

**Downtown Development District  
of the City of New Orleans**

**FINANCIAL STATEMENTS**

December 31, 2019



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**Downtown Development District of the City of New Orleans**  
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Carr, Riggs & Ingram, LLC  
111 Veterans Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 833-2436  
(504) 484-0807 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
and Finance Committee  
The Downtown Development District of  
the City of New Orleans  
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downtown Development District of the City of New Orleans (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District'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 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 auditors' 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 auditors consider internal control relevant to the District'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 District'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance 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 and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The nonmajor fund financial statements and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor fund financial statements and schedule of compensation, benefits and other payments to agency head 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. In our opinion, the nonmajor fund financial statements and the schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the District'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

*Carly Riggs & Ingram, L.L.C.*

Metairie, Louisiana  
December 16, 2020

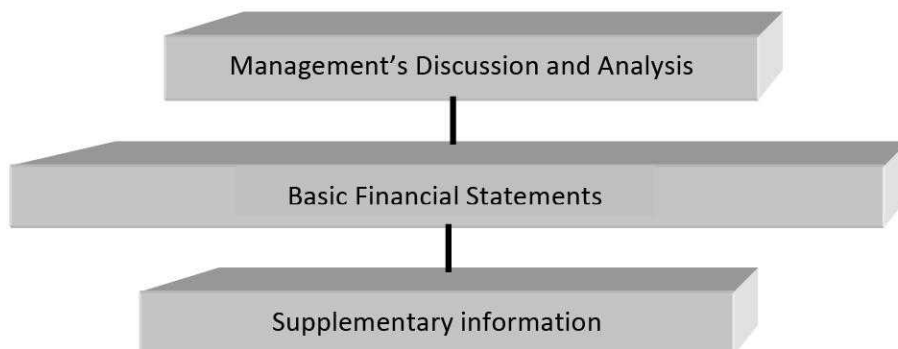
## The Downtown Development District of the City of New Orleans Management's Discussion and Analysis

This report offers readers of these financial statements an overview and analysis of the financial activities of The Downtown Development District of the City of New Orleans (the District). This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the District's financial position, identify any material deviations from the approved budget documents and identify individual fund issues or concerns.

### Financial Highlights

- Despite the fact that the liability for the District's series 2001 bonds, which were used for various capital improvements to the infrastructure in the vicinity of Canal Street and other areas of the District, was recorded on the District's government-wide financial statements while the resulting assets are included in the capital assets of the City of New Orleans; assets exceeded liabilities at the close of the most recent fiscal year by \$(238,197) as outlined on the statement of net position. As of December 31, 2019, the District had a net position balance of \$(238,197) as compared to a balance of \$439,029 as of December 31, 2018.
- The District's total net position decreased by \$677,226 during 2019, as compared to a decrease of \$830,239 in the prior year. The decrease in 2019 net position was primarily related to an increase in capital assets, due to investments in Legacy Park and Wayfinding system design, as well as a new telephone system and laptops.
- Revenues decreased by \$217,276 during 2019, mainly due to a decrease in property tax revenue.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,275,608 a decrease of \$1,035,537 from the prior year balance of \$3,311,145.

The following graphic illustrates the minimum requirements for the District established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



## **The Downtown Development District of the City of New Orleans Management's Discussion and Analysis**

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

### **Government-Wide Financial Statements**

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

The statement of net position presents information of all the District's assets and liabilities, with the difference between the two 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 District is improving or declining.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported on an accrual basis, which requires that all changes be recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods.

The governmental activities reflect the District's basic services including public space maintenance (cleaning, sign maintenance and beautification), public safety (law enforcement, homelessness and code enforcement/quality of life), public safety rangers (public safety assistance and pedestrian and tourism information), marketing (special events, advertising, public relations, communications), economic development (real estate development facilitation, revitalization and business retention), and capital improvements (pedestrian signage, sidewalk replacement reimbursements, facade improvement and transportation). These services are financed primarily with property tax assessments and bonding (debt service) activities.

### **Fund Financial Statements**

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, 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 District are governmental funds.

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end

## The Downtown Development District of the City of New Orleans Management's Discussion and Analysis

of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of 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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District has presented the general and the debt service funds as major funds. The other governmental fund is the blended component unit (Downtown Development Unlimited) of the District.

### Notes to the 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.

### Financial Analysis of the District

Statement of Net Position  
As of December 31, 2019 and 2018

	2019	2018	\$ Variance	% Variance
<b>Assets:</b>				
Current and other assets	\$ 3,401,359	\$ 4,233,412	\$ (832,053)	(19.7) %
Capital assets, net	448,137	453,670	(5,533)	(1.2)
<b>Total assets</b>	<b>3,849,496</b>	<b>4,687,082</b>	<b>(837,586)</b>	<b>(17.9)</b>
<b>Liabilities:</b>				
Current liabilities	1,582,693	1,373,053	209,640	15.3
Long-term liabilities	2,505,000	2,875,000	(370,000)	(12.9)
<b>Total liabilities</b>	<b>4,087,693</b>	<b>4,248,053</b>	<b>(160,360)</b>	<b>(3.8)</b>
<b>Net position:</b>				
Invested in capital assets, net	448,137	453,670	(5,533)	(1.2)
Reserved for debt service	234,513	231,071	3,442	1.5
Unrestricted	(920,847)	(245,712)	(675,135)	(274.8)
<b>Total net position</b>	<b>\$ (238,197)</b>	<b>\$ 439,029</b>	<b>\$ (677,226)</b>	<b>(154.3) %</b>



## The Downtown Development District of the City of New Orleans Management's Discussion and Analysis

The District's total assets decreased by \$837,586 which was the result of a surplus in current year operations being offset by the DDD's investment in the low barrier shelter for the homeless, in order to address this perennially challenging issue for Downtown stakeholders. Total liabilities decreased by \$160,360 due to decreases in the bonds payable.

