <b>Expenditures:</b>                              |                                |                              |   |   |                  |                  |                    |  |
| General government                                | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Public safety                                     | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Health and human services                         | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Culture and recreation                            | —                              | 280                          | —   | —   | 1,190            | —                | —                  | —  |
| Urban development and housing                     | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Economic development and assistance               | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Capital outlays                                   | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Debt service                                      | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Principal   | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Interest  | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| <b>Total expenditures</b>                         | <b>—</b>                       | <b>280</b>                   | <b>—</b>  | <b>—</b>  | <b>1,190</b>     | <b>—</b>         | <b>—</b>           | <b>—</b>   |
| Excess (deficiency) of revenues over expenditures | 115                            | (36)                         | 2,077   | 149   | 1,199            | —                | —                  | —  |
| <b>Other financing sources (uses):</b>            |                                |                              |   |   |                  |                  |                    |  |
| Operating transfers in                            | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| Operating transfers out                           | —                              | —                            | —   | —   | —                | —                | —                  | —  |
| <b>Total other financing sources (uses)</b>       | <b>—</b>                       | <b>—</b>                     | <b>—</b>  | <b>—</b>  | <b>—</b>         | <b>—</b>         | <b>—</b>           | <b>—</b>   |
| <b>Net change in fund balance</b>                 | <b>115</b>                     | <b>(36)</b>                  | <b>2,077</b>                                    | <b>149</b>                                      | <b>1,199</b>     | <b>—</b>         | <b>—</b>           | <b>—</b>   |
| Fund balances—beginning of year                   | 519                            | 286                          | 351   | 1,764   | 4,748            | —                | 80                 | 5  |
| Prior period adjustments                          | —                              | —                            | —   | —   | 150              | —                | —                  | —  |
| Fund balances—beginning of year, as restated      | 519                            | 286                          | 351   | 1,764   | 4,898            | —                | 80                 | 5  |
| Fund balances—end of year                         | 634                            | 250                          | 2,428   | 1,913   | 6,097            | —                | 80                 | 5  |

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS**  
**Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-major Governmental Funds**  
**December 31, 2013**  
**(Amounts in thousands)**

|  | Ella West<br>Fremius<br>Foundation | Isaac<br>Delgado<br>Memorial | John<br>McDonogh<br>School | Lafayette<br>Cemetery<br>No. 1<br>Under Will of<br>Lily Violet | Mahala<br>Zimmerman<br>Tomb | Mrs.<br>Otto<br>Joachim | Sickles<br>Legacy | Helen<br>Adler<br>Levy<br>Library |
|--|------------------------------------|------------------------------|----------------------------|--|-----------------------------|-------------------------|-------------------|-----------------------------------|
| <b>Revenues:</b>   |                                    |                              |                            |  |                             |                         |                   |                                   |
| Taxes  | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Intergovernmental  | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Program income   | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Fees and forfeits  | —                                  | —                            | —                          | —  | —                           | —                       | —                 | 1                                 |
| Interest income  | —                                  | —                            | 6                          | —  | —                           | —                       | —                 | —                                 |
| Contributions, gifts, and donations                      | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Miscellaneous  | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| <b>Total revenues</b>                                    | <b>—</b>                           | <b>—</b>                     | <b>6</b>                   | <b>—</b>   | <b>—</b>                    | <b>—</b>                | <b>—</b>          | <b>1</b>                          |
| <b>Expenditures:</b>                                     |                                    |                              |                            |  |                             |                         |                   |                                   |
| General government                                       | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Public safety  | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Health and human services                                | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Culture and recreation                                   | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Urban development and housing                            | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Economic development and assistance                      | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Capital outlays  | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Debt service   | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Interest   | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| <b>Total expenditures</b>                                | <b>—</b>                           | <b>—</b>                     | <b>—</b>                   | <b>—</b>   | <b>—</b>                    | <b>—</b>                | <b>—</b>          | <b>—</b>                          |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>—</b>                           | <b>—</b>                     | <b>6</b>                   | <b>—</b>   | <b>—</b>                    | <b>—</b>                | <b>—</b>          | <b>1</b>                          |
| <b>Other financing sources (uses):</b>                   |                                    |                              |                            |  |                             |                         |                   |                                   |
| Operating transfers in                                   | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| Operating transfers out                                  | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| <b>Total other financing sources (uses)</b>              | <b>—</b>                           | <b>—</b>                     | <b>—</b>                   | <b>—</b>   | <b>—</b>                    | <b>—</b>                | <b>—</b>          | <b>—</b>                          |
| <b>Net change in fund balance</b>                        | <b>—</b>                           | <b>—</b>                     | <b>6</b>                   | <b>—</b>   | <b>—</b>                    | <b>—</b>                | <b>—</b>          | <b>1</b>                          |
| <b>Fund balances - beginning of year</b>                 | <b>8</b>                           | <b>550</b>                   | <b>—</b>                   | <b>21</b>  | <b>3</b>                    | <b>1</b>                | <b>309</b>        | <b>23</b>                         |
| Prior period adjustments                                 | —                                  | —                            | —                          | —  | —                           | —                       | —                 | —                                 |
| <b>Fund balances - beginning of year, as restated</b>    | <b>8</b>                           | <b>550</b>                   | <b>—</b>                   | <b>21</b>  | <b>3</b>                    | <b>1</b>                | <b>309</b>        | <b>23</b>                         |
| <b>Fund balances - end of year</b>                       | <b>8</b>                           | <b>550</b>                   | <b>6</b>                   | <b>21</b>  | <b>3</b>                    | <b>1</b>                | <b>309</b>        | <b>24</b>                         |

See accompanying independent auditor's report.

(Continued)

**CITY OF NEW ORLEANS**  
**Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-major Governmental Funds**  
**December 31, 2013**  
**(Amounts in thousands)**

|  | Housing<br>and<br>Environment<br>Improvement | Indigent<br>Defender | Disaster<br>Mitigation | Miscellaneous<br>Donations | Other       | Grant<br>Recipient<br>Funds | Total          |
|--|--|----------------------|------------------------|----------------------------|-------------|-----------------------------|----------------|
| <b>Revenues:</b>   |  |                      |                        |                            |             |                             |                |
| Taxes  | —  | —                    | —                      | —                          | —           | —                           | 7,173          |
| Intergovernmental  | —  | —                    | —                      | —                          | —           | 35,617                      | 35,617         |
| Program income   | —  | —                    | —                      | —                          | —           | 325                         | 372            |
| Fines and forfeits   | 1,735  | 719                  | —                      | —                          | —           | —                           | 2,981          |
| Interest income  | —  | —                    | —                      | —                          | —           | —                           | 4              |
| Contributions, gifts, and donations                              | —  | —                    | —                      | 36                         | —           | —                           | 3,073          |
| Miscellaneous  | —  | —                    | —                      | —                          | —           | —                           | 1,876          |
| <b>Total revenues</b>  | <b>1,735</b>                                 | <b>719</b>           | <b>—</b>               | <b>36</b>                  | <b>—</b>    | <b>35,942</b>               | <b>51,096</b>  |
| <b>Expenditures:</b>   |  |                      |                        |                            |             |                             |                |
| General government   | —  | —                    | —                      | —                          | 39          | 12,882                      | 13,366         |
| Public safety  | —  | 669                  | —                      | —                          | —           | 2,415                       | 3,261          |
| Health and human services  | —  | —                    | —                      | 20                         | —           | 12,592                      | 13,045         |
| Culture and recreation   | —  | —                    | —                      | —                          | —           | —                           | 1,620          |
| Urban development and housing                                    | 1,520  | —                    | —                      | —                          | —           | 360                         | 1,880          |
| Economic development and assistance                              | —  | —                    | —                      | —                          | —           | 4,938                       | 12,731         |
| Capital outlays  | —  | —                    | —                      | —                          | —           | 1,450                       | 2,753          |
| Debt service   | —  | —                    | —                      | —                          | —           | —                           | —              |
| Principal  | —  | —                    | —                      | —                          | —           | —                           | 320            |
| Interest   | —  | —                    | —                      | —                          | —           | —                           | 68             |
| <b>Total expenditures</b>  | <b>1,520</b>                                 | <b>669</b>           | <b>—</b>               | <b>20</b>                  | <b>39</b>   | <b>34,637</b>               | <b>49,044</b>  |
| <b>Excess (deficiency) of<br/>revenues over<br/>expenditures</b> | <b>215</b>                                   | <b>50</b>            | <b>—</b>               | <b>16</b>                  | <b>(39)</b> | <b>1,305</b>                | <b>2,052</b>   |
| <b>Other financing sources (uses):</b>                           |  |                      |                        |                            |             |                             |                |
| Operating transfers in   | —  | —                    | —                      | —                          | —           | —                           | —              |
| Operating transfers out  | (801)  | —                    | —                      | —                          | —           | —                           | (2,573)        |
| <b>Total other financing<br/>sources (uses)</b>                  | <b>(801)</b>                                 | <b>—</b>             | <b>—</b>               | <b>—</b>                   | <b>—</b>    | <b>—</b>                    | <b>(2,573)</b> |
| <b>Net changes in fund<br/>balance</b>                           | <b>(586)</b>                                 | <b>50</b>            | <b>—</b>               | <b>16</b>                  | <b>(39)</b> | <b>1,305</b>                | <b>(321)</b>   |
| Fund balances – beginning of year                                | 2,025  | 60                   | 320                    | 203                        | 210         | (2,540)                     | 22,565         |
| Prior period adjustments   | —  | —                    | —                      | —                          | —           | (87)                        | (87)           |
| Fund balances – beginning of year, as restated                   | 2,025  | 60                   | 320                    | 203                        | 210         | (2,627)                     | 22,478         |
| Fund balances – end of year                                      | 1,439  | 110                  | 320                    | 219                        | 171         | (1,322)                     | 21,957         |

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Grant Recipient Funds  
 December 31, 2013  
 (Amounts in thousands)

|   | Federal<br>Department<br>of<br>Interior | Federal<br>Justice<br>Administration | FDJ<br>Office of<br>Justice<br>Program | Department<br>of<br>Defense | Federal<br>Department<br>of<br>Health | Federal<br>Department<br>of<br>Commerce | Department<br>of<br>Economic<br>Development | Federal<br>Energy<br>Grant | Federal<br>Department<br>of<br>Agriculture |
|---|---|--------------------------------------|--|-----------------------------|---------------------------------------|---|---|----------------------------|--|
| <b>Assets</b>   |   |                                      |  |                             |                                       |   |   |                            |  |
| Cash  | \$ —                                    | —                                    | 8                                      | —                           | —                                     | —                                       | 19  | 20                         | 978  |
| Due from other funds  | —                                       | —                                    | —                                      | —                           | —                                     | —                                       | —   | 57                         | —  |
| Due from other governments  | 15                                      | 444                                  | 6                                      | 213                         | 2,351                                 | —                                       | —   | —                          | —  |
| <b>Total assets</b>   | <b>\$ 15</b>                            | <b>444</b>                           | <b>14</b>                              | <b>213</b>                  | <b>2,351</b>                          | <b>—</b>                                | <b>19</b>                                   | <b>77</b>                  | <b>978</b>                                 |
| <b>Liabilities and Fund Balances</b>                              |   |                                      |  |                             |                                       |   |   |                            |  |
| <b>Liabilities:</b>   |   |                                      |  |                             |                                       |   |   |                            |  |
| Accounts payable  | \$ —                                    | 57                                   | 14                                     | 88                          | 2,321                                 | —                                       | —   | —                          | —  |
| Accrued liability   | —                                       | 4                                    | —                                      | 6                           | 82                                    | —                                       | —   | —                          | —  |
| Due to other funds  | 42                                      | 308                                  | —                                      | 117                         | 597                                   | 291                                     | —   | —                          | —  |
| Due to other governments  | —                                       | —                                    | —                                      | —                           | —                                     | —                                       | —   | 5                          | —  |
| <b>Total liabilities</b>  | <b>42</b>                               | <b>379</b>                           | <b>14</b>                              | <b>211</b>                  | <b>3,000</b>                          | <b>291</b>                              | <b>—</b>                                    | <b>5</b>                   | <b>—</b>                                   |
| <b>Deferred Inflows of Resources</b>                              |   |                                      |  |                             |                                       |   |   |                            |  |
| Unavailable revenues  | —                                       | 42                                   | 2                                      | 212                         | 1,419                                 | —                                       | —   | —                          | —  |
| <b>Total deferred inflows of resources</b>                        | <b>—</b>                                | <b>42</b>                            | <b>2</b>                               | <b>212</b>                  | <b>1,419</b>                          | <b>—</b>                                | <b>—</b>                                    | <b>—</b>                   | <b>—</b>                                   |
| <b>Fund balances:</b>   |   |                                      |  |                             |                                       |   |   |                            |  |
| Restricted  | —                                       | 23                                   | —                                      | —                           | —                                     | —                                       | 19  | 72                         | 978  |
| Unassigned  | (27)                                    | —                                    | (2)                                    | (210)                       | (2,068)                               | (291)                                   | —   | —                          | —  |
| <b>Total fund balances</b>  | <b>(27)</b>                             | <b>23</b>                            | <b>(2)</b>                             | <b>(210)</b>                | <b>(2,068)</b>                        | <b>(291)</b>                            | <b>19</b>                                   | <b>72</b>                  | <b>978</b>                                 |
| <b>Total liabilities, deferred inflows,<br/>and fund balances</b> | <b>\$ 15</b>                            | <b>444</b>                           | <b>14</b>                              | <b>213</b>                  | <b>2,351</b>                          | <b>—</b>                                | <b>19</b>                                   | <b>77</b>                  | <b>978</b>                                 |

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS  
Consolidating Balance Sheet  
Non-major Grant Recipient Funds  
December 31, 2013  
(Amounts in thousands)

| Assets  | Louisiana<br>Commission<br>on Law<br>Enforcement | Department<br>of Health<br>and Human<br>Resources | Environmental<br>Protection<br>Agency | Louisiana<br>Department<br>of Public<br>Safety | Louisiana<br>Department<br>of<br>Education | Louisiana<br>Department<br>of Agriculture<br>and Forestry | Department<br>of Culture,<br>Recreation,<br>and Tourism | Federal<br>Department<br>of Highway<br>Administration | Department<br>of<br>Labor |
|---|--|---|---------------------------------------|--|--|---|---|---|---------------------------|
| Cash  | 9  | —   | 356                                   | 52   | 311  | 109   | —   | —   | 467                       |
| Due from other funds  | —  | —   | —                                     | —  | —  | —   | 2   | —   | —                         |
| Due from other governments  | 1  | 151   | 64                                    | 62   | —  | —   | —   | —   | 1,539                     |
| <b>Total assets</b>   | <b>9</b>   | <b>151</b>  | <b>420</b>                            | <b>114</b>                                     | <b>311</b>                                 | <b>109</b>  | <b>2</b>  | <b>—</b>  | <b>2,006</b>              |
| <b>Liabilities and Fund Balances</b>                              |  |   |                                       |  |  |   |   |   |                           |
| <i>Liabilities:</i>   |  |   |                                       |  |  |   |   |   |                           |
| Accounts payable  | —  | —   | —                                     | —  | —  | —   | —   | —   | 465                       |
| Accrued liability   | —  | 18  | —                                     | —  | —  | —   | —   | —   | 19                        |
| Due to other funds  | 11   | 2,472   | 31                                    | 44   | —  | —   | —   | 50  | —                         |
| Due to other governments  | 394  | —   | —                                     | —  | —  | —   | —   | —   | —                         |
| <b>Total liabilities</b>  | <b>405</b>                                       | <b>2,490</b>                                      | <b>31</b>                             | <b>44</b>                                      | <b>—</b>                                   | <b>—</b>  | <b>—</b>  | <b>50</b>   | <b>484</b>                |
| <i>Deferred Inflows of Resources</i>                              |  |   |                                       |  |  |   |   |   |                           |
| Unavailable revenues  | —  | 50  | —                                     | 62   | —  | —   | —   | —   | 564                       |
| <b>Total deferred inflows of resources</b>                        | <b>—</b>   | <b>50</b>   | <b>—</b>                              | <b>62</b>                                      | <b>—</b>                                   | <b>—</b>  | <b>—</b>  | <b>—</b>  | <b>564</b>                |
| <i>Fund balances:</i>   |  |   |                                       |  |  |   |   |   |                           |
| Restricted  | —  | —   | 389                                   | 8  | 311  | 109   | 2   | —   | 958                       |
| Unassigned  | (395)  | (2,389)   | —                                     | —  | —  | —   | —   | (30)  | —                         |
| <b>Total fund balances</b>  | <b>(395)</b>                                     | <b>(2,389)</b>                                    | <b>389</b>                            | <b>8</b>                                       | <b>311</b>                                 | <b>109</b>  | <b>2</b>  | <b>(30)</b>   | <b>958</b>                |
| <b>Total liabilities, deferred inflows,<br/>and fund balances</b> | <b>9</b>   | <b>151</b>  | <b>420</b>                            | <b>114</b>                                     | <b>311</b>                                 | <b>109</b>  | <b>2</b>  | <b>—</b>  | <b>2,006</b>              |

See accompanying independent auditors' report.

(Continued)



CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Grant Recipient Funds  
 December 31, 2013  
 (Amounts in thousands)

| Assets  | Department of Natural Resources | Traffic Court | Private Grants | Federal Department of Homeland Security | Federal Department of Social Services | Louisiana Military Department | Federal American Recovery Act | Federal Department of Transportation | National Endowments for the Arts | Total          |
|---|---------------------------------|---------------|----------------|---|---------------------------------------|-------------------------------|-------------------------------|--------------------------------------|----------------------------------|----------------|
| Cash  | 65                              | 289           | 1,491          | —                                       | —                                     | 58                            | —                             | —                                    | —                                | 4,231          |
| Due from other funds  | —                               | —             | 4              | —                                       | —                                     | —                             | —                             | —                                    | —                                | 63             |
| Due from other governments                                    | 6                               | —             | —              | 385                                     | 131                                   | 9                             | 32                            | —                                    | —                                | 5,409          |
| <b>Total assets</b>   | <b>71</b>                       | <b>289</b>    | <b>1,495</b>   | <b>385</b>                              | <b>131</b>                            | <b>67</b>                     | <b>32</b>                     | <b>—</b>                             | <b>—</b>                         | <b>9,703</b>   |
| <b>Liabilities and Fund Balances</b>                          |                                 |               |                |   |                                       |                               |                               |                                      |                                  |                |
| <b>Liabilities:</b>   |                                 |               |                |   |                                       |                               |                               |                                      |                                  |                |
| Accounts payable  | —                               | —             | 72             | 246                                     | 5                                     | 15                            | —                             | 40                                   | —                                | 3,333          |
| Accrued liability   | —                               | —             | 8              | 9                                       | —                                     | —                             | 2                             | —                                    | —                                | 148            |
| Due to other funds  | —                               | —             | —              | 79                                      | 318                                   | —                             | 22                            | 5                                    | —                                | 4,387          |
| Due to other governments                                      | —                               | 289           | —              | —                                       | —                                     | —                             | —                             | —                                    | —                                | 688            |
| <b>Total liabilities</b>                                      | <b>—</b>                        | <b>289</b>    | <b>80</b>      | <b>334</b>                              | <b>323</b>                            | <b>15</b>                     | <b>24</b>                     | <b>45</b>                            | <b>—</b>                         | <b>8,556</b>   |
| <b>Deferred Inflows of Resources</b>                          |                                 |               |                |   |                                       |                               |                               |                                      |                                  |                |
| Unavailable revenues  | —                               | —             | —              | 82                                      | —                                     | 4                             | 32                            | —                                    | —                                | 2,469          |
| <b>Total deferred inflows of resources</b>                    | <b>—</b>                        | <b>—</b>      | <b>—</b>       | <b>82</b>                               | <b>—</b>                              | <b>4</b>                      | <b>32</b>                     | <b>—</b>                             | <b>—</b>                         | <b>2,469</b>   |
| <b>Fund balances:</b>   |                                 |               |                |   |                                       |                               |                               |                                      |                                  |                |
| Restricted  | 71                              | —             | 1,413          | —                                       | —                                     | 48                            | —                             | —                                    | —                                | 4,403          |
| Unassigned  | —                               | —             | —              | (31)                                    | (192)                                 | —                             | (24)                          | (45)                                 | —                                | (5,725)        |
| <b>Total fund balances</b>                                    | <b>71</b>                       | <b>—</b>      | <b>1,413</b>   | <b>(31)</b>                             | <b>(192)</b>                          | <b>48</b>                     | <b>(24)</b>                   | <b>(45)</b>                          | <b>—</b>                         | <b>(1,322)</b> |
| <b>Total liabilities, deferred inflows, and fund balances</b> | <b>71</b>                       | <b>289</b>    | <b>1,495</b>   | <b>385</b>                              | <b>131</b>                            | <b>67</b>                     | <b>32</b>                     | <b>—</b>                             | <b>—</b>                         | <b>9,703</b>   |

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-major Grant Recipient Funds  
 December 31, 2013  
 (Amounts in thousands)

|   | Federal<br>Department<br>of<br>Interior | Federal<br>Justice<br>Administration | FDJ<br>Office of<br>Justice<br>Program | Federal<br>Department of<br>Health | Department<br>of<br>Defense | Federal<br>Department<br>of<br>Commerce | Department<br>of<br>Economic<br>Development | Federal<br>Energy<br>Grant | Federal<br>Department<br>of<br>Agriculture | Louisiana<br>Commission<br>on Law<br>Enforcement |
|---|---|--------------------------------------|--|------------------------------------|-----------------------------|---|---|----------------------------|--|--|
| <b>Revenues:</b>                                      |   |                                      |  |                                    |                             |   |   |                            |  |  |
| Intergovernmental<br>Program income                   | \$ 7,927                                | 2,449                                | 314                                    | 10,207                             | 290                         | —                                       | 12  | —                          | —  | 225  |
| <b>Total revenues</b>                                 | <b>7,927</b>                            | <b>2,449</b>                         | <b>314</b>                             | <b>10,207</b>                      | <b>290</b>                  | <b>—</b>                                | <b>12</b>                                   | <b>—</b>                   | <b>—</b>                                   | <b>225</b>                                       |
| <b>Expenditures:</b>                                  |   |                                      |  |                                    |                             |   |   |                            |  |  |
| General government                                    | 7,955                                   | 666                                  | 256                                    | 33                                 | 414                         | —                                       | 12  | —                          | —  | 11   |
| Public safety   | —                                       | 1,945                                | —                                      | —                                  | —                           | —                                       | —   | —                          | —  | 250  |
| Health and human services                             | —                                       | —                                    | 17                                     | 10,941                             | —                           | —                                       | —   | —                          | —  | —  |
| Culture and recreation                                | —                                       | —                                    | —                                      | —                                  | —                           | —                                       | —   | —                          | —  | —  |
| Urban Development                                     | —                                       | —                                    | —                                      | —                                  | —                           | —                                       | —   | —                          | —  | —  |
| Economic development and assistance                   | —                                       | —                                    | —                                      | 27                                 | —                           | —                                       | —   | —                          | —  | —  |
| Capital outlay  | —                                       | 77                                   | —                                      | 17                                 | —                           | —                                       | —   | —                          | —  | —  |
| <b>Total expenditures</b>                             | <b>7,955</b>                            | <b>2,688</b>                         | <b>273</b>                             | <b>11,020</b>                      | <b>414</b>                  | <b>—</b>                                | <b>12</b>                                   | <b>—</b>                   | <b>—</b>                                   | <b>261</b>                                       |
| (Deficiency) excess of revenues<br>over expenditures  | (28)                                    | (239)                                | 41                                     | (813)                              | (124)                       | —                                       | —   | —                          | —  | (36)   |
| <b>Net change in fund balance</b>                     | <b>(28)</b>                             | <b>(239)</b>                         | <b>41</b>                              | <b>(813)</b>                       | <b>(124)</b>                | <b>—</b>                                | <b>—</b>                                    | <b>—</b>                   | <b>—</b>                                   | <b>(36)</b>                                      |
| <b>Fund balances - beginning of year</b>              | <b>1</b>                                | <b>262</b>                           | <b>(43)</b>                            | <b>(1,235)</b>                     | <b>(86)</b>                 | <b>(291)</b>                            | <b>19</b>                                   | <b>72</b>                  | <b>978</b>                                 | <b>(360)</b>                                     |
| Prior period adjustments                              | —                                       | —                                    | —                                      | (20)                               | —                           | —                                       | —   | —                          | —  | —  |
| <b>Fund balances - beginning of year, as restated</b> | <b>1</b>                                | <b>262</b>                           | <b>(43)</b>                            | <b>(1,255)</b>                     | <b>(86)</b>                 | <b>(291)</b>                            | <b>19</b>                                   | <b>72</b>                  | <b>978</b>                                 | <b>(360)</b>                                     |
| <b>Fund balances - end of year</b>                    | <b>\$ (27)</b>                          | <b>23</b>                            | <b>(2)</b>                             | <b>(2,068)</b>                     | <b>(210)</b>                | <b>(291)</b>                            | <b>19</b>                                   | <b>72</b>                  | <b>978</b>                                 | <b>(396)</b>                                     |

See accompanying independent auditor's report.

