

COMBET C-3

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Private Credits	Federal Department of Social Security	Total	
		1988	1989
	\$ 000	\$ 5,760	\$ 591
		4,499	6,083
			3
		19,189	12,738
\$ 1		796	88
—	411	17,412	10,045
—	—	323	—
<b>E-1</b>	<b>\$ 000</b>	<b>\$ 18,529</b>	<b>\$ 21,186</b>
	\$ 10-	\$ 2,020	
	504	14,667	\$ 6,829
		100	127
—	—	12,189	12,738
—	—	20,174	20,724
<b>E-1</b>	—	11,708	10,604
<b>E-1</b>	—	11,708	10,604
<b>E-1</b>	<b>\$ 000</b>	<b>\$ 11,833</b>	<b>\$ 10,138</b>

(Continued)

CITY OF NEW ORLEANS  
 SCHEDULE OF FINDINGS/NONCOMPLIANCE  
 AND  
 QUESTIONED COSTS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 1995

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PROGRAM	FINDING/NONCOMPLIANCE	QUESTIONED COSTS
DEPARTMENT OF HEALTH & HUMAN SERVICES		\$-0-
Program No.	Condition	
GREAT EXPECTATIONS	<p><b>PROGRAMMATIC ACTIVITIES</b></p> <p>The Great Expectations grant with Eccealth provides that in community areas served, a service advisory administrative council be established to provide community development programs.</p> <p>We noted during our testing of contractual compliance that in one (1) community area out of ten (10) community areas served, a Service Advisory Administrative Council (SAAC) was not established. Additionally, in several instances the SAAC had not fully developed such program activities as Mom's and Dad's Clubs, parent organizations, and safety net programs.</p> <p><b>CRIME</b></p> <p>The SAAC experienced a significant lack of community participation.</p>	

## 18. INTEREST INCOME

In accordance with the City's Charter, 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 Permit-Demolition, Youth Care 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, special revenue funds and agency funds for the year ended December 31, 1995 was approximately \$2,855,000, \$1,451,000 and \$1,315,000, respectively.

In addition, interest income on the accountable trust fund is recorded in separate endowment income trust funds (expendable trust funds).

## 19. 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. They are cancellable by the City at any time. However, City management believes that such leases will generally be renewed or replaced each year. Annual rent in 1995 for such operating lease agreements was \$4,310,000.

**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, over collection of property taxes and improperly designed drainage systems.

The City, based upon actuarial evaluation, advice of legal counsel and the Administrator's estimates of probable liability of such actions, estimated the liability necessary to cover all losses and claims, both incurred and reported and incurred but not reported as of December 31, 1995 to be \$78,300,000.

**Self-Insurance** - The City is self-insured for its motor vehicle fleet, general liability, police department executive 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 executive 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 program. Paid claims in excess of such positions, if any, are funded by the general fund.

As of December 31, 1995, the City has determined, through actuarial review, 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 liabilities of \$240,000 for motor vehicle fleet, \$78,300,000 for general liability and police department executive force, \$10,700,000 for workers' compensation and \$6,295,000 for hospitalization have been accrued in the general long-term debt account group, in the total amount of \$111,635,000.

CITY OF NEW ORLEANS, LOUISIANA

GRANT RECIPIENT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)

	Department of Housing and Urban Development	Federal Justice Administration	Federal Emergency Management	Federal Health Administration	Education, Training, Employment and Social Services	Federal DMAC
<b>REVENUES:</b>						
Intergovernmental Program Income	\$ 18,735	\$ 59	\$ 87	\$ 11,082		\$ 1,214
Fines and forfeits						338
Interest Income						
Contributions, gifts and donations						
Total revenues	<u>18,735</u>	<u>59</u>	<u>87</u>	<u>11,082</u>		<u>1,552</u>
<b>EXPENDITURES:</b>						
General government		59				
Public safety			87			
Public works						
Health and welfare				11,075		
Culture and recreation						
Urban development and housing	18,735					312
Economic development and assistance						
Total expenditures	<u>18,735</u>	<u>59</u>	<u>87</u>	<u>11,075</u>		<u>312</u>
Excess (deficiency) of revenues over expenditures		<u>4</u>		<u>7</u>		<u>1,548</u>
<b>Other financing uses:</b>						
Operating transfers (out)/in				(7)		(128)
Total other financing uses				<u>(7)</u>		<u>(128)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses		<u>4</u>				<u>1,364</u>
FUND BALANCES, BEGINNING OF YEAR	<u>4</u>	<u>9</u>		<u>12</u>	<u>8</u>	<u>8,224</u>
FUND BALANCES, END OF YEAR	<u>\$ 4</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 9,588</u>

In consideration for the Audubon Park Commission's \$2,800,000 payment to the Board of Commissioners of the Port of New Orleans, the City, which became the sole owner of the Rivergate Facility (the future site of the City's land-based casino) under the Agreement, agreed to transfer and assign the second \$200,000 of annual net income from the parking facilities at the Rivergate Facility to Audubon Park Commission for twenty years beginning with the 1992 calendar year. The balance due to the Audubon Park Commission of \$1,825,000 at December 31, 1993 is recorded in the general long-term debt account group. In the event parking operations are discontinued at the Rivergate Facility, the Agreement provides for a lump-sum payment to Audubon Park Commission for the remaining payment discounted at seven percent, or to continue to pay the \$200,000 in monthly installments of \$18,667. \$1,825,000 of the Audubon Park Commission's \$2,800,000 payment is included in other assets of the Audubon Park Commission at December 31, 1993. As payments are received from the City of New Orleans, this account is being reduced for that portion of the payment representing return of principal, with the balance credited to interest income.

*Contributions, gifts and donations* - Contributions, gifts and donations of the general fund include contributions of \$2,531,000 from the developer of the land-based casino, which is located on City-owned land (the Rivergate Facility). These contributions represent lease and other payments made to the City by the casino developer.

#### 5. FUND BALANCE RESERVES

Certain fund balance amounts in the following funds have been reserved to indicate a restriction for a particular purpose. Details of the components of reserved fund balance at December 31, 1993 are as follows (amounts in thousands):

	Governmental Fund Taxes				Mandatory Fund-Expense Trust and Agency	Total
	General	Special Revenue	Info. Service	Capital Projects		
Encumbrances	\$ 26,505	\$ 554		\$ 28,259		\$ 75,802
Encumbrances					\$ 200	200
Long-term advances	251					251
Employees' retirement system					\$ 44,880	\$ 44,880
Data services	100		\$ 28,104			\$ 28,204
<b>Total</b>	<b>\$ 27,856</b>	<b>\$ 554</b>	<b>\$ 28,104</b>	<b>\$ 28,259</b>	<b>\$ 45,080</b>	<b>\$ 2,455,000</b>

**Fund Transfers - Individual fund transfers for the year ended December 31, 1995 were as follows (amounts in thousands):**

	Transfer to	Transfer from
General	<u>\$ 1,402</u>	<u>\$ 2,182</u>
Special revenue:		
Grant Reimburse Funds	165	535
Municipal Clean Judicial Expenses	916	45
Traffic Court Judicial Expense	1,021	9
Riverpar Development Corporation	-----	-----516
Total special revenue	<u>2,102</u>	<u>1,489</u>
Total	<u>\$ 3,504</u>	<u>\$ 3,671</u>

**Interfund Charges for Support Services - Interfund charges for support services paid to the general fund during fiscal year 1995 by the New Orleans International Airport amounted to \$605,000 primarily for overhead reimbursement and fire protection and by the Orleans Parish Communications District amounted to \$428,000 for overhead reimbursement.**

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

**Riverpar Economic Development Agreement:** On April 28, 1993, the City, the Board of Commissioners of the Port of New Orleans, and Audubon Park Commission entered into an agreement titled "Riverpar Economic Development Agreement" (the Agreement). In accordance with the terms of the Agreement, Audubon Park Commission paid \$15,000,000 to the Board of Commissioners of the Port of New Orleans. Of this amount \$11,000,000 was from the sale of Audubon Park Commission's Aquarium Revenue Bonds, Series 1992A, and \$2,000,000 was from self-generated funds of Audubon Park Commission.

In consideration for the \$11,000,000 payment, Audubon Park Commission is relieved of all rents or fees due to occupancy pursuant to a Consent and Right of Use Agreement with the Board of Commissioners of the Port of New Orleans. This Consent and Right of Use Agreement, dated October 23, 1987, provided for the development and occupancy of an aquarium and related facilities by the Commission in consideration for stipulated payments of rents and fees over the 99 year term of the Agreement. The \$11,000,000 payment has been recorded as prepaid rent and is being amortized over the remaining term of the consent agreement. Such amount is included in other assets of the Audubon Park Commission at December 31, 1995.

## CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT C-1  
Page 3 of 3SPECIAL REVENUE FUNDS  
(COMBINED) BALANCE SHEET  
DECEMBER 31, 1994 (AMOUNTS IN THOUSANDS)

	Plant a-Treat Campaign	Municipal Enforcement- Coc Cable	Grant Receipted Funds	Total	
				1993	1994
<b>ASSETS</b>					
Cash	\$ 123	\$ 3	\$ 3,763	\$ 4,189	\$ 743
Time certificates of deposit Investments, at cost or amortized cost	380		4,499	8,626	11,033
Accounts receivable (net, where applicable, of allowances for uncollectibles)				11,366	6,378
Grants loans receivable			13,189	13,189	13,738
Accrued interest receivable					
Due from other funds		351	793	2,823	882
Due from other governments			17,612	17,612	30,062
Due from component units			272	622	
<b>TOTAL ASSETS</b>	<b>\$ 503</b>	<b>\$354</b>	<b>\$41,878</b>	<b>\$62,631</b>	<b>\$43,933</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 14		\$ 2,223	\$ 4,389	\$ 687
Due to other funds			14,657	21,382	9,331
Due to other governments			183	183	157
Deferred revenues			13,189	13,189	13,738
Advances from other funds				252	252
<b>Total liabilities</b>	<b>14</b>		<b>30,152</b>	<b>39,093</b>	<b>24,165</b>
<b>Fund balances:</b>					
Reserved:				3,664	324
Unreserved:					
Designated for subsequent year's expenditures	48	\$378	11,704	12,730	16,434
Undesignated	291	252		3,718	8,806
<b>Total fund balances</b>	<b>289</b>	<b>330</b>	<b>11,704</b>	<b>20,324</b>	<b>18,564</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 283</b>	<b>\$330</b>	<b>\$41,878</b>	<b>\$62,611</b>	<b>\$43,933</b>

(Continued)

Traffic Court Judicial Expense	Municipal Court Judicial Expense	Sidewalk Paving and Repairing	Fines and Lic		Adopt a Pothole Program	Department of Safety and Perrids - Demolition
			Series B & Prior	Series S, T & Y		
\$ 1,330	\$ 730				\$ 3	
<u>1,331</u>	<u>730</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>30</u>	<u>---</u>
2,400	1,981					
<u>2,400</u>	<u>1,981</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
1,068	940					
<u>1,068</u>	<u>940</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>32</u>	<u>---</u>
1,021	918					
<u>1,021</u>	<u>918</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
1,012	821					
<u>1,012</u>	<u>821</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
570	30					
<u>570</u>	<u>30</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>39</u>	<u>---</u>
68	13	\$ -	36	\$ -	16	178
<u>68</u>	<u>13</u>	<u>\$ -</u>	<u>36</u>	<u>\$ -</u>	<u>16</u>	<u>178</u>
\$ 2,400	\$ 1,981	\$ -	\$ 36	\$ -	\$ 45	178
<u>\$ 2,400</u>	<u>\$ 1,981</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>178</u>

(Continued)



**CITY OF NEW ORLEANS, LOUISIANA**

**SPECIAL REVENUE FUNDS**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)**

	New Orleans Police Department - Crime Prevention	New Orleans Police - Officer's Funds	Asset Seizure	New Orleans War on Drugs	New Orleans Recreation Department
<b>REVENUES:</b>					
Taxes					
Intergovernmental					
Program income					
Fines and forfeits					
Interest income			\$ .55		
Contributions, gifts and donations			547		
Miscellaneous					
Total revenues	—	—	547.55	—	—
<b>EXPENDITURES:</b>					
General government					
Public safety			110		
Public works					
Health and welfare					
Culture and recreation					
Urban development and housing					
Economic development and assistance					
Total expenditures	—	—	110	—	—
Excess (deficiency) of revenues over expenditures	—	—	437.55	—	—
<b>Other financing sources (uses):</b>					
Operating transfers in					
Operating transfers out					
Total other financing sources (uses)	—	—	—	—	—
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	—	—	437.55	—	—
<b>FUND BALANCES, BEGINNING OF YEAR</b>					
	\$ .1	\$ .-	\$ 412	\$ .3	\$ .42
<b>FUND BALANCES, END OF YEAR</b>					
	\$ .1	\$ .-	\$ 855	\$ .3	\$ .42

CITY OF NEW ORLEANS, LOUISIANA

GRANT RECIPIENT FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 1991 (AMOUNTS IN THOUSANDS)

	Department of Education	Department of Culture, Recreation and Tourism	Department of Labor	Department of Revenue	Traffic Court
<b>ASSETS</b>					
Cash			\$ 1,449		\$ 2
Time certificates of deposit					
Accounts receivable					
Grants receivable					
Due from other funds	\$ 2	\$ 11	158	\$ 1	\$ 4
Due from other governments			257	48	
Due from component units	—	—	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 2</b>	<b>\$ 11</b>	<b>\$ 2,874</b>	<b>\$ 57</b>	<b>\$ 6</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable			\$ 2		\$ 14
Due to other funds	\$ 2	\$ 10	1,465	148	\$ 12
Due to other governments					
Deferred revenues	—	—	—	—	—
<b>Total liabilities</b>	<b>\$ 2</b>	<b>\$ 10</b>	<b>\$ 1,477</b>	<b>\$ 158</b>	<b>\$ 26</b>
<b>Fund balances</b>					
<b>Unreserved</b>					
Designated for subsequent year's expenditures	\$ 1	\$ 1	\$ 400	\$ 1	—
<b>Total fund balances</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 400</b>	<b>\$ 1</b>	<b>—</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3</b>	<b>\$ 11</b>	<b>\$ 2,877</b>	<b>\$ 159</b>	<b>\$ 26</b>

**EXHIBIT C-3**  
**Page 1 of 3**

Department of Economic Development	Federal Energy Grant	Louisiana Committee on Law Enforcement	Department of Health and Human Resources
	\$ 5	\$ 207 400	\$
	87		187
\$ 12		1,100	915
-----	-----	-----	-----
<u>\$ 12</u>	<u>\$ 62</u>	<u>\$1,298</u>	<u>\$1,092</u>
		\$ 18	\$ 7
\$ 10	\$ 3	880	1,075
-----	-----	-----	-----
<u>10</u>	<u>3</u>	<u>898</u>	<u>1,082</u>
-----	-----	-----	-----
	87	780	-----
-----	87	780	-----
<u>\$ 12</u>	<u>\$ 62</u>	<u>\$1,298</u>	<u>\$1,092</u>

(Continued)

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM            FINDING/NONCOMPLIANCE**

U.S.  
DEPARTMENT OF  
HOUSING & URBAN  
DEVELOPMENT

FINDER NO.	Condition
109E 109F	ADMINISTRATION AND REPORTING OF GRANT ACTIVITY <u>CONTINUED</u>

Criteria, Continued

subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

Recommendation

No recommend that the City require the Department of Housing and Neighborhood Development (DHND) disclose to the Accounting Department all financial activity of grants administered by their office.

No further recommend that the City evaluate the use of disbursing agents versus the utilization of options within their own Accounting Department for the receipt and disbursement of grant funds.

CITY OF NEW ORLEANS, LOUISIANA

GRANT RECEIPT FUNDS  
COMPARING BALANCE SHEET  
DECEMBER 31, 1998 (AMOUNTS IN THOUSANDS)

	Department of Housing and Urban Development	Federal Justice Administration	Federal Emergency Management	Federal Health Administration	Education, Training, Employment and Social Services	Federal HRAC
<b>ASSETS</b>						
Cash	\$1,317	\$ 30		\$ 30		\$ 2,786
Time certificates of deposit						4,000
Accounts receivable						13,289
Grants - loans receivable				62		172
Due from other funds	4		\$ 48	2,158	\$ 24	6,358
Due from other governments	(5,140)					
Due from component units	—	—	—	—	—	—
<b>TOTAL ASSETS</b>	<b><u>16,432</u></b>	<b><u>1 30</u></b>	<b><u>1 48</u></b>	<b><u>1 2,350</u></b>	<b><u>1 24</u></b>	<b><u>128,564</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$1,781			\$ 377		\$ 2
Due to other funds	4,717	\$ 37	\$ 68	2,657	\$ 24	2,693
Due to other governments						31,392
Deferred revenues	—	—	—	—	—	—
<b>Total liabilities</b>	<b><u>6,498</u></b>	<b><u>37</u></b>	<b><u>68</u></b>	<b><u>2,657</u></b>	<b><u>24</u></b>	<b><u>34,087</u></b>
<b>Fund balances:</b>						
<b>Unreserved:</b>						
Designated for subsequent year's expenditures	—	—	—	—	—	18,478
<b>Total fund balances</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>18,478</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>16,432</u></b>	<b><u>1 30</u></b>	<b><u>1 48</u></b>	<b><u>1 2,350</u></b>	<b><u>1 24</u></b>	<b><u>128,564</u></b>

## **Background**

The programmer, not the user, is responsible for deciding if users need to test a program change based on the size and complexity of the change. If users are required to test the changes, then they will test the change but do not formally indicate their approval through a sign-off on the request. Without sufficient program change controls, management cannot be reasonably assured that changes made to the application systems were appropriately requested, authorized and implemented.

## **Recommendation**

Formal program change procedures should be developed when the users test all program changes prior to movement into production. This should include a formal sign-off indicating their approval of test results.

## **TERMINAL TIME-OUT**

### **Description**

The automatic terminal time-out feature is not sufficiently utilized. This could result in unauthorized users gaining access to terminals left logged on and unattended.

### **Background**

User terminals are not set to automatically log-off after a specified period of inactivity. Users with update utilities and update access to production data (RDRSCCH) are set to log-off after 60 minutes which does not provide an adequate level protection. Terminals are not always physically secured from public access.

### **Recommendation**

Management should utilize the time-out feature to minimize the potential for unauthorized access through terminals that are signed-on and left unattended. A more typical terminal time-out limit used in other organizations is 15 to 30 minutes.

## **DIAL-IN ACCESS**

### **Description**

The City does not monitor dial-in access activity. This could result in unauthorized system activity and unauthorized users gaining access to the systems by dialing in.

### **Background**

Several users have been granted the ability to dial-in modems and access the mainframe system. Many of these users are provided with update access to production resources. In addition, there is no monitoring of invalid access attempts made to the system through dialing-in. Monitoring all dial-in activity would provide additional assurance that the activity performed is appropriate and authorized and all invalid access attempts are identified and monitored in order to identify security weaknesses.

### **Recommendation**

Management should add the daily review of dial-in activity to the monitoring procedures which are currently performed.

**SPECIAL REVENUE FUNDS  
COMPARING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 1988 (AMOUNTS IN THOUSANDS)**

	Plant A-Tree Campaign	Municipal Enforcement- Car Cable	Grant Receipts Funds	Total	
				1988	1984
<b>REVENUES:</b>					
Taxes				\$ 4,087	\$ 4,204
Intergovernmental			\$ 43,419	43,419	46,246
Program income			1,214	1,214	1,428
Fees and rentals			38	2,971	2,664
Interest income	\$ 7	\$ 70	738	1,384	734
Contributions, gifts and donations	5	990		1,769	1,581
Miscellaneous				2,868	2,196
Total revenues	<u>12</u>	<u>1,060</u>	<u>48,431</u>	<u>58,232</u>	<u>60,684</u>
<b>EXPENDITURES:</b>					
General government			810	4,771	9,720
Public safety			1,298	1,368	383
Public works			76	76	87
Health and welfare			14,882	14,882	9,780
Culture and recreation	48	89	97	1,329	1,924
Urban development and housing			18,547	20,759	26,716
Economic development and assistance			2,338	23,024	11,544
Total expenditures	<u>48</u>	<u>89</u>	<u>48,761</u>	<u>68,129</u>	<u>68,232</u>
Excess (deficiency) of revenues over expenditures	<u>(36)</u>	<u>128</u>	<u>1,643</u>	<u>3,083</u>	<u>452</u>
Other financing sources (uses):					
Operating transfers in			168	2,182	2,896
Operating transfers out			(232)	(1,683)	(2,472)
Total other financing sources (uses)			(164)	699	(576)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(36)</u>	<u>128</u>	<u>1,279</u>	<u>3,780</u>	<u>87</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>					
	<u>315</u>	<u>305</u>	<u>18,426</u>	<u>18,768</u>	<u>18,627</u>
<b>FUND BALANCES, END OF YEAR</b>					
	<u>\$382</u>	<u>\$ 433</u>	<u>\$ 19,705</u>	<u>\$ 22,548</u>	<u>\$ 18,704</u>

(Continued)

New Orleans Film Commission	New Orleans Special Events	Vieux Carré Commission	Vieux Carré Restoration	Public Library Donations	Sustituted Recycling
\$ 3	\$ 4	\$ 2		\$ 1	\$ 1
164				29	28
<u>167</u>	<u>4</u>	<u>2</u>	<u>—</u>	<u>30</u>	<u>29</u>
341				49	15
<u>341</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>49</u>	<u>15</u>
170	4	2		12	26
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
(74)	4	2		69	28
<u>180</u>	<u>31</u>	<u>3.22</u>	<u>5.1</u>	<u>21</u>	<u>11</u>
<u>2.26</u>	<u>2.25</u>	<u>3.22</u>	<u>5.1</u>	<u>112</u>	<u>5.40</u>

(Continued)



CITY OF NEW ORLEANS, LOUISIANA

SPECIAL REVENUE FUNDS  
 CHARTERED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 YEAR ENDING DECEMBER 31, 1968 (AMOUNTS IN THOUSANDS)

	New Orleans Economic Development	Neighborhood Housing Improvements	Environment Improvement	Rivergate Special Fund	Rivergate Development Corporation
<b>REVENUES:</b>					
Taxes	\$1,029	\$1,658			
Intergovernmental					
Program income					
Fines and forfeits			\$799		
Interest income	148	135		\$ 27	
Contributions, gifts and donations					
Miscellaneous				21	\$ 2,847
Total revenues	<u>1,177</u>	<u>1,793</u>	<u>799</u>	<u>27</u>	<u>2,847</u>
<b>EXPENDITURES:</b>					
General government					
Public safety					
Public works					
Health and welfare			167		
Culture and recreation					
Urban development and housing		2,212			
Economic development and assistance	2,247			2	1,128
Total expenditures	<u>2,247</u>	<u>2,212</u>	<u>167</u>	<u>2</u>	<u>1,128</u>
Excess (deficiency) of revenues over expenditures	<u>1170</u>	<u>581</u>	<u>122</u>	<u>25</u>	<u>1,719</u>
<b>Other financing sources (uses):</b>					
Operating transfers in					
Operating transfers out					(816)
Total other financing sources (uses)					(816)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(176)	581	122	25	903
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>3,482</u>	<u>765</u>	<u>133</u>	<u>452</u>	<u>608</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$3,306</u>	<u>\$1,346</u>	<u>\$255</u>	<u>\$477</u>	<u>\$1,511</u>

## B. Investments

The carrying amount of component unit investments at December 31, 1995 was \$243,813,800 and the market value is \$258,303,800. These investments are categorized below (amounts in thousands) to give an indication of the level of risk assumed by the component unit at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the component unit or its agent in the component unit's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the component unit's name. Category 3 includes insured and unregistered investments for which the securities are held by the financial institution or by its trust department or agent, but not in the component unit's name.

	Category			Total	Market Value
	1	2	3		
U.S. Government securities and instruments	\$121,094	\$ 38,828	\$4,961	\$164,883	\$168,823
Corporate bonds		18,458		18,458	18,118
Equity securities		40,352		40,352	50,359
	<u>\$121,094</u>	<u>\$107,638</u>	<u>\$4,961</u>	<u>\$243,813</u>	<u>\$258,303</u>

## C. Fixed Assets

A summary of proprietary component unit property, plant and equipment at December 31, 1995 follows (amounts in thousands):

	Other State Component-unit Assets	Public Debt Commission	New Orleans International Airport	Sewerage and Water Board	Municipal Tank Board	Franklin Parish Corp. sales	Open Space Building Renovation Corporation	Total State Component-unit	Total
Plant and land interests					\$1,873				\$ 1,873
Cash				\$ 144,208					144,208
Inventory, supplies, etc.			\$102,034						112,034
Buildings and improvements		\$192,500	88,481	153,720	1,793	20,028	24,177	380,899	614,498
Machinery and equipment	\$6,451	1,508	3,481	497,079	31	683	88	509,631	516,181
Utility systems			1,793	138,000				139,793	141,586
Land	1,281	108,500	108,500	461,508	1,776	19,841	8,797	700,403	701,684
Less accumulated depreciation	(600)	(28,460)	(108,148)	(288,460)	(1,439)	(4,600)	(170)	(629,877)	(630,307)
	1,281	80,040	203,853	273,048	1,337	13,241	6,627	580,397	571,377
Land and city rights			48,844	1,084				49,928	50,712
Commitments in progress		30,033	71,883	100,000	884			202,800	203,684
Total	<u>\$6,711</u>	<u>\$240,573</u>	<u>\$386,238</u>	<u>\$1,086,628</u>	<u>\$4,021</u>	<u>\$23,952</u>	<u>\$4,028</u>	<u>\$630,621</u>	<u>\$1,617,323</u>

Construction in progress in the proprietary component units consists primarily of renovations to the New Orleans International Airport and the Sewerage and Water Board's construction of water, sewerage and drainage systems within the City. Outstanding commitments to complete these renovation projects as of December 31, 1995 amounted to approximately \$222,675,839 and \$34,533,743, respectively.

**FINANCIAL STATEMENTS  
OF INDIVIDUAL FUNDS**

**GENERAL FUND**

## CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT B-1

Page 1 of 3

**GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
YEAR ENDING DECEMBER 31, 1991 (AMOUNTS IN THOUSANDS)**

	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
<b>Taxes:</b>			
Real estate	\$ 13,200	\$ 11,960	\$ (1,240)
Personal property	3,834	4,213	379
Dedicated millage:			
Police	11,827	12,400	480
Fire	11,827	12,319	388
Library	3,438	3,223	(215)
Recreation	1,718	1,840	120
Parkway	1,718	1,840	120
Streets	2,358	2,358	0
Sales - undifferentiated	113,262	120,279	4,867
Fees and interest on delinquent taxes	1,600	2,750	1,150
Utilities	9,595	8,662	(933)
Chain stores	275	288	13
Special and property service charge	1	1	0
Beverage excise	700	627	(73)
Amusement	2,200	1,989	(211)
Off-track betting	800	371	(429)
Parking	1,694	1,654	(40)
Inheritance	3	3	0
Domesticity transaction	3,080	3,721	641
<b>Total taxes</b>	<b>189,182</b>	<b>184,725</b>	<b>(4,457)</b>
<b>Licenses and permits:</b>			
Blingo or tern licenses	3	3	0
Electrical licenses	370	485	89
Air conditioning and gas filter licenses	29	28	(1)
Holding and portable licenses	23	18	(5)
Occupational licenses	7,430	7,560	130
Special operating engineer licenses	3	-	(3)
Stationary engineer licenses	62	25	(37)
Miscellaneous licenses	293	277	(16)
Service cuts	35	19	(16)

(Continued)

### SPECIAL REVENUE FUNDS

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:

- 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.
- Neighborhood Housing Improvement* - Used to account for funds allocated to programs which repair and renovate housing in low income areas.
- Rivergate Special Fund* - Used to account for funds received from the Rivergate parking facilities which have been earmarked for payment to the Audubon Park Commission as per the "Riverfront Economic Development Agreement."
- Rivergate Development Corporation* - Used to account for and oversee the development of the future land-based casino site.
- ATM Seizure* - Used to account for property confiscated from drug dealers by the police department to be used for crime fighting resources.
- Grant Receipts Funds* - Used to account for grants and other state and federal financial assistance.

## EXHIBIT C-4

Page 1 of 2

Department of Economic Development	Federal Energy Grant	Legislative Commission on Law Enforcement	Department of Health and Human Resources
\$		\$1,171	\$3,528
-----	-----	-----	-----
-----	-----	1,171	3,528
		1,171	3,540
-----	-----	-----	-----
-----	-----	1,121	3,540
-----	-----	-----	111
-----	-----	-----	12
-----	-----	-----	12
\$-----	\$ 37	790	-----
\$-----	\$ 37	\$790	\$-----

CITY OF NEW ORLEANS, LOUISIANA

SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 1998 (AMOUNTS IN THOUSANDS)

	New Orleans Economic Development	Neighborhood Housing Improvement	Environment Improvement	Rivergate Special Fund	Rivergate Development Corporation
<b>ASSETS</b>					
Cash		\$ 141	\$ 60	\$ 99	\$1,115
Time certificates of deposit Investments, at cost or amortized cost	\$8,500	2,850	159	600	1,693
Accounts receivable (net, where applicable, of allowances for uncollectibles)	42	42			
Grants receivable					
Accrued interest receivable					
Due from other funds	240	1	31		1,234
Due from other governments					
Due from component units	—	—	—	—	—
<b>TOTAL ASSETS</b>	<b>\$8,782</b>	<b>\$3,034</b>	<b>\$250</b>	<b>\$699</b>	<b>\$4,042</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 715	\$ 27	\$ 1		\$1,284
Due to other funds	2,700	1,280	2		1,263
Due to other governments					
Deferred revenues					
Advances from other funds	—	—	—	—	—
<b>Total liabilities</b>	<b>3,415</b>	<b>1,307</b>	<b>3</b>	<b>—</b>	<b>2,547</b>
<b>Fund balances:</b>					
Reserved for encumbrances (Unreserved)	4,091	973			
Designated for subsequent year's expenditures			136		469
Undesignated	1,221	753	120	\$699	1,178
<b>Total fund balances</b>	<b>5,312</b>	<b>1,726</b>	<b>256</b>	<b>699</b>	<b>1,647</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$8,727</b>	<b>\$3,034</b>	<b>\$259</b>	<b>\$699</b>	<b>\$4,194</b>



## **ENCUMBRANCES**

### **Observation**

It appears that many encumbrances in the capital projects fund are several years old. As projects are constructed, a decrease in the originally encumbered balance would be expected; however, many old encumbered balances had no activity in 1999 and remain outstanding at year end.

### **Recommendation**

A detailed review of outstanding encumbrances should be performed at the end of each fiscal year. Encumbrances should not be allowed to remain a part of the (reserved) fund balance if it does not appear likely that the expenditure will be made.

## **COMPONENT UNIT ACCOUNTS**

### **Observation**

During our testing of the transfer from component units, it was noted that there is no policy to periodically reconcile the due to/from from component units recorded on the component units' books with the balances recorded on the City's books.

A number of audit reclassification entries were required at December 31, 1999 in order for these balances to be appropriately reflected in the City's financial statements.

### **Recommendation**

Accounting personnel with the City should contact the appropriate personnel at each respective component unit periodically in order to reconcile the due to/from their balances and aggregate on its own records those balances which are due to/from from the primary government vs. component units.

## **REVIEW OF ACCESS PRIVILEGES**

### **Observation**

There is no regular review of access privileges to each computer application to ensure each user's access to application data is appropriate. This could result in unintentional or unauthorized modifications to application data.

### **Background**

Department heads do not periodically review which users have access to their data. In addition, MIS is not notified consistently when an employee is terminated or transferred, therefore, user I.D.'s with update access to applications remain active in the system. The detection of unauthorized user access can be achieved with periodic review.

### **Recommendation**

Perform a periodic review of access to applications to ensure only appropriate, active employees have access to perform key transactions in each application.

CITY OF NEW ORLEANS, LOUISIANA

SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 1993 (AMOUNTS IN THOUSANDS)

	New Orleans Police Department - Crime Prevention	New Orleans Police Department - Officer's Funds	Asset Seizure	New Orleans War on Drugs	New Orleans Recreation Department
<b>ASSETS</b>					
Cash		\$ 11	\$285	\$ 8	\$48
Time certificates of deposit investments, at cost or amortized cost	\$ 1	32	718		
Accounts receivable (net, where applicable, of allowances for uncollectibles)					
Grants loans receivable					
Accrued interest receivable					
Due from other funds					
Due from other governments					
Due from component units	—	—	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 2</b>	<b>\$ 43</b>	<b>\$924</b>	<b>\$ 8</b>	<b>\$48</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable			\$ 3		
Due to other funds		\$ 63	14		
Due to other governments					
Deferred revenues					
Advances from other funds	—	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>63</b>	<b>17</b>	<b>—</b>	<b>—</b>
<b>Fund balances:</b>					
Reserved for encumbrances (unreserved)					
Designated for subsequent year's expenditures			89		
Undesignated	\$ 1	—	315	1.8	\$48
<b>Total fund balances</b>	<b>1</b>	<b>—</b>	<b>324</b>	<b>1.8</b>	<b>48</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1</b>	<b>\$ 63</b>	<b>\$924</b>	<b>\$ 8</b>	<b>\$48</b>

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM            FINDING/NONCOMPLIANCE**

U.S.  
DEPARTMENT OF  
HOUSING & URBAN  
DEVELOPMENT

Program No.	Condition
None None	<p><u>ADMINISTRATION AND REPORTING OF GRANT ACTIVITIES</u> CONTINUED</p> <p><u>Criteria</u></p> <p>The Common Rule subpart C, Section 201(b)(1) and (2) states:</p> <p>The financial management systems of grantees and subgrantees must meet the following standards:</p> <p>(1) Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.</p> <p>(2) Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or</p>

**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 Schedule of Federal Financial Assistance and certain specific grants have disclosed certain items or transactions as questioned costs approximating \$10.5 million. The ultimate resolution or discontinuation 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; however, the City believes that it has adequately provided for any liabilities associated with these questioned costs within the general long-term debt account group.

**Landfill Closing Costs** - The City owns a closed landfill site located in the eastern portion of the City. State and federal laws require the City to cap the landfill and to monitor and maintain the site for thirty subsequent years. Additionally, the City owns another landfill site located in the eastern portion of the City. Under State and federal laws, the operator of this landfill site will be responsible for closing the landfill once its capacity is reached, and the City will be responsible for monitoring and maintaining the site for thirty subsequent years. The City recognizes a portion of the closure and postclosure care costs within the general long-term debt account group in each operating period even though actual payments will not occur until these landfills are capped and closed, respectively. The amount recognized each year to date is based on the landfills' capacities used as of the balance sheet date. As of December 31, 1995, the City had incurred a liability of \$10,178,000, which represents the amount of costs reported to date based on the 100 percent capacity of both landfills.

**Arbitrage** - The City has issued tax-exempt bonds which 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.

## 12. COMPONENT UNIT DISCLOSURES:

### A. Cash and Time Certificates of Deposit

The carrying amount of component unit deposits at December 31, 1995 was \$141,331,000, and the bank balance was \$138,452,000. The component unit bank balances are categorized below (amounts in thousands) to give an indication of the level of risk assumed by the component unit at year-end. Category 1 includes insured or collateralized cash with securities held by the component unit or its agent in the component unit's name. Category 2 includes collateralized cash with securities held by the pledging financial institution's trust department or its agent in the component unit's name. Category 3 includes uncollateralized cash, including any bank balances that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the component unit's name.

	<u>Category</u>			Total
	1	2	3	
Bank balances:				
Cash and certificates of deposit	<u>\$ 850</u>	<u>\$ 138,450</u>	<u>\$ 1,051</u>	<u>\$ 138,451</u>

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM                      FINDING/NONCOMPLIANCE**

U.S.  
DEPARTMENT OF  
HOUSING & URBAN  
DEVELOPMENT

Program No.	Condition
None	ADMINISTRATION AND REPORTING OF GRANT ACTIVITY
None	<u>CONTINUED</u>

**Case:**

Accounting controls were circumvented in that the receipt and disbursement activity did not flow through the City's accounting system although the City was in fact the grant recipient. Moreover, activity reports generated by the disbursing agent were never transmitted to the City's Accounting Department for recordation.

#### D. Long-Term Debt

The City is not liable for bonds issued by the Sewerage and Water Board and the New Orleans International Airport. Series 1993 Limited Tax bonds issued by the Audubon Park Commission represent special and limited obligations of the City payable from and secured solely by the proceeds of a special ad valorem tax. The outstanding balance of the Series 1993 bonds at December 31, 1993 was \$47,755,898.

The following represents debt service requirements (amounts in thousands) for all significant components with bonds outstanding at December 31, 1993. Interest payments for the Sewerage and Water Board, New Orleans International Airport and Audubon Park Commission of \$6,711,000, \$268,728,000 and \$32,181,000 respectively, are included.

Year Ending December 31	Audubon Park Commission	New Orleans International Airport	Sewerage and Water Board	Total
1996	\$ 5,886	\$ 35,741	\$ 11,290	\$ 52,917
1997	5,824	45,888	11,213	62,925
1998	5,791	35,528	7,351	48,670
1999	5,825	35,681	3,473	44,979
2000	3,800	37,090	3,373	44,263
Thereafter	<u>87,335</u>	<u>382,632</u>	<u>3,181</u>	<u>472,148</u>
	<u>\$108,411</u>	<u>\$ 418,450</u>	<u>\$ 17,028</u>	<u>\$ 543,889</u>

#### E. Contributed Capital

The following proprietary component units recorded contributed capital in the following amounts as of December 31, 1993: New Orleans International Airport, \$198.8 million; Sewerage and Water Board, \$130.8 million; French Market Corporation, \$2.8 million; and Canal Street Development Corporation, \$8.8 million. Total contributed capital across these funds increased in 1993 by \$41.7 million from \$258.3 million to \$300.0 million. \$79.8 million of this increase was recorded by the New Orleans International Airport which received amounts from federal and State agencies and the City of New Orleans to finance the cost of construction of airport facilities.

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## **STAGING LIBRARY**

### **Observation**

There is no secure staging library to prevent programmers from modifying code between the time it is approved and the time it is moved into production. This could result in unauthorized or unintentional modifications or deletions to production programs.

### **Background**

All completed tested and approved program changes must be approved prior to movement into production. However, the program is not secured from further modification by the programmer while it is waiting to be approved and moved to production.

### **Recommendation**

A secure staging library should be developed, and all testing and approvals should be done from this library. The staging library should not allow programmers to have update capabilities. This would prevent further modification to programs after they have been tested and approved.

## **PROGRAM CHANGE STANDARDS**

### **Observation**

There are no formal program change standards. As a result, management's requirements for program change procedures may not be met.

### **Background**

Formal program change standards allow for system maintenance to be performed within management's guidelines. If these standards are not defined, programmers may document program changes differently making maintenance to the system more difficult and confusing. Formal procedures will allow each programmer to know exactly what is expected and allow all program changes to be completed in the same manner.

### **Recommendation**

Publish formal procedure change standards. Enforce these standards to be followed by all programming staff.

## **TESTING OF PROGRAM CHANGES**

### **Observation**

User do not always test program changes prior to movement into production. This could result in unauthorized changes to production programs.

### **Observation**

For the workers' compensation industry as a whole, indemnity (compensation) losses as a percentage of total losses are usually in the range of 30% to 60% of total losses. Medical losses are typically 40% to 50% of total losses. Over the last six accident years, the City has exhibited unusual behavior regarding the split of medical and indemnity losses as a percentage of total losses. The following is a chart by accident year that displays the City's percentage split between medical and indemnity paid losses.

<b>Accident Year</b>	<b>Percentage of Paid Losses by Type</b>	
	<b>Medical</b>	<b>Indemnity</b>
1990	36 %	48 %
1991	34 %	48 %
1992	38 %	42 %
1993	64 %	36 %
1994	68 %	40 %
1995	60 %	38 %

### **Recommendation**

This distribution is opposite of what typically occurs in the industry. We have not determined the underlying causes of this shift but recommend further investigation of this matter.

## **GENERAL FIXED ASSETS**

### **Observation**

Original deeds and other related documents for properties owned by the City of New Orleans are stored in file cabinets on the fifth floor of City Hall.

### **Recommendation**

Because these are original documents and are not easily replaced, we recommend that all original property documents maintained by the City be safeguarded in fire proof cabinets. Additionally, we recommend that a centralized electronic database of all immovable property be created to ensure that all owned property is utilized in an efficient manner.

## **ACCOUNTS RECEIVABLE**

### **Observation**

During our testing of accounts receivable, we noted that the allowance for doubtful accounts balance has not changed since the prior year end. This may indicate a lack of adequate assessment in the current year.

### **Recommendation**

We recommend that the City perform and document periodic assessments of the adequacy of the allowance for doubtful accounts.



In addition to the individual claims information mentioned above, we recommend that the City develop and maintain a database that captures historical cumulative incurred losses, paid losses, and open and closed claim count information by date of injury. Building a history of the City's cumulative losses at annual valuation dates grouped by accident year will enable users of the data to determine whether changes in reserve requirements are due to increases/decreases in estimated losses for previously reported claims or increases/decreases in current period occurrences.

Additionally, the final information on settled/closed claims is maintained in a separate database from the open claim information. We recommend the City maintain a complete history on all settled/closed claims including claim number, date of loss occurrence, file type, city entity, status, close date, final settlement/judgment, payment, and date of payment.

## **WORKERS' COMPENSATION RESERVES**

### **Observation**

In performing our procedures relating to the City's workers' compensation reserves, we noted significant changes to case reserves which occurred for accident years 1989 and prior, apparently as a result of a claim-by-claim review of all open claims. Claim reviews are common in the industry, but the amount of strengthening appears abnormally high.

The City's third party claims administrator informed us that individual claim files do not contain case reserve information. This is contrary to standard industry practice. Although case reserve information is included in the computer system in total, there is no documentation or audit trail supporting the above-noted change in reserves. Upon additional inquiry, we received conflicting explanations on the reasons for the increase in reserves; therefore, we were not able to see the incurred loss data.

### **Recommendation**

We recommend that the significant increase in case reserve estimates be investigated and resolved. Reliable case reserve estimates will allow the City to use actuarial methodologies based on incurred losses rather than having to rely exclusively on paid loss data.

We recommend that the City develop and maintain a database that captures historical cumulative incurred losses, paid losses, and open and closed claim count information by date of injury. Building a history of the City's cumulative losses at annual valuation dates grouped by accident year will enable users of the data to determine whether changes in reserve requirements are due to increases/decreases in estimated losses for previously reported claims or increases/decreases in current period occurrences. This database will also allow the City to analyze the trends in loss frequency or severity.

CITY OF NEW ORLEANS  
 SCHEDULE OF FINDINGS/NONCOMPLIANCE  
 AND  
 QUESTIONED COSTS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 1995

**PROGRAM            FINDING/NONCOMPLIANCE**

U.S.  
 DEPARTMENT OF  
 HOUSING & URBAN  
 DEVELOPMENT

PROGRAM No.	Condition			
HOME	ADMINISTRATION AND REPORTING			
HOPE	OF GRANT ACTIVITIES			
	CONTINUED			
	<b>Kilast</b>			
	Unrecorded grant revenue and expenditures for the Home Program and the Hope 3 Program for fiscal years 1993, 1994 and 1995, respectively, are as follows:			
	1993	1994	1995	Total
Home	\$1,496,065	\$5,777,347	\$1,593,917	\$8,867,329
Hope 3	88,124	133,386	0	221,510
Total	<u>\$1,584,189</u>	<u>\$5,910,733</u>	<u>\$1,593,917</u>	<u>\$9,088,839</u>

The Schedule of Federal Financial Assistance was adjusted for these amounts as of December 31, 1995. Consequently, omissions of this type indicate a material weakness in the administrative and accounting controls of the City of New Orleans.

## EXHIBIT D-4

Simon Hersheim	Kivnick Club Lee-Clirk Sprinkler System	Elin West Freeman Foundation	Endowment Income	Total	
				1993	1994
\$ 18	\$ 1	\$ 1	\$ 32	\$ 374	\$ 171
—2	—	—	—18	—502	—1,185
—23	—1	—1	—45	—1,343	—1,378
				25	35
				71	126
—3	—	—	—	—1,840	—635
—1	—	—	—	—1,525	—735
—18	—1	—1	—46	—1,583	—580
—15	—4	—5	—62	—8,162	—7,663
<u>145</u>	<u>2.5</u>	<u>2.6</u>	<u>1,902</u>	<u>1,7,589</u>	<u>1,3,161</u>

#### **CASH MANAGEMENT**

The Finance Department strives to keep abreast of current trends and procedures for cash management and forecasting so as to ensure the most efficient and profitable use of the City's cash resources. While efforts are made to maximize the return on the City's investment dollar, our primary concern in achieving this goal is to always ensure the return of principal.

Cash temporarily idle during the year was invested in certificates of deposit, reverse repurchase agreements, and U.S. Government securities. All investment decisions are based upon time periods to maturity and maximum yields by competitive bids. The total interest income earned by the City in the General Fund for the year ended December 31, 1994 on a non-GAAP budgetary basis was \$1,284,860 compared to \$4,207,600 in 1993.

#### **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 lawsuit, shorten length of time in which a claim is processed or resolved, and provides investigations and support services and employs various risk control techniques.

#### **INDEPENDENT AUDIT**

The City Charter requires an audit of the financial statements of all accounts of the City by an independent certified public accountant selected by the City Council. Accordingly, this year's audit was completed by Deloitte & Touche LLP with assistance from Bruno and Tavelos, CPAs, and Luther Spitzki, CPAs, among others.

#### **AWARD FOR DISTINGUISHED BUDGET PRESENTATION**

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to governments for their comprehensive annual financial reports. In order to be awarded a Certificate of Achievement, governments are required to publish an easily readable and efficiently organized comprehensive general financial report. In 1994, the City was awarded the Certificate of Achievement for Excellence in Financial Reporting.

We believe that our current annual financial report meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

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# CITY OF NEW ORLEANS, LOUISIANA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED DECEMBER 31, 1995

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CITY OF NEW ORLEANS  
 SCHEDULE OF FINDINGS/NONCOMPLIANCE  
 AND  
 QUESTIONED COSTS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 1995

---

<b>PROGRAM</b>	<b>FINDING/NONCOMPLIANCE</b>	
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>		<b>QUESTIONED COSTS</b>

<b>PROGRAM No.</b>	<b>Condition</b>	<b>\$1,224</b>
--------------------	------------------	----------------

<b>INFINITY NETWORK</b>	<b>REIMBURSEMENT OF INELIGIBLE COSTS</b>	
-----------------------------	--	--

During our testing of cost reimbursements to subrecipients, we noted that a subrecipient providing prenatal and postpartum care to pregnant women received reimbursements for construction costs.

For review of this subrecipient's contract and budget, there was no budgeted line item for construction, no amendment to the budget or contract to include construction and the scope of services did not include any language relative to construction.

**CAUSE**

The administrators of the Infinity Network program did not have adequate controls in place to monitor, detect and correct noncompliance items as noted above.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

---

**PROGRAM            FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
HEALTH & HUMAN  
SERVICES**

**Program No.**

**Condition**

**INFINITY  
NETWORK**

**REIMBURSEMENT OF INELIGIBLE COSTS  
CONTINUED**

**Effect:**

The effect of the above condition is that ineligible costs are being reimbursed because of inadequate monitoring. Ineligible costs associated with this finding are approximately \$7,854.

**Criteria**

The OMB Common Rule, Subpart C Sections .20(b)(3)(4) and (5) state the following:

Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.



CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

---

**PROGRAM            FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
HEALTH & HUMAN  
SERVICES**

<u>PROGRAM No.</u>	<u>Condition</u>
INFINITY NETWORK	<p><b>REIMBURSEMENT OF INELIGIBLE COSTS CONTINUED</b></p> <p><b>Criteria:</b> Continued</p> <p>Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant.</p> <p>Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability and allocability of costs.</p> <p><b>Recommendation</b></p> <p>We recommend that the administrators of the Infinity Network Program adhere to fiscal monitoring procedures that include at a minimum:</p>

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

---

PROGRAM                    FINDING/NONCOMPLIANCE

DEPARTMENT OF  
HEALTH & HUMAN  
SERVICES

Program No.

Condition

RYAN WHITE,  
GREAT  
EXPECTATIONS,  
HEALTHCARE FOR  
THE HOMELESS,  
AND INFINITY  
NETWORK

LACK OF PROGRAMMATIC  
AND FISCAL MONITORING  
CONTINUED

Criteria, continued

supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity.\*

Recommendation

We recommend that the administrators of the federal programs at a minimum incorporate the following policies into its monitoring function:

- Establishment of a regular monitoring schedule where all subrecipients are monitored;
- Establishment and documentation of monitoring procedures (i.e., review of source documents, general ledger, participants' files, etc.);

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

---

**PROGRAM            FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
HEALTH & HUMAN  
SERVICES**

**Program No.            Condition**

**INFINITY  
NETWORK                REIMBURSEMENT OF INELIGIBLE COSTS  
CONTINUED**

**Recommendation, Condition**

- o Review of source documentation;
- o Review of records pertaining to the amount awarded, expenditures, obligations, unobligated balances and income; and,
- o Comparison of purchases and expenditures to the budget descriptions and terms of the grant award noting reasonableness, allowability and allocability of costs. Those items not in compliance should not be reimbursed.

CITY OF NEW ORLEANS  
 SCHEDULE OF FINDINGS/NONCOMPLIANCE  
 AND  
 QUESTIONED COSTS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 1995

---

PROGRAM	FINDING/NONCOMPLIANCE	QUESTIONED COSTS
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		
PROGRAM NO.	Condition	\$Am
COBC, HOOR, SPUR, HOME, FINS, REEP, POH, HOUSING CODE ENFORCEMENT	<b>COMPLETENESS OF PARTICIPANTS' FILES</b>  The Department of Housing and Neighborhood Development administers several housing programs and a Housing Code Enforcement Department that provide financial and technical assistance to eligible participants needing repairs to their homes. These programs, HOOR, SPUR, HOME and FINS primarily use the same intake procedures for processing applications and determining participant eligibility.  During our review of participants' files, we noted that certain required documentation was unavailable for review. Of the ten (10) and twenty-five (25) files reviewed for Housing Code enforcement and the HOOR, SPUR, HOME, FINS, REEP and Port Program files reviewed, the following items were noted:	

<u>Account Groups</u>		Total Primary Government Memorandum Only)	<u>Commitment Units</u>		Total Reporting Entity Memorandum Only)	
General Fixed Assets	General Long-Term Debt		Governmental	Proprietary	1995	1994
		\$ 28,961	\$ 847	\$ 18,526	\$ 77,734	\$ 87,139
		177,829		9,740	187,569	189,358
		152,179	4,458	59,108	451,737	488,967
		9,519			9,519	11,814
		4,546		382	4,848	5,138
		3,483			3,483	2,440
		12,846	97	13,242	28,228	25,762
		13,189			13,189	13,708
		3,880		4,205	3,788	6,207
		1,130		1,843	21,979	3,338
		44,525			44,525	28,372
		3,335		1,594	5,329	2,847
		21,117	495		21,573	30,694
				3,615	1,615	684
				6,279	6,279	3,873
				2,061	2,061	1,913
		282			282	282
				5,849	5,849	16,564
				156,473	206,473	244,235
9425,714		413,714		1,227,775	1,683,488	1,568,776
	\$ 29,894	29,894	447	28,189	28,894	27,898
					29,894	28,369
	402,367	402,367			402,367	387,496
	111,625	111,625			111,625	109,690
	15,278	15,278			15,278	15,278
	48,894	48,894			48,894	48,304
	9,817	9,817			9,817	9,712
	80,619	80,619			80,619	81,663
	3,600	3,600			3,600	8,800
	15,580	15,580			15,580	39,370
	1,828	1,828			1,828	1,723
<u>9425,714</u>	<u>2780,240</u>	<u>2,1472,900</u>	<u>28,308</u>	<u>2,1472,212</u>	<u>21,332,024</u>	<u>21,331,024</u>

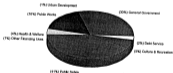
(Continued)

The following table/chart shows the amount (in thousands) of general fund expenditures by function and other financing uses for 1993 and 1994.

Expenditures	1993	% of Total	Increase (Decrease)	1994	% of Total
	Actual		Over 1993	Actual	
General government	\$99,834	30	\$71,054	\$ 87,880	27
Public Safety	125,274	41	580	124,694	40
Public Works	55,680	18	1,084	53,596	17
Health and Welfare	12,570	4	(2,000)	14,570	4
Culture and Recreation	19,714	5	1,240	17,474	5
Urban Development	333	1	218	4	1
Debt Service	7,800	2	(1,287)	9,212	3
Other financing uses	2,182	1	0	2,082	1
<b>Total</b>	<b>\$301,658</b>	<b>100</b>	<b>12,000</b>	<b>\$219,625</b>	<b>100</b>

### Expenditure Dollars

(Percentage and function)



1993 Actual

# DEPARTMENT OF FINANCE

---

September 30, 1995

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of New Orleans for the year ended December 31, 1995.

The CAFR has been prepared in conformance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The City's basis of accounting and its various funds are explained in the notes to the accompanying general purpose financial statements.

Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures rests with the City. We believe the data, as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The accompanying financial statements have been audited by the City's certified public accountants and their opinion resulting from their audit is included in this Comprehensive Annual Financial Report.

Our Comprehensive Annual Financial Report is divided into three sections:

- The Introductory Section includes a list of principal officials, the City's organizational chart, and information about the organizational structure of the City, its accounting and budgetary systems, and fund structure. It also has summarized data reflecting the financial condition of the City including an analysis of general government operations and debt administration.
- The Financial Section is prepared using the systemic approach of the GASB. It includes the General Purpose Financial Statements which presents the combined statements as an overview of the City's entire financial operation. Next, combining and individual fund statements present each of the major separate funds and account group of the City. Schedules provide certain other information and details of data summarized in the financial statements. The statements and schedules included in this section pertain to those operations which, when taken together, make up the reporting entity of the City.
- The Statistical Section includes tables containing historical financial data, debt statistics, and selected financial and demographic information of the City that are of interest to potential investors in our bonds and other readers, including territory revenue and expenditure information.

## CITY OF NEW ORLEANS

1200 PERDUE STREET  
SUITE 1900 - CITY HALL  
NEW ORLEANS, LA 70112

TELEPHONE (504) 661-6680 FAX (504) 661-6682

MAURIC H. MORIAL  
MAYOR

MARKUS M. EARNE  
DIRECTOR

#### 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 the 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, members of the City Council and Council Audit Committee. Their support is greatly appreciated.

Respectfully submitted,

*Marina M. Kahn*

Marina M. Kahn  
Director of Finance



# CITY OF NEW ORLEANS, LOUISIANA

Selected Officials  
December 31, 1998

## The City Council

Mr. James Singleton	Councilmember-at-Large
Ms. Peggy Wilson	Councilmember-at-Large
Ms. Suzanne Holt Torral	Councilmember - District A
Mr. Oliver Thomas	Councilmember - District B
Mr. Troy Carter	Councilmember - District C
Mr. Roy Glasgow	Councilmember - District D
Ms. Elise Inoué-Distance	Councilmember - District E

## The Executive Staff

Mr. Marc H. Moriel	Mayer
Mr. Rafiq Guzman	Chief Administrative Officer
Mr. Cedric Grant	Deputy Chief Administrative Officer
Ms. Thelma French	Executive Assistant
Mr. Greymond Martin	Executive Assistant
Mr. Vincent Sylva	Executive Assistant

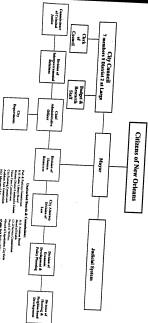
## The Department Heads

Ms. Ayla Marie Russell	City Attorney
Ms. Kristina Ford	Director, City Planning
Mr. J. Michael Doyle	Director, Civil Service
Ms. Marina M. Kafe	Director, Finance
Ms. Sheila Webb	Deputy Director, Health
Mr. Kerry DeCay	Director, Property Management
Ms. Angela Wilson	Director, Recreation
Ms. Florence Silverstein	Director, Railway and Parks
Ms. Harriet Burnett	Director, Safety and Permits
Ms. Marathe Jolivet	Director, Sanitation
Mr. David Ferguson	Director, Public Works
Ms. Lillian Bryan	Director, Utilities
Dr. Morris P. X. Jeff, Jr.	Director, Human Resources
Mr. Harold Garrison	Director, Sewerage and Water Board
Mr. William McCaskey	Superintendent, Fire
Mr. Richard Pennington	Superintendent, Police



# THE CITY OF NEW ORLEANS

## Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of New Orleans,  
Louisiana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 1994

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Timothy H. Rindler*  
President

*Jeffrey L. Essert*  
Executive Director

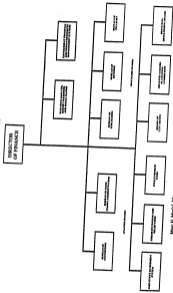
Traffic Court Judicial Expense	Municipal Court Judicial Expense	Sidewalk Paving and Repairing	Paint and Lize		Adopt a Pothole Program	Department of Safety and Permits - Demolition
			Series R & Prior	Series S, T & V		
\$ 238 345	\$ 70 135	\$ 1 1		\$ 50	\$ 1 27	\$ 58 73
153			\$ 36			
68	8					263
17	31					14
<u>1,882</u>	<u>1,201</u>	<u>1.2</u>	<u>1.36</u>	<u>1.50</u>	<u>245</u>	<u>1,428</u>
\$ 18 835	\$ 6 240			\$ 10		\$ 180
—	—	8.2	—	—	—	—
833	240	2	—	30	—	230
—	—	—	—	—	—	300
2	45	—	36	—	3	74
2	45	—	30	—	43	4
<u>1,882</u>	<u>1,201</u>	<u>1.2</u>	<u>1.36</u>	<u>1.50</u>	<u>153</u>	<u>1,428</u>

(Continued)



# THE CITY OF NEW ORLEANS

## Department of Finance Organizational Chart



Marisa M. Kelly, Director  
Department of Finance

Mr. H. M. M. M. M.  
City of New Orleans

Component Debt Receivable and Payable - Receivables and payables with component units at December 31, 1993 were as follows (amounts in thousands):

	Receivables	Payables
General		
Special revenue	\$1,297	
Capital projects	425	\$1,578
Treas and agency:		
Expendable trust	1,780	
Clearing		
Component units:		7
Orleans Parish Communications District	26	30
New Orleans International Airport		60
Sewerage and Water Board	1,887	1,344
Upper Pontalba Building Restoration Corporation	260	328
Canal Street Development Corporation	18	866
Municipal Yacht Harbor Management Corporation	180	
Downtown Development District	151	1
French Market Corporation		397
Total component units	37	222
Total	1,615	1,310
	\$6,322	\$4,812

Interfund Advances - Individual fund interfund advances at December 31, 1993 were as follows (amounts in thousands):

	Advances to Other Funds	Advances from Other Funds
General	\$ 232	
Special revenue:		
Interfund Parking and Repaving		\$ 2
Department of Safety and Permits - Demolition		250
Total special revenue		252
Total		232
	\$ 232	\$ 252

Component Debt Advances - Advances between the primary government and its component units at December 31, 1993 were as follows (amounts in thousands):

	Advances to Primary Government	Advances from Component Units
Capital projects		
Component units:		\$ 3,840
New Orleans International Airport	\$ 5,182	
Upper Pontalba Building Restoration Corporation	260	
French Market Corporation		
Municipal Yacht Harbor Management Corporation	484	
Total	5,842	3,840

## EXHIBIT D-3

Simon Morseheim	Kiwanda Club Leo Circle Sprinkler System	Ella West Freeman Foundation	Endowment Income	Total	
				1993	1994
\$ 8 77	\$ 2	\$ 1 5	\$ 33 357	\$ 442 6,493	\$ 12 6,985
—	—	—	—	18	889
—	—	—	1	144	222
—	—	—	39	18	75
—	—	—	—	313	64
—	—	—	—	12	12
<u>8.45</u>	<u>2.2</u>	<u>1.5</u>	<u>3.672</u>	<u>7,168</u>	<u>7,821</u>
—	—	—	\$ 4	\$ 3	\$ 38
—	—	—	—	27	12
—	—	—	—	7	—
—	—	—	4	38	48
8.45	2.2	1.5	408	7,208	8,162
.45	.2	.4	408	7,208	8,162
<u>8.45</u>	<u>2.2</u>	<u>1.9</u>	<u>8.072</u>	<u>14,416</u>	<u>16,324</u>

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

---

**PROGRAM            FINDING/NONCOMPLIANCE**

**U.S.  
DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT**

**Program No.            Condition**

CODE, BOOK,  
SPUR, NCRP,  
PSS, EHP,  
JOB, HOUSING  
CODE  
ENFORCEMENT

**COMPLETENESS OF  
PARTICIPANTS' FILES  
CONTINUED**

**Condition. Continued**

**Housing Code Enforcement**

In five (5) out of ten (10) instances, we noted that required correspondence to owners prior to demolition was not maintained in the participants' files:

In five (5) out of ten (10) instances, we noted that no evidence of environmental assessments were maintained in the participants' files:

In three (3) instances, only two (2) bids were received on the respective demolitions instead of the required number of three (3) bids:



report. Appropriations neither encumbered nor expended lapse at the end of the fiscal year.

#### GENERAL FUND

Revenues and other financing sources for the general fund in 1995 totaled approximately \$337,000,000. These revenues represent a 2.4% decrease from 1994. Factors contributing to significant changes in revenues for the prior year include the following.

Taxes increased 8% in 1995 over 1994. Sales taxes increased by approximately \$11 million, well in excess of the level of inflation. The collection of sales taxes on motor vehicle purchases was especially strong, and the Tax Amnesty Program yielded another \$7 million in taxes.

Licenses and permits increased by 7% over 1994 due to improved collection methods and the implementation of the Amnesty Program which increased occupational license collections.

The allocation of racing tax, an intergovernmental revenue was increased. This tax providing a 2% increase from these sources of funds.

An increase of nearly \$3 million in sanitation service charges collected as a result of the Clean State Amnesty Program accounts for most of the increase in service charges.

Interest income increased by 71% due to additional cash investments.

The decrease in contributions and donations is attributable to the bankruptcy of the casino developer; they no longer made lease payments to the City as required by the contractual agreement.

Other Financing Sources decreased because of a decrease in transfers in from grant recipient funds.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

---

**PROGRAM            FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
HEALTH & HUMAN  
SERVICES**

<b>Program No.</b>	<b>Condition</b>
RYAN WHITE, GREAT EXPECTATIONS, HEALTHCARE FOR THE HOMELESS, AND INFIRMITY NETWORK	LACK OF PROGRAMMATIC AND FISCAL MONITORING CONTINUED  <b>Effect</b>  The City of New Orleans has disbursed in excess of \$10.8 million to subrecipients administered by these programs.  Without consistent monitoring efforts and documentation thereof there is no:  -- Assurance that all subrecipients are monitored on a regular basis;  -- Determination of subrecipients' compliance with contractual terms and conditions; and  -- Follow-up and resolution of conditions of noncompliance noted.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

---

**PROGRAM            FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
HEALTH & HUMAN  
SERVICES**

<u>Program No.</u>	<u>Condition</u>
RYAN WHITE, GREAT EXPECTATIONS, HEALTHCARE FOR THE HOMELESS, AND INFINITY NETWORK	LACK OF PROGRAMMATIC AND FISCAL MONITORING CONTINUED
	<u>Condition, Continued</u>
	guidelines are in place specifying what type of documentation is required from the monitors:
	-- For the Great Expectation program, contract monitors are in place, however there are no written monitoring procedures or guidelines established.

Cause

The CNO Health Department and Mayor's Office of Health Policy and AIDS Funding had not fully implemented their policies and procedures relative to performing regular fiscal and programmatic monitoring of the activities of subrecipients during the fiscal year ended December 31, 1995.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM            FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
HEALTH & HUMAN  
SERVICES**

<b>Program No.</b>	<b>Condition</b>
RYAN WHITE, GREAT EXPECTATIONS, HEALTHCARE FOR THE HOMELESS, AND INFINITY NETWORK	LACK OF PROGRAMMATIC AND FISCAL MONITORING CONTINUED

Condition, continued

- In each case there was no consistency in the type of monitoring being performed:
- For our review of Ryan White documents for ten (10) files reviewed, site visits were performed for one (1) subrecipient. Items of noncompliance were noted however, no follow-up was performed on noncompliance items cited. For the one (1) report filed, the report lacked documentation of a review of fiscal records, review of Federal requirements and specific requirements relative to the Ryan White program:
- For review of the Infinity Network and Healthcare for the Homeless programs, we noted that there are contract monitors in place, however, no detailed reports are required, and no set

CITY OF NEW ORLEANS  
 SCHEDULE OF FINDINGS/NONCOMPLIANCE  
 AND  
 QUESTIONED COSTS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 1995

<b>PROGRAM</b>	<b>FINDING/NONCOMPLIANCE</b>		<b>QUESTIONED COSTS</b>
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**DEPARTMENT OF  
 HEALTH & HUMAN  
 SERVICES**

<u>Program No.</u>	<u>Condition</u>		<u>\$-0-</u>
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RYAN WHITE,  
 GREAT  
 EXPECTATIONS,  
 HEALTHCARE FOR  
 THE HOMELESS,  
 AND INFINITY  
 NETWORK

LACK OF PROGRAMMATIC  
 AND FISCAL MONITORING

The City of New Orleans Health Department and Mayor's Office of Health Policy and Aids funding have not implemented an adequate programmatic and fiscal monitoring system to ensure that costs reimbursed to subrecipients are both reasonable and allowable, and that subrecipients are in compliance with programmatic and contractual guidelines.

In our detailed testing of the Ryan White, Great Expectations, Infinity Network and Healthcare for the Homeless Programs, the following conditions were noted:

- \*\*\* In each case there were no specific policies or procedures in place regarding programmatic and/or fiscal monitoring mandating the frequency of site visits, types of reports to be issued, and or guidelines concerning the monitor's duties;

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

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(CONTINUED)

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans, Louisiana

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of New Orleans had not complied, in all material respects, with those requirements.

This report is intended for the information of the audit committee, management, the cognizant audit agency, and other interested parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Bruno & Tervalon*

**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

October 4, 1996

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

---

To the Members of the  
City Council and the  
Honorable Mark E. Morial, Mayor  
City of New Orleans, Louisiana

We have audited the Schedule of Federal Financial Assistance of the City of New Orleans, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated October 4, 1996. The general purpose financial statements were audited by other auditors whose report has been made available to us. As discussed in Notes 4, 5 and 9, the City of New Orleans has been requested by federal agencies to remit funds for ineligible costs and disallowed costs, and has failed to comply with certain contractual and programmatic requirements with regard to its federal financial assistance programs during the current year ended December 31, 1995 and in previous years.

In connection with our audit of the Schedule of Federal Financial Assistance of the City and with our consideration of the City's control structure used to administer federal financial assistance programs, as required by OMB Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1995.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; and special tests and provisions that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**  
**(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans, Louisiana

The management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards: Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-128, "Audits of State and Local Governments."

Those standards and the provisions of OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

As described in the accompanying Schedule of Findings/Noncompliance and Questioned Costs, the results of our audit procedures for the Department of Health and Human Services programs disclosed that the City did not comply with the requirements to properly monitor subrecipients. In our opinion, the City's monitoring of subrecipients is necessary for the City to comply with the requirements applicable to the Department of Health and Human Services program.

In addition, the results of our audit procedures disclosed certain immaterial instances of noncompliance with the requirements referred to in the second paragraph, which are described in the accompanying Schedule of Findings/Noncompliance and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance which is expressed in the following paragraph.



**& Tervalon**

MICHAEL S. BRUNO, CPA  
ALBERT J. TERVALON, JR., CPA  
MEMBERS, SOCIETY OF CPAs

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans, Louisiana

We have audited the Schedule of Federal Financial Assistance of the City of New Orleans, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated October 4, 1996. The general purpose financial statements were audited by other auditors whose report has been made available to us. As discussed in Notes 4, 5 and 9, the City of New Orleans has been requested by Federal agencies to remit funds for ineligible and disallowed costs, and has failed to comply with certain contractual and programmatic requirements with regard to its federal financial assistance programs during the year ended December 31, 1995 and in previous years.

We have also audited the City of New Orleans' compliance with the following requirements that are applicable to each of its major Federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1995:

**Specific Requirements**

- o Types of Services Allowed or Unallowed
- o Eligibility
- o Matching Level of Effort and/or Earmarking
- o Special Reporting Requirements
- o Special Tests and Provisions
- o Claims for Advances and Reimbursements
- o Amounts Claimed or Used for Matching

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The accompanying tabular chart shows the amount (in thousands) of general fund revenues by source for 1995 and 1996.

Revenues	1995 Actual	% of Total	Increase (Decrease) Over 1995	1996 Actual	% of Total
Taxes	\$106,076	58	\$-8,174	\$106,792	54
Licenses & permits	35,288	18	2,148	33,158	16
Intergovernmental	10,572	5	345	10,227	5
Charges for services	43,555	13	3,818	39,837	11
Fines and forfeits	10,430	5	(428)	10,056	5
Interest income	7,284	2	3,027	4,257	1
Contributions, gifts, and donations	6,612	2	(\$4,112)	30,724	8
Miscellaneous	10,803	6	(385)	10,108	5
Other financing source	1,408	1	(\$183)	2,268	1
	<u>\$182,936</u>	<u>100</u>	<u>(\$2,410)</u>	<u>\$185,499</u>	<u>100</u>

**Revenue Dollar**  
(Percentage and Source)



1996: Taxes

**INTRODUCTORY  
SECTION**

assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, can be found in the separate report on the single audit of the City of New Orleans.

#### **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 expenditures. 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 accepted 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. These cost object classifications are specified as four by the City's Home Rule Charter (the Charter): personal services of officials and employees; contractual services; supplies; and equipment and property. Although all expenditures are recorded at the individual line-item level, they are summarized for reporting to these four expenditure classifications.

Encumbrances are recorded by the Bureau of Accounting through a batch processing system before the appropriations are sent to the Bureau of Purchasing. If sufficient funds are not available to cover a purchase, the requisition is returned to the originating department for appropriation or allotment changes, transfer of funds or cancellation. Appropriations are allowed to be amended through councilmatic action during the year and all unencumbered appropriations lapse at year end. The City Charter, as well as state law, does not allow carry over spending. The Department of Finance is able to control all of the stores through a computerized financial management system initiated in 1995 and uses a program budget. The basic concept of program budgeting rests in the belief that public expenditures should be justified by their impact on public goals and not measured solely by the criteria of efficiency and economy.

#### **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 of each separate 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 in the 1954 Home Rule Charter and does not conform to the current standards of the Governmental Accounting Standards Board (GASB). For purposes of explanation, however, the accompanying restated financial statements, which are presented in the financial section of this report, have been structured to substantially conform with the GASB's promulgated standards. Primarily 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 and are included in the column titled "actual or a budgetary task" in the statements in the financial section of the

- (D) Prescribe, maintain and supervise the general and cost accounting systems of all officers, departments and boards.
- (E) Approve all disbursements of funds held by the City.
- (G) Prepare and issue checks.
- (H) Prepare the necessary assessment rolls for assessable public improvements, issue appropriate bills, assist in the issuance and servicing of indebtedness in connection therewith, and collection, custody and payment of all moneys in connection therewith.
- (I) Designate, subject to any conditions which may be imposed by ordinance, the banks, to be used as City Depositories and require them to fulfill all conditions which the City may impose.

In order for the City of New Orleans to continue to provide adequate services levels it must be able to expand its tax base and collect all revenues which are due.

During 1995, the Finance Department was involved in various initiatives which improved collection of various city revenues and other initiatives which enhanced the services provided to all user agencies. These initiatives included the following:

- The Bureau of Revenue successfully administered a Tax Amnesty Program collecting over \$5 million in sales tax revenues and instituted a Flying Squad of Auditors to insure compliance of City tax laws.
- The Bureau of Treasury implemented the Clean State Amnesty Program which yielded \$5.1 million in service charges, fines and fees. Established the electronic transfer of funds and cashing system which improved the City's researching and processing of taxes, fees, and service charges.
- The Bureau of Purchasing implemented charter amendments which expedited the City's entire purchasing process.
- The Bureau of Accounting won a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

#### **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.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Information related to this single audit, including the schedule of federal financial

City leaders today must be architects of the future. Mayor Morial and the City Council have begun rebuilding New Orleans streets, playgrounds, parks and public buildings now, and are making plans to begin a comprehensive five-year public works program to insure the City's infrastructure is secure for the future.

Community partnerships must continue to provide future opportunities for the city and its citizens.

#### DEPARTMENT POLICE

The Department of Finance provides the following City services:

- (A) Collect all taxes, license and permit fees, and other moneys which may be due to or receivable by the City or any of its officers, departments, or boards; provided that where economy of administration or public convenience requires, the Director may by rule authorize the receipt of moneys directly by officers, departments or boards, or may assign employees of the Department to make such collections.
- (B) Collect, when directed or authorized by law, all taxes, license and permit fees, and other moneys which may be receivable by the State, or any public office, department or board not subject to the provision of this Charter.
- (C) Sell property upon which taxes are paid within the period prescribed by State law.
- (D) Prepare tax rolls and bills, including those required by State law.
- (E) Issue receipts from moneys collected by the Department.
- (F) Maintain the treasury of the City, and deposit the moneys belonging thereto in the depository banks to the credit of the proper funds.
- (G) Contract for services to be rendered by independent contractors, and purchase materials, supplies and equipment. The Department shall, from time to time, secure from all officers, departments and boards estimates of their needs for articles of common use and shall, when practicable, consolidate requisitions in order to secure the benefits of quantity purchases, and in that end, when authorized by the Council, may cooperate with other public agencies when making such purchases.
- (H) Acquire immovable property upon the recommendation of the Department of Property Management and dispose of immovable property upon such recommendations when authorized by ordinance.
- (I) Dispose of movable property not needed by the City.
- (J) Keep accurate and complete accounts of all receipts and disbursements.
- (K) Maintain a perpetual inventory of all equipment owned or controlled by the City.
- (L) Permit no disbursements to be made except pursuant to authorizations adopted under the terms of this Charter or applicable State law.
- (M) Provide information pertaining to financial affairs of the City.
- (N) Maintain and supervise any central warehouse.

## MAJOR INITIATIVES

### For the year:

For the first time since 1954, the Council approved an amended City Charter bringing it to the voters for their approval. These Charter amendments were overwhelmingly approved by the electorate. Among the reforms established by these amendments are authorization for a consolidation in the number of city departments, establishment of a revenue estimating conference to estimate City revenues and improvements in the City's procurement process.

The revised City Charter streamlines and modernizes City Government, preparing New Orleans for the twenty-first century.

Traditional inter-departmental bottlenecks are breaking down. The new privatized Kavin Document Center brought modern equipment to City Hall without the burden of capital investment.

Implemented a Tax Amnesty program and Clean Slate Project. Both initiatives brought in approximately \$7 million in sales revenues to the City.

Granted a five percent pay raise to all City employees upon mandatory completion of training in quality management.

Citizens now have the opportunity to participate in City Government. "Little City Hall" Town Hall meetings held in Council Districts bring City Departments to the community.

The Mayor's Office of Environmental Affairs has organized a consortium, which includes residents, to clean up vacant industrial lots for redevelopment.

Home ownership is the key to strengthening New Orleans neighborhoods. Public, private and non-profit organizations are coming to New Orleans by providing programs that assist low and moderate income families in purchasing a new home. The First National Bank of Commerce has a \$10 million commitment to Central City, purchasing 44 homes for resale. Fannie Mae, the nation's largest source of home mortgage funds, established a partnership in New Orleans, providing \$500 million in affordable financing.

Once abandoned structures are a barrier to neighborhood revitalization, the city's housing recovery strategy is cutting through the red tape to get these properties back on the market. Through the city's lobbying efforts, State Constitutional Amendments 14 and 15 were brought before voters and passed. The amendments shortened to 18 months the redemptive period for abandoned homes to be sold. They also allow public auctions of abandoned and blighted properties to non-profit organizations. In 1995, the city held its first auctions of adjudicated properties.

Government is also focusing on neighborhood issues. The Strategic Inspection Force (SIF) provides code enforcement and clean up services in targeted neighborhoods. SIF involves neighbors and non-profit groups in the inspection process. This effort began as a Division of Housing and Neighborhood Development initiative and now involves every major City department.

### For the future:

The framework for a new New Orleans has been built. New and stronger relationships have been forged with other local governments, the state, and federal government.

City government is moving forward and looking to the future. To make government work effectively into the 21st century, revisions to the City's Home Rule Charter and a comprehensive zoning and land use plan must be timely implemented.



## ECONOMIC OUTLOOK

The New Orleans economy is on the rebound with impressive job growth, and the City is taking advantage of opportunities for economic development. The City's new approach of centralization and coordination with the national and state legislatures is bringing significant results in maintaining funding streams.

Two stars of the New Orleans' economy - tourism and the port - will continue to lead roles through the rest of the century. Passage of the North American Free Trade Agreement will increase the Port of New Orleans prospects. The Port of New Orleans is one of the largest industries in New Orleans and Louisiana and one of the nation's leading ports. Already, some organizations are interested in establishing distribution centers in New Orleans for cargoes in and from Mexico.

International tourism is on the rise. Louisiana Tax Free Shopping has been a real incentive to international tourists. International tourism markets are showing an increase in business between 5% and 15%.

The New Orleans International Airport has experienced a 20% increase in passenger flights and a 30% increase in passenger traffic.

The attractions, charm and history of New Orleans make it a natural place to grow a new and vibrant entertainment industry. The combined economic impact of the film and music industries in New Orleans is over \$2 billion annually. New Orleans hosts many large sporting events including the Sugar Bowl, the Bayou Classic and the Louisiana Games. The planned downtown arena will reinforce the City's capacity to stage additional sporting events. New entertainment attractions include:

- EnergyMAX Theatre
- Fragnet International Hotel
- Black Music Hall of Fame
- Louisiana Art Guild
- Planet Hollywood
- Fashion Cafe

Major events, like Mardi Gras and the Louisiana Jazz and Heritage Festival, generate over \$1 billion in economic impact. Worldwide, event organizers know that New Orleans is the premiere city to host an event.

Additionally, the city has a comprehensive capital facilities plan which includes projects that are catalyst for economic development. Some examples are:

- Buddy Bolden Museum
- Canal Street Overpass
- Jazzland Theme Park
- Light Rail Transport

Louisiana has begun to develop a major casino industry, however, the outlook for the industry is problematic since the combined with the City and Harrah's is being re-regulated and authorization for continued existence of gaming facilities is currently subject to a state voter referendum. However, as stated previously New Orleans trade, tourism and entertainment incentives continue to improve and stimulate the New Orleans economy.

\$200 million in capital improvements are underway at the New Orleans International Airport.

Planning projects and expansions along the river should bring more than 200,000 visitors to the City a year and generate \$141.5 million in direct spending and \$142.8 million in indirect spending, for an annual total of \$284.3 million.

New Orleans is investing in the future. In July, 1995, the City and Orleans Parish School Board passed a historic \$357 million bond issue. Voters overwhelmingly approved a five-year capital improvements program to upgrade streets, public buildings and recreational facilities. The school board's program will make much needed improvements to public schools.

The City was also recently awarded over \$200 million in federal funds to modernize the sewerage and water system. These capital projects will add thousands of jobs to the New Orleans economy.

New Orleans is one the healthiest hotel markets in the country and many older downtown buildings are being renovated as hotels. Occupancy rates have been rising steadily since the mid-1990's. Eleven new hotels just completed or under construction will accommodate the increase in tourism as a result of the found attractions and convention capabilities.

Various programs and governmental agencies have been set up throughout the City of New Orleans to improve the City's economic outlook. They are as follows:

The Neighborhood Commercial Revitalization Program is promoting economic growth in depressed areas with low interest loans and services to businesses in targeted neighborhoods.

The City Business Center is guiding new businesses through City permits, licenses, zoning regulations and tax obligations for start up or expansion.

The New Orleans Business Retention and Expansion Program is working with an advisory committee of local business leaders to promote New Orleans as potential cooperatives and ensure that businesses stay in New Orleans.

The Office of Small, Minority, and Disadvantaged Business sponsors ongoing management workshops and training seminars for small business owners and entrepreneurs to identify procurement opportunities for small business citywide.

#### **Mayor's Office of Tourism, Arts and Entertainment (MOTAE)**

Recognizing New Orleans' unique creative resources and attractions, Mayor Morial established the nation's first ever Office of Tourism, Arts and Entertainment (MOTAE) to stimulate greater cooperation between and within these industries to promote and develop new projects, jobs and initiatives. Tourism has a total economic impact of nearly \$4 billion in New Orleans. With the City already a national leader in convention business, a marketing drive to attract independent and off-season visitors has paid off with hotel occupancy above the national average of 74% and rising.

MOTAE has worked with existing tourism, entertainment, arts and sports entities to achieve a more coordinated citywide effort to attract visitors and business investment. It has stimulated a new focus on cultural and multi-cultural tourism. Housed in MOTAE are the Film and Video Commission and the Music and Entertainment Commission which coordinate marketing strategies and development plans in these industries. The Film and Video Commission has helped establish New Orleans as a premier location for film production which had an estimated economic impact of \$40 million in 1995.

**Home Rule Charter:** The City's Home Rule Charter may be amended only by the vote of a majority of the 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 Chief Administrative Officer appoints all department heads, subject to the Mayor's approval, except the City Attorney, who is appointed by the Mayor, and the Personnel Director, the City Civil Service Department, who is appointed by the Civil Service Commission. The City has thirteen 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, infrastructure, and recreational activities and cultural events.

The Council is the legislative body of the City government, comprised of five Council members elected from five geographic districts and two elected at large, all for 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-third vote of the Council.

The general purpose financial statements of the City include all government activities, organizations, and functions 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. Based upon these criteria, the various funds, account groups and component units (being all the funds, account groups and component units of the City) shown in the Table of Contents are included in this report.

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

## YEAR IN REVIEW

The City of New Orleans has enjoyed a relatively successful 1995. The general fund ended fiscal 1995 with an undesignated fund balance of \$14.2 million. Some of the factors that helped to make 1995 a successful year for New Orleans were growth and expansion in the tourism business and increased tax income from the Tax-Free shopping program for foreigners. In considering these factors more closely, they are illustrated as follows:

The Office of International Relations and Trade Development has expanded trade with missions to Ecuador, Haiti, Mexico and South Africa. International trade jumps \$6 billion in to the New Orleans economy, and New Orleans is building a national reputation for international trade successes, particularly with our Latin American neighbors.

Latin American trade increased by 18.0%. The Port of New Orleans beat records set the year before with nearly a 10% increase in cargo volume and an estimated \$250 million multi-year upgrade and expansion of port facilities has been undertaken. One of only eleven U.S. Regional Export assistance centers opened in our city. Two Latin American trade offices, the first in twenty years opened their doors in New Orleans.

The Ernest N. Morial Convention Center is ranked third among U.S. Convention centers and has experienced a 20% increase in business. Convention business is a major component of the New Orleans tourist industry. To keep pace with the booming industry, a \$178 million Phase II expansion is underway at the Ernest N. Morial Convention Center. In an effort to support the increase in international trade, our

operating expenses and pay current debt service and reserve requirements as they become due.

The Audubon Park Commission (the Commission), a 24 member body appointed by the Mayor with the approval of the Council, is entrusted with the management and control of Audubon Zoo, Audubon Golf Course and the Aquarium.

The Commission receives its financing from a dedicated special ad valorem tax, which is pledged as security for \$2,180,000 in bonds issued in 1979 and 1982; admission fees to the zoo; concession rentals and fees; donations; and other miscellaneous sources. In 1988 the voters approved a special ad valorem tax pledged as security for \$25,000,000 in bonds issued in April 1988 to construct the Riverfront Aquarium. All operations of the Audubon Park Commission are administered by the Audubon Institute, a private development associated with the Commission.

#### TRUST AND AGENCY FUNDS

Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's Pension Trust Funds are used to account for the accumulation of resources to be used for retirement annuities and death and disability benefits to employees.

#### GENERAL FIXED ASSETS

The general fixed assets of the City are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of the Proprietary Funds and infrastructure items such as roads, bridges and drainage canals. As of December 31, 1995, the general fixed assets (excluding construction in progress) of the City amounted to \$252,389,000.

#### DEBT ADMINISTRATION

The ratio of general bonded debt to assessed value of taxable property and the amount of general bonded debt per capita are useful indicators of the City's debt position to municipal managers, citizens and investors. This data for the City at the end of the 1995 fiscal year was as follows:

	Amount	Ratio of general debt to assessed value of taxable property	Bonded Debt per capita
General bonded debt . . . . .	\$432,209,000	24.02	\$179

Outstanding general obligation bonds at December 31, 1995 totaled \$432,209,000 all of which are considered to be net, direct-tax supported debt. There are no special assessment bonds outstanding. Tables 9 through 11 in the statistical section of this report present more detailed information about the debt position of the city.

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) 31% of total assessed valuations of the City. Under Act No. 1 of the City's debt limit, based on the most recent assessed valuations, is \$284,297,000 as of December 31, 1995.

As of the end of 1995, the City's general obligation bonds were rated "Baa" from Moody's Investor Service and "A-" from Standard and Poor's Corporation.

# CITY OF NEW ORLEANS, LOUISIANA

COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS  
DECEMBER 31, 1998 (AMOUNTS IN THOUSANDS)

LIABILITIES, EQUITY AND OTHER CREDITS	Governmental Fund Types				Fiduciary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
<b>LIABILITIES:</b>					
Accounts payable	\$ 23,499	\$ 4,409		\$ 7,108	\$ 2,277
Retainage payable					
Other payables and accruals (Note 5)			\$ 4,129		\$2,965
Due to other funds (Note 6)	2,588	31,300		28	20,999
Due to primary governments					
Due to other governments	301	108		298	10,144
Due to component units	1,578				17
Deferred revenues (Notes 3 and 4)	2,985	31,189			
Payable from restricted assets:					
Retainage payable					
Capital projects payable					
Accrued interest					
Limited tax bonds (Note 12)					
Bonds payable, current portion					
Revenue bonds					
Deposits and other					
Claims payable (Notes 6 and 11)					
Advances from other funds (Note 6)		281			
Advances from component units				3,849	
Contributions of subsidiaries (Note 4)					
Loans payable					
Bonds payable:					
General obligation (Note 6)					
Limited tax (Note 12)					
Revenue, less unamortized discount of \$2,264					
Refunding					
Other:			47		
Total liabilities	<u>31,753</u>	<u>68,087</u>	<u>4,576</u>	<u>11,231</u>	<u>34,221</u>
<b>EQUITY AND OTHER CREDITS:</b>					
Contributed capital (Note 12)					
Investment in general fixed assets (Note 5)					
Retained earnings:					
Reserved for:					
Property, plant and equipment					
Bond debt service					
Capital improvements					
Unreserved					
Total retained earnings					
Fund balances:					
Reserved (Note 9)	37,257	3,064	28,894	34,790	345,185
Unreserved:					
Designated for subsequent year's expenditures	3,698	17,728		30,318	
Undesignated	14,723	5,185		37,335	7,822
Total fund balance	<u>55,678</u>	<u>25,977</u>	<u>28,894</u>	<u>103,443</u>	<u>363,029</u>
Total equity and other credits	<u>55,678</u>	<u>25,977</u>	<u>28,894</u>	<u>103,443</u>	<u>363,029</u>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b><u>87,431</u></b>	<b><u>94,064</u></b>	<b><u>33,470</u></b>	<b><u>214,674</u></b>	<b><u>707,250</u></b>

See notes to financial statements.

Expenditures and other financing uses for the general fund totaled approximately \$201,550,000.

Factors contributing to significant changes in expenditures from the prior year include the following:

The increase in General Government expenditures was due to an increase in contractual services, supplies and materials and equipment purchases, among all departments performing this function. These contractual services were required, among other purposes, to assist in installing a new citywide accounting system. Additionally, departments were required to enhance their services through the acquisition of software, networking equipment and computers and communication equipment.

Public Works expenditures went up along a broad front, in all departments providing this function and in all major categories of expenditures.

Health and welfare expenditures declined because of a decrease in Federal and State aid funding for this function.

Culture and Recreation expenditures increased due to additional funding for the New Orleans Recreation Department. Funding increased to \$5 million from \$4 million in 1994, and these funds were used to increase the number of camps and picnics, improve security at recreation sites, and expand the number of weeks that the camps are open.

Additionally, the pay raise implemented across the board increased the overall payroll expenditures for the City.

**CITY OF NEW ORLEANS**

**EXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 1988 (AMOUNTS IN THOUSANDS)**

	Delgado- Alfonso Foundation Commission	Edward Winter	Institute of Mental Hygiene	Lafayette Mairie	Pierre DeFrance- Joan of Arc
<b>REVENUES:</b>					
Interest income	\$ 118	\$ 308	\$ 1	\$ 1	
Contributions, gifts and donations	104	702	87		
Total revenues	222	1,010	88	1	
<b>EXPENDITURES:</b>					
General government	25		71		
Health and welfare		1,813		6	
Culture and recreation					
Total expenditures	25	1,813	71	6	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	197	(803)	17	(5)	
<b>FUND BALANCES, BEGINNING OF YEAR</b>	2,150	5,532	5	13	2.3
<b>FUND BALANCES, END OF YEAR</b>	<u>2,347</u>	<u>4,729</u>	<u>22</u>	<u>8</u>	<u>2.3</u>

CITY OF NEW ORLEANS  
 SCHEDULE OF FINDINGS/NONCOMPLIANCE  
 AND  
 QUESTIONED COSTS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 1985

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**PROGRAM                    FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
 HOUSING &  
 URBAN DEVELOPMENT**

Program No.	Condition
RYAN WHITE, GREAT EXPECTATIONS, AND INFINITY NETWORK	ASPECTS OF SUBSIDIARY <u>CONTRACTS</u> CONTINUED

**Criteria, continued**

subgrantee made in accordance with the Act, Circular A-110 or through other means (e.g., program review) if the subgrantee has not had such an audit:

- Ensure that appropriate corrective action is taken within six (6) months after receipt of the audit report in instances of noncompliance with Federal laws and regulations.



CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM                      FINDING/NONCOMPLIANCE**

DEPARTMENT OF  
DEPARTMENT OF  
HEALTH &  
HUMAN SERVICES

Program No.                      Condition

GRANT  
EXPECTATIONS                      PROGRAMMATIC ACTIVITIES, CONTINUED

**Effect**

The City of New Orleans has not complied with the terms and conditions of the contract.

The City of New Orleans has not complied with the terms and conditions of the contract.

**Criteria**

The terms and conditions of the grant agreement between the City of New Orleans and Health stipulated that certain programmatic activities be performed.

**Recommendation**

We recommend that the City of New Orleans continue in its efforts to establish the community based program as specified in the grant agreement.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1985

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**PROGRAM                    FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT**

PROGRAM No.	CONDITION
RYAN WHITE, GREAT EXPECTATIONS, AND INFINITY NETWORK	AUDITS OF SUBRECIPIENT <u>CONTRACTS</u> CONTINUED

**Recommendation**

We recommend that the City of New Orleans' Health Department and Mayor's Office of Health Policy and AIDS Funding improve its monitoring system to ensure that independent audits are performed, audit reports are reviewed, desk reviews of independent audit reports are performed to determine compliance with OMB Circular A-133 or A-135, and corrective action is taken for instances of noncompliance within six months after receipt of audit reports. Additionally, the City should develop a system to ensure that subrecipients who receive \$25,000 or more of Federal funds are audited and reports are received for resolution in a timely manner.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM                      FINDING/NONCOMPLIANCE**

U. S.  
DEPARTMENT OF  
HOUSING & URBAN  
DEVELOPMENT

**QUESTIONED COSTS**

Program No.

Condition

\$ in 000

8086  
8086

ADMINISTRATION AND REPORTING  
OF GRANT ACTIVITY

The City of New Orleans' Department of Housing and Neighborhood Development was the recipient of two federal housing assistance programs; namely, the Home program and the Hope 3 Program. In an effort to reduce the turn around time in paying the programs' contractors, the city contracted with an outside agency to act as a disbursing agent for these grants.

As a result of this arrangement all receipts and disbursements were made through the disbursing agent; however, there was no formal mechanism to report this financial information in the City's accounting records.