### Statement of Activities For the years ended December 31, 2019 and 2018

	2019	2018	\$ Variance	% Variance
<b>Revenues:</b>				
Program revenues:				
Operating grants and contributions	\$ 172,303	\$ 190,446	\$ (18,143)	(9.5) %
General revenues:				
Ad valorem taxes	7,241,093	7,436,948	(195,855)	(2.4)
Interest income	57,081	60,317	(3,236)	(5.4)
Gain on disposal of assets	33	75	(42)	(56.0)
Total revenues	7,470,510	7,687,786	(217,276)	(2.8)
<b>Expenses</b>				
Administration	1,107,457	1,197,522	(90,065)	(7.5)
Communication and events	621,169	688,820	(67,651)	(9.8)
Economic development	636,800	587,590	49,210	8.4
Public space operations	2,995,537	3,627,994	(632,457)	(17.4)
Public safety	2,699,941	2,319,887	380,054	16.4
Interest on long-term debt	86,832	96,212	(9,380)	(9.7)
Total expenses	8,147,736	8,518,025	(370,289)	(4.3)
Change in net position	(677,226)	(830,239)	153,013	(18.4)
Net position, beginning of year	439,029	1,269,268	(830,239)	(65.4)
Net position, end of year	\$ (238,197)	\$ 439,029	\$(677,226)	(154.3) %

The largest source of revenue for the District was ad valorem (property) taxes. The largest source of internal revenues were the Downtown NOLA Awards and the Home for the Holidays events, which decreased by \$14,400 and sponsorships/donations/grants decreased by \$11,100 compared to 2018. The largest increase in internal revenues occurred in miscellaneous – Workers' Comp insurance dividend up \$10,612.

There were decreases in expenses in Communications and Administration Departments, and increases in Public Space, Public Safety and Economic Development. The variance in Administration was due to increases in Personnel Costs (\$25,600), and Professional Services (\$5,800) and decreases in Commercial Package Insurance (\$-15,500), and Legal Services (\$-111,800). Economic

## **The Downtown Development District of the City of New Orleans Management's Discussion and Analysis**

Development increased due to increases in Personnel Costs (\$12,000), Research & Database Management (\$30,000) and Façade Grants (\$100,000) and reductions in the amount of Planning Initiatives (\$-30,900) Business Retention & Recruitment (\$-68,900). The decrease in the Communications Department was in Holiday Events (\$-14,900) and Research (\$-60,000), along with an increase in DDD Events (\$13,600). The increase in Public Safety was a result of increases in Personnel Costs (\$34,800), NOPD Detail Officers (\$23,300), Private Security Services (\$85,900) and Low Barrier Shelter Operations (\$240,700). The increase in Public Space Operations resulted from additional expenditures in Personnel Costs (\$23,100), Sidewalk Tree Maintenance/Replacement (\$33,800), Holiday Lighting (\$5,300), Sidewalk Cleaning (\$130,000) and a reduction in Sidewalk Improvements (\$-26,600).

### **Capital Assets and Debt Administration**

#### *Capital Assets*

At December 31, 2019 and 2018, the District had \$448,137 and \$453,670, respectively, invested in capital assets, net of accumulated depreciation consisting principally of investment in Duncan Plaza. See page 27 of the notes to the financial statements for a detail composition of capital assets.

#### *Long-term Debt*

At December 31, 2019, the District had total bond debt outstanding of \$2,875,000 compared with \$3,240,000 at December 31, 2018. Principal paid on the 2012 Series bonds during 2019 and 2018 was \$365,000 and \$350,000, respectively. See pages 27-28 of the notes to the financial statements for a description of outstanding long-term debt.

The portion of the District's net position that are invested in capital assets, less any related debt used to acquire those assets that are still outstanding, was \$448,137 as of December 31, 2019. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the District's net position represents resources that are restricted for debt service. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

### **General Fund Budgetary Highlights**

The final budget and actual comparisons is on page 33. The final budget variance as compared to the actual balance was a decrease of (\$605,922).

Significant variances between the original budget and final budget included decreases in Ad Valorem Taxes received of (\$215,470) and decreases in expenditures related to Economic Development of (\$114,253).

## **The Downtown Development District of the City of New Orleans Management's Discussion and Analysis**

### **Economic Factors and Next Year's Budget**

There are several uncertainties relative to the collection and reporting of ad valorem taxes to the District by the City of New Orleans. Of significant concern is the amount of adjustments and refunds processed by the City of New Orleans each year that are not reported to the District timely. The District will continue to budget property tax revenue with the latest information available from the City of New Orleans. The District increased its 2020 budgeted ad valorem taxes by \$1,816,676 over the 2019 final budget, primarily to fund \$1,500,000 of the first year of the DDD Infrastructure Funding CEA with the City. Management expects sufficient revenues to allow for addressing its primary objectives.

In 2020, the District's work plan reflects an increase in spending of \$3,471,000. This amount includes increases in Landscape Maintenance, Sidewalk Tree Maintenance, Parks & Open Space, Sidewalk Cleaning, Public Safety Rangers Payroll, NOPD Detail, Private Security Detail, Economic Development Planning Initiatives, Digital Media, Stakeholder Research, Public Affairs, Administration Payroll, Legal Services, District-Wide Development and the Infrastructure CEA.

### **Significant Events**

Downtown New Orleans saw continued economic and real estate development activity throughout 2019. Total construction permits in 2019 totaled \$352 million with the South Market District's ongoing conversion of surface parking lots to upscale residential and retail properties leading the way in new construction.

Primary real estate development activity was led by the creation of 521 new hotel rooms delivered by year-end, mostly in new construction. Multi-family residential growth continued 2018's gain of 126 units with the addition of an additional 651 units in 2019.

New retail and restaurant openings in the District in 2019 included prominent brands such as New Orleans Culinary and Hospitality Institute, the Sazerac Company Headquarters and Museum, Rock Rose, True Food Kitchen, Q Clothier, Shake Shack and Ta-Creole at HI New Orleans.

The growth of new industry sectors Downtown continued in 2019 with the opening of a regional office by Texas-based technology firm Accruent, in the Regions Center at 400 Poydras Street. The company will occupy the entire sixth floor of the 32-floor Class A office building. The new offices house approximately 150 employees who moved into the space in 2019.

Tourism business continued its growth with the industry reporting 19.75 million visitors in 2019 spending \$10.65 billion in New Orleans. This represents the highest visitor spending in the City's history.

The extraordinary pace of redevelopment in virtually every corner of Downtown has sharpened the focus on the Charity Neighborhood surrounding the former Charity Hospital and including the

## The Downtown Development District of the City of New Orleans Management's Discussion and Analysis

former Veteran Administration Medical Center (VAMC). In 2018, the LSU Real Estate Facilities Foundation, after seeking public input, awarded development rights for the former Charity Hospital building to a team headed by local developer Joseph Stebbins. Throughout 2019 the development team, 1532 Tulane Partners, gained full site control from the State, completed architectural programming, signed its anchor tenant, completed historic tax credit approvals with the National Park Service, and completed its environmental evaluation. The roughly one million square foot former hospital will host office and teaching space for Tulane University, mixed-income residential, retail and other uses.