(Continued)

**CITY OF NEW ORLEANS**  
**Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-major Grant Recipient Funds**  
**December 31, 2013**  
**(Amounts in thousands)**

|   | Department of Health and Human Resources | Environmental Protection Agency | Louisiana Department of Public Safety | Louisiana Department of Education | Louisiana Department of Agriculture and Forestry | Department of Culture, Recreation and Tourism | Federal Department of Highway Administration | Department of Labor | Department of Natural Resources | Traffic Court |
|---|--|---------------------------------|---------------------------------------|-----------------------------------|--|---|--|---------------------|---------------------------------|---------------|
| <b>Revenues:</b>                                      |  |                                 |                                       |                                   |  |   |  |                     |                                 |               |
| Intergovernmental                                     | 1,433                                    | 104                             | 220                                   | 473                               | —  | —   | —  | 4,995               | 28                              | —             |
| Program income  | —  | 325                             | —                                     | —                                 | —  | —   | —  | —                   | —                               | —             |
| <b>Total revenues</b>                                 | <b>1,433</b>                             | <b>429</b>                      | <b>220</b>                            | <b>473</b>                        | <b>—</b>   | <b>—</b>                                      | <b>—</b>                                     | <b>4,995</b>        | <b>28</b>                       | <b>—</b>      |
| <b>Expenditures:</b>                                  |  |                                 |                                       |                                   |  |   |  |                     |                                 |               |
| General government                                    | —  | 40                              | —                                     | 214                               | —  | —   | —  | —                   | 22                              | —             |
| Public safety   | —  | —                               | 220                                   | —                                 | —  | —   | —  | —                   | —                               | —             |
| Health and human services                             | 1,268                                    | —                               | —                                     | —                                 | —  | —   | —  | —                   | —                               | —             |
| Culture and recreation                                | —  | —                               | —                                     | —                                 | —  | —   | —  | —                   | —                               | —             |
| Urban Development                                     | —  | —                               | —                                     | —                                 | —  | —   | —  | —                   | —                               | —             |
| Economic development and assistance                   | —  | —                               | —                                     | —                                 | —  | —   | —  | 4,911               | —                               | —             |
| Capital outlays                                       | 189                                      | —                               | —                                     | —                                 | —  | —   | —  | —                   | —                               | —             |
| <b>Total expenditures</b>                             | <b>1,457</b>                             | <b>40</b>                       | <b>220</b>                            | <b>214</b>                        | <b>—</b>   | <b>—</b>                                      | <b>—</b>                                     | <b>4,911</b>        | <b>22</b>                       | <b>—</b>      |
| (Deficiency) excess of revenues over expenditures     | (24)                                     | 389                             | —                                     | 259                               | —  | —   | —  | 84                  | 6                               | —             |
| <b>Net change in fund balance</b>                     | <b>(24)</b>                              | <b>389</b>                      | <b>—</b>                              | <b>259</b>                        | <b>—</b>   | <b>—</b>                                      | <b>—</b>                                     | <b>84</b>           | <b>6</b>                        | <b>—</b>      |
| <b>Fund balances – beginning of year</b>              | <b>(2,365)</b>                           | <b>—</b>                        | <b>8</b>                              | <b>52</b>                         | <b>109</b>                                       | <b>2</b>                                      | <b>(50)</b>                                  | <b>874</b>          | <b>65</b>                       | <b>—</b>      |
| Prior period adjustments                              | —  | —                               | —                                     | —                                 | —  | —   | —  | —                   | —                               | —             |
| <b>Fund balances – beginning of year, as restated</b> | <b>(2,365)</b>                           | <b>—</b>                        | <b>8</b>                              | <b>52</b>                         | <b>109</b>                                       | <b>2</b>                                      | <b>(50)</b>                                  | <b>874</b>          | <b>65</b>                       | <b>—</b>      |
| <b>Fund balances – end of year</b>                    | <b>(2,389)</b>                           | <b>389</b>                      | <b>8</b>                              | <b>311</b>                        | <b>109</b>                                       | <b>2</b>                                      | <b>(50)</b>                                  | <b>958</b>          | <b>71</b>                       | <b>—</b>      |

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS**  
**Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-major Grant Recipient Funds**  
**December 31, 2013**  
**(Amounts in thousands)**

|   | Private<br>Grants | Federal<br>Department<br>of Homeland<br>Security | Federal<br>Department<br>of Social<br>Service | Louisiana<br>Military<br>Department | Federal<br>American<br>Recovery<br>Act | Federal<br>Department<br>of<br>Transportation | National<br>Endowments<br>for the<br>Arts | Total          |
|---|-------------------|--|---|-------------------------------------|--|---|---|----------------|
| <b>Revenues:</b>                                      |                   |  |   |                                     |  |   |   |                |
| Intergovernmental                                     | 1,903             | 2,983  | 270   | 830                                 | 74                                     | 815   | 65  | 33,617         |
| Program Income  | —                 | —  | —   | —                                   | —                                      | —   | —   | 925            |
| <b>Total revenues</b>                                 | <b>1,903</b>      | <b>2,983</b>                                     | <b>270</b>                                    | <b>830</b>                          | <b>74</b>                              | <b>815</b>                                    | <b>65</b>                                 | <b>35,942</b>  |
| <b>Expenditures:</b>                                  |                   |  |   |                                     |  |   |   |                |
| General government                                    | 709               | 2,063  | —   | 485                                 | —                                      | —   | —   | 12,882         |
| Public safety   | —                 | —  | —   | —                                   | —                                      | —   | —   | 2,415          |
| Health and human services                             | 366               | —  | —   | —                                   | —                                      | —   | —   | 12,392         |
| Culture and recreation                                | —                 | —  | —   | —                                   | —                                      | —   | —   | —              |
| Urban Development                                     | —                 | —  | 307   | —                                   | 53                                     | —   | —   | 360            |
| Economic development and assistance                   | —                 | —  | —   | —                                   | —                                      | —   | —   | 4,938          |
| Capital outlays                                       | —                 | 394  | —   | 212                                 | —                                      | 361   | —   | 1,450          |
| <b>Total expenditures</b>                             | <b>1,075</b>      | <b>2,457</b>                                     | <b>307</b>                                    | <b>697</b>                          | <b>53</b>                              | <b>361</b>                                    | <b>—</b>                                  | <b>34,637</b>  |
| (Deficiency) excess of revenues<br>over expenditures  | 828               | 526  | (37)  | 133                                 | 21                                     | 254   | 65  | 1,305          |
| <b>Net change in fund balance</b>                     | <b>828</b>        | <b>526</b>                                       | <b>(37)</b>                                   | <b>133</b>                          | <b>21</b>                              | <b>254</b>                                    | <b>65</b>                                 | <b>1,305</b>   |
| <b>Fund balances – beginning of year</b>              | <b>587</b>        | <b>(537)</b>                                     | <b>(155)</b>                                  | <b>(18)</b>                         | <b>(45)</b>                            | <b>(299)</b>                                  | <b>(65)</b>                               | <b>(2,540)</b> |
| Prior period adjustments                              | —                 | —  | —   | (67)                                | —                                      | —   | —   | (87)           |
| <b>Fund balances – beginning of year, as restated</b> | <b>587</b>        | <b>(537)</b>                                     | <b>(155)</b>                                  | <b>(85)</b>                         | <b>(45)</b>                            | <b>(299)</b>                                  | <b>(65)</b>                               | <b>(2,627)</b> |
| <b>Fund balances – end of year</b>                    | <b>1,415</b>      | <b>(31)</b>                                      | <b>(192)</b>                                  | <b>48</b>                           | <b>(24)</b>                            | <b>(45)</b>                                   | <b>—</b>                                  | <b>(1,322)</b> |

See accompanying independent auditors' report.

**FIDUCIARY FUNDS**

**CITY OF NEW ORLEANS, LOUISIANA**

**Combining Financial Statements**

**Fiduciary Funds**

**December 31, 2013**

Pension trust funds are used to account for the accumulation of resources to be used for retirement annuities and death and disability benefits for employees covered by the various plans. Resources are contributed by employees at fixed rates by laws and by the City at amounts determined by actuarial studies.

Agency funds are used to account for all monies held by the City in a custodial capacity. Such monies are recorded as assets and equally offset by liabilities. These funds do not measure revenues, expenditures, or expenses. The City's agency funds are as follows:

- *Clearing Fund* – Used to account for money being held pending payment thereof to other funds as provided by law.
- *Deposit Fund* – Used to account for money deposited under any ordinance or contract in connection with the exercise of any right or privilege for the purpose of guaranteeing performance of any obligation.
- *Escrow Fund* – Used to account for money paid to or deposited with any officer, department, or board under protest or held subject to the proper determination of the rights of the City.

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Plan Net Position

## Pension Trust Funds

December 31, 2013

(Amounts in thousands)

| Assets   | Firefighters'    |                | Police<br>old system | Employees'<br>retirement<br>system | Total          |
|--|------------------|----------------|----------------------|------------------------------------|----------------|
|  | Old system       | New system     |                      |                                    |                |
| <b>Current assets:</b>                                     |                  |                |                      |                                    |                |
| Cash   | \$ 124           | 6,320          | 1,713                | 2,052                              | 10,209         |
| Investments  | 17,323           | 135,567        | —                    | 370,142                            | 523,032        |
| Receivables:   |                  |                |                      |                                    |                |
| Accrued interest   | —                | 5,453          | —                    | 143                                | 5,596          |
| Contribution   | —                | 106            | —                    | 211                                | 317            |
| Other  | 255              | 359            | 13                   | 498                                | 1,125          |
| Property and equipment, net<br>of accumulated depreciation | 1                | —              | —                    | —                                  | 1              |
| Other assets   | —                | 346            | —                    | —                                  | 346            |
| <b>Total assets</b>  | <b>\$ 17,703</b> | <b>148,151</b> | <b>1,726</b>         | <b>373,046</b>                     | <b>540,626</b> |
| <b>Liabilities and Net Position</b>                        |                  |                |                      |                                    |                |
| <b>Current liabilities:</b>                                |                  |                |                      |                                    |                |
| Accounts payable   | \$ 20            | 700            | —                    | —                                  | 720            |
| Other payables and accruals                                | 3                | 53,217         | —                    | 591                                | 53,811         |
| <b>Total current liabilities</b>                           | <b>23</b>        | <b>53,917</b>  | <b>—</b>             | <b>591</b>                         | <b>54,531</b>  |
| <b>Long-term liabilities:</b>                              |                  |                |                      |                                    |                |
| Notes payable  | —                | 9,459          | —                    | —                                  | 9,459          |
| <b>Total long-term<br/>liabilities</b>                     | <b>—</b>         | <b>9,459</b>   | <b>—</b>             | <b>—</b>                           | <b>9,459</b>   |
| <b>Total liabilities</b>                                   | <b>23</b>        | <b>63,376</b>  | <b>—</b>             | <b>591</b>                         | <b>63,990</b>  |
| <b>Net position:</b>                                       |                  |                |                      |                                    |                |
| Restricted for:  |                  |                |                      |                                    |                |
| Pension benefits   | 17,680           | 84,775         | 1,726                | 372,455                            | 476,636        |
| <b>Total net position</b>                                  | <b>17,680</b>    | <b>84,775</b>  | <b>1,726</b>         | <b>372,455</b>                     | <b>476,636</b> |
| <b>Total liabilities and<br/>net position</b>              | <b>\$ 17,703</b> | <b>148,151</b> | <b>1,726</b>         | <b>373,046</b>                     | <b>540,626</b> |

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
**Combining Statement of Changes in Plan Net Position**  
**Pension Trust Funds**  
**Year ended December 31, 2013**  
**(Amounts in thousands)**

|  | <u>Firefighters'</u> |                   | <u>Police</u><br><u>old system</u> | <u>Employees'</u><br><u>retirement</u><br><u>system</u> | <u>Total</u>    |
|--|----------------------|-------------------|------------------------------------|---|-----------------|
|  | <u>Old system</u>    | <u>New system</u> |                                    |   |                 |
| <b>Additions:</b>  |                      |                   |                                    |   |                 |
| <b>Contributions:</b>  |                      |                   |                                    |   |                 |
| Employer   | \$ 19,000            | 9,000             | —                                  | 19,938  | 47,938          |
| Members  | —                    | 1,393             | —                                  | 5,954   | 7,347           |
| Fire insurance rebate  | 739                  | 739               | —                                  | —   | 1,478           |
| Other  | 1,156                | 2,573             | 148                                | 90  | 3,967           |
| <b>Total contributions</b>   | <u>20,895</u>        | <u>13,705</u>     | <u>148</u>                         | <u>25,982</u>   | <u>60,730</u>   |
| <b>Other income:</b>   |                      |                   |                                    |   |                 |
| Other - City of New Orleans  | —                    | 40                | 23                                 | —   | 63              |
| <b>Total other income</b>  | <u>—</u>             | <u>40</u>         | <u>23</u>                          | <u>—</u>  | <u>63</u>       |
| <b>Investment income:</b>  |                      |                   |                                    |   |                 |
| Net appreciation (depreciation)<br>in fair value of<br>investments             | 1,105                | (36,521)          | —                                  | 46,971  | 11,555          |
| Interest and dividends   | 144                  | 1,145             | 4                                  | 4,440   | 5,733           |
| Other investment income  | —                    | 726               | —                                  | 123   | 849             |
| Less investment expense  | (6)                  | (5,593)           | —                                  | (1,403)   | (7,002)         |
| <b>Net investment<br/>      income (loss)</b>                                  | <u>1,243</u>         | <u>(40,243)</u>   | <u>4</u>                           | <u>50,131</u>   | <u>11,135</u>   |
| <b>Total additions</b>   | <u>22,138</u>        | <u>(26,498)</u>   | <u>175</u>                         | <u>76,113</u>   | <u>71,928</u>   |
| <b>Deductions:</b>   |                      |                   |                                    |   |                 |
| Pension benefits   | 18,268               | 22,089            | 32                                 | 34,686  | 75,075          |
| Refund of member contributions   | —                    | 124               | —                                  | 1,569   | 1,693           |
| Death benefits   | 51                   | 27                | —                                  | 101   | 179             |
| Administrative expenses  | 624                  | 935               | 114                                | 300   | 1,973           |
| DROP withdrawal  | 89                   | 5,069             | —                                  | 756   | 5,914           |
| PLOP withdrawal  | 1,991                | 4,005             | —                                  | 4,378   | 10,374          |
| Transfers  | —                    | 14                | 66                                 | 475   | 555             |
| <b>Total deductions</b>  | <u>21,023</u>        | <u>32,263</u>     | <u>212</u>                         | <u>42,265</u>   | <u>95,763</u>   |
| <b>Net increase (decrease)</b>   | <u>1,115</u>         | <u>(58,761)</u>   | <u>(37)</u>                        | <u>33,848</u>   | <u>(23,835)</u> |
| <b>Net position held in trust for pension<br/>benefits - beginning of year</b> | <u>16,565</u>        | <u>143,536</u>    | <u>1,763</u>                       | <u>338,607</u>  | <u>500,471</u>  |
| <b>Net position held in trust for pension<br/>benefits - end of year</b>       | <u>\$ 17,680</u>     | <u>84,775</u>     | <u>1,726</u>                       | <u>372,455</u>  | <u>476,636</u>  |

See accompanying independent auditors' report.



**CITY OF NEW ORLEANS, LOUISIANA**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year ended December 31, 2013**  
**(Amounts in thousands)**

|                                | <b>Balance<br/>January 1,<br/>2013</b> | <b>Additions</b> | <b>Deductions</b> | <b>Balance<br/>December 31,<br/>2013</b> |
|--------------------------------|--|------------------|-------------------|--|
| <b>Clearing fund:</b>          |  |                  |                   |  |
| <b>Assets:</b>                 |  |                  |                   |  |
| Cash                           | \$ 17,901                              | 2,563,293        | 2,557,899         | 23,295                                   |
| Accounts receivable            | —                                      | 31,093           | 31,065            | 28                                       |
| Due from other funds           | 2,171                                  | —                | 2,171             | —  |
|                                | <u>\$ 20,072</u>                       | <u>2,594,386</u> | <u>2,591,135</u>  | <u>23,323</u>                            |
| <b>Liabilities:</b>            |  |                  |                   |  |
| Other payables and<br>accruals | \$ 20,072                              | 2,442,772        | 2,439,521         | 23,323                                   |
|                                | <u>\$ 20,072</u>                       | <u>2,442,772</u> | <u>2,439,521</u>  | <u>23,323</u>                            |
| <b>Deposit fund:</b>           |  |                  |                   |  |
| <b>Assets:</b>                 |  |                  |                   |  |
| Cash                           | \$ 101                                 | 2,398            | 2,358             | 141                                      |
| Investments                    | 876                                    | —                | —                 | 876                                      |
|                                | <u>\$ 977</u>                          | <u>2,398</u>     | <u>2,358</u>      | <u>1,017</u>                             |
| <b>Liabilities:</b>            |  |                  |                   |  |
| Accounts payable               | 15                                     | 126              | 140               | 1  |
| Other payables and<br>accruals | 962                                    | 1,433            | 1,379             | 1,016                                    |
|                                | <u>\$ 977</u>                          | <u>1,559</u>     | <u>1,519</u>      | <u>1,017</u>                             |

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year ended December 31, 2013**  
**(Amounts in thousands)**

|                                | <b>Balance<br/>January 1,<br/>2013</b> | <b>Additions</b> | <b>Deductions</b> | <b>Balance<br/>December 31,<br/>2013</b> |
|--------------------------------|--|------------------|-------------------|--|
| <b>Escrow fund</b>             |  |                  |                   |  |
| <b>Assets:</b>                 |  |                  |                   |  |
| Cash                           | \$ 5,131                               | 103,498          | 98,891            | 9,738                                    |
| Investments                    | 21,074                                 | 12               | 1                 | 21,085                                   |
| Accounts Receivable            | 232                                    | 2                | 232               | 2  |
|                                | <u>\$ 26,437</u>                       | <u>103,512</u>   | <u>99,124</u>     | <u>30,825</u>                            |
| <b>Liabilities:</b>            |  |                  |                   |  |
| Other payables and<br>accruals | \$ 26,437                              | 81,545           | 77,157            | 30,825                                   |
|                                | <u>\$ 26,437</u>                       | <u>81,545</u>    | <u>77,157</u>     | <u>30,825</u>                            |
| <b>Total all agency funds:</b> |  |                  |                   |  |
| <b>Assets:</b>                 |  |                  |                   |  |
| Cash                           | \$ 23,133                              | 2,669,189        | 2,659,148         | 33,174                                   |
| Investments                    | 21,950                                 | 12               | 1                 | 21,961                                   |
| Accounts receivable            | 232                                    | 31,095           | 31,297            | 30                                       |
| Due from other funds           | 2,171                                  | —                | 2,171             | —  |
|                                | <u>\$ 47,486</u>                       | <u>2,700,296</u> | <u>2,692,617</u>  | <u>55,165</u>                            |
| <b>Liabilities:</b>            |  |                  |                   |  |
| Accounts payable               | \$ 15                                  | 126              | 140               | 1  |
| Other payables and<br>accruals | 47,471                                 | 2,525,750        | 2,518,057         | 55,164                                   |
|                                | <u>\$ 47,486</u>                       | <u>2,525,876</u> | <u>2,518,197</u>  | <u>55,165</u>                            |

See accompanying independent auditors' report.

**NON-MAJOR COMPONENT UNITS**

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Net Position

## Non-major Component Units

December 31, 2013

(Amounts in thousands)

| Assets   | Downtown<br>Development<br>District | New Orleans<br>Tourism<br>Marketing<br>Corporation | Orleans<br>Parish<br>Communication<br>District | Municipal<br>Yacht<br>Harbor<br>Management<br>Corporation | French<br>Market<br>Corporation | Upper<br>Pantalea<br>Building<br>Restoration<br>Corporation | Canal<br>Street<br>Development<br>Corporation | New Orleans<br>Building<br>Corporation | Parish Hospital<br>District for<br>the Parish<br>of Orleans<br>District A | Total          |
|--|-------------------------------------|--|--|---|---------------------------------|---|---|--|---|----------------|
| <b>Current assets:</b>   |                                     |  |  |   |                                 |   |   |  |   |                |
| Cash   | \$ 3,632                            | 2,903  | 4,736  | 3,240   | 89                              | 2,563   | 10,493  | 2,701                                  | 5,471   | 35,830         |
| Receivables (net of allowances for uncollectibles):                        |                                     |  |  |   |                                 |   |   |  |   |                |
| Property taxes   | 271                                 | —  | —  | —   | —                               | —   | —   | —                                      | —   | 271            |
| Accounts   | —                                   | 2,447  | 774  | 6   | 509                             | 14  | 1,236   | 1,806                                  | 312   | 7,104          |
| Accrued interest   | —                                   | —  | —  | —   | —                               | —   | 28  | —                                      | —   | 28             |
| Other  | 39                                  | 140  | —  | —   | —                               | 1   | 13,956  | —                                      | 176   | 14,312         |
| Due from other governments   | 25                                  | —  | 618  | —   | —                               | —   | 552   | —                                      | 1,479   | 2,674          |
| Prepaid expenses and deposits  | 117                                 | 16   | 628  | 88  | 32                              | 26  | 280   | 98                                     | 68  | 1,353          |
| <b>Total current assets</b>  | <b>4,084</b>                        | <b>5,506</b>                                       | <b>6,756</b>                                   | <b>3,334</b>  | <b>630</b>                      | <b>2,604</b>  | <b>26,547</b>                                 | <b>4,605</b>                           | <b>7,506</b>  | <b>61,572</b>  |
| <b>Restricted cash and investments:</b>                                    |                                     |  |  |   |                                 |   |   |  |   |                |
| Customer deposits  | —                                   | —  | —  | —   | —                               | —   | —   | 3,927                                  | —   | 3,927          |
| Future debt service account  | 265                                 | —  | —  | —   | 6,649                           | —   | —   | —                                      | —   | 6,914          |
| <b>Total restricted assets</b>   | <b>265</b>                          | <b>—</b>   | <b>—</b>                                       | <b>—</b>  | <b>6,649</b>                    | <b>—</b>  | <b>—</b>                                      | <b>3,927</b>                           | <b>—</b>  | <b>10,841</b>  |
| Property, plant, and equipment - at cost,<br>less accumulated depreciation | 148                                 | 8  | 20,278   | 32  | 12,910                          | 7,835   | 14,318  | 36,879                                 | 90,171  | 182,579        |
| Other assets   | —                                   | —  | —  | —   | 48                              | —   | —   | —                                      | —   | 48             |
| <b>Total assets</b>  | <b>\$ 4,497</b>                     | <b>5,514</b>                                       | <b>27,034</b>                                  | <b>3,366</b>  | <b>20,237</b>                   | <b>10,439</b>   | <b>40,865</b>                                 | <b>45,411</b>                          | <b>97,677</b>   | <b>255,040</b> |

See accompanying independent auditors' report.