## CITY OF NEW ORLEANS

EXHIBIT D-1  
Page 1 of 2AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED DECEMBER 31, 1992 (AMOUNTS IN THOUSANDS)

	Balance January 1, 1992	Additions	Deletions	Balance December 31, 1992
<b>CLEARING FUND</b>				
<b>ASSETS</b>				
Cash	\$ 18,892	\$ 734,189	\$ 728,903	\$ 24,178
Time certificates of deposit	3,000	15,480	15,480	3,000
Accounts receivable	98	13,311	13,278	132
Due from other funds	8,587	31,291	31,298	7,671
Due from component units	14	21	9	26
Due from other governments	328	621	242	687
	<u>\$ 26,821</u>	<u>\$ 805,692</u>	<u>\$ 815,740</u>	<u>\$ 35,785</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 58	\$ 1,321	\$ 118	\$ 1,442
Other payables and accruals	7,876	1,637,150	1,681,070	4,035
Due to other funds	14,803	13,300	10,889	17,314
Due to other governments	8,312	4,928	2,486	10,754
Due to component units	51	42	183	20
	<u>\$ 26,521</u>	<u>\$ 1,677,521</u>	<u>\$ 1,674,686</u>	<u>\$ 35,785</u>
<b>DEPOSIT FUND</b>				
<b>ASSETS</b>				
Cash	\$ 393	\$ 14,245	\$ 13,887	\$ 641
Time certificates of deposit	3,820	4,000	3,920	4,030
Accounts receivable	193	-	193	-
Due from other funds	24	692	185	531
Due from other governments	-	285	-	285
	<u>\$ 4,430</u>	<u>\$ 19,152</u>	<u>\$ 18,005</u>	<u>\$ 5,677</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 124	\$ -	\$ 124
Other payables and accruals	4,172	17,884	16,998	5,038
Due to other funds	12	1,157	871	298
Due to other governments	188	-	188	-
	<u>\$ 4,372</u>	<u>\$ 19,152</u>	<u>\$ 18,005</u>	<u>\$ 5,677</u>

(Continued)

## EXHIBIT D-4

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Nathan Levy	Helen Adler Levy	Total	
		1998	1994
\$ 12	\$ 8	\$ 14	\$ 22
12	8	40	22
12	8	40	22
121	18	432	287
2,142	2,221	2,958	2,511

CITY OF NEW ORLEANS

EXPENDABLE TRUST FUNDS - ENDOWMENT INCOME TRUST FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)

	Isaac Delgado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Mill of Lily Violet	Mahalia Zimmerman Tomb	Mrs. Ora Juchin
<b>REVENUES:</b>					
Contributions, gifts and donations	\$ 14				
Interest income	12	2.1	—	2.1	—
Total revenues	26	2.1	—	2.1	—
EXCESS OF REVENUES OVER EXPENDITURES	26	1		1	
FUND BALANCES, BEGINNING OF YEAR	260	6	2.1	1	2.1
FUND BALANCES, END OF YEAR	286	7	2.1	2.1	2.1

**EXHIBIT D-4**

Sisters Legacy	Notes After Levy Library	Total	
		1993	1994
\$ 1		\$ 35	
61	\$ 28	397	\$ 432
	1	1	6
<u>72</u>	<u>—</u>	<u>72</u>	<u>12</u>
<b><u>\$141</u></b>	<b><u>\$28</u></b>	<b><u>\$432</u></b>	<b><u>\$451</u></b>
	\$ 4	\$ 4	\$ 30
<u>—</u>	<u>—</u>	<u>—</u>	<u>4</u>
<u>—</u>	<u>4</u>	<u>4</u>	<u>30</u>
<b><u>\$141</u></b>	<b><u>25</u></b>	<b><u>438</u></b>	<b><u>482</u></b>
<u>142</u>	<u>25</u>	<u>438</u>	<u>482</u>
<b><u>\$142</u></b>	<b><u>\$25</u></b>	<b><u>\$438</u></b>	<b><u>\$482</u></b>

CITY OF NEW ORLEANS, LOUISIANA

COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS  
DECEMBER 31, 1999 (AMOUNTS IN THOUSANDS)

ASSETS	Governmental Fund Types				Fiduciary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
Cash (Note 2)	\$ 14,223	\$ 8,147	\$ 3,090	\$ 1,095	\$ 31,858
Certificates of deposit (Note 2)	13,997	8,606	30,430	91,097	32,639
Investments, at cost or amortized cost (Note 2)		11,355	731		140,872
Receivables (net, where applicable, of allowances for uncollectible):					
Sales taxes	9,513				
Property taxes (Note 3)	4,546				
Franchise taxes	3,485				
Accounts	8,813	896		3,134	311
Grants loans (Note 4)		13,189			
Accrued interest	1,181				1,403
Other					1,138
Due from other funds (Note 5)	12,713	2,853		228	8,713
Due from component units	1,997	422		1,290	26
Due from other governments	223	77,412		1,821	1,640
Due from primary government					
Inventory of supplies					
Prepaid expenses and deposits					
Advances to other funds (Note 5)	222				
Advances to primary government					
Restricted assets - cash and investments, at cost or amortized cost					
Fixed assets (net, where applicable, of accumulated depreciation) (Note 7)					
Other taxes					338
Amounts available in debt service fund					
Amounts to be provided for:					
Retirement of general long-term debt (Note 6)					
Claims and judgments (Note 11)					
Landfill closing costs (Note 11)					
Accrued annual and sick leave					
Payment to State of Louisiana for L. W. E. loans (Note 6)					
Payment to Municipal and State Police Employees' Retirement System (Notes 8 and 7)					
Payment to BRID for Section 185 loan (Note 6)					
Certificates of indebtedness (Note 6)					
Payment to Audubon Park Commission (Note 6)					
<b>TOTAL ASSETS</b>	<b>\$93,585</b>	<b>\$62,611</b>	<b>\$36,320</b>	<b>\$99,695</b>	<b>\$418,329</b>

See notes to financial statements.



CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM                    FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
HEALTH & HUMAN  
SERVICES**

**Program No.**

**Condition**

RYAN WHITE,  
GREAT  
EXPECTATIONS,  
HEALTHCARE FOR  
THE HOMELESS,  
AND INFINITY  
NETWORK

LACK OF PROGRAMMATIC  
AND FISCAL MONITORING  
CONTINUED

**Effect.** Continued

As a result of the lack of programmatic and fiscal monitoring of the subrecipients, these subrecipients have requested reimbursement for costs which may be unallowable, unsupported, and/or ineligible.

Lastly, ineffective and inconsistent monitoring efforts by the CBO can adversely affect the performance of the City and its subrecipients in regard to attaining the various grant program goals and objectives.

**Criteria**

The Common Rule, Subpart C Section .40(a) states that:

"Grantees are responsible for managing the day-to-day operations of grant/subgrant supported activities. Grantees must monitor grant and subgrant

CITY OF NEW ORLEANS  
 SCHEDULE OF FINDINGS/NONCOMPLIANCE  
 AND  
 QUESTIONED COSTS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM            FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
 HOUSING &  
 URBAN DEVELOPMENT**

Program No.	Condition
RYAN WHITE, GREAT EXPECTATIONS, AND INFINITY NETWORK	AUDITS OF SUBRECIPIENT <u>COSTS</u> CONTINUED

**ELLEN**

Failure to enforce the requirement of subrecipients receiving Federal funds in excess of \$25,000 to have an audit in accordance with OMB Circulars A-128 and A-133 as applicable could expose the City of New Orleans to major liabilities for disallowed costs due to a subrecipient failure to comply with Federal regulations.

Moreover, the City has not determined whether the subrecipients have administered these funds in accordance with the terms of their subrecipient agreements or whether reimbursements to these subrecipients were for eligible costs.

## CITY OF NEW ORLEANS

EXHIBIT D-7

Page 2 of 2

**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)**

	Balance January 1, 1995	Addition	Deduction	Balance December 31, 1995
<b>ESCROW FUND</b>				
<b>ASSETS</b>				
Cash	\$ 2,408	\$ 129,251	\$ 131,662	\$ 2,635
Time certificates of deposit	38,179	35,368	62,673	10,874
Accounts receivable	214	17	235	15
Due from other funds		1,772	1,760	1
	<u>\$ 32,801</u>	<u>\$ 166,408</u>	<u>\$ 196,330</u>	<u>\$ 13,525</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 8,282	\$ 1,272	\$ 15,024	\$ 4,530
Other payables and accruals	26,677	24,811	21,181	30,307
Due to other funds	181	1,233	1,271	143
	<u>\$ 35,140</u>	<u>\$ 27,316</u>	<u>\$ 37,476</u>	<u>\$ 35,080</u>
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 24,081	\$ 871,689	\$ 873,886	\$ 24,572
Time certificates of deposit	36,949	73,280	84,893	25,336
Accounts receivable	586	15,348	15,687	160
Due from other funds	8,221	50,355	50,780	8,196
Due from component units	14	21	9	26
Due from other governments	328	651	242	748
	<u>\$ 70,333</u>	<u>\$ 1,001,344</u>	<u>\$ 1,031,615</u>	<u>\$ 79,238</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 8,282	\$ 8,997	\$ 15,141	\$ 2,137
Other payables and accruals	28,723	1,780,940	1,769,170	29,500
Due to other funds	12,482	18,280	15,041	15,721
Due to other governments	8,488	4,928	2,642	10,774
Due to component units	91	42	162	30
	<u>\$ 58,066</u>	<u>\$ 1,713,187</u>	<u>\$ 1,742,156</u>	<u>\$ 68,162</u>

(Continued)

# CITY OF NEW ORLEANS

## EXPENDABLE TRUST FUNDS COMBINING BALANCE SHEET DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)

ASSETS	Delgado- Albano Plantation Commission	Edward Wiener	Institute of Mental Hygiene	Lafayette Mafia	Place DuFinestre- Joan of Arc
Cash		\$ 292	\$ 4	\$ 3	
Time certificates of deposit	\$ 2,336	3,718		6	5.3
Investments, at cost or amortized cost			18		
Receivables:					
Accounts		143			
Accrued interest	18				
Due from other funds		436			
Other assets	— 12	—	—	—	—
<b>TOTAL ASSETS</b>	<b><u>\$ 2,354</u></b>	<b><u>\$ 4,589</u></b>	<b><u>\$ 22</u></b>	<b><u>\$ 9</u></b>	<b><u>\$ 5.3</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1				
Due to other funds	23				
Due to component units	— 2	—	—	—	—
Total liabilities	— 25	—	—	—	—
<b>FUND BALANCES:</b>					
Reserved for encumbrances					
Unreserved - undesignated	— 2,329	\$ 4,589	\$ 22	\$ 9	\$ 5.3
Total fund balances	— 2,329	— 4,589	— 22	— 9	— 5.3
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 2,334</u></b>	<b><u>\$ 4,589</u></b>	<b><u>\$ 22</u></b>	<b><u>\$ 9</u></b>	<b><u>\$ 5.3</u></b>

## EXHIBIT D-3

Total Pension Trust Funds	Nonexpendable Trust Fund	Totals	
		1983	1994
\$ 31,812	\$	\$ 31,812	\$ 31,996
15,329		15,329	14,878
<u>1,326</u>		<u>1,326</u>	<u>1,111</u>
<u>48,677</u>		<u>48,677</u>	<u>47,173</u>
31,998		31,998	30,618
103		103	246
1,154		1,154	1,726
<u>3,478</u>		<u>3,478</u>	<u>2,934</u>
<u>36,133</u>		<u>36,133</u>	<u>35,173</u>
<u>11,944</u>		<u>11,944</u>	<u>12,002</u>
<u>9,023</u>		<u>9,023</u>	<u>9,183</u>
<u>7,023</u>		<u>7,023</u>	<u>8,183</u>
<u>20,920</u>		<u>20,920</u>	<u>17,184</u>
<u>124,025</u>	<u>304</u>	<u>124,129</u>	<u>107,682</u>
<b><u>1,104,911</u></b>	<b><u>1,104</u></b>	<b><u>1,103,183</u></b>	<b><u>1,104,129</u></b>

CITY OF NEW ORLEANS

PENSION AND NONEXPENDABLE TRUST FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND BALANCES  
 YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)

	Pension Trust Funds			
	Fire Fighters'		Police Old System	Employees' Retirement System
	Old System	New System		
<b>OPERATING REVENUES:</b>				
Contributions, gifts and donations	\$ 13,935	\$ 3,315	\$1,825	\$ 13,935
Interest income	179	4,407	92	18,857
Other	822	—	372	324
Total operating revenues	14,936	7,722	2,289	24,726
<b>OPERATING EXPENSES:</b>				
Benefit payments	14,424	3,208	922	13,544
Personal services	—	13	101	1,141
Refunds - participant withdrawals	—	—	—	—
Other	312	674	412	1,685
Total operating expenses	14,826	4,005	1,448	20,671
<b>OPERATING INCOME</b>	146	3,717	1,122	4,055
<b>NONOPERATING REVENUES:</b>				
Gain/(loss) on sale of investments	—	(581)	—	8,421
Total nonoperating revenues	—	(581)	—	8,421
<b>NET INCOME</b>	146	4,306	1,122	12,476
<b>FUND BALANCES, BEGINNING OF YEAR</b>	3,623	113,368	1,371	308,377
<b>FUND BALANCES, END OF YEAR</b>	3,769	117,674	2,493	320,853

## EXHIBIT D-3

Nonspendable Trust Fund	Expendable Trust Funds	Agency Funds			Total	
		Clearing	Deposit	Reversal	1992	1994
\$ 3	\$ 442	\$24,276	\$ 641	\$ 3,633	\$ 31,866	\$ 28,543
142	6,461	3,800	4,000	19,816	32,679	44,899
60	18				348,872	328,653
	144	152		15	311	778
	16				2,402	2,270
					1,038	323
	305	3,672	321	3	8,711	8,679
		28			28	14
		660	388		1,641	323
	32				318	388
<u>3,283</u>	<u>\$ 7,688</u>	<u>\$25,786</u>	<u>\$5,470</u>	<u>\$23,682</u>	<u>\$ 412,178</u>	<u>\$ 486,182</u>
	\$ 5	\$ 1,442	\$ 134	\$ 324	\$ 2,377	\$ 9,362
		4,058	5,038	21,496	32,342	42,479
\$ 1	32	19,324	298	748	20,999	15,617
		10,744			10,744	8,438
	7	30			31	81
<u>1</u>	<u>39</u>	<u>25,786</u>	<u>3,470</u>	<u>23,682</u>	<u>65,423</u>	<u>73,982</u>
204					384	304
	3,968				344,981	314,815
					7,589	8,162
<u>208</u>	<u>3,968</u>				<u>352,954</u>	<u>323,281</u>
<u>3,291</u>	<u>\$ 7,693</u>	<u>\$25,786</u>	<u>\$5,470</u>	<u>\$23,682</u>	<u>\$ 479,132</u>	<u>\$ 499,463</u>

**CITY OF NEW ORLEANS**

**TRUST AND AGENCY FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1998 (AMOUNTS IN THOUSANDS)**

ASSETS	Fiduciary Trust Funds			
	Fire Fighters'		Police Old System	Employees' Retirement System
	Old System	New System		
Cash	\$ 1,896	\$ 413	\$ 316	\$ 254
Time certificates of deposit				
Investments, at cost or amortized cost	2,802	114,533	1,399	219,200
Receivables:				
Accounts				
Accrued interest	9	853	8	1,518
Other	290	302	62	535
Due from other funds				
Due from component units				
Due from other governments				693
Other assets	15		16	315
<b>TOTAL ASSETS</b>	<b>\$ 5,042</b>	<b>\$118,031</b>	<b>\$1,819</b>	<b>\$ 722,536</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 23	\$ 136		\$ 3
Other payables and accruals	1,290	275		340
Due to other funds				430
Due to other governments				
Due to component units				
<b>Total liabilities</b>	<b>1,313</b>	<b>411</b>		<b>773</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Borrowings				
Employees' retirement systems	3,769	117,619	\$1,819	221,783
Unreserved - unobligated				
<b>Total fund balances</b>	<b>3,769</b>	<b>117,630</b>	<b>1,819</b>	<b>221,783</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,042</b>	<b>\$118,031</b>	<b>\$1,819</b>	<b>\$ 722,536</b>



## TRUST AND AGENCY FUNDS

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

The nonexpendable trust fund is used to account for all monies and all property acquired by donation and to be held intact. Monies are to be invested with the principal remaining intact and income accounted for in separate expendable trust funds.

Expendable trust funds are used to account for all monies and all property acquired by donation for a designated purpose, not required to be held intact. Significant expendable trust funds are as follows:

*Delgado-Albania Plantation Commission* - Used to account for funds generated from the operation of a sugar cane plantation.

*Edward Wiener* - Used to account for approximately 93,000 acres of land and watercourses in Jefferson, St. John the Baptist and Lafourche Parishes, Louisiana from the estate of Edward Wiener to the City of New Orleans, as Trustee, for a 99-year charitable trust. The beneficiaries of the trust include the City of New Orleans as beneficiary for several charitable purposes, Charity Hospital of New Orleans, 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. This trust was created by an Act of Donation dated August 4, 1914.

*June Delgado Memorial* - Used to account for funds which will benefit Delgado Community College.

*Sisters Epargy* - Used to account for funds designated to establish a city dispensary for gratuitous dispensing of medicines and medical advice to the poor.

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.

*Excess 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.

## EXHIBIT C-4

Page 2 of 2

Private Grants	Federal Department of Social Security	Total	
		1995	1994
	\$ 795	\$ 43,419	\$ 46,546
		1,214	1,439
		38	49
		758	188
			33
	795	45,431	48,265
	795	818	3,688
		1,258	383
		78	87
		14,635	9,489
		93	84
		18,947	20,565
		8,358	8,561
	795	43,781	44,847
		1,648	3,428
		(378)	(1,063)
		(378)	(1,063)
		1,278	1,383
\$ 1	-	18,434	9,079
\$ 1	\$ -	\$ 11,708	\$ 10,434

(Continued)

CITY OF NEW ORLEANS

EXPENDABLE TRUST FUNDS - ENDOWMENT INCOME TRUST FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)

	Isaac Delgado Memorial	John McDonogh School	LaSapote Cemetery No. 1 Under Hill of Lily Violet	Michelle Zimmerman Trust	Mrs. Gale Jourdain
<b>ASSETS</b>					
Cash	\$ 30	\$ 1	\$ 1		
Time certificates of deposit	255	6	3	12	11
Accounts receivable					
Due from other funds	—	—	—	—	—
<b>TOTAL ASSETS</b>	<b>\$285</b>	<b>\$7</b>	<b>\$4</b>	<b>\$12</b>	<b>\$11</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable					
Due to other funds	—	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES:</b>					
Unreserved - undesignated	\$285	\$7	\$4	\$12	\$11
<b>Total fund balances</b>	<b>285</b>	<b>7</b>	<b>4</b>	<b>12</b>	<b>11</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$285</b>	<b>\$7</b>	<b>\$4</b>	<b>\$12</b>	<b>\$11</b>

## TRUST FUNDS

### Observation

During our audit of expendable and nonexpendable trust funds, we noted that some of these trust funds were documented by several legal trusts which could be located. Additionally, the following funds have had no activity recorded for many years even though many require annual expenditures to be made for specified purposes and have assets remaining in the funds:

a. Isaac Delgado Memorial

This fund was established for the use and benefit of the Isaac Delgado Trade School (formerly Delgado Community College).

b. John McDonough School

This fund was established for the support of public schools.

c. Lafayette Cemetery #1 Under Will of Lilly Violet

The ordinance under which the fund, Lafayette Cemetery #1 Under Will of Lilly Violet, was established requires the City to carry out the terms of the bequest, which states that the income be spent for the perpetual care and maintenance and repairs of the family tomb in Lafayette Cemetery #1 and placing flowers thereon three times a year.

d. Mahala Zimmerman Trust

This fund was established according to the terms of the will of Mrs. Mahala Zimmerman for the care and improvement of her tomb and grounds in Washington Cemetery.

e. Mrs. Ora Joachim

This fund was established according to the terms of the will of Mrs. Ora Joachim to perpetuate a subscription of National Geographic Magazine for the New Orleans Public Library.

f. Place de France - Jean of Arc

g. Sickles Legacy

The Sickles Legacy Fund was established by the bequest of Mr. Simon Van Antwerp Sickles, in which he bequeathed to the City of New Orleans a portion of his estate to establish a City Dispensary for gratuitous dispensing of medicines and medical advice to the poor of the City.

h. Simon Herstein

This fund was established to purchase books from the earnings off of the principal donated under the will of Simon Herstein.

i. Helen Adler Levy Library

This fund was authorized to establish and maintain the Helen Adler Levy Memorial Room at the New Orleans Public Library.

Account Group		Totals Primary Government Phonograph Only	Component Units		Totals Reporting Entity Phonograph Debt	
General Fund Assets	General Long-Term Debt		Governmental	Proprietary	1995	1994
		\$ 31,687	\$ 675	\$ 15,493	\$ 53,824	\$ 58,132
	\$ 341,144	187,838	307	3,388	3,344	2,682
		44,523		14,129	122,148	125,128
		11,468		1,999	48,519	28,377
		1,615		3,940	3,359	2,347
		16,174	27		11,468	11,124
					1,615	884
			27	13	38,214	37,769
				713		736
				9,828		9,888
				1,438		1,428
				7,949		7,958
				4,271		4,370
				3,880		3,888
				8,888		8,965
101,633		111,428		9,231	120,847	114,288
		232			232	231
35,588		35,588			35,588	35,576
				5,393	5,393	18,813
432,261		432,261			412,160	415,625
				67,145	67,145	72,848
				21,899	21,899	24,845
				294,864	294,864	277,215
		42		1,126	1,126	884
	158,248	361,811	1,268	462,271	1,238,821	1,285,871
5425,714		425,714	7	301,290	301,298	258,508
			313		426,028	417,028
				648,151	648,151	611,829
				35,983	35,983	35,840
				83,247	83,247	81,894
				82,388	82,388	81,281
				424,632	424,632	418,221
		418,693		83,276	339,959	475,918
		43,850	3,737		44,388	34,227
		35,728	292		36,715	40,767
		261,817	4,718	93,226	351,931	386,812
425,214		371,881	2,681	1,211,228	2,183,642	2,090,520
5425,714	1,758,442	2,147,252	2,481	2,147,252	2,147,252	2,147,252

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND DISCREETELY PROVIDED  
 COMPONENT UNITS  
 YEAR ENDED DECEMBER 31, 1999 (AMOUNTS IN THOUSANDS)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>REVENUES:</b>				
Taxes (Note 3)	\$ 185,095	\$ 4,687	\$ 13,409	
Licenses and permits	35,198			
Intergovernmental	18,173	43,419		\$ 18,533
Charges for services	45,153			
Program income		1,214		
Fines and forfeits	18,498	2,371		
Interest income (Note 10)	7,184	1,394	3,283	44
Contributions, gifts and donations (Note 8)	9,612	1,769		
Miscellaneous	13,823	2,958		673
<b>Total revenues</b>	<b>335,628</b>	<b>39,212</b>	<b>36,782</b>	<b>19,230</b>
<b>EXPENDITURES:</b>				
Current:				
General government	99,004	4,771	373	
Public safety	133,174	1,368		
Public works	35,446	75		
Health and welfare	12,179	14,802		
Culture and recreation	18,714	1,239		
Urban development and housing	125	30,759		
Economic development and assistance		13,024		
Capital projects				36,394
Debt service:				
Principal retirement	4,214		14,694	
Interest and bond charges	3,443		17,582	
Bond issuance costs			612	
<b>Total expenditures</b>	<b>329,176</b>	<b>36,129</b>	<b>33,178</b>	<b>36,788</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>6,452</b>	<b>3,083</b>	<b>3,604</b>	<b>(11,148)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in (Note 8)	1,408	2,302		
Transfer to trust component unit (Note 8)				
Operating transfers out (Note 8)	(1,702)	(1,492)		
Proceeds from bond issuance			187,343	16,000
Payment to bond covenant agent			(175,752)	
Payments on bonds			4,841	
Other, net				
<b>Total other financing sources (uses)</b>	<b>(894)</b>	<b>810</b>	<b>(1,880)</b>	<b>16,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>5,558</b>	<b>3,893</b>	<b>1,724</b>	<b>11,832</b>
<b>FUND BALANCES, BEGINNING OF YEAR (Retained - see Note 3)</b>	<b>24,831</b>	<b>18,764</b>	<b>28,362</b>	<b>17,412</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 30,389</b>	<b>\$ 22,657</b>	<b>\$ 29,886</b>	<b>\$ 29,244</b>

See notes to financial statements.

Fiduciary Fund Type	Total Primary Government (Memorandum Only)	Component Units		Totals Reporting Entity (Memorandum Only)	
		Governmental	Reporting Entity		
			1990	1991	
	\$ 218,602	\$ 6,790	\$ 241,457	\$ 274,893	
	35,296		35,296	35,130	
	80,934		80,934	79,192	
	41,503		41,503	39,487	
	1,204		1,204	1,419	
	12,801		12,801	12,830	
	12,179	399	12,179	1,260	
	9,380		9,380	70,360	
	<u>21,458</u>	<u>1,012</u>	<u>21,461</u>	<u>25,028</u>	
	<u>1,341</u>	<u>8,208</u>	<u>499,426</u>	<u>894,241</u>	
23	184,202	3,008	187,210	300,012	
	136,742		136,742	136,938	
	88,793		88,793	84,394	
	27,468	730	27,468	24,534	
	31,849	9,269	31,086	23,126	
	30,842		30,842	28,780	
	13,834		13,834	13,444	
	30,388		30,388	31,624	
	18,118		18,118	18,892	
	21,006		21,006	20,884	
	<u>412</u>		<u>412</u>		
	<u>1,836</u>	<u>7,841</u>	<u>698,236</u>	<u>851,322</u>	
2500	1,032	1,168	2,200	4,452	
	3,287		3,287	4,887	
	(3,907)		-	317	
	182,242		182,242	(4,387)	
	(73,762)		(73,762)	-	
	4,841		4,841	-	
		(781)	781	-	
	<u>22,118</u>	<u>697</u>	<u>22,218</u>	<u>21</u>	
2900	24,150	787	24,418	4,769	
	<u>181,481</u>	<u>4,452</u>	<u>181,652</u>	<u>110,532</u>	
<u>1,2,300</u>	<u>2,208,752</u>	<u>2,4,238</u>	<u>2,210,491</u>	<u>2,397,211</u>	

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ACTUAL (ADJUSTED TO BUDGETARY BASIS) AND BUDGET - GENERAL FUND  
 YEAR ENDED DECEMBER 31, 1985 (AMOUNTS IN THOUSANDS)

	General Fund (Note D)				
	Actual	Adjusted to Budgetary Basis	Actual on Budgetary Basis (Non-GAAP)	Revised Budget	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Taxes	\$193,076	\$ (341)	\$ 194,738	\$189,163	\$ 5,575
Licenses and permits	38,296		38,296	38,780	(484)
Intra-governmental	18,372	253	18,625	21,713	(2,888)
Charges for services	49,535		49,535	44,671	4,864
Fees and forfeits	18,448		18,448	18,156	292
Interest income	7,284		7,284	7,211	773
Contributions, gifts and donations	6,612		6,612	18,663	(12,051)
Miscellaneous (includes appropriations from prior year's fund balance of \$11,440)	18,800	11,238	30,038	34,752	(4,714)
Total revenues	336,823	11,237	348,060	358,993	(11,933)
<b>EXPENDITURES:</b>					
Current:					
General government	59,834	9,373	69,207	111,728	(41,521)
Public safety	135,374	318	135,702	137,257	(1,555)
Public works	35,686	6,710	42,396	66,609	(24,213)
Health and welfare	12,370	976	13,346	13,112	234
Culture and recreation	18,714	124	18,838	28,814	(9,976)
Urban development and housing	223	12	235	315	(80)
Debt service:					
Principal retirement	4,514		4,514	4,514	
Interest and fiscal charges	3,441		3,441	3,441	
Total expenditures	269,586	16,513	286,100	357,666	(70,566)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	69,237	(5,276)	61,960	1,327	60,633
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	1,485		1,485	502	983
Transfer in from component unit					
Operating transfers out	(1,181)		(1,181)	(1,937)	756
Appropriations from prior year's fund balance		(11,440)	(11,440)		11,440
Reduction in prior year's outstanding encumbrances		3,613	3,613		3,613
Other, net		(73)	(73)		73
Total other financing sources	904	(8,900)	(7,996)	(1,385)	6,611
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	70,141	(14,176)	55,964	(1,058)	57,022
<b>FUND BALANCES, BEGINNING OF YEAR</b>	24,831	62,600	36,438		
<b>FUND BALANCES, END OF YEAR</b>	\$ 94,982	\$ 48,424	\$ 92,422		

See notes to financial statements.



## CITY OF NEW ORLEANS, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1988

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#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of New Orleans, Louisiana (the "City") have been prepared in conformity with 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 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 1934. 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, transit, sanitation, water and sewerage, planning and zoning, recreation, and general administrative services. Education and welfare are administered by other governmental entities.

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. 14, "The Financial Reporting Entity." 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.

**Blended Component Units** - For financial reporting purposes, the following entities are included (blended) in the operations and activities of the City because these entities provide services substantially for the benefit of the City: Board of Legislation, City Debt and the Rivergate Development Corporation.

**Discretely Presented Component Unit** - The general purpose financial statements of the City include all government activities, organizations 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 general purpose financial statements:

Audubon Park Commission  
 Canal Street Development Corporation  
 Downtown Development District  
 French Market Corporation  
 Municipal Yacht Harbor Management Corporation  
 New Orleans International Airport  
 New Orleans Tourism Marketing Corporation  
 Orleans Parish Communications District  
 Upper Pontalba Building Restoration Corporation  
 Sewerage and Water Board of New Orleans

During 1995, it was determined that inclusion of the Almonster-Michoud Industrial District (AMID) as a discretely presented governmental component unit in the general purpose financial statements of the City was no longer appropriate. Beginning of the year fund balance for governmental component units is stated as follows (amounts in thousands):

	AMID	Others	Total
Beginning of Year Fund Balance, as previously presented	\$4,750	\$182,684	\$187,434
Effect of removal of AMID as a discretely presented component unit	(4,750)	-----	(4,750)
Beginning of Year Fund Balance, as stated	\$0.00	\$182,684	\$182,684

**Condensed Financial Statements** - The following are condensed financial statements of discretely presented component units disclosed above. Complete financial statements of the individual component units can be obtained directly from their administrative offices.

**Condensed Balance Sheet (amounts in thousands)**

	Audubon Park Committee	New Orleans International Airport	Sewage and Water Board	Other	Total
<b>Assets:</b>					
Current assets	\$ 1,714	\$ 30,827	\$ 114,503	\$ 5,129	\$ 152,173
Due from primary government		1,037	500	378	1,915
Property, net	104,711	284,954	886,486	28,675	1,210,726
Other assets	21,800	172,118	173,823	18,471	526,212
Due from other component units	1,880		39	250	1,969
<b>Total assets</b>	<b>\$131,105</b>	<b>\$489,936</b>	<b>\$1,075,351</b>	<b>\$45,833</b>	<b>\$1,671,225</b>
<b>Liabilities:</b>					
Current liabilities/ deferred revenues	\$ 9,370	\$ 30,798	\$ 45,830	\$ 1,684	\$ 77,494
Long-term bonds payable	88,809	234,804	28,280	5,180	317,073
Due to other component units	1,880		39	250	1,969
Due to primary government		1,344	500	1,298	2,942
Other liabilities	871		4,651	11,788	16,710
<b>Total liabilities</b>	<b>92,930</b>	<b>266,946</b>	<b>79,299</b>	<b>17,700</b>	<b>316,875</b>
<b>Equity and other credits:</b>					
Contributed capital		158,418	138,770	11,793	309,291
Investment in general fixed assets					
Retained earnings, reserved	2,186	21,791	793,924	5,182	803,183
Retained earnings, unreserved	88,779	13,800		13,115	115,694
Fund balances			89,276		89,276
<b>Total equity and other credits</b>	<b>\$8,875</b>	<b>\$222,979</b>	<b>\$67,276</b>	<b>\$28,133</b>	<b>\$354,263</b>
<b>Total liabilities, equity and other credits</b>	<b>\$131,105</b>	<b>\$489,936</b>	<b>\$1,075,351</b>	<b>\$45,833</b>	<b>\$1,671,225</b>

**Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances (amounts in thousands)**

	Developers Development District	New Orleans Tourism Marketing Corporation	Total
Revenue	\$ 3,793	\$ 4,416	\$ 8,209
Expenditures	3,383	4,372	7,755
Excess of revenues over expenditures	408	44	452
Fund balances, beginning of year	3,628	828	4,456
<b>Fund balances, end of year</b>	<b>\$4,036</b>	<b>\$1,272</b>	<b>\$5,308</b>

Condensed Statement of Revenues, Expenses, and Changes in Retained Earnings (amounts in thousands)

	Audubon Park Commission	New Orleans International Airport	Sewerage and Water Board	Other	Total
Operating revenues	\$ 20,964	\$ 42,589	\$ 137,248	\$ 8,172	\$ 311,483
Operating and other expenses	(28,584)	(28,403)	(94,407)	(2,647)	(154,041)
Depreciation	(3,282)	(12,892)	(41,612)	(1,528)	(63,314)
Operating income (loss)	(1,902)	1,792	39,449	1,225	39,424
Nonoperating revenues, net	2,873	2,598	7,064	1,224	13,759
Specific grants	8,772	—	—	—	8,772
Net income (loss)	8,964	5,772	46,513	2,429	63,678
Depreciation on contributed fixed assets	—	3,666	—	—	3,666
Retained earnings/fund balance, beginning of year	(2,812)	(28,018)	(82,547)	(13,838)	(127,215)
Retained earnings/fund balance, end of year	<u>\$ 16,152</u>	<u>\$ 35,422</u>	<u>\$ 337,323</u>	<u>\$ 16,412</u>	<u>\$ 505,309</u>

**Related and Jointly Governed Organizations**

Related organizations and jointly governed organizations provide services within the City that are administered by separate boards or commissions, but the City is not financially accountable, and such organizations are therefore not component units of the City, even though the Mayor and/or City Council may appoint a voting majority of an organization's board. Consequently, financial information for the following entities is not included within the scope of these financial statements.

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

- Community Improvement Agency
- Housing Authority of New Orleans
- New Orleans Home Mortgage Authority
- Public Belt Railroad Commission

**Jointly Governed Organizations** - The City is a participant in other jointly governed organizations. The Mayor and/or City Council appoints members of the boards for the following organizations. Such appointments represent less than a voting majority of the respective boards.

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

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM                      FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT**

<b>Program No.</b>	<b>Condition</b>
<b>RYAN WHITE, CREAC EXPECTATIONS, AND INFINITY NETWORK</b>	<b>AUDITS OF SUBRECIPIENT CONTRACTOR CONTINUED</b>

**Criteria. Continued**

audit requirement. Commercial contractors (private for profit and private and governmental organizations) providing goods and services to State and local governments are not required to have a single audit performed. State and local governments should use their own procedures to ensure that the contractor has complied with laws and regulations affecting the expenditure of Federal funds:

- Determine whether the subgrantee spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the

**j. Kiwanis Club Lee Circle Sprinkler System**

The Kiwanis Club Lee Circle Sprinkler System Fund was established in 1977 by a donation of \$4,200 by the Kiwanis Club to install a Subterranean Lawn Sprinkler System at Lee Circle.

**k. Ella West Freeman Foundation**

This fund was established for the purpose of producing copies of the Machinery Maintenance Guidelines Manual to be used by the Vaux Carre Commission.

**Recommendation**

We recommend that additional research of these trust funds be performed to determine the legal status and necessity of maintaining these funds in trust for others. Additionally, the City should implement a system for determining whether the requirements of each of these trusts are being met, and the Board of City Trusts should become more involved in monitoring the activities of those funds which fall under its jurisdiction.

**OVERSIGHT OF COMPONENT UNITS**

**Situation**

In the current year, Canal Street Development Corporation, all of the City's pension plans and Orleans Parish Communications District were not able to provide the City its relevant financial reports for inclusion into the City's general purpose financial statements on a timely basis.

**Recommendation**

We recommend that the City exercise additional oversight of these component units to ensure that their financial reports will be received in a timely manner.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM            FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT**

<b>Program No.</b>	<b>Condition</b>
<b>DEAR HOUSE, GREAT EXPECTATIONS, AND INFINITY NETWORK</b>	<b>ALIBIS OF SUBRECIPIENT CONTRACTS CONTINUED</b>

**Criteria**

The OMB Common Rule, Subpart C Section .26(b)(1) through 3) states that:

"State or local governments that receive Federal financial assistance and provide \$15,000 or more of it in a fiscal year to a subgrantee shall:

- Determine whether State or local subgrantees have met the audit requirements of the Act and whether subgrantees covered by OMB Circular A-110, "Uniform Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations" have met the

## **BUSINESS CONTINUITY PLAN**

### **Observation**

The Business Continuity Plan has not been completely developed and tested.

### **Background**

The EDP portion of the Business Continuity Plan has been developed but not documented or tested. Furthermore, the recovery of the EDP processing environment is only part of an effective Business Continuity Plan. The recovery procedures necessary to ensure the actual business functions would be adequately recovered has not been developed or tested.

### **Recommendation**

A Business Continuity Plan needs to be developed, documented and tested that includes EDP Disaster Recovery procedures as well as user procedures that would be necessary to recover the business functions. These two pieces should work together to ensure that in the event of a disaster both the processing and business functions would be recovered with minimal lost time and information.

## **DATA SECURITY POLICY**

### **Observation**

There is no corporate information security policy. As a result, management's requirements for the protection of information processed or maintained by the organization may not be met.

### **Background**

An effective information security policy identifies information as a corporate asset and defines management's requirements for the protection of that asset. If these requirements are not defined, information may not receive protection commensurate with its value to the organization.

### **Recommendation**

Publish a policy statement that defines the requirements for the protection of information processed or maintained by the organization regardless of form.

This policy statement should include:

- + A statement that defines information as a corporate asset.
- + Classification standards for information and level of protection required for each.
- + Assignment of data owners who would be responsible for defining the detailed security requirements for their data.
- + Definition of enforcement procedures for violation of the policy.
- + Assignment of overall responsibility for ensuring that information is protected in accordance with the policy.



Use of a closing checklist and schedule will help ensure that required tasks and analyses are completed and allow supervisory personnel to monitor the progress of all aspects of the year-end closing process.

## **FINANCIAL STATEMENT PREPARATION**

### **Observation**

At fiscal year-end, the accounting department personnel prepare trial balances for all funds of the City to prepare the annual financial report. Accounting department personnel spend a significant amount of time preparing year end trial balances in a personal computer-based spreadsheet program. The City's general ledger software does not currently prepare the reports needed by the Accounting department for the creation of the annual financial report. Manually reentering the data is inefficient and increases the potential for error in creating the annual financial report.

### **Recommendation**

Explore alternatives to manually reentering information that is already maintained in an electronic format. These alternatives could include:

- Development of automated reports that meet the accounting department's needs
- Establishing a responsibility and a time frame for testing the system's ability to download data to a personal computer-based spreadsheet template that meets the accounting department's needs.

## **MUNICIPAL SECURITIES REPORTING REQUIREMENTS**

### **Observation**

The Securities and Exchange Commission ("SEC") has issued its Rule which has the effect of imposing additional reporting requirements on issuers of municipal securities issued after July 3, 1995. The SEC, which does not have regulatory authority over municipal security issuers, has issued this rule to prohibit brokers/dealers from trading municipal securities in the secondary market without verifying that secondary purchasers have been provided access to information regarding the security which is equivalent to the information provided to original purchasers, i.e., an official statement. The information is required to be provided at least annually for such "material obligated person" for each issue of municipal securities. Material obligated persons include such government corporation or other entity which has an obligation for repayment of a material portion of the City projects. The City's securities will be subject to the reporting requirements of the rule.

### **Recommendation**

City management should consult with their bond counsel to determine the effects of the rule on their reporting of information in official statements for municipal bond issues and on an at least annual basis thereafter.

## ACCOUNTING, ADMINISTRATIVE AND OPERATING MATTERS

### TIMELY ISSUANCE OF FINANCIAL REPORTS

#### Observation

State law requires that the City issue its audited general purpose financial statements and all related reports within six months of the end of its fiscal year end. Primarily as a result of its conversion to a new accounting system, the City was unable to issue its annual financial reports in a timely manner.

#### Recommendation

The City should issue its annual financial reports within the time prescribed by state law.

### FUND BALANCE OF THE GENERAL FUND

#### Observation

Over the last several years, the City has appropriated portions of its prior year fund balance in its general fund in order to meet increasing expenditures requirements. If these appropriations continue at the same rate as the past two years, the City's general fund would be in a deficit position on a budgetary basis by mid-1997.

#### Recommendation

Many municipalities establish minimum levels of fund balance beyond which levels they will not exceed except in unusual or extraordinary circumstances. We recommend that the City establish for budgeting purposes a minimum level of fund balance.

### CLOSING CHECKLIST

#### Observation

The City's financial statements are comprised of numerous funds that are maintained by several individuals with varying levels of responsibility. During the year-end closing procedures for fiscal year 1993, there were several problems which indicated the need for enhancing year-end closing procedures which problems included:

- Delays in posting year end entries
- Delays in performing reconciliations
- Delays in preparing reports

#### Recommendation

Consider designing and implementing a year-end closing checklist and schedule. At a minimum, the checklist and schedule should include:

- Annual recurring journal entries
- Annual reconciliation instructions
- A sign-off for each individual to indicate completion

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM            FINDING/NONCOMPLIANCE**

**DEPARTMENT OF  
HEALTH & HUMAN  
SERVICES**

<u>Program No.</u>	<u>Condition</u>
HEAR WHITE, GREAT EXPECTATIONS, HEALTHCARE FOR THE HOMELESS, AND INFINITY NETWORK	<p>LACK OF PROGRAMMATIC AND FISCAL MONITORING CONTINUED</p> <p>Recommended, continued</p> <ul style="list-style-type: none"><li>• Documentation of the monitoring visit in the form of a written report disclosing the results of the visit;</li><li>• Require all subrecipients that receive \$25,000 or more in grant funds to have an independent audit performed in accordance with OMB Circulars A-128 or A-133 as applicable. The program monitor should then review these reports for instances of noncompliance cited; and</li><li>• All monitoring reports should be properly filed and maintained for the required statutory periods as evidence that the required monitoring procedures are being followed.</li></ul>

CITY OF NEW ORLEANS  
 SCHEDULE OF FINDINGS/NONCOMPLIANCE  
 AND  
 QUESTIONED COSTS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 1995

<b>PROGRAM</b>	<b>FINDING/NONCOMPLIANCE</b>	<b>QUESTIONED COSTS</b>
<b>DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>		

PROGRAM No.  
 RYAN WHITE,  
 GREAT  
 EXPECTATIONS,  
 AND INFINITY  
 NETWORK

Condition  
AUDITS OF SUBRECIPIENT CONTRACTS

\$-0-

The City of New Orleans Health Department and Mayor's Office of Health Policy and Aide Funding have not fully developed a system to ensure that subrecipients who receive in excess of \$25,000 or more in federal funds perform audits in accordance with Federal requirements and OMB Circular A-128 and A-130 as applicable.

In our detailed review of the Ryan White, Great Expectations and Infinity Network programs the following conditions were noted:

- Ryan white - approximately \$2.8 million was disbursed to approximately thirty-six (36) subrecipients. Of the thirty-six (36) subrecipients noted, approximately twenty-five (25) subrecipients met the dollar threshold per audits.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**  
(CONTINUED)

To the Members of the  
City Council and the  
Honorable Marc E. Morial, Mayor  
City of New Orleans, Louisiana

with respect to the items tested the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the Schedule of Findings/Noncompliance and Questioned Costs.

This report is intended for the information of the audit committee, management, the cognizant audit agency, and other interested parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Bruno & Tervalon*

**BRUNO & TERVALON**  
CERTIFIED PUBLIC ACCOUNTANTS

October 4, 1996

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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PROGRAM            FINDING/NONCOMPLIANCE

DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT

Program No.	Condition
RYAN WHITE, GREAT EXPECTATIONS, AND INFINITY NETWORK	<u>AUDITS OF SUBRECIPIENT CONTRACTS</u> CONTINUED

Condition, Continued

However, Ryan White administrators had just two (2) audit reports on file, with the amount disbursed to the remaining subrecipients totaling approximately \$2 million dollars.

- Great Expectations - approximately \$5.1 million dollars was disbursed to seven (7) subrecipients. The administrators of the Great Expectations program had six (6) audit reports on file, with the amount disbursed to the remaining subrecipient totaling \$33,000.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM                    FINDINGS/NONCOMPLIANCE**

**DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT**

**Program No.                    Condition**

HEAR HEAR,  
GREAT  
EXPECTATIONS,  
AND INFINITY  
NETWORK

AUDITS OF SUBRECIPIENT  
CONTRACTS  
CONTINUED

Condition, Continued

-- Infinity Network Program - approximately \$800,000 was disbursed to six (6) subrecipients. The administrators of the Infinity Network Program had five (5) audit reports on file, with the amount disbursed to the remaining subrecipient totaling \$20,000.

Cause

The CMO Health Department and Mayor's Office of Health Policy and AIDS Funding had not fully established its policies and procedures relative to determining subrecipients' compliance with Federal audit requirements.

CITY OF NEW ORLEANS, LOUISIANA

GRANT RECIPIENT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 YEAR ENDED DECEMBER 31, 1992 (AMOUNTS IN THOUSANDS)

	Department of Education	Department of Culture, Recreation and Tourism	Department of Labor	Department of Resources	Traffic Court
<b>REVENUES:</b>					
Inter-governmental	118	9 89	1 8,337	9 46	
Program income					
Fees and benefits					9 30
Interest income					
Contributions, gifts and donations	—	—	—	—	—
Total revenues	118	9 89	1 8,337	9 46	9 30
<b>EXPENDITURES:</b>					
General government					
Public safety					
Public works				46	30
Health and welfare	30				
Culture and recreation		91			
Urban development and housing					
Economic development and assistance	—	—	1 8,338	—	—
Total expenditures	30	91	1 8,338	46	30
Excess (deficiency) of revenues over expenditures	—	2	(1)	—	—
<b>Other financing uses:</b>					
Operating transfers (out)	—	—	(1)	—	—
Total other financing uses	—	—	(1)	—	—
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses		2	1		
<b>FUND BALANCES, BEGINNING OF YEAR</b>	1	1	438	1	1
<b>FUND BALANCES, END OF YEAR</b>	1	3	438	1	1



### STATUS OF THE 1994 RECOMMENDATIONS

The following is a summary of the 1994 recommendations from our report dated June 26, 1995 and the status of implementation thereof:

	<u>Implemented</u>	<u>Partially Implemented</u>	<u>Not Implemented</u>
• <i>State outstanding checks should be written off within a specified period of time.</i>	X		
• <i>Authorizing documents should be sent by Accounting to Treasury in a timely manner.</i>	X		
• <i>All original property documents maintained by the City should be safeguarded in fire proof cabinets.</i>			X
• <i>All receiving warrants received by Treasury before the end of the fiscal cycle should be forwarded to Accounting for proper recording.</i>	X		
• <i>Periodic assessments of the allowances for doubtful accounts should be performed.</i>			X
• <i>Estimates or inquiries should be made to correct material accounts payable, thereby avoiding large balances being recorded in the wrong period.</i>	X		
• <i>A detailed review of outstanding encumbrances should be performed at the end of each fiscal year.</i>		X	
• <i>Accounting personnel with the City should contact the appropriate personnel at each respective component unit periodically in order to reconcile the due to/for from balances.</i>			X
• <i>A periodic review of access applications should be performed.</i>			X

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans, Louisiana  
Page 3

**SUBRECIPIENT CONTRACTS - HEALTHCARE FOR THE HOMELESS**

We noted that in four (4) instances out of eight (8) tested, subrecipient contracts were not routed and executed timely. In two (2) of these instances, the contract routing sheet was dated one and two months, respectively, prior to the end of the contract.

We recommend that management of the City of New Orleans adhere to established procedures.

**EQUIPMENT - GREAT EXPECTATIONS**

We noted that for eight (8) equipment items selected for testing, such purchases were neither tagged nor recorded on the inventory listing.

We recommend that management adhere to established procedures for recording and tagging equipment.

**MISCLASSIFICATION OF DISBURSEMENTS - INFINITY NETWORK**

We noted that in six (6) instances out of eleven (11) disbursements selected for testing, such expenditures were misclassified as dues and subscriptions instead of professional services.

We recommend that management adhere to established procedures for classifying expenditures.

ANALYSIS OF REVENUES BY SOURCE AND EXPENSES BY TYPE - PENSION PLANS  
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

## (b) New Fire Plan

## Revenue by source:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Total	Employer's Contribution as a Percentage of Covered Payroll
1988	\$ 1,821	\$ 2,895	\$ 4,732	\$ 7,808	13.8
1987	1,328	2,598	6,759	10,429	15.3
1986	973	1,642	3,718	6,333	18.1
1985	1,804	2,300	3,214	5,328	13.3
1990	948	2,848	3,899	9,687	15.8
1991	1,801	2,835	8,844	11,684	14.1
1992	938	2,938	7,988	11,443	14.7
1993	899	2,943	4,978	8,402	14.1
1994	1,815	3,080	4,529	8,684	14.7
1995	880	2,431	5,932	9,243	13.9

## Expenses by type:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Total
1980	\$ 518	\$ 15	\$ 331	\$ 864
1981	886	-	294	1,080
1982	1,089	-	109	1,198
1983	1,523	-	54	1,577
1984	1,790	461	1	2,258
1991	2,144	303	78	2,735
1992	2,829	874	152	3,858
1993	2,554	782	142	3,478
1994	2,842	781	68	3,685
1995	2,270	694	12	2,977

Contributions were made in accordance with actuarially determined contribution requirements.