Work continued in 2019 to re-envision and redevelop the Charity Neighborhood surrounding the hospital. In 2019 the DDD forged a strong working relationship with key Downtown stakeholder and long-time partner Tulane University focused on bringing to fruition the DDD's plans for Duncan Plaza, the re-use of the former Veterans Affairs Medical Center, and renewal of the Charity Neighborhood surrounding Tulane's campus. Tulane and the DDD share a vision of the Charity Neighborhood as the most environmentally sustainable neighborhood in New Orleans, rich with parks & open space, offering residential options across the full spectrum of cost, and providing an abundance of employment opportunities in industries such as academic medicine – an environment befitting and welcoming Tulane University's extraordinary commitment to expansion in this part of Downtown.

The DDD continued its efforts throughout 2019 to enhance the quality of life Downtown, led by its parks & open space initiatives. The DDD took full control of programming Duncan Plaza with a variety of activities, ranging from movies to cultural festivals, that have reintroduced the park to new users for the first time in a generation. These efforts were curtailed after October of 2019 when the streets surrounding Duncan Plaza were pressed into service as a Downtown transit terminal following the collapse of 1031 Canal Street during construction.

Opened in December 2019, Legacy Park is the "first fruits" of the DDD's commitment to making Downtown a world leader in parks and open space and storm water management. Legacy Park is a joint venture with the International High School of New Orleans (IHSNO), and New Orleans Public Schools, the American Society of Landscape Architects – Louisiana (ASLA-LA), and Groundwork New Orleans. Legacy Park provides outdoor teaching and recreation space for IHSNO and will host Downtown's first playground for young children, responding to a growing demand for amenities that cater to families with children, a growing Downtown demographic.

Legacy Park will be an important stepping stone, a proving ground for the coalition of funders and community partners that will make Duncan Plaza possible. It is a down payment on the DDD's commitment to a comprehensive parks & open space strategy for Downtown. Duncan Plaza and Legacy Park will be the first steps in a multi-year initiative to plan & build a system of parks & open space Downtown to serve the needs of Downtown residents, the Downtown workforce, citywide residents, and visitors. Anticipated elements of the system include playgrounds, dog runs, water features, pocket parks, storm water retention, park-like features in the right of way, and private green space.

## **The Downtown Development District of the City of New Orleans Management's Discussion and Analysis**

In 2019 the DDD committed to spending \$2.5 million per year over multiple years to improving Downtown's storm water management capacity, including underground water detention under parking lanes, increased storm drain capacity, and planning for a major detention facility under the new Duncan Plaza. The DDD leadership on this front responds to a recent increase in frequency and severity of street flooding that has increasingly impacted ground floor businesses. The DDD's commitment of almost 25% of its budget to this work reflects the fact that the economy and the quality of life of Downtown depend on meeting this challenge head on.

2019 marked the second year of the DDD's operating support (\$500,000 annually) for the Low Barrier Shelter that was conceived and advocated for by the DDD. The DDD has committed to support the facility at this level for five (5) years.

The DDD-led assisted outpatient treatment (AOT) program to serve the severely mentally ill, many of whom find themselves on the streets of Downtown, completed its first full year of operation under the leadership of Judge Kern Reese of Orleans Parish Civil District Court and Metropolitan Human Services District (MHSD).

### **Contacting the District's Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the administration at 201 St. Charles Avenue, Suite 3912, New Orleans, Louisiana 70170-3912 or 504-561-8927.

**The Downtown Development District of the City Of New Orleans**  
**Statement Of Net Position**

**December 31, 2019**

**Assets**

Current Assets

Unrestricted:

Cash and cash equivalents	\$	2,547,319
Ad valorem taxes receivable, net		442,828
Other receivables		36,620
Prepaid expense		140,079
<b>Total unrestricted current assets</b>		<b>3,166,846</b>

Restricted:

Cash and cash equivalents		234,513
<b>Total restricted current assets</b>		<b>234,513</b>

Total current assets		3,401,359
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Noncurrent Assets

Capital assets, net of accumulated depreciation		448,137
<b>Total noncurrent assets</b>		<b>448,137</b>

Total Assets		3,849,496
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**Liabilities and Net Position**

Current Liabilities

Accounts payable and current liabilities		1,125,751
Compensated absences payable		86,942
Bonds payable, current portion		370,000
<b>Total Current Liabilities</b>		<b>1,582,693</b>

Noncurrent Liabilities

Bonds payable, noncurrent portion		2,505,000
<b>Total Noncurrent Liabilities</b>		<b>2,505,000</b>

Total Liabilities		4,087,693
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**Net Position**

Net investment in capital assets		448,137
Restricted for debt service		234,513
Unrestricted		(920,847)
<b>Total Net Position</b>		<b>\$ (238,197)</b>

*The accompanying notes are an integral part of this financial statement.*

**The Downtown Development District of the City Of New Orleans**  
**Statement of Activities**

<b>For the Year Ended December 31, 2019</b>	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Change in Net
<b>Governmental Activities</b>					
Administration	\$ 1,107,457	\$ -	\$ 23,282	\$ -	\$ (1,084,175)
Communication and events	621,169	-	62,100	-	(559,069)
Economic development	636,800	-	-	-	(636,800)
Public space operations	2,995,537	-	86,921	-	(2,908,616)
Public safety	2,699,941	-	-	-	(2,699,941)
Interest on long-term debt	86,832	-	-	-	(86,832)
<b>Total Governmental Activities</b>	<b>\$ 8,147,736</b>	<b>\$ -</b>	<b>\$ 172,303</b>	<b>\$ -</b>	<b>(7,975,433)</b>
<b>General Revenues</b>					
Ad valorem taxes					7,241,093
Interest income					57,081
Gain on disposal of assets					33
<b>Total General Revenues</b>					<b>7,298,207</b>
Change in Net Position					(677,226)
Net Position - Beginning of year					439,029
<b>Net Position - End of year</b>					<b>\$ (238,197)</b>