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Position

Non-major Component Units

December 31, 2013

(Amounts in thousands)

|   | Downtown<br>Development<br>District | New Orleans<br>Tourism<br>Marketing<br>Corporation | Orleans<br>Parish<br>Communication<br>District | Municipal<br>Yacht<br>Harbor<br>Management<br>Corporation | French<br>Market<br>Corporation | Upper<br>Pontalba<br>Building<br>Restoration<br>Corporation | Canal<br>Street<br>Development<br>Corporation | New Orleans<br>Building<br>Corporation | Parish Hospital<br>District for<br>the Parish<br>of Orleans<br>District A | Total          |
|---|-------------------------------------|--|--|---|---------------------------------|---|---|--|---|----------------|
| <b>Liabilities, Deferred Inflows, and Net Position</b>                    |                                     |  |  |   |                                 |   |   |  |   |                |
| <b>Current liabilities (payable from current assets):</b>                 |                                     |  |  |   |                                 |   |   |  |   |                |
| Accounts payable  | \$ 264                              | 165  | 282  | 18  | 132                             | 86  | 71  | 347                                    | 8,400   | 9,765          |
| Other payables and accruals   | 49                                  | —  | 93   | 75  | 507                             | 37  | 1,330   | 177                                    | 3,542   | 5,810          |
| Due to other governments  | 83                                  | 1,134  | —  | —   | —                               | 1,130   | —   | 110                                    | 865   | 3,322          |
| <b>Total current liabilities (payable from current assets)</b>            | <b>396</b>                          | <b>1,299</b>                                       | <b>375</b>                                     | <b>93</b>   | <b>639</b>                      | <b>1,253</b>  | <b>1,401</b>                                  | <b>634</b>                             | <b>12,807</b>   | <b>18,897</b>  |
| <b>Current liabilities (payable from restricted assets):</b>              |                                     |  |  |   |                                 |   |   |  |   |                |
| Accrued interest  | —                                   | —  | 68   | —   | —                               | —   | —   | —                                      | —   | 68             |
| Bonds payable, current portion  | 315                                 | —  | 715  | 637   | —                               | —   | —   | —                                      | —   | 1,667          |
| Deposits and other  | —                                   | —  | —  | 25  | —                               | 156   | —   | —                                      | —   | 181            |
| <b>Total current liabilities (payable from restricted assets)</b>         | <b>315</b>                          | <b>—</b>   | <b>783</b>                                     | <b>662</b>  | <b>—</b>                        | <b>156</b>  | <b>—</b>                                      | <b>—</b>                               | <b>—</b>  | <b>1,916</b>   |
| <b>Total current liabilities</b>  | <b>711</b>                          | <b>1,299</b>                                       | <b>1,158</b>                                   | <b>755</b>  | <b>639</b>                      | <b>1,409</b>  | <b>1,401</b>                                  | <b>634</b>                             | <b>12,807</b>   | <b>20,813</b>  |
| <b>Long-term liabilities:</b>   |                                     |  |  |   |                                 |   |   |  |   |                |
| Revenue bonds (net of current portion)                                    | 4,585                               | —  | 4,125  | —   | —                               | —   | —   | —                                      | —   | 8,710          |
| Other   | 1,361                               | 26   | 134  | —   | 347                             | —   | —   | 1,089                                  | 58,628  | 61,585         |
| <b>Total long-term liabilities</b>  | <b>5,946</b>                        | <b>26</b>  | <b>4,259</b>                                   | <b>—</b>  | <b>347</b>                      | <b>—</b>  | <b>—</b>                                      | <b>1,089</b>                           | <b>58,628</b>   | <b>70,295</b>  |
| <b>Total liabilities</b>  | <b>6,657</b>                        | <b>1,325</b>                                       | <b>5,417</b>                                   | <b>755</b>  | <b>986</b>                      | <b>1,409</b>  | <b>1,401</b>                                  | <b>1,723</b>                           | <b>71,435</b>   | <b>91,108</b>  |
| <b>Deferred inflows of resources</b>                                      |                                     |  |  |   |                                 |   |   |  |   |                |
| Unavailable revenue   | —                                   | —  | —  | —   | 20                              | —   | —   | —                                      | 2,011   | 2,031          |
| <b>Total deferred inflows of resources</b>                                | <b>—</b>                            | <b>—</b>   | <b>—</b>                                       | <b>—</b>  | <b>20</b>                       | <b>—</b>  | <b>—</b>                                      | <b>—</b>                               | <b>2,011</b>  | <b>2,031</b>   |
| <b>Net position:</b>  |                                     |  |  |   |                                 |   |   |  |   |                |
| Net investment in capital assets  | 148                                 | 8  | 15,438   | 32  | 12,910                          | 2,835   | 14,318  | 36,769                                 | 31,572  | 119,030        |
| Restricted for bond debt service  | 265                                 | —  | 920  | 635   | —                               | —   | —   | —                                      | —   | 1,820          |
| Operations reserve  | —                                   | —  | —  | —   | —                               | —   | —   | 3,936                                  | —   | 3,936          |
| Unrestricted  | (2,573)                             | 4,181  | 5,259  | 1,944   | 6,321                           | 1,195   | 25,146  | 2,983                                  | (7,341)   | 37,115         |
| <b>Total net position</b>   | <b>(2,160)</b>                      | <b>4,189</b>                                       | <b>21,617</b>                                  | <b>2,611</b>  | <b>19,231</b>                   | <b>9,030</b>  | <b>39,464</b>                                 | <b>43,688</b>                          | <b>24,231</b>   | <b>161,901</b> |
| <b>Total liabilities, deferred inflows of resources, and net position</b> | <b>\$ 4,497</b>                     | <b>5,514</b>                                       | <b>27,034</b>                                  | <b>3,366</b>  | <b>20,237</b>                   | <b>10,439</b>   | <b>40,865</b>                                 | <b>45,411</b>                          | <b>97,677</b>   | <b>255,040</b> |

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS**  
 Combining Statement of Activities  
 Non-major Component Units  
 Year ended December 31, 2013  
 (Amounts in thousands)

|   | Program Revenues     |                  |                | Net (expense) revenue and changes in net position |   |                                       |   |                           |  |                                      |                                  |   |   | Total          |
|---|----------------------|------------------|----------------|---|---|---------------------------------------|---|---------------------------|--|--------------------------------------|----------------------------------|---|---|----------------|
|   | Charges for services | Operating Grants | Capital Grants | Downtown Development District                     | New Orleans Tourism Marketing Corporation | Orleans Parish Communication District | Municipal Yacht Harbor Management Corporation | French Market Corporation | Upper Pontalba Restoration Corporation | Canal Street Development Corporation | New Orleans Building Corporation | Parish Hospital District for the Parish of Orleans District A | Piazza d'Italia Development Corporation |                |
| <b>Component units:</b>                             |                      |                  |                |   |   |                                       |   |                           |  |                                      |                                  |   |   |                |
| Downtown Development District                       | \$ 5,674             | —                | 154            | —   | (5,520)                                   | —                                     | —   | —                         | —                                      | —                                    | —                                | —   | —                                       | (5,520)        |
| New Orleans Tourism Marketing Corporation           | 13,706               | —                | —              | —   | (13,706)                                  | —                                     | —   | —                         | —                                      | —                                    | —                                | —   | —                                       | (13,706)       |
| Orleans Parish Communication District               | 4,605                | 4,649            | —              | —   | —   | 43                                    | —   | —                         | —                                      | —                                    | —                                | —   | —                                       | 43             |
| Municipal Yacht Harbor Management Corporation       | 695                  | 1,185            | —              | —   | —   | —                                     | 489   | —                         | —                                      | —                                    | —                                | —   | —                                       | 489            |
| French Market Corporation                           | 6,410                | 8,271            | —              | —   | —   | —                                     | —   | 1,861                     | —                                      | —                                    | —                                | —   | —                                       | 1,861          |
| Upper Pontalba Building Restoration Corporation     | 1,159                | 2,032            | —              | —   | —   | —                                     | —   | —                         | 873                                    | —                                    | —                                | —   | —                                       | 873            |
| Canal Street Development Corporation                | 14,977               | 15,619           | —              | —   | —   | —                                     | —   | —                         | —                                      | 622                                  | —                                | —   | —                                       | 622            |
| New Orleans Building Corporation                    | 2,900                | 2,899            | —              | 3,548   | —   | —                                     | —   | —                         | —                                      | —                                    | 3,547                            | —   | —                                       | 3,547          |
| Parish Hospital District for the Parish of Orleans  | 5,778                | 684              | 5,105          | 7,124   | —   | —                                     | —   | —                         | —                                      | —                                    | —                                | 7,135   | —                                       | 7,135          |
| <b>Total component units</b>                        | <b>\$ 55,926</b>     | <b>35,339</b>    | <b>5,259</b>   | <b>10,672</b>                                     | <b>(5,520)</b>                            | <b>(13,706)</b>                       | <b>43</b>                                     | <b>489</b>                | <b>1,861</b>                           | <b>873</b>                           | <b>622</b>                       | <b>3,547</b>  | <b>7,135</b>                            | <b>(4,656)</b> |
| <b>General revenues (expenses):</b>                 |                      |                  |                |   |   |                                       |   |                           |  |                                      |                                  |   |   |                |
| Interest revenue                                    |                      |                  |                | 8   | 3   | 16                                    | (20)  | 3                         | 8                                      | 24                                   | —                                | —   | —                                       | 42             |
| Franchise fees                                      |                      |                  |                | 5,667   | —   | —                                     | —   | —                         | —                                      | —                                    | —                                | —   | —                                       | 5,667          |
| Other   |                      |                  |                | —   | 11,313                                    | 1,304                                 | —   | 322                       | —                                      | —                                    | 616                              | 8   | —                                       | 13,564         |
| <b>Total general revenues (expenses)</b>            |                      |                  |                | <b>5,675</b>                                      | <b>11,316</b>                             | <b>1,320</b>                          | <b>(20)</b>                                   | <b>325</b>                | <b>8</b>                               | <b>24</b>                            | <b>616</b>                       | <b>8</b>  | <b>—</b>                                | <b>19,273</b>  |
| <b>Changes in net position</b>                      |                      |                  |                | <b>155</b>  | <b>(2,390)</b>                            | <b>1,363</b>                          | <b>469</b>                                    | <b>2,186</b>              | <b>881</b>                             | <b>646</b>                           | <b>4,163</b>                     | <b>7,144</b>  | <b>—</b>                                | <b>14,617</b>  |
| <b>Net position - beginning of year</b>             |                      |                  |                | <b>(2,223)</b>                                    | <b>6,579</b>                              | <b>20,254</b>                         | <b>2,142</b>                                  | <b>17,045</b>             | <b>8,149</b>                           | <b>37,456</b>                        | <b>39,525</b>                    | <b>17,087</b>   | <b>1,362</b>                            | <b>147,576</b> |
| <b>Prior period adjustments</b>                     |                      |                  |                | <b>(92)</b>                                       | <b>—</b>                                  | <b>—</b>                              | <b>—</b>                                      | <b>—</b>                  | <b>—</b>                               | <b>—</b>                             | <b>—</b>                         | <b>—</b>  | <b>—</b>                                | <b>(92)</b>    |
| <b>Transfer</b>                                     |                      |                  |                | <b>—</b>  | <b>—</b>                                  | <b>—</b>                              | <b>—</b>                                      | <b>—</b>                  | <b>—</b>                               | <b>1,362</b>                         | <b>—</b>                         | <b>—</b>  | <b>(1,362)</b>                          | <b>—</b>       |
| <b>Net position - beginning of year, as revised</b> |                      |                  |                | <b>(2,315)</b>                                    | <b>6,579</b>                              | <b>20,254</b>                         | <b>2,142</b>                                  | <b>17,045</b>             | <b>8,149</b>                           | <b>38,818</b>                        | <b>39,525</b>                    | <b>17,087</b>   | <b>—</b>                                | <b>147,284</b> |
| <b>Net position - ending</b>                        |                      |                  |                | <b>\$ (2,160)</b>                                 | <b>4,189</b>                              | <b>21,617</b>                         | <b>2,611</b>                                  | <b>19,231</b>             | <b>9,030</b>                           | <b>39,464</b>                        | <b>43,688</b>                    | <b>24,231</b>   | <b>—</b>                                | <b>161,901</b> |

See accompanying independent auditors' report.

**AFFIDAVIT OF THE CITY OF NEW ORLEANS  
AS TAX COLLECTOR**

**CITY OF NEW ORLEANS**  
**(As Ex-officio Orleans Parish Tax Collector)**  
**NEW ORLEANS, LOUISIANA**

**TAX COLLECTOR AGENCY FUND**  
**Affidavit**

For the year ended December 31, 2013

AFFIDAVIT (Required by R.S. 24:513(B))  
STATE OF LOUISIANA  
PARISH OF ORLEANS

I, Norman S. Foster, Tax Collector for the Parish of Orleans, do solemnly swear that the information reflected in the Summary of Ad Valorem Tax Collections Remitted to Other Taxing Authorities, Included in the footnotes of the City of New Orleans "Basic Financial Statement", is true and correctly reflects all taxes collected and distributed by my office during the period January 1, 2013 to December 31, 2013 and that the cash available for the settlement of the unsettled collections amounted to \$10,979,145 as of December 31, 2013.

*Norman Foster*

\_\_\_\_\_  
Tax Collector

Sworn to and subscribed before me, this  
27 day of June, 2013

*Cherell R. Sherrin*  
Notary (affix seal) #28227



**SCHEDULE OF COUNCILMEMBER COMPENSATION**

**CITY OF NEW ORLEANS, LOUISIANA**

**Schedule of Compensation Paid to City Council**

**Year Ended December 31, 2013**

| <b><u>New Orleans City Council</u></b>                 | <b><u>Compensation</u></b> |
|--|----------------------------|
| Jacquelyn B. Clarkson, Councilmember-at-Large          | \$ 88,864                  |
| Stacy S. Head, Councilmember-at-Large                  | 88,864                     |
| Susan G. Guidry, Councilmember - District A            | 88,864                     |
| Latoya W. Cantrell, Councilmember - District B         | 89,609                     |
| Kristin E. Gisleson Palmer, Councilmember - District C | 88,864                     |
| Cynthia M. Hedge-Morrell, Councilmember - District D   | 88,864                     |
| James A. Gray II, Councilmember - District E           | 89,946                     |

See accompanying independent auditors' report.

**STATISTICAL SECTION**

# CITY OF NEW ORLEANS, LOUISIANA

## Statistical Section

This part of the City of New Orleans, Louisiana's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### Contents

#### Financial Trends

**These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.**

- Table 1 Net Position by Component
- Table 2 Changes in Net Position
- Table 3 Fund Balances
- Table 4 Change in Fund Balances - Governmental Funds

#### Revenue Capacity

**These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.**

- Table 5 Assessed Value and Estimated Actual Value of Taxable Property
- Table 6 Property Tax Rates - Direct and Overlapping Governments
- Table 7 Principal Property Taxpayers
- Table 8 Property Tax Levies and Collections

#### Debt Capacity

**These schedules contain information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt.**

- Table 9 Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita
- Table 10 Computation of Direct and Overlapping Debt
- Table 11 Computation of Legal Debt Margin

#### Demographic and Economic Information

**These schedules offer demographic and economic indicators to help the reader understand the environment within which the City financial activities take place.**

- Table 12 Demographic and Economic Statistics
- Table 13 Employees by Industry

#### Operating Information

**These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.**

- Table 14 Full Time City Employees by Department
- Table 15 Capital Asset Statistics by Function
- Table 16 Operating Indicators by Function

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

## CITY OF NEW ORLEANS, LOUISIANA

## Net Position by Component

## Last Ten Fiscal Years

(accrual basis of accounting)

(amounts in thousands)

(unaudited)

|  | 2004              | 2005           | 2006           | 2007          | 2008             | 2009             | 2010          | 2011           | 2012          | 2013           |
|--|-------------------|----------------|----------------|---------------|------------------|------------------|---------------|----------------|---------------|----------------|
| <b>Governmental activities</b>             |                   |                |                |               |                  |                  |               |                |               |                |
| Net investment in capital assets           | \$ 817,046        | 678,766        | 610,072        | 645,610       | 641,132          | 641,513          | 741,516       | 826,219        | 890,521       | 894,662        |
| Restricted                                 | 33,062            | 32,495         | 61,592         | 97,506        | 92,584           | 85,692           | 60,839        | 59,140         | 81,294        | 113,204        |
| Unrestricted                               | (544,534)         | (479,037)      | (534,802)      | (673,078)     | (853,752)        | (933,305)        | (748,478)     | (777,932)      | (942,746)     | (823,064)      |
| Total governmental activities net position | \$ <u>305,574</u> | <u>232,224</u> | <u>136,862</u> | <u>70,038</u> | <u>(120,036)</u> | <u>(206,100)</u> | <u>53,877</u> | <u>107,427</u> | <u>29,069</u> | <u>184,802</u> |
| <b>Primary government</b>                  |                   |                |                |               |                  |                  |               |                |               |                |
| Net investment in capital assets           | \$ 817,046        | 678,766        | 610,072        | 645,610       | 641,132          | 641,513          | 741,516       | 826,219        | 890,521       | 894,662        |
| Restricted                                 | 33,062            | 32,495         | 61,592         | 97,506        | 92,584           | 85,692           | 60,839        | 59,140         | 81,294        | 113,204        |
| Unrestricted                               | (544,534)         | (479,037)      | (534,802)      | (673,078)     | (853,752)        | (933,305)        | (748,478)     | (777,932)      | (942,746)     | (823,064)      |
| Total primary government net position      | \$ <u>305,574</u> | <u>232,224</u> | <u>136,862</u> | <u>70,038</u> | <u>(120,036)</u> | <u>(206,100)</u> | <u>53,877</u> | <u>107,427</u> | <u>29,069</u> | <u>184,802</u> |

## CITY OF NEW ORLEANS, LOUISIANA

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts in thousands)

(unaudited)

| Expenses  | 2004                | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             |
|---|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Governmental Activities:</b>                             |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General government  | \$ 332,685          | 212,551          | 219,196          | 203,620          | 322,190          | 296,441          | 321,303          | 242,417          | 382,208          | 247,292          |
| Public Safety   | 195,470             | 249,423          | 174,530          | 252,474          | 204,749          | 214,899          | 224,915          | 236,058          | 233,745          | 230,231          |
| Public Works  | 123,926             | 144,465          | 90,511           | 143,211          | 135,507          | 136,344          | 124,952          | 126,080          | 133,817          | 124,449          |
| Health and Human Services                                   | 20,836              | 22,368           | 13,385           | 18,438           | 19,973           | 20,682           | 19,084           | 21,678           | 26,805           | 27,981           |
| Culture and recreation                                      | 25,119              | 22,627           | 9,922            | 12,600           | 21,710           | 25,392           | 23,577           | 21,575           | 24,576           | 23,403           |
| Urban development and housing                               | 23,760              | 28,330           | 8,278            | 21,157           | 49,507           | 47,544           | 40,114           | 32,682           | 33,538           | 23,891           |
| Economic development  | 15,149              | 13,731           | 6,968            | 6,606            | 17,102           | 24,321           | 10,329           | 8,680            | 8,793            | 12,731           |
| Interest and fiscal charges                                 | 57,977              | 59,170           | 54,966           | 62,531           | 72,629           | 73,133           | 76,526           | 65,393           | 66,996           | 59,487           |
| <b>Total primary government expenses</b>                    | <b>794,922</b>      | <b>752,665</b>   | <b>577,756</b>   | <b>720,637</b>   | <b>843,367</b>   | <b>838,756</b>   | <b>840,800</b>   | <b>754,563</b>   | <b>910,478</b>   | <b>749,465</b>   |
| <b>Program Revenues</b>                                     |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Governmental Activities:</b>                             |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <i>Charges for Services:</i>                                |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General government  | 75,410              | 59,207           | 50,768           | 51,749           | 69,937           | 71,578           | 46,153           | 69,191           | 73,770           | 70,692           |
| Public Safety   | 13,630              | 12,540           | 16,430           | 20,133           | 29,321           | 28,336           | 17,602           | 37,947           | 36,845           | 22,331           |
| Public Works  | 18,439              | 10,528           | 7,735            | 14,284           | 18,075           | 25,373           | 32,218           | 36,753           | 36,756           | 37,015           |
| Health and Human Services                                   | 7,518               | 5,014            | 2,867            | 301              | 6,690            | 8,535            | 9,862            | 9,873            | 7,967            | 8,003            |
| Culture and recreation                                      | 722                 | 375              | 234              | -                | 638              | 310              | 235              | 309              | 861              | 814              |
| Urban development and housing                               | 89                  | 52               | -                | 138              | -                | -                | -                | 60               | -                | 1,735            |
| Economic development  | 127                 | 94               | 597              | 4,229            | 170              | 116              | 890              | -                | 2,007            | -                |
| Operating grants and contributions                          | 93,926              | 222,175          | 77,773           | 134,097          | 105,041          | 143,482          | 170,164          | 142,497          | 143,964          | 139,577          |
| Capital grants and contributions                            | 15,478              | 12,728           | 10,256           | 53,237           | 37,301           | 51,230           | 111,859          | 75,728           | 90,434           | 141,650          |
| <b>Total primary government program revenues</b>            | <b>225,339</b>      | <b>322,713</b>   | <b>166,660</b>   | <b>278,168</b>   | <b>267,173</b>   | <b>328,960</b>   | <b>388,983</b>   | <b>372,358</b>   | <b>392,604</b>   | <b>421,817</b>   |
| <b>Net Revenue (Expense)</b>                                |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Total primary government</b>                             | <b>(569,583)</b>    | <b>(429,952)</b> | <b>(411,096)</b> | <b>(442,469)</b> | <b>(576,194)</b> | <b>(509,796)</b> | <b>(451,817)</b> | <b>(382,205)</b> | <b>(517,874)</b> | <b>(327,648)</b> |
| <b>General Revenues</b>                                     |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Governmental Activities:</b>                             |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Property Taxes  | 146,065             | 160,130          | 127,659          | 142,480          | 155,767          | 145,956          | 175,863          | 187,199          | 180,318          | 204,335          |
| Sales Taxes   | 153,851             | 116,339          | 124,229          | 134,114          | 137,581          | 133,868          | 147,453          | 153,955          | 163,128          | 176,465          |
| Other Taxes   | 56,222              | 46,226           | 44,172           | 44,324           | 42,191           | 45,332           | 49,567           | 45,787           | 46,953           | 57,134           |
| Investment Earnings   | 3,803               | 11,133           | 17,862           | 19,580           | 18,251           | 32,791           | 5,301            | (770)            | 13,470           | 15,231           |
| Insurance Proceeds  | -                   | -                | -                | 5,257            | 5,866            | -                | -                | -                | -                | -                |
| Miscellaneous   | 21,355              | 17,232           | 1,812            | 29,890           | 51,115           | 65,785           | 67,695           | 47,296           | 29,674           | 29,189           |
| Gain (loss) on impairment                                   | -                   | 5,542            | -                | -                | -                | -                | -                | -                | -                | -                |
| Gain (loss) on sales of capital assets                      | -                   | -                | -                | -                | (24,651)         | -                | -                | -                | -                | -                |
| Forgiveness of Debt   | -                   | -                | -                | -                | -                | -                | 265,915          | 2,288            | 5,973            | 1,027            |
| <b>Total general revenues, transfers, and special items</b> | <b>381,296</b>      | <b>356,602</b>   | <b>315,734</b>   | <b>375,645</b>   | <b>386,120</b>   | <b>423,732</b>   | <b>711,794</b>   | <b>435,755</b>   | <b>439,516</b>   | <b>483,381</b>   |
| <b>Change in Net Position</b>                               | <b>\$ (188,287)</b> | <b>(73,350)</b>  | <b>(95,362)</b>  | <b>(66,824)</b>  | <b>(190,074)</b> | <b>(86,064)</b>  | <b>259,977</b>   | <b>53,550</b>    | <b>(78,358)</b>  | <b>155,733</b>   |

## CITY OF NEW ORLEANS, LOUISIANA

**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(expressed in thousands)

(unaudited)

|   | 2004              | 2005           | 2006           | 2007           | 2008           | 2009           | 2010            | 2011           | 2012           | 2013           |
|---|-------------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|
| <b>General Fund</b>                       |                   |                |                |                |                |                |                 |                |                |                |
| Reserved                                  | \$ 26,813         | 4,087          | 4,716          | 16,526         | 7,229          | 680            | 530             | -              | -              | -              |
| Unreserved:                               |                   |                |                |                |                |                |                 |                |                |                |
| Designated for subsequent year            | 2,611             | 23,743         | 65,837         | 40,083         | 17,016         | 15,933         | 13,619          | -              | -              | -              |
| Undesignated                              | 3,138             | 18,477         | 29,275         | 41,011         | 35,334         | (8,262)        | (25,210)        | -              | -              | -              |
| Committed                                 | -                 | -              | -              | -              | -              | -              | -               | 13,934         | 10,661         | 6,036          |
| Unassigned                                | -                 | -              | -              | -              | -              | -              | -               | (17,344)       | (19,997)       | 10,920         |
| <b>Total general fund</b>                 | <u>\$ 32,562</u>  | <u>46,307</u>  | <u>99,828</u>  | <u>97,620</u>  | <u>59,579</u>  | <u>8,351</u>   | <u>(11,061)</u> | <u>(3,410)</u> | <u>(9,336)</u> | <u>16,956</u>  |
| <b>All Other Governmental Funds</b>       |                   |                |                |                |                |                |                 |                |                |                |
| Reserved                                  | \$ 111,271        | 105,586        | 105,955        | 158,297        | 186,871        | 130,544        | 149,398         | -              | -              | -              |
| Unreserved reported in:                   |                   |                |                |                |                |                |                 |                |                |                |
| HUD                                       | -                 | -              | -              | -              | (267)          | (385)          | (7,493)         | -              | -              | -              |
| FEMA                                      | -                 | (13,045)       | (10,848)       | (16,363)       | (31,777)       | (49,882)       | (55,328)        | -              | -              | -              |
| Capital Projects                          | 95,112            | 118,617        | 146,958        | 180,116        | 61,103         | 66,185         | 55,119          | -              | -              | -              |
| Louisiana Office of Community Development | -                 | -              | -              | -              | -              | (1,169)        | (14,190)        | -              | -              | -              |
| Non-major Governmental                    | 27,844            | 24,438         | 28,974         | 34,636         | 28,692         | 17,597         | 20,231          | -              | -              | -              |
| Nonspendable                              | -                 | -              | -              | -              | -              | -              | -               | 6,886          | 5,368          | 2,407          |
| Restricted                                | -                 | -              | -              | -              | -              | -              | -               | 122,991        | 147,675        | 137,113        |
| Committed                                 | -                 | -              | -              | -              | -              | -              | -               | 4,022          | 19,533         | 58,882         |
| Assigned                                  | -                 | -              | -              | -              | -              | -              | -               | 17,891         | 10,677         | 225            |
| Unassigned                                | -                 | -              | -              | -              | -              | -              | -               | (78,511)       | (66,474)       | (36,557)       |
| <b>Total all other government funds</b>   | <u>\$ 234,227</u> | <u>235,596</u> | <u>271,039</u> | <u>356,686</u> | <u>244,622</u> | <u>162,890</u> | <u>147,737</u>  | <u>73,279</u>  | <u>116,779</u> | <u>162,070</u> |