(Continued)

ANALYSIS OF REVENUES BY SOURCE AND EXPENSES BY TYPE - PENSION PLANS  
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

## (i) Employer's Plan

## Revenues by source

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total	Employer's Contribution as a Percentage of Covered Payroll
1986	\$ 2,391	\$ 6,792	\$ 12,899	-	\$ 22,082	11.4
1987	2,346	6,646	9,848	-	18,739	11.3
1988	2,381	6,829	11,218	-	22,529	14.4
1989	2,230	9,079	9,808	-	21,118	15.4
1990	2,456	8,948	6,178	-	17,582	14.1
1991	2,611	8,968	12,127	-	24,706	13.9
1992	2,769	9,258	12,719	-	24,894	13.2
1993	2,318	9,216	10,359	-	22,353	14.1
1994	2,646	9,799	10,211	-	22,656	13.8
1995	2,921	10,620	10,821	\$164	24,706	13.3

## Expenses by type:

Fiscal Year	Benefits	Refunds	Other	Total
1986	\$ 8,099	\$ 2,387	\$ -	\$ 10,886
1987	10,588	1,784	-	12,368
1988	11,136	1,147	-	12,779
1989	11,825	896	-	12,931
1990	12,381	858	-	13,340
1991	13,162	885	9	14,056
1992	12,685	719	889	14,293
1993	12,863	1,098	1,153	15,058
1994	12,927	1,068	1,289	15,282
1995	13,344	1,141	1,916	16,401

Contributions were made in accordance with actuarially determined contribution requirements.

(Continued)

## CITY OF NEW ORLEANS

TABLE 13  
Page 4 of 5ANALYSIS OF REVENUES BY SOURCE AND EXPENSES BY TYPE - PENSION PLANS  
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

## 10 Municipal and State Police Employees' Retirement System

## Revenues by source

Fiscal Year	Employer Contributions	Employee Contributions	Investment Income	Other	Total	Actuarially Determined Contribution Requirement	Employee's Contribution as a Percentage of Covered Payroll
1985	\$ 4,879	\$ 5,995	\$ 21,785	\$ 10,297	\$ 53,164	\$ 10,990	7.6
1987	5,732	5,745	26,448	20,278	58,203	20,246	7.3
1988	5,829	5,987	28,488	21,287	51,591	8,051	7.8
1989	5,945	5,951	26,438	16,930	55,364	10,137	7.3
1990	6,931	7,771	23,170	11,078	58,950	10,894	9.0
1991	7,548	8,354	21,336	27,354	65,592	10,332	9.0
1992	7,811	8,845	41,833	14,829	73,418	7,605	9.0
1993	8,047	8,991	60,720	18,424	96,182	11,765	9.0
1994	7,935	8,077	43,643	13,843	74,498	11,798	9.3
1995	7,791	8,327	33,873	14,306	64,297	12,913	9.3

## Expenses by type

Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total
1985	\$ 15,838	\$ 349	\$ 846	\$ 28	\$ 17,161
1987	17,112	632	1,809	22	19,784
1988	18,592	419	1,308	23	20,442
1989	20,332	478	1,334	110	22,354
1990	21,569	438	1,378	13	23,498
1991	23,731	1,073	1,195	8	26,007
1992	25,242	1,240	1,127	6	27,615
1993	27,239	1,337	1,046	160	29,782
1994	31,161	1,358	1,244	8	33,871
1995	30,894	1,811	1,781	0	34,476

Contributions were made in amounts necessary to pay current expenses.

(Continued)

## CITY OF NEW ORLEANS

TABLE 13  
Page 5 of 8ANALYSIS OF REVENUES BY SOURCE AND EXPENSES BY TYPE - PENSION PLANS  
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

40 Pension Plan						
Revenues by source:						
Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total	Employer's Contribution as a Percentage of Covered Payroll
1986	\$ 37	\$ 1,304	\$ 18	\$ 199	\$ 1,558	27.1
1987	45	1,242	26	205	1,518	34.1
1988	33	1,376	39	196	1,644	23.1
1989	42	1,466	91	173	1,772	26.7
1990	28	1,424	97	200	1,749	37.6
1991	31	1,272	100	157	1,560	40.4
1992	33	1,346	88	194	1,661	4,908.2
1993	28	1,210	38	217	1,513	50.6
1994	31	1,080	44	284	1,440	50.6
1995	48	977	82	179	1,286	50.8
Expenses by type:						
Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total	
1986	\$ 1,192	\$ 88	\$ -	\$ 159	\$ 1,439	
1987	1,279	85	-	85	1,449	
1988	1,358	84	-	41	1,479	
1989	1,382	78	-	6	1,466	
1990	1,348	102	-	31	1,473	
1991	1,299	101	-	120	1,516	
1992	1,377	100	-	87	1,564	
1993	1,018	105	-	267	1,491	
1994	1,000	38	-	413	1,511	
1995	932	103	-	413	1,448	

Contributions were made in amounts necessary to pay current expenses.

(Continued)

## CITY OF NEW ORLEANS

### PROPERTY VALUE AND CONSTRUCTION LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

	Property Value			Construction			
	Real Estate	Personal	Total	Residential Units	Residential Valuation	Nonresidential Units	Nonresidential Valuation
1986	\$7,132,565	\$3,128,327	\$10,260,892	575	\$ 38,834	282	\$35,604
1987	8,372,869	3,388,189	11,761,058	358	63,488	549	25,941
1988	8,472,578	3,245,940	11,718,518	4,676	42,094	697	42,194
1989	8,587,583	3,831,013	11,418,596	2,993	58,760	996	36,856
1990	8,584,076	3,282,187	11,786,263	3,138	87,943	878	88,671
1991	8,583,798	3,335,533	11,919,331	3,415	35,787	892	98,701
1992	8,020,789	3,124,713	11,145,502	10,285	54,735	1,341	98,768
1993	7,878,539	3,048,373	10,926,912	11,358	99,151	3,839	93,423
1994	7,668,318	3,118,368	10,786,686	3,993	98,675	824	131,989
1995	7,593,398	3,117,868	10,711,266	3,895	182,380	604	59,983

Note: For the years 1988 through 1995, the amounts are on a permits issued basis, not a units issued basis as in the years 1985 through 1987.

TABLE 14

Commercial		Industrial	
Units	Valuation	Units	Valuation
35	\$ 48,387	12	\$ 4,613
838	111,838	41	11,600
883	111,801	43	3,008
799	105,362	86	21,915
591	46,516	64	12,238
700	45,718	53	50,921
1,053	77,135	3	8,340
219	70,176	1	6,887
904	71,580	18	3,708
627	218,678	47	32,948



## CITY OF NEW ORLEANS

TABLE 15

PRINCIPAL TAXPAYERS  
 DECEMBER 31, 1995 (UNAUDITED, AMOUNTS IN THOUSANDS)

Name of Taxpayer	Type of Business	1995 Assessed Value	Percentage of Total Assessed Value
South Central Bell Telephone Company	Telephone utilities	\$ 77,927	4.4%
New Orleans Public Service Inc.	Electric and gas utilities	69,362	3.9
First National Bank of Commerce	Financial institution	33,177	1.3
Hibernia National Bank	Financial institution	19,907	1.1
Whitney National Bank	Financial institution	19,819	1.1
AT&T Communications	Telecommunications	18,429	1.0
Metropolitan Life Insurance	Insurance	11,308	.6
Pyralis Square Associates	Real estate	10,858	.6
International River Center	Real estate	9,832	.5
Times Picayune Publishing	Publishing/advertising	8,299	.5
		<u>\$289,272</u>	<u>15.0%</u>

## CITY OF NEW ORLEANS

TABLE 66

DEMOGRAPHICAL AND MISCELLANEOUS STATISTICS  
(UNADJUSTED)

## Location:

Southeastern Louisiana between Lake Pontchartrain and the Mississippi River

## Size:

361.5 square miles, with 189.4 square miles (54%) of land

## Population:

496,898 (1990 U.S. Census)

## Climate:

Average winter temperatures (October - March) 59.8 degrees; average summer temperature (April - September) 77.4 degrees; annual average humidity - 65%; annual average rainfall - 54.8 inches

## Public Safety:

Department of Police  
Police districts - 8  
Budgeted positions - 2,081

Department of Fire  
Fire districts - 6  
Budgeted positions - 853

## Streets:

Developed expressways	35 miles
Paved roadways with curbs, gutters and subsurface drainage	1,067 miles
Asphalt center strip roadways with some related subsurface drainage	556 miles
Temporary surfaces, roadways	273 miles
Unopened or undeveloped streets	229 miles
<b>Total</b>	<b><u>1,792 miles</u></b>

Budgeted positions - 458

## Recreation:

City of New Orleans Recreation Centers	9
Ballparks	5
Pools:	
Outdoor	18
Indoor	2
Tennis court locations	9
Playgrounds	121
Acres	425
Associated sponsor's acreage	4,694
Municipal golf courses	9
Budgeted positions - 228	



**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE  
BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS**

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

We have audited the general purpose financial statements of the City of New Orleans, Louisiana ("the City") as of and for the year ended December 31, 1993, and have issued our report thereon dated October 9, 1994.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the City is responsible for establishing and maintaining the internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the City for the year ended December 31, 1993, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters, which are described in detail in the attached appendix, involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Additionally, in a separate report relating to the Single Audit Act other auditors noted certain matters involving the internal control structure and its operation that they consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe some of the reportable conditions described in the attached appendix is a material weakness. Other auditors, though, believe that one of the reportable conditions described in their report is a material weakness.

We have also communicated other observations involving the internal control structure and its operation to the management of the City in a separate letter dated October 9, 1996.

Matters involving the internal control structure and its operation used to administer federal financial assistance programs are reported on by other auditors in a separate report.

This report is intended for the information of the audit committee, management, the State of Louisiana Legislative Auditor, and officials of applicable federal and State agencies. However, this report is a matter of public record and its distribution is not limited.

*Deloitte + Touche LLP*

October 9, 1996

## ABBREVIATIONS

CBDC	Community Development Block Grant
CFDA	Catalog of Federal Domestic Assistance
City	City of New Orleans
CNO	City of New Orleans
Dept.	Department
DEER	Department of Health and Human Resources
EPSTD	Early and Periodic Screening, Diagnosis, and Treatment
FAA	Federal Aviation Administration
GAO	General Accounting Office
HOPWA	Housing Opportunities for Persons with AIDS
HUD	Department of Housing and Urban Development
Improv.	Improvements
JTFA	Job Training Partnership Act
LDOL	Louisiana Department of Labor
LLSL	Lower Living Standard Income Levels
NO	New Orleans
NOAB	New Orleans Aviation Board
OTD	Office of Employment, Training, and Development
ONHD	Office of Housing and Neighborhood Development
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPIC	Orleans Private Industry Council
ROOR	Residential Owner Occupant Rehabilitation
SDA	Service Delivery Area
Sec.	Section
SYETP	Summer Youth Employment Training Program
U. S.	United States
UDAG	Urban Development Action Grant
WIC	Women, Infants, and Children

- Annual reconciliation instructions
- A sign-off for each individual to indicate completion

Use of closing checklist and schedule will help assure that required tasks and analyses are completed and allow supervisory personnel to monitor the progress of all aspects of the year-end closing process.

### **Management Response**

We consult with auditor's recommendation and have developed the end of the year close out policies, procedures, checklist and schedule. (See attached)

### **Recommendation**

Explore alternatives to manually entering information that is already maintained in an electronic format. These alternatives could include:

- Development of automated reports that meet the accounting department's needs; and
- Establishing a responsibility and a time frame for testing the system's ability to download data to a personal computer-based spreadsheet template that meets the accounting department's needs.

### **Management Response**

We concur with your recommendation in general; however, the utilization of a special data sheet did not cause problems or delays as stated in your observation. The Finance Department in conjunction with HRB will develop a process to download data to a personal computer.

### **Recommendation**

The Securities and Exchange Commission ("SEC") has issued its Rule which has the effect of imposing additional reporting requirements on issuers of municipal securities issued after July 2, 1993. The SEC, which does not have regulatory authority over municipal security issuers, has issued this rule to prohibit broker-dealers from trading municipal securities in the secondary market without verifying that secondary purchasers have been provided access to information regarding the security which is equivalent to the information provided to original purchasers, i.e., an official statement. The information is required to be provided at least annually for each "material obligated person" for each issue of municipal securities. Material obligated persons include each government corporation or other entity which has an obligation for repayment of a material portion of the City projects. The City's securities will be subject to the reporting requirements of the rule. City management should consult with their bond counsel to determine the effects of the rule on their reporting of information in official statements for municipal bond issues and on an at least annual basis thereafter.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

To the Members of the  
City Council and the  
Honorable Mary H. Morial, Mayor  
City of New Orleans, Louisiana

We have audited the Schedule of Federal Financial Assistance of the City of New Orleans, Louisiana, for the year ended December 31, 1995, and have issued our report thereon dated October 4, 1996.

As part of our audit, we made a study and evaluation of the internal control structure, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the internal controls structure as required by generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of OMB Circular A-128.

During our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

This letter does not affect our report dated October 4, 1996 on the Schedule of Federal Financial Assistance of the City of New Orleans, Louisiana. This report is intended solely for the information of the members of the City Council and the Honorable Mary H. Morial, Mayor.

CITY OF NEW ORLEANS  
CURRENT STATUS OF OTHER AUDITS  
PERFORMED BY OTHER INDEPENDENT AUDITORS  
(CONTINUED)

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**ORGANIZATION -** NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.  
(Formerly Urban Homeowner's Corporation of  
New Orleans)

**AUDIT PERIOD -** AUGUST 29, 1989 (Inception) through December 31,  
1994

**OTHER INDEPENDENT AUDITOR -** JUSTIN SCANLON, CPA

**FINDINGS AND QUESTIONED COSTS**

The New Orleans Affordable Homeownership, Inc. is a sub-recipient of Home program funds from the City of New Orleans. An audit which was performed on the organization for the period August 29, 1989 through December 31, 1994 contained several compliance findings with related questioned costs totaling \$1,290,318. However, the other independent auditor's report has not been reviewed by the cognizant agency which would result in a final determination being performed.



**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans, Louisiana  
Page 3

**PROFESSIONAL SERVICES CHECKLIST - INFINITY NETWORK**

We noted during our audit that in three (3) instances out of seven (7) tested, the professional service contractors checklist was routed approximately six (6) months after the start date of the subscriber's contract.

We recommend that management of the City of New Orleans adhere to established procedures with respect to processing contracts.

**INDIRECT COSTS: GREAT EXPECTATIONS,  
HEALTHCARE FOR THE HOMELESS**

We noted during our audit that management of the City of New Orleans had not completely developed an accounting procedure to ensure that indirect costs are recorded in the accounting records.

We recommend that management of the City of New Orleans continue the process of developing the noted procedures.

**AUDITED FINANCIAL STATEMENTS**

We noted during our audit that the City of New Orleans did not complete and issue a single audit report within six months of the close of the fiscal year.

Louisiana Revised Statute 24:513(A)(5)(a) requires that a financial and compliance audit of an organization must be completed within six (6) months of the close of the entity's fiscal year.

We recommend that the City adhere to established procedures with regard to the issuance of the Single Audit report in accordance with State statutes.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT  
(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans, Louisiana  
Page 4

.....

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with appropriate personnel of the City, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

October 4, 1996

## DEPARTMENT OF FINANCE

December 12, 1995

Mr. Daniel G. Kelly, CPA CFE  
 Secretary  
 Legislative Audit Advisory Council  
 State of Louisiana  
 Post Office Box 94997  
 Baton Rouge, Louisiana 70804-9997

Dear Mr. Kelly:

This report is in response to the Legislative Audit Advisory Council request for a reply regarding all remedial actions taken or to be taken as a result of the City of New Orleans' Auditor's Comments for the year ended December 31, 1995.

Many of the City's Operating Policies and Procedures have changed due to the implementation of a new Government Financial System (GFS). The new system was implemented on September 5, 1995, and we are continuing to expand the City's reporting capabilities through various enhancements and new modules which will be implemented in 1996. The implementation of a new financial system required that the Finance Department change its policies and procedures and review all its accounting and investment policies. The response to the auditor's comments reflect these adjustments and improvements. Additionally, MIS is developing a formal document which will combine several previously written standards and procedures into a single source for readability, operating procedures, and management policies relative to all aspects of technical areas. All existing technical policies and procedures are being reviewed and rewritten, along with the new standards which have been developed in recent months.

## CITY OF NEW ORLEANS

1500 PERDREW BOULEVARD  
 SUITE 2000 - CITY HALL  
 NEW ORLEANS, LA 70112

TELEPHONE: (504) 566-6666 FAX: (504) 546-6661

MAURICE M. MOHRER  
 DIRECTOR

MARION M. EARL  
 ASSISTANT

## B. INDIVIDUAL FUND DISCLOSURES

Interfund Receivables and Payables - Individual fund interfund receivables and payables at December 31, 1995 were as follows (amounts in thousands):

	Interfund Receivables	Interfund Payables
General	<u>1,32,712</u>	<u>1,32,180</u>
Special revenue:		
New Orleans Economic Development	240	2,761
Neighborhood Housing Improvement	5	1,786
Environmental Improvement	31	1
New Orleans War on Drugs		
Asset Seizure		14
Sanitation Recycling		
New Orleans Film Commission		
Grant Receipts Funds	736	14,657
Department of Safety and Pensions - Deductions	14	
National League of Cities		
Traffic Court Judicial Expense	68	835
Municipal Endowment - Cox Cable	531	
Rivergate Development Corp.	1,224	1,260
Municipal Court Judicial Expense	8	240
Rivergate Development Corporation Special Fund		
Public Library Donations		61
NOPD Officer's Friends		60
Parking & Litter Service S-T-W		18
New Service Parking B. & Prior		
Total special revenue	<u>2,813</u>	<u>21,882</u>
Capital projects	<u>238</u>	<u>24</u>
Trusts and agency:		
Nonexpendable trust - Endowment Principal		1
Expendable trusts:		
Delgado-Alvarez Planning Commission		27
Edward Wisner	436	
Sticks Legacy		
Kewanee Club-Lee Circle Sprinkler System	79	
William A. Levy		
Mr. Otto Ibrahim		
Ivan Delgado		
McDonough		
Employee's Retirement System		410
Agency:		
Clearing	7,671	13,514
Deposit	521	298
Escrow	3	342
Total trust and agency	<u>8,171</u>	<u>14,154</u>
Component units:		
Andalouze Park Commission	1,680	1,680
Sewerage and Water Board	59	59
Municipal Yacht Harbor Corporation	152	
French Market Corporation	43	168
Orleans Parish Communication District		47
Upper Pontalba Building Association Corporation	54	45
Canal Street Development Corporation	4	
Total component units	<u>1,928</u>	<u>1,992</u>
Total	<u>1,41,223</u>	<u>1,48,509</u>

Mr. Daniel C. Kyle, CPA CFE

-3-

December 12, 1998

MIS Technical Policies and Procedures for the City of New Orleans is in draft form and expected to be published and distributed by April 1999.

Attached is a status report of the managerial letter recommendations. Please do not hesitate to contact me at 504/385-8800 should you have any specific questions or concerns.

Yours truly,



Martin M. Kuhn  
Finance Director

MMK/ach

Attachments:

- cc: Honorable Marc H. Morial, Mayor
- All City Councilmembers
- Martin N. Gossman, CAO
- Thomas French, Executive Assistant
- Rodney Louder, Delbert and Touche
- Michael Brown, Brown and Tervolen

New Orleans Film Commission	New Orleans Special Events	Yeast Curve Commission	Yeast Curve Restoration	Public Library Donations	Sanitation Recycling
\$ 3 25	\$ 10 45	\$ 37	\$ 1	\$104	\$ 9 11
—	—	—	—	—	—
<u>\$ 30</u>	<u>\$ 50</u>	<u>\$ 37</u>	<u>\$ 1</u>	<u>\$104</u>	<u>\$ 90</u>
—	—	—	—	\$ 1 90	—
—	—	—	—	—	—
—	—	—	—	.30	—
\$ 30	\$ 7 45	\$ 37	\$ 1	\$10	\$ 40
—30	—30	—30	—1	.10	—40
<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ 37</u>	<u>\$ 1</u>	<u>\$104</u>	<u>\$ 40</u>

(Continued)

## STATUS OF 1995 RECOMMENDATIONS

### MANAGEMENT LETTER RESPONSES

#### **Recommendation**

We recommended that the City develop and maintain a database that captures (for each claim) historical cumulative paid losses and allocated loss adjustment expenses (ALAE), case reserve estimates for both losses and ALAE, date of loss occurrence, date of loss reporting, claim status (open/closed) and claimant name. Each claim should be assigned an individual claim number for ease of tracking claim developments over time. This can be accomplished through use of a third party administrator or through the City's maintenance of an internal database by its own claims administration staff.

We recommended case reserve estimates be determined for every claim for both losses and ALAE at the time the loss is first reported. These case reserves can then be updated over time as more information becomes available. These estimates should be established by claim handling specialists with expertise in general liability loss exposures.

In addition to the individual claim information mentioned above, we recommended that the City develop and maintain a database that captures historical cumulative incurred losses, paid losses, and open and closed claim cases information by date of injury. Building a history of the City's cumulative losses or annual valuation data grouped by accident year will enable users of the data to determine whether changes in reserve requirements are due to increases/decreases in estimated losses for previously reported claims or increases/decreases in current period occurrences.

Additionally, the final information on settled/closed claims is maintained in a separate database from the open claim information. We recommended the City maintain a complete history on all settled/closed claims including claim number, date of loss occurrence, file type, city entity, status, close date, final settlement/amount, and date of payment.

#### **Management Response**

We concur with auditor's recommendations and we are proceeding with meeting with the auditor and consultants to develop the database as required.

#### **Recommendation**

We recommend that the significant increase in case reserve estimates be investigated and resolved. Reliable case reserve estimates will allow the City to use actuarial methodologies based on incurred losses rather than being to rely exclusively on paid loss data.

We recommend that the City develop and maintain a database that captures historical

cumulative incurred losses, paid losses, and open and closed claim counts information by date of injury. Building a history of the City's cumulative losses at annual valuation dates grouped by accident year will enable users of the data to determine whether changes in reserve requirements are due to increases/decreases in estimated losses for previously reported claims or increases/decreases in current period occurrences. This database will also allow the City to analyze the trends in loss frequency or severity.

### **Management Response**

We concur with the auditor's recommendations and will proceed with implementation and development of a historic data base through our consultants and attorneys.

### **Observation**

For the workers' compensation industry as a whole, indemnity (compensation) losses as a percentage of total losses are usually in the range of 50% to 60% of total losses. Medical losses are typically 40% to 50% of total losses. Over the last six accident years, the City has exhibited unusual behavior regarding the split of medical and indemnity losses as a percentage of total losses. The following is a chart by accident year that displays the City's percentage split between medical and indemnity paid losses.

Accident Year	Percentage of Paid Losses to Total	
	Medical	Indemnity
1990	58%	42%
1991	54%	46%
1992	58%	42%
1993	64%	36%
1994	60%	40%
1995	67%	33%

### **Recommendation**

This distribution is opposite of what typically occurs in the industry. We have not determined the underlying causes of the shift but recommend further investigation of this matter.

### **Management Response**

The City will continue to analyze and investigate this matter in conjunction with our outside auditors.

### **Recommendation**

We recommend that all original property documents maintained by the City be safeguarded in



the proof saliers. Additionally, we recommended that a centralized electronic database of all assessable property be created to ensure that all assessed property is utilized in an efficient manner.

#### **Management Response**

The Department of Property Management has developed a plan to maintain separate duplicate copies of all original projects documents. This plan will be implemented in 1997.

#### **Recommendation**

During our testing of accounts receivable, we noted that the allowance for doubtful accounts balance has not changed since the prior year end. This may indicate a lack of adequate assessment in the current year. We recommend that the City perform and document periodic assessments of the adequacy of the allowance for doubtful accounts.

#### **Management Response**

We concur with auditor's recommendation and have implemented same as part of our monthly close out procedures.

#### **Recommendation**

A detailed review of outstanding encumbrances should be performed at the end of each fiscal year. Encumbrances should not be allowed to remain a part of the reserved fund balance if it does not appear likely that the expenditures will be made.

#### **Management Response**

We concur with auditor's recommendation. We have set up guidelines and procedures for end of fiscal year 1996. These guidelines have been included in our "closeout" procedures wherein we will have the responsible departments validate the ongoing nature of old encumbrances.

#### **Recommendation**

Accounting personnel with the City should contact the appropriate personnel at each respective component unit periodically in order to reconcile the due taxes from balances and segregate on its own records those balances which are due collect from the primary government vs. component units.

**Management Response**

The Department of Finance/Bureau of Accounting has established guidelines effective January 1997 which would require quarterly reconciliation of the due collect from balances due collect from the primary governments vs. component units.

**Recommendation**

Department audits do not periodically review which users have access to their data. In addition, PMS is not notified consistently when an employee is terminated or transferred; therefore, user I.D.'s with update access to applications remain active on the system. The detection of unauthorized user access can be achieved with periodic review. The City should perform a periodic review of access to applications to ensure only appropriate, active employees have access to perform key transactions in each application.

**Management Response**

Persons of who has access to GFS have been developed and will be reviewed on a continuing basis by the PMS security administrator and the GFS systems administrator. All access is reviewed and updated as appropriate. This is an ongoing process that will continue.

**Recommendation**

A secure staging library should be developed, and all testing and approvals should be done from this library. The staging library should not allow programmers to have update capabilities. This would prevent further modification to programs after they have been tested and approved.

**Management Response**

PMS is working to accomplish this recommendation. The design of the staging libraries has been completed; the libraries have been created; the compiler processes have been developed and are being reviewed; the data sets are being reviewed to comply with the new standard. The remaining activity will continue in phases and will be completed mid-year 1997. The implementation of a staging library will be done at that time and should be complete by July 1997. Policies and procedures regarding the use of a staging library will be included in PMS Technical Policies and Procedures for City of New Orleans.

**Recommendation**

Formal program change standards allow for system maintenance to be performed within management's guidelines. If these standards are not defined, programmers may document program changes differently making maintenance to the system more difficult and confusing. Formal procedures will allow each programmer to know exactly what is expected and allow all

program changes to be completed in the same manner. Publish formal procedures change standards. Enforce these standards to be followed by all programming staff.

#### **Management Response**

Program change standards have been developed for GIS as well as the other systems maintained by the city. A review of these standards is being performed by the MIS administration. The final implementation of the program change standards will be included in MIS Technical Policies and Procedures for City of New Orleans.

#### **Recommendation**

Formal program change procedures should be developed where the users test all program changes prior to movement into production. This should include a formal sign off indicating their approval of test results.

#### **Management Response**

The final functional testing of GIS modifications is now performed by users. This procedure has been in place since October 1994. Formal change procedures, including a user sign off will be included in MIS Technical Policies and Procedures for City of New Orleans.

#### **Recommendation**

Management should utilize this time-out feature to minimize the potential for unauthorized access through terminals that are sign-on and left unattended. A secure typical terminal time-out limit used in other organizations is 15 to 30 minutes.

#### **Management Response**

The automatic time out feature is being utilized. The City's production and development systems currently log off users after a 30 minute period of inactivity. In LOGSOL the user is again signed off after 30 minutes, however, the individual user has the option of extending this to 60 minutes for an individual session if the need arises. When the user signs off the time is reset to the default, 30 minutes.

#### **Recommendation**

Several users have been granted the ability to dial-in-modem and access the mainframe system. Many of these users are provided with update access to production resources. In addition, there is no monitoring of invalid access attempts made to the system through dialing-in.

<b>Recommendation</b>	<b>Implemented</b>	<b>Partially Implemented</b>	<b>Not Implemented</b>
<p>Items for which a department has requested disposal be examined by someone independent of the usual function (Purchasing) to determine if the items are in fair condition (to be transferred to the warehouse) or junk (to be destroyed). Additionally, accurate inventory listing be maintained for all warehouse items.</p>		X	
<p><b>Management's Response</b></p>			
<p>We concur with the Auditor's recommendation that an accurate inventory listing be maintained for all warehouse items. We are in the process of acquiring the software necessary to set up an inventory system for these items which would be maintained by the Bureau of Purchasing. However, we disagree with the auditor's recommendation that another agency determine if the items are in fair condition or should be junked or destroyed. Most of the City's equipment items are recycled or transferred within departments or agencies for reuse. Therefore, items which reach our warehouse are amenable to be discarded and procedures for the disposal or stripping of such items will be implemented and developed by the Department of Finance and Law Department.</p>			
<p><b>Recommendation</b></p>			
<p>Construction in progress should be monitored and capitalization and classification of these assets should be determined on a timely basis, usually at a minimum.</p>		X	
<p><b>Management's Response</b></p>			
<p>We do not concur with Auditor's recommendation. Most projects extend beyond a one year period and as such are recorded in the general fund assets at the completion of same. However, the Chief Administrative Officer, capital section will strive to analyze biannually all projects with 50 activity over a twelve month period and classify and project if it is closed / completed.</p>			X

**CITY OF NEW ORLEANS  
EXIT CONFERENCE**

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An exit conference and other meetings were held at the City of New Orleans to discuss the audit report and the various findings. Those who have been in attendance are noted below. The findings were also discussed, prior to the exit conference, with the respective department heads. The City of New Orleans will forward their responses under a separate transmittal.

**CITY OF NEW ORLEANS**

Councilwoman Peggy Milam	-- City Council Audit Committee
Councilwoman Suzanne Terrell	-- City Council Audit Committee
Councilman Oliver Thomas	-- City Council Audit Committee
Councilman James Singleton	-- City Council Audit Committee
Ms. Marina Kahn	-- Director of Finance
Mrs. Etta Morris	-- Deputy Director of Finance
Mr. Wayne M. DeLarge	-- Comptroller
Ms. Mary Mayo	-- Administrative Assistant to the Mayor
Ms. Judy Hoste	-- Director Health Policy and AIDS Funding
Ms. Martha Brousseard	-- Director Great Expectations
Ms. Thelma French	-- Director Office of State and Federal Programs
Ms. Ellen Lee	-- Office of State and Federal Programs
Mr. Tom Dupaty	-- Director of Housing
Mr. Glenn Scott	-- Director Neighborhood Development
Mr. John Neaseel	-- Deputy Director Neighborhood Development
Ms. Pat Malone	-- Associate Director-NOAR
Ms. Shellie Webb	-- Deputy Director of Health

**BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Michael B. Bruno, CPA	-- Managing Partner
Mr. Edward Phillips	-- Senior Manager

*Bruno & Tervalon*

**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

October 4, 1986

On August 4, 1993, the City issued \$46,000,000 in certificates of indebtedness. The primary purpose for this debt issuance was to pay settlements and judgments against the City as well as to acquire and control various equipment for the City. The certificates bear interest, ranging from 3.00% to 6.25%, payable semiannually. As of December 31, 1995, \$33,300,000 is recorded as a liability in the general long-term debt account group.

The requirements to amortize the certificates of indebtedness, are as follows (amounts in thousands):

Year Ending December 31,	Interest	Principal
1996	\$ 2,368	\$ 4,045
1997	2,893	4,335
1998	1,813	4,635
1999	1,527	4,935
2000	1,241	5,235
2001 and thereafter	<u>3,856</u>	<u>12,525</u>
<b>Total</b>	<b>\$10,128</b>	<b>\$ 35,500</b>

#### 7. PENSION PLANS AND POSTRETIREMENT HEALTHCARE BENEFITS

At December 31, 1995, the City sponsors and administers four separate contributory defined benefit pension plans, namely: (1) Fire Fighters' Pension and Relief Fund - Old System (Old Fire Plan); (2) Fire Fighters' Pension and Relief Fund - New System (New Fire Plan); (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The Old Fire Plan covers fire fighters who were employed prior to December 31, 1987. The New Fire Plan covers fire fighters hired since that date. Effective March 6, 1985, 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 and State Police Employees' Retirement System (MSPRS). 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 MSPRS plan. MSPRS 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 fire fighters and police.

**CITY OF NEW ORLEANS**  
**STATUS OF PRIOR AUDIT QUESTIONED COSTS**  
**AS OF DECEMBER 31, 1999**

Expense Description	Original Questioned Costs	Amount Allowed by Grantor and/or Reimbursed	Amount Disallowed by GRANTOR
<b>Single Audit for the year ended December 31, 1994</b>			
<b>T. S. Department of Housing and Urban Development</b>			
1. 19% limitation of Public Service costs	\$ 20,000	\$ -0-	\$ -0-
2. Administration and reporting of grant activity.	280,151	-0-	-0-
3. Completeness of participants' files. (CDBG, RHCES, Spur, Home, Plus)	4,233	-0-	-0-
Sub-total	284,384	-0-	-0-
<b>T.S. Department of Health and Human Services</b>			
1. Reimbursement of subcontract costs without a review of source documentation - Ryan White meat expectations	434,315	434,315	-0-
	329,842	329,842	-0-
Sub-total	573,332	573,332	-0-
<b>State of Louisiana - Department of Labor</b>			
1. Excess cash on-hand.	-6,484	-6,484	-0-
Total	868,332	868,332	-0-

CITY OF NEW ORLEANS  
 STATUS OF PRIOR YEAR CONDITIONED COSTS  
 AS OF DECEMBER 31, 1995

Program Description	Original Conditioned Costs	Amount Allowed by Grantor and/or Balance	Amount Disallowed by Grantor
Single Audit for the year ended December 31, 1993			
<u>U. S. Department of Housing and Urban Development</u>			
1. Proper filing and notarization of cost items.	\$ 1,700	\$ -0-	\$ -0-
2. Employees receiving Federal Financial assistance. (cross-audit)	189,855	-0-	-0-
3. Awarding of rehabilitation contract. (deferred learner rental fee)	520,723	-0-	-0-
Total	\$1,312,283	\$ -0-	\$ -0-



CITY OF NEW ORLEANS  
 STATUS OF PRIOR AUDIT QUESTIONED COSTS  
 AS OF DECEMBER 31, 1993

	original questioned costs	Amount allowed by grantor and/or reduced	Amount unallowed by grantor
<u>PROGRAM DESCRIPTION</u>			
Single audit for the year ended December 31, 1992			
<u>F. E. Department of Housing and Urban Development</u>			
1. Lack of documentation for rejection of lowest bidder.	\$ 8,818	\$ 0-	\$ 8,818
2. Proper filing and notarization of cost items.	16,433	0-	16,433
TOTAL	\$ 25,251	\$ 0-	\$ 25,251

**CITY OF NEW ORLEANS**  
**STATUS OF BILLS AMOUNT OBLIGATED COURSE**  
**AS OF DECEMBER 31, 1993**

	Amount Obligated by Grantee and/or Revolved	Amount Obligated by Grantee
Original	\$ 500	\$ 0-
Conditioned Credits	_____ 500	_____ 0-
	\$ 1,000	\$ 0-

Program Description  
 Single Audit for the year  
 ended December 31, 1993

U. S. Department of Housing and  
 Urban Development

1. Davis-Bacon Act Noncompliance.
2. Assessment of Demolition credits  
 to property owners.

TOTAL

**Statement of Cash Flows** - For purposes of the Statement of Cash Flows, all nonexpendable trust funds and discretely presented proprietary component units consider all highly liquid investments with an original maturity of ninety days or less when purchased to be cash equivalents. The discretely presented proprietary component unit accounts are as follows at December 31, 1995 (amounts in thousands):

	Orleans Parish Commuter Station	Orleans Park Commission	New Orleans International Airport	Covings and New Barré	Municipal Trust Barré Management Corporation	French Market Corporation	Upper Parishes Building Restoration Corporation	Cash Sales Development Corporation	Total
Cash	\$177	\$ 416	\$14,643	\$1,000	\$110	\$290	\$1,012	\$ 349	\$18,527
Certificates of Deposit			1,768		248			1,000	3,016
Restricted cash			1,500	221					1,721
Cash and cash equivalents per Statement of Cash Flows	\$177	\$ 416	\$16,911	\$1,221	\$358	\$290	\$1,012	\$1,349	\$20,634

**Memorandum Only** - Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flow in accordance with generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## 2. CASH AND INVESTMENTS

**Cash and Time Certificates of Deposit** - The City is authorized by state statute to open depositories in only those banks with branch offices within the City's limits. Investments in certificates of deposit can be placed with Louisiana state banks or with national banks having their principal offices in the state.

At December 31, 1995, the carrying amount of the City's (primary government only) deposits was \$236,190,000, and the bank balance was \$236,641,000. The City's bank balance is categorized below (amounts in thousands) to give an indication of the level of risk assumed by the City at year end. Category 1 includes insured or collateralized cash with securities held by the City or by its agent in the City's name. Category 2 includes collateralized cash with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes uncollateralized cash, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

	Category			Total
	1	2	3	
Bank balance:				
Cash	\$ 280	\$ 37,830	\$ 331	\$ 38,441
Certificate of deposit		177,818		177,818
	\$280	\$215,648	\$ 331	\$ 216,259

**Investment** - State statutes authorize the City, except for the pension trust funds, to invest in U.S. bonds, treasury notes and other federally insured investments. The City also may invest in repurchase agreements secured by U.S. Government obligations. In addition to the above securities, the pension trust funds are authorized under State statute to invest in annuity contracts, equity securities and certain other insured investments.

The City's investments (primary government only) are categorized below (amounts in thousands) to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered, or held by the City or its agent in the City's name. Category 2 includes unsecured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes unsecured and unregistered investments for which the securities are held by the financial institution or by its trust department, or agent, but not in the City's name.

	Category			Carrying Amount	Market Value
	1	2	3		
U.S. Government securities and instruments	\$ 62,793	\$ 29,173		\$ 94,366	\$ 95,041
Mortgages		34,484		34,484	35,143
Annuity contracts		20,189		20,189	20,189
Corporate bonds		25,829		25,829	46,313
Equity securities	26,843	80,034		136,921	177,298
Cash equivalents, trust		17,531	\$ 1,688	30,689	30,688
	<u>\$122,636</u>	<u>\$237,254</u>	<u>\$ 1,688</u>	<u>\$361,579</u>	<u>\$488,559</u>

### 5. TAX REVENUES

Tax revenues by fund type for the year ended December 31, 1995 are as follows (amounts in thousands):

	General	Special Revenue	Debt Service
Sales	\$ 120,129		
Real and personal property	18,827	\$ 4,087	\$ 21,489
Dedicated tax millage	25,295		
Fines and interest on delinquent taxes	1,738		
Utilities	8,652		
Beverage excise	621		
Assessment	1,589		
Parking	1,654		
Documentary transaction	1,771		
Other	613		
	<u>\$ 193,078</u>	<u>\$ 4,087</u>	<u>\$ 21,489</u>

As December 31, 1995, the total sales tax levied in the City is nine percent. Four percent is state sales tax. One and one-half percent is levied by the Orleans Parish School Board (the School Board). One percent is dedicated for transportation and is levied by the Regional Transit Authority (RTA). The remaining two and one-half percent is used to fund the general operations of the City. The City administers and collects the entire five percent 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. A portion 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 ad valorem lien attaches on the property, and are delinquent on February 1.

The assessed value of property in the City of New Orleans 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 1874. The City is permitted by the Louisiana statute to levy taxes up to \$11.78 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, 1995 are as follows:

General:	
General governmental services	\$ 14.91
Dedicated for fire and police	6.40
Public library	4.32
Fire and police	10.47
Parkways and parks and recreation department	3.08
Street and traffic control device maintenance	1.50
Special revenues:	
Neighborhood housing improvement fund	2.50
New Orleans economic development fund	2.50
Debt service	<u>35.29</u>
	<u>\$ 72.90</u>

Property taxes levied during 1995, collected during 1995, or expected to be collected within the first 60 days of 1996, are recognized as revenues in 1995. Taxes receivable, estimated to be collected subsequent to the first 60 days of 1996, in the amount of \$2,925,000 are recorded as deferred revenues. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. Property taxes paid under protest are held in escrow until resolution of the dispute.

#### 4. GRANTRE LIANS

The City has received certain grant awards from the United States Department of Housing and Urban Development (HUD) for the purpose of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Eleven individual loans are outstanding at December 31, 1995 totaling \$13,512,000 which bear interest at rates ranging from 0% to 7%. These loans are receivable over a fifteen to thirty year period and are recorded as deferred revenue at December 31, 1995. Once loan payments 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 future maturities of grantee loans receivable as of December 31, 1985, including interest receipts of \$2,617,000, are as follows (amounts in thousands):

Year Ending December 31,	
1986	\$ 348
1987	348
1988	348
1989	348
2000	348
2001 and thereafter	<u>10,416</u>
	<b>\$12,116</b>

One of the grantee loans receivable, amounting to \$7,730,000, relates to the development of the Riverfront Marketplace. In addition to the stated interest of 8.55% on this loan, the City participates in 30% of the net annual cash flow of the project. The City's participation interest is receivable 120 days after the project's year end. This brings the cumulative annual effective yield on the loan up to a maximum of 12%. The cumulative annual effective yield on the loan cannot be less than 8.5%. The City will also participate in 30% of the net proceeds of any sale, refinancing or other disposition of the project, in whole or in part. The Riverfront Marketplace began operations in September 1985. No amounts were due at December 31, 1985.

### 5. FIXED ASSETS

A summary of changes in general fixed assets (amounts in thousands) is as follows:

	Balance January 1, 1985	additions	Deletions	Balance December 31, 1985
Land	\$ 30,716			\$ 30,716
Buildings and improvements	167,979			167,979
Equipment	54,096	\$ 2,339	\$ 2,618	53,817
Construction in progress	<u>162,518</u>	<u>10,122</u>	<u>749</u>	<u>171,891</u>
	<b>\$ 415,309</b>	<b>\$ 12,461</b>	<b>\$ 3,367</b>	<b>\$ 424,403</b>



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of New Orleans, Louisiana ("the City") as of December 31, 1995 and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Downtown Development District and the New Orleans Tourism Marketing Corporation, which are shown as the Governmental Component Units; the Audulon Park Commission, the Sewerage and Water Board, the French Market Corporation and the Upper Pomalieu Building Restoration Corporation, which represent 72 percent and 78 percent, respectively, of the assets and operating revenues of the Proprietary Component Units; the Fire Fighters' Old System, the Fire Fighters' New System, the Police Old System and the Employees' Retirement System, which represent 83 percent and 108 percent, respectively, of the assets and operating revenues of the Trust and Agency Funds; and the financial statements of the Board of Liquidation, City Debt, which are shown as the Debt Service Fund and represent 63 percent of the liabilities of the General Long-Term Debt Account Group. These financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Downtown Development District, the New Orleans Tourism Marketing Corporation, the Audulon Park Commission, the Sewerage and Water Board, the French Market Corporation, the Upper Pomalieu Building Restoration Corporation, the Canal Street Development Corporation, the Fire Fighters' Old System, the Fire Fighters' New System, the Police Old System, the Employees' Retirement System and the Board of Liquidation, City Debt, is based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, each general purpose financial statements present fairly, in all material respects, the financial position of the City as of December 31, 1995, and the results of its operations and the cash flows of its nonexpendable trust fund and discretely presented component units for the year then ended in conformity with generally accepted accounting principles.

## FINANCIAL SECTION



General fixed assets construction in progress is composed of the following, by department (amounts in thousands):

	Project Authorization	Expended to December 31, 1995	Committed
Mayor (CAO)	\$ 65,288	\$ 93,803	\$ 12,483
Police	15,195	11,487	3,726
Fire	7,277	6,843	434
Property Management	41,958	36,711	4,244
Recreation	16,129	12,299	3,826
Welfare	4,238	3,320	1,018
Parway and Park Commission	16,481	14,744	1,737
Utilities	784	43	341
Public Library	6,514	6,111	403
Isaac Delgado Museum	5,881	3,790	11
Sanitation Department	11,933	9,318	1,617
Safety and Permits	3,613	1,336	76
Municipal Control Board	187	102	3
Health	1,129	1,042	194
City Planning Commission	3,485	2,724	1,236
	<u>\$ 2,266,223</u>	<u>\$ 1,721,322</u>	<u>\$ 31,592</u>

#### 4. LONG-TERM DEBT

**Bond Transactions** - The following is a summary of bond transactions for the City for the year ended December 31, 1995 (amounts in thousands):

	Current Obligation
Bonds payable at January 1, 1995	\$415,625
Bonds issued in 1995	292,349
Bonds refunded in 1995	(266,100)
Bonds retired	<u>(14,559)</u>
Bonds payable at December 31, 1995	<u>\$427,315</u>

The City's legal debt limit for general obligation bonds is \$624,619,800. At December 31, 1995, the City's legal debt margin (after the reduction for outstanding general obligation bonds of \$427,301,800, less \$19,894,800 available in Debt Service Funds) was \$217,423,200.

On November 11, 1995, the City issued \$13,898,000 in Public Improvement bonds for the primary purpose of capital improvements and repairs to streets and sidewalks as well as other capital improvements in accordance with the City five-year capital improvement plan.

The City's debt service fund is held by the Board of Liquidation, City Debt (the Board of Liquidation), an autonomous, self-perpetuating board created under the Louisiana Constitution of 1954. 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 each 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 each 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.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. As December 31, 1995, the City is in compliance with all such significant limitations and restrictions.

**Advance Refunding** - In October 1986, the City entered into an advance refunding transaction whereby it issued \$100,518,000 of general obligation bonds to effect retirement of the City's obligations with respect to callable portions of the 1982-1984 public improvement general obligation bonds outstanding as of October 23, 1986. Net proceeds from issuance of the refunding bonds were placed in an irrevocable escrow account and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest on the refunded bonds at the call date. Accordingly, the escrow account and the refunded bonds are not included in the City's combined balance sheet.

On September 29, 1991, the City issued \$179,880,829 in general obligation bonds with an average interest rate of 7.03% to refund in advance of maturity certain portions of high interest rate bonds aggregating \$153,680,000 at an average interest rate of 7.13%. The net proceeds of \$160,811,493 (after original issue discount of \$8,730,682 and payment of \$2,738,153 in underwriting fees, \$2,785,287 insurance, and \$453,915 in other issuance costs) were deposited in an irrevocable escrow account and invested in U.S. Treasury obligations that, together with interest, should will provide amounts sufficient for payment of all principal and interest on the refunded portion of the bonds. Accordingly, the escrow account and the refunded portion of the bonds as noted above are considered to be defeased and are not included in the General Long-term Debt Account Group. By advance refunding these amounts, the City will increase its total debt service payments over the next 30 years by approximately \$372,664,808 resulting in an economic loss of \$1,416,682. However, in conjunction with this advance refunding, the required debt service fund and debt service reserve fund accounts for 1991 were reduced by \$15,537,268. The City reallocated \$15,800,000 of this amount which had been previously held in debt service reserves for the payment of principal and interest due in 1991 for certain general obligation bonds, and transferred it to the General Fund for use in 1991 operations.

## CITY OF NEW ORLEANS

TABLE 13  
Page 1 of 8ANALYSIS OF REVENUES BY SOURCE AND EXPENSES BY TYPE - PENSION PLANS  
LAST TEN FISCAL YEARS UNAUDITED, AMOUNTS IN THOUSANDS

## iii Old Fire Plan

## Revenue by source:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total	Employer's Contribution as a Percentage of Covered Payroll
1986	\$ 178	\$ 8,438	\$ 638	\$ 732	\$ 10,006	114.4
1987	129	8,293	631	834	10,000	128.3
1988	3	8,468	384	578	9,290	111.1
1989	-	11,850	114	447	12,512	295.1
1990	-	13,858	173	768	13,911	362.3
1991	-	13,353	111	729	14,085	399.3
1992	-	12,475	128	748	13,340	413.2
1993	-	13,629	81	860	14,572	475.8
1994	-	14,334	88	785	14,915	538.3
1995	-	13,333	179	853	14,935	553.6

## Expenses by type:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Total
1986	\$ 9,215	\$ 145	\$ 22	\$ 9,380
1987	10,384	169	2	10,565
1988	11,923	193	-	12,115
1989	12,180	174	-	12,364
1990	12,730	223	-	12,953
1991	13,025	360	-	13,385
1992	13,163	328	-	13,493
1993	13,685	342	-	14,041
1994	13,830	328	-	14,178
1995	14,423	385	-	14,808

Contributions were made in amounts necessary to pay current expenses.