*The accompanying notes are an integral part of this financial statement.*

**The Downtown Development District of the City Of New Orleans**  
**Balance Sheet - Governmental Funds**

<b>December 31, 2019</b>	General Fund	Debt Service	Nonmajor Governmental Fund	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,263,890	\$ -	\$ 4,705	\$ 1,268,595
Cash and cash equivalents held by the Board of Liquidation, unrestricted	1,278,724	-	-	1,278,724
Cash and cash equivalents held by the Board of Liquidation, restricted	-	234,513	-	234,513
Ad valorem taxes, net of allowance	442,828	-	-	442,828
Other receivables	36,620	-	-	36,620
Prepaid expenses	140,079	-	-	140,079
<b>Total Assets</b>	<b>\$ 3,162,141</b>	<b>\$ 234,513</b>	<b>\$ 4,705</b>	<b>\$ 3,401,359</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,125,751	\$ -	\$ -	\$ 1,125,751
<b>Total Liabilities</b>	<b>1,125,751</b>	<b>-</b>	<b>-</b>	<b>1,125,751</b>
<b>Fund Balances</b>				
Nonspendable	140,079	-	-	140,079
Restricted for debt service	-	234,513	-	234,513
Unassigned	1,896,311	-	4,705	1,901,016
<b>Total Fund Balances</b>	<b>2,036,390</b>	<b>234,513</b>	<b>4,705</b>	<b>2,275,608</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,162,141</b>	<b>\$ 234,513</b>	<b>\$ 4,705</b>	<b>\$ 3,401,359</b>

*The accompanying notes are an integral part of this financial statement.*



**The Downtown Development District of the City Of New Orleans  
Reconciliation of the Balance Sheet to the  
Statement of Net Position**

Total Fund Balances at December 31, 2019 - Governmental Funds **\$ 2,275,608**

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 fund financial statements.

Cost of capital assets	<b>1,006,951</b>	
Less accumulated depreciation	<b>(558,814)</b>	
		<b>448,137</b>

Long-term liabilities are not due and payable in the current period  
and, therefore, are not reported in the fund financial statements.

Compensated absences	<b>(86,942)</b>	
Bonds payable	<b>(2,875,000)</b>	
		<b>(2,961,942)</b>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ (238,197)</b>
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*The accompanying notes are an integral part of this financial statement.*

**The Downtown Development District of the City Of New Orleans**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Governmental Funds**

<b>For the Year Ended December 31, 2019</b>	General Fund	Debt Service	Nonmajor Governmental Funds	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Ad valorem taxes - net	\$ 7,241,093	\$ -	\$ -	\$ 7,241,093
Interest income	53,639	3,442	-	57,081
Other	172,203	-	100	172,303
<b>Total Revenues</b>	<b>7,466,935</b>	<b>3,442</b>	<b>100</b>	<b>7,470,477</b>
<b>Expenditures</b>				
Current:				
Administration	1,100,388	-	264	1,100,652
Communication and events	618,539	-	-	618,539
Public space operations	2,984,033	-	-	2,984,033
Public safety	2,688,508	-	-	2,688,508
Economic development	634,104	-	-	634,104
Capital outlays	28,346	-	-	28,346
Debt service:				
Principal payments	-	365,000	-	365,000
Interest on long-term debt	-	86,832	-	86,832
<b>Total Expenditures</b>	<b>8,053,918</b>	<b>451,832</b>	<b>264</b>	<b>8,506,014</b>
<b>Deficiency of Revenues</b>				
<b>Over Expenditures</b>	(586,983)	(448,390)	(164)	(1,035,537)
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	-	451,832	-	451,832
Operating transfer out	(451,832)	-	-	(451,832)
<b>Total Other Financing Sources (Uses)</b>	<b>(451,832)</b>	<b>451,832</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,038,815)</b>	<b>3,442</b>	<b>(164)</b>	<b>(1,035,537)</b>
Fund Balances – Beginning of year	3,075,205	231,071	4,869	3,311,145
<b>Fund Balances – End of year</b>	<b>\$ 2,036,390</b>	<b>\$ 234,513</b>	<b>\$ 4,705</b>	<b>\$ 2,275,608</b>

*The accompanying notes are an integral part of this financial statement.*

**The Downtown Development District of the City Of New Orleans  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance to the Statement of Activities**

Total net change in fund balances - governmental funds \$ (1,035,537)

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 cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.

Capital outlays capitalized	<b>28,378</b>	
Depreciation expense	<b>(33,911)</b>	
	<b>(5,533)</b>	<b>(5,533)</b>

In the Statement of Activities, the gain on the disposal of capital assets is reported, whereas in the governmental funds, the value received from the trade-in is not a current financial resource. **33**

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the long-term debt consumes the current financial resources of governmental funds. These transactions have no effect on net position.

Principal portion of debt service payments		<b>365,000</b>
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Compensated absence expenses are reported in the Statement of Activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences		<b>(1,189)</b>
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Change in net position of governmental activities		<b>\$ (677,226)</b>
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# **The Downtown Development District of the City of New Orleans**

## **Notes to Financial Statements**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Organization***

Act 498 of 1974 as amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature effective January 1, 1975, created a special taxing district designated “the Core Area Development District of the City of New Orleans”, comprised of all the territory within the following prescribed boundaries:

The point of beginning shall be at the intersection of the east bank of the Mississippi River and the Mississippi River Bridge approaches and Pontchartrain Expressway; thence continuing along the upper line of the Pontchartrain Expressway right-of-way less and except ramp areas, and in a northwesterly direction to Lake Pontchartrain side of said right-of-way line of Claiborne Avenue to the lower right-of-way of Iberville Street to the east bank of said to the upper right-of-way line of the Mississippi River Bridge approaches and Pontchartrain Expressway, being the point of beginning.

Act 307 of the State of Louisiana Legislature effective July 10, 1978, changed the name of the District to The Downtown Development District of the City of New Orleans.

Acts 498 and 124 also created a Board of Commissioners for the Downtown Development District of the City of New Orleans (the District) composed of eleven members for governance of the District.

#### ***Reporting Entity***

Governmental accounting standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. A component unit is a government who is financially accountable to another government or one for which another government can exert influence over its budget and operations. The District is considered to be a component unit of the City of New Orleans. As such, the financial statements of the District are included in the financial statements of the City of New Orleans (the City).

In addition, the financial reporting entity consists of the District and its blended component unit. A blended component unit is a legally separate organization for which the District is financially accountable. Financial accountability is present if the District appoints a voting majority of a component unit’s governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District.

## **The Downtown Development District of the City of New Orleans Notes to Financial Statements**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***Blended Component Unit***

The Downtown Development Unlimited (DDU), a 501(c)(3) non-profit corporation without capital stock is blended with the District for financial statement purposes because the component unit exclusively serves the District. The financial statements of this blended component unit may be obtained from the District's office.