**CITY OF NEW ORLEANS, LOUISIANA**  
**Change in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(expressed in thousands)

|  | 2004       | 2005      | 2006     | 2007     | 2008      | 2009      | 2010     | 2011     | 2012      | 2013     |
|--|------------|-----------|----------|----------|-----------|-----------|----------|----------|-----------|----------|
| <b>REVENUES</b>                                |            |           |          |          |           |           |          |          |           |          |
| Taxes  | \$ 328,510 | 284,177   | 275,063  | 298,620  | 301,076   | 305,240   | 333,849  | 360,944  | 372,012   | 396,973  |
| Licenses and permits                           | 64,190     | 53,129    | 55,590   | 55,490   | 60,335    | 54,136    | 58,117   | 57,219   | 56,612    | 62,963   |
| Intergovernmental                              | 88,297     | 215,920   | 96,454   | 171,369  | 162,810   | 237,485   | 261,670  | 212,684  | 273,457   | 265,594  |
| Charges for services                           | 52,378     | 34,150    | 31,766   | 35,080   | 44,751    | 48,189    | 50,417   | 72,171   | 74,164    | 78,996   |
| Program income                                 | 565        | 348       | 927      | 66       | 68        | 1,182     | 145      | 4,898    | 82        | 1,942    |
| Fines and forfeits                             | 22,667     | 15,557    | 8,330    | 12,325   | 18,867    | 26,619    | 33,565   | 38,824   | 37,766    | 35,977   |
| Interest income                                | 4,601      | 10,444    | 17,082   | 19,580   | 12,769    | 4,906     | 1,203    | 684      | 461       | 300      |
| Contributions, gifts, donations                | 13,725     | 4,874     | 2,346    | 3,164    | 3,112     | 3,249     | 3,860    | 2,742    | 3,092     | 3,687    |
| Miscellaneous and other                        | 29,477     | 24,245    | 23,767   | 48,229   | 29,241    | 34,801    | 67,233   | 41,808   | 33,295    | 28,357   |
| Total revenues                                 | 604,410    | 642,844   | 511,325  | 643,923  | 633,029   | 715,807   | 810,059  | 791,974  | 850,941   | 874,789  |
| <b>EXPENDITURES</b>                            |            |           |          |          |           |           |          |          |           |          |
| General government                             | 172,902    | 221,556   | 185,120  | 188,003  | 209,705   | 231,838   | 245,451  | 226,518  | 240,268   | 207,805  |
| Public safety                                  | 185,156    | 243,939   | 169,141  | 209,423  | 200,430   | 210,363   | 220,734  | 235,946  | 229,457   | 226,831  |
| Public works                                   | 69,355     | 61,687    | 31,281   | 79,397   | 75,834    | 77,851    | 65,730   | 64,811   | 74,488    | 66,216   |
| Health and human services                      | 20,775     | 22,368    | 13,237   | 17,844   | 19,973    | 20,682    | 19,084   | 21,678   | 26,805    | 27,981   |
| Culture and recreation                         | 24,875     | 19,536    | 8,704    | 13,425   | 20,078    | 23,784    | 22,047   | 20,048   | 23,027    | 22,016   |
| Urban development and housing                  | 23,728     | 28,330    | 8,186    | 22,529   | 49,507    | 47,544    | 40,114   | 33,439   | 33,540    | 23,891   |
| Economic development and assistance            | 15,149     | 13,731    | 6,891    | 8,935    | 17,102    | 24,321    | 10,329   | 9,243    | 8,793     | 12,731   |
| Capital projects                               | 58,144     | 45,141    | 28,544   | 57,154   | 128,993   | 151,878   | 140,928  | 142,715  | 96,535    | 152,947  |
| Debt service:                                  |            |           |          |          |           |           |          |          |           |          |
| Principal                                      | 44,005     | 37,912    | 37,329   | 58,423   | 42,168    | 45,072    | 53,019   | 56,775   | 46,198    | 47,103   |
| Interest and fiscal charges                    | 33,409     | 56,931    | 58,311   | -        | 66,591    | 66,495    | 69,374   | 63,536   | 63,205    | 57,004   |
| Total expenditures                             | 667,498    | 751,131   | 546,744  | 696,084  | 830,381   | 899,828   | 886,810  | 874,709  | 842,316   | 844,525  |
| Revenue over (under) expenditures              | (63,088)   | (108,287) | (35,419) | (52,161) | (197,352) | (184,021) | (76,751) | (82,735) | 8,625     | 30,264   |
| <b>OTHER FINANCING SOURCES (USES)</b>          |            |           |          |          |           |           |          |          |           |          |
| Transfers in                                   | 64,741     | 77,479    | 15,816   | 93,956   | 10,161    | 26,844    | 72,319   | 21,048   | 28,219    | 55,067   |
| Transfers in from component unit               | -          | -         | -        | -        | -         | (26,844)  | (72,319) | (21,048) | (28,219)  | (55,067) |
| Transfers out                                  | (64,741)   | (77,479)  | (15,816) | (93,956) | (15,325)  | 42,269    | 40,726   | -        | 3,500     | -        |
| Issuance of notes payable                      | -          | 61,396    | 76,214   | 32,748   | 34,373    | 8,458     | 975      | -        | -         | -        |
| Issuance of Go Zone Notes                      | -          | -         | 35,333   | -        | 12,345    | 334       | 485      | -        | -         | -        |
| Issuance of long-term debt                     | 88,980     | 51,350    | -        | 75,147   | -         | -         | -        | -        | -         | -        |
| Issuance of bonds                              | -          | 105,279   | -        | -        | -         | -         | -        | 15,995   | 363,725   | 40,000   |
| Premium/Discount on issuance of long-term debt | 127        | 12,901    | -        | -        | -         | -         | -        | -        | 25,800    | 263      |
| Debt service assistance loan                   | -          | -         | -        | 23,549   | -         | -         | -        | -        | -         | -        |
| Insurance proceeds                             | -          | 10,565    | 13,404   | 4,925    | 5,866     | -         | -        | -        | -         | -        |
| Payment to escrow agent                        | (12,760)   | (118,090) | -        | -        | -         | -         | -        | -        | (319,178) | 1,012    |
| Other, net                                     | 10         | -         | (768)    | (769)    | (173)     | -         | -        | (67)     | 1,102     | 44       |
| Total other financing sources (uses)           | 76,357     | 123,401   | 124,383  | 135,600  | 47,247    | 51,061    | 42,186   | 15,928   | 74,949    | 41,319   |
| <b>SPECIAL ITEMS</b>                           |            |           |          |          |           |           |          |          |           |          |
| Termination of interest rate swap              | -          | -         | -        | -        | -         | -         | -        | -        | (46,000)  | -        |
| Net change in fund balances                    | \$ 13,269  | 15,114    | 88,964   | 83,439   | (150,105) | (132,960) | (34,565) | (66,807) | 37,574    | 71,583   |
| GASB 44 debt service disclosure                | 15.99%     | 13.43%    | 18.46%   | 9.14%    | 15.51%    | 14.92%    | 16.41%   | 16.44%   | 14.74%    | 15.06%   |



## CITY OF NEW ORLEANS, LOUISIANA

**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(in thousands of dollars)

(unaudited)

| Year | Real Property \$ |                            |                        |                            | Business Property \$ |                        | Exemption      | Total \$           |                        |
|------|------------------|----------------------------|------------------------|----------------------------|----------------------|------------------------|----------------|--------------------|------------------------|
|      | Assessed value   |                            | Estimated Actual Value |                            | Assessed Value       | Estimated Actual Value | Assessed Value | Net Assessed Value | Estimated Actual Value |
|      | Land             | Building +<br>Improvements | Land                   | Building +<br>Improvements |                      |                        |                |                    |                        |
| 2004 | 421,211,409      | 1,444,323,161              | 4,212,114,090          | 13,112,789,053             | 603,545,769          | 4,023,638,460          | 489,517,102    | 1,979,563,237      | 21,348,541,603         |
| 2005 | 436,423,285      | 1,545,006,528              | 4,364,232,850          | 13,996,185,863             | 593,479,939          | 3,956,532,927          | 488,679,731    | 2,086,230,021      | 22,316,951,640         |
| 2006 | 440,671,295      | 1,009,535,449              | 4,406,712,950          | 8,875,317,430              | 519,254,706          | 3,461,698,040          | 331,956,206    | 1,637,505,244      | 16,743,728,420         |
| 2007 | 441,401,900      | 1,225,226,330              | 4,414,019,000          | 11,076,965,167             | 468,154,201          | 3,121,028,007          | 294,827,495    | 1,839,954,936      | 18,612,012,173         |
| 2008 | 617,210,052      | 1,704,939,236              | 6,172,100,520          | 15,438,544,073             | 522,726,855          | 3,484,845,700          | 304,133,486    | 2,540,742,657      | 25,095,490,293         |
| 2009 | 611,819,420      | 1,773,057,760              | 6,118,194,200          | 16,128,646,367             | 536,593,600          | 3,577,290,667          | 330,226,350    | 2,591,244,430      | 25,824,131,233         |
| 2010 | 607,799,100      | 1,901,449,500              | 6,077,991,000          | 17,342,386,933             | 532,776,071          | 3,551,840,473          | 369,086,386    | 2,672,938,285      | 26,972,218,407         |
| 2011 | 603,874,860      | 2,000,707,530              | 6,038,748,600          | 18,250,159,700             | 535,103,026          | 3,567,353,507          | 384,016,970    | 2,755,668,446      | 27,856,261,807         |
| 2012 | 638,762,880      | 2,140,883,660              | 6,387,628,800          | 19,445,348,833             | 560,076,762          | 3,733,845,080          | 392,534,175    | 2,947,189,127      | 29,566,822,713         |
| 2013 | 646,329,720      | 2,293,477,430              | 6,463,297,200          | 20,754,816,467             | 582,104,080          | 3,880,693,867          | 437,893,609    | 3,084,017,621      | 31,098,807,533         |

Note: Amounts are net of the homestead exemption.

Source: City of New Orleans Department of Finance Bureau of Treasury

## CITY OF NEW ORLEANS, LOUISIANA

**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(Number of Mills)**

(unaudited)

|   | 2013         | 2012         | 2011         | 2010         | 2009         | 2008         | 2007          | 2006          | 2005          | 2004          |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| <b>Direct property tax rates:</b>   |              |              |              |              |              |              |               |               |               |               |
| City alimony  | \$ 15.10     | 15.10        | 15.10        | 11.72        | 11.72        | 11.72        | 16.10         | 16.10         | 14.91         | 14.91         |
| Interest and redemption city bond,  | 25.50        | 25.50        | 25.50        | 25.50        | 23.80        | 23.80        | 31.70         | 38.20         | 28.40         | 28.40         |
| Special tax dedicated to maintenance<br>of double platoon Fire Department<br>and triple platoon Police<br>Department  | 4.27         | 4.27         | 4.27         | 3.11         | 3.11         | 3.11         | 4.27          | 4.27          | 4.27          | 4.27          |
| Special tax (additional) for increase in<br>pay to officers and members of<br>Police and Fire Department  | 2.13         | 2.13         | 2.13         | 1.55         | 1.55         | 1.55         | 2.13          | 2.13          | 2.13          | 2.13          |
| Special tax, Police without Homestead<br>Exemption: Police protection,  | 5.26         | 5.26         | 5.26         | 3.98         | 3.98         | 3.98         | 5.26          | 5.26          | 5.26          | 5.26          |
| Special tax, Fire without Homestead<br>Exemption: Additional millages for fire<br>protection  | 5.21         | 5.21         | 5.21         | 5.21         | 3.94         | 3.94         | 5.21          | 5.21          | 5.21          | 5.21          |
| Special tax for establishing and<br>maintaining a zoological garden in<br>Audubon Park  | 0.32         | 0.32         | 0.32         | 0.32         | 0.32         | 0.32         | 0.44          | 0.44          | 0.44          | 0.44          |
| Special tax to establish and maintain<br>an aquarium by the Audubon<br>Commission   | 2.99         | 2.99         | 2.99         | 2.99         | 2.99         | 2.99         | 4.11          | 4.11          | 4.11          | 4.11          |
| Special dedicated tax to operate the<br>Public Library,   | 3.14         | 3.14         | 3.14         | 3.14         | 3.14         | 3.14         | 4.32          | 4.32          | 4.32          | 4.32          |
| Capital Improvements &<br>Infrastructure Trust Fund   | 1.82         | 1.82         | 1.82         | 1.82         | 1.82         | 1.82         | 2.50          | 2.50          | 2.50          | 2.50          |
| Special tax, Neighborhood Housing<br>Improvement  | 0.91         | 0.91         | 0.91         | 0.91         | 0.91         | 0.91         | 1.25          | 1.25          | 1.25          | 1.25          |
| Special tax, New Orleans Economic<br>Development Fund   | 0.91         | 0.91         | 0.91         | 0.91         | 0.91         | 0.91         | 1.25          | 1.25          | 1.25          | 1.25          |
| Special tax, Parkways and Park and<br>Recreation Department   | 3.00         | 3.00         | 3.00         | 2.18         | 2.18         | 2.18         | 3.00          | 3.00          | 3.00          | 3.00          |
| Special tax, Street and Traffic Control<br>Device Maintenance   | 1.90         | 1.90         | 1.90         | 1.38         | 1.38         | 1.38         | 1.90          | 1.90          | 1.90          | 1.90          |
| Special tax for maintenance,<br>operations and extension of the<br>drainage system  | 16.43        | 16.43        | 16.43        | 16.43        | 16.03        | 16.43        | 22.59         | 22.59         | 22.59         | 22.59         |
| <b>Total direct property tax rates</b>  | <b>88.89</b> | <b>88.89</b> | <b>88.89</b> | <b>81.15</b> | <b>77.78</b> | <b>78.18</b> | <b>106.03</b> | <b>112.53</b> | <b>101.54</b> | <b>101.54</b> |
| <b>Overlapping property tax rates:</b>  |              |              |              |              |              |              |               |               |               |               |
| Special tax to provide funds for Board<br>of funds for Board of Assessors   | -            | -            | -            | -            | -            | -            | -             | -             | 1.19          | 1.19          |
| Special tax, Law Enforcement District<br>of Orleans Parish  | 2.90         | 2.90         | 2.90         | 2.90         | 2.90         | 2.90         | 3.50          | 4.50          | 3.00          | 3.00          |
| Special tax for Orleans Parish School<br>Board, for support, maintenance<br>and construction of Public Schools<br>of the City of New Orleans as<br>levied by said Board annually, | 44.81        | 43.60        | 44.12        | 44.12        | 38.47        | 38.47        | 52.90         | 58.55         | 52.80         | 52.80         |
| <b>Subtotal overlapping property tax rates</b>  | <b>47.71</b> | <b>46.50</b> | <b>47.02</b> | <b>47.02</b> | <b>41.37</b> | <b>41.37</b> | <b>56.40</b>  | <b>63.05</b>  | <b>56.99</b>  | <b>56.99</b>  |

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(Number of Mills)**

(unaudited)

|   | 2013      | 2012   | 2011   | 2010   | 2009   | 2008   | 2007   | 2006   | 2005   | 2004   |
|---|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Orleans Levee Board                         | -         | -      | -      | -      | -      | -      | 12.76  | 12.76  | 12.76  | 12.76  |
| Orleans Levee District (Eastbank)           | 11.67     | 11.67  | 11.67  | 11.67  | 10.95  | 9.65   | -      | -      | -      | -      |
| Algiers Levee District (Westbank)           | 12.36     | 12.76  | 12.76  | 12.76  | 9.28   | 9.28   | -      | -      | -      | -      |
| <b>Total Overlapping property tax rates</b> |           |        |        |        |        |        |        |        |        |        |
| Eastbank                                    | 59.38     | 58.17  | 58.69  | 58.69  | 52.32  | 51.02  | 69.16  | 75.81  | 69.75  | 69.75  |
| Westbank                                    | 60.07     | 59.26  | 59.78  | 59.78  | 50.65  | 50.65  | 69.16  | 75.81  | 69.75  | 69.75  |
| <b>Total Eastbank</b>                       | \$ 148.27 | 147.06 | 147.58 | 139.84 | 130.10 | 129.20 | 175.19 | 188.34 | 171.29 | 171.29 |
| <b>Total Westbank</b>                       | \$ 148.96 | 148.15 | 148.67 | 140.93 | 128.43 | 128.83 | 175.19 | 188.34 | 171.29 | 171.29 |

## CITY OF NEW ORLEANS, LOUISIANA

Principal Property Taxpayers  
And Nine Years Before  
(Amounts in thousands)

(unaudited)

| Name of Taxpayer             | Type of business           | 2013                   |      |                                    |
|------------------------------|----------------------------|------------------------|------|------------------------------------|
|                              |                            | Taxable Assessed Value | Rank | Percentage of total assessed value |
| Energy Services              | Electric and gas utilities | \$ 115,783             | 1    | 3.75                               |
| BellSouth Telecommunications | Telephone utilities        | 49,845                 | 2    | 1.61                               |
| Capital One Bank             | Financial institution      | 47,366                 | 3    | 1.53                               |
| Harrah's Entertainment       | Hospitality and gaming     | 28,392                 | 4    | 0.92                               |
| Marriott Hotel Properties    | Hospitality                | 25,079                 | 5    | 0.81                               |
| J P Morgan Chase Bank        | Financial institution      | 17,590                 | 6    | 0.57                               |
| International River Center   | Real Estate                | 19,083                 | 7    | 0.62                               |
| Whitney National Bank        | Financial institution      | 17,748                 | 8    | 0.57                               |
| CS&M Association (Sheraton)  | Real Estate                | 15,555                 | 9    | 0.50                               |
| Folgers Coffee Company       | Coffee Roasting Plant      | 13,347                 | 10   | 0.43                               |

| Name of Taxpayer             | Type of business           | 2004                   |      |                                    |
|------------------------------|----------------------------|------------------------|------|------------------------------------|
|                              |                            | Taxable Assessed Value | Rank | Percentage of total assessed value |
| Energy Services              | Electric and gas utilities | \$ 74,583              | 1    | 3.72                               |
| BellSouth Telecommunications | Telephone utilities        | 59,469                 | 2    | 2.96                               |
| Hibernia National Bank       | Financial institution      | 44,932                 | 3    | 2.24                               |
| Banc One                     | Financial institution      | 29,825                 | 4    | 1.49                               |
| Whitney National Bank        | Financial institution      | 26,700                 | 5    | 1.33                               |
| Harrah's Entertainment       | Hospitality and gaming     | 25,780                 | 6    | 1.29                               |
| Tenet                        | Managed Care               | 20,135                 | 7    | 1.00                               |
| International River Center   | Real Estate                | 19,196                 | 8    | 0.96                               |
| Marriott Hotel Properties    | Hospitality                | 14,141                 | 9    | 0.96                               |
| CS&M Association (Sheraton)  | Real Estate                | 11,246                 | 10   | 0.56                               |

## CITY OF NEW ORLEANS, LOUISIANA

**Property Tax Levis and Collections**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

(unaudited)

| Fiscal Year                     | Total levied | Collected within<br>Fiscal year of the Levy |         | Collections<br>in Subsequent<br>Years | Total Collections to Date |                       |
|---------------------------------|--------------|---|---------|---------------------------------------|---------------------------|-----------------------|
|                                 |              | Amount                                      | Percent |                                       | Amount                    | Percentage<br>of Levy |
| <b>Real estate taxes:</b>       |              |   |         |                                       |                           |                       |
| 2004                            | \$ 247,328   | \$ 231,442                                  | 93.58%  | \$ 13,692                             | \$ 245,134                | 99.11%                |
| 2005                            | 267,327      | 248,381                                     | 92.91%  | 15,610                                | 263,991                   | 98.75%                |
| 2006                            | 219,991      | 194,337                                     | 88.34%  | 23,496                                | 217,833                   | 99.02%                |
| 2007                            | 250,462      | 225,743                                     | 90.13%  | 21,541                                | 247,284                   | 98.73%                |
| 2008                            | 269,746      | 243,204                                     | 90.16%  | 23,302                                | 266,506                   | 98.80%                |
| 2009                            | 275,869      | 257,219                                     | 93.24%  | 14,942                                | 272,161                   | 98.66%                |
| 2010                            | 309,800      | 291,078                                     | 93.96%  | 14,262                                | 305,340                   | 98.56%                |
| 2011                            | 339,370      | 320,437                                     | 94.42%  | 13,247                                | 333,684                   | 98.32%                |
| 2012                            | 362,262      | 342,248                                     | 94.48%  | 12,064                                | 354,312                   | 97.81%                |
| 2013                            | 382,902      | 363,026                                     | 94.81%  | -                                     | 363,026                   | 94.81%                |
| <b>Personal property taxes:</b> |              |   |         |                                       |                           |                       |
| 2004                            | \$ 115,676   | \$ 106,473                                  | 92.04%  | \$ 2,761                              | \$ 109,234                | 94.43%                |
| 2005                            | 106,354      | 99,120                                      | 93.20%  | 1,689                                 | 100,809                   | 94.79%                |
| 2006                            | 99,477       | 87,878                                      | 88.34%  | 7,279                                 | 95,157                    | 95.66%                |
| 2007                            | 82,046       | 74,258                                      | 90.51%  | 3,709                                 | 77,967                    | 95.03%                |
| 2008                            | 67,548       | 59,645                                      | 88.30%  | 4,429                                 | 64,074                    | 94.86%                |
| 2009                            | 69,935       | 63,118                                      | 90.25%  | 3,444                                 | 66,562                    | 95.18%                |
| 2010                            | 74,530       | 68,508                                      | 91.92%  | 2,197                                 | 70,705                    | 94.87%                |
| 2011                            | 78,996       | 74,204                                      | 93.93%  | 1,443                                 | 75,647                    | 95.76%                |
| 2012                            | 81,685       | 78,275                                      | 95.83%  | 823                                   | 79,098                    | 96.83%                |
| 2013                            | 87,058       | 84,410                                      | 96.96%  | -                                     | 84,410                    | 96.96%                |

Source: City of New Orleans Department of Finance Bureau of the Treasury

## CITY OF NEW ORLEANS, LOUISIANA

Ratio of General Obligation Bonded Debt to Assessed  
Value and Bonded Debt per CapitaLast Ten Fiscal Years  
(amount in thousands)

(unaudited)

| Fiscal year | Population (1) | Assessed<br>value<br>real estate<br>and personal<br>property | General<br>obligation<br>bonded debt | Ratio of<br>bonded<br>debt to<br>assessed<br>value | Bonded<br>debt per<br>capita (2) |
|-------------|----------------|--|--------------------------------------|--|----------------------------------|
| 2004        | 462            | 2,469,080  | 499,852                              | 20.24  | 1,082                            |
| 2005        | 455            | 2,574,910  | 493,683                              | 19.17  | 1,085                            |
| 2006        | 211            | 1,969,461  | 478,420                              | 24.29  | 2,267                            |
| 2007        | 288            | 2,134,782  | 538,514                              | 25.23  | 1,870                            |
| 2008        | 312            | 2,844,876  | 523,955                              | 18.42  | 1,679                            |
| 2009        | 327            | 2,921,471  | 508,019                              | 17.39  | 1,554                            |
| 2010        | 343            | 3,042,025  | 529,219                              | 17.40  | 1,543                            |
| 2011        | 356            | 3,139,685  | 509,544                              | 16.23  | 1,431                            |
| 2012        | 369            | 3,339,723  | 470,077                              | 14.08  | 1,274                            |
| 2013        | 379            | 3,521,911  | 489,463                              | 13.90  | 1,291                            |

(1) Source: GCR &amp; Associates Estimates.

(2) Bonded debt per capita not in thousands.

Note: Bonded debt does not include the effects of accretion on deep discount bonds.

## CITY OF NEW ORLEANS, LOUISIANA

Computation of Direct and Overlapping Debt  
Last Ten Fiscal Years  
(amounts in thousands)

(unaudited)

|   | 2004         | 2005      | 2006      | 2007      | 2008      | 2009    | 2010    | 2011    | 2012    | 2013    |
|---|--------------|-----------|-----------|-----------|-----------|---------|---------|---------|---------|---------|
| <b>City of New Orleans:</b>                             |              |           |           |           |           |         |         |         |         |         |
| General Obligation, limited tax,<br>and revenue bonds** | \$ 669,952   | 687,888   | 665,800   | 718,699   | 696,565   | 672,664 | 685,609 | 673,279 | 695,587 | 712,508 |
| Sewerage and Water Board                                | 26,885       | 25,920    | 24,905    | 23,835    | 22,710    | 21,525  | 20,290  | 18,990  | 17,630  | 16,205  |
| Audubon Commission                                      | 52,404       | 48,312    | 47,540    | 50,170    | 52,806    | 51,813  | 48,775  | 49,316  | 28,343  | 26,035  |
| Total direct City debt                                  | 749,241      | 762,120   | 738,245   | 792,704   | 772,081   | 746,002 | 754,674 | 741,585 | 741,560 | 754,748 |
| <b>Overlapping Debt: * (1)</b>                          |              |           |           |           |           |         |         |         |         |         |
| Orleans Parish School Board                             | 270,118      | 253,398   | 235,668   | 216,868   | 195,363   | 170,898 | 155,411 | 120,130 | 183,796 | 168,939 |
| Orleans Levee District                                  | 74,345       | 69,890    | 65,115    | 60,045    | 54,530    | 48,665  | 3,745   | 3,120   | -       | -       |
| Total overlapping debt                                  | 344,463      | 323,288   | 300,783   | 276,913   | 249,893   | 219,563 | 159,156 | 123,250 | 183,796 | 168,939 |
| Total direct and overlapping debt                       | \$ 1,093,704 | 1,085,408 | 1,039,028 | 1,069,617 | 1,021,974 | 965,565 | 913,830 | 864,835 | 925,356 | 923,687 |

\* The percentage of overlapping debt for both School Board and Levee District are @ 100%.

\*\* Bonded debt does not include the effects of accretion on deep discount bonds.

Sources: Orleans Parish School Board and Orleans Levee District

(1) The fiscal year for both the School Board and Levee Districts are June 30. The overlapping debt stated is for June 30 of that year.