(Continued)

The requirements to amortize the line of credit due to the State are as follows (amounts in thousands):

Year Ending December 31,	Interest	Principal
1996	\$ 700	\$ 815
1997	650	807
1998	585	877
1999	475	1,068
2000	395	1,143
2001 and thereafter	<u>204</u>	<u>4,115</u>
<b>Total</b>	<b><u>\$ 3,209</u></b>	<b><u>\$ 9,615</u></b>

On August 12, 1996, the City and the State entered into an agreement which specified that the City shall pay the State sufficient amounts needed to retire the related general obligation bonds to which the line of credit is related. If the City defaults upon any payment when due, the State will deduct the amount owed from the state revenue sharing funds appropriated to the City.

The requirements to amortize the amount recorded in the general long-term debt account group that is due to MIFPS (see Note T) are as follows (amounts in thousands):

Year Ending December 31,	Interest	Principal
1996	\$ 3,380	\$ 3,604
1997	3,107	3,797
1998	4,023	3,982
1999	4,703	3,580
2000	4,583	3,402
2001 and thereafter	<u>50,167</u>	<u>65,682</u>
<b>Total</b>	<b><u>\$ 73,963</u></b>	<b><u>\$ 80,047</u></b>

During both 1989 and 1993, the City entered into contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1978, with the Secretary of Housing and Urban Development (HUD) as guarantor. The loans consist of notes bearing interest at either fixed interest rates ranging from 8.70% to 8.75% or variable interest rates based upon the London Interbank Offered Rate (LIBOR). As of December 31, 1995, \$5,600,000 is recorded as a liability in the general long-term debt account group.

The requirements to amortize the Section 108 loans are as follows (amounts in thousands):

Year Ending December 31,	Principal
1996	\$ 140
1997	160
1998	175
1999	185
2000	199
2001 and thereafter	<u>4,780</u>
<b>Total</b>	<b><u>\$ 5,639</u></b>

**CITY OF NEW ORLEANS  
CURRENT STATUS OF OTHER AUDITS  
PERFORMED BY OTHER INDEPENDENT AUDITORS  
(CONTINUED)**

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**ORGANIZATION -** MULTI-SERVICE CENTER FOR THE HOMELESS

**AGREY PERIOD -** YEARS ENDED DECEMBER 31, 1993 AND 1994

**OTHER INDEPENDENT AUDITOR -**  
LUTHER C. SPERDENT & COMPANY - REPORT DATED  
SEPTEMBER 14, 1994

**FINDINGS AND QUESTIONED COSTS**

The Multi-Service Center for the Homeless is a sub-recipient of funding from the City Council grants and the City of New Orleans Emergency Shelter Grants (ESG) for the aforementioned periods. The Independent Accountants' Report On Applying Agreed-Upon Procedures relative to the Organization's compliance with certain laws and regulations reported an allegation of fraud against an employee of the organization. The results of the engagement was reported to the organization's Board of Directors and the State Legislative Auditor.

All employees of the City are covered by one of the five pension plans as follows: as June 30, 1993 for MSPRS and December 31, 1993 for all other plans:

	Administrative City Membership					
	Active Reserving Benefits and Terminated Employees	Current Employees			Accumulated Convent Payroll (in thousands of dollars)	City Payroll (in thousands of dollars)
		Vested	Non-vested	Total		
<b>Single-employer plans:</b>						
Old Fire Plan	903	68		988	\$ 1,586	
New Fire Plan	373	199	507	981	23,120	
Employees' Plan	1,884	1,887	2,225	3,686	68,492	
Police Plan	64			64		
<b>Multiple-employer plan:</b>						
MSPRS	<u>3,383</u>	<u>4,200</u>	<u>—</u>	<u>7,583</u>	<u>186,452</u>	
<b>Total</b>	<u>6,511</u>	<u>6,031</u>	<u>2,762</u>	<u>13,804</u>	<u>209,749</u>	

The City's annual contributions to the pension plans are based upon the amount determined by the actuaries of such plans using the "merit age normal cost method" (a level payment type). The City is required by State statute to fund the various pension plans. Employees become members of the applicable pension plan as a condition of employment.

Contributions for the Employees' Plan and the New Fire Plan were in accordance with recommended actuarially determined requirements. Contributions for the MSPRS, a multiple-employer plan, were in accordance with funding requirements established by State statute. The amount of MSPRS pension plan contributions required to cover normal costs was not available from existing state. Contributions for the Old Fire Plan and Police Plan were sufficient to cover current expenses.

The amounts recorded as an expenditure by the various funds for contributions made during 1993 to the City's pension plans were as follows:

Governmental Funds:	
General	\$ 27,137,156
Special revenue	878,353

Employee and employee contributions for the City's five pension plans for fiscal year 1993 were as follows (amounts in thousands):

	Employee Portion	Employee Portion	Total	Percentage of 1993 General Fund		
				Employee Portion	Employee Portion	Total
<b>Actuarially determined contributions:</b>						
New Fire Plan	\$ 2,410	\$ 860	\$ 3,270	10.9%	4.0%	14.9%
Employees' Plan	10,810	1,821	12,631	15.2	4.3	19.5
<b>Statutorily determined contributions:</b>						
Old Fire Plan	11,813		11,813	531.3		531.3
Police Plan	977	48	1,025	-	-	-
MSPRS	9,217	1,781	11,008	9.2	7.8	17.0

**Old Fire Plan** - Under the Old Fire Plan, employees become eligible for retirement allowances after twenty years of active continuous service in the fire department. The pension amount is calculated based upon a percentage of the retiree's average compensation during the latest year of service preceding the date of retirement. The percentage varies with the number of years of continuous service earned by the retiree and can range from fifty to eighty percent. The mandatory retirement age is sixty-five. The Old Fire Plan also provides death and disability benefits.

Employer contributions to the Old Fire Plan are made on a monthly basis for the amount necessary to pay current expenses. Annual contributions to the Old Fire Plan do not include amortization of past service costs. In effect, this old plan is being funded on a "pay-as-you-go" basis. However, as previously noted, no new participants have entered into such plan since December 31, 1967; therefore, the City believes that the difference between this method and the method required under generally accepted accounting principles would not have a material effect on the accompanying general purpose financial statements.

Other funding received by the Old Fire Plan consists of a tax equal to two percent of the fire insurance premiums written in Orleans Parish.

**New Fire Plan** - Under the New Fire Plan, employees become eligible for retirement benefits after twenty years of active continuous service in the fire department. The pension amount is calculated based upon the average of the highest four consecutive years' compensation, multiplied by two and one-half percent for each year of active service. The pension benefit will not exceed twenty-five percent of average compensation if the retiree elects early retirement or eighty percent of average compensation if the retiree is age fifty-five. The mandatory retirement age is sixty-five. The New Fire Plan also provides death and disability benefits.

Six percent of the salaries of fire department employees is deducted and used to partly fund the New Fire Plan. Salaries include overtime pay, cost time pay, and holiday pay.

Employer contributions to the New Fire Plan are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of twenty years using the level percentage method of payroll method.

**Employees' Plan** - Under the Employees' Plan, employees with thirty years of service, or who attain age sixty with ten years of service, or age sixty-five, irrespective of length of service are entitled to a retirement allowance. The retirement allowance consists of an annuity, which is the actuarial equivalent of the employee's accumulated contribution plus an annual pension, which, together with the annuity, provides a total retirement allowance equal to 7% of average compensation times first 10 years, plus 2-1/2% of average compensation times next 10 years, plus 4% of average compensation times creditable service over 10 years, maximum pension may not exceed 100% of average compensation. Pension amounts are reduced for service retirement prior to age sixty-two. Average compensation is defined as average annual earned compensation for the highest thirty-six consecutive months of service, less \$1,200. Mandatory retirement age is seventy.

Pension benefits vest at age sixty or after completion of ten years of service. The Employees' Plan also provides death and disability benefits.

Employees contribute 4% of their taxable compensation in excess of \$1,200 per year. Taxable compensation is the annual compensation paid to an employee which includes overtime and/or supplementary pay earned prior to April 29, 1979. Effective April 29, 1979, it is defined as annual compensation paid to an employee plus travel pay.

**Police Plan and MSPRS** - On March 4, 1983, an agreement was signed between the City, the Police Pension Funds of the City of New Orleans, and the Municipal and State Police Employees' Retirement System (MSPRS) which provided for the merger of the Police Pension Plans with the State Plan. As of that date, all members of the Police Pension Plans, active and retired, became members of the MSPRS. Those members covered by the system who did not meet the age and service requirements of the MSPRS will be paid by the Police Pension Fund of the City until they reach age fifty or fifty-five, depending on the length of active service.

Employees become eligible for retirement under the MSPRS plan at age fifty, after being a member of the plan for one year and after twenty years of active continuous service. An employee who is age fifty-five becomes eligible for retirement benefits after sixteen years of active continuous service.

Under the Police Plan, employees become eligible for retirement after sixteen years of active continuous service. The Police and MSPRS plans also provide death and disability benefits.

As a result of this merger, the City agreed to pay MSPRS 60% of the accrued liability for those employees being merged into the MSPRS and 100% of the accrued liability for retired members and beneficiaries merged into the MSPRS. The merger agreement requires that the City pay \$1,979,800 quarterly through December 2012, which includes interest at a rate of 7%. The total liability at December 31, 1983, which is recorded in the general long-term debt account group, is \$40,619,000.

The contribution rate for MSPRS per dollar of payroll is 1% each for the employee and employer as established by State statute. The City's 1983 contributions represented 50% of total contributions required of all participating entities.

Employer contributions to the Police Plan are made on a monthly basis for the amount necessary to pay current expenses. In effect, this system is being funded on a "pay-as-you-go" basis. However, as previously noted, no new participants have entered into the Police Plan since March 4, 1983; therefore, the City believes that the difference between this method and the method required by generally accepted accounting principles would not have a material effect on the general purpose financial statements.

Other funding received by the Police Plan consists of 50% of all proceeds from the issuance of drivers' and chauffeurs' licenses to residents of the City.

**Pension Benefit Obligations** - The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the pension plans on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employees. The measure is the actuarial present value of required projected benefits and is independent of the funding method used to determine contributions to the various pension plans.



CITY OF NEW ORLEANS  
STATUS OF FUND ADJUST QUESTIONED COSTS  
AS OF DECEMBER 31, 1989

	Original Questioned Costs	Amount Allocated by Creator and/or Resolved	Amount Missed by Creator
1. Number of jobs per amount Ivemed.	\$ 20,000	\$ 0	\$ 0
2. Assessment of demolition costs to property owners.	\$ 2,333	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 22,333</b>	<b>\$ 0</b>	<b>\$ 0</b>

Excess Description  
Single Audit for the year  
ended December 31, 1989

S. P. Department of Housing and  
Urban Development

**CITY OF NEW ORLEANS  
CURRENT STATUS OF OTHER AUDITS  
PERFORMED BY FEDERAL AUDITORS**

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FEDERAL AGENCIES - U. S. DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT (HUD)

SUBJECT - ANNUAL MONITORING REPORTS

AUDIT PERIOD - DECEMBER 31, 1985

**FINDINGS**

The extent of HUD's involvement for the 1985 program year was limited to technical assistance.

AUDIT PERIOD - DECEMBER 31, 1984

**FINDINGS**

Three (3) monitoring findings were cited by HUD auditors with an initial determination of disallowed costs totaling \$189,389.

Additionally, HUD has required the City to determine ineligible costs related to several additional monitoring findings. The City of New Orleans has determined that such amounts totaled \$7,000. However, HUD has not indicated their acceptance of the noted amount.

AUDIT PERIOD - DECEMBER 31, 1983

**FINDINGS**

One (1) monitoring finding totaling \$128,051 was cited by HUD auditors.

AUDIT PERIOD - DECEMBER 31, 1980

**FINDINGS**

Two (2) monitoring findings totaling \$398,023 were cited by HUD auditors.

**CITY OF NEW ORLEANS  
CURRENT STATUS OF OTHER AUDITS  
PERFORMED BY FEDERAL AUDITORS  
(CONTINUED)**

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FEDERAL AUDITORS - U. S. DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT (HUD) - OFFICE  
OF INSPECTOR GENERAL

SUBJECT - HOME INVESTMENT PARTNERSHIP PROGRAM

AUDIT PERIOD - JANUARY 13, 1992 THROUGH APRIL 30, 1994

**BACKGROUND**

In May of 1994, the U. S. Department of Housing and Urban Development, Office of Inspector General, began an audit of the Home Investment Partnerships program as administered by the City of New Orleans. The audit report No. 94-98-100-1007 dated March 28, 1995, was intended to determine whether the City of New Orleans managed its Home program effectively and complied with the applicable regulations.

The audit disclosed numerous instances of what was deemed misuse of Federal funds, regulatory violations, inefficiencies, and uncorrected deficiencies. Moreover, the audit stated that the City had seriously mismanaged Home activities and that officials responsible for administering the program did not properly plan, implement, or monitor Home activities or always take corrective action upon notice of problems.

Consequently, a substantial amount of the grant award was questioned with additional amounts identified as ineligible. Costs determined to be ineligible per the report were \$209,151 while an additional \$6,322,809 was questioned because of a lack of satisfactory documentation to support the eligibility of the costs.

**CURRENT STATUS**

The City of New Orleans has submitted a partial payment of \$250,000 to HUD and a repayment plan, and additionally has requested an extension of time to resolve remaining findings. However, HUD has indicated that a minimum payment of \$700,000 would be required to be made in order to entertain a request for any extension of time.

The repayment schedule was not approved due to HUD indicating that the time period of ten (10) years was unusually lengthy and unreasonable.

**CITY OF NEW ORLEANS  
CURRENT STATUS OF OTHER AUDITS  
PERFORMED BY FEDERAL AUDITORS  
(CONTINUED)**

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**SUBJECT -** HOME INVESTMENT PARTNERSHIP PROGRAM, CONTINUED  
**AUDIT PERIOD -** JANUARY 11, 1992 THROUGH APRIL 30, 1994  
**CURRENT STATUS.** Continued

Finally, HUD requested that a final eligibility listing of all projects funded under the Home Program be provided. The City's response to that request was as follows:

**Non-Compliance Cases -** The City has completed an assessment on forty-one (41) cases out of a total of sixty (60) cases closed out by the Total Quality Construction Management firm (TQCM) and determined that the overall value placed on non-compliance is \$181,250. The City will inspect the remaining nineteen (19) TQCM closed home cases to determine actual disallowed costs.

For all ineligible cases, the City has requested that sufficient time be allowed by HUD to substitute funding from the Home program to Community Development Block Grant and re-direct the Home funds to eligible housing programs.

Currently, HUD has indicated that the finding remains unresolved as a result of their review of data submitted by the City of New Orleans.

CITY OF NEW ORLEANS  
CURRENT STATUS OF OTHER AUDITS  
PERFORMED BY FEDERAL AGENCIES  
(CONTINUED)

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FEDERAL AGENCIES - U. S. DEPARTMENT OF LABOR -  
OFFICE OF INSPECTOR GENERAL

SUBJECT - JOB TRAINING PARTNERSHIP ACT

AUDIT PERIOD - INCEPTION OF PROGRAM THROUGH DECEMBER 31, 1990

**BACKGROUND**

On April 28, 1992 the United States Department of Labor (USDOL) issued a final determination on the costs questioned in the OIG audit report No. 84-61-000-03-140 dated February 6, 1991. Of the total \$7,281,848 questioned the USDOL has allowed \$2,651,007, disallowed \$3,640,583, and deferred for a separate determination costs totaling \$890,298.

The Louisiana Department of Labor (LDOL) appealed the final determination before an administrative law judge on June 8, 1993, and reduced the disallowed cost through a settlement agreement of \$2,783,848. Consequently, LDOL held the CMO ultimately responsible for this amount. The CMO which had no input into this settlement process, initiated litigation on their own behalf appealing the entire process.

However, on May 3, 1994 a \$4.535 million judgment was rendered against the City of New Orleans, in favor of the State of Louisiana. This judgement is subject to reduction for any credits granted to the State in their resolution of the audit with the USDOL. As of this date a credit in the amount of \$902,000 was granted with an additional \$894,000 remaining in the audit resolution process.

In satisfying this judgement the State withheld approximately \$992,000 in the City's Tobacco Tax money. The City is in its second year of a five-(5) year payment schedule to liquidate the disallowed costs. The City is currently in settlement negotiations to limit its exposure to the Tobacco Tax withholdings.

**CURRENT STATUS**

The City of New Orleans is in its third year of repayment and is presently liquidating the judgment with Tobacco Tax funds.

**CITY OF NEW ORLEANS  
CURRENT STATUS OF OTHER AUDITS  
PERFORMED BY FEDERAL AUDITORS**

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**FEDERAL AUDITORS -** U. S. DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL (THE OIG)

**SUBJECT -** NEW ORLEANS REGIONAL BUSINESS DEVELOPMENT  
LOAN CORPORATION (THE CORPORATION)

**AUDIT PERIOD -** SEPTEMBER 25, 1979 THROUGH AUGUST 9, 1984

**PURPOSE OF AUDIT** The purpose of the audit was to examine the revolving loan fund status, record keeping, and eligibility of loan applicants to determine whether the City and the Corporation complied with (i) grant terms and conditions, (ii) the RLF Plan, (iii) The Public Works and Economic Development Act of 1966, as amended, (iv) Office of Management and Budget Circular A-102, (v) RIA Title 18 Revolving Loan Fund Guidelines, and (vi) the Code of Federal Regulations.

**FINDINGS AND MANAGEMENT'S RESPONSES**

The OIG determined that the City of New Orleans and the Corporation:

- o Failed to contribute the required matching share of \$231,303 for the initial grant amendment;
- o Inappropriately applied for the second grant amendment of \$588,000;
- o Maintained inadequate accounting records to reflect regional loan fund (RLF) activity and does not document actual or allocable administrative expenses;
- o Failed to provide support for funds removed from the RLF for administrative costs resulting in questioned costs of \$1,644,323; and
- o Maintained inefficient loan documentation.

CITY OF NEW ORLEANS  
CURRENT STATUS OF OTHER AUDITS  
PERFORMED BY FEDERAL AUDITORS  
(CONTINUED)

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FINDINGS AND MANAGEMENT'S RESPONSES, Continued

The corporation acknowledged that matching funds of \$111,333 never capitalized the RLF. It explained that conflicting Federal rules forced the Corporation to account for matching funds separate from the RLF; therefore, it should not be penalized.

The corporation disagreed that it inappropriately applied for additional funds. It claimed that all loans in process at the time of the application were subsequently awarded.

The Corporation agreed that it did not separately account for all RLF transactions, support past RLF administrative costs, and maintain all required loan documents in borrower files. The Corporation claims that it did not realize it was not in compliance with grant terms regarding accounting records and documentation, and agreed to comply in the future.

On April 6, 1996, the Corporation received a Determination from the U. S. Department of Commerce - Economic Development Administration which concluded that the CIA audit findings were appropriate. The Corporation was then requested to submit and did submit an appeal letter. The appeal is currently under review by EDA.

CITY OF NEW ORLEANS  
CURRENT STATUS OF OTHER AUDITS  
PERFORMED BY OTHER INDEPENDENT AUDITORS

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ORGANIZATION - ORLEANS PRIVATE INDUSTRY COUNCIL

AUDIT PERIOD - JUNE 30, 1995

OTHER INDEPENDENT AUDITOR - BRING & TOWALSON  
CERTIFIED PUBLIC ACCOUNTANTS

FINDINGS AND QUESTIONED COSTS

The Orleans Private Industry Council is a sub-recipient of JTPA funds from the City of New Orleans. An audit which was performed on the organization for the year ended June 30, 1995 disclosed questioned costs of \$917,272.

On July 18, 1996, the Department of Labor for the State of Louisiana completed its review of the noted audit report and allowed \$706,967 of the total questioned costs of \$917,272. As such, management of OPIC had been requested to reimburse the JTPA Program \$211,305. However, on September 28, 1996, a judgment was rendered by the Louisiana Department of Labor that OPIC would be required to only repay the State of Louisiana \$57,490 in non-federal funds.



### **Management Response**

The Board of Legislative and Policy Staff, Bond Counsel for the Board are aware of these regulations. They will file statements as it relates to the municipal securities reporting requirements.

### **Recommendation**

A Business Continuity Plan needs to be developed, documented and tested that includes EDP Disaster Recovery procedures as well as user procedures that would be necessary to recover the business functions. These two plans should work together to ensure that in the event of a disaster both the processing and business functions could be recovered with minimal lost time and information.

### **Management Response**

The Chief Administrative Office will prepare a Policy Memorandum requiring each department to develop a business continuity plan in the event of an EDP disaster.

### **Recommendation**

Publish a policy statement that defines the requirements for the protection of information processed or maintained by the organization regardless of form.

This policy statement should include:

- A statement that defines information as a corporate asset.
- Classification standards for information and level of protection required for each.
- Assignment of data owners who would be responsible for defining the detailed security requirements for their data.
- Definition of enforcement procedures for violation of the policy.
- Assignment of overall responsibility for ensuring that information is protected in accordance with the policy.

On September 1, 1995, the City issued \$107,340,000 in general obligation bonds with an average interest rate of 5.77% in advance refund \$105,000,000 of the City's outstanding general obligation bonds, which include certain maturities of the City's Public Improvement Bonds, Series 1983A, 1990, 1991, 1998 and 1992. The net proceeds of \$173,760,000 (after original issue premium of \$4,541,000, payment of \$608,800 in underwriting fees, \$757,000 in insurance, \$180,000 in other issuance costs and \$1,027,000 contributed by the City) was deposited in an irrevocable escrow account and invested in U.S. Treasury obligations that, together with interest thereon will provide amounts sufficient for payment of all principal and interest on the refunded portion of the bonds. Accordingly, the escrow account and the refunded portion of the bonds as noted above are considered to be defeased and are not included in the general long-term debt account group. By advance refunding these amounts, the City will decrease its total debt service payments over the next 23 years by approximately \$18,917,000 resulting in an economic gain of \$7,129,000.

**Subsequent Event -** On March 1, 1996, the City issued \$15,800,000 in Limited Tax Bonds. The Bonds are being issued for the repairs, renovations and improvements to playground and recreation facilities and for acquisition of fire fighting heavy equipment, sanitation department heavy equipment and mosquito control heavy equipment.

**Other General Long-term Debt -** The following is a summary of other payables and accruals recorded in the general long-term debt account group for the year ended December 31, 1995 (amounts in thousands):

	Balance January 1, 1995	Addition	Retirees	Balance December 31, 1995
Claims and judgments (Note 11)	\$189,690	\$40,825	\$ 41,110	\$ 189,405
Landfill closing costs (Note 11)	13,278			13,278
Accrued annual and sick leave (Note 11)	46,384	6,780	3,700	49,464
Payment due to the Audubon Park Committee (Note 8)	1,153	73		1,226
State of Louisiana World Exposition loan (see below)	9,779		738	9,041
Due to Municipal and State Police Employees' Retirement System (MSPRS) (see below)	81,662		2,440	84,102
IFED Section 108 loan (see below)	8,800		3,200	5,600
Certificates of Indebtedness (see below)	38,129		3,819	41,948
<b>Total</b>	<b>\$318,895</b>	<b>\$47,678</b>	<b>\$50,307</b>	<b>\$316,266</b>

The City established a \$15,800,000 line of credit, bearing interest at 8.1% to 8.6% with the State of Louisiana (the State) to provide funds for public works, repairs, effluentation of services and renovations related to the 1998 Louisiana World Exposition (the Exposition) with an interest rate equal to the rate paid by the State on its general obligation bonds in which the line of credit is retired. The line of credit was secured by funds generated from a special tax that was added to the price of admission tickets to the Exposition and a special sales tax on exchanges made within the boundaries of the Exposition site. As of December 31, 1995, the amount owed to the State under this line of credit is \$9,017,000, all of which is recorded as a liability in the general long-term debt account group.

**CITY OF NEW ORLEANS**  
**SCHEDULE OF PRIOR REPORTABLE CONDITIONS**  
**CONTINUED**

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**3. ACCOUNTING CONTROLS FOR PROGRAM INCOME**  
**CONTINUED**

Thus, as noted in the previous year, the City, without effective accounting and administrative controls may not be collecting all program income due.

**CURRENT STATUS**

The City of New Orleans is continuing the process of developing appropriate policies and procedures to ensure that program income is properly accounted for and processed.

**& Tervalon**

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**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL STRUCTURE USED IN  
ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Members of the  
City Council and the  
Honorable Marc M. Morial, Mayor  
City of New Orleans, Louisiana

We have audited the Schedule of Federal Financial Assistance of the City of New Orleans, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated October 4, 1996. The general purpose financial statements were audited by other auditors whose report has been provided to us. As discussed in Notes 4, 5 and 6, the City of New Orleans has been requested by federal agencies to remit funds for ineligible and disallowed costs, and has failed to comply with certain contractual and programmatic requirements with regard to its federal financial assistance programs during the year ended December 31, 1995 and in previous years.

We have also audited the City of New Orleans' compliance with requirements applicable to major Federal financial assistance programs and have issued our report thereon dated October 4, 1996.

We conducted our audits in accordance with generally accepted auditing standards: Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audit of State and Local Governments. These standards and the provisions of OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Federal Financial Assistance is free of material misstatement and about whether the City of New Orleans complied with laws and regulations, noncompliance with which would be material to a major Federal financial assistance program.

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL STRUCTURE USED IN  
ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans, Louisiana

In planning and performing our audits for the year ended December 31, 1996, we considered the city's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Schedule of Federal Financial Assistance and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with GAO Circular A-129. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the Schedule of Federal Financial Assistance in a separate report dated October 4, 1996.

The management of the City of New Orleans is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the Schedule of Federal Financial Assistance in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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CITY OF NEW ORLEANS  
LOUISIANA  
Comprehensive Annual Financial Report  
Fiscal Year Ended December 31, 1985

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

Release Date DEC 18 1986

Prepared by  
Department of Finance  
Marie M. Kohn  
Director

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL STRUCTURE USED IN  
ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans, Louisiana

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

**Accounting Controls**

- o Cash Receipts
- o Cash Disbursements
- o Payroll
- o Property Management

**General Requirements**

- o Political Activity
- o Davis-Bacon Act
- o Civil Rights
- o Cash Management
- o Federal Financial Reporting
- o Relocation Assistance and Real Property Acquisition
- o Allowable Costs/Cost Principles
- o Drug-Free Workplace Act
- o Administrative Requirements

**Specific Requirements**

- o Types of Services Allowed or Unallowed
- o Eligibility
- o Matching Level of Effort and/or Marking Requirements
- o Special Reporting Requirements
- o Cost Allocation
- o Monitoring of Subrecipients
- o Claims for Advances and Reimbursements
- o Amounts Claimed or Used for Matching
- o Special Tests and Provisions as Applicable

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL STRUCTURE USED IN  
ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marc M. Morial, Mayor  
City of New Orleans, Louisiana

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1985, the City of New Orleans expended 81% percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by GAO Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the city's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the city's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.



**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL STRUCTURE USED IN  
ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marc W. Morial, Mayor  
City of New Orleans, Louisiana

The Reportable Conditions noted are described in the accompanying schedules of Reportable and Prior Reportable Conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a Federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

However, we noted the reportable condition entitled Monitoring of Subrecipients for the Department of Health and Human Services federal programs which involve the internal control structure and its operation that we consider to be a material weakness as defined above. See the Schedule of Prior Reportable Conditions. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the City's compliance with requirements applicable to its major federal financial assistance programs for the year ended December 31, 1999, and this report does not affect our report thereon dated October 4, 1999.

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL STRUCTURE USED IN  
ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marc E. Morial, Mayor  
City of New Orleans, Louisiana

In connection with our audit, we reviewed the prior year's reportable conditions on the internal control structure including applicable internal administrative controls to determine whether management had implemented appropriate corrective action to correct the conditions giving rise to these findings. The results of our review with respect to the prior-year reportable conditions are described in the schedule of Prior Reportable Conditions.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the City of New Orleans in a separate letter dated October 4, 1996.

This report is intended for the information of the audit committee, management, the recipient audit agency, and other interested parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

October 4, 1996

**CITY OF NEW ORLEANS**  
**SCHEDULE OF REPORTABLE CONDITIONS**

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The City of New Orleans' Department of Housing and Neighborhood Development was the recipient of two federal housing assistance programs: namely, the Home program and the Hope 3 Program. In an effort to reduce the time around time in paying the programs' contractors, the City contracted with an outside service bureau to act as a disbursing agent for these grants. As a result of this arrangement all receipts and disbursements were made through the disbursing agent.

We noted during our audit that the City of New Orleans had not developed policies and procedures to periodically evaluate the service bureau's internal control structure's policies and procedures and the service bureau's capabilities, including its record of performance, insurance coverage and financial stability.

We recommend that immediate steps be taken to develop adequate policies and procedures as noted, if the City of New Orleans intends to utilize the service bureau to process grant transactions in the future.

## CITY OF NEW ORLEANS SCHEDULE OF PRIOR REPORTABLE CONDITIONS

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### 1. PROPER RECORDING OF ALL FEDERAL GRANTS WITHIN THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

The City of New Orleans Department of Housing and Neighborhood Development (DHND) was a recipient of a Federal Grant Award. In conjunction with this award the City of New Orleans contracted with an outside agency to act as the disbursing agent for these funds. The contract provided for this agency to drawdown the grant funds and disburse these funds to various contractors working on the grant program. According to the administrators of DHND, this arrangement was to reduce the turn around time in paying the program contractors. In so doing the City circumvented all accounting controls in that there was no mechanism to report the financial activity of this grant in the City's accounting system.

Moreover, DHND, the administrative entity of the grant award did not report the financial activity to the Accounting Department and as a result, over five million dollars of grant receipts and disbursements were excluded from the City's Schedule of Federal Financial Assistance in 1994.

In addition the NOAA also administers federal grants in which a third party is responsible for receiving and disbursing grant funds. In this instance, according to management, complete disclosure of grant activity was not reported on the Schedule of Federal Financial Assistance primarily due to the different accounting and reporting requirements of the Aviation Board.

Omissions of this magnitude along with incomplete disclosure of total grant activity constitute a major weakness in the administrative and accounting controls of the City of New Orleans, and could materially misstate the financial statements.

**CITY OF NEW ORLEANS  
SCHEDULE OF PRIOR REPORTABLE CONDITIONS  
CONTINUED**

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1. **PROPER RECORDING OF ALL FEDERAL GRANTS WITHIN THE  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

**CURRENT STATUS**

The grant activity totaling \$1,318,188 for the Department of Housing and Neighborhood Development's Home Partnership Investment Grant was not reported to the City's Accounting Department.

However, the New Orleans Aviation Board provided complete disclosure of grant activity to the city of New Orleans.

**CITY OF NEW ORLEANS**  
**SCHEDULE OF PRIOR REPORTABLE CONDITIONS**  
**CONTINUED**

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**3. MONITORING OF SUBSIDIARIES**

The City of New Orleans is the grant recipient of numerous Federal financial assistance programs which are administered throughout by various departments. These departments subsequently grant millions of dollars in subawards to various governmental and nonprofit organizations; however, the ultimate responsibility and exposure for the administration of these subawards remain with the City.

Our review of the City's monitoring efforts for the Department of Health and Human Services' Federal programs relative to ensuring subrecipients' compliance with grant requirements disclosed the following deficiencies:

- Each separate department is responsible for monitoring its respective grant, thus there is a lack of consistency in the monitoring efforts of each department;
- All departments do not have a monitoring function;
- Reporting requirements are not consistent for each department;
- There is an overall lack of training for the monitoring function;
- Resources such as updated technical information including Federal registers, are not readily available for each department;
- All departments are not requiring and reviewing audits of subawards made in excess of \$25,000.

Monitoring all dial-in activity would provide additional assurance that the activity performed is appropriate and authorized and all invalid access attempts are identified and monitored in order to identify security weaknesses. Managers should add the daily review of dial-in activity to the monitoring procedures which are currently performed.

#### **Management Response**

Dial in access is given to users who need access to the various systems remotely. They gain access through the modems attached to our wide area network. At that point, they are gaining access to the mainframe just like any other network user. To gain access to any mainframe inquiry, any network user would be subjected to the security protection offered by Computer Associates' Top-Secret software, which protects all of the production data sets.

#### **Recommendation**

The City should issue its annual financial reports within the time prescribed by state law.

#### **Management Response**

The City is committed to completing its annual financial report within the time prescribed by state law. The City's 1995 audit will be completed on time and the city has developed and has implemented a two-year and close out plan. Additionally, the City Council and Mayor have allocated three additional positions to enhance the Finance Department's audit/accounting capability. Please note that the conversion to a new accounting system caused delays in the issuance of a timely Financial Report in 1995.

#### **Recommendation**

Many municipalities establish minimum levels of fund balance beyond which levels they will not exceed except in unusual or extraordinary circumstances. We recommend that the City establish for budgeting purposes a minimum level of fund balance.

#### **Management Response**

The Chief Administrative Office will develop a policy and establish parameters for the requirement of a minimum level of fund balances. This policy would be in and agreed upon by both the administrative and legislative branches of government.

#### **Recommendation**

Consider designing and implementing a year-end closing checklist and schedule. At a minimum, the checklist and schedule should include:

- Annual recurring journal entries

**CITY OF NEW ORLEANS**  
**SCHEDULE OF PRIOR REPORTABLE CONDITIONS**  
**CONTINUED**

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**1. ACCOUNTING CONTROLS FOR PROGRAM INCOME**

Trustees are encouraged to earn program income to defray grant related costs. Program income is the gross income received by a grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of a grant agreement. During our review of various grant programs we noted several weaknesses in the accounting and administrative controls surrounding program income earned by the various agencies and the completeness in reporting of all program income activity.

The various conditions noted are as follows:

- In the housing programs, the City charges application fees, and credit report fees for participants applying for housing services. However, the administrators of the programs cannot determine the number of applications filed, the number of fee waivers granted or the number of credit reports filed. Thus, the completeness of program income earned versus the amount collected cannot be determined.
- In the City administered health clinics, program income is earned through patient fees. Again there are no mechanisms to determine the amount of fees earned versus what was collected. Also within the clinics the following internal control weaknesses were noted:
  - No segregation of duties. The same individual collected the fees, made the daily reports and prepared the deposits to be given to the City;
  - Deposits were not made daily. Funds collected may get remitted to the City within three to four days; and,
  - No follow-up or billings were performed on those patients who did not pay.



**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF  
THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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(CONTINUED)

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans, Louisiana

are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the Schedule of Federal Financial Assistance in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Schedule of Federal Financial Assistance of the City of New Orleans, Louisiana for the year ended December 31, 1980, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the Schedule of Federal Financial Assistance and not to provide an opinion on the Internal Control Structure. Accordingly, we do not express such an opinion. Other auditors issued a report in which they reported separately on the results of their study and evaluation of the internal control structure, as a part of their audit of the general purpose financial statements.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
LAWS AND REGULATIONS BASED  
ON AN AUDIT OF THE SCHEDULE OF  
FEDERAL FINANCIAL ASSISTANCE PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the  
City Council and the  
Honorable Mark S. Morial, Mayor  
City of New Orleans, Louisiana

We have audited the Schedule of Federal Financial Assistance of the City of New Orleans, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated October 4, 1996. The general purpose financial statements were audited by other auditors whose report has been made available to us. As discussed in Notes 4, 5 and 9, the City of New Orleans has been requested by Federal agencies to remit funds for ineligible and disallowed costs, and has failed to comply with certain contractual and programmatic requirements with regard to its Federal Financial Assistance programs during the year ended December 31, 1995 and in previous years.

We conducted our audit in accordance with generally accepted auditing standards and 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 Schedule of Federal Financial Assistance is free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of New Orleans, is the responsibility of the City of New Orleans' management. As part of obtaining reasonable assurance about whether the Schedule of Federal Financial Assistance is free of material misstatement, we performed tests of the City of New Orleans' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the Schedule of Federal Financial Assistance was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the Schedule of Federal Financial Assistance. The results of our tests of compliance disclosed instances of noncompliance as described in the attached Schedule of

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
LAWS AND REGULATIONS BASED  
ON AN AUDIT OF THE SCHEDULE OF  
FEDERAL FINANCIAL ASSISTANCE PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans  
Page 2

Findings, Noncompliance and Questioned Costs, that may be material to the Schedule of Federal Financial Assistance but for which the ultimate resolution cannot presently be determined. Accordingly, no adjustments have been recorded to the City of New Orleans' Schedule of Federal Financial Assistance for the year ended December 31, 1996.

We considered these instances of noncompliance in forming our opinion on whether the City of New Orleans' Schedule of Federal Financial Assistance is presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated October 4, 1996, on the Schedule of Federal Financial Assistance.

Under the terms and conditions of certain contracts and grants, the City of New Orleans disburses grants and awards to sub-recipients who are audited by other independent auditors. Also, the City of New Orleans is periodically audited by federal agencies. The other independent auditors and federal auditors have furnished their audit report to us as of our report issuance date. The audit reports contained instances of non-compliance pertaining to programmatic and financial activities of the sub-recipients and the City of New Orleans. The scope of our work was not sufficient to express, and we do not express an opinion on the completeness of the findings. However, information on the effect of the reported findings on the City of New Orleans Schedule of Federal Financial Assistance is included in the current Status of Other Audits performed by Federal Auditors and other Independent Auditors.

This report is intended for the information of the audit committee, management, the cognizant audit agency, and other interested parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Bruno** October 4, 1996  
**& Tervalon** CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans, Louisiana

We have audited the Schedule of Federal Financial Assistance of the City of New Orleans, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated October 4, 1999. The general purpose financial statements were audited by other auditors whose report has been made available to us. As discussed in Notes 4, 5 and 9, the City of New Orleans has been requested by federal agencies to remit funds for ineligible and disallowed costs, and has failed to comply with certain contractual and programmatic requirements with regard to its federal financial assistance programs during the year ended December 31, 1998 and in previous years.

We have applied procedures to test the City's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1998:

**General Requirements**

- o Political Activity
- o Davis-Bacon Act
- o Civil Rights
- o Cash Management
- o Federal Financial Reporting
- o Relocation Assistance and Real Property Acquisition
- o Allowable Costs/Cost Principles
- o Drug-Free Workplace Act
- o Administrative Requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

STATE OF LOUISIANA  
DEPARTMENT OF LABOR

Job Training Partnership  
Act - All Programs

Timely Submission of Cost Reports

In accordance with Federal guidelines and State requirements, the City of New Orleans must submit monthly cost reports of the various sites of the JTPA grant program to the State of Louisiana Department of Labor and Education. However, as noted in previous audits, these reports have not been submitted timely.

Administrative and Reporting of Grant Activity

Accounting controls were documented in that the receipt and disbursement activity did not flow through the City's Accounting System, although the City was in fact third grant recipient. Moreover, activity reports generated by the disbursing agent were never transmitted to the City's Accounting Department for recording.

City's Reports

The Internal management of the Orleans Parish Industry Council to submit required reports timely in order to comply with state reporting requirements.

It was noted the assets of the OPAID's in document accounting controls as stated in the schedule of audit findings. The procurement of an outside entity to manage the MOBILE and HOPE grant funds was initiated in an effort to effect timely payment to contractors. With the implementation of the U.S. Department of Housing and Urban Development's new Integrated Data and Information System (IDIS) in January, 1997, the City's Finance Department will, in that time, have full accountability for the receipt and disbursement of these grant funds.

Reportable Conditions

HOPE, HOPE

### City's Response

In five out of ten instances, we noted that no evidence of environmental assessments were maintained in the participants' files.

City Personnel have been instructed to adhere to established procedures and to document that these items are properly filed.

In three instances, only two bills were received on the respective deadlines instead of the required number of three bills.

The City Personnel have been instructed to adhere to established procedures and ensure that at least three bills are received and scored.

In one instance out of ten noted, the assessment of the cost of benefits was not completed and signed by the authorized personnel.

This was an isolated instance and has been subsequently corrected.

### CRMS

#### Contract Awarded To Highest Bidder

We noted during our audit of the audit contracts awarded for subrecipient audits that in one instance out of five noted, an audit contract was awarded to the highest bidder.

This condition was due to the interpretation of the subrecipient agency and its misinterpretation of procurement standards. CRMS has in place very specific guidelines for fixed government and selection for the lowest qualified bidder.

#### Federal Financial Reporting

### Ryan White, Great Expectations Healthcare for the Homeless, Industry Program

We noted during our audit that the SF-427 reports of quarterly reports were not timely completed for the last quarter of 1992 for the Ryan White, Great Expectations, Healthcare for the Homeless and Industry Support Program.

The City's implementation of a new financial management system, resulted in all reports being delayed.

U.S. DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT

CRAC, ROOM, SPUN, HOME, PMS,  
EMAP, RCH, Housing Code  
Enforcement

Completeness of Participant Files

City's Response

The Department of Housing and Neighborhood Development administers several housing programs and a Housing Code Enforcement Department that provide financial and technical assistance to eligible participants needing repairs to their homes. These programs, ROOM, SPUN, HOME AND PMS primarily use the same intake procedures for processing applications and determining participant eligibility.

The EMAP has revised its participant intake procedures to ensure that all files contain the required documentation for certification by participants in all of our programs. Staff involved in the intake process have received additional training and orientation concerning the importance of maintaining complete and accurate file documentation.

During our review of participant files, we noted that certain required documentation was unavailable for review. Of the ten and twenty-five files reviewed for Housing Code enforcement and the ROOM, SPUN, EMAP, PMS, HOME and PMS Program files reviewed, the following items were noted:

Housing Code Enforcement:

In five out of ten instances, we noted that required correspondence is missing prior to demolition was not maintained in the participant's file.

One instance has been identified to adhere to established procedures and ensure that a file checklist is completed.

**DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT**

**Goals, Vision, Great Expectations,  
and Industry Network**

**Analysis of Subrecipient Capabilities**

**City's Response**

The City of New Orleans Health Department and Mayor's Office of Health Policy and Affairs funding have not fully developed a grant to ensure that subrecipients who receive in excess of \$25,000 at least in Federal funds perform audits in accordance with Federal requirements and OMB Circulars A-128 and A-133 as applicable.

The City's Department of Federal Programs through its fiscal and programmatic monitoring unit have developed audit guidelines for all subrecipients receiving in excess of \$25,000.

**DEPARTMENT OF HEALTH AND  
HUMAN SERVICES**

**Great Expectations**

**Programmatic Activities**

The Great Expectations grant with Health positions that to community areas served, a senior advisory administrative council be established to provide community development programs.

The original activity occurred in the early stages of the program when there was a lack of community participation. Currently, all efforts are being made to perform these activities as so documented in files.

We noted during our finding of operational compliance that in one community area out of ten community areas served a Senior Advisory Administrative Council (SAAC) was



CITY OF NEW ORLEANS  
RESPONSE TO SCHEDULE OF PENNS/NON-COMPLIANCE  
AND QUESTIONED COSTS AND REPORTABLE CONDITIONS  
FOR THE YEAR ENDED DECEMBER 31, 1999

**PROGRAM**

**EMERGENCY COMPLIANCE**

**DEPARTMENT OF HEALTH AND  
HUMAN SERVICES**

**Program No.**

**Condition**

**City's Response**

**From White, Great expectations,  
Healthcare for the Homeless,  
and Safety Services.**

**Lack of programmatic  
and fiscal monitoring**

The City of New Orleans Health Department and Mayor's Office of Health Policy and Advocacy have not implemented an adequate programmatic and fiscal monitoring system to ensure that costs reimbursed are allowable, and that expenditures are in compliance with programmatic and contractual guidelines.

During the latter part of 1999, the City established a fiscal and programmatic monitoring unit for all grant funded programs both fiscal and programmatic activities.

**IDENTIFICATION, TAGGING AND CONTROL OF  
EQUIPMENT PURCHASED WITH FEDERAL FINANCIAL  
ASSISTANCE**

**Current Status**

The City of New Orleans has purchased through its various grant awards, equipment and other movable property used to assist in the administration of the various grant programs. Procedures for managing such equipment must meet certain minimum requirements such as property records, physical inventories, and adequate control systems.

During our review of the property management procedures as advised to by the City we noted the following conditions:

- The Fiscal Audit Ledger has not been updated for certain equipment purchases made during 1994. However, a work sheet was prepared to bring 1994 purchases.
- Certain equipment pieces purchased during 1994 were not tagged identifying the source of such property. Equipment used included notebook computers, copy machines, and desk top computers, etc., and,
- In one particular department, computers were purchased in 1992; however, the items were boxed and not in use for an extended period.

Currently, some of the computers are being used, but not for their original intended purpose.

**DSO's Response**

The City through its Financial Management System is continuing to improve the update and maintenance of all equipment purchased.

**RESPONSE TO CITY OF NEW ORLEANS  
SCHEDULE OF PRIOR REPORTABLE CONDITIONS**

**PROPER RECORDING OF ALL FEDERAL GRANTS WITHIN THE  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

**Current Status**

The grant activity totaling \$1,216,188 for the Department of Housing and Neighborhood Development's Home Partnership Program Grant was not reported to the City's Accounting Department. However, the New Orleans Aviation Board provided complete disclosure of grant activity to the City of New Orleans.

**City's Response**

The City Accounting Department is establishing procedures to have DHDSD report these grant activities for inclusion in the schedule of Federal Financial Assistance.

**ADDITIONAL REPORTABLE CONDITIONS**

We noted during the current year's audit that an effective programmatic and fiscal monitoring system had not been implemented and that an adequate system had not been fully developed to ensure that subrecipients who receive in excess of \$25,000 in state or federal funds have audits in accordance with federal requirements. See the schedule of Findings/Recommendations and Questioned Costs.

**ACCOUNTING CONTROLS FOR PROGRAM INCOME**

There, as noted in the previous year, the City, without effective accounting and administrative controls may not be collecting all program income due.

The Office of Federal and State Programs have developed and implemented a comprehensive City Policy regarding the monitoring of subrecipients. Additionally, procedures for ensuring that all subrecipients who receive in excess of \$25,000 in federal funds have audits in accordance with federal requirements.

This condition will be addressed through the fiscal and programmatic monitoring unit within the Office of Federal and State Programs.

<b>Recommendation</b>	<b>Implemented</b>	<b>Partially Implemented</b>	<b>Not Implemented</b>
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**Management's Response**

Currently each department is required to furnish quarterly reports to ensure that overtime does not exceed acceptable levels. However, there may be a need for emergency reasons or public safety reasons for example when individual employees may be required to work in excess of 416 hours of overtime in one calendar year. There may be a need to exceed the number of hours worked within the Fire and Police Departments; therefore, rules and regulations are currently being reviewed to determine and establish appropriate amounts of overtime to be used by departments of an unforeseen or unusual emergency requirements in emergency situations.

Recommendation	Implemented	Partially Implemented	Not Implemented
----------------	-------------	-----------------------	-----------------

A comprehensive retention program should be implemented whereby original source documents are maintained on microfiche or CD-ROM for an indefinite period. Additionally, a hard copy of original source documents could be maintained numerically and chronologically for eighteen months and then disposed of or transferred to the document warehouse.

X

#### Management's Response

We concur with the Auditor's recommendations and have proceeded with documenting procedures for filing and retaining of original source documents. The City has acquired an imaging process system for the Bureau of Finance, Accounting and Purchasing and has begun a program to electronically maintain those documents. Therefore, original source documents would be maintained through our imaging system for an indefinite period. These projects are projected to be completed at the end of FY02.

#### Recommendation

The purpose of the following trust funds: National League of Cities, Welfare Funds (B), Captain Minnie Lacy and Public Library Donations, should be determined and transitioned as to whether the requirements of each of these trust funds are being met.

X

#### Management's Response

The Law Department is reviewing the terms of these trust agreements and is reevaluating each in its abilities and performance of trusts. Additionally, the Board of City Trusts will annually review these funds that fall under its jurisdiction to comply with the trusts.