This corporation was organized for and to carry on the following purposes: To establish a permanent promotional program pointed towards a progressive and dynamic central downtown New Orleans; to preserve and expand central downtown New Orleans as a regional business and shopping area for the general benefit of the metropolitan area of New Orleans, and its surrounding markets; to cooperate with all members of the corporation through group action on common problems, and to cooperate with the City Council of the City of New Orleans, other governmental bodies, civic organizations, and other interested groups or individuals, in solving the civic, business and commercial problems of the City of New Orleans, to alleviate parking problems and other problems resulting from congestion; to improve the appearance of the central downtown area; and generally to promote, aid and assist in developing a better central downtown New Orleans for the use and benefit of everyone.

#### ***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 non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. There were no activities of the District categorized as business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment 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.

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

## **The Downtown Development District of the City of New Orleans Notes to Financial Statements**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***Government-Wide Statements and Fund Financial Statements (Continued)***

Funds are ordered into three major categories: governmental, proprietary, and fiduciary, which are grouped by fund type in the financial statements. Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The general fund, the main operating fund of the District, is used to account for all remaining financial resources.

#### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

#### ***Budgetary Information***

The District follows the procedures prescribed by Act 478 as amended by the State of Louisiana Legislature effective January 1, 1997. Relevant portions of these procedures are:

- The Board of Commissioners of the District shall prepare, or cause to be prepared, a plan or plans specifying the public improvements, facilities and services proposed to be furnished, constructed or acquired for the District.
- Any plan shall include: (a) an estimate of the annual and aggregate cost of acquiring, constructing, or providing the services, improvements, or facilities set forth therein; (b) the proportion of tax to be levied on the taxable real property within the District which is to be set aside and dedicated to pay the cost of furnishing specified services, and the proportion of such tax to be set aside and dedicated to pay the cost of capital improvements or pay the cost of debt service on any bonds to be issued to pay the cost of capital improvements; and (c) an estimate of the aggregate number of mills required to be levied in each year on the taxable real property within the District to provide the funds required for implementation of the plan.

## **The Downtown Development District of the City of New Orleans Notes to Financial Statements**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***Budget and Budgetary Accounting (Continued)***

- After completion, the plan shall be submitted to the Planning Commission of the City of New Orleans for review. The Planning Commission must submit the plan to the City Council within thirty (30) days of receipt thereof, together with its written comments and recommendations.
- The City Council may by a majority of its members accept or reject the plan based upon its consistency with the City's overall plan. If accepted, the plan may be implemented.
- Upon acceptance, the plan budget and the appropriated funds for its implementation are incorporated by the City of New Orleans into its normal budget process. Under this process, appropriations for the District's "Service" operations (operating budget) expire at year end, except for amounts the City has encumbered on behalf of the District. Such amounts are carried forward until they are cleared. Appropriations for capital outlays (capital budget) continue in force until the project is completed or cancelled normally and the City Council passes an ordinance of resolution to close.

The District, through ordinances approved by the City Council, can amend the budget at its discretion.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include all short-term, highly liquid investments (including certificates of deposit) with original maturity dates of three months or less from the date of acquisition.

#### ***Investments***

Investments are limited by LA R.S. 33:2955 and the District's investment policy. LA R.S. 33:2955 authorizes the District to invest in (1) direct obligations of the United States Treasury, the principal and interest of which are fully guaranteed by the federal government, (2) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, (3) direct security repurchase agreements of any federal book entry only securities, (4) time certificates of deposits of state banks organized under the laws of Louisiana, savings accounts or shares of savings and loan associates, (5) mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies, or (6) guaranteed investment contracts issued by a bank, financial institution, insurance company or other entity having one of the two highest short-term rating categories of either Standard & Poor's Corporation or Moody's Investors Service, provided that no such investment may be made except in connection with a financial program approved by the State Bond Commission.

## The Downtown Development District of the City of New Orleans Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Investments (Continued)*

Investments are stated at fair value in accordance with the Governmental Accounting Standards Board (GASB) Codification Section 150: *Investments*.

#### *Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated uncollectible amounts were determined to be property tax receivable balances over five years old based on historical experience rates. The allowance for uncollectible ad valorem taxes receivable was \$352,206 at December 31, 2019.

#### *Prepaid Expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund level financial statements.

#### *Capital Assets*

The District's capitalization policy requires that all single assets costing \$500 or more be capitalized and depreciated over their useful lives. Single assets costing less than \$500 are expensed. All assets regardless of costs are tracked by the District.

The straight-line method of depreciation is used for all classes of capital assets, and the allocation of depreciation expense begins on the first day of the nearest month of the year in which the capital asset is purchased. Based on its own experience, the District established the following estimated useful lives for each asset class:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Office furniture	7 years
Computer equipment	3-5 years
Leasehold improvements	3-7 years
Office equipment	7 years
Motor vehicles	5 years
Public works property	5-7 years
Green space improvements	7 years

All capital assets acquired or donated are valued at historical cost or estimated historical cost if actual historical cost is not available.



## **The Downtown Development District of the City of New Orleans Notes to Financial Statements**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***Capital Assets (Continued)***

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are recorded as expenditures.

The proceeds from the Series 2001 bonds were used for various capital improvements to the infrastructure in the vicinity of Canal Street and other areas within the District. These improvements are included in the capital assets of the City of New Orleans. The 2001 series was refunded in 2012 and a new 2012 series was issued.

#### ***Compensated Absences***

While paid time off is accrued when earned for government-wide financial statements, it is recognized when paid in the governmental fund financial statements. Compensated absences are paid by the general fund.

#### ***Long-term Debt***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund level financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized in the current period. The face amount of debt issued is reported as other financing sources. Premiums received in debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Employee Benefits***

The District has a defined contribution retirement plan and group life insurance for its employees. The contributions to the retirement plan are discretionary. These benefits are recognized when paid.

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

In fund level financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned.

## The Downtown Development District of the City of New Orleans Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Nonspendable* – consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – consists of amounts with constraints either by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used for the specific purposes stipulated in the legislation.
- *Committed* – consists of the amounts used for specific purposes pursuant to constraints imposed by formal action of the District’s Board. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* – consists of amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) are available for use. The District did not have any committed or assigned amounts as of December 31, 2019.

#### ***Other Financing Sources (Uses)***

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from the estimates that were used.

## **The Downtown Development District of the City of New Orleans Notes to Financial Statements**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***Subsequent Events***

The District has evaluated subsequent events through the date that the financial statements were available to be issued, December 16, 2020. See Note 13 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion.