## CITY OF NEW ORLEANS, LOUISIANA

**Computation of Legal Debt Margin  
Last Ten Years  
(amount in thousands)**

(unaudited)

| Fiscal year | Assessed<br>value<br>real estate<br>and personal<br>property | Debt Limitation<br>35% of total<br>assessed value* | Amount of debt applicable to debt limitation ** |  | Less assets<br>in debt service<br>fund available<br>for retirement of<br>General<br>Obligation Bonds | Legal<br>debt<br>margin |
|-------------|--|--|---|--|--|-------------------------|
|             |  |  | General<br>Obligation<br>Bonds ***              | Effects of<br>Accretion Deep<br>Discount Bonds |  |                         |
| 2004        | \$ 2,469,080   | 901,218  | 499,852   | 266,078  | 33,062   | 168,351                 |
| 2005        | 2,574,910  | 901,218  | 493,683   | 250,597  | 32,495   | 189,434                 |
| 2006        | 1,969,461  | 875,306  | 478,420   | 234,400  | 61,592   | 224,078                 |
| 2007        | 2,500,874  | 992,948  | 538,514   | 217,541  | 47,764   | 284,657                 |
| 2008        | 2,836,994  | 992,948  | 523,955   | 200,040  | 36,922   | 305,875                 |
| 2009        | 2,836,994  | 1,020,858  | 508,019   | 181,946  | 32,802   | 363,695                 |
| 2010        | 2,916,737  | 1,098,156  | 529,219   | 163,361  | 30,188   | 435,764                 |
| 2011        | 3,137,589  | 1,168,903  | 509,544   | 144,316  | 29,859   | 544,902                 |
| 2012        | 3,339,723  | 1,232,669  | 470,077   | 124,844  | 30,826   | 668,574                 |
| 2013        | 3,521,911  | 1,252,707  | 489,463   | 104,912  | 36,481   | 694,813                 |
| 2014****    | 3,579,163  |  |   |  |  |                         |

## Sources:

- \* Per Act 4 of 1916 of the Legislature of the State of Louisiana as amended by Act 576 of 1966, as amended by Act 420 of 1978, as amended by Act 159 of 1984, as amended by Act 1 of 1994.
- \*\* Excludes revenue bonds
- \*\*\* Excludes the effects of accretion on deep discount bonds
- \*\*\*\* Debt limit calculation for 2013 was based on the 2014 assessment, which was available by the end of fiscal year 2013.



**CITY OF NEW ORLEANS, LOUISIANA**

**Demographic and Economic Statistics  
Last Ten Years**

(unaudited)

| <b>Fiscal year</b> | <b>Population* (1)</b> | <b>Per Capita Personal<br/>Income (2)</b> | <b>Unemployment<br/>Rate (3)</b> |
|--------------------|------------------------|---|----------------------------------|
| 2004               | 462                    | 28,889                                    | 5.4                              |
| 2005               | 455                    | 29,327                                    | 7.4                              |
| 2006               | 211                    | 53,657                                    | 4.6                              |
| 2007               | 288                    | 54,435                                    | 4.1                              |
| 2008               | 312                    | 47,757                                    | 6.5                              |
| 2009               | 327                    | 40,920                                    | 7.5                              |
| 2010               | 343                    | 41,172                                    | 8.6                              |
| 2011               | 356                    | 42,371                                    | 7.8                              |
| 2012               | 369                    | 43,030                                    | 7.0                              |
| 2013               | 379                    | **  | 5.5                              |

**Source:**

\* U.S Bureau of Labor Statistics - 2000, 2010 Census and Projections

\*\* 2013 Per Capita Personal Income information had not been released by the Bureau of Economic Research by the release of this report

(1) Amount in thousands

(2) Bureau of Economic Analysis, Local Area Personal Income

(3) United States Department of Labor, Bureau of Labor Statistics (Not Seasonally Adjusted Rate as of 12/31)

## CITY OF NEW ORLEANS, LOUISIANA

Employees by Industry  
Last Ten Years

(unaudited)

|  | 2004           | 2005           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Agriculture, forestry, fishing and hunting   | 68             | 52             | 50             | 60             | 58             | 26             | 22             | 32             | 39             | 77             |
| Mining                                       | 4,217          | 4,146          | 3,706          | 3,659          | 3,819          | 3,618          | 3,253          | 2,867          | 2,391          | 2,422          |
| Utilities                                    | 1,967          | 1,891          | 1,305          | 1,102          | 1,173          | 1,163          | 918            | 906            | 921            | 908            |
| Construction                                 | 6,470          | 5,578          | 6,861          | 5,448          | 4,793          | 5,285          | 5,388          | 5,419          | 5,357          | 5,691          |
| Manufacturing                                | 7,711          | 7,793          | 6,837          | 7,795          | 7,642          | 5,929          | 4,959          | 4,536          | 4,031          | 3,918          |
| Wholesale trade                              | 6,307          | 5,486          | 4,459          | 4,485          | 4,415          | 4,002          | 3,881          | 3,896          | 3,750          | 3,508          |
| Retail trade                                 | 19,103         | 15,344         | 9,611          | 11,342         | 12,614         | 12,284         | 12,057         | 12,428         | 12,926         | 13,372         |
| Transportation and warehousing               | 13,044         | 12,189         | 9,308          | 8,639          | 8,412          | 7,885          | 7,827          | 8,259          | 8,448          | 8,416          |
| Information                                  | 5,253          | 4,979          | 3,454          | 3,571          | 4,846          | 3,033          | 3,644          | 3,724          | 4,700          | 4,217          |
| Finance and insurance                        | 9,605          | 7,774          | 5,998          | 6,078          | 5,932          | 5,546          | 5,475          | 5,468          | 5,409          | 5,077          |
| Real estate and rental and leasing           | 4,116          | 3,514          | 2,130          | 2,293          | 2,266          | 2,222          | 2,241          | 2,460          | 2,587          | 2,648          |
| Professional and technical services          | 15,035         | 13,872         | 13,518         | 13,222         | 13,663         | 13,815         | 14,410         | 14,709         | 14,671         | 15,890         |
| Management of companies and enterprises      | 4,579          | 4,095          | 2,908          | 3,334          | 3,374          | 3,404          | 3,335          | 3,396          | 3,348          | 2,987          |
| Administrative and waste services            | 15,712         | 13,547         | 10,518         | 10,975         | 9,921          | 9,248          | 9,338          | 9,439          | 9,864          | 9,663          |
| Educational services                         | 30,808         | 25,215         | 16,241         | 18,496         | 19,582         | 20,530         | 20,829         | 20,997         | 21,303         | 22,570         |
| Health care and social assistance            | 34,565         | 28,199         | 14,276         | 17,421         | 19,865         | 20,858         | 20,796         | 21,171         | 21,239         | 20,439         |
| Arts, entertainment, and recreation          | 8,538          | 7,544          | 5,161          | 6,189          | 6,833          | 4,696          | 4,955          | 4,975          | 5,056          | 5,280          |
| Accommodation and food services              | 35,328         | 29,424         | 19,166         | 23,847         | 25,146         | 27,300         | 28,949         | 31,410         | 33,162         | 34,093         |
| Other services, except public administration | 7,588          | 6,055          | 4,217          | 5,099          | 5,196          | 5,046          | 5,082          | 5,277          | 5,509          | 5,401          |
| Public administration                        | 16,877         | 15,396         | 11,840         | 11,681         | 12,003         | 12,222         | 12,796         | 12,308         | 12,154         | 12,141         |
| Total  | <u>246,891</u> | <u>212,093</u> | <u>151,564</u> | <u>164,736</u> | <u>171,553</u> | <u>168,112</u> | <u>170,155</u> | <u>173,677</u> | <u>176,865</u> | <u>178,718</u> |

Source: Louisiana Workforce Commission

## CITY OF NEW ORLEANS, LOUISIANA

Full Time City Employees by Department  
Four Fiscal Years

(unaudited)

|                                   | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Aviation                          | 200          | 116          | 111          | 114          | 111          | 117          | 114          | 186          | 164          | 161          |
| Chief Administrative Office       | 166          | 59           | 61           | 65           | 61           | 76           | 89           | 96           | 99           | 96           |
| City Council                      | 69           | 41           | 49           | 59           | 49           | 62           | 63           | 63           | 63           | 63           |
| City Planning                     | 24           | 9            | 10           | 16           | 10           | 21           | 20           | 22           | 22           | 20           |
| Civil Service                     | 37           | 12           | 14           | 18           | 14           | 21           | 23           | 19           | 18           | 17           |
| Neighborhood One/NHIF             | 114          | 47           | 42           | 62           | 42           | 100          | 102          | 104          | 110          | 106          |
| Coroner's Office                  | 25           | 10           | 11           | 12           | 1            | 15           | 14           | 15           | 14           | 15           |
| Criminal District Court/Clerk     | 90           | 52           | 78           | 88           | 78           | 89           | 89           | 90           | 87           | 81           |
| Finance                           | 173          | 59           | 69           | 84           | 69           | 90           | 90           | 125          | 114          | 115          |
| Fire                              | 770          | 751          | 687          | 685          | 687          | 731          | 750          | 753          | 711          | 662          |
| French Market                     | 41           | 13           | 18           | 25           | 18           | 31           | 31           | 40           | 40           | 47           |
| Health                            | 322          | 191          | 164          | 189          | 164          | 219          | 218          | 202          | 219          | 227          |
| Historic Districts                | 8            | 6            | 6            | 9            | 6            | 9            | 10           | 8            | 8            | 9            |
| Inspector General                 | -            | -            | -            | -            | -            | 28           | 23           | 34           | 34           | 34           |
| Juvenile Court                    | 59           | 30           | 28           | 27           | 28           | 25           | 47           | 44           | 46           | 40           |
| Law                               | 97           | 49           | 54           | 52           | 54           | 69           | 62           | 62           | 60           | 59           |
| Library                           | 221          | 19           | 81           | 88           | 81           | 128          | 150          | 162          | 192          | 191          |
| Mayor's Office                    | 98           | 67           | 75           | 110          | 75           | 119          | 131          | 168          | 165          | 177          |
| Recreation                        | 222          | 21           | 33           | 42           | 33           | 108          | 109          | 132          | 127          | 147          |
| Mosquito Control                  | 36           | 38           | 33           | 36           | 33           | 2            | 32           | 28           | 32           | 26           |
| Municipal Court                   | 82           | 53           | 55           | 57           | 55           | 96           | 56           | 46           | 46           | 48           |
| Museum of Art                     | 44           | 10           | 22           | 18           | 22           | 16           | 14           | 12           | 11           | 9            |
| Parks and Parkways                | 218          | 100          | 85           | 107          | 85           | 123          | 117          | 115          | 134          | 123          |
| Police                            | 2,261        | 1,867        | 1,649        | 1,680        | 1,649        | 1,839        | 1,725        | 1,591        | 1,498        | 1,432        |
| Police Secondary Employment       | -            | -            | -            | -            | -            | -            | -            | -            | -            | 9            |
| Property Management               | 142          | 89           | 73           | 72           | 73           | 74           | 72           | 69           | 68           | 65           |
| Public Works                      | 273          | 62           | 95           | 128          | 95           | 138          | 129          | 124          | 115          | 124          |
| Rivergate Development Corporation | 4            | 4            | 2            | 3            | 2            | 2            | 4            | 4            | 4            | 4            |
| Safety & Permits                  | 104          | 61           | 61           | 65           | 61           | 96           | 95           | 81           | 82           | 84           |
| Sanitation                        | 77           | 35           | 33           | 23           | 33           | 28           | 27           | 26           | 24           | 31           |
| Sewerage and Water Board          | 1,208        | 1,183        | 948          | 884          | 948          | 963          | 985          | 999          | 991          | 1,024        |
| Traffic Court                     | 120          | 43           | 53           | 65           | 53           | 83           | 88           | 86           | 72           | 69           |
| Vieux Carré                       | 8            | 2            | 2            | 4            | 2            | 4            | 4            | 5            | 5            | 4            |
| Welfare                           | 63           | 14           | 20           | 26           | 20           | 31           | 36           | 44           | 41           | 37           |
| Workforce Investment Act          | 7            | 6            | 7            | 8            | 7            | 7            | 6            | 6            | 5            | 7            |
| Municipal Yacht Harbor            | 19           | 4            | 4            | 2            | 4            | 2            | 3            | 4            | 4            | 4            |
| Audubon Park                      | 4            | 4            | 3            | 1            | 3            | -            | -            | -            | -            | -            |
|                                   | <u>7,406</u> | <u>5,127</u> | <u>4,736</u> | <u>4,924</u> | <u>4,726</u> | <u>5,562</u> | <u>5,528</u> | <u>5,565</u> | <u>5,425</u> | <u>5,367</u> |

Source: City of New Orleans Civil Service.

CITY OF NEW ORLEANS, LOUISIANA

Capital Asset Statistics by Function  
Last Ten Fiscal Years

(unaudited)

| Function:                           | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012  | 2013  |
|-------------------------------------|------|------|------|------|------|------|------|------|-------|-------|
| <b>Fire and Emergency Services:</b> |      |      |      |      |      |      |      |      |       |       |
| Number of Stations:                 |      |      |      |      |      |      |      |      |       |       |
| Police                              | 8    | 8    | 8    | 8    | 8    | 8    | 8    | 8    | 8     | 8     |
| Fire                                | 33   | 15   | 30   | 30   | 30   | 30   | 30   | 30   | 30    | 30    |
| <b>Recreation (1)</b>               |      |      |      |      |      |      |      |      |       |       |
| Active Playground (1)               | *    | *    | *    | *    | *    | *    | *    | *    | *     | 30    |
| Passive Playground (2)              | *    | *    | *    | *    | *    | *    | *    | *    | *     | 71    |
| Recreation Centers (3)              | *    | *    | *    | *    | *    | *    | *    | *    | *     | 10    |
| Stadiums                            | *    | *    | *    | *    | *    | *    | *    | *    | *     | 8     |
| Pools (3)                           | *    | *    | *    | *    | *    | *    | *    | *    | *     | 14    |
| Tennis Locations (3)                | *    | *    | *    | *    | *    | *    | *    | *    | *     | 10    |
| Dog Run                             | *    | *    | *    | *    | *    | *    | *    | *    | *     | 1     |
| <b>Roads:</b>                       |      |      |      |      |      |      |      |      |       |       |
| Miles of roads maintained           | *    | *    | *    | *    | *    | *    | *    | *    | 1,653 | 1,653 |

Sources: City of New Orleans Police, Fire, Recreation, Recreation, and Public Works Departments.

(1) Represents a count of facilities both operational and not in operation

\* Information not available for these years.

## CITY OF NEW ORLEANS, LOUISIANA

Operating Indicators by Function  
Last Ten Fiscal Years

(unaudited)

|  | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010      | 2011    | 2012    | 2013    |
|--|---------|---------|---------|---------|---------|---------|-----------|---------|---------|---------|
| <b>Police Department:</b>  |         |         |         |         |         |         |           |         |         |         |
| Response to Phone Emergencies  | 43,537  | 38,728  | 181,745 | 197,049 | 189,436 | 163,135 | 215,336   | 311,949 | 232,052 | 284,224 |
| 911 Responses  | *       | 7,776   | 323,378 | 399,609 | 433,926 | 416,665 | 427,833   | 481,902 | 565,888 | 642,653 |
| Field Operations Bureau Investigations   |         |         |         |         |         |         |           |         |         |         |
| clearance rate for crimes against persons  | *       | *       | *       | *       | *       | *       | *         | 43%     | 41%     | 40%     |
| Field Operations Bureau Investigations   |         |         |         |         |         |         |           |         |         |         |
| clearance rate for crimes against property                                       | *       | *       | *       | *       | *       | *       | *         | 13%     | 15%     | 13%     |
| Number of police report reviews  | *       | *       | *       | *       | *       | *       | *         | 3,867   | -       | 3,404   |
| Number of Driving While Intoxicated (DWI) arrests                                | *       | *       | *       | *       | *       | *       | *         | 1,624   | 1,232   | 1,392   |
| <b>Fire Department:</b>  |         |         |         |         |         |         |           |         |         |         |
| Response to Phone Emergencies  | *       | 2,340   | 35,497  | 30,063  | 32,436  | 31,828  | 31,460    | 27,755  | 18,831  | 19,514  |
| 911 Responses  | *       | 239     | 9,410   | 9,442   | 9,712   | 8,581   | 8,027     | 8,544   | 8,695   | 9,542   |
| Number of commercial and industrial structures inspected                         | *       | *       | *       | *       | *       | *       | *         | 2,854   | 3,395   | 3,872   |
| Percent of response times under 6 minutes 20 seconds                             | *       | *       | *       | *       | *       | *       | *         | 79%     | 75%     | 74%     |
| <b>EMS:</b>  |         |         |         |         |         |         |           |         |         |         |
| Response to Phone Emergencies  | *       | 2,039   | 25,964  | 28,716  | 37,324  | 28,306  | 26,373    | 25,823  | 19,137  | 20,904  |
| 911 Responses  | *       | 466     | 25,326  | 34,134  | 31,224  | 40,048  | 45,825    | 50,597  | 56,740  | 70,690  |
| Percent of Emergency Medical Service responses for acute cases within 12 minutes | *       | *       | *       | *       | *       | *       | *         | 81%     | 77%     | 76%     |
| <b>Law</b>   |         |         |         |         |         |         |           |         |         |         |
| Number of public records requests completed                                      | *       | *       | *       | *       | *       | *       | *         | 573     | 563     | 1047    |
| Number of tax and public nuisance cases filed before the ABO Board               | *       | *       | *       | *       | *       | *       | *         | 227     | 324     | 268     |
| <b>Sanitation</b>  |         |         |         |         |         |         |           |         |         |         |
| Garbage Tonnage Collected  | 284,242 | 219,258 | 114,427 | 206,663 | 221,564 | 192,626 | 1,779,068 | 164,238 | 173,333 | 164,556 |
| Number of illegal dumping sites cleared  | *       | *       | *       | *       | *       | *       | *         | 1,013   | 972     | 2,135   |
| Number of tons of recyclable material collected                                  | *       | *       | *       | *       | *       | *       | *         | 3,627   | 6,138   | 6,650   |
| <b>Public Works</b>  |         |         |         |         |         |         |           |         |         |         |
| Number of potholes filled  | *       | *       | *       | *       | *       | *       | *         | 53,309  | 60,401  | 31,263  |
| Number of catch basins cleaned   | *       | *       | *       | *       | *       | *       | *         | 3,339   | 5,364   | 2,839   |
| Number of streetlight outages restored   | *       | *       | *       | *       | *       | *       | *         | 10,925  | 12,500  | 19,356  |
| Number of parking citations  | *       | *       | *       | *       | *       | *       | *         | 302,653 | 290,214 | 315,778 |
| Number of tows   | *       | *       | *       | *       | *       | *       | *         | 12,499  | 11,093  | 14,480  |
| Number of boots  | *       | *       | *       | *       | *       | *       | *         | 4,399   | 6,702   | 7,489   |

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

Operating Indicators by Function  
Last Ten Fiscal Years

(unaudited)

|   | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011      | 2012      | 2013      |
|---|------|------|------|------|------|------|------|-----------|-----------|-----------|
| <b>Capital Projects</b>   |      |      |      |      |      |      |      |           |           |           |
| Percent of projects delivered on schedule                             | *    | *    | *    | *    | *    | *    | *    | 79%       | 80%       | 79%       |
| <b>Property Management</b>  |      |      |      |      |      |      |      |           |           |           |
| Number of work order requests completed                               | *    | *    | *    | *    | *    | *    | *    | 2,551     | 2,855     | 3,691     |
| Percent of work orders/service requests completed within 30 days      | *    | *    | *    | *    | *    | *    | *    | 68%       | 83%       | 91%       |
| <b>Code Enforcement</b>   |      |      |      |      |      |      |      |           |           |           |
| Number of Code Enforcement inspections                                | *    | *    | *    | *    | *    | *    | *    | 23,523    | 11,931    | 15,193    |
| Number of properties brought to hearing                               | *    | *    | *    | *    | *    | *    | *    | 4,701     | 3,261     | 3,111     |
| Number of blighted properties brought into compliance                 | *    | *    | *    | *    | *    | *    | *    | 946       | 642       | 836       |
| Number of blighted units demolished                                   | *    | *    | *    | *    | *    | *    | *    | 2,030     | 1,234     | 329       |
| <b>New Orleans Recreation Development Commission</b>                  |      |      |      |      |      |      |      |           |           |           |
| Number of youth athletic program registrants                          | *    | *    | *    | *    | *    | *    | *    | 8,113     | 7,998     | 7,561     |
| Number of athletic programs   | *    | *    | *    | *    | *    | *    | *    | 9         | 11        | 12        |
| Number of registrants in NORDC summer camps                           | *    | *    | *    | *    | *    | *    | *    | 4,036     | 4,200     | 4,967     |
| <b>Parks &amp; Parkways</b>   |      |      |      |      |      |      |      |           |           |           |
| Number of acres mowed   | *    | *    | *    | *    | *    | *    | *    | 19,681    | 19,485    | 19,795    |
| Number of emergency tree service requests completed                   | *    | *    | *    | *    | *    | *    | *    | 629       | 1,061     | 915       |
| <b>Library</b>  |      |      |      |      |      |      |      |           |           |           |
| Number of items circulated (checked-out)                              | *    | *    | *    | *    | *    | *    | *    | 880,638   | 1,141,002 | 1,067,472 |
| <b>Information Technology &amp; Innovation</b>                        |      |      |      |      |      |      |      |           |           |           |
| Call abandonment rate for the Service Desk                            | *    | *    | *    | *    | *    | *    | *    | 25%       | 16%       | 9%        |
| Average monthly percent of open Service Desk tickets over 30 days old | *    | *    | *    | *    | *    | *    | *    | 22%       | 31%       | 14%       |
| <b>Equipment Maintenance Division</b>                                 |      |      |      |      |      |      |      |           |           |           |
| Number of gallons of fuel dispensed                                   | *    | *    | *    | *    | *    | *    | *    | 1,903,872 | 1,786,898 | 1,676,255 |

Sources: Orleans Parish Communication District and Office of Performance and Accountability

\* Information not available.



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**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and Members  
City Council of the City of New Orleans, Louisiana:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Upper Pontalba Building Restoration Corporation, the Canal Street Development Corporation, the Downtown Development District, the Orleans Parish Hospital Service District A, the Firefighters' Pension and Relief Fund of the City of New Orleans (Old and New Systems), the Police Pension Fund of the City of New Orleans, the Employees' Retirement System of the City of New Orleans, and the Board of Liquidation, City Debt, as described in our report on the City's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses, indexed as 2013-1, to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses, indexed as 2013-2, to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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*.

### **City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



New Orleans, Louisiana  
June 27, 2014



CITY OF NEW ORLEANS, LOUISIANA

Schedule of Findings and Responses

Year ended December 31, 2013

**A. Summary of Auditor's Results**

*Financial Statements*

Type of auditors' report issued: Unmodified

- Material weakness(es) identified?  X  Yes   No
- Significant deficiencies identified that are not considered to be material weaknesses  X  Yes   No

Material noncompliance to financial statements?   Yes  X  No

**B. Basic Financial Statements, Findings, and Responses**

**2013-1 Information Technology**

**Criteria:** General controls are policies and procedures that relate to many applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. General controls commonly include controls over data center and network operations; system software acquisition and maintenance; access security; and application system acquisition, development, and maintenance.

**Condition:** While the City did improve its documentation of policies, procedures and related controls, we continued to note conditions that indicate weaknesses in the City's information technology general controls relating to access security.

**Context:** We noted the following conditions during our audit:

- Certain employees have user access rights that allow them to approve the same transaction that they initiate.
- User access for terminated employees is not terminated in a timely manner.
- It was noted that for the Mainframe, developers have access to production. In addition, an employee who migrates changes to production also has developer capabilities.
- Management was unable to validate users with administrative access and the ability to post journal entries in Great Plains.
- Non-IT personnel have administrative access in the general ledger and purchasing systems.

**CITY OF NEW ORLEANS, LOUISIANA**

**Schedule of Findings and Responses**

**Year ended December 31, 2013**

**2013-1 Information Technology (continued)**

**Cause:** The City does not have adequate documented policies, procedures, and related controls for Information Technology (IT) general controls.

**Effect:** Failure to ensure adequate general controls are in place and operating effectively could impact proper operation of, and appropriate access to, information systems.

**Recommendation:** The City should formalize and document IT policies and procedures, including the following:

- Administrative access for financial applications should be administered by IT to prevent segregation of duties conflict.
- System access for terminated users should be removed on a timely basis to prevent unauthorized access.
- Developers should not have access to production. Mitigating controls should be in place to compensate for the lack of access controls due to the nature of the system or the lack of resources.
- Management should review administrative access and access to post journal entries in Great Plains to verify access is restricted to authorized personnel. In addition, such access should be reviewed by management on a periodic basis to confirm for appropriateness. Evidence of the review should be retained for audit purposes.

**Views of Responsible  
Officials and Planned  
Corrective Action**

**Plan:** The City is aware of this missing control which has been documented over the years. IT will continue to work with the Finance Department to mitigate any risk and oversee proper controls in this area. ITI is working on a process which will enable timely and more effective termination process for all users and users of Financial Systems. ITI Security group will perform quarterly internal audits of financial systems and provide findings to the Finance Department Administration for review. ITI will continue to monitor and review with the Finance Dept. the persons who need the ability to post journal entries in Great Plains. ITI, in cooperation with Finance, will review the personnel with access and cooperatively work towards removing persons with elevated access such as administrative rights.