#### Recommendation

Supervisors in each department should approve and monitor all employees' overtime. No individual employee should work in excess of 416 hours of overtime in any one calendar year.

X

**CITY OF NEW ORLEANS  
SCHEDULE OF PRIOR REPORTABLE CONDITIONS  
CONTINUED**

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**2. MONITORING OF SUBRECIPIENTS  
CONTINUED**

**CURRENT STATUS**

We noted during the current year's audit that an effective programmatic and fiscal monitoring system for the Department of Health and Human Services' federal programs had not been implemented and that an adequate system had not been fully developed to ensure that subrecipients who receive in excess of \$25,000 or more in federal funds have audits in accordance with federal requirements. See the Schedule of Findings, Noncompliance and Questioned Costs.

CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1988

PROGRAM TITLE	FY88 NUMBER	PROJECT NUMBER	ALLOCATED AMOUNT	EXPENDITURES TO DATE	CUMULATIVE EXPENDITURES
<b>STATE OF LOUISIANA FINANCED GRANTS</b>					
<b>LOUISIANA COMMISSION ON LAW ENFORCEMENT - CONTINUED</b>					
Drug Education Volunteering Program	16-579	183000000011111	21,888	0	0
Administration	16-579	945000000000000	21,879	0	0
C.A.R.E.	16-579	945000000000000	44,746	0	0
Warrant/Ordnance Interceptors	16-579	945000000000000	14,978	0	0
Joint Regional Planning Units	16-540	93-0001000000	2,450	0	0
Police Hiring Program	16-579	9401000000	1,208,174	407,000	401,000
			<u>1,298,235</u>	<u>1,891,000</u>	<u>1,891,000</u>
			<u>1,298,235</u>	<u>1,891,000</u>	<u>1,891,000</u>

**TOTAL LOUISIANA COMMISSIONS DELAY  
 EXPENDITURE**

<b>BUREAU OF PROBATION</b> Correctional Facility Improvements	604	20-049	3,350,000	0	1,170,000
<b>TOTAL BUREAU OF PROBATION</b>			<u>1,170,000</u>	<u>0</u>	<u>1,170,000</u>

**LOUISIANA DEPARTMENT OF TRANSPORTATION  
 AND DEVELOPMENT**

Devlin Park 23	20-195	200-00-24	470,000	0	470,000
Devlin Park 34	20-195	200-00-24	1,071,000	0	1,071,000
Assault (Rodeo Lane)	20-195	200-00-24	180,000	0	180,000
1 1/2 Block Banks	20-195	400-00-0000	900,000	7,200	74,000
Bayou Vista Study	20-195	---	15,000	0	15,000
Barron Blvd Reconstruction	20-195	743-00-00	8,050,000	0	128,000
Barron Corridor Study	20-195	743-00-00	150,000	0	880,000
Barron Pkg Management	20-195	---	100,000	0	787,000
Barron Corridor Snd 1	20-195	---	140,000	15,750	19,500
Barron Corridor Snd 2	20-195	---	400,000	0	19,500
Barron Corridor Snd 3	20-195	---	200,000	0	214,400
Barron Corridor Snd 4	20-195	---	200,000	47,581	118,500
Barron Corridor Snd 5	20-195	---	100,000	93,726	118,500
Barron Corridor Snd 6	20-195	---	107,000	80,000	163,000
Barron Over Trail Design	20-195	---	8,750,000	0	0
Barron-10 Day-Alternative	20-195	---	8,990,000	0	0
Telephonic Personnel	20-195	---	8,990,000	107,200	2,037,000

See the notes to the Schedule of Federal Financial Assistance.

\* Denotes major programs.

**Management Response**

A policy statement has already been issued by the Chief Administrative Office. This statement was issued on June 11, 1986, through CAO Policy Memorandum No. 100.

**Recommendation**

We recommend that additional research of these trust funds be performed to determine the legal status and necessity of maintaining these funds in trust for others. Additionally, the City should implement a system for determining whether the requirements of each of these trusts are being met, and the Board of City Trusts should become more involved in monitoring the activities of these funds which fall under its jurisdiction.

**Management Response**

The Law Department is currently reviewing the terms of these trust fund requirements and is re-evaluating each as to activities and performance of trusts. Additionally, the Board of City Trusts will annually review said funds.

**Recommendation**

In the current year, Canal Street Development Corporation, all of the City's pension plans and Orleans Parish Communications District were not able to provide the City its relevant financial reports for inclusion into the City's general purpose financial statements on a timely basis. We recommend that the City exercise additional oversight of these component units to ensure that their financial reports will be received in a timely manner.

**Management Response**

Additionally, auditing support will be provided to both the Canal Street Development Corporation, the City's Pension Plans and Orleans Parish Communications so that they may timely complete audits.



### STATUS OF THE 1994 RECOMMENDATIONS

The following is a summary of the 1994 recommendations from our report dated June 29, 1995 and the status of implementation thereof:

	Implemented	Partially Implemented	Not Implemented
• Debt outstanding checks should be written off within a specified period of time.	X		
• Auditing documents should be sent by Accounting to Treasury in a timely manner.	X		
• All original property documents maintained by the City should be safeguarded in fire proof cabinets.		X	

#### Management Response

The Department of Property Management has developed a plan to maintain separate duplicate copies of all original documents in 1997.

- |   |   |   |  |
|---|---|---|--|
| • All receiving warrants created by Treasury before the end of the fiscal cycle should be forwarded to Accounting for proper recording. | X |   |  |
| • Periodic assessments of the allowance for doubtful accounts should be performed.  |   | X |  |

#### Management Response

The City has implemented monthly assessments for allowances as of end of 1996 and through 1997.

- |  |  |   |  |
|--|--|---|--|
| • Estimates or inquiries should be made to record material accounts payable, thereby avoiding large balances being recorded in the wrong period. |  | X |  |
|--|--|---|--|

	Implemented	Partially Implemented	Not Implemented
<b>Management Response:</b>			
	The City has implemented guidelines requiring quarterly reviews.		
•	A detailed review of outstanding encumbrances should be performed at the end of each fiscal year.		
		X	
<b>Management Response:</b>			
	We have set up guidelines and procedures for end of fiscal year (EY) audits. These guidelines include validation and review of outstanding encumbrances.		
•	Accounting personnel with the City should contact the appropriate personnel at each respective component unit periodically in order to reconcile the due balances from isolates.		
		X	
<b>Management Response:</b>			
	Have set up policies and procedures to provide quarterly reviews.		
•	A periodic review of access applications should be performed.		
		X	
<b>Management Response:</b>			
	Protocols of who has access to GIS have been developed and being reviewed on a continuing basis by the GIS security administrator and the GIS systems administrator. All access is reviewed and updated as appropriate. This is an ongoing process that will continue.		
•	A secure staging environment should be developed.		
		X	

	Implemented	Partially Implemented	Not Implemented
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#### Management Response

MS is working to accomplish this recommendation. The design of the staging library has been completed, the libraries have been created, the compiler programs have been developed and are being reviewed, the data sets are being reviewed to comply with the new standard. This remaining activity will continue in phases and will be completed mid-year 1997. The implementation of a staging library will be done at that time and should be complete by July 1997, Policies and Procedures for City of New Orleans.

- Update formal procedures change standards.

		X	
--	--	---	--

#### Management Response

Formal procedures change standards are being reviewed by MS. The final implementation of the program change standards will be included in MS Technical Policies and Procedures on CNO.

- Formal program change procedures should be developed.

		X	
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#### Management Response

Formal procedures change standards are being reviewed by MS. The final implementation of the program change standards will be included in MS Technical Policies and Procedures on CNO.

- Management should utilize the terminal view our feature to minimize the potential for unauthorized access.

		X	
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	Implemented	Partially Implemented	Not Implemented
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#### **Management Response**

The automatic time out feature is being utilized. The City's production and development systems currently log off users after a 30 minute period of inactivity. In RDCSCS the user is again signed off after 30 minutes, however, the individual user has the option of extending this to 60 minutes for an individual session if the need arises. When the user signs off the time is reset to the default, 30 minutes.

- A Business Continuity Plan needs to be developed, documented and tested.

X

#### **Management Response**

The Chief Administrative Office will prepare a Policy Memorandum requiring each department to develop a business continuity plan in the event of an MCF disaster.

- Publish a policy statement that defines the requirements for the protection of information processed or maintained by the organization regardless of form.

X

#### **Management Response**

A policy statement has already been issued by the Chief Administrative Office. This statement was issued on June 11, 1996, through CAO Policy Memorandum No. 100.

- Additional research of certain trust funds should be performed to determine their legal status.

X

#### **Management Response**

The Law Department is reviewing terms and conditions of trust funds to determine which may be eliminated or corrected.

**STATUS OF RECOMMENDATIONS**  
**MANAGEMENT LETTER**  
**UNREMOVED FPD RECOMMENDATIONS)**

<b>Recommendation</b>	<b>Implemented</b>	<b>Partially Implemented</b>	<b>Not Implemented</b>
-----------------------	--------------------	------------------------------	------------------------

All special revenue bank accounts should be in the custody of Treasury and accounted for by the Bureau of Accounting.

X

**Management's Response**

We concur with Auditor's recommendations and have issued a Policy Memo to all City Departments and Agencies requiring that all bank accounts be in the custody of the Bureau of Treasury and accounted for by the Bureau of Accounting. Some of these accounts will exist for emergency access only. We are in the process of auditing them and determining their future need. If these accounts are deemed necessary, controls will be implemented to ensure adequate controls and segregation of duties.

**Recommendation**

Physical inventory of all general fixed assets be taken annually or, at a minimum, on a three year cycle. All property with value greater than \$500 and a useful life of one year or longer should be counted and reconciled to the Financial Management System (FMS).

X

**Management's Response**

We concur with Auditor's recommendations, and are in the process of implementing a general fixed asset module through our new financial management system. Currently, the Bureau of Accounting and Purchasing in conjunction with our consultants American Management Systems (AMS) is developing policies and procedures and establishing the fixed asset module on line to enable us to proceed with this plan. Our goal is to complete a physical inventory of all fixed assets by end of 1989.

## **CITY OF NEW ORLEANS**

### **APPENDIX**

#### **CASH - BANK RECONCILIATIONS**

##### **Observation**

The City did not perform reconciliations of certain of its bank accounts on a timely basis and, in many cases, did not follow its recently modified accounting policies and procedures relating to cash. Additionally, the process employed in reconciling bank accounts was not standardized, creating unnecessary inconsistencies in the format of the bank reconciliations.

##### **Background**

In September 1993, the City converted its existing accounting system to an on-line, real time governmental financial system (GFS). As a result, all of the City's policies and procedures (including those relating to cash) were modified.

##### **Recommendation**

The City should begin following its existing policies and procedures relating to cash or modify existing policies and procedures as necessary. The City should consider minimizing the number of cash deposit points among its various departments in order to reduce the number of reconciliations required. This would also eliminate the delay between actual deposit and recorded deposit, which occurs when a deposit is not physically made until after (or before) the deposit is recorded in GFS. Additionally, the City should standardize the process and format of its bank reconciliations.

#### **ACCESS TO PRODUCTION ENVIRONMENT**

##### **Observation**

Programmers have access to modify their application's production data and programs. As a result, intentional or unauthorized changes could be made to production resources without detection.

##### **Background**

Programmers are allowed to modify production data as part of their regular responsibilities. Additionally, programmers have the ability to make program changes in the production environment without user approval of the changes. This privilege is sometimes used by the programmers during emergency situations. By providing programmers with access to high-level privileges, management cannot ensure that all changes to programs and data have been authorized.

##### **Recommendation**

Separate data processing duties so application users are solely responsible for data additions, updates and deletions and computer operations personnel submit all application jobs. Restrict programmer access to the production environment only and ensure that users approve all changes before they are moved to production.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON THE AUDIT OF  
FINANCIAL STATEMENTS**

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

We have audited the general purpose financial statements of City of New Orleans, Louisiana ("the City") as of December 31, 1996 and for the year then ended, and have issued our report thereon dated October 9, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the City is the responsibility of the management of the City. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards; however, instances of noncompliance required to be reported under Government Auditing Standards were reported on by other auditors in a separate report on compliance with laws and regulations.

We noted certain immaterial instances of noncompliance that we reported to the management of the City in a separate letter dated October 9, 1996.

Matters involving compliance with laws and regulations related to federal financial assistance are reported on by other auditors in separate reports on compliance related to federal financial assistance programs.

This report is intended for the information of the audit committee, management, the State of Louisiana Legislative Auditor, and officials of applicable federal and State agencies. However, this report is a matter of public record and its distribution is not limited.

*Deloitte & Touche LLP*

October 9, 1996



October 9, 1995

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

Dear Mayor and Members of the City Council:

In planning and performing our audit of the general purpose financial statements of the City of New Orleans, Louisiana (the "City") for the year ended December 31, 1995 (on which we have issued our report dated October 9, 1995), we developed the following recommendations concerning certain matters related to its internal control structure and certain observations and recommendations on other accounting, administrative, and operating matters. A description of the responsibility of management for establishing and maintaining the internal control structure, and of the objectives of and inherent limitations in such a structure is set forth in the attached Appendix, and should be read in conjunction with this letter. Our comments are presented in Exhibit I and are listed in the table of contents thereto. See also "Status of the 1994 Recommendations" on pages 12 and 13 and "Status of the 1993 Recommendations" on pages 14 and 15.

We will be pleased to discuss these comments with you and, if desired, to assist you in implementing any of the suggestions.

This report is intended for the information of the audit committee, management, the State of Louisiana Legislative Auditor, and officials of applicable federal and state agencies. However, this report is a matter of public record and its distribution is not limited.

Yours truly,

*Deloitte + Touche LLP*



# CITY OF NEW ORLEANS

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CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1989

PROGRAM TITLE	CFDA NUMBER	PROJECT NUMBER	SUBMITTED AMOUNT	EXPENDITURES 1989	CUMULATIVE EXPENDITURES
<b>STATE OF LOUISIANA FUNDED GRANTS</b>					
<b>LOUISIANA DEPARTMENT OF</b>					
<b>HEALTH, HUMAN SERVICES, COMMUNITY</b>					
Le Jeunesse Center	14-271	8900200-0000	60,000	61,000	61,000
Indep't Day	NA	8900200-0000-0443	16,000	0	45,345
Indep't Day	NA	8900200-0000-0443	16,000	0	61,345
Indep't Day	NA	8900200-0000-0443	20,000	5,701	5,701
Social Services Coordinators	NA	8900200-0000-0443	128,000	0	108,078
Crisis Trauma Center	NA	000-000-0000-0443	288,000	0	174,207
Crisis Trauma Center	NA	000-000-0000-0443	21,000	0	174,207
Crisis Trauma Center	NA	000-000-0000-05301	21,000	62,205	131,002
Crisis Trauma Center	NA	000-000-0000-05301	201,000	0	293,202
<b>TOTAL LOUISIANA DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>1,011,000</b>	<b>1,204,205</b>	<b>11,205,374</b>
<b>LOUISIANA DEPARTMENT OF EDUCATION</b>					
NYC-Louis Program	10-289	89000	244,000	0	244,000
<b>TOTAL LOUISIANA DEPARTMENT OF EDUCATION</b>			<b>244,000</b>	<b>0</b>	<b>244,000</b>
<b>LOUISIANA DEPARTMENT OF CULTURE, RECREATION AND TOURISM</b>					
N.O.P.L. State Aid	84-024	L.S.C.A. Title 1	274,377	81,200	274,377
Archives State Funds	10-175	8900-048-0	1,200,000	0	860,315
Library State Fund	84-024	---	100,000	0	100,000
Foreign Language Grant	84-200A	8900-00110	14,000	0	14,000
Library Site Fee	NA	---	25,000	0	24,000
Brookline Park	10-175	---	70,000	0	60,000
Edou. Pendo Barry	NA	21-04-0000-0	14,000	5,400	5,400
Free People of Color	NA	21-04-0000-0	2,000	0	0
LA Nature Center	10-175	---	200,000	1,200	200,000
Central Library Improvements	84-004	---	150,000	0	150,000
<b>TOTAL LOUISIANA DEPARTMENT OF CULTURE, RECREATION AND TOURISM</b>			<b>2,000,000</b>	<b>88,178</b>	<b>1,686,172</b>

See the notes to the Schedule of Federal Financial Assistance.

\* Denotes major programs.

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF  
THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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**(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marc N. Morial, Mayor  
City of New Orleans, Louisiana

In connection with our audit, we reviewed the prior year's reportable conditions on the internal control structure, including applicable internal administrative controls to determine whether management had implemented appropriate corrective action to correct the conditions giving rise to those findings. The results of our review with respect to the prior-year reportable conditions are described in the Schedule of Prior Reportable Conditions.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the City of New Orleans in a separate letter dated October 4, 1996.

This report is intended for the information of the audit committee, management, the cognizant audit agency and other interested parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

October 4, 1996

CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1976

PROGRAM TITLE	CEQA NUMBER	PROJECT NUMBER	BUDGETED AMOUNT	EXPENDITURES - 1976	CUMULATIVE EXPENDITURES
<b>STATE OF LOUISIANA FEDERAL GRANTS</b>					
<b>LOUISIANA COMMISSION ON LAWYER REFORMATION</b>					
Book Training Grant	16-579	88-PB-43-0050	8,499		8,499
44-Book Training	16-579	84-PB-43-0050	17,500		17,500
Book Training	16-579	81-PB-43-0038	5,000		4,500
Book Training	16-579	80-PB-43-0058	91,000		16,571
Food Program	16-579	79S-43-0011	81,000	92,291	23,871
Food Program	16-579	81-PB-43-0011	21,000	42,000	40,000
Book Training	16-579	80-PB-43-0054	80,000		20,811
Book Training	16-579	82-PB-43-0001	80,000		43,000
Book Training	16-579	84-PB-43-0078	11,004		55,000
Book Training	16-579	83-PB-43-0078	15,000		60,000
Complaint	16-579	82-PB-43-0073	48,000	578	20,000
Project Quality Fees	16-579	88-PB-43-1-0011	10,000	8,000	46,000
On Screen Visual Drug Campaign (2)	16-579	85-200-0001-0080	228,200	161,200	200,000
Comprehensive Assessment Project	16-579	81-PB-43-0083	17,000		60,704
Public Computer	16-579	88-PB-43-0091	21,000	1,000	200,200
CC-CJ Anti-Drug Administration	16-579	85-200-0001-0048	26,201	1,000	20,314
Job Antismoking Data	16-579	84-PB-43-0049	5,843	23,001	53,000
Transportation And Smoking (2)	16-579	81-200-0001-0020	207,500		4,001
DATA	16-579	81-200-0001-0043	348,381	289,817	207,200
DATA	16-579	88-43-001	48,100	49,291	343,001
DATA	16-579	83-200-001-0028	20,000		48,100
DATA	16-579	83-200-001-0028	20,000		20,000
DATA	16-579	84-PB-43-0071	121,000	8,107	8,107
DATA	16-579	84-PB-43-0075	70,000		70,000
DATA	16-579	84-PB-43-0078	85,838		85,838
Home Inspection Program	16-542	84-200-0001-0051	15,100	21,792	60,800
Home Inspection Program	16-542	83-200-0001-0051	60,000	87,200	67,500
Home Inspection Program	16-542	82-200-0001-0042	282,400		150,501
Home Inspection Program	16-542	81-200-0001-0042	180,000		180,000
Home Inspection Program	16-542	80-200-0001-0042	180,000		180,000
Home Inspection Program	16-542	79-200-0001-0042	180,000		180,000

\* Excludes major programs.

See the notes to the Schedule of Federal Financial Assistance.

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF  
THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

---

**(CONTINUED)**

To the Members of the  
City Council and the  
Honorable Marr H. Morial, Mayor  
City of New Orleans, Louisiana

judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the Schedule of Federal Financial Assistance. These conditions are described in the Schedule of Reportable Conditions and the Schedule of Prior Reportable conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the Schedule of Federal Financial Assistance being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

However, we believe that the reportable condition entitled Monitoring of Subrecipients for the Department of Health and Human Services federal program is a material weakness. See the Schedule of Prior Reportable Conditions for this matter. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the Schedule of Federal Financial Assistance of the City of New Orleans, Louisiana for the year ended December 31, 1990.

**CITY OF NEW ORLEANS  
SCHEDULE OF FUNDAL FISCAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 1995**

PROGRAM TITLE	CITY NUMBER	PROJECT NUMBER	BUDGETED AMOUNT	EXPENDITURES 1995	CUMULATIVE COMPLETED
<b>STATE OF LOUISIANA FUNDED GRANTS</b>					
<b>LOUISIANA DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT, CONTINUED</b>					
Tollway Proj 92 21 02B18	20 100	---	500,000	0	500,000
Tollway Proj 92 21	20 100	---	100,000	0	100,000
TCH-UPJT New Orly To-Pel	20 100	---	1,100,000	501,400	388,600
Local Recreary To Jackson B	20 100	---	1,400,000	563,204	1,089,801
Tollway Proj 91 21 1118	20 100	T42-01-42	11,000,000	4,551,975	8,174,886
Tollway Proj 91 21 1118	20 100	T42-01-42	3,487,201	591,000	3,000,270
Tollopoulos Corridor	20 100	T42-01-42	905,000	262,500	640,500
Tollway Proj 91 21 24	20 100	---	1,710,000	0	1,883,800
Tollway Blvd A Hwy Aig	20 100	T41-01-45	214,410	0	214,400
Village Laconia Road	20 100	---	90,000	0	90,100
Magellan Canal Corridor	20 100	T12-01-58	2,000,000	81,100	1,200,000
Tollway 91 Imp. Proj 1	20 100	---	---	---	---
<b>TOTAL LOUISIANA DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT</b>			<b>33,118,200</b>	<b>7,410,000</b>	<b>23,090,000</b>
<b>SECURITY PLANNING AND CONTROL</b>					
A.P. Regional Health Service	60A	50-M02-002-1	1,000,000	800,000	800,000
State Park Improvement	60A	50-M02-004-02	200,000	0	0
Mississippi State Military	60A	50-M02-008-01	240,000	17,100	10,100
System With National Comm Center	60A	50-M02-008-04	20,000	0	0
<b>TOTAL FACILITY PLANNING AND CONTROL</b>			<b>2,060,000</b>	<b>870,100</b>	<b>890,100</b>
<b>LOUISIANA DEPARTMENT OF NATURAL RESOURCES</b>					
Recycling Collection	60A	20N-2100-00-04	70,000	0	47,000
Recycling Programs	60A	20N-2100-01-11	600,000	0	202,000
Coastal Dune Management	60A	20 100-01-11	27,200	0	37,200
<b>TOTAL LOUISIANA DEPARTMENT OF NATURAL RESOURCES</b>			<b>736,200</b>	<b>0</b>	<b>386,200</b>

\* Denotes major program.

See the notes to the Schedule of Federal Financial Assistance.

CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1995

PROGRAM TITLE STATE OF LOUISIANA FUNDING SOURCE	CFDA NUMBER	PROJECT NUMBER	BUDGETED AMOUNT	EXPENDITURES THRU	CUMULATIVE EXPENDITURES
<b>LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY</b>					
Frenchian Farms	50A	HA # 27 10-3041	101,885	80,881	181,885
<b>TOTAL LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY</b>					
			101,885	80,881	181,885
<b>LOUISIANA DEPARTMENT OF ECONOMIC DEVELOPMENT</b>					
86 Center	50A	66-25-2900	200,000	0	150,000
<b>TOTAL LOUISIANA DEPARTMENT OF ECONOMIC DEVELOPMENT</b>					
			200,000	0	150,000
<b>LOUISIANA DEPARTMENT OF SOCIAL SERVICES</b>					
Bonnie Youth Centers Initiative	50A	375-0740 Child 204002	2,000,000	141,000	210,000
<b>TOTAL LOUISIANA DEPARTMENT OF SOCIAL SERVICES</b>					
			2,000,000	141,000	210,000
<b>LOUISIANA DEPARTMENT OF FAMILY SERVICES</b>					
Reading Clinic Program	50A	---	662,142	208,802	662,142
<b>TOTAL LOUISIANA DEPARTMENT OF FAMILY SERVICES</b>					
			662,142	208,802	662,142

\* Denotes major programs.

See the notes to the Schedule of Federal Financial Assistance.



CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1989

PROGRAM TITLE	FY89 NUMBER	FY89-800 NUMBER	SUGGESTED AMOUNT	EXPENDITURES TO DATE	CUMULATIVE ENCUMBRANCE
STATE OF LOUISIANA TRANSPORTATION					
LOUISIANA DEPARTMENT OF LABOR					
JYFA 80 (04-01)	17-258	PA-81-028	4,870,000	0	3,880,000
JYFA 80 (02-04)	17-258	PA-80-028	2,040,000	0	2,040,000
JYFA 80 (02-08)	17-258	PA-80-028	2,282,000	14,100	2,267,900
JYFA 80 (04-05)	17-258	PA-84-028	1,487,200	1,487,200	1,487,181
JYFA 80 (05-05)	17-258	PA-85-028	288,000	185,000	185,000
JYFA 80 (05-06)	17-258	85-053	667,400	0	520,000
JYFA 8A (04-07)	17-260	PA-80-028A	8,158,700	0	6,541,581
JYFA 8A (04-08)	17-260	PA-80-028A	8,098,000	0	1,205,884
JYFA 8A (05-03)	17-260	PA-85-028A	52,500,000	0	10,287,287
JYFA 8A (03-03)	17-260	PA-83-028A	2,884,100	0	0
JYFA 8A (03-04)	17-260	PA-83-028A	2,728,000	1,852,878	2,266,872
JYFA 8A (04-05)	17-260	PA-84-028A	2,184,332	1,871,800	2,117,400
JYFA 8A (05-05)	17-260	PA-85-028A	128,000	17,225	787,882
JYFA 8F (07A-04)	17-268	PA-81-087	870,200	0	178,488
JYFA 8F (04-02)	17-268	PA-81-087	1,460,700	810,218	825,000
JYFA 8F (04-05)	17-268	PA-84-087	1,400,000	873,218	1,048,718
JYFA 8F (04-06)	17-268	PA-84-087	1,418,000	873,200	878,218
JYFA 8F (05-05)	17-268	PA-84-087	218,000	218,000	217,200
JYFA 8F (05-06)	17-268	PA-84-087	844,200	0	294,488
RECREATION SERVICES					
Right Process (01-80)	17-258	3-88-175-0010-2	528,200	0	844,200
Right Process (02-80)	17-258	3-88-175-0010-2	297,800	0	482,275
Right Process (03-80)	17-258	479-04-08-175-0115	201,800	278,800	290,885
Right Process (04-80)	17-260	479-04-08-175-0115	278,800	278,800	290,000
Right Process (05-80)	17-260	479-04-08-175-0115-2	278,800	24,400	393,000
JYFA 8F (03-05)	17-268	PA-83-087	278,800	0	34,400
JYFA 8F (03-06)	17-268	PA-83-087	2,540,000	26,178	373,200
JYFA 8G (03-80)	17-260	PA-83-080	2,205,100	0	2,348,882
JYFA 8G (04-80)	17-260	PA-84-080	1,887,000	1,208,845	2,200,871
JYFA 8G (05-80)	17-268	PA-85-080	812,000	378,264	1,291,200
TOTAL LOUISIANA DEPARTMENT OF LABOR			88,887,072	8,203,813	47,822,884
TOTAL STATE ADMINISTERED GRANTS			287,781,287	187,628,837	532,742,482
GRAND TOTAL			376,668,359	195,832,650	580,565,366

See the notes to the Schedule of Federal Financial Assistance.

**CITY OF NEW ORLEANS**  
**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 1995**

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**NOTE 1 - BACKGROUND:**

The city of New Orleans, Louisiana, (the City) was incorporated in 1805. The City's system of government is established by its 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 administrative services. Education and welfare are administered by other governmental entities.

**NOTE 2 - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE:**

The accompanying Schedule of Federal Financial Assistance presents the activity of all Federal financial assistance programs of the City that were received directly from Federal agencies or passed through other local governmental agencies.

The City has prepared this Schedule of Federal Financial Assistance to comply with the provisions of Office of Management and Budget Circular A-118, Audits of State and Local Governments. OMB Circular A-118 stipulates that a Schedule of Federal Financial Assistance be prepared showing total expenditures for each Federal financial assistance program as identified in the catalog of Federal Domestic Assistance and for other federal financial assistance that has not been assigned a catalog number.

**CITY OF NEW ORLEANS**  
**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**(CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 1995**

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

Grant expenditures in the schedule of Federal Financial Assistance 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 and indirect federal expenditures.

The cumulative grant expenditure amount represents federal financial assistance expenditures disbursed from inception through December 31, 1995. Budgeted expenditures represent the contractual amount of the grant agreement.

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

**NOTE 4 - QUESTIONED COSTS:**

The City of New Orleans and certain sub-recipients who received funds from the city have expended certain federal grant funds in a manner that may have violated certain restrictive provisions of the related grants. The related questioned cost amounts pertinent to each action are as follows:

Program Year	Amount
<b>City of New Orleans</b>	
December 31, 1989 through	
December 31, 1994	\$1,679,507
December 31, 1995	<u>18,300</u>
<b>Total</b>	<b><u>\$1,697,807</u></b>

**CITY OF NEW ORLEANS**  
**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**(CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 1995**

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**NOTE 4 - QUESTIONED COSTS, CONTINUED:**

<u>Sub-Recipients</u>	
as of December 31, 1994	\$1,280,328

The ultimate resolution or determination as to whether the questioned costs will be allowable or unallowable under the affected grants will be made by the various funding sources and cannot be determined at this time. As such, management of the City is presently unable to determine a reasonable estimate of the possible federal claims for refunds of the noted grant funds. Accordingly, no provision or adjustment has been made to the Schedule of Federal Financial Assistance.

**NOTE 5 - INELIGIBLE/DISALLOWED AND QUESTIONED COSTS:**

As of the date of this report, funding sources have reviewed the operations and activities of certain programs and have rendered determinations as detailed in the status of other audits performed by Federal Auditors. Such ineligible/disallowed and questioned costs aggregated \$18,324,814 and \$1,044,328, respectively as of December 31, 1995, excluding any repayments made by the City of New Orleans. When required, the repayment of the ineligible/disallowed costs is funded from non-federal funds.

Moreover, the Schedule of Federal Financial Assistance has not been adjusted for any such repayments.

**NOTE 6 - GRANTEE LOANS - UD&G:**

The City has received certain grant awards from the United States Department of Housing and Urban Development (HUD) for the purposes of providing loans to the private sector for completion of projects that will stimulate economic development activity in the city. Eleven individual loans are outstanding at December 31, 1995, totaling \$13,873,000 which bear interest at rates ranging from 2.00 percent to 7 percent. These loans are receivable over a fifteen-to-thirty-year period and are

**CITY OF NEW ORLEANS**  
**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**(CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 1995**

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**NOTE 6 - GRANTEE LOANS - UDAG, CONTINUED:**

recorded as deferred revenue at December 31, 1995. Once 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.

The future maturities of grantee loans receivable as of December 31, 1995, including interest receipts of \$1,617,000 are as follows (in thousands of dollars):

Year Ending December 31,	\$	549
1996	5	549
1997		549
1998		549
1999		549
2000		549
2001 and thereafter	12,500	
		<b>\$13,182</b>

**NOTE 7 - HUD SECTION 108 LOANS:**

During both 1995 and 1993, the City entered into contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, with the Secretary of Housing and Urban Development (HUD) as guarantor. The City received these loans in order to fund its commitments to McPrugels and to the Historic Restoration, Inc., whose project includes the development of the "U. N. Holmes Property" for the following uses: namely, a first-class hotel, residential apartments, and a parking garage. These loans consist of notes

**CITY OF NEW ORLEANS**  
**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**(CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 1995**

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**NOTE 7 - HUD SECTION 108 LOAN, CONTINUED:**

originally totaling \$10,800,000 and bearing interest at 8.70% to 8.72%. During 1995, the loan to the McFrogala project totaling \$3,200,000 was repaid. As of December 31, 1995, the entire remaining balance of \$5,600,000 is recorded as a liability in the City of New Orleans' General Long-term Debt Account Group.

The requirements to amortize the remaining Section 108 loan is as follows:

<u>E. N. Holmes Project</u>	
1996	\$ 140,000
1997	160,000
1998	170,000
1999	190,000
2000	210,000
2001 thereafter	<u>8,730,000</u>
Total	<u>\$2,600,000</u>

**NOTE 8 - PARTICIPATION IN FOOD STAMP PROGRAM:**

During the year ended December 31, 1995, the City of New Orleans participated in the Food Stamp Program administered by the State of Louisiana Department of Family Security. Under this program, Food Stamp coupons are given to the City of New Orleans for distribution to eligible individuals for the purpose of improving the diet of the low-income by increasing their food purchasing ability.

**CITY OF NEW ORLEANS**  
**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**(CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 1995**

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**NOTE 8 - PARTICIPATION IN FOOD STAMP PROGRAM**  
**CONTINUED:**

During 1995 the City of New Orleans had the following Food Stamp coupon activity:

Value of coupons on hand at January 1, 1995	\$ 22,662,798
Coupons received from State during year	128,427,883
Total coupons on hand	155,093,873
Less:	
Coupons issued	(134,931,567)
Coupons cancelled	_____ (2,424)
Value of coupons on hand December 31, 1995	\$ 21,160,322

Issues (activity) of the Food Stamp Program are recorded in the Schedule of Federal Financial Assistance at the dollar value of the food stamp coupons when the coupons are issued to food stamp recipients.

**NOTE 9 - CONTINGENCY:**

The City of New Orleans is a recipient of numerous grants and awards of Federal and State funds. These grants and awards are governed by various Federal and State guidelines, regulations, and contractual agreements.

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

**CITY OF NEW ORLEANS**  
**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**(CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 1995**

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**NOTE 9 - CONTINGENCY:**

The audit of the Federal financial assistance programs of the City of New Orleans for the year ended December 31, 1995 disclosed instances of non-compliance with regard to the failure of the City to properly monitor the Department of Health and Human Services grant subrecipients that may be material to the Schedule of Federal Financial Assistance, but for which the ultimate resolution cannot presently be determined.

**NOTE 10 - MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS:**

The City of New Orleans' major Federal financial assistance programs for the year ended December 31, 1995, were determined based upon program activity. The City's major Federal financial assistance programs for the year ended December 31, 1995, were all federally assisted programs for which program activity was equal to or greater than \$2,428,268 during the year ended December 31, 1995, and all federally assisted loan programs for which the Federal government's risk in the outstanding loan balances as of December 31, 1995 was equal to or greater than \$2,428,268. For purposes of the competition of major programs, the food stamp coupon insurance amount of \$134,829,093 is excluded, although the Food Stamp Program is considered a major program for purposes of specific compliance testing.



**& Tervalon**

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NEW ORLEANS, LOUISIANA 70119  
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**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF  
THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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To the Members of the  
City Council and the  
Honorable Marc N. Morial, Mayor  
City of New Orleans, Louisiana

We have audited the Schedule of Federal Financial Assistance of the City of New Orleans, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated October 4, 1996. The general purpose financial statements were audited by other auditors whose report has been provided to us. As discussed in Notes 4, 5 and 9, the City of New Orleans has been requested by Federal agencies to remit funds for illegible and disallowed costs, and has failed to comply with certain contractual and programmatic requirements with regard to its federal financial assistance programs during the year ended December 31, 1995 and in previous years.

We have conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Federal Financial Assistance is free of material misstatement.

The management of the City of New Orleans is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets

## CITY OF NEW ORLEANS

TABLE 12  
Page 2 of 3ANALYSIS OF FUNDING PROGRESS — PENSION PLANS  
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

## (b) Municipal and State Police Employees' Retirement System

Fiscal Year	(1) Net Assets Available for Benefit*	(2) Pension Benefit Obligation	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4) ÷ (5)
1985	\$ 252,297	\$ 418,214	60.2	\$ 165,917	\$ 79,174	209.6
1987	419,246	458,248	91.5	38,999	79,598	49.0
1988	432,241	388,623	110.4	60,578	78,827	76.9
1989	483,839	451,366	107.2	(32,527)	82,885	(39.4)
1990	521,128	487,340	107.0	(33,987)	86,379	(39.4)
1991	586,980	553,449	105.9	(33,535)	94,498	(35.5)
1992	627,949	596,172	105.3	(31,788)	98,823	(32.2)
1993	685,973	644,822	106.4	(44,151)	97,908	(45.1)
1994	729,682	699,748	104.3	(29,904)	98,105	(30.5)
1995	751,461	736,947	102.1	(14,608)	100,493	(14.5)

## (c) Police Plan

Fiscal Year	(1) Net Assets Available for Benefit*	(2) Pension Benefit Obligation	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4) ÷ (5)
1985	\$ 128	\$ 11,874	1.1	\$ 11,746	\$ 4,847	241.0
1987	181	12,521	1.4	11,799	4,522	260.6
1988	999	10,487	9.5	9,384	4,153	225.9
1989	1,299	8,081	16.1	6,782	4,185	162.1
1990	1,282	9,584	13.4	8,189	3,788	216.2
1991	1,879	5,793	32.4	3,876	3,784	102.4
1992	1,888	4,483	42.1	2,595	25	103.8
1993	2,842	3,841	74.0	1,799	N/A	N/A
1994	1,971	2,152	91.6	1,181	N/A	N/A
1995	1,819	2,274	80.0	355	N/A	N/A

\*All cash.

(Continued)

CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCES  
 FOR THE YEAR ENDED DECEMBER 31, 1982

STATE OF LOUISIANA FUNDING SOURCE	PROGRAM TITLE	CFOA NUMBER	PROJECT NUMBER	BUDGETED AMOUNT	EXPENDITURES 1982	CUMULATIVE EXPENDITURES
LOUISIANA DEPARTMENT OF FAMILY SECURITY	Food Stamps	19-001	---	104,826,000	104,826,000	104,826,000
	Food Stamps - Administrative Costs	19-001	---	807,515	807,515	807,515
	TOTAL LOUISIANA DEPARTMENT OF FAMILY SECURITY			105,633,515	105,633,515	105,633,515
LOUISIANA HIGHWAY SAFETY COMMISSION	Statewide Civil Driver Training	06-000	---	111,100	0	111,100
	Accident Record File Mgmt	06-004	027-04	18,000	0	18,000
	06-005	060-05	0	0	0	0
	06-006	06-06	0	0	0	0
	06-007	06-07	0	0	0	0
	06-008	060-08	0	0	0	0
	06-009	060-09	0	0	0	0
TOTAL LOUISIANA HIGHWAY SAFETY COMMISSION			129,100	0	129,100	
LOUISIANA DEPARTMENT OF PUBLIC SAFETY	Misses Marooned Development Fund	06-000	---	12,228	0	12,228
	Misses Marooned Development Fund	06-000	00-000	105,100	0	105,100
	Civil Defense Fund	06-000	00-000	201,200	0	201,200
	Post Safety Control Prog	06-000	001-00	50,000	0	50,000
	TOTAL LOUISIANA DEPARTMENT OF PUBLIC SAFETY			368,528	0	368,528
LOUISIANA DEPARTMENT OF MILITARY AFFAIRS	Hartman Archer	06-000	070-000	500,000	0	500,000
	TOTAL LOUISIANA DEPARTMENT OF MILITARY AFFAIRS			500,000	0	500,000

\* Denotes under program.

See the notes to the Schedule of Federal Financial Assistance.

**GENERAL FIXED ASSETS ACCOUNT GROUP**

This account group is used to account for fixed assets which are not used in proprietary fund operations or accounted for in trust funds.

# CITY OF NEW ORLEANS

## COMPONENT UNITS - PROPRIETARY FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEAR ENDED DECEMBER 31, 1998 (AMOUNTS IN THOUSANDS)

	Orleans Parish Communications District	Audubon Park Commission	New Orleans International Airport	Sewerage and Water Board
Operating revenues:				
Charges for services		\$ 19,706	\$ 43,668	\$ 23,747
Tax revenues				28,344
Other	—	786	—	15,637
<b>Total operating revenues</b>	—	<b>20,492</b>	<b>43,668</b>	<b>127,728</b>
Operating expenses:				
Personnel services	\$ 232	11,868	18,781	31,704
Contracted services	251	5,718	17,201	52,853
Materials and supplies	13	3,489	1,148	—
Depreciation and amortization	331	3,968	12,987	23,652
Other	—	238	—	18,628
<b>Total operating expenses</b>	<b>666</b>	<b>25,262</b>	<b>49,917</b>	<b>118,837</b>
Operating income (loss)	<b>(366)</b>	<b>(4,770)</b>	<b>3,751</b>	<b>18,891</b>
Nonoperating revenues (expenses):				
Interest revenue	36	1,273	8,782	7,813
Interest expense	—	(4,277)	(12,402)	(1,822)
Dedicated leases	1,837	3,624	—	93
Specific grants - The Audubon Institute, Inc.	—	8,773	—	—
Other - net	—	312	9,152	3,091
<b>Total nonoperating revenues (expenses)</b>	<b>1,873</b>	<b>11,605</b>	<b>5,532</b>	<b>3,164</b>
Income (loss) before transfers	1,807	6,835	5,772	26,653
Transfer out to primary government	—	—	—	—
Net income (loss)	1,807	6,835	5,772	26,653
Depreciation on fixed assets acquired by contributions	—	—	3,866	—
Merger of Louisiana Water Control	—	—	—	—
Increases (decreases) in retained earnings	1,807	6,835	9,638	26,653
Retained earnings/land balance, beginning of year	792	51,829	36,819	110,547
<b>Retained earnings/land balance, end of year</b>	<b>2,604</b>	<b>58,664</b>	<b>46,457</b>	<b>137,200</b>

CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2008

PROGRAM TITLE FEDERALITY (UNFED) GRANTS	CFDA NUMBER	PROJECT NUMBER	REQUESTED AMOUNT	EXPENDITURES 2008	CUMULATIVE EXPENDITURES
Housing Authority of New Orleans					
Community Outreach Drug Elimination Program (OCDEP)	14.004	---	750,000	883,887	426,281
Operation Safe Home	14.004	---	200,000	134,854	191,741
LIIP	14.004	---	2,200,001	1,731,154	1,731,154
Public Housing Anti-Drug Program	14.004	(Anti-Drug Fund)	1,830,132	457,862	1,430,200
Total Housing Authority of New Orleans			4,780,133	2,407,757	3,899,376
City Department of Housing and Urban Development Grants					
Capital Rehabilitation Aids	NA	NA-05-01-0006	378,200	0	348,000
Capital Rehabilitation	NA	NA-05-02-0004	1,731,450	0	1,731,450
Emergency Shelter Grant	14.220	NA-05-02-0005	37,000	0	16,950
Emergency Shelter Grant	14.221	NA-05-03-0001	261,000	0	236,904
Emergency Shelter Grant	14.221	NA-05-03-0001	817,000	0	358,601
Emergency Shelter Grant	14.221	NA-05-03-0001	542,000	0	378,528
Emergency Shelter Grant	14.221	NA-05-03-0001	548,000	0	311,878
Emergency Shelter Grant	14.221	NA-05-03-0001	543,000	0	323,785
Emergency Shelter Grant	14.221	NA-05-03-0001	544,000	1,201,347	224,813
Home Investment Opportunity Program	14.222	---	8,861,000	0	9,597,938
Joba Bill	14.215	NA-03-04-01-0006	8,861,000	0	8,388,000
Heating Grant for People Everywhere	14.245	---	210,980	0	200,800
Emergency Shelter Grant	14.221	NA-05-02-0001	844,000	591,000	481,300
Emergency Shelter Grant	14.221	NA-05-02-0001	331,000	263,000	263,000
NA	NA	NA02010200000000	1,070,000	0	290,818
NA	NA	NA03030300000000	4,470,000	0	2,191,000
Special Proposal Grants (1/2011)	NA	LA-08-0093-21	5,200,000	760,000	760,000
Special Proposal Grants & Development Center	NA	NA-08-0093-21	488,000	0	760,000
S. P. Conrad House	NA	LA-08-0093-21	290,000	0	488,000
S. P. My House	NA	---	0	0	200,184

See the notes to the Schedule of Federal Financial Assistance.

- Excludes major programs

CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCES  
 FOR THE YEAR ENDED DECEMBER 31, 1992

PROGRAM/TITLE THROUGH FUNDS GRANTS	CPDA NUMBER	PROJECT NUMBER	BUDGETED AMOUNT	EXPENDITURES 1992	CUMULATIVE EXPENDITURES
<b>Other Department of Housing and Urban Development Development Grants - Continual</b>					
HDPWA	14-241	LA-45-H007002	1,882,000	218,000	708,000
HDPWA	14-241	LA-45-H007001	899,000	494,000	484,000
HDPWA	14-241	LA-45-H007040	1,179,000	50,000	50,000
HDPWA	14-241	LA-45-H007020	430,000	0	430,000
Section 108 Loan	NA	---	215,000	215,000	215,000
<b>Total Other Department of Housing and Urban Development Grants</b>			<b>4,205,000</b>	<b>4,086,000</b>	<b>20,844,800</b>
<b>Urban Development Action Grants</b>					
Good Plans	14-225	0-81-00-22-0005	6,800,000	0	5,648,000
Latin Working Home	14-225	0-81-00-22-0078	460,000	0	408,000
R.D. Property Developers	14-225	0-81-00-22-0079	1,800,000	0	1,080,000
R.D. Orleans Hospital	14-225	0-81-00-22-0071	1,400,000	0	1,260,000
Rue Stearns	14-225	0-82-00-22-0041	668,000	0	599,000
Cypress Apts.	14-225	0-83-00-22-0045	660,000	0	581,000
206 Canby Homes	14-225	0-83-00-22-0053	1,070,000	0	1,068,000
Plaza de l'Union	14-225	0-83-00-22-0055	274,000	0	268,000
384 Technocapital	14-225	0-87-00-22-0324	1,712,218	0	1,712,178
Acacia Apartments	14-225	0-88-00-22-0008	8,264,000	0	8,220,800
Marie Olga Stochelin	14-225	0-88-00-22-0008	828,000	0	820,800
Cumulative Prog. Income	14-225	---	280,000	280,000	280,000
<b>Total Urban Development Action Grants</b>			<b>22,628,218</b>	<b>280,800</b>	<b>22,072,417</b>
<b>Office of Community Planning &amp; Development</b>					
Boardford Homes	NA	0-88-22-22-0001	270,800	0	268,200
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>471,000,000</b>	<b>21,046,800</b>	<b>284,800,000</b>

\* Denotes major programs.

See the notes to the Schedule of Federal Financial Assistance.

CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1999

PROGRAM TITLE FEDERALLY FUNDED PROGRAMS	STATE NUMBER	PROJECT NUMBER	REQUESTED AMOUNT	EXPENDITURES 1999	CUMULATIVE EXPENDITURE
<b>DEPARTMENT OF EDUCATION</b>					
Library Learning Center	84-081A	84-081A-0000-01	20,000	0	20,000
Library Learning Center	84-081A	84-081A-0000-02	0	0	20,000
Library Learning Program	84-081A	84-081A-0000-03	20,278	19,748	21,419
Library Learning Program	84-081A	84-081A-0000-04	20,000	0	0
			<u>100,278</u>	<u>19,748</u>	<u>85,000</u>
<b>TOTAL DEPARTMENT OF EDUCATION</b>					
<b>DEPARTMENT OF TRANSPORTATION</b>					
Obtained through the State of Louisiana					
Weight University	28-000	84-0000-0000	686,400	0	686,400
Devine Road	28-000	84-0000-0000	1,781,200	11,461	1,792,661
Central Blvd	28-000	84-0000-0000	1,781,200	0	1,781,200
Central Blvd	28-000	84-0000-0000	1,726,500	0	1,726,500
Central Blvd	28-000	84-0000-0000	3,370,500	1,743,000	1,627,500
Central Blvd	28-000	84-0000-0000	113,000	7,129	566,500
Marion Road	28-000	84-0000-0000	60,200	0	60,200
Marion Road	28-000	84-0000-0000	332,700	0	332,700
Marion Road	28-000	84-0000-0000	194,200	0	194,200
Marion Road	28-000	84-0000-0000	28,200	0	28,200
Marion Road	28-000	84-0000-0000	903,700	0	903,700
Marion Road	28-000	84-0000-0000	286,000	0	286,000
Marion Road	28-000	84-0000-0000	2,794,000	370,178	2,423,822
Marion Road	28-000	84-0000-0000	110,000	0	110,000
Marion Road	28-000	84-0000-0000	81,271	0	81,271
Marion Road	28-000	84-0000-0000	3,820,000	4,000	3,824,000
Marion Road	28-000	84-0000-0000	3,328,700	0	3,328,700
Marion Road	28-000	84-0000-0000	33,154,178	3,759,872	33,914,050

\* Total Disbursed through the State of Louisiana



CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1999

PROGRAM TITLE FEDERAL FUNDING SOURCE	CYFA NUMBER	PROJECT NUMBER	REQUESTED AMOUNT	EXPENDITURES 1999	CUMULATIVE EXPENDITURES
			576,411	179,094	417,429
2-21-0031-22	20-106		2,080,000	0	2,080,000
2-23-0031-28	20-108		988,000	0	988,000
2-23-0031-28	20-108		975,000	121,000	854,000
2-23-0031-28	20-108		10,000,000	8,428,912	1,571,088
2-23-0031-37	20-108		275,044	0	275,044
2-23-0031-51	20-108		511,000	0	511,000
2-23-0031-58	20-108		4,494,174	0	4,494,174
2-23-0031-70	20-108		3,237,719	0	3,237,719
2-23-0031-87	20-108		3,904,000	0	3,904,000
2-23-0031-113	20-108		3,817,179	0	3,817,179
2-23-0031-122	20-108		3,200,000	0	3,200,000
2-23-0031-146	20-108		3,000,000	0	3,000,000
2-23-0031-154	20-108		340,000	0	340,000
2-23-0031-174	20-108		280,000	0	280,000
2-23-0031-174	20-108		6,800,000	426,340	7,226,340
2-23-0031-174	20-108		6,800,000	170,000	6,970,000
2-23-0031-174	20-108		3,800,000	0	3,800,000
2-23-0031-174	20-108		6,182,988	115,308	6,298,296
2-23-0031-174	20-108		2,100,000	0	2,100,000
2-23-0031-174	20-108		3,404,876	0	3,404,876
2-23-0031-174	20-108		43,876	0	43,876
2-23-0031-229	20-108		3,500,000	124,500	3,624,500
2-23-0031-229	20-108		2,816,544	0	2,816,544
2-23-0031-234	20-108		218,168	0	218,168
2-23-0031-234	20-108		12,900,000	496,011	13,396,011
2-23-0031-234	20-108		800,000	0	800,000
2-23-0031-234	20-108		138,274	0	138,274
2-23-0031-234	20-108		327,000	0	327,000
2-23-0031-234	20-108		680,000	0	680,000
2-23-0031-234	20-108		2,900,000	0	2,900,000
2-23-0031-234	20-108		3,100,000	21,589	3,121,589
2-23-0031-234	20-108		218,200	0	218,200
2-23-0031-234	20-108		840,000	83,500	923,500

Delivered through the Mass Orleans Action Board.

See the notes to the schedule of Federal Financial Statements.

\* Denotes major programs.

CITY OF NEW ORLEANS  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCES  
FOR THE YEAR ENDED DECEMBER 31, 1988

PROGRAM TITLE FEDERAL FUNDS SOURCE	CHDA NUMBER	PROJECT NUMBER	BUDGETED AMOUNT	EXPENDITURES 1988	CUMULATIVE EXPENDITURES
Delivered through the New Orleans Analytic Board, Continued					
Level	28-108	3-23-0007-28	2,190,000	202,214	1,040,278
Armed Violence	28-108	3-23-0007-48	894,800	32,212	177,527
Level	28-108	3-23-0007-41	2,500,000	1,299,032	1,281,860
Level	28-108	3-23-0007-42	8,500,000	2,054,028	3,287,880
CDC Agnes Penning & Paul B. St.	28-108	3-23-0007-43	8,548,281	4,982,485	5,810,817
CDC Pils. B. St. and Armand Lighting Study	28-108	3-23-0007-44	4,000,700	209,681	280,881
Formerly VTB (since Area (Duncan Canal) &	28-108	3-23-0007-45	51,488,934	1,038,000	1,849,029
Hotel	28-108	3-23-0007-46	4,181,370	4,887,300	4,887,300
Level & Penning	28-108	3-23-0007-49	11,850,000	0	0
			<u>180,283,258</u>	<u>23,989,873</u>	<u>87,183,484</u>
* Total Disbursed through the New Orleans Analytic Board					
			<u>173,433,184</u>	<u>27,173,192</u>	<u>80,825,292</u>

TOTAL DEPARTMENT OF TRANSPORTATION

DEPARTMENT OF JUSTICE

Office of Justice Administration	18A		0	0	0
Anti Drug Administration	45-0719	80-084-0014-0948	42,128	0	36,540
Anti Drug Abuse Administration	18-048	91-08-134-0029	8,089	870	4,333
For Justice Train	18-078	91-08-0014-00178	57,880	0	28,913
CCAC Anti Drug	N/A	90-198-4-1-0000	27,790	0	24,118
Pool	18-078	86-009-0014-001	20,800	0	11,202
Penning Dan. Clinic Penning					
			<u>98,607</u>	<u>870</u>	<u>75,206</u>

TOTAL DEPARTMENT OF JUSTICE

CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1988

PROGRAM TITLE	CFDA NUMBER	PROJECT NUMBER	SUBMITTED AMOUNT	EXPENDITURES 1988	CUMULATIVE EXPENDITURES
<b>REGULATORY ISSUES GRANTS</b>					
<b>DEPARTMENT OF COMMERCE</b>					
Economic Development Administration Permit To Reauthorize and Site, 300 Parkway 16A	11-200	88-05-010-000	275,000	228,276	503,034
1500 Quarterly Site-Clearing 16A			55,000	0	54,983
Multi-Purpose Land Information 11-200	05-30-01		220,000	0	120,869
Multi-Purpose Catalyst 11-200	84-08-011-0000		2,157,200	0	304,274
MAPS Street Project 11-200	88-07-028-01		318,000	0	519,890
			2,282,200	0	2,883,526
<b>TOTAL DEPARTMENT OF COMMERCE</b>					
			5,189,243	228,276	6,019,213
<b>DEPARTMENT OF RECREATION</b>					
Lyons Recreation Center 18-078	20-CITY-0000101		375,000	0	0
18-076	20-CITY-000100		90,000	0	180,000
18-075			958,132	0	558,932
18-074	22-CITY-000100		60,000	0	60,000
18-073	20-0000		100,000	0	11,897
<b>TOTAL DEPARTMENT OF RECREATION</b>					
			679,232	0	416,007
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Center for Disease Control Healthcare for the Homeless 21-501	05-HHS021490-0		71,254	11,878	22,008
Healthcare for the Homeless 21-501	89-HHS021490-2		1,042,740	823,971	198,003
Healthcare for the Homeless 21-501	89-HHS021490-3		679,500	0	558,932
Healthcare for the Homeless 21-501	05-HHS021490-2		1,049,819	128,128	198,189
Healthcare for the Homeless 21-501	09-HHS021490-1		579,500	0	786,911
Healthcare for the Homeless 21-501	11-HHS10000001-1		895,000	0	241,412
Healthcare for the Homeless 21-501	HSA 100000-02		1,191,000	843,481	850,418
Healthcare for the Homeless 21-501	HSA 100000-02		1,297,200	282,947	262,447
Healthcare for the Homeless 21-501	2006-200213-00-0		8,443,377	0	3,293,294
Healthcare for the Homeless 21-501	2006-200213-00-0		3,208,180	0	2,789,450
Healthcare for the Homeless 21-501	2006-200213-00-1		7,389,948	4,285,828	3,612,927
Healthcare for the Homeless 21-501	2006-200213-00-5		8,094,171	1,267,258	1,687,189

See the notes to the Schedule of Federal Financial Assistance.

\*Carroll major programs.

CITY OF NEW ORLEANS  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 1988

PROGRAM TITLE FEDERALLY FUNDED GRANTS	CITY NUMBER	PROJECT NUMBER	REQUESTED AMOUNT	EXPENDITURES 1988	CUMULATIVE EXPENDITURES
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES, CONTINUED</b>					
Open Waste Add (cont)	03-978	000-000000-00-0	1,584,700	0	811,241
Open Waste Add (cont)	03-978	000-000000-00-0	1,881,817	0	880,000
Open Waste Add (cont)	03-978	000-000000-00-0	1,200,000	0	893,200
Open Waste Add (cont)	03-978	000-000000-00-0	1,250,000	1,899,871	1,287,890
Open Waste Add (cont)	03-978	000-000000-00-0	1,250,000	480,218	439,218
Open Waste Add (cont)	03-978	000-000000-00-0	800,000	0	14,079
Open Waste Phase I	03-974	001-800000-00-0	3,055,400	0	1,398,275
Open Waste Phase I	03-974	001-800000-00-0	3,055,400	1,268,054	1,398,275
Open Waste Phase I	03-974	001-800000-00-0	1,967,400	208,254	300,304
Open Waste Phase I	03-974	000-800000-00-0	600,000	0	354,180
			<u>44,399,800</u>	<u>18,870,890</u>	<u>23,400,500</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>DEPARTMENT OF ENERGY</b>					
Energy Task Force for the	01-081	---	60,000	0	81,219
Waste Tire Recycling	00A	00-000000-00-0	173,000	0	48,000
Diast Cooling	00A	---	80,000	0	81,300
Diast Cooling	00A	---	---	---	---
			<u>313,000</u>	<u>0</u>	<u>208,519</u>
<b>TOTAL DEPARTMENT OF ENERGY</b>					
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>					
Emergency Preparedness Program	03-080	000-00-00-00-0	26,487	0	19,816
Emergency Management	00A	---	71,800	0	17,800
Emergency Management	00A	---	90,000	89,249	90,319
Emergency Management	00A	---	544,300	0	124,700
			<u>632,587</u>	<u>89,249</u>	<u>342,635</u>
<b>TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY</b>					
<b>TOTAL FEDERALLY FUNDED GRANTS</b>					
			<u>627,180,738</u>	<u>28,280,814</u>	<u>812,890,181</u>

See the notes to the Schedule of Federal Financial Assistance.

\* Denotes major programs.

CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 1998

CITY NUMBER	PROJECT NUMBER	SUSPENSED AMOUNT	EXPENDITURES		CUMULATIVE EXPENDITURES
			1998	1998	
66A	HEALTH Ad 474	298,000		298,000	298,000
62A02	1115	1,187,100	890,257	1,187,100	1,187,100
62A02	1003	878,000	878,000	878,000	1,765,200
66A	200080	182,000	182,000	182,000	1,947,200
66A	200080	182,000	182,000	182,000	2,129,200
66A	200080	182,000	182,000	182,000	2,311,200
60A94	1285475	30,827	30,827	30,827	2,342,027
60A94	1182	84,200	84,200	84,200	2,426,227
60A94	100475	83,887	83,887	83,887	2,510,114
60A94	66A	84,200	84,200	84,200	2,594,314
60A94	66A	81,947	81,947	81,947	2,676,261
60A94	1085475	3,058	3,058	3,058	2,679,319
60A94	1488917	27,312	27,312	27,312	2,706,631
60A94	1488917	18,008	18,008	18,008	2,724,639
60A94	66A	21,054	21,054	21,054	2,745,693
60A94	1488917	1,208,485	1,208,485	1,208,485	3,954,178
66A	910070	488,885	488,885	488,885	4,443,063
66A	1,087,284	1,087,284	1,087,284	1,087,284	5,530,347
66A	1488917	214,841	214,841	214,841	5,745,188
60A94	1488917	261,498	261,498	261,498	5,996,686
60A94	66A	300,260	300,260	300,260	6,296,946
60A94	17485	57,120	57,120	57,120	6,354,066
66A	1108888	192,186	192,186	192,186	6,546,252
66A	1488917	8,583	8,583	8,583	6,554,835
66A	2081100	95,850	95,850	95,850	6,650,685
66A	2082202	95,850	95,850	95,850	6,746,535
66A	1880081	4,825	4,825	4,825	6,751,360
66A	1880081	4,825	4,825	4,825	6,756,185
60A94	2080801	221,792	221,792	221,792	6,977,977
60A94	2080801	170,728	170,728	170,728	7,148,705
60A94	2080213	210,652	210,652	210,652	7,359,357
60A94	1880081	18,082	18,082	18,082	7,540,439
60A94	66A	27,488	27,488	27,488	7,815,327
60A94	1880081	48,987	48,987	48,987	8,305,314
60A94	66A	242,877	242,877	242,877	8,548,191

PROGRAM TITLE  
 STATE OF LOUISIANA FUNDING OBJECTS

LOUISIANA DEPARTMENT OF	HEALTH SERVICES RESOURCES
Health Services Program	
Health, Infectious	
Health, Infectious	
Community Supp-Food	
Community Supp-Food	
Community Supp-Food	
Community Supp-Food	
Low-Risk Maternity	
Low-Risk Maternity	
Low-Risk Maternity	
Low-Risk Maternity	
Low-Risk Maternity	
Low-Risk Maternity	
Low-Risk Maternity	
Matrn Health Services	
Matrn Health Services	
Family Planning	
Family Planning	
EPSCOT MEDICAL	
EPSCOT MEDICAL	
EPSCOT MEDICAL	
EPSCOT MEDICAL	
Infid Immunizations	
Infid Immunizations	
Infid Immunizations	
Carve High Clinic	
Carve High Clinic	
Carve High Clinic	
Carve High Clinic	
Healthcare for Homeless	
Healthcare for Homeless	
Homeless Dental	
Homeless Dental	
Leads Polaris	
Leads Polaris	
Leads Polaris	
Mobile Dental Care	
Mobile Dental Care	
Mobile Dental Care	
Mobile Dental Care	

See the notes to the Schedule of Federal Financial Assistance.

\* Denotes major programs.

## CITY OF NEW ORLEANS

EXHIBIT D-4

PENSION TRUST FUND - OLD FINE PLAN  
 SCHEDULE OF CHANGES IN RESERVE ACCOUNTS  
 YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)

	Total Reserved Fund Balance	Fund Balance Reserved for Employee Contributions	Fund Balance Reserved for Employer Contributions	Fund Balance Reserved for Membership Activities
Balance (deficit) at January 1, 1995	\$ 3,623	\$1,413	\$133,250	\$ 135,461
Additions:				
Employee contributions	13,923		13,833	
Investment income	179		179	
Fire insurance tax	333		823	
Total balance and additions	<u>18,578</u>	<u>1,413</u>	<u>118,385</u>	<u>135,461</u>
Transfers - benefits awarded		(172)	(26,726)	18,948
Total revised balance	<u>18,578</u>	<u>1,241</u>	<u>141,659</u>	<u>154,409</u>
Deductions:				
Benefit payments	14,474			14,474
Administrative expenses	322		385	
Total deductions	<u>14,800</u>		<u>385</u>	<u>14,474</u>
Balance (deficit) at December 31, 1995	<u>\$ 3,778</u>	<u>\$1,241</u>	<u>\$141,274</u>	<u>\$ 140,935</u>

**PENSION TRUST FUND - NEW FIRE PLAN**  
**SCHEDULE OF CHANGES IN RESERVE ACCOUNTS**  
**YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)**

	Total Reserved Fund Balance	Fund Balance Reserved for Employee Contributions	Fund Balance Reserved for Employer Contributions	Fund Balance Reserved for Membership Annuities
Balance at January 1, 1995	\$113,300	\$15,896	\$ 39818	\$ 37,489
Restatements	536		376	
Additions:				
Employee contributions	890	890		
Employer contributions	2,435		2,435	
Investment income	5,263		3,568	
Total balance and additions	122,912	16,786	68,367	37,489
Other:				
Transfers - interest				
Gain/(loss) on sale of investments	(1,238)	169	(7,981)	8,574
Total revised balance	121,674	16,955	60,386	46,063
Deductions:				
Benefits payments	3,297			3,297
Refunds - participants withdrawals	13	13		
Administrative expenses and other	624		624	
	4,084	13	624	3,297
Balance at December 31, 1995	\$117,590	\$16,972	\$ 59,762	\$ 42,766

**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

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To the Members of the  
City Council and the  
Honorable Marc E. Morial, Mayor  
City of New Orleans, Louisiana  
Page 2

In our opinion, the accompanying Schedule of Federal Financial Assistance of the City of New Orleans presents fairly in all material respects, the Federal financial assistance expenditures for the year ended December 31, 1995, in conformity with generally accepted accounting principles.

As further discussed in Notes 4, 5 and 6, the City of New Orleans has been requested by Federal agencies to remit funds for ineligible and disallowed costs, and has failed to comply with certain contractual and programmatic requirements with regard to its Federal financial assistance programs during the year ended December 31, 1995 and in previous years. The Schedule of Federal Financial Assistance does not include any adjustments for those matters.

In accordance with Government Auditing Standards, we have also issued a report dated October 4, 1996 on our consideration of the City of New Orleans internal control structure and a report dated October 2, 1996 on its compliance with laws and regulations.

*Bruno & Tervalon*

**BRUNO & TERVALON**  
CERTIFIED PUBLIC ACCOUNTANTS

October 4, 1996

**Bruno**

CERTIFIED PUBLIC ACCOUNTANTS

**& Tervalon**



## CITY OF NEW ORLEANS

EXHIBIT D-01

**PENSION TRUST FUND - EMPLOYERS' PENSION PLAN**  
**SCHEDULE OF CHANGES BY BENEFIT ACCOUNTS**  
**YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)**

	Total Reserved Fund Balance	Fund Balance Reserved for Employee Contributions	Fund Balance Reserved for Employer Contributions	Fund Balance Reserved for Membership Annuities
Balance at January 1, 1995	\$ 308,127	\$ 17,884	\$ 87,355	\$ 88,471
Additions:				
Employee contributions	2,932	2,932		
Employer contributions	18,629		10,629	
Investment income	18,851	1,085	6,310	1,256
Other	308	132	132	
Total balance and additions	<u>218,837</u>	<u>31,983</u>	<u>104,436</u>	<u>92,987</u>
Other:				
Transfers - benefits awarded		(1,765)	(21,751)	24,516
Gain on sale of investments	<u>8,421</u>		<u>8,421</u>	
Total revised balance	<u>218,254</u>	<u>29,895</u>	<u>90,116</u>	<u>117,503</u>
Deductions:				
Benefit payments	13,344			13,344
Refunds - participants withdrawals	1,341	1,141		
Other	<u>1,955</u>	<u>83</u>	<u>1,955</u>	
Total	<u>16,471</u>	<u>1,224</u>	<u>1,955</u>	<u>13,344</u>
Balance at December 31, 1995	<u>\$ 218,783</u>	<u>\$ 28,671</u>	<u>\$ 88,161</u>	<u>\$ 104,159</u>

**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

To the Members of the  
City Council and the  
Honorable Marc H. Morial, Mayor  
City of New Orleans, Louisiana

We have audited the Schedule of Federal Financial Assistance of the City of New Orleans, Louisiana, (the City) for the year ended December 31, 1993. The Schedule of Federal Financial Assistance is the responsibility of the management of the City of New Orleans. Our responsibility is to express an opinion on the Schedule of Federal Financial Assistance based on our audit. The accompanying Schedule of Federal Financial Assistance is not a part of the City of New Orleans' General Purpose financial statements for the year ended December 31, 1993. The General Purpose financial statements were audited by other auditors whose report thereon has been furnished to us.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-110, Audits of State and Local Governments. Those standards and the provision of OMB Circular A-110 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Federal Financial Assistance is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Federal Financial Assistance. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Federal Financial Assistance. We believe that our audit provides a reasonable basis for our opinion.

## CITY OF NEW ORLEANS

EXHIBIT B-1

**SCHEDULE OF GENERAL FIXED ASSETS BY ASSET CLASS AND SOURCE**  
**DECEMBER 31, 1968 (AMOUNTS IN THOUSANDS)**

<b>General fixed assets:</b>	
Land	\$ 30,705
Buildings and improvements	167,979
Equipment	55,691
Construction in progress	<u>173,328</u>
<b>Total general fixed assets</b>	<b><u>427,703</u></b>
<b>Investment in general fixed assets from:</b>	
Special revenue funds	\$ 9,446
Capital projects funds:	
General obligation bonds	174,180
Federal grants	35,918
State grants	30,538
Miscellaneous capital funds	9,080
Gifts	2,751
Miscellaneous revenues	15,576
General fund revenues	48,098
Unidentified sources*	<u>120,215</u>
<b>Total investment in general fixed assets</b>	<b><u>427,703</u></b>

\* Purchases prior to January 1, 1962, for which a funding source could not be identified.

## CITY OF NEW ORLEANS

EXHIBIT E-3

**SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 1985 (AMOUNTS IN THOUSANDS)**

Function and Activity	Land	Buildings and Improvements	Equipment	Total
<b>General government</b>				
The Council			\$ 531	\$ 531
The Mayor	\$ 448	4,188		4,634
Department of Law		88	88	176
Judicial and Parole/Probation		988	988	1,976
Department of Finance		1,715		1,715
Unattached boards and commissions		\$ 576	1,367	1,943
Department of Civil Service		152	152	304
General services		74	74	148
General government	<u>14,178</u>	<u>88,253</u>	<u>3,758</u>	<u>106,189</u>
Total general government	<u>14,626</u>	<u>92,823</u>	<u>3,758</u>	<u>111,207</u>
<b>Public safety</b>				
Department of Police	1,888	7,811	39,896	49,595
Department of Fire	888	7,899	8,135	17,822
Department of Safety and Prisons		1,881	188	2,069
Total public safety	<u>2,776</u>	<u>17,591</u>	<u>48,219</u>	<u>68,586</u>
<b>Public works</b>				
Department of Streets		388	6,188	6,576
Department of Sanitation	17	6,884	1,156	8,137
Department of Property Management		2,882	1,178	4,060
Department Utilities			88	88
Total public works	<u>17</u>	<u>10,154</u>	<u>8,510</u>	<u>18,881</u>
<b>Health and welfare</b>				
Department of Health	49	4,566	1,779	6,394
Department of Welfare	88	3,162	488	3,738
Total health and welfare	<u>137</u>	<u>7,728</u>	<u>2,267</u>	<u>10,132</u>
<b>Culture and recreation</b>				
Public Library	878	7,878	988	9,744
Cultural Commission		2,281	518	2,800
Department of Recreation	<u>12,524</u>	<u>54,588</u>	<u>2,892</u>	<u>69,904</u>
Total culture and recreation	<u>13,402</u>	<u>64,747</u>	<u>3,398</u>	<u>81,547</u>
<b>Urban development and housing</b>				
			1,188	1,188
<b>Economic development and assistance</b>				
			62	62
<b>Total general fixed assets allocated to functions</b>	<b><u>\$ 28,736</u></b>	<b><u>\$ 181,872</u></b>	<b><u>\$ 51,681</u></b>	<b><u>262,289</u></b>
<b>Construction in progress</b>				<u>178,738</u>
<b>Total general fixed assets</b>				<b><u>\$ 441,027</u></b>

**BEST SERVICE REQUIREMENTS**

## CITY OF NEW ORLEANS

EXHIBIT F-1

**SCHEDULE OF GENERAL BONDED SERVICE REQUIREMENTS UNTIL MATURITY**  
**DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)**

Year	General Obligations Bonds	
	Principal	Interest
1996	\$ 17,550	\$ 20,077
1997	16,850	18,849
1998	14,750	17,796
1999	20,855	16,786
2000	11,840	15,811
2001	12,800	14,769
2002	17,265	13,433
2003	26,875	11,027
2004	12,859	12,633
2005	12,539	14,239
2006	11,968	15,785
2007	11,481	16,381
2008	11,029	16,771
2009	10,632	17,189
2010	10,245	17,481
2011	10,119	17,746
2012	9,917	17,997
2013	9,700	18,176
2014	9,597	18,289
2015	9,530	18,369
2016	9,459	18,438
2017	9,408	18,498
2018	9,334	18,598
2019	11,455	6,448
2020	10,405	4,500
2021	10,419	2,537
2022	1,535	689
2023	1,845	512
2024	1,700	215
2025	1,885	111
	<u>\$ 432,261</u>	<u>\$ 530,562</u>

**COMPONENT UNITS - GOVERNMENTAL FUNDS**

## CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT G-1

**COMPONENT UNITS - GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 1998 (AMOUNTS IN THOUSANDS)**

	Development Development District	New Orleans Tourism Marketing Corporation	Total
<b>ASSETS</b>			
Cash	\$ 180	\$ 747	\$ 927
Investments, at cost or amortized cost	4,458	-	4,458
Accounts receivable (net, where applicable, of allowance for uncollectibles)	97	-	97
Due from other governments	-	456	456
Other assets	250	188	438
<b>TOTAL ASSETS</b>	<b>\$ 4,985</b>	<b>\$ 1,391</b>	<b>\$ 6,376</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>			
<b>Liabilities</b>			
Accounts payable	\$ 18	\$ 657	\$ 675
Other payables and accounts payable	304	3	307
Due to primary government	155	-	155
Deferred revenues	37	-	37
Total liabilities	614	660	1,274
<b>Conditional capital and other credits:</b>			
Contributed capital investment in general fund assets	254	3	257
Total contributed capital and other credits	254	3	257
<b>Fund balances - unrestricted:</b>			
Designated for subsequent year's expenditures	1,483	244	1,727
Undesignated	582	419	1,001
Total fund balances	4,029	666	4,695
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 4,904</b>	<b>\$ 1,331</b>	<b>\$ 6,235</b>

See accompanying auditors' report.



## CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT G-2

COMPONENT UNITS - GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 YEAR ENDED DECEMBER 31, 1988 (AMOUNTS IN THOUSANDS)

	Downtown Development District	New Orleans Tourism Marketing Corporation	Total
<b>REVENUES:</b>			
Taxes	\$3,400	\$ 3,325	\$ 6,725
Interest income	568	27	595
Miscellaneous	5	1,054	1,059
Total revenues	<u>3,973</u>	<u>4,406</u>	<u>8,379</u>
<b>EXPENDITURES:</b>			
General government	1,438	1,438	2,876
Public works	750		750
Culture and recreation	50	3,147	3,197
Total expenditures	<u>2,238</u>	<u>4,585</u>	<u>6,823</u>
Excess of revenues over expenditures	1,735	(179)	1,556
Other, net	(591)	(151)	(742)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>3,628</u>	<u>824</u>	<u>4,452</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$4,066</u>	<u>\$ 603</u>	<u>\$ 4,669</u>

**COMPONENT UNITS - PROPRIETARY FUNDS**

**CITY OF NEW ORLEANS**

**COMPONENT UNITS - PROPRIETARY FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1998 (AMOUNTS IN THOUSANDS)**

	Orleans Parish Communications District	Audubon Park Commission	New Orleans International Airport	Sewerage and Water Board
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash	\$ 777	\$ 416	\$ 14,643	\$ 1,051
Time certificates of deposit Investments, at cost or amortized cost	350		2,166	94,372
Receivables (net of allowances for uncollectible)				302
Property taxes				8,527
Accounts receivable	125	1,152	5,072	2,442
Accrued interest		83	1,671	1,822
Other				99
Due from other component units		1,688		209
Due from primary government			1,077	209
Inventory of supplies		146	213	5,714
Prepaid expenses and deposits		722	522	318
<b>Total current assets</b>	<b>1,452</b>	<b>4,424</b>	<b>21,284</b>	<b>114,861</b>
Advances to other funds			5,182	
<b>Restricted assets - cash and investments:</b>				
Customer deposits				4,671
Construction account				15,206
Current debt service account		4,476	2,382	939
Future debt service account			79,285	19,247
Debt redemption account				
Contingency (removal and replacement) account			3,680	
Operation and maintenance account		1,122	4,968	
Capital improvements		1,852	92,451	92,947
Reserve funds			322	
Health insurance reserve				8,422
Other		222		828
<b>Total restricted assets</b>		<b>8,652</b>	<b>121,591</b>	<b>172,637</b>
Property, plant and equipment - at cost, less accumulated depreciation	1,052	194,711	286,500	828,428
Other assets		12,888	5,002	2,264
<b>TOTAL ASSETS</b>	<b>\$ 2,504</b>	<b>\$151,167</b>	<b>\$493,377</b>	<b>\$1,116,322</b>

Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Peninsula Building Restoration Corporation	Canal Street Development Corporation	Total
\$ 118 118	\$ 230	\$ 1,013 259	\$ 249 1,808	\$ 18,538 9,740
	178			85,180
				382
28 7	180	52	256	15,381
	50			4,785
152 151	63 37	94 18	4 180	1,543 1,625
				6,333
_____	_____26	_____15	_____	_____3,061
_____562	_____616	_____1,802	_____1,889	_____156,541
_____854	_____	_____262	_____	_____5,848
				4,871
	164			13,293
	261	580		7,501
				38,316
				2,808
	1,478			8,501
	561			177,214
				532
_____888	_____90	_____	_____	8,433
_____888	_____2,464	_____568	_____	_____1,989
_____4,373	_____7,383	_____8,112	_____8,865	_____1,327,772
_____	_____20	_____218	_____5,582	_____26,182
<b><u>\$4,373</u></b>	<b><u>\$73,403</u></b>	<b><u>\$8,330</u></b>	<b><u>\$14,447</u></b>	<b><u>\$1,403,327</u></b>

(Continued)

CITY OF NEW ORLEANS

COMPONENT UNITS - PROPRIETARY FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 1998 (AMOUNTS IN THOUSANDS)

	Orleans Parish Communications District	Audubon Park Commission	New Orleans International Airport	Sewerage and Water Board
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities payable</b>				
from current assets:				
Accounts payable	\$ 560	\$ 4,516	\$ 4,517	\$ 3,485
Retainage payable				3,344
Other payables and accruals		258	1,177	21,470
Due to other component units	41	1,688		58
Due to primary government	93		1,344	158
Deferred revenues				
Total current liabilities payable from current assets	684	6,462	7,058	31,623
<b>Current liabilities payable from restricted assets:</b>				
Retainage payable				713
Capital projects payable			9,806	
Accounts interest		308	879	329
Limited tax bonds		1,375		6,675
Bonds payable, current portion			4,425	
Revenue bonds		900		1,405
Deposits and other		2,218		4,673
Total current liabilities payable from restricted assets		4,293	15,110	14,691
Total current liabilities	684	10,755	22,168	46,314
<b>Long-term liabilities:</b>				
Claims payable				4,377
Loans payable				
Limited tax bonds (net of current portion)		47,155		16,840
Revenue bonds (net of current portion)		12,868		9,450
Less unamortized discounts		(2,064)		
Refunding bonds (net of current portion and unamortized loss on advance refunding)			214,504	
Other		871		373
Total long-term liabilities		58,930	214,504	30,990
Total liabilities	684	70,230	256,842	77,304
<b>Equity:</b>				
Contributed capital			158,818	130,770
Fund balances/reserved for employees' retirement system				81,276
<b>Retained earnings:</b>				
Reserved for property, plant and equipment				649,191
Reserved for bond debt service		1,306	19,791	10,788
Reserved for capital improvements			2,800	81,647
Unreserved	1,815	58,779	13,866	
Total retained earnings	1,815	60,885	35,457	741,522
Total fund equity	1,815	60,885	164,275	823,318
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 2,503</b>	<b>\$131,340</b>	<b>\$ 421,117</b>	<b>\$1,596,222</b>

CITY OF NEW ORLEANS  
 STATE OF MISSISSIPPI FINANCE, CONTINUED

DESCRIPTION	AMOUNT	RECEIVED	UNRECORDED
LOUISIANA DEPARTMENT OF LABOR - JOB TRAINING PARTNERSHIP ACT GRANTS			
1. Excess cash on hand.	3993/1994	X	
2. Timely submission of cost reports.	3993/1994		X

## CITY OF NEW ORLEANS

EXHIBIT D-10

PENSION TRUST FUND - POLICE PENSION PLAN  
 SCHEDULE OF CHANGES IN RESERVE ACCOUNTS  
 YEAR ENDED DECEMBER 31, 1985 (AMOUNTS IN THOUSANDS)

	Total Reserved Fund Balance	Fund Balance Reserved for Employee Contributions	Fund Balance Reserved for Employer Contributions	Fund Balance Reserved for Membership Annuities
Balance at January 1, 1985	\$ 1,971	\$ -	\$ -	\$1,971
Additions:				
Employee contributions	48	48		
Employer contributions	977		977	
Investment income	93			93
Drivers' and Chauffeurs' Income	153	153		
Other	24			24
Total balance and additions	<u>3,263</u>	<u>303</u>	<u>977</u>	<u>2,642</u>
Transfers - benefits awarded		(303)	(977)	(1,280)
Total revised balances	<u>3,263</u>	<u>-</u>	<u>-</u>	<u>2,362</u>
Deductions:				
Benefit payments	932			932
Other payments	415			415
Administrative expenses	163			163
	<u>1,510</u>			<u>1,510</u>
Balance at December 31, 1985	<u>\$ 1,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,753</u>

In applying the "acceptable in accrual" concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidelines. There are essentially two types of such revenues. In one, monies must be expended for the specific purpose or project before any amounts will be reimbursed to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually receivable only for failure to comply with prescribed compliance requirements. Such revenues are recognized at the time of receipt or earlier if the "acceptable in accrual" criteria are met.

All proprietary funds (including proprietary component units) and nonexpendable and pension trust funds are accounted for on the flow of economic resources measurement basis and use the accrual basis of accounting. Their revenues are recognized when earned, and their expenses are recognized when incurred. Unbilled utility service revenues of the Sewerage and Water Board are not recorded in the general purpose financial statements as management considers the effect of not recording such unbilled receivables to be insignificant in relation to the proprietary component unit financial statements.

**Budgetary Data** - The procedures used by the City in establishing the budgetary data recorded in the general purpose financial statements are as follows:

- (1) 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.
- (2) Public hearings are conducted, after proper official public notification, to obtain taxpayer comments.
- (3) Not later than December 1, the budget is legally enacted through passage of an ordinance.
- (4) 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.

Budgetary comparisons are presented in the individual fund financial statements at this level of detail. 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. The total effect of these amendments was immaterial. Budgeted amounts reflected in Exhibit A-3 are as finally amended by the City Council.

- (5) The City utilizes formal budgetary integration as a management control device during the year for the general and capital projects funds. The capital budget ordinances which encompass the capital projects fund present cumulative budgets by project as opposed to annual budget amounts; thus, budget and actual comparisons are not reported in the general purpose financial statements for those 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.



**Trend Information -** Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	(1)			(2)			(3)		
	1988	1989	1992	1992	1994	1997	1999	1998	1997
Old Fire Plan	0.0%	0.0%	0.0%	4,476.6%	2,148.3%	1,228.2%	111.6%	209.7%	475.8%
New Fire Plan	99.8	100.0	107.0	1.66	(25.8)	(24.3)	10.9	14.7	14.1
Employee' Plan	97.8	97.2	82.6	5.8	3.6	10.3	15.5	13.8	14.1
ISMPRA	100.0	100.0	100.1	(31.5)	(29.3)	(23.3)	9.1	9.5	8.1
Police Plan	50.7	42.0	32.1	-	-	7,893.8	-	-	1,895.8

Column (1) presents the percentage of the pension benefit obligation funded. Column (2) presents the unfunded (net assets in excess of) pension benefit obligation as a percentage of the annual payroll for employees covered. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. Column (3) presents the percentage of the City's contribution as a percentage of annual covered payroll.

Ten year historical trend information designed to provide information about the progress made in accumulating sufficient assets to pay benefits when due is presented in Table 12 of the City's Comprehensive Annual Financial Report.

**Postretirement Healthcare Benefits -** In addition to providing pension benefits, the City provides postretirement healthcare benefits, as per City ordinance, for certain retired employees. City employees who have completed 30 years of service and who are eligible to receive pension benefits at the time they terminate employment with the City are eligible to participate in the City's health care plan as retirees. The cost of retirement hospitalization benefits is recognized as an expenditure on a pay-as-you-go basis. For 1995, the cost of providing these benefits for approximately 1,771 retirees was approximately \$6,440,000, of which \$4,132,000 and \$2,308,000 was provided by the City and retirees, respectively.

During 1995 and as of December 31, 1995, the City's single-employer pension plans and MSPRS held no securities issued by the City or other related parties. Pension plan investments in any one organization, other than U.S. government and agency obligations, that exceeded five percent of net assets available for benefits include: the Employees' Plan, which has invested approximately 9.6% of its net assets available for benefits in guaranteed insurance contracts, 29% in corporate securities; and 1% in cash equivalent securities; the Old Fire Plan, which has invested approximately 100% of its net assets available for benefits in a Government Guaranteed Ship Financing Investment Pool; the New Fire Plan, which has invested approximately 2.6% of its net assets available for benefits in cash equivalent securities, 48.6% in corporate stock, 10% in municipal bond securities, and 13.6% in corporate bond securities; and MSPRS which has invested approximately 31% of its net assets available for benefits in corporate bonds and 29.4% in marketable securities.

**Reserve** - The collaterals under which the single-employer pension plans were created provide for the establishment and maintenance of three separate reserve accounts.

The **Membership Annuity Account** represents the actuarially determined present value of all pension benefits payable to members of the plans who have retired.

The **Employee Contribution Account** represents all member contributions and interest on those accounts upon retirement. All contributions for the retired member are transferred to the account.

The **Employer Contribution Account** is credited with all contributions from the City and other agencies and income from investments, and is the source of all benefits granted by the City.

The separate December 31, 1995 fund balance reserve account balances of the four pension plans that the City controls, are as follows (amounts in thousands):

	Total Reserved Fund Balance	Fund Balance Reserved for Employee Contributions	Fund Balance Reserved for Employer Contributions	Fund Balance Reserved for Membership Annuities
Old Fire Plan	\$ 3,368	\$ 3,243	\$145,837	\$142,885
New Fire Plan	\$117,618	\$16,972	\$ 20,521	\$ 80,765
Employees' Plan	\$211,782	\$28,471	\$ 88,413	\$185,899
Police Plan	\$ 1,812	\$ -	\$ -	\$ 1,812

A summary of accumulated pension benefit obligations and plan net assets as of the latest available date (June 30, 1995 for MSPRS and December 31, 1995 for all other plans) is presented below (amounts in thousands):

	State Employee Plan			Multiple-Employee Plan MSPRS	Total
	Old Fire Plan	New Fire Plan	Employer's Plan		
<i>Actuarial present value of accumulated pension benefit obligations:</i>					
<i>Vested</i>					
Retirees and beneficiaries	\$ 146,798	\$ 40,868	\$ 800,099	\$ 754,618	\$ 1,046,115
Employer-financed	18,053	55,024	39,970	245,328	398,968
Employee contributions	1,288	16,923	36,618	111,392	166,221
	<u>166,039</u>	<u>112,815</u>	<u>876,687</u>	<u>1,111,438</u>	<u>1,967,400</u>
<i>Nonvested</i>					
Employer-financed	-----	-----	21,072	64,418	85,490
Total pension benefit obligations	<u>166,039</u>	<u>112,815</u>	<u>897,759</u>	<u>1,175,856</u>	<u>1,952,900</u>
Net assets available for plan benefits, at cost	<u>3,758</u>	<u>117,618</u>	<u>390,609</u>	<u>1,066,397</u>	<u>1,578,382</u>
Unfunded pension benefit obligations	<u>\$ 162,281</u>	<u>\$ 0</u>	<u>\$ 507,150</u>	<u>\$ 109,459</u>	<u>\$ 679,790</u>
Net assets available for plan benefits, at market value	<u>\$ 3,758</u>	<u>\$ 136,618</u>	<u>\$ 501,411</u>	<u>\$ 1,072,615</u>	<u>\$ 1,714,402</u>

The actuarial present value of accumulated pension benefit obligations was not determined as of December 31, 1999 for the Police Plan because the Police Plan was merged with MSPRS in 1980. Under the terms of this merger, the City is responsible for the payment of benefits to policemen who retire early, as allowed under the Police Plan, but who are not yet eligible for retirement under MSPRS. These benefits are to be paid by the City until such time as the retiree is eligible for MSPRS. The Police Plan's consulting actuary has determined that the City's potential liability as of December 31, 1999 for police who are not yet eligible for MSPRS is as follows (amounts in thousands):

Retirees currently receiving benefits	\$ 2,574
Net assets available for Police Plan benefits, at cost, which approximate market	<u>(1,819)</u>
Unfunded estimated retirement benefits payable	<u>\$ 755</u>

NOTES TO  
GENERAL PURPOSE  
FINANCIAL STATEMENTS

CITY OF NEW ORLEANS, LOUISIANA

COMBID A-1  
Page 3 of 3

COMBINED STATEMENT OF CASH FLOWS  
ALL NONEXPENDABLE TRUST FUNDS AND DISCRETELY  
PRESENTED COMPONENT UNITS  
YEAR ENDED DECEMBER 31, 1998 (AMOUNTS IN THOUSANDS)

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Noncash financing activities:

During 1998, the New Orleans International Airport had noncash financing activities which consisted of \$3,126 and \$18,517 of additions to property, plant and equipment which were directly funded by the Transportation Infrastructure Model for Economic Development and the Federal Aviation Administration, respectively.

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT A-5  
Page 2 of 3COMBINED STATEMENT OF CASH FLOWS  
ALL NONEXPENDABLE TRUST FUNDS AND DISCRETELY  
PRESENTED COMPONENT UNITS  
YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)

	Non- expendable Trust Funds	Total Primary Government (Monorotation Only)	Component Units	Total Reporting Entity (Monorotation/Other)	
				1995	1994
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of property and equipment					
			(38,794)	(38,794)	(38,207)
Decrease (increase) in restricted assets					
			18,083	18,083	5,524
Proceeds from property taxes					
Applied to construction					
			5,719	5,719	5,728
			(72,892)	(72,892)	(28,749)
			13,494	13,494	18,796
			(72,892)	(72,892)	(18,826)
			8,773	8,773	3,190
			21,645	21,645	77,258
			(594)	(594)	(1,990)
			-	-	5,126
			-	-	(4,828)
			18,731	18,731	19,567
			(15,499)	(15,499)	(1,622)
	---	---	---	---	---
Net cash provided by (used in) capital and related financing activities					
	---	---	(78,462)	(78,462)	7,113
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of investments					
			(184,818)	(184,818)	(116,438)
Proceeds from sale and maturity of investments					
			364,067	364,067	341,144
Interest and dividends received					
			36,117	36,117	34,828
Proceeds from repayment of loans made					
	---	---	1,828	1,828	3,232
	---	---	---	---	---
Net cash provided by (used in) investing activities					
	---	---	7,185	7,185	(87,811)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>					
	(2)	(2)	2,394	2,392	1,867
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>					
	2	2	21,827	21,812	21,543
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>					
	2	2	24,221	24,204	23,410

See notes to financial statements.

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT A-6  
Page 1 of 3COMBINED STATEMENT OF CASH FLOWS  
ALL NONDEPENDABLE TRUST FUNDS AND DISCRETELY  
PRESENTED COMPONENT UNITS  
YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)

	Non- dependable Trust Funds	Total Primary Government (Nondependable Only)	Component Units	Total Reporting Entity (Nondependable Only)	1994
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Operating income	\$ -	\$ -	\$ 20,422	\$ 20,422	\$ 18,718
Less interest income received, included in investing activities			(9,034)	(9,034)	(9,077)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation			41,269	41,269	38,379
Provision for claims			3,862	3,862	3,738
Provision for doubtful accounts			906	906	1,717
Changes in current assets and liabilities:					
Taxes receivable			(213)	(213)	73
Accounts receivable			(1,708)	(1,708)	(1,283)
Other receivables			14	14	27
Due from other funds			(222)	(222)	188
Due from primary government			(52)	(52)	27
Inventory			(800)	(800)	778
Prepaid expenses and deposits			308	308	440
Other assets			35	35	(3)
Accounts payable			1,879	1,879	265
Other payables and accruals			4,734	4,734	(1,235)
Due to other funds	(3)	(3)	286	286	(283)
Due to primary government			(211)	(211)	(262)
Advances from other funds, net			529	529	75
Deferred revenues			(22)	(22)	8
Net cash provided by (used in) operating activities	(2)	(2)	\$1,154	\$1,152	\$9,352
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Advances from (to) primary government			(120)	(120)	8
Payment of lease payables			793	793	(86)
Residual equity transfers			(288)	(288)	(208)
Other revenues			2,147	2,147	1,988
Dedicated taxes			1,833	1,833	1,628
Net cash provided by noncapital financing activities	-	-	4,465	4,465	3,520

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT A-4

DETAILED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETIRED EARNINGSFUND BALANCES  
 ALL PROPRIETARY TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
 YEAR ENDED DECEMBER 31, 1999 (AMOUNTS IN THOUSANDS)

	Pension Trust	Non- expendable Trust	Total Primary Government (Monorotation Only)	Component Units	Total Reporting Entity (Monorotation Only)	
					1999	1998
<b>OPERATING REVENUES:</b>						
Charges for services				\$ 166,025	\$ 166,025	\$ 166,025
Tax revenues (Other 1)				28,144	28,144	28,144
Contributions	\$ 11,431		\$ 11,431		11,431	11,431
Interest	13,029		13,029		13,174	14,878
Other	1,326		1,326	16,684	16,685	16,293
Total operating revenues	36,817		36,817	211,433	235,439	236,971
<b>OPERATING EXPENSES:</b>						
Benefit payments	31,898		31,898	31,749	31,833	31,418
Personnel services	182		182	70,749	70,821	69,468
Contractual services				78,321	78,321	78,268
Materials and supplies				4,828	4,828	4,807
Depreciation and amortization				41,327	41,327	38,519
Salaries - participant withdrawals	1,154		1,154		1,154	1,708
Other	1,428		1,428	11,822	14,788	17,262
Total operating expenses	34,792		34,792	159,497	193,782	211,792
OPERATING INCOME	11,995		11,995	51,936	41,657	25,179
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue				11,264	11,264	10,248
Interest expense				(27,550)	(27,550)	(21,251)
Gain on sale of investments	9,602		9,602		9,602	3,482
Indefinite lease				7,886	7,886	7,985
Grants				4,770	4,770	3,175
Other				(1,652)	(1,652)	(6,412)
Total nonoperating revenue	9,602		9,602	21,618	21,628	21,242
INCOME BEFORE TRANSFERS	21,597		21,597	73,554	63,285	46,421
TRANSFER OUT TO PRIMARY GOVERNMENT						(21)
NET INCOME	21,597		21,597	73,554	63,285	46,400
<b>DEPRECIATION ON FIXED ASSETS ACQUIRED BY CONTRIBUTORS:</b>						
				3,666	3,666	3,666
<b>MEMBERS OF LOUISIANA NATURE CENTER</b>						
						6,718
<b>INCREASE IN RETIRED EARNINGSFUND BALANCES</b>						
	20,606		20,606	46,386	67,541	50,438
RETAINED EARNINGSFUND BALANCE, BEGINNING OF YEAR	116,822	1,228	118,050	260,333	1,222,682	1,179,182
RETAINED EARNINGSFUND BALANCE, END OF YEAR	137,428	1,228	138,656	306,719	1,290,223	1,229,620

See note to financial statements.