#### ***Recently Issued and Implemented Accounting Pronouncements***

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements address:

- Leases;
- Disclosures related to debt; and

The District is currently evaluating the requirements of the above statements and the impact on reporting.

### **NOTE 2: PROPERTY TAXES**

On November 17, 1975, the City obtained approval in a referendum for an additional 6 1/2 mills ad valorem tax on property within the District for the calendar years 1976 and 1977.

On October 1, 1977, the City obtained approval in a referendum to authorize the Council of the City of New Orleans to levy provisions of the Louisiana Constitution of 1974 and Subsection 1.1 of Louisiana Act No. 124 of 1977 upon all taxable real property for ten years for special improvements, facilities, services and the issuance of bonds as provided in the said Act, and to ratify the establishment of the District.

On April 7, 2001, pursuant to the Special Election held in accordance with Article VII, Section 23(c) of the 1974 Louisiana Constitution, the registered voters of the City of New Orleans approved the continued authority of the District to levy a property tax not to exceed 22.97 mills for an additional twenty five (25) years beginning with the year 2005 and ending with the year 2029.

In accordance with the State Constitution, the District will maintain its mills on real property at 21.32 mills. Collection has been suspended at 14.76 mills for the year ended December 31, 2019. The District levied 14.76 mills on real property within its area for 2019. Taxes on real property are levied on January 1 and payable on January 1. Billings are delinquent February 1 and are subject to lien and the assessment of penalties and interest. Property taxes levied for 2019, collected during 2019, or expected to be collected in 2019 are recognized as revenue in 2019. Taxes levied for 2020, but collected in 2019, are reflected as unearned revenue.

**The Downtown Development District of the City of New Orleans  
Notes to Financial Statements**

**NOTE 2: PROPERTY TAXES (CONTINUED)**

All property taxes are levied and collected by the City of New Orleans. Taxes collected, and any interests thereon, are to be deposited with the Board of Liquidation to the account of the District.

Certain property owners made tax payments under protest, which had not been resolved as of December 31, 2019, in the amount of \$747,808. As of December 31, 2019, these funds are held in escrow by the City of New Orleans.

**NOTE 3: LEVY OF TAX ASSESSMENT**

According to LA R.S. 47:1957, there is no express limitation on an assessor's ability to retroactively revise or adjust past assessments. As such, a tax assessor may revise or adjust past assessments for as many past years as his/her discretion dictates. To that extent, the ad valorem tax revenue for the District will always be subject to retroactive adjustments in the current year.

**NOTE 4: DETAILED NOTES ON ALL FUNDS**

***Cash and cash equivalents***

Cash and cash equivalents consisted of the following as of December 31, 2019:

	Amount
Demand deposits	\$ 1,265,066
Money market accounts	1,516,466
Cash on hand	300
<b>Total cash and cash equivalents</b>	<b>\$ 2,781,832</b>

***Restricted Cash and Cash Equivalents***

At December 31, 2019, the Board of Liquidation, as fiscal agent of the District, held on their behalf cash and money market accounts in the amount of \$1,513,237. Of this amount, \$234,513 was restricted for debt service obligations.

***Custodial Credit Risk***

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, all deposits are to be secured by federal depository insurance or the pledge of securities held by the pledging bank's agent in the District's name. As of December 31, 2019, demand deposits and money market account bank balances of \$1,370,845 were entirely secured by federal deposit insurance of \$250,000 and pledged securities held by a financial institution in the name of the District of \$2,234,136. Cash and money market accounts held by the Board of Liquidation in the amount of \$1,513,237 were fully covered by pledged securities held by financial institutions in the name of the Board of Liquidation, acting as fiscal agent for the District.

**The Downtown Development District of the City of New Orleans  
Notes to Financial Statements**

**NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)**

***Capital Assets***

Capital assets and depreciation activity as of and for the year ended December 31, 2019 for the primary government are as follows:

	January 1, 2019	Additions	Deletions	December 31, 2019
Office furniture	\$ 149,840	\$ -	\$ -	\$ 149,840
Computer equipment	150,028	15,570	-	165,598
Leasehold improvements	198,217	-	-	198,217
Office equipment	32,314	12,101	-	44,415
Motor vehicles	65,636	707	-	66,343
Public works property	31,577	-	-	31,577
Green space improvements	350,961	-	-	350,961
Subtotal	978,573	28,378	-	1,006,951
Less: accumulated depreciation	(524,903)	(33,911)	-	(558,814)
<b>Total</b>	<b>\$ 453,670</b>	<b>\$ (5,533)</b>	<b>\$ -</b>	<b>\$ 448,137</b>

Depreciation expense was charged to functions as follows:

Function	Amount
Administration	\$ 4,829
Communications and events	2,707
Economic development	2,775
Public space operations	11,838
Public safety	11,765
<b>Total</b>	<b>\$ 33,911</b>

***Long-Term Debt***

The following is a summary of the long-term debt obligation transactions for the year ended December 31, 2019:

	January 1, 2019	Additions	Payments	Retirements	December 31, 2019	Current Portion
DDD Limited						
Tax Bonds						
Series 2012	\$ 3,240,000	\$ -	\$ (365,000)	\$ -	\$ 2,875,000	\$ 370,000
<b>Total</b>	<b>\$ 3,240,000</b>	<b>\$ -</b>	<b>\$ (365,000)</b>	<b>\$ -</b>	<b>\$ 2,875,000</b>	<b>\$ 370,000</b>

**The Downtown Development District of the City of New Orleans  
Notes to Financial Statements**

**NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)**

***Long-Term Debt (Continued)***

Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Total interest expense incurred for the year ended December 31, 2019 was \$86,832.

***Bonds***

On June 13, 2012, the District issued \$5,485,000 of Limited Tax Refunding Bonds, Series 2012 for the purpose of refunding the Limited Tax Bonds, Series 2001. The bonds mature December 1, 2026 and bear a fixed interest rate of 2.68%. At December 31, 2019, \$2,875,000 of the bonds was outstanding.

Interest rates on the Series 2001 bonds ranged from 4.2% to 6.6%, whereas the interest rate on the Series 2012 bonds is fixed at 2.68%. The refunding resulted in a reduction of debt service payments in the amount of \$1,114,502 through the maturity of the bonds in December 2026.

Payment of principal and interest on the Series 2012 bonds will be solely from and secured by an irrevocable pledge and dedication of the proceeds derived from the levy and collection of taxes upon all taxable real property located within the boundaries of the District. At December 31, 2019, the Board of Liquidation, City Debt has \$234,513 on the Series 2012 bonds held in escrow for the payment of future debt service in connection with the bonds issued.