**Contact Person:** Edward Kerkow, Chief Information Officer

## CITY OF NEW ORLEANS, LOUISIANA

### Schedule of Findings and Responses

Year ended December 31, 2013

#### **2013-2 Overtime Pay**

- Criteria:** The City should follow their Civil Service policy, as it relates to overtime pay.
- Condition:** The City did not follow their Civil Service rule IV.9.10, which states "no employee shall be permitted to work in excess of 416 overtime hours in any calendar year, except in those cases where approval has been obtained." The City's Chief Administrative Office monitors overtime and submitted a request for overtime in excess of the 416 limit for the Police Department for 2013.
- Context:** During testing we noted employees that on a cumulative basis exceeded the 416 hour limit.
- Cause:** The City did not properly monitor compliance with rule IV.9.10.
- Effect:** Certain employees exceeded the annual overtime allowed under the City's civil service policy.
- Recommendation:** The City should implement a program to properly monitor compliance with Civil Service rule IV.9.10.
- Views of Responsible Officials and Planned Corrective Action**
- Plan:** The City has implemented a program to properly monitor overtime usage. Additionally, the City's Chief Administrative Office submitted a request to the Civil Service for overtime in excess of 416 hour limit, for the Police department. In the future, the City will submit requests for other departments as needed for compliance with Civil Service rule IV.9.10.
- Contact Person:** Andrew Kopplin, Chief Administrative Officer

#### **Other Report**

The Louisiana Legislative Auditor issued a report titled "Crime Data of the City of New Orleans" on October 23, 2013 which provides for the results of the Louisiana Legislative Auditor's review of crime data and statistics for the City as requested by Louisiana Senate Resolution 121 of the 2013 Regular Session.

**CITY OF NEW ORLEANS, LOUISIANA**

**Schedule of Findings and Responses**

**Year ended December 31, 2013**

**Other Report (continued)**

The recommendations included in the report are as follows:

The New Orleans Police Department should:

- (1) use dispatch system data to assist in reporting all Part I Uniform Crime Report (UCR) crimes by:
  - a. prohibiting use of the disposition of Necessary Action Taken for any Part I UCR crimes;
  - b. reviewing all incidents with a Report to Follow disposition in the dispatch system and ensure there is a corresponding police report in the Electronic Police Report (EPR) system; and
  - c. reviewing all incidents that have different signals in the dispatch system and the EPR system to ensure that all Part I UCR crimes were reported to the Louisiana Commission on Law Enforcement;
- (2) correct the queries used to report Part I UCR crimes to the Louisiana Commission on Law Enforcement (LCLE);
- (3) review all kidnappings and determine if a reportable Part I UCR crime occurred in the act of the kidnapping and report the crime to the LCLE;
- (4) identify all unapproved police reports in the EPR system and resolve in a timely manner;
- (5) document the attempts made to complainants in the dispatch system when the disposition Gone on Arrival is used;
- (6) review all incidents with "Duplicate" dispositions with Part I UCR signals in the dispatch system to ensure they are properly reported to the LCLE; and
- (7) train officers and supervisors:
  - a. to correctly use signal 21s or the original signal with an Unfounded disposition; and
  - b. ensure that the correct signal is used even when a complainant does not wish to pursue charges.

## CITY OF NEW ORLEANS, LOUISIANA

### Schedule of Findings and Responses

Year ended December 31, 2013

#### Other Report (continued)

##### New Orleans Police Department (NOPD) Response:

- (1) In January 2014, the NOPD began using dispatch system signal information as primary mechanism to report Part I UCR crimes. Report to Follow (RTF) incidents are reviewed and verified through comparison of cross reference index information contained within Computer Aided Dispatch (CAD) and Electronic Police Report (EPR) systems. Signal discrepancies are cross referenced by incident number between CAD dispatch records and EPR to validate Louisiana Commission on Law Enforcement (LCLE) reporting.
- (2) EPR coding issues were identified and corrected in September 2013 during the initial Louisiana Legislative Auditor audit phase.
- (3) In July 2014, training was provided to the NOPD by the LCLE specific to UCR hierarchy classification and reporting requirements.
- (4) Reports on EPR approval status are being routed through NOPD Commanders and discussed weekly as part of the COMSTAT management process.
- (5) Information regarding an officer's attempts to locate a complainant on incidents where a Gone on Arrival (GOA) disposition is logged is recorded in the CAD record remarks section, including dispatch call back attempts.
- (6) Duplicate dispositions are cross referenced in CAD by item number to ensure proper auditing and reporting to LCLE.
- (7) In January 2014, NOPD began using dispatch system original signal classification to report Part I UCR crimes. Training specific to UCR reporting was provided to NOPD personnel by LCLE in July 2014 and UCR training is also provided as a regular part of the NOPD annual in-service training program. In addition, NOPD officers are trained to report offenses based on whether probable cause exists that a particular crime has been committed, not a victim's willingness to cooperate. If the original incident as reported meets the probable cause standard of a crime, an officer is expected to document the offense using the NOPD signal which corresponds to the most serious crime as defined under Louisiana Revised Statutes.

**CITY OF NEW ORLEANS, LOUISIANA**

**Schedule of Prior Year Findings**

**Year ended December 31, 2013**

**2012-1 Accounting and Financial Reporting**

**Recommendation:** The City should evaluate its accounting and financial reporting function. Specifically, the City should consider the following:

- Ensure adequate resources (both number and skill set) are dedicated to the accounting and financial reporting function.
- Develop and implement policies, procedures, and related controls over the preparation of the financial statements, including those presented under full accrual.
- Assign responsible persons for preparing and reviewing the financial statements. Address the specific accounting matters discussed in this schedule of findings and responses.
- Address the specific accounting matters discussed in the schedule of findings and questioned costs.
- Bring accounting up-to-date including timely reconciliations to enable the timely preparation of financial statements.
- Perform a monthly reconciliation of property taxes to determine the amounts owed to or from the tax receiving entities.

**Current Status:** Resolved.

**2012-2 Capital Assets**

**Recommendation:** The City should continue improving policies and procedures, and related internal controls to ensure capital assets are fairly stated and properly reported in the financial statements. These controls should include maintaining accurate and complete capital asset listings and appropriate reviews of depreciable assets and CIP balances by project at least quarterly to ensure proper accounting and financial reporting. The City should also strengthen its reconciliation of its capital asset listing and implement a formal review procedure of the capital asset roll forward and projects within the CIP account.

**Current Status:** Resolved.

**CITY OF NEW ORLEANS, LOUISIANA**

Schedule of Prior Year Findings

Year ended December 31, 2013

**2012-3 Accounts Payable**

**Recommendation:** The City should implement procedures and controls to ensure accounts payable is properly reported on a timely basis at year-end. Specifically, the City should evaluate the configuration of its accounting system to ensure expenditures are reported in the proper period.

**Current Status:** Resolved.

**2012-4 Cash**

**Recommendation:** The City should perform and review reconciliations on a timely basis to track outstanding checks, present outstanding checks as a reduction of cash at year-end, properly present deposits-in-transit. In addition, the City should ensure the cash reconciliation is completed each month and is properly reviewed and that the review is documented.

**Current Status:** Resolved.

**2012-5 Information Technology**

**Recommendation:** The City should formalize and document IT policies and procedures, including the following:

- Management should consider finalizing the draft IT policies.
- Management should perform periodic tests of the Disaster Recovery Plan and periodic backup restores. Evidence of testing and the results should be documented and retained for audit purposes.
- Management should review administrative access and access to post journal entries in Great Plains to verify access is restricted to authorized personnel. In addition, such access should be reviewed by management on a periodic basis to confirm for appropriateness. Evidence of the review should be retained for audit purposes.
- System access for terminated users should be removed on a timely basis to prevent unauthorized access.
- Management should restrict access to post journal entries to authorized personnel only per user job functions. In addition, such access should be reviewed by management on a periodic basis to confirm for appropriateness. Evidence of the review should be retained for audit purposes.

**CITY OF NEW ORLEANS, LOUISIANA**

**Schedule of Prior Year Findings**

**Year ended December 31, 2013**

**2012-5 Information Technology (continued)**

- Administrative Access for financial applications should be administered by IT to prevent segregation of duties conflict. In addition, management should review Great Plains database user access and remove any terminated user accounts.
- Management should perform periodic reviews of users with access to the financial systems to verify access is appropriate per user job functions. This should be a combined effort between Finance and IT. Evidence of the review should be documented and retained.
- Management should continue their efforts to provide for one standard Change Control process for all system modifications. All proposed changes should be identified, documented, and controlled as part of the overall change management practice.

**Current Status:** Partially resolved. See repeat finding 2013-1.

**2012-6 Overtime Pay**

**Recommendation:** The City should implement a program to properly monitor compliance with Civil Service rule IV.9.10.

**Current Status:** Not resolved. See repeat finding 2013-2.





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The Honorable Mayor and Members  
City Council of the City of New Orleans, Louisiana:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City) as of and for the year ended December 31, 2013, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2014. In planning and performing our audit of the financial statements of the City, we considered internal control as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

#### 2013 Comments

##### 2013-1 Maintenance of Personnel Files

**Observation:** The City does not have a central repository for employment records. In addition, the records are in multiple forms of media. As a result, the City was not able to locate selected records timely.

**Recommendation:** The City should establish processes and controls to ensure that adequate supporting documentation for all hires is maintained and easily accessible.

**Management's Response:** Employees' employment records are divided into two segments, departmental and Civil Service. Employees' employment records sampled dated back twenty years. Some departments were unable to obtain the required information. As the City implements a new human resources and payroll system, this will make it easier to assess the supporting documentation.

##### 2013-2 Purchase Order Approval

**Observation:** In our testing of the City's disbursements from the Great Plains software for 2013, we noted 20 instances out of 60 disbursements in which purchase orders were not approved until after the purchase was made.

**Recommendation:** The City should implement processes and procedures to ensure that purchase orders are approved in accordance with the City's purchasing procedures before a purchase is made.

2013-2 Purchase Order Approval (continued)

*Management's Response:* The City will tighten up controls to ensure purchase orders are approved in accordance with our Policies.

2013-3 Reporting Litigation and Claims

*Observation:* The City Attorney's Office provides a detail listing of its litigation and claims, in addition to a memo summary of claims with estimated reserves of at least \$50,000 to support the City's accrual and disclosure. We noted instances where the estimated reserve for some of the cases described on the memos did not agree to the litigation listing.

*Recommendation:* The City should implement processes and procedures to ensure that the listing of litigation provided reflects the proper estimated reserve for all outstanding cases and unpaid settlements.

*Management's Response:* The City Attorney's Office implements processes and procedures annually to accurately report its estimated reserve accrual; litigation is a fluid and ongoing process. Best estimates may change outside of our audit reporting, or outside of our internal audit period which may create the discrepancies noted.

The City will implement additional processes and procedures to ensure that the listing of litigation provided reflects the proper estimated reserve for all outstanding cases and unpaid settlements.

2013-4 Trial Balance

*Observation:* The City records manual adjustments to the trial balance outside of the trial balance software to prepare financial statements. In addition, the City does not close out revenues and expenditures to fund balance annually in the trial balance software. As a result, the system-generated trial balance reports do not agree to the financial statements, and the trial balance includes revenues and expenditures for multiple years.

*Recommendation:* The City should implement processes and procedures to ensure that revenue and expenditures are closed out annually, and all manual adjustments should be posted to the general ledger so that the trial balance properly includes all of the City's financial transactions.

*Management's Response:* The City will set up a process to ensure that revenue and expenditures are closed out annually, and all manual adjustments are posted to the general ledger.



2013-5: Supporting Documentation for Account Balances

*Observation:* The City provided supporting documentation for account balances as requested by the auditors. However, documentation for certain accounts did not agree to the account balances per the trial balance, and as a result, revised schedules were provided by the City.

*Recommendation:* The City should implement processes and procedures to ensure that supporting documentation agrees to account balances per the trial balance.

*Management's Response:* The City will set up a process to ensure that supporting documentation agrees to the trial balance.

2013-6 Capital Assets

*Observation:* The City does not perform a complete inventory of its non-street assets, including buildings and other infrastructure that are included in their capital asset listing. The City's detail property records do not always include sufficient information to specifically identify property items. In addition, the City did not perform a timely review of construction in progress to determine all of the construction projects that were completed.

*Recommendation:* The City should perform a complete inventory of its non-street assets included in the capital assets listing and provide detailed descriptions for each of the items, and perform a review of construction in progress balances to determine the closed projects on a timely basis.

*Management's Response:* Completing the capital asset inventory, with detailed descriptions, will be conducted over the next two years. In 2014, the City will implement procedures to review the status of construction projects to determine whether they are closed out of construction in progress on a more timely basis.

Status of Prior Year Comments

2012-1 Maintenance of Personnel Files

*Recommendation:* The City should establish processes and controls to ensure that adequate supporting documentation for all hires is maintained and easily accessible.

*Status:* Not resolved. See repeat comment 2013-1.



The Honorable Mayor and Members  
City Council of the City of New Orleans, Louisiana  
Page 4  
June 27, 2014

2012-2 Escheatment of Unnegotiated Items

*Recommendation:* The City should implement processes and procedures so that outstanding un-negotiated checks are escheated to the State on a timely basis.

*Status:* Resolved.

2012-3 Purchase Order Approval

*Recommendation:* The City should implement processes and procedures to ensure that purchase orders are approved in accordance with the City's purchasing procedures before a purchase is made.

*Status:* Not resolved. See repeat comment 2013-2.

2012-4 Reporting Litigation and Claims

*Recommendation:* The City should implement processes and procedures to ensure that the listing of litigation provided reflects all outstanding cases and unpaid settlements and duplicate cases are removed.

*Status:* Not resolved. See repeat comment 2013-3.

2012-5 Trial Balance

*Recommendation:* The City should implement processes and procedures to ensure that revenue and expenditures are closed out annually, and all manual adjustments should be posted to the general ledger so that the trial balance properly includes all of the City's financial transactions.

*Status:* Not resolved. See repeat comment 2013-4.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City's organization gained during our work to make comments and suggestions that we hope will be useful to you.

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

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



The Honorable Mayor and Members  
City Council of the City of New Orleans, Louisiana  
Page 5  
June 27, 2014

This report is intended solely for the information and use of the Mayor, members of City Council, management, and federal awarding agencies and pass-through entities; and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Post, Thru, and Netville*

New Orleans, Louisiana  
June 27, 2014



**CITY OF NEW ORLEANS**

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**SINGLE AUDIT REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2013**

CITY OF NEW ORLEANS  
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**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**





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## INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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To the Honorable Members of the City Council and the  
Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana

### Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying Schedule of Expenditures of Federal Awards (SEFA) of the City of New Orleans (the City) for the year ended December 31, 2013 and the related notes to the SEFA.

### Management's Responsibility for the Schedule of Expenditures of Federal Awards

Management is responsible for the preparation and fair presentation of the Schedule of Expenditures of Federal Awards 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 the Schedule of Expenditures of Federal Awards that is free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Schedule of Expenditures of Federal Awards based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Expenditures of Federal Awards is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Expenditures of Federal Awards. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedule of Expenditures of Federal Awards whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to

**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**(CONTINUED)**

To the Honorable Members of the City Council  
and the Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana

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the entity's preparation and fair presentation of the Schedule of Expenditures of Federal Awards 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 Schedule of Expenditures of Federal Awards.

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 Schedule of Expenditures of Federal Awards for the year ended December 31, 2013 referred to above is presented fairly, in all material respects, in relation to the basic financial statements of the City of New Orleans as a whole in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

The basic financial statements of the City of New Orleans as of and for the year ended December 31, 2013 were audited by other auditors whose opinion dated June 27, 2014 expressed an unqualified on those basic financial statements.

**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**(CONTINUED)**

To the Honorable Members of the City Council  
and the Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana  
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As discussed in Note 4, the City of New Orleans is subject to audit by Federal agencies or their designees for compliance with contractual and programmatic requirements with regard to its Federal programs for the year ended December 31, 2013. The determination of whether any instances of noncompliance that will ultimately result in the remittance of any ineligible or disallowed cost cannot be presently determined.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 27, 2014



**SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**CITY OF NEW ORLEANS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

| <u>FEDERAL GRANTOR/PROGRAM NAME</u>  | <u>FEDERAL<br/>CFDA or<br/>OTHER<br/>NUMBER</u> | <u>PASS-<br/>THROUGH<br/>ENTITY'S<br/>NUMBER</u> | <u>ACTIVITY</u>  |
|--|---|--|------------------|
| <b><u>U.S. Department of Agriculture</u></b>   |   |  |                  |
| <b><u>Pass-Through Awards</u></b>  |   |  |                  |
| State of Louisiana   |   |  |                  |
| Department of Social Services:   |   |  |                  |
| Special Supplemental Nutrition Program for Women,<br>Infants and Children - Administrative Costs   | 10.557  | CFMS709517                                       | \$ 698,805       |
| Special Supplemental Nutrition Program for Women,<br>Infants and Children - Food Issuance (NOTE 9) | 10.557  | N/A  | 4,638,589        |
| Department of Labor:   |   |  |                  |
| State Administrative Matching Grants for the<br>Supplemental Nutrition Assistance Program          | 10.561  | CFMS725552                                       | <u>302,365</u>   |
| Subtotal - Awards from Pass-Through Entities   |   |  | <u>5,639,759</u> |
| Total U.S. Department of Agriculture   |   |  | <u>5,639,759</u> |
| <b><u>U.S. Department of Commerce</u></b>  |   |  |                  |
| <b><u>Pass-Through Awards</u></b>  |   |  |                  |
| State of Louisiana   |   |  |                  |
| Department of Natural Resources:   |   |  |                  |
| Coastal Zone Management Administration Awards  | 11.419  | CFMS 714652                                      | <u>22,658</u>    |
| Subtotal - Awards from Pass-Through Entities   |   |  | <u>22,658</u>    |
| Total U.S. Department of Commerce  |   |  | <u>22,658</u>    |

See Independent Auditors' Report on the Notes to the Schedule of Expenditures of Federal Awards.

CITY OF NEW ORLEANS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2013

| <u>FEDERAL GRANTOR/PROGRAM NAME</u>   | <u>FEDERAL<br/>CFDA or<br/>OTHER<br/>NUMBER</u> | <u>PASS-<br/>THROUGH<br/>ENTITY'S<br/>NUMBER</u> | <u>ACTIVITY</u>   |
|---|---|--|-------------------|
| <b><u>U.S. Department of Defense</u></b>  |   |  |                   |
| <b><u>Direct Awards</u></b>   |   |  |                   |
| Community Economic Adjustment Assistance for<br>Establishment Expansion, Realignment or Closure of<br>a Military Installation | 12.607  | N/A  | \$ <u>413,713</u> |
| <b>Total U.S. Department of Defense</b>   |   |  | <u>413,713</u>    |
| <b><u>U.S. Department of Housing and Urban Development</u></b>  |   |  |                   |
| <b><u>Direct Awards</u></b>   |   |  |                   |
| Community Development Block Grant/ Entitlement Grants   | 14.218  | N/A  | 8,411,317         |
| Urban Development Action Grants-Grantee Loans (NOTE 5)  | 14.221  | N/A  | 2,215,011         |
| Urban Development Action Grants-Grantee Loans   | 14.221  | N/A  | 239,409           |
| Emergency Solutions Grants Program  | 14.231  | N/A  | 909,272           |
| Shelter Plus Care   | 14.238  | N/A  | 517,261           |
| Home Investment Partnerships Program  | 14.239  | N/A  | 5,855,884         |
| Housing Opportunities for Persons with AIDS   | 14.241  | N/A  | 3,585,738         |
| Community Development Block Grants-Section 108<br>Loan Guarantees (NOTE 6)  | 14.248  | N/A  | 17,998,000        |
| Community Development Block Grants-Section 108<br>Loan Guarantees-Program Income  | 14.248  | N/A  | 1,464,042         |
| Community Challenge Planning Grants and Department of<br>the Transportation's TIGER II Planning Grants                        | 14.704  | N/A  | 528,389           |
| Neighborhood Stabilization Program  | 14.264  | N/A  | <u>130,243</u>    |
| <b>Subtotal - Direct Awards</b>   |   |  | <u>41,854,566</u> |

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

CITY OF NEW ORLEANS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2013

| <u>FEDERAL GRANTOR/PROGRAM NAME</u>  | <u>FEDERAL<br/>CFDA or<br/>OTHER<br/>NUMBER</u> | <u>PASS-<br/>THROUGH<br/>ENTITY'S<br/>NUMBER</u> | <u>ACTIVITY</u>   |
|--|---|--|-------------------|
| <b><u>U.S. Department of Housing and Urban Development, continued</u></b>  |   |  |                   |
| <b><u>Passed - Through Awards</u></b>  |   |  |                   |
| State of Louisiana   |   |  |                   |
| Office of Community Development:   |   |  |                   |
| Disaster Community Development Block Grant   | 14.228  | CFMS Various                                     | \$ 42,995,900     |
| Emergency Solutions Grants Program   | 14.231  | CFMS-Variou                                      | <u>307,403</u>    |
| Subtotal - Awards from Pass-Through Entities   |   |  | <u>43,303,303</u> |
| Total U.S. Department of Housing and Urban Development   |   |  | <u>85,157,869</u> |
| <b><u>U.S. Department of Interior</u></b>  |   |  |                   |
| <b><u>Direct Awards</u></b>  |   |  |                   |
| Coastal Impact Assistance Program (CIAP)   | 15.668  | N/A  | <u>7,954,575</u>  |
| Subtotal - Direct Awards   |   |  | <u>7,954,575</u>  |
| Total U.S. Department of Interior  |   |  | <u>7,954,575</u>  |
| <b><u>U.S. Department of Justice</u></b>   |   |  |                   |
| <b><u>Direct Awards</u></b>  |   |  |                   |
| Supervised Visitation and Safe Havens for Children   | 16.527  | N/A  | 50,580            |
| Grants to Encourage Arrest Policies and Enforcement<br>of Protection Orders Program - The Community-Defined<br>Solutions to Violence Against Women | 16.590  | N/A  | 221,374           |
| ARRA - Public Safety Partnership and Community Policing<br>Grants  | 16.710  | N/A  | 2,251,368         |
| Paul Coverdell Forensic Sciences Improvement Act   | 16.742  | N/A  | 164,738           |
| Edward Byrne Memorial Justice Assistance Grant (JAG) Program   | 16.738  | N/A  | 88,199            |
| ARRA - Edward Byrne Memorial JAG Program   | 16.804  | N/A  | 167,450           |
| National Forum on Youth Violence Program   | 16.819  | N/A  | <u>17,610</u>     |
| Subtotal - Direct Awards   |   |  | <u>2,961,319</u>  |

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

**CITY OF NEW ORLEANS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| <u>FEDERAL GRANTOR/PROGRAM NAME</u>                           | <u>FEDERAL<br/>CFDA or<br/>OTHER<br/>NUMBER</u> | <u>PASS-<br/>THROUGH<br/>ENTITY'S<br/>NUMBER</u> | <u>ACTIVITY</u>  |
|---|---|--|------------------|
| <b><u>U.S. Department of Justice, Continued</u></b>           |   |  |                  |
| <b><u>Passed - Through Awards</u></b>                         |   |  |                  |
| State of Louisiana  |   |  |                  |
| Commission on Law Enforcement:                                |   |  |                  |
| Juvenile Justice and Delinquency Prevention                   | 16.540  | J11-9-ADM  | \$ 2,341         |
| Crime Victim Assistance                                       | 16.575  | Various  | 4,186            |
| ARRA - Violence Against Women Formula Grants                  | 16.588  | M11-9-001  | 30,318           |
| Edward Byrne Memorial Justice Assistance Grant Program        | 16.738  | Various  | 211,479          |
| Paul Coverdell Forensic Sciences Improvement Grant<br>Program | 16.742  | 2012-CD-01-1075                                  | 8,205            |
| New Orleans Police and Justice Foundation, Inc.:              |   |  |                  |
| DNA Backlog Reduction Program                                 | 16.741  | 2009-DN-BX-K245                                  | 6,231            |
| Congressionally Recommended Awards                            | 16.753  | 2010-DD-BX-0628                                  | <u>37,902</u>    |
| Subtotal - Awards from Pass-Through Entities                  |   |  | <u>300,662</u>   |
| Total U.S. Department of Justice                              |   |  | <u>3,261,981</u> |

**U.S. Department of Labor**

**Passed - Through Awards**

|   |        |                 |                  |
|---|--------|-----------------|------------------|
| State of Louisiana  |        |                 |                  |
| Department of Labor:  |        |                 |                  |
| Workforce Investment Act-Adult Program                              | 17.258 | AA-102250-00-50 | 1,135,679        |
| Workforce Investment Act - Youth Activities                         | 17.259 | AA-102250-00-50 | 1,441,173        |
| AARA - Workforce Investment Act-Dislocated Workers                  | 17.260 | AA-102250-00-50 | 1,231,489        |
| Workforce Investment Act-National Emergency Grants                  | 17.277 | CMFS 717589     | 115,558          |
| ARRA - Workforce Investment Act-Dislocated Worker<br>Formula Grants | 17.278 | CFMS 721988     | 616,344          |
| Disability Employment Policy Development                            | 17.720 |                 | <u>68,001</u>    |
| Subtotal - Awards from Pass-Through Entities                        |        |                 | <u>4,608,244</u> |
| Total U.S. Department of Labor                                      |        |                 | <u>4,608,244</u> |

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.