The fund balances of the General Fund at December 31, 1991 through December 31, 1995 are as follows (amounts in thousands):

	1991	1992	1993	1994	1995
Reserved for encumbrances					
Designated	\$ 18,042	\$ 9,408	\$ 13,452	\$ 23,137	\$ 27,157
Designated	100	2,809	—	8,983	7,808
Undesignated	<u>20,507</u>	<u>11,026</u>	<u>14,752</u>	<u>29,021</u>	<u>15,213</u>
Total	<u>\$37,549</u>	<u>\$23,243</u>	<u>\$28,204</u>	<u>\$60,141</u>	<u>\$50,178</u>

#### SPECIAL REVENUE FUNDS

The Special Revenue Funds are used for certain revenue sources which are restricted by law or other formal action to expenditures for specific purposes.

#### 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 \$29,894,800 at December 31, 1995.

#### CAPITAL PROJECT FUNDS

The Capital Projects Fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities other than those accounted for in the Component Units. Expenditures for capital improvement projects in 1995 totaled \$20,048,000, a decrease of \$8,295,000 over the 1994 total.

#### COMPONENT UNITS

The City operates three major Component Units: the Sewerage and Water Board, the New Orleans International Airport and the Audubon Park Commission. Other Component Units include the French Market Corporation, the Municipal Ya Habor, the Upper Perseus Building Restoration Corporation, the Orleans Parish Communication District, the Canal Street Development Corporation, the Downtown Development District, and the New Orleans Tourism Marketing Corporation.

The Sewerage and Water Board reported 1995 operating revenues and net income of \$127,348,000 and \$28,603,000, respectively. Operating expenses, exclusive of depreciation, increased 1% to \$94,467,000 in 1995 from \$93,683,000 in 1994.

New Orleans International Airport is the air center airport for the New Orleans metropolitan area - the largest metropolitan area in the state of Louisiana. The Federal Aviation Administration (FAA) classifies New Orleans as a medium air traffic hub. The airport primarily serves passengers whose travel originates or terminates in New Orleans.

The airport is located on approximately 1,500 acres of land in Jefferson and St. Charles parishes and the city of Kenner, Louisiana. The terminal building complex consists of about 780,000 square feet and accommodates a total of 44 aircraft parking positions.

The airport's 1995 operating revenue amounted to \$48,668,000 which permitted the airport to meet its current

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the foregoing table of contents, which are also the responsibility of the management of the City, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

The statistical tables, listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued a report dated October 9, 1996 on our consideration of the City's internal control structure and a report dated October 9, 1996 on its compliance with laws and regulations.

*DeBette + Trench* LLP

October 9, 1996

Fully depreciated fixed assets are included in the property, plant and equipment 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 general purpose financial statements.

**Long-Term Liabilities** - Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term debt account group.

**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 34 days per year). Employees hired after December 31, 1978 can accrue a maximum of 48 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 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 sick leave to additional years of service.

For governmental funds, annual and sick leave expenditures are recorded when paid, and any unpaid accrued liability is considered to be immaterial to the related governmental funds. Accordingly, the liability related to governmental funds, which amounted to \$48,804,000 at December 31, 1995, is reported in the general long-term debt account group.

**Liabilities** - Governmental funds recognize claims and judgments as expenditures according to Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," and National Council on Governmental Accounting Statement No. 4, "Accounting and Financial Reporting for Claims and Judgments and Compensated Absences." Therefore, the amount of expenditures for claims and judgments recorded is the amount accrued during the year that would normally be liquidated with expendable available financial resources. Other liabilities not expected to be liquidated with expendable available financial resources are reported as liabilities in the general long-term debt account group. 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.

**Reserves** - Reserves are reported in the various funds to indicate that a portion of the fund balance/retained earnings is not appropriate for expenditures/expenses or is legally segregated for a specific future use.

**Component Debt Tax Agreement** - The Sewerage and Water Board includes the operations of the City's drainage system. Because of the peculiar geography of the City, the provision for drainage service is essential for the operation of the water and sewerage systems. The drainage system is financed by property tax levies (recorded as operating revenues), not by user charges, the usual revenue source for a proprietary fund activity. However, because of the unique character of services provided by the drainage system, proprietary fund accounting is necessary to provide meaningful measurement of cost of services and capital maintenance of the system.

CITY OF NEW ORLEANS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2000

PROGRAM TITLE BUDGETAL FUND ACCOUNT	CYCLE NUMBER	PROJECT NUMBER	BUDGETED AMOUNT	EXPENDITURES YTD	CUMULATIVE EXPENDITURES
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
<b>Community Development (Book Credit)</b>					
First Action Year	14-218	0-15-MC-23-0008	\$ 14,000,000	\$ 0	14,000,000
Second Action Year	14-218	0-16-MC-23-0008	15,000,000	0	29,000,000
Third Action Year	14-218	0-17-MC-23-0008	17,000,000	0	46,000,000
Fourth Action Year	14-218	0-18-MC-23-0008	20,000,000	0	66,000,000
Fifth Action Year	14-218	0-19-MC-23-0008	22,420,000	0	88,420,000
Sixth Action Year	14-218	0-20-MC-23-0008	22,150,000	4,848	110,568,000
Seventh Action Year	14-218	0-21-MC-23-0008	20,000,000	0	130,568,000
Eight Action Year	14-218	0-22-MC-23-0008	18,100,000	0	148,668,000
Ninth Action Year	14-218	0-23-MC-23-0008	17,000,000	2,700	165,668,000
Tenth Action Year	14-218	0-24-MC-23-0008	15,000,000	0	180,668,000
Eleventh Action Year	14-218	0-25-MC-23-0008	14,000,000	0	194,668,000
Twelfth Action Year	14-218	0-26-MC-23-0008	12,000,000	14,912	206,580,000
Thirteenth Action Year	14-218	0-27-MC-23-0008	10,000,000	497,237	216,577,000
Fourteenth Action Year	14-218	0-28-MC-23-0008	13,280,000	248,042	229,857,000
Fifteenth Action Year	14-218	0-29-MC-23-0008	13,750,000	348,574	243,607,000
Sixteenth Action Year	14-218	0-30-MC-23-0008	13,440,000	402,771	257,047,000
Seventeenth Action Year	14-218	0-31-MC-23-0008	9,200,000	208,121	266,247,000
Eighteenth Action Year	14-218	0-32-MC-23-0008	9,300,000	98,000	275,547,000
Nineteenth Action Year	14-218	0-33-MC-23-0008	10,000,000	204,811	285,547,000
Twentieth Action Year	14-218	0-34-MC-23-0008	20,000,000	2,947,272	308,494,272
Twenty First Action Year	14-218	0-35-MC-23-0008	21,140,000	8,898,118	317,392,390
<b>Total Community Development (Book Credit)</b>			<b>258,000,000</b>	<b>94,794,201</b>	<b>352,794,201</b>

\*Total Community Development (Book Credit)

- (6) The budget, non-GAAP budgetary basis, and actual comparisons presented in Exhibit A-3 in the general purpose financial statements include the general fund. The budget for the general fund is included in the operating budget which is legally adopted by the City Council.
- (7) The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget (Exhibit A-3) presents comparisons of the legally adopted 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 significantly from those used to prepare financial statements in conformity with GAAP. A reconciliation of this basis and timing differences is presented below (amounts in thousands):

Deficiency of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (9,890)
Adjustments:	
To adjust revenues for accruals and deferrals	272
To reverse December 31, 1993 encumbrances recorded as expenditures on the budgetary basis in 1993	18,872
Reduction in prior year's outstanding encumbrances	(2,615)
To add back prior year's encumbrances paid in 1993 but not recorded as expenditures on the budgetary basis in 1993	(9,839)
Other items	<u>12</u>
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ 5,312</u>

Additionally, appropriations of \$11,483,000 from prior year's fund balances are reflected as miscellaneous revenues and other financing uses in Exhibit A-3 in accordance with the City Charter.

- (8) 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.

**Encumbrances** - In accordance with the City's Charter, an encumbrance is established when a valid requisition is properly approved. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the general, special revenue and capital projects funds. Appropriations are valid only for the year in which made. Encumbrances outstanding at year end are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities on a GAAP basis.

**Investments** - Investments are stated at cost or amortized cost. Discounts are amortized over the life of the investment.

**Allowance for Estimated Uncollectible Revenues** - An allowance for estimated uncollectible property taxes and other revenues is established based upon historical collection experience and other relevant circumstances. The general fund allowance for estimated uncollectible revenues at December 31, 1993 was \$1,452,000.

**Component Unit Inventory** - Inventory of supplies of the proprietary component units is stated at the lower of cost or market as determined by the first-in, first-out method (last-in, first-out method for the Sewerage and Water Board). Each inventory of supplies is changed to expense when consumed.

Municipal Yacht Harbor Management Corporation	Fresh Market Corporation	Upper Fountains Building Restoration Corporation	Canal Street Development Corporation	Total
\$ 902	\$4,878	\$ 871	1 790	\$ 186,025
—	—612	—21	—38	38,144
—902	—5,490	—892	—828	—311,883
449	1,372	—	166	53,749
153	2,307	148	—	79,381
16	264	7	1	4,528
183	503	217	148	41,027
—80	—45	—18	—5	11,052
—780	—4,530	—490	—311	—191,027
—303	—590	—402	—302	—38,456
42	99	66	149	18,264
(158)	(39)	(414)	(314)	(23,352)
—	—	—	—	7,358
—	—	—	—	8,773
—	—	—	—	11,832
—(218)	—48	—(288)	—(383)	—22,868
85	1,008	14	303	42,930
—85	—1,008	—14	—303	—41,930
—	—	—	—	3,686
—	—	—	—	—
85	1,008	14	303	46,586
—3,349	—4,745	—4,710	—302	—803,373
<u>\$ 3,432</u>	<u>\$3,745</u>	<u>\$4,724</u>	<u>\$ 604</u>	<u>\$ 382,532</u>

### **Account Groups**

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. They are self-balancing groups of accounts that are concerned only with the measurement of financial position, not with the measurement of results of operations. The following are the City's account groups:

**General Fixed Assets Account Group** - This account group is established to account for fixed assets of the City (primary governmental only).

**General Long-Term Debt Account Group** - This account group is established to account for all long-term debt of the City (primary governmental only).

### **Component Units**

Component units of the City are accounted for in either governmental funds or proprietary funds based upon their activities and management focus.

**Governmental Funds** - Governmental funds are those through which most governmental functions are financed. The measurement focus is upon determination of changes in financial position, rather than determination of net income.

**Proprietary Funds** - Proprietary funds are used to account for ongoing activities which are similar to those found in the private sector. Such funds are used (a) where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public be financed and recovered through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Basis of Accounting** - All governmental funds (including governmental component units), special-use trust and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (i.e., both measurable and available). Available means normally due and expected to be collected within the next two months for property taxes and generally the next twelve months for other revenues. Revenues not considered available are recorded as deferred revenues. Significant revenues which are considered susceptible to accrual include sales and franchise tax revenues which are based upon actual collections of December taxes made during January and February of the following year, property taxes, interest, certain charges for services and intergovernmental revenues. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity is reasonably assured. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, vacation and sick leave and claims and judgments which are recognized when paid. Prepaid insurance and similar items are not normally recorded as assets.

Licenses and permits, certain charges for services, fines and forfeits and miscellaneous other revenues (except investment earnings) are recorded as revenues when received in cash (unless they are generally not measurable or available until actually received). Investment earnings are recorded as earned since they are measurable and available.

**Basis of Presentation** - The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity and is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures.

The City's charter establishes *business* categories of funds to record the City's financial transactions. For financial reporting purposes, the following fund categories (further divided by fund type) and account groups are used by the City:

#### **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 reportable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's governmental funds:

**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.

**Special Revenue Funds** - 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.

**Debt Service Funds** - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Capital Projects Funds** - Capital projects funds are 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).

#### **Fiduciary Funds**

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

**Trust and Agency Funds** - Trust and agency funds include expendable, nonexpendable, pension trust, and agency funds. Nonexpendable and pension trust funds are accounted for in essentially the same manner as proprietary funds (see discussion of proprietary funds under "Component Units" below) since capital maintenance is critical. Expendable trust funds and agency funds are accounted for in essentially the same manner as governmental funds except that agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.



## EXHIBIT I

### INTERNAL CONTROL STRUCTURE

#### GENERAL AND POLICE LITIGATION RESERVES

##### Observation

The City maintains a data base of open claims information for its general and police litigation reserves. For many of the open claims, information is missing for one or more of the data items (e.g., date of occurrence). In addition, approximately half of the open claims have either an estimate of \$0-99 or an NA, the NA signifying that the attorney does not have enough information on the claim to determine a best estimate.

The following is a distribution by number of claims between claims with "best estimates", claims with \$0 estimates, and claims with NA estimates as of December 31, 1993.

	Police Litigation	General Litigation	Total Litigation
# of claims with best estimate	482	1,718	1,800
# of claims with \$0-99 estimate	182	497	679
# of claims with NA estimate	<u>152</u>	<u>642</u>	<u>794</u>
Total Claim Count	<u>816</u>	<u>2,447</u>	<u>3,263</u>

The data that the City supplies and provides to us for its police and general litigation claims is insufficient to perform an actuarial analysis based on appropriate actuarial methods and reasonable assumptions; rather, the estimate of reserves is based on extremely limited data and information.

##### Recommendation

We recommend that the City develop and maintain a database that captures (for each claim) historical cumulative paid losses and allocated loss adjustment expense (ALAE), case reserve estimates for both losses and ALAE, date of loss occurrence, date of loss reporting, claim status (open/closed), and claimant name. Each claim should be assigned an individual claim number for ease of tracking claim development over time. This can be accomplished through use of a third party administrator or through the City's maintenance of an internal database by its own claims administrative staff.

We recommend case reserve estimates be determined for every claim for both losses and ALAE at the time the loss is first reported. These case reserves can then be updated over time as more information becomes available. These estimates should be established by claim handling specialists with expertise in general liability loss exposures.

	Implemented	Partially Implemented	Not Implemented
• A secure staging environment should be developed.			X
• Publish formal procedures change standards.			X
• Formal program change procedures should be developed.			X
• Management should utilize the terminal timeout feature to minimize the potential for unauthorized access.			X
• Management should include the daily review of dial-in activity to the monitoring procedures which are currently performed.			X
• A Business Continuity Plan needs to be developed, documented and tested.			X
• Publish a policy statement that defines the requirements for the protection of information processed or maintained by the organization regardless of form.			X
• Additional records of certain trust funds should be performed to determine their legal status.		X	

### STATUS OF THE 1993 RECOMMENDATIONS

The following is a summary of the 1993 outstanding recommendations from our report dated October 18, 1994 that have not been readdressed in the current year and the status of implementation thereof:

	Implemented	Partially Implemented	Not Implemented
<ul style="list-style-type: none"> <li>• All special revenue bank accounts should be in the custody of Treasury and accounted for by the Bureau of Accounting.</li> </ul>		X	
<ul style="list-style-type: none"> <li>• Physical inventory of all general fixed assets should be taken annually or, at a minimum, on a three year cycle. All property with values greater than \$500 and a useful life of one year or longer should be entered and reconciled to the Financial Management System (FMS).</li> </ul>		X	
<ul style="list-style-type: none"> <li>• Items for which a department has reported disposal should be examined by someone independent of the custodial function (Purchasing) to determine if the items are in fair condition (to be transferred to the warehouse) or junk (to be destroyed). Additionally, accurate inventory listing should be maintained for all warehouse items.</li> </ul>		X	
<ul style="list-style-type: none"> <li>• Construction in progress should be monitored and classification of these assets as land, buildings, equipment, etc. should be determined on a timely basis, annually at a minimum.</li> </ul>			X
<ul style="list-style-type: none"> <li>• A comprehensive retention program should be implemented whereby original source documents are maintained on microfiche or CD-ROM for an indefinite period. Additionally, a hard copy of original source documents should be maintained unchronologically and chronologically for eighteen months and then disposed of or transferred to the document warehouse.</li> </ul>		X	

	Implemented	Partially Implemented	Not Implemented
<ul style="list-style-type: none"> <li>The purpose of the following trust funds, National League of Cities, Welfare Funds #1, Captain Neville Levy and Public Library Donations, should be determined and monitored as to whether the requirements of each of these trust funds are being met.</li> </ul>		X	
<ul style="list-style-type: none"> <li>Supervisors in each department should approve and monitor all employees' overtime. No individual employee should work in excess of 416 hours of overtime in any one calendar year.</li> </ul>		X	

## APPENDIX

### MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND LIMITATIONS OF, THE INTERNAL CONTROL STRUCTURE

The following comments concerning management's responsibility for the internal control structure and the objectives of and the inherent limitations in the internal control structure are adapted from the Statements on Auditing Standards of the American Institute of Certified Public Accountants.

#### Management's Responsibility

Management is responsible for establishing and maintaining the internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures.

#### Objectives

The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

#### Limitations

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

1995-1996  
FEDERAL GRANTS  
SINGLE AUDIT

**CITY OF NEW ORLEANS  
(SINGLE AUDIT)**

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**FEDERAL GRANTS  
FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED DECEMBER 31, 1995**

**Bruno**

CERTIFIED PUBLIC ACCOUNTANTS

**& Tervalon**

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Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the standardized measure pension benefit obligations except for the Old and New Fire Plans where the method used to compute contribution requirements is the Entry Age Normal Actuarial Cost Method and the Aggregate Actuarial Cost Method, respectively. The Old and New Fire Plans changed to these methods by computing actuarially determined contribution requirements in 1988, which did not result in a material change from the amount that would have been calculated had the prior method been used.

Beginning with the January 1, 1993 actuarial valuation, the actuarial valuations for the Employees' Plan were prepared using the "Frozen Entry Age Actuarial Cost Method" of funding. Prior to the change in funding method, the Plan had been funded using the "Entry Age Normal Cost Method."

Under the Frozen Entry Age Actuarial Cost 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 his expected retirement date.

For the first year the actuarial accrued liability is the amount of total liability not covered by frozen entry age normal costs and is called the frozen actuarial liability since it is not affected by actuarial experience gains or losses in future years. This amount is composed of actuarial value of benefits already funded (assets) and those not yet funded (unfunded frozen actuarial liability).

Once established, and for valuations in subsequent years until fully amortized, the unfunded frozen actuarial liability is affected only by the normal cost, the valuation interest rate and plan contributions. The normal cost must then become the balancing item as the allocated normal portion of the remaining actuarial present value of retirement benefits. As a result, normal cost will fluctuate from year to year to account for actuarial experience.

The amortization period, which ends December 31, 2003, is being maintained. Beginning with the January 1, 1992 actuarial valuation, the amortization amount was "frozen" and is equal to the 12 year remaining amortization amount over the period January 1, 1992 through December 31, 2003.

The pension benefit obligation was computed as part of an actuarial valuation. Significant actuarial assumptions used in the latest valuation (as of June 30, 1993 for MSPRS and December 31, 1993 for all other plans) were as follows:

- *Life Expectancy of Participants*
  - Old and New Fire Plan - 1971 Group Annuity Mortality Table, six years out back for females
  - Employees' Plan - 1971 Group Annuity Mortality Table
  - Police Plan - 1971 San District Group Annuity Mortality Table
  - MSPRS - 1971 Group Annuity Mortality Table
  
- *Retirement Age Assumptions*
  - Old Fire Plan - actual experience
  - New Fire Plan - projected retirement at age fifty-five or first eligible age to retire ST
  - Employees' Plan - based upon the results of the 1988-1993 periodic actuarial experience study
  - Police Plan - based upon historical data of the plan
  - MSPRS - based upon historical data of the plan
  
- *Investment Return*
  - Old and New Fire Plans - 7.5%
  - Employees' Plan - 7%
  - Police Plan - 7%
  - MSPRS - 7%
  
- *Projected Salary Increases*
  - Old and New Fire Plans - 5% annually
  - Employees' Plan - based upon U.S. Department of Commerce publications, adjusted for projected increases in the standard of living
  - Police Plan and MSPRS - based upon U.S. Department of Commerce publications, increased 2% during the first years of employment

The foregoing actuarial assumptions are based upon the presumption that the plans will continue. Were the plans to terminate, different actuarial assumptions and other factors might be applicable in determining the pension benefit obligations.

**Advances to Other Funds** - Long-term advances to other funds are recorded as a receivable and as a reservation of fund balance in the governmental fund types to indicate that these assets do not constitute "impendable available financial resources."

**Component Debt Restricted Assets** - Restricted assets are established in the component unit proprietary funds in accordance with bond indentures.

**General Fixed Assets** - General fixed assets have been acquired for general governmental purposes of the City as a whole. Assets purchased are recorded as expenditures in the general, special revenue and capital projects funds and are capitalized in the general fixed assets account group. All purchased fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are recorded at estimated fair market value at the time received.

Public domain general fixed assets, consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks and lighting systems, are not capitalized, and are not included in the general fixed assets account group. Such assets normally are inseparable and of value only to the City; therefore, the purpose of stewardship for these capital expenditures is satisfied without recording such assets.

No depreciation has been provided on general fixed assets, and interest has not been capitalized due to insignificance.

**Component Debt Property, Plant and Equipment** - Property, plant and equipment associated with the activities of the proprietary component unit funds are recorded at assets of depreciable funds, and are stated at historical cost, if purchased, or at fair market value at date of gift, if donated.

Additional improvements and expenditures that significantly extend the useful life of an asset are capitalized. The interest cost of borrowed funds used to finance construction projects is capitalized.

For the New Orleans International Airport, depreciation recognized on property, plant and equipment acquired through intergovernmental grants, reimbursements, or shared resources materially restricted to capital expenditures, is included as an operating expense and a reduction of contributed capital.

Depreciation is provided over the estimated useful lives using the straight-line method. The estimated useful lives (in years) used for computing depreciation for the City's proprietary component units are as follows:

	Orleans Public Communi- cation District	Andros Park Communities	New Orleans International Airport	Sewerage and Water Board	Metrolink North Beltway Corporation	French Market Corporation	Upper Mermette Building Restoration Corporation	Canal Brent Development Corporation
Roofs and/or linings	-	-	-	-	100	-	-	-
Curbs	-	-	-	100	-	-	-	-
Roadways, aprons, etc.	-	-	5-25	-	-	-	-	-
Buildings and improvements	-	5-50	5-25	10-50	20-50	10-50	15-40	20
Machinery and equipment	5-25	5-50	5-10	10-40	5	5-10	5	-
Utility systems	-	-	10-20	10-20	-	-	-	-

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM                      FINDING/NONCOMPLIANCE**

STATE OF  
LOUISIANA  
DEPARTMENT  
OF LABOR

Program No.                      Condition

JOB TRAINING  
PARTNERSHIP  
ACT -  
ALL PROGRAMS

TIMELY SUBMISSION  
OF COST REPORTS  
CONTINUED

**Effect**

The City is in noncompliance with the federal and state financial reporting requirements.

**Criteria**

Submission dates of the cost reports required by the State of Louisiana Departments of Labor and Education are as follows:

- The 10th working day following the end of the month for Titles IIA, IIB, IIC and IID; and
- The 15th working day following the end of the month for the 91 grant program.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM            FINDING/NONCOMPLIANCE**

U.S.  
DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT

Program No.            Condition

CHDO, BPOK,  
SPUN, BOMK,  
PDR, BHP,  
PDR, HOUSING  
CODE  
ENFORCEMENT            COMPLETENESS OF  
PARTICIPANTS' FILES

**Criteria, Continued**

The policy and procedural manuals for the various housing programs outline the various documents to be included in the participants' files including:

- Verification of participants' income and eligibility; verification that the applicant's residence is covered by homeowner's insurance including flood and fire, etc.

**Recommendation**

We recommend that the staff continuously review file data, to ensure that all required documents are obtained and placed in the participants' files.

## CITY OF NEW ORLEANS, LOUISIANA

TABLE 11

COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 1992 (UNAUDITED, AMOUNTS IN THOUSANDS)

	General Obligation Bonded Debt	Percentage Overlapping	Overlapping Debt
City of New Orleans:			
General obligation bonds	\$ 432,261	100%	\$ 432,261
Sewerage and Water Board	35,370	100	35,370
Audubon Park Commission	<u>62,498</u>	100	<u>62,498</u>
Total direct City debt	<u>530,129</u>		<u>530,129</u>
Overlapping debt:			
Orleans Parish School Board (1)	171,812	100	171,812
Orleans Levee District (1)	<u>216,883</u>	100	<u>216,883</u>
Total overlapping debt	<u>388,695</u>		<u>388,695</u>
Total direct and overlapping debt	<u>\$ 918,824</u>		<u>\$ 918,824</u>

(1) The fiscal year of the Orleans Parish School Board and Orleans Levee District ends on June 30th. Overlapping debt is based on June 30, 1993 financial information.

**ANALYSIS OF FUNDING PROGRESS — PENSION PLANS  
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)**

Analysis of the dollar amounts of net assets for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the City's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the pension plan. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the City's program made in correlating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the pension plan.

Fiscal Year	(C) Old Fire Plan		(D) Percentage Funded (C) + (E)	(H) Unfunded Pension Benefit Obligation (I) - (G)	(E) Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (H) + (E)
	(I) Net Assets Available for Benefits*	(G) Pension Benefit Obligation				
1986	\$ 6,992	\$ 135,717	5.1	\$ 128,805	\$ 7,375	1740.5
1987	6,587	141,846	4.6	135,259	6,656	2023.0
1988	761	149,279	0.5	148,518	4,321	3088.0
1989	989	151,618	0.6	150,709	4,848	3123.6
1990	1,508	152,345	1.3	150,817	3,557	4187.3
1991	2,636	153,158	1.7	150,522	3,205	4668.3
1992	2,287	155,159	1.5	152,862	3,413	5083.3
1993	2,827	155,158	1.8	152,331	2,854	5309.5
1994	3,627	154,585	2.3	150,958	2,617	5787.8
1995	3,109	166,030	1.8	162,921	2,506	6521.8

\*At cost.

(Continued)

## CITY OF NEW ORLEANS

TABLE 12  
Page 2 of 3ANALYSIS OF FUNDING PROGRESS — PENSION PLANS  
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

(a) New Hire Plan						
Fiscal Year	(1) Net Assets Available for Benefits*	(2) Pension Benefits Obligation	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Pension Benefits Obligation (2) - (1)	(5) Annual Covered Payroll	Unfunded Pension Benefits Obligation as a Percentage of Covered Payroll (4) ÷ (5)
1986	\$ 48,812	\$ 44,663	109.5	\$ (4,149)	\$ 14,787	(28.1)
1987	58,382	52,453	110.9	(5,729)	16,626	(34.4)
1988	63,318	64,973	97.5	1,654	16,351	10.1
1989	78,333	69,763	109.5	(8,569)	17,333	(5.0)
1990	77,600	76,758	101.1	(842)	17,976	(4.7)
1991	86,552	86,421	100.2	(131)	18,628	(.7)
1992	94,434	94,701	99.7	266	19,913	1.3
1993	107,448	99,907	107.5	(7,539)	20,868	(36.1)
1994	113,304	107,917	105.0	(4,387)	20,840	(21.0)
1995	117,618	117,848	100.0	230	22,320	1.0

(b) Employees' Plan						
Fiscal Year	(1) Net Assets Available for Benefits*	(2) Pension Benefits Obligation	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Pension Benefits Obligation (2) - (1)	(5) Annual Covered Payroll	Unfunded Pension Benefits Obligation as a Percentage of Covered Payroll (4) ÷ (5)
1986	\$ 123,433	\$ 143,216	86.2	\$ 19,783	\$ 58,321	33.9
1987	129,787	173,863	74.6	44,976	58,775	76.6
1988	143,852	148,642	96.8	4,790	62,854	7.6
1989	148,639	158,318	93.9	9,679	59,874	16.2
1990	132,897	164,301	81.0	31,404	60,298	52.1
1991	163,690	168,478	97.2	4,788	68,308	7.0
1992	174,341	174,852	99.7	511	78,363	.6
1993	184,766	188,644	98.0	3,878	65,578	5.9
1994	205,127	183,696	111.7	(21,569)	68,318	(31.6)
1995	205,783	193,358	106.5	(12,425)	68,492	(18.1)

\*As used

(Continued)



CITY OF NEW ORLEANS  
 STATUS OF PRIOR AUDIT FINDINGS, CONTINUED

DESCRIPTION	AUDIT YEAR	RESOLVED	UNRESOLVED
STATE OF LOUISIANA, DEPARTMENT OF HEALTH AND HUMAN SERVICES - RYAN WHITE, GREAT EXPECTATIONS, HEALTH CARE FOR HOMELESS			
1. Lack of documentation of programmatic and fiscal auditing. (All Programs)	1993/1994		X
2. Audits of subcontractors and execution of subcontract contracts. (All Programs)	1993/1994		X
3. Reimbursement of ineligible costs. (Ryan White)	1994	X	
4. Reimbursement of subcontract costs without review of source documentation. (Ryan White)	1994	X	
5. Timely submission of cost reports. (All Programs)	1994		X
6. Reimbursement of subcontract costs with inadequate source documentation. (Grant Expenditures)	1994		X

CITY OF NEW ORLEANS  
 STATUS OF PRIOR AUDIT FINDINGS, CONTINUED

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DESCRIPTION	AUDIT YEAR	RESOLVED	UNRESOLVED
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - COMMUNITY DEVELOPMENT BLOCK GRANT - CDBG. (FUND ACCOUNTS: 4001 AND 4002.)			
1. Assessment of Program Activity. (Urban Renewal)	1993	X	
2. Administrative and reporting of grant activity. (Home, Hope)	1994		X
U.S. DEPARTMENT OF TRANSPORTATION (FUND: 4003, FAL GRANTS)			
1. Reporting of activity included on Schedule of Federal Financial Assistance.	1993/1994		X

Midway Yards Harbor Management Corporation	French Market Corporation	Upper Peninsula Building Restoration Corporation	Canal Street Development Corporation	Total
\$ 84	\$ 135	\$ 15	\$ 180	\$ 315
99	135			315
	188	45		294
1	189	866		2,940
_____	_____	_____	_____	_____
184	882	881	180	2,027
				713
	9	39		9,908
				1,458
58		88		7,858
	775			4,371
_____	_____	_____	_____	_____
58				3,888
242	1,845	218		34,515
_____	_____	_____	_____	_____
		1,876	180	82,408
		4,835		9,232
2,500			6,383	8,383
	735			87,145
				23,153
				15,064
				204,884
_____	_____	_____	_____	_____
2,500	735	4,835	6,383	1,146
2,782	1,180	5,931	6,568	125,282
	2,898		8,805	421,807
				201,291
				95,276
				848,050
818	2,464			15,985
_____	_____	_____	_____	_____
2,500	3,281	4,734	684	83,947
2,515	3,743	4,734	644	89,500
2,815	3,963	4,734	9,182	818,883
_____	_____	_____	_____	_____
2,815	3,963	4,734	9,182	1,231,230
<b>2,815</b>	<b>3,963</b>	<b>4,734</b>	<b>9,182</b>	<b>2,673,230</b>

CITY OF BOON COLLEGE  
STATUS OF PRIOR AUDIT FINDINGS, CONTINUED

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DESCRIPTION	ADDITIONAL YEAR	RESOLVED	UNRESOLVED
<p><u>V. B. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - COMMUNITY DEVELOPMENT BLOCK GRANT - ALL GRANT PROGRAMS</u></p> <p>1. Review of subrecipient audit reports for compliance with professional standards.</p>	1993	X	
<p>2. Documentation of the process for the selection of subrecipients.</p>	1993/1994	X	
<p>3. Disbursements to a subrecipient without a signed agreement.</p>	1994		X
<p>4. 15% Identification of Public Service Cost.</p>	1994		X

## CITY OF NEW ORLEANS, LOUISIANA

TABLE 9

RATIO OF GENERAL OBLIGATION BONDED DEBT  
TO ASSESSED VALUE AND BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

Fiscal Year	Population*	Assessed Value Real Estate and Personal Property	General Obligation Bonded Debt	Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita
1986	557	\$ 1,684,773	\$ 328,368	19.53	575
1987	557	1,878,181	360,858	19.22	648
1988	557	1,886,018	411,824	21.79	738
1989	557	1,918,628	398,513	20.77	708
1990	487	1,918,348	368,818	19.23	742
1991	487	1,896,328	383,711	20.24	782
1992	487	1,803,993	442,147	24.51	892
1993	487	1,778,988	428,243	24.08	862
1994	487	1,786,393	415,625	23.27	832
1995	487	1,784,718	432,261	24.23	872

\* For 1980 and 1990 U.S. Census.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM                      FINDING/NONCOMPLIANCE**

STATE OF  
LOUISIANA  
DEPARTMENT  
OF LABOR

**Program No.                      Condition**

JOB TRAINING  
PARTNERSHIP  
ACT -  
ALL PROGRAMS

TIMELY SUBMISSION  
OF COST REPORTS  
CONTINUED

**Recommendation**

We recommend that the City prepare and submit the cost reports as prescribed by JTPA requirements and Federal regulations. Timely submission of cost reports would assist the City in monitoring its cash position and improving cash forecasting.

## CITY OF NEW ORLEANS, LOUISIANA

TABLE B

COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 1966 (UNAUDITED, AMOUNTS IN THOUSANDS)

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Assessed value	\$ 1,784,739
Debt limitation - 35% of total assessed value*	<u>\$ 624,659</u>
Amount of debt applicable to debt limitation:	
General obligation bonds	432,261
Less assets in debt service fund available for retirement of general obligation bonds	<u>20,194</u>
Total amount of debt applicable to debt limit	<u>412,067</u>
Legal debt margin	<u>\$ 212,592</u>

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\* Per Act 4 of 1914 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 158 of 1984, as amended by Act 1 of 1984.

CITY OF NEW ORLEANS  
 SCHEDULE OF FINDINGS/NONCOMPLIANCE  
 AND  
 QUESTIONED COSTS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 1995

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PROGRAM	FINDING/NONCOMPLIANCE	QUESTIONED COSTS
STATE OF LOUISIANA DEPARTMENT OF LABOR		
PROGRAM NO.	Condition	\$-0-
JOB TRAINING PARTNERSHIP ACT - ALL PROGRAMS	<p><u>TIMELY SUBMISSION OF COST REPORTS</u></p>	

In accordance with Federal guidelines and State requirements, the City of New Orleans must submit monthly cost reports of the various titles of the JTPA grant program to the State of Louisiana Departments of Labor and Education. However, as noted in previous audits, these reports have not been submitted timely.

**CAUSE**

The primary cause for the above-mentioned condition is due to the various revisions made by the Orleans Private Council (OPIC) in preparing their cost reports. OPIC submits their reports to the CEO, who subsequently submits the reports to the Department of Education. If the cost reports are delayed by OPIC, then, the reports are delayed by the City.



CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM**                      **FINDING/NONCOMPLIANCE**

U.S.  
DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT

**EXHIBIT NO.**                      **Condition**

RYAN WHITE,  
GG&T  
CONTRACTORS,  
HEALTHCARE FOR  
THE HOMELESS,  
INFINITY  
PROGRAM

**FEDERAL FINANCIAL REPORTING  
CONTINUED**

**Recommendation**

We recommend that the City of New Orleans adhere to established procedures and ensure that Federal financial reports be submitted on a timely basis to the funding source.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM            FINDING/NONCOMPLIANCE**

**U.S.  
DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT**

**Program No.            Condition**

**SEAN WHITE,  
CREAT  
EXPECTATIONS,  
HEALTHCARE FOR  
THE HOMELESS,  
INFINITY  
PROGRAM**

**FEDERAL FINANCIAL REPORTING  
CONTINUED**

**Missed**

In a review of the above-mentioned condition, the City of New Orleans has failed to adhere to established policies and Federal regulations with regard to the timely submission of federal financial reports.

**Criteria**

201 Common Rule Subpart C, Section 41, (b)(3) and (4) stipulate that the established frequency and due dates for federal reports must be complied with.

CITY OF NEW ORLEANS  
 SCHEDULE OF FINDINGS/NONCOMPLIANCE  
 AND  
 QUESTIONED COSTS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 1995

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<b>PROGRAM</b>	<b>FINDING/NONCOMPLIANCE</b>	
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		<u>QUESTIONED COSTS</u>

Program No.	Condition	\$-0-
HEAR HEUTE, GREAT EXPECTATIONS, HEALTHCARE FOR THE HOMELESS, INFINITY PROGRAM	<b>FEDERAL FINANCIAL REPORTING</b>	

We noted during our audit that the SF-272 reports or quarterly reports were not timely completed for the last quarter of 1995 for the Ryan White, Great Expectations, Healthcare for the Homeless and Infinity Network.

**CAUSE**

The implementation of the new financial management systems did not facilitate the timely preparation of the cost reports.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM                      FINDING/NONCOMPLIANCE**

U.S.  
DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT

Program No.	Condition
0260	CONTRACT AWARDED TO HIGHEST BIDDER _____ CONTINUED

**Criteria**

026 Common Rule Subpart C, Section 56 specifies certain procurement standards that local governments should incorporate into their procurement practices, including providing for competition and selecting contractors.

**Recommendation**

We recommend that the administrators of 0260 adhere to established procedures with regard to the awarding of contracts.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM            FINDING/NONCOMPLIANCE**

U.S.  
DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT

Program No.            Condition

CDMG, RCOG,  
SPUR, HOME,  
FINB, ERSP,  
FOH, HOUSING  
CODE  
ENFORCEMENT

COMPLETENESS OF  
PARTICIPANTS' FILES  
CONTINUED

Condition, Continued

In one (1) instance out of ten (10) tested, the assessment of the cost of a demolition was not completed and signed by the authorized personnel.

Other Programs

A lead based paint warning was missing in three (3) and one (1) FIN and SPUR files, respectively that were examined.

For the RCOG and HOME programs, a notice to proceed and hold harmless statement was not maintained in two (2) files out of eleven (11) files examined.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM                    FINDING/NONCOMPLIANCE**

**U.S.  
DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT**

Program No.                    Condition

CSDB, BOOK,  
SPUR, HOME,  
PINS, SHOP,  
FOH, RESERVE  
CODE  
ENFORCEMENT

COMPLETENESS OF  
PARTICIPANTS' FILES  
CONTINUED

Condition, Continued

In one (1) instance out of seven (7) tested, recent income documents and a completed/signed statement of conflict of interest for the BOOK program was not maintained; and

For the BOOK and FOH programs, in two (2) instances out of eight (8) tested, the intake and construction files were not maintained.

**CAUSE**

The primary cause of the above-mentioned conditions appears to be a lack of follow-up in obtaining missing documents. Per review of participants' files, several notations were made to the files indicating the need to obtain documents, however no follow-up was performed.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

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**PROGRAM                    FINDING/NONCOMPLIANCE**

**U.S.  
DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT**

**Program No.            Condition**

CMS, ERM,  
SPUR, HOME,  
FMS, EHSF,  
FOU, HOUSING  
CODE  
ENFORCEMENT

**COMPLETION OF  
PARTICIPANTS' FILES**

**Effect**

The City of New Orleans has not complied with all aspects of the requirements for the various programs as it relates to documenting the participants' files.

**Criteria**

The Common Rule subject C, Section .20(b)(8) states:

Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS/NONCOMPLIANCE  
AND  
QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1995

---

PROGRAM	FINDING/NONCOMPLIANCE	QUESTIONED COSTS
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U.S.  
DEPARTMENT OF  
HOUSING &  
URBAN DEVELOPMENT

Program No.	Condition	\$2,350
0000	<u>CONTRACT AWARDED TO HIGHEST BIDDER</u>	

We noted during our audit of the audit contracts awarded for subsequent audits that in one (1) instance out of five (5) tested, an audit contract was awarded to the highest bidder.

**Cause**

This condition was due to the inexperience of the subcontract agency and its misunderstanding of procurement standards. DDM has in place, very specific guidelines for the procurement and selection of the lowest qualified bidder.

**Effect**

The City of New Orleans is not in compliance with its policies and procedures relative to the awarding of contracts. As such, we have questioned the amount of the difference (\$2,350) between the low bid, which was \$6,200, and the high bid, which was \$8,550.



CITY OF NEW ORLEANS  
STATUS OF PRIOR AUDIT FINDINGS

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The prior single audit report contained certain findings. Provided below is the current status of these findings.

DESCRIPTION	AUDIT YEAR	RESOLVED	UNRESOLVED
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U. S. DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT - COMMUNITY  
DEVELOPMENT BLOCK GRANT -  
REDEVELOPMENT, RUSTON, ORMA

1. Awarding of rehabilitation  
contract.

1993

X

U. S. DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT - COMMUNITY  
DEVELOPMENT BLOCK GRANT - BOOK  
FOR, HOME, FIRM

1. Employees' receiving  
Federal financial  
assistance.

1993

X

2. Completeness of  
participants' files.

1993

X

1994

X

TABLE 3

Culture and Recreation	Urban Development and Housing	Economic Development and Assistance	Debt Service	Total
\$ 11,489	\$ 14,881	\$ 4,528	\$ 45,812	\$ 116,710
13,977	11,661	6,832	43,473	139,943
14,689	11,040	8,875	49,539	154,143
13,693	13,815	9,638	57,724	137,870
15,378	18,330	11,427	51,534	164,669
18,397	3,171	-	29,064	168,839
18,795	345	-	36,128	179,140
17,812	-	-	49,539	152,532
17,469	4	-	44,796	135,209
18,714	226	-	48,739	164,834

CITY OF NEW ORLEANS

COMPONENT UNITS - PROPRIETARY FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)

	Orleans Parish Communications District	Audubon Park Commission	New Orleans International Airport	Sewage and Water Board
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (866)	\$ (3,544)	\$ 3,270	\$ 18,488
Less interest income received, included in investing activities				(9,657)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	331	3,068	12,987	25,031
Provision for claims			1,189	3,881
Provision for doubtful accounts				1,024
Decrease (increase) in current assets:				
Taxes receivable				(213)
Accounts receivable	(87)	(661)	(1,294)	(645)
Other receivables				(4)
Due from other funds				(18)
Due from primary government				
Inventory	3		(17)	(418)
Prepaid expenses and deposits			296	13
Other assets				
Increase (decrease) in current liabilities:				
Accounts payable	354	(33)	1,253	145
Other payables and accruals			2,140	(644)
Due to other funds			321	(75)
Due to primary government	(100)			
Advances from other funds, net		628		
Deferred revenues				
Net cash provided by (used for) operating activities	<u>(282)</u>	<u>(522)</u>	<u>22,343</u>	<u>31,123</u>
Cash flows from noncapital financing activities:				
Advances from primary government				
Payment of loans payable				
Equity transfers			(200)	
Other revenues	56			2,081
Debtless loans	<u>1,851</u>			
Net cash provided by (used for) noncapital financing activities	<u>1,881</u>		<u>(200)</u>	<u>2,081</u>

Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Pontchar Building Restoration Corporation	Canal Street Development Corporation	Total
\$ 282	\$ 960	\$ 400	\$ 507	\$ 30,422
				(9,021)
100	572	268	148	41,060
				3,822
				786
				(213)
3	27	(14)	(3)	(2,702)
				20
(20)			(184)	(222)
(90)				(87)
	1	23		(428)
				308
	1		15	36
				1,879
30	(125)	(140)	108	4,714
12	24			388
1	170		(140)	(210)
(3)				628
_____	_____4	_____	_____420	_____312
_____372	_____1,814	_____282	_____572	_____61,158
		(126)		(126)
			791	791
				(280)
				3,147
				1,821
_____	_____	_____1,120	_____791	_____4,451

(Continued)

## CITY OF NEW ORLEANS

## COMPONENT UNIT - PROPRIETARY FUNDS

## COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1994 (AMOUNTS IN THOUSANDS)

	Orleans Parish Communications District	Audubon Park Commission	New Orleans International Airport	Sewerage and Water Board
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of property and equipment	(1,857)	(26,176)	(21,964)	(33,374)
Decrease in restricted assets		16,000		
Proceeds from property taxes dedicated to construction		5,624		66
Triennial payments on bonds payable		(1,643)	(2,445)	(3,588)
Capital contributed by federal and state grants		224	12,482	328
Interest paid on bonds payable		14,129	(14,040)	(2,889)
Grants from Audubon Institute		8,173		
Proceeds from issuance of bonds			21,645	
Bond issuance costs			(204)	
Settlement with Dock Board				
Reduction in payable to Audubon Institute			18,751	
Passenger facilities charges collected			(22,853)	
Other		(122)		
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(1,637)</b>	<b>(1,128)</b>	<b>(18,811)</b>	<b>(44,384)</b>
<b>Cash flows from investing activities:</b>				
Payments for purchase of investments	(2,000)			(86,000)
Proceeds from sale and maturities of investments	1,760		(10,277)	174,633
Interest and dividends on investments		1,246	8,278	65,482
Proceeds from repayment of loans made				
<b>Net cash provided by (used for) investing activities</b>	<b>(240)</b>	<b>1,246</b>	<b>(2,000)</b>	<b>53,115</b>
<b>Net increase (decrease) in cash</b>	<b>381</b>	<b>(282)</b>	<b>1,087</b>	<b>(91)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>576</b>	<b>812</b>	<b>23,353</b>	<b>1,361</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 957</b>	<b>\$ 530</b>	<b>\$ 24,440</b>	<b>\$ 1,270</b>

Municipal Yacht Harbor Management Corporation	Fresh Market Corporation	Upper Peninsula Building Restoration Corporation	Grand Street Development Corporation	Total
	(1,598)	(577)		(80,764)
				10,083
				8,719
(58)	(168)	(77)		(21,998)
(138)	(58)	(688)	(354)	23,484
				(21,088)
				8,771
				21,645
				(354)
				18,751
<u>(80)</u>	<u>(578)</u>	<u>(11)</u>	<u>—</u>	<u>(24,449)</u>
<u>(50)</u>	<u>(1,481)</u>	<u>(11,088)</u>	<u>(354)</u>	<u>(13,423)</u>
(1,488)	4,591			(84,818)
1,488	(3,713)			364,817
42	189	68		36,117
<u>—</u>	<u>—</u>	<u>1,868</u>	<u>—</u>	<u>1,868</u>
<u>42</u>	<u>1,473</u>	<u>1,868</u>	<u>—</u>	<u>7,184</u>
11	(400)	(91)	1,818	1,384
<u>385</u>	<u>68</u>	<u>81</u>	<u>218</u>	<u>37,681</u>
<u>\$ 385</u>	<u>\$ 738</u>	<u>\$ 1,012</u>	<u>\$ 1,738</u>	<u>\$ 78,821</u>

(Continued)

COMPONENT UNIT - PROPRIETARY FUNDS  
COMBINED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 1995 (AMOUNTS IN THOUSANDS)

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Noncash financing activities:

During 1995, the New Orleans International Airport had noncash financing activities which consisted of \$3,318 and \$23,974 of additions to property, plant and equipment which were directly funded by the Transportation Infrastructure Model for Economic Development and the Federal Aviation Administration, respectively.

(Continued)

**STATISTICAL SECTION**  
**(Unmodified)**



CITY OF NEW ORLEANS, LOUISIANA

GENERAL AND DEBT SERVICE FUNDS EXPENDITURES BY FUNCTION  
 (NON-GAAP BUDGETARY BASIS)  
 LAST TEN FISCAL YEARS (UNAUDITED), AMOUNTS IN THOUSANDS

Year	General Government (1)	Public Safety	Public Works	Health and Welfare
1986	\$ 75,839	\$ 108,636	\$ 48,808	\$ 11,908
1987	77,141	99,119	43,806	12,911
1988	71,480	99,899	48,367	12,654
1989	83,556	108,343	48,271	13,453
1990	79,695	123,643	35,245	13,858
1991	120,965	136,514	38,018	14,521
1992	92,513	132,717	37,565	16,739
1993	86,034	133,640	32,540	17,053
1994	95,321	125,604	27,684	14,690
1995	121,827	123,792	62,386	22,946

(1) General government expenditures include other financing acc.

TABLE 1

Culture and Recreation	Urban Development and