The annual requirements to amortize principal and interest on bonds outstanding at December 31, 2019 are as follows:

Year Ending	Principal Payments	Interest Payments	Total
2020	\$ 370,000	\$ 77,050	\$ 447,050
2021	385,000	67,134	452,134
2022	400,000	56,816	456,816
2023	410,000	46,096	456,096
2024	425,000	35,108	460,108
Thereafter	885,000	35,778	920,778
<b>Totals</b>	<b>\$ 2,875,000</b>	<b>\$ 317,982</b>	<b>\$ 3,192,982</b>

***Compensated Absences***

Employees generally receive paid time off (PTO), which can be used for vacation or for sick leave, at the following levels: full-time employees employed six through twelve months receive fifteen (15) days, full-time employees employed one through five years receive twenty (20) days; full-time employees employed six through ten years receive twenty-five (25) days; full-time employees employed eleven years through nineteen years receive thirty (30) days; and full-time employees employed for twenty or

**The Downtown Development District of the City of New Orleans  
Notes to Financial Statements**

**NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)**

***Compensated Absences (Continued)***

more years receive forty (40) days. PTO can be accumulated and carried forward up to twenty (20) days each year end.

Compensated absence activity for the year ended December 31, 2019 was as follows:

	Amount
Beginning Balance	\$ 85,756
Additions	170,385
Reductions	(169,199)
<b>Ending Balance</b>	<b>\$ 86,942</b>

***Interfund Transfers***

Transfers are used to move funds from the general fund to the debt service fund to maintain necessary balances with bond covenants. During 2019, the general fund transferred out \$451,832 to the debt service fund to satisfy debt covenants.

**NOTE 5: EMPLOYEE RETIREMENT PLAN AND WHOLE LIFE INSURANCE**

***Retirement Plan***

In 1993, the District established a defined contribution retirement plan for its employees.

Effective January 1, 2012, the District contributes 3% of eligible employees' salaries, regardless of any contribution from employees. The District also matches 3% of employee voluntary contributions, limited to 3% of the employee's salary. All full-time employees twenty-one years of age and over are eligible to participate in the plan. The plan's effective date was January 1, 1993. All contributions made to the plan are the property of the plan and the participating employees. Management of the plan's assets includes the ability to establish and amend plan provisions and any costs related to its operations, and is the sole responsibility of the Trustee(s) and the Administrator of the Downtown Development District Employee Retirement Trust - Federal EIN 72-1241070. The District's contribution to the plan in 2019 was \$85,541 which was paid to American United Life for deposit with designated fund agencies who are to manage the investment of the plan's assets.

***Life Insurance***

In conjunction with the development of the above retirement plan, but not a part of that plan, the District, in 1993, established an additional benefit in the form of whole life insurance policies for each of its employees. The amount of insurance provided to each employee is \$200,000. The insurance policies

## The Downtown Development District of the City of New Orleans Notes to Financial Statements

### NOTE 5: EMPLOYEE RETIREMENT PLAN AND WHOLE LIFE INSURANCE (CONTINUED)

are purchased in the name of and owned by each employee. Monthly premiums are paid by the District to MetLife. Premiums paid in 2019 by the District for these employee policies totaled \$23,153.

### NOTE 6: COMMITMENTS

#### *Operating Leases*

The District leases office space at 201 St. Charles Avenue. The lease commenced in April 2006 and expires in March 2021. Future minimum rental payments are as follows:

Year Ending	Amount
2020	\$ 144,362
2021	36,091
<b>Total</b>	<b>\$ 324,815</b>

Total expenditures for rental of office space were \$160,176 during the year ended December 31, 2019.

#### *Cooperative Endeavor Agreement – City of New Orleans*

Effective December 19, 2017, the District, the Ernest N. Morial New Orleans Exhibition Hall Authority and the City of New Orleans entered into a Cooperative Endeavor Agreement to enhance public services available to the homeless population of New Orleans by collaborating in the design, remodeling, and operation of a low barrier shelter (the Shelter). In 2018, the District was obligated to contribute \$1,000,000 towards the net costs of the acquisition, remediation, remodeling, equipping and fit-up of the property. Additionally, the District is also obligated to assist with fundraising from third parties for ongoing operational costs and provide funding for the operation of the Shelter. In no event will the District be required to provide more than \$500,000 toward operational funding in any one calendar year. The agreement is effective for five years from the effective date, with the option for the parties to renew for an additional five years. For the year ended December 31, 2019, the District provided \$500,000 in funding for the Shelter.

### NOTE 7: CONTINGENCIES

The District is a defendant in various lawsuits such as personal injury, property damage, and other employer related claims. These claims are covered by insurance subject to a deductible per occurrence. Attorneys of the District have reviewed these claims and lawsuits to evaluate the likelihood of an unfavorable outcome to the District. Loss contingencies have been estimated to be immaterial. Therefore, no accrual has been recorded in these financial statements.



## **The Downtown Development District of the City of New Orleans Notes to Financial Statements**

### **NOTE 8: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and material disasters for which the District carries errors and omissions and natural disaster commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

### **NOTE 9: LITIGATION - AD VALOREM TAX WITHHELD**

As of December 31, 2019, the City of New Orleans has withheld more than \$747,808 of property taxes collected on behalf of the District, and made use of the funds for the purpose of funding various State retirement systems. The State Attorney General has opined and the State Supreme Court has ruled that proceeds from the District's ad valorem tax can only be used for public improvements, facilities and services, and debt service on bonds of the City issued for capital improvements and facilities within the District. The DDD has filed suit against the City, which it is currently in settlement negotiations with, but Management is not able to determine what the outcome of litigation will be or when the City will remit funds to the District. Accordingly, a receivable has not been recorded as of December 31, 2019.

### **NOTE 10: REVENUE CONCENTRATION**

The District's current principal source of revenue consists mainly of property taxes assessed.

### **NOTE 11: PER DIEM PAID TO BOARD OF COMMISSIONERS**

The Board of Commissioners in the capacity as board members received no per diem amounts for the year ended December 31, 2019.

### **NOTE 12: TAX ABATEMENTS**

The City of New Orleans (the City) negotiates property tax abatement agreements on behalf of the City and its component units. Each agreement was negotiated for a variety of economic development purposes, including business relocation, retention, and expansion. The District, through the City, has tax abatement agreements with twenty commercial entities participating in the Restoration Tax Abatement (RTA) program as of December 31, 2019.