**CITY OF NEW ORLEANS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

| <u>FEDERAL GRANTOR/PROGRAM NAME</u>   | <u>FEDERAL<br/>CFDA or<br/>OTHER<br/>NUMBER</u> | <u>PASS-<br/>THROUGH<br/>ENTITY'S<br/>NUMBER</u> | <u>ACTIVITY</u>  |
|---|---|--|------------------|
| <b><u>U.S. Department of Transportation</u></b>   |   |  |                  |
| <b><u>Direct Awards</u></b>   |   |  |                  |
| ARRA - Airport Improvement Program - New Orleans<br>Aviation Board  | 20.106  | N/A  | \$ 6,066,233     |
| ARRA - Highway Planning and Construction  | 20.205  | N/A  | 60,697           |
| National Infrastructure Investments   | 20.933  | N/A  | <u>561,093</u>   |
| Subtotal - Direct Awards  |   |  | <u>6,688,023</u> |
| <b><u>Passed - Through Awards</u></b>   |   |  |                  |
| State of Louisiana  |   |  |                  |
| Department of Transportation:   |   |  |                  |
| State and Community Highway Safety  | 20.600  | 742-04-006/ etal                                 | 2,225,202        |
| Department of Public Safety:  |   |  |                  |
| Safety Belt Performance Grants  | 20.609  | 2012-30-44                                       | <u>220,069</u>   |
| Subtotal - Awards from Pass-Through Entities  |   |  | <u>2,445,271</u> |
| Total U.S. Department of Transportation   |   |  | <u>9,133,294</u> |
| <b><u>U.S. Environmental Protection Agency</u></b>  |   |  |                  |
| <b><u>Direct Awards</u></b>   |   |  |                  |
| Urban Waters Small Grants   | 66.440  | N/A  | 7,170            |
| Research, Development, Monitoring, Public Education,<br>Training, Demonstrations, and Studies             | 66.716  | N/A  | 31,186           |
| ARRA - Brownsfield Assessment and Cleanup and Cooperative<br>Agreements - New Orleans Brownsfield Project | 66.818  | N/A  | <u>1,292</u>     |
| Subtotal - Direct Awards  |   |  | <u>39,648</u>    |
| <b><u>Passed - Through Awards</u></b>   |   |  |                  |
| State of Louisiana  |   |  |                  |
| Department of Environmental Quality:  |   |  |                  |
| ARRA - Brownsfields Assessment and Cleanup<br>Cooperative Agreements                                      | 66.818  | CFMS 715550                                      | <u>166,839</u>   |
| Subtotal - Awards from Pass-Through Entities  |   |  | <u>166,839</u>   |
| Total U.S. Environmental Protection Agency  |   |  | <u>206,487</u>   |

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

CITY OF NEW ORLEANS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2013

| <u>FEDERAL GRANTOR/PROGRAM NAME</u>                           | <u>FEDERAL<br/>CFDA or<br/>OTHER<br/>NUMBER</u> | <u>PASS-<br/>THROUGH<br/>ENTITY'S<br/>NUMBER</u> | <u>ACTIVITY</u>   |
|---|---|--|-------------------|
| <b><u>U.S. Department of Energy</u></b>                       |   |  |                   |
| <b><u>Direct Awards</u></b>                                   |   |  |                   |
| ARRA - Energy Efficiency and Conservation Block Grant Program | 81.128  | N/A  | \$ <u>55,440</u>  |
| Subtotal - Direct Awards                                      |   |  | <u>55,440</u>     |
| Total U.S. Department of Energy                               |   |  | <u>55,440</u>     |
| <b><u>U.S. Department of Health and Human Services</u></b>    |   |  |                   |
| <b><u>Direct Awards</u></b>                                   |   |  |                   |
| Consolidated Health Centers - Healthcare for the Homeless     | 93.224  | N/A  | 1,678,974         |
| HIV Emergency Relief Project Grants                           | 93.914  | N/A  | 7,381,588         |
| Healthy Start Initiative                                      | 93.926  | N/A  | 1,897,398         |
| Health Care and Other Facilities                              | 93.887  | N/A  | <u>71,091</u>     |
| Subtotal - Direct Awards                                      |   |  | <u>11,029,051</u> |
| <b><u>Passed - Through Awards</u></b>                         |   |  |                   |
| State of Louisiana  |   |  |                   |
| Department of Health and Hospitals:                           |   |  |                   |
| Medical Reserve Corps Small Grant Program                     | 93.008  | CFMS 686162                                      | 10,000            |
| Public Health Emergency Preparedness                          | 93.069  | CFMS 696594                                      | 46,518            |
| Preventative Health and Health Services Block Grant           | 93.991  | N/A  | 32,514            |
| Louisiana Public Health Institute:                            |   |  |                   |
| Preventative Medicine and Public Health Training              | 93.117  | LPHI   | <u>27,267</u>     |
| Subtotal - Awards from Pass-Through Entities                  |   |  | <u>116,299</u>    |
| Total U.S. Department of Health and Human Services            |   |  | <u>11,145,350</u> |

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

CITY OF NEW ORLEANS  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| <u>FEDERAL GRANTOR/PROGRAM NAME</u>  | <u>FEDERAL<br/>CFDA or<br/>OTHER<br/>NUMBER</u> | <u>PASS-<br/>THROUGH<br/>ENTITY'S<br/>NUMBER</u> | <u>ACTIVITY</u>       |
|--|---|--|-----------------------|
| <b><u>U.S. Department of Homeland Security</u></b>                         |   |  |                       |
| <b><u>Direct Awards</u></b>  |   |  |                       |
| Assistance to Firefighters Grant   | 97.044  | N/A  | \$ 52,885             |
| Port Security Grant Program  | 97.056  | N/A  | <u>2,409,778</u>      |
| Subtotal - Direct Awards   |   |  | <u>2,462,663</u>      |
| <b><u>U.S. Department of Homeland Security, Continued</u></b>              |   |  |                       |
| <b><u>Passed - Through Awards</u></b>                                      |   |  |                       |
| State of Louisiana   |   |  |                       |
| Governor's Office of Homeland Security:                                    |   |  |                       |
| Disaster Grants - Public Assistance (Presidentially<br>Declared Disasters) | 97.036  | 071-55000  | 77,662,155            |
| Hazard Mitigation Grant  | 97.039  | 1603DRLA0079                                     | 7,648,156             |
| Emergency Management Performance Grant                                     | 97.042  | EMW11EP0058                                      | 154,095               |
| Emergency Operations Center  | 97.052  | 210EOMX0020                                      | 787,122               |
| Interperable Emergency Communications                                      | 97.055  | Various  | 25,831                |
| Homeland Security Grant Program  | 97.067  | Various  | 2,857,225             |
| Severe Repetitive Loss Program   | 97.110  | SRLPJ06LA907                                     | <u>538,071</u>        |
| Subtotal - Awards from Pass-Through Entities                               |   |  | <u>89,672,655</u>     |
| Total U.S. Department of Homeland Security                                 |   |  | <u>92,135,318</u>     |
| Total Expenditures of Federal Awards                                       |   |  | <u>\$ 219,734,688</u> |

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

**NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**CITY OF NEW ORLEANS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**NOTE 1 – BACKGROUND:**

The City of New Orleans (the City) was incorporated in 1805. The City's system of government is established by the Home Rule Charter which became effective in 1954. The City operates under a Mayor-Council form of government. The City provides the following types of services as authorized by its charter: public health and safety, streets, sanitation, water and sewerage, planning and zoning, recreation and general and administrative services. Education and welfare are administered by other governmental entities.

**NOTE 2 – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City that were received directly from federal agencies or passed through other entities and governmental agencies.

The City has prepared this Schedule of Expenditures of Federal Awards to comply with the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. OMB Circular A-133 stipulates that a Schedule of Expenditures of Federal Awards be prepared showing total expenditures of each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA) and for other federal financial awards that have not been assigned a catalog number.

**NOTE 3 – BASIS OF ACCOUNTING/PRESENTATION:**

Grant expenditures in the Schedule of Expenditures of Federal Awards are generally recognized under the modified accrual basis of accounting when the related liability is incurred, if measurable. Vacation and sick leave are recognized when paid. Current grant expenditures include direct expenditures and expenditures of federal awards passed through other governmental agencies.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The preparation of the Schedule of Expenditures of Federal Awards in conformity with accounting principles generally accepted in the United States of America requires management to make certain assumptions that affect the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

**CITY OF NEW ORLEANS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**NOTE 4 – INELIGIBLE, DISALLOWED AND QUESTIONED COSTS:**

The City has expended in the current year and in previous years certain federal grant funds in a manner that may have violated certain provisions of the related compliance requirements and grant agreements.

The ultimate resolution or determination as to whether questioned cost, if any, will be allowable or unallowable related to the applicable grants will be made by the applicable funding sources and cannot be determined at this time. As such, management of the City is presently unable to determine a reasonable estimate of any possible federal claims for refunds of the applicable grant funds. Accordingly, no provision or adjustment has been made to the Schedule of Expenditures of Federal Awards.

The City of New Orleans is subject to audit by federal agencies or their designees for compliance with contractual and programmatic requirements with regard to federal programs administered by the City of New Orleans. The determination of whether any instances of noncompliance that will ultimately result in the remittance of any ineligible or disallowed cost cannot be presently determined. When applicable, the repayment of any remaining ineligible and disallowed costs shall be funded from non-federal funds.

**NOTE 5 – GRANTEE LOANS – URBAN DEVELOPMENT ACTION GRANTS:**

The City has provided certain grant awards with funds from the United States Department of Housing and Urban Development (HUD) in the form of loans to the private sector for completion of projects that will stimulate economic development activity in the City. Four (4) of these loans are outstanding at December 31, 2013, totaling \$2,215,011 which bear interest at various interest rates not exceeding three and three-quarters percent (3.75%). These loans are receivable over an eight (8) to ten (10) year period and are recorded as loans receivable at December 31, 2013. Once the loan payments are received and the project is accepted by HUD, the City may use the amounts received for other allowable economic development activities as specified in the grant agreement.

**CITY OF NEW ORLEANS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 6 – HOUSING AND URBAN DEVELOPMENT SECTION 108 LOANS:**

The City has entered into contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, with the Secretary of United States Department of Housing and Urban Development (HUD) as guarantor. The City received these loans in order to fund its commitments to Jazzland, American Can, Palace of the East, LLC and Louisiana Artist Guild Projects. During the years prior to and as of December 31, 2005, \$25,300,000 was disbursed to Jazzland; \$5,000,000 was disbursed to the American Can Project; \$5,000,000 was disbursed to the Palace of the East, LLC (Grand Theatre) and \$7,100,000 to Louisiana Artist Guild.

As of December 31, 2013, the balance due to HUD by the City in the amount of \$17,998,000 is recorded as a payable in the City's financial statements and reflected in the Schedule of Expenditures of Federal Awards.

The requirements to amortize the remaining Section 108 loans are as follows:

|                                 | <b>Due to<br/>HUD</b> |
|---------------------------------|-----------------------|
| <u>Jazzland Project</u>         |                       |
| 2014                            | \$ 1,945,000          |
| 2015                            | 2,075,000             |
| 2016                            | 2,210,000             |
| 2017                            | 2,345,000             |
|                                 | 8,575,000             |
| <br><u>American Can Project</u> |                       |
| 2014                            | 340,000               |
| 2015                            | 360,000               |
| 2016                            | 380,000               |
| 2017                            | 400,000               |
| 2018                            | 430,000               |
| Thereafter                      | 440,000               |
|                                 | 2,350,000             |

**CITY OF NEW ORLEANS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**NOTE 6 - HOUSING AND URBAN DEVELOPMENT SECTION 108 LOANS,**  
**continued:**

|                                   |    | <u>Due to<br/>HUD</u> |
|-----------------------------------|----|-----------------------|
| <br><u>Grand Theatre Project</u>  |    |                       |
| 2014                              | \$ | 290,000               |
| 2015                              |    | 315,000               |
| 2016                              |    | 325,000               |
| 2017                              |    | 335,000               |
| 2018                              |    | 350,000               |
| Thereafter                        |    | <u>1,130,000</u>      |
|                                   |    | <br><u>2,745,000</u>  |
| <br><u>Louisiana Artist Guild</u> |    |                       |
| 2014                              |    | 377,000               |
| 2015                              |    | 399,000               |
| 2016                              |    | 423,000               |
| 2017                              |    | 449,000               |
| 2018                              |    | 476,000               |
| Thereafter                        |    | <u>2,204,000</u>      |
|                                   |    | <br><u>4,328,000</u>  |
|                                   | \$ | <br><u>17,998,000</u> |



**CITY OF NEW ORLEANS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**NOTE 7 – CONTINGENCY:**

The City is the recipient of numerous federal grants and awards. These grants and awards are governed by various Federal requirements, guidelines, regulations and contractual agreements.

The administration of the programs and activities funded by these grants and awards is under control of the City and is subject to audit and review by the applicable funding sources. Any grant or award found not to be properly spent in accordance with the requirements, guidelines, regulations and contractual agreements of the funding source may be subject to recapture.

The audit of the federal award programs of the City for the year ended December 31, 2013 disclosed instances of non-compliance that may be significant to the Schedule of Expenditures of Federal Awards, but for which the ultimate resolution cannot be presently determined.

**NOTE 8 – MAJOR FEDERAL AWARDS PROGRAM:**

The City's major Federal awards programs for the year ended December 31, 2013 were determined based upon program activity. The City's "Type A" federal awards programs for the year ended December 31, 2013 were all federally assisted high risk programs for which program activity was equal to or greater than \$3,000,000 during the year ended December 31, 2013.

**NOTE 9 – SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN – FOOD ISSUANCE**

The City, in conjunction with the State of Louisiana Department of Health and Hospitals, administers the Women, Infants and Children (WIC) Supplemental Food Issuance Program. As a result, eligible participants received WIC drafts to obtain WIC food packages totaling \$4,638,589 for the year ended December 31, 2013.

**CITY OF NEW ORLEANS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**NOTE 10 – SUBSEQUENT EVENTS:**

The City is required to evaluate events or transactions that may occur after the schedule of expenditures of federal awards date for potential recognition or disclosure in the notes to the schedule of expenditures federal awards. The City performed such an evaluation through June 27, 2014, the date which the schedule of expenditures of federal awards was available to be issued, and noted no events or transactions that occurred after the schedule of expenditures of federal awards date requiring recognition or disclosure.

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



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Michael B. Bruno, CPA (2011)

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

---

To the Honorable Members of the City Council  
and the Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana

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 Schedule of Expenditures of Federal Awards of the City of New Orleans (the City) for the year ended December 31, 2013 and the related notes to the Schedule of Expenditures of Federal Awards and have issued our report thereon dated June 27, 2014.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the Schedule of Expenditures of Federal Awards, we considered the City'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 opinion on the Schedule of Expenditures of Federal Awards, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

*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*

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

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**(CONTINUED)**

To the Honorable Members of the City Council  
and the Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana

*weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's Schedule of Expenditures of Federal Awards will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013- 01 to be a material weakness.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City'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*.

An explanatory paragraph was included in our report indicating that the City is subject to audit by Federal agencies or their designees for compliance with certain contractual and programmatic requirements with regards to its Federal programs for the year ended December 31, 2013. The determination of whether any instances of noncompliance that will ultimately result in remittance of ineligible or disallowed cost cannot be presently determined.

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

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**(CONTINUED)**

To the Honorable Members of the City Council  
and the Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana

***City's Response to Findings***

The City's response to the findings identified in our audit is described in a separate Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the Schedule of Expenditures of Federal Awards and, accordingly, we express no opinion on it.

***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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the City Council, the Mayor, management, the Louisiana Legislative Auditor and Federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 27, 2014

**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

---

To the Honorable Members of the City Council  
and the Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the City of New Orleans' (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

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**(CONTINUED)**

To the Honorable Members of the City Council  
and the Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-02 through 2013-05. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in a separate Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

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**(CONTINUED)**

To the Honorable Members of the City Council  
and the Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana

with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned cost as item 2013-02 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2013-03 through 2013-05 to be significant deficiencies.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

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**(CONTINUED)**

To the Honorable Members of the City Council  
and the Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana

The City's response to the internal control over compliance findings identified in our audit is described in a separate Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the City Council, the Mayor, management, the Louisiana Legislative Auditor and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana revised statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 27, 2014

**SCHEDULE I**

**SUMMARY OF INDEPENDENT AUDITORS'  
RESULTS**

**SCHEDULE I**

**CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

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1. Type of report issued on the Schedule of Expenditures of Federal Awards: **Unqualified.**
2. Did the audit disclose any material weaknesses in internal control over financial reporting? **Yes.**
3. Did the audit disclose any significant deficiencies in internal control over financial reporting? **No.**
4. Did the audit disclose any non-compliance which is material to the Schedule of Expenditures of Federal Awards? **No.**
5. Did the audit disclose any material weaknesses in internal control over major Federal programs? **Yes.**
6. Did the audit disclose any significant deficiencies in internal control over major programs? **Yes.**
7. Type of report issued on compliance for major programs: **Unmodified.**
8. Did the audit disclose any audit findings required to be reported in accordance with OMB Circular A-133, Section .510(a)? **Yes.**
9. Was a management letter issued? **Yes.**

**CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

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**(Continued)**

10. Identification of Major Programs:

| <b>CFDA #</b> | <b>Name of Federal Program</b>  |
|---------------|---|
| 10.557        | Special Supplemental Nutrition Program for Women, Infants and Children -- Food Issuance |
| 14.218        | Community Development Block Grant/ Entitlement Grants                                   |
| 14.221        | Urban Development Action Grants-Grantee Loans   |
| 14.228        | Disaster Community Development Block Grant  |
| 14.239        | Home Investment Partnership Program   |
| 14.241        | Housing Opportunities for Persons with AIDS   |
| 14.248        | Community Development Block Grant - Section 108 Loans Guarantee                         |
| 15.668        | Coastal Impact Assistance Program.  |
| 17.258        | Workforce Investment Act-Adult Program  |
| 17.259        | Workforce Investment Act-Youth Activities   |
| 17.260        | ARRA - Workforce Investment Act-Dislocated Workers                                      |
| 17.278        | Workforce Investment Act - Dislocated Worker  |
| 20.106        | Airport Improvement Program   |
| 93.914        | HIV Emergency Relief Project Grant-Ryan White Program                                   |
| 97.036        | Disaster Grants - Emergency Management Performance-State and Local Assistance           |
| 97.039        | Hazard Mitigation Grant   |

11. Dollar threshold used to distinguish between Type A and Type B Programs: **\$3,000,000.**

12. Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? **No.**

**SCHEDULE II**

**FINANCIAL STATEMENT FINDINGS**

**CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FINANCIAL STATEMENT FINDINGS**

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(CONTINUED)

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Audit Finding Reference Number**

**2013-01 Accounting and Reporting – Schedule of Expenditures of Federal Awards**

**Criteria**

The City should have systems over internal control over preparation of the Schedule of Expenditures of Federal Awards (SEFA), to ensure the completeness and timeliness of preparation of the Schedule of Expenditures of Federal Awards.

**Condition**

The City does not have adequate policies, procedures, and related internal controls to prepare an accurate and complete Schedule of Expenditures of Federal Awards on a timely basis. During the course of our audit, subsequent to year-end we received multiple versions of the SEFA with expenditure amounts for certain grants changing from version to version. This impacts the calculation of the CNO's major programs and the timeliness of completion of the audit.

**Context**

The City devotes various resources to timely and accurately report expenditures in the Schedule of Expenditures of Federal Awards. However, we noted that adjustments to record and accrue unpaid invoices and other matters identified subsequent to year end during the course of the audit were necessary resulting in multiple adjustments to those federal expenditures reported in the Schedule of Expenditures of Federal Awards.

**Cause**

The City's procedures for recording accounts payable and other adjustments does not permit the accurate preparation of the Schedule of Expenditures of Federal Awards in a timely manner.



**CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FINANCIAL STATEMENT FINDINGS**

---

(CONTINUED)

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Audit Finding Reference Number**

**2013-01 Accounting and Reporting – Schedule of Expenditures of Federal Awards,  
continued.**

**Effect**

The City recorded adjustments to properly reflect accounts payable and other matters after year-end delaying accurate and timely completion of the Schedule of Expenditures of Federal Awards.

**Recommendation**

We recommend that the City strengthen internal controls over the accuracy, completeness and timeliness of recording expenditure amounts reported on the Schedule of Expenditures of Federal Awards.

**SCHEDULE III**

**FEDERAL AWARD FINDINGS AND QUESTIONED  
COSTS**

**CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**  

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**(CONTINUED)**

**COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE**

**Audit Finding Reference Number**

**2013-02 Reporting**

**Federal Program and Specific Federal Award Identification Number**

All Type A Major Programs (See Schedule D).

**Federal Award Year**

December 31, 2013

**Pass-Through Entity**

Various

**Criteria**

The City should have systems over internal control over preparation of the Schedule of Expenditures of Federal Awards (SEFA), to ensure the accuracy, completeness and timeliness of preparation of the Schedule of Expenditures of Federal Awards.

**Condition**

The City does not have adequate policies, procedures, and related internal controls to prepare an accurate and complete Schedule of Expenditures of Federal Awards on a timely basis. During the course of our audit, subsequent to year-end we received multiple versions of the SEFA with expenditure amounts for certain grants changing from version to version. This impacts the calculation of the CNO's major programs and the timeliness of completion of the audit.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

---

(CONTINUED)

COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE

Audit Finding Reference Number

2013-02 Reporting, continued

Questioned Costs

For the purposes of this finding, we have not questioned any costs.

Context

The City devotes various resources to timely and accurately report expenditures in the Schedule of Expenditures of Federal Awards. However, we noted that adjustments to record and accrue unpaid invoices and other matters identified subsequent to year end during the course of the audit were necessary resulting in multiple adjustments to those federal expenditures reported in the Schedule of Expenditures of Federal Awards.

Cause

The City's procedures for recording accounts payable and other adjustments does not permit the accurate preparation of the Schedule of Expenditures of Federal Awards in a timely manner.

Effect

The City recorded adjustments to properly reflect accounts payable and other matters after year-end delaying accurate and timely completion of the Schedule of Expenditures of Federal Awards.

Recommendation

We recommend that the City strengthen internal controls over the accuracy, completeness and timeliness of recording expenditure amounts reported in the Schedule of Expenditures of Federal Awards.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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(CONTINUED)

COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE

Audit Finding Reference Number

2013-03 Cash Management

Federal Program and Specific Federal Award Identification Number

U.S. Department of Housing and Urban Development  
o 14.228 Disaster Community Development Block Grant

Federal Award Year

December 31, 2013

Pass-Through Entity

State of Louisiana

Criteria

The City should have systems of internal control over cash management to provide reasonable assurance that advances received are disbursed within seventy-two (72) hours of receipt.

Condition

We noted that for twenty-five (25) of the disbursements selected for testing the funds received by the City in advance were not disbursed to the applicable vendors within seventy-two (72) hours of receipt.

Questioned Costs

For the purposes of this finding we have not questioned any cost.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  

---

**(CONTINUED)**

COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE

Audit Finding Reference Number

2013-03 Cash Management, continued

Context

Advances received are required to be disbursed within seventy-two (72) hours of receipt by the City.

Cause

Untimely disbursement to sub-recipients.

Effect

Funds received in advance were not disbursed to vendors within the prescribed timeframe.

Recommendation

We recommend that internal control systems be strengthened to ensure advances of federal funds are disbursed in a timely manner.

**CITY OF NEW ORLEANS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**  

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**(CONTINUED)**

**COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE**

**Audit Finding Reference Number**

2013-04 – Matching, Level of Effort, Earmarking

**Federal Program and Specific Federal Award Identification Number**

U.S. Department of Housing & Urban Development  
o 14.218 Community Development Block Grant

**Federal Award Year**

December 31, 2013

**Pass-Through Entity**

None

**Criteria**

Earmarking requirements of the Community Development Block Grant require (a) not less than seventy percent (70%) of the funds must be used over a period of up to 3 years for activities that benefit low and moderate-income persons; (b) not more than twenty percent (20%) of the total CDBG grant, plus twenty percent (20%) of program income received during the year may be obligated during the year for activities that qualify as planning and administration; and (c) the amount of CDBG funds obligated during the year for public services must not exceed fifteen percent (15%) of the grant amount received for that year plus fifteen percent (15%) of the program income received during the during the preceding program year.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  

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**(CONTINUED)**

COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE

Audit Finding Reference Number

2013-04 – Matching, Level of Effort, continued

Condition

Our review of Integrated Disbursement and Information System report C04PR26 indicated that the percent of funds obligated for public service activities was twenty-seven percent (27%) which exceeds the 15% earmarking requirement. Our further inquiries also indicated that these calculations are based on the amounts disbursed in IDIS (which only includes expenditures for which the funds have been drawn down) and not based on actual grant expenditures charged to the grant as reflected in the Schedule of Expenditures of Federal Awards.

Questioned Costs

For the purposes of this finding we have not questioned any costs.

Context

CDBG expenditures for the year ended December 31, 2013 were \$8,411,317.

Cause

Earmarking calculations are not performed on actual grant expenditures.

Effect

The City is not in compliance with grant earmarking requirements.

Recommendation

We recommend that the City strengthen controls to ensure its compliance with earmarking requirements contain in OMB Circular A-133 Compliance Supplement.



CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  

---

**(CONTINUED)**

COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE

Audit Finding Reference Number

2013-05 – Reporting

Federal Program and Specific Federal Award Identification Number

U.S. Department of Labor

- o 17.258 Workforce Investment Act-Adult Program
- o 17.259 Workforce Investment Act-Youth Activities
- o 17.260 Workforce Investment Act-Dislocated Workers

Federal Award Year

December 31, 2013

Pass-Through Entity

State of Louisiana

Criteria

The City should have systems of internal control over financial reporting to ensure that reports of expenditures Federal awards submitted to the Federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting and performance records and are fairly presented in accordance with program requirements.

Condition

During the course of our audit procedures we noted that financial reports submitted to the State of Louisiana did not agree to the underlying accounting records maintained by the Finance department and reported in the Schedule of Expenditures of Federal Awards.

**CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**  

---

**(CONTINUED)**

**COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE**

**Audit Finding Reference Number**

2013-05 – Reporting, continued

**Questioned Costs**

For the purposes of this finding we have not questioned any costs.

**Context**

During the course of our test work, we noted un-reconciled differences between expenditures of Federal awards included in the financial reports prepared and submitted to the State of Louisiana and expenditures of Federal awards as reflected in the SEFA and the accounting records maintained by the accounting department.

**Cause**

Reports of expenditures of Federal awards submitted to Federal awarding agencies or pass-through entities are not reconciled to the accounting records maintained by the City's accounting department.

**Effect**

Previously filed reports of expenditures of Federal awards require amendments or the accounting records maintained by the City's accounting department require adjustments.

**Recommendation**

We recommend that all reports of expenditures of Federal awards submitted to Federal awarding or pass-through entities be reconciled to the accounting records maintained by the accounting department.

**STATUS OF PRIOR YEAR'S  
AUDIT FINDINGS**

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**

---

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Audit Finding Reference Number**

**2012-01 Accounting and Reporting – Schedule of Expenditures of Federal Awards**

**Condition**

The City did not have adequate policies, procedures, and related internal controls to prepare an accurate and complete Schedule of Expenditures of Federal Awards on a timely basis and to ensure that expenditures are reported accurately, timely and in the proper accounting period.

**Recommendation**

We recommended that the City strengthen internal controls over the accuracy, completeness and timeliness of recording expenditure amounts reported in the SEFA.

**Current Year Status**

Unresolved. (See 2013-01)

**Management's Assertion**

The City of New Orleans Accounting Department has strengthened its internal controls by ensuring that all adjustments are made by year's end. Every department is required to send out a list of all outstanding invoices to ensure that expenditures are reported effectively and accurately.

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**  

---

**(CONTINUED)**

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Audit Finding Reference Number**

**2012-02 – FEMA Expenditures**

**Condition**

The City did not have adequate processes and controls in place to ensure that all expenditures charged to FEMA are allowable and properly included in a project worksheet (PW).

**Recommendation**

We recommended that the City implement procedures and controls to ensure that all expenditures charged to and reimbursable by FEMA are supported by an approved project worksheet and an evaluation be performed to determine amounts properly charged to and reimbursable by FEMA at year-end.

**Current Year Status**

Resolved.

**Management's Assertion**

The City of New Orleans Accounting Department has created a report that is reviewed for allowability and adequate support daily by the Project Delivery Unit Manager effective as July 31, 2013. All unallowable FEMA expenditures will be rejected at the requisition level through this process.

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**  

---

**(CONTINUED)**

**COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE**

**Audit Finding Reference Number**

2012-03 Reporting

**Federal Program and Specific Federal Award Identification Number**

All Type A Major Programs (See Schedule D).

**Condition**

The City did not have adequate policies, procedures, and related internal controls to prepare an accurate and complete schedule of expenditures of federal awards on a timely basis and to ensure that expenditures are reported accurately, timely and in the proper accounting period.

**Recommendation**

We recommended that the City strengthen internal controls over the accuracy, completeness and timeliness of recording expenditure amounts reported on the SEFA.

**Current Year Status**

Unresolved. (See 2013-02)

**Management's Assertion**

The City of New Orleans Accounting Department has strengthened its internal controls by ensuring that all adjustments are made by year's end. The City of New Orleans has also hired additional staff within the Finance and Accounting Department. Every department is required to send out a list of all outstanding invoices to ensure that expenditures are reported effectively and accurately.

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**  

---

**(CONTINUED)**

**Audit Finding Reference Number**

2012-04 Activities Allowed or Unallowed

**Federal Program and Specific Federal Award Identification Number**

U.S. Department of Homeland Security

- o 97.036 – Disaster Grants-Public Assistance

**Condition**

The City did not have adequate processes and controls in place to ensure that all expenditures charged to FEMA are allowable and properly included in a project worksheet (PW).

**Recommendation**

We recommended that the City implement procedures and controls to ensure that all expenditures charged to and reimbursable by FEMA are supported by an approved project worksheet and an evaluation be performed to determine amounts properly charged to and reimbursable by FEMA at year-end.

**Current Year Status**

Resolved.

**Management's Assertion**

The City of New Orleans Accounting Department has created a report that is reviewed for allowability and adequate support daily by the Project Delivery Unit Manager effective as of July 31, 2013. All unallowable FEMA expenditures will be rejected at the requisition level through this process.

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**  

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**(CONTINUED)**

**Audit Finding Reference Number**

**2012-05 Cash Management**

**Federal Program and Specific Federal Award Identification Number**

U.S. Department of Housing and Urban Development

- o 14.228 Disaster Community Development Block Grant

**Condition**

We noted that for eighteen (18) of the disbursements selected for testing, the funds received by the City in advance were not disbursed to the applicable vendors within seventy-two (72) hours of receipt.

**Recommendation**

We recommended that internal control systems be strengthened to ensure advances of federal funds are disbursed in a timely manner.

**Current Year Status**

Unresolved. (See 2013-03)

**Management's Assertion**

The City of New Orleans Accounting Department and Office of Community Development Fiscal Department have implemented a process to forward payments and reimbursement requests to State and Accounting simultaneously. Both departments conduct daily monitoring of the process to ensure certain projects are actually paid without adjustments or disallowances by the State.



**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**  

---

**(CONTINUED)**

**Audit Finding Reference Number**

2012-06 Sub-recipient Monitoring

**Federal Program and Specific Federal Award Identification Number**

U.S. Department of Housing and Urban Development

- o 14.228 Disaster Community Development Block Grant

**Condition**

The City did not provide adequate documentation to demonstrate that it:

- Determined whether applicants for sub-awards provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its sub-award application or if not, before the award; and
- Identified to sub-recipients the Federal award information (CFDA title and number, award name and number), whether the award was research and development, the name of the Federal awarding agency and applicable compliance requirements.

**Recommendation**

We recommended that the City strengthen its internal control systems related to the monitoring and making awards to sub-recipients.

**Current Year Status**

Resolved.

**Management's Assertion**

The City of New Orleans has implemented a process which requires that all Cooperative Endeavor Agreements (CEA's) include the following: the name of the Federal awarding agency, the title of the Federal program(s) and corresponding CFDA number, and any Federal Compliance Requirements.

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**  

---

**(CONTINUED)**

**Audit Finding Reference Number**

**2012-07 Procurement and Suspension and Debarment**

**Federal Program and Specific Federal Award Identification Number**

U.S. Department of Housing and Urban Development  
o 14.253 Community Development Block Grant (ARRA)

**Condition**

The two (2) construction contracts funded by this Recovery Act award did not contain "Buy American" provisions and we were unable to ascertain that the City verified whether the applicable contractors were in compliance with the "Buy American" compliance requirements for Recovery Act funded construction projects.

**Recommendation**

We recommended that the City strengthen its controls and procurement policies to ensure compliance with "Buy American" provisions of the Recovery Act.

**Current Year Status**

Resolved.

**Management's Assertion**

The City of New Orleans has granted Program Managers and the Procurement Department access to SAM.gov and the Excluded Parties Listing System (EPLS) in order to verify information using Dun and Bradstreet Data Universal Numbering System numbers (DUNS). This will ensure that the City is in compliance with Procurement and Suspension and Debarment compliance requirements.

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**  

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**(CONTINUED)**

**Audit Finding Reference Number**

2012-08 Reporting

**Federal Program and Specific Federal Award Identification Number**

U.S. Department of Housing and Urban Development  
o 14.253 Community Development Block Grant (ARRA)

**Condition**

The City did not prepare and submit form HUD 60002 for the two (2) projects involving housing rehabilitation, housing construction, or other public construction funded by the Recovery Act funded Community Development Block Grant.

**Recommendation**

We recommended that the City strengthen its internal control systems to ensure compliance with grant reporting requirements.

**Current Year Status**

Resolved.

**Management's Assertion**

The City of New Orleans has revised its policies and procedures to ensure status updates are provided on all projects to ensure timely submission of reports. Also, the City has hired one (1) staff whose duties include assisting with the completion and submission of all HUD 60002 forms.

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**  

---

**(CONTINUED)**

**Audit Finding Reference Number**

2012-09 Reporting

**Federal Program and Specific Federal Award Identification Number**

U.S. Department of Housing and Urban Development

- o 14.253 Community Development Block Grant (ARRA)

**Condition**

The City did not comply with reporting requirements of Section 1512 of the Recovery Act.

**Recommendation**

We recommended that the City strengthen its policies and procedures to ensure compliance with Recovery Act funding grant requirements.

**Current Year Status**

Resolved.

**Management's Assertion**

The City of New Orleans has included language in all applicable contracts to ensure that the reporting requirements of Section 1512 and the Recovery Act are met. The City also reviews all contracts to ensure all grant requirements are being met.

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**  

---

**(CONTINUED)**

**Audit Finding Reference Number**

2012-10 – Reporting

**Federal Program and Specific Federal Award Identification Number**

U.S. Department of Labor

- o 17.258 Workforce Investment Act-Adult Program
- o 17.259 Workforce Investment Act-Youth Activities
- o 17.260 Workforce Investment Act-Dislocated Workers
- o 17.278 Workforce Investment Act-Dislocated Workers

**Condition**

During the course of our audit procedures we noted that financial reports submitted to Federal agencies or pass-through entities were prepared and submitted by various departments external to the City's accounting department. Additionally, many subsidiary ledgers of expenditures of Federal awards are also maintained by various departments external to the City's accounting department. However, we noted a difference of \$89,641 between these financial reports as prepared by grant personnel versus subsidiary ledgers records maintained by the accounting departments.

**Recommendation**

We recommended that all reports of expenditures of Federal awards be reviewed or prepared by the City's accounting department to ensure agreement to the accounting records maintained by the accounting department.

**Current Year Status**

Unresolved. (See 2013-05)

**Management's Assertion**

The City of New Orleans has implemented procedures for the Accounting Department to meet with other departments to work jointly to reconcile their records on a more frequent basis other than at the end of the fiscal year.

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**  

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**(CONTINUED)**

**Audit Finding Reference Number**

2012-11 – Matching, Level of Effort, Earmarking

**Federal Program and Specific Federal Award Identification Number**

U.S. Department of Homeland Security

- o 97.083 Staffing for Adequate Fire and Emergency Response (SAFER)

**Condition**

Our review of hiring performance reports indicate that staffing levels fell by nine (9) positions below the staffing level requirements contained in the grant agreement.

**Recommendation**

We recommended that the City strengthen controls to ensure its compliance with staffing level requirements contain in grant agreements or continue to pursue the waiver for attainment of staffing level requirements.

**Current Year Status**

Resolved.

**Management's Assertion**

The City of New Orleans is currently in the process of creating a Grant Management Handbook to assist departments in ensuring the grant responsibilities are met.

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**  

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**(CONTINUED)**

**Audit Finding Reference Number**

**2012-12 Reporting**

**Federal Program and Specific Federal Award Identification Number**

U.S. Department of Housing and Urban Development  
o 14.218 Community Development Block Grant

**Condition**

During the course of our audit procedures, we noted that expenditure related amounts are reflected in reports generated by the Integrated Disbursement and Information System (IDIS) did not agree nor could be reconciled to the underlying accounting records of the City as maintained by the City's finance department.

**Recommendation**

We recommended that the City continue its efforts to reconcile expenditure related amounts as reflected in IDIS to the underlying accounting records.

**Current Year Status**

Resolved.

**Management's Assertion**

The City of New Orleans has hired additional staff to develop a workplan that includes reconciling IDIS to accounting records. The City currently has reconciled IDIS reports for 2012 to accounting records.

**EXIT CONFERENCE**



## **CITY OF NEW ORLEANS EXIT CONFERENCE**

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An exit conference and other meetings were held with the City of New Orleans to discuss the Single Audit report. Those who were in attendance and participated in those discussions are noted below. The applicable sections of the Single Audit report were also discussed with the respective fiscal and programmatic department heads and staff.

### **CITY OF NEW ORLEANS**

|  |  |
|--|--|
| Councilmember-At-Large Stacy S. Head         | -- Chairperson, Budget/Audit/BoR Committee                               |
| Councilmember Jared C. Brossett              | -- Member, Budget/Audit/BoR Committee                                    |
| Councilmember Latoya Cantrell                | -- Member, Budget/Audit/BoR Committee                                    |
| Councilmember Susan G. Guidry                | -- Member, Budget/Audit/BoR Committee                                    |
| Councilmember-At-Large Jason Rogers Williams | -- Member, Budget/Audit/BoR Committee                                    |
| Mr. Norman Foster                            | -- Chief Financial Officer   |
| Mr. Roy Guercio                              | -- Comptroller   |
| Mr. Derrick Muse                             | -- Deputy Director of Finance  |
| Ms. Natasha F. Muse                          | -- Director of Administrative Support<br>Office of Community Development |
| Ms. Mia Wallace                              | -- Deputy Director, Compliance and<br>Monitoring                         |

### **BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

|                           |                       |
|---------------------------|-----------------------|
| Mr. Joseph A. Akanji, CPA | -- Engagement Partner |
| Mr. Armand E. Pinkney     | -- Engagement Manager |



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

(Retired)  
Michael B. Bruno, CPA (2011)

## INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Honorable Members of the City Council and the  
Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana

In planning and performing our audit of the Schedule of Expenditures of Federal Awards (the Schedule) of the City of New Orleans, Louisiana (the City) as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Schedule of Expenditures of Federal Awards, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

However, in the course of our audit, we became aware of certain matters that are opportunities for strengthening internal controls, improving operating deficiencies, and other conditions of the City. The following outlines our comments and recommendations regarding those matters:

### **2013-MLC-01 Requests for Reimbursement**

#### Comment

Many of the Federal grants administered by the CNO operate on a cost reimbursement basis. During the course of our test work, particularly as it relates to the major Federal programs tested, we noted that reimbursements were not consistently being requested in a timely manner thus placing a burden the City's cash position pending receipt of reimbursement.

#### Recommendation

We recommend that the City ensure that request for reimbursement for all Federal grants administered by the City be prepared on a timely basis to minimize to strain on the City's cash position.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**CONTINUED**

To the Honorable Members of the City Council and the  
Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana  
Page 2

**2013-MLC-02 Workforce Investment Act Sub-recipient Monitoring**

**Comment**

During the course of our audit, we noted that the Workforce Investment Act monitoring procedures for sub-recipients manual was last revised in November 2006.

**Recommendation**

We recommend the WIA monitoring procedures be reviewed and updated to ensure effective monitoring of WIA sub-recipients.

**2013-MLC-03 Monitoring-New Orleans Aviation Board-Airport Improvement Program**

**Comment**

The City of New Orleans (the City) annually reports expenditures of Federal funds of the New Orleans Aviation Board's (the Airport's) Airport Improvement Program grant. Federal expenditures under this program were \$6,066,233 for the year ended December 31, 2013. We noted that the City does not monitor the activities of the Airport relating to the Airport's expenditures of Federal funds.

**Recommendation**

We recommend that the City implement procedures to monitor the activities of the Airport as relates to the expenditure of Federal funds for compliance with applicable Federal compliance requirements.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**CONTINUED**

To the Honorable Members of the City Council and the  
Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana  
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**Status of Prior Year's Comment**

**2012-MLC-01 Requests for Reimbursement**

**Comment**

Many of the Federal grants administered by the CNO operate on a cost reimbursement basis. During the course of our test work, particularly as it relates to the major Federal programs tested, we noted that reimbursements were not consistently being requested in a timely manner thus placing a burden the City's cash position pending receipt of reimbursement.

**Recommendation**

We recommended that the City ensure that request for reimbursement for all Federal grants administered by the City be prepared on a timely basis to minimize to strain on the City's cash position.

**Current Year Status**

**Unresolved. (See 2013-MLC-01)**

A separate report dated June 27, 2014 contains our report on a material weakness in the City's internal control. This letter does not affect our report dated June 27, 2014 on the Schedule of Expenditures of Federal Awards of the City of New Orleans. We will review the status of these comments during our next audit engagement. We have already discussed these matters with various City personnel, and would be pleased to discuss these matters in further detail, to perform an additional study of these matters or to assist you in implementing the recommendations.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**CONTINUED**

To the Honorable Members of the City Council and the  
Honorable Mitchell J. Landrieu, Mayor  
City of New Orleans  
New Orleans, Louisiana  
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The City's response to our comments and recommendations are described in a separate Corrective Action Plan. We did not audit the City's response contained in the corrective Action Plan and, accordingly, we express no opinion on it.

This letter is intended solely for the information and use of the City Council, the Mayor, management, the Louisiana Legislative Auditor and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 27, 2014



**CITY OF NEW ORLEANS  
CORRECTIVE ACTION PLAN - AUDIT FINDINGS  
DECEMBER 31, 2013**

| AUDIT FINDINGS  | PROPOSED CORRECTIVE ACTION  | ANTICIPATED COMPLETION DATE | CONTACT PERSON                                   | FEDERAL/PASS THROUGH AGENCY CONTACTED |
|---|---|-----------------------------|--|---------------------------------------|
| <p><b>2013-01 Accounting and Reporting-Schedule of Expenditures of Federal Awards(SEFA)</b></p> <p>The City does not have adequate policies, procedures, and related internal controls to prepare an accurate and complete Schedule of Expenditures of Federal Awards on a timely basis. During the course of our audit, subsequent to year-end we received multiple versions of the SEFA with expenditure amounts for certain grants changing from version to version. This impacts the calculation of the CNO's major programs and the timeliness of completion of the audit.</p> | <p>In this year's audit the City posted fewer number of adjustments. The City updated the SEFA regularly during the course of the audit to detect any major changes that may impact the determination of major programs. We will continue to improve the timeliness of recording expenditures to ensure the audit is completed on time.</p> | <p>Dec. 31, 2014</p>        | <p>Norman Foster<br/>Chief Financial Officer</p> | <p>All Federal Awards</p>             |
| <p><b>2013-02 Reporting</b></p> <p>The City does not have adequate policies, procedures, and related internal controls to prepare an accurate and complete Schedule of Expenditures of Federal Awards on a timely basis. During the course of our audit, subsequent to year-end we received multiple versions of the SEFA with expenditure amounts for certain grants changing from version to version. This impacts the calculation of the CNO's major programs and the timeliness of completion of the audit.</p>   | <p>In this year's audit the City posted fewer number of adjustments. We will continue to improve the timeliness of recording expenditures to ensure the audit is completed on time by communicating with departments on a regular basis to ensure they record expenditures to the proper period.</p>  | <p>Dec. 31, 2014</p>        | <p>Norman Foster<br/>Chief Financial Officer</p> | <p>All Federal Awards</p>             |

| AUDIT FINDINGS  | PROPOSED CORRECTIVE ACTION   | ANTICIPATED COMPLETION DATE | CONTACT PERSON   | FEDERAL/ PASS THROUGH AGENCY CONTACTED |
|---|--|-----------------------------|--|--|
| <p><b>2013-03 Cash Management</b></p> <p>We noted that for twenty-five (25) of the disbursements selected for testing the funds received by the City in advance were not disbursed to the applicable vendors within seventy-two (72) hours of receipt.</p>  | <p>In October 2013, the City of New Orleans' Accounting Department and Office of Community Development's Fiscal Department implemented a process to forward payments and reimbursement requests to the State and Accounting simultaneously. Both departments conduct daily monitoring of the process to ensure certain projects are actually paid without adjustments or disallowances by the State. The City of New Orleans has also hired additional staff to drastically improve the timeliness of the manual wire process.</p> | <p>Dec. 31, 2014</p>        | <p>Cedric Grant<br/>Deputy Mayor of<br/>Facilities,<br/>Infrastructure and<br/>Community<br/>Development</p> | <p>HUD</p>                             |
| <p><b>2013-04 Matching, Level of Effort, Earmarking</b></p> <p>Our review of Integrated Disbursement and Information System report C04PR26 indicated that the percent of funds obligated for public service activities was twenty-seven percent (27%) which exceeds the 15% earmarking requirement. Our further inquiries also indicated that these calculations are based on the amounts disbursed in IDIS (which only includes expenditures for which the funds have been drawn down) and not based on actual grant expenditures charged to the grant as reflected in the Schedule of Expenditures of Federal Awards.</p> | <p>The City currently has reconciled IDIS reports for 2013 to accounting records and can readily identify the required adjustments. Additionally, expenditures incurred may not be posted until the subsequent year due to the lack of timeliness in the funding received from HUD which has a direct impact on the accuracy of drawdowns.</p>   | <p>Dec. 31, 2014</p>        | <p>Cedric Grant<br/>Deputy Mayor of<br/>Facilities,<br/>Infrastructure and<br/>Community<br/>Development</p> | <p>HUD</p>                             |

| AUDIT FINDINGS  | PROPOSED CORRECTIVE ACTION  | ANTICIPATED COMPLETION DATE | CONTACT PERSON   | FEDERAL/PASS THROUGH AGENCY CONTACTED |
|---|---|-----------------------------|--|---------------------------------------|
| <p><b>2013-05 Reporting</b></p> <p>During the course of our audit procedures we noted that grant expenditures reported in financial reports submitted to the State of Louisiana did not agree to grant expenditures reflected in the SEFA and underlying accounting records maintained by the Finance department.</p> | <p>The City of New Orleans will develop procedures for the Accounting Department to meet with the Office of Workforce Development to reconcile the WIA Expenditure Report to the City General Ledger.</p> | <p>Dec. 31, 2014</p>        | <p>Aimee Quirk,<br/>Economic Advisor to<br/>the Mayor</p> <p>Norman Foster<br/>Chief Financial<br/>Officer</p> | <p>Dept. of<br/>Labor</p>             |



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**CITY OF ORLEANS**  
**CORRECTIVE ACTION PLAN-INDEPENDENT AUDITOR'S COMMENTS TO MANAGEMENT**  
**DECEMBER 31, 2013**

| MANAGEMENT COMMENTS  | PROPOSED CORRECTIVE ACTION   | ANTICIPATED COMPLETION DATE | CONTACT PERSON   | FEDERAL/PASS THROUGH AGENCY CONTACT |
|--|--|-----------------------------|--|-------------------------------------|
| <p><b>2013-MLC-01 Requests for Reimbursement</b></p> <p>Many of the Federal grants administered by the CNO operate on a cost reimbursement basis. During the course of our test work, particularly as it relates to the major Federal programs tested, we noted that reimbursements were not consistently being requested in a timely manner thus placing a burden on the City's cash position pending receipt of reimbursement.</p> | <p>The City implemented a process in August 2013 to review its procedures as they relate to the timing of requesting reimbursement of federal funds to ensure requests are done timely. Once reimbursement requests are submitted to the grantor, the timeliness in which funds are received is difficult to determine due to the grantor's review and approval process.</p>   | <p>Dec. 31, 2014</p>        | <p>Cedric Grant<br/>Deputy Mayor of Facilities, Infrastructure and Community Development</p> | <p>FEMA</p>                         |
| <p><b>2013-MLC-02 Workforce Investment Act Sub-recipient Monitoring</b></p> <p>During the course of our audit, we noted that the Workforce Investment Act monitoring procedures for sub-recipients manual was last revised in November 2006.</p>   | <p>The sub-recipient monitoring procedures are designed to maximize compliance requirements for each type program including ITA (Individual Training Account), OJT (On-the-Job Training), and WEX (Work Experience). There have been no legislative changes with the aforementioned programs therefore the monitoring procedures did not necessitate any revisions but the procedure have been reviewed annually for relevance and accuracy.</p> | <p>Dec. 31, 2014</p>        | <p>Aimee Quirk,<br/>Economic Advisor to the Mayor</p>  | <p>Dept. of Labor</p>               |

|   |   |                      |   |                                    |
|---|---|----------------------|---|------------------------------------|
| <p><b>2013-MLC-03 Monitoring-New Orleans Aviation Board-Airport Improvement Program</b></p> <p>The City of New Orleans (the City) annually reports expenditures of Federal funds of the New Orleans Aviation Board's (the Airport's) Airport Improvement Program grant. Federal expenditures under this program were \$6,066,233 for the year ended December 31, 2013. We noted that the City does not monitor the activities of the Airport relating to the Airport's expenditures of Federal funds.</p> | <p>The City Administration, Council Fiscal Office and Staff at the Aviation Board will meet to develop a process to ensure compliance with Federal regulations.</p> | <p>Dec. 31, 2014</p> | <p>Andrew Kopplin,<br/>Chief<br/>Administrative<br/>Officer</p> | <p>Dept. of<br/>Transportation</p> |
|---|---|----------------------|---|------------------------------------|