The RTA projects have property assessed at \$428,978,421 with exempt taxes attributable to the District of \$945,929 for the year ended December 31, 2019 and \$1,633,077 throughout the duration of the agreements. The tax abatements are provided through discounted rates applied to the District's 14.76 mills over the five year RTA contract period.

The City has not made any commitments as part of the agreements other than to reduce taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities, except for those entered into by the City.

## **The Downtown Development District of the City of New Orleans Notes to Financial Statements**

### **Note 13: SUBSEQUENT EVENTS**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

**The Downtown Development District of the City Of New Orleans  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund**

<b>For the Year Ended December 31, 2019</b>	Original Budget	Final Budget	Actual	Variance
<b>Operating Revenues</b>				
Internal sources (events, state, federal, etc.)	\$ 253,448	\$ 245,334	\$ 172,203	\$ (73,131)
Ad valorem taxes - net	7,788,432	7,572,962	7,241,093	(331,869)
<b>Total revenues</b>	<b>8,041,880</b>	<b>7,818,296</b>	<b>7,413,296</b>	<b>(405,000)</b>
<b>Expenditures</b>				
Administration	1,134,009	1,088,959	1,100,388	(11,429)
Communication and events	678,702	645,813	618,539	27,274
Public space operations	2,865,462	2,840,789	3,012,379	(171,590)
Public safety	2,583,191	2,587,722	2,688,508	(100,786)
Economic development	773,785	659,532	634,104	25,428
<b>Total expenditures</b>	<b>8,035,149</b>	<b>7,822,815</b>	<b>8,053,918</b>	<b>(231,103)</b>
<b>Net Operating Income</b>	<b>6,731</b>	<b>(4,519)</b>	<b>(640,622)</b>	<b>(636,103)</b>
<b>Non-Operating Revenue</b>				
Interest	25,000	23,458	53,639	30,181
<b>Total non-operating revenue</b>	<b>25,000</b>	<b>23,458</b>	<b>53,639</b>	<b>30,181</b>
Excess (deficit) of revenue over expenditures before other financing uses	31,731	18,939	(586,983)	(605,922)
Operating transfers out	(451,832)	(451,832)	(451,832)	-
Net change in fund balance	(420,101)	(432,893)	(1,038,815)	(605,922)
Fund Balance – Beginning of year	3,075,205	3,075,205	3,075,205	-
<b>Fund Balance – End of year</b>	<b>\$ 2,655,104</b>	<b>\$ 2,642,312</b>	<b>\$ 2,036,390</b>	<b>\$ (605,922)</b>

*The accompanying notes are an integral part of this financial statement.*

**The Downtown Development District of the City Of New Orleans  
Balance Sheet - Special Revenue Fund**

<b>December 31, 2019</b>	<b>Downtown Development Unlimited</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 4,705
<b>Total Assets</b>	
	<b>\$ 4,705</b>
 <b>Fund Balance</b>	
Unassigned	\$ 4,705
<b>Total Fund Balance</b>	
	<b>\$ 4,705</b>

*The accompanying notes are an integral part of this financial statement.*

**The Downtown Development District of the City Of New Orleans  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Special Revenue Fund**

<b>For the Year Ended December 31, 2019</b>	<b>Downtown Development Unlimited</b>
<b>Revenues</b>	
Other	\$ 100
<b>Total Revenues</b>	
	100
<b>Expenditures</b>	
Current:	
Administration	264
<b>Total Expenditures</b>	
	264
<b>Deficiency of Revenues Over Expenditures</b>	
	<b>(164)</b>
<b>Other Financing Sources (Uses)</b>	
Operating transfer in	-
Operating transfer out	-
<b>Total Other Financing Sources (Uses)</b>	
	-
<b>NET CHANGE IN FUND BALANCE</b>	
	<b>(164)</b>
<b>Fund Balance – Beginning of year</b>	
	<b>4,869</b>
<b>Fund Balance – End of year</b>	
	<b>\$ 4,705</b>

*The accompanying notes are an integral part of this financial statement.*

**The Downtown Development District of the City Of New Orleans  
Schedule of Compensation, Benefits, and Other Payments to Agency Head**

**For the Year Ended December 31, 2019**

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**Agency Head Name:** Kurt M. Weigle, President & CEO

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<b><i>Purpose</i></b>		<b><i>Amount</i></b>
Salary	\$	234,520
Benefits - Health Insurance		12,475
Benefits - Retirement		12,950
Benefits - Parking		900
Mileage Reimbursement		91
Parking Reimbursements		5
Cell Phone		1,208
Meals & Entertainment		66
Travel		309
Registration Fees		-
Conference Travel		-
Professional Development		-
Other		-
<b>Total</b>	<b>\$</b>	<b>262,523</b>

*The accompanying notes are an integral part of this financial statement.*



**Carr, Riggs & Ingram, LLC**  
111 Veterans Memorial Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 833-2436  
(504) 484-0807 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

**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 Board of Commissioners and  
Finance Committee  
The Downtown Development District of the  
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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downtown Development District of the City of New Orleans (the District), a component unit of the City of New Orleans, as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2020.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Cary Riggs & Ingram, L.L.C.*

Metairie, Louisiana  
December 16, 2020



**The Downtown Development District of the City of New Orleans  
Schedule of Findings and Responses  
December 31, 2019**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

    Material weakness(es) identified? \_\_\_ yes    \_X\_ no

    Significant deficiency(es) identified? \_\_\_ yes    \_X\_ no

Noncompliance material to financial statements noted? \_\_\_ yes    \_X\_ no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III – PRIOR FINDINGS AND RESPONSES**

No matters were reported for the year ended December 31, 2018.



Carr, Riggs & Ingram, LLC  
111 Veterans Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 837-9116  
(504) 837-0123(fax)  
www.CRIcpa.com

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Members of the Board of Commissioners  
and Finance Committee of the Downtown  
Development District of the City of New Orleans  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Members of the Board of Commissioners and Finance Committee of the Downtown Development District of the City of New Orleans (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The District is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

### ***Written Policies and Procedures***

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1. Obtain and inspect the District's written policies and procedures and observe that they address the following category:
  - a) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Results: No exceptions were found as a result of applying the procedure.**

## ***Payroll and Personnel***

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

**Results: No exceptions were found as a result of applying the procedure.**

3. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #2 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Cam, Riggs & Ingram, L.L.C.*

December 16, 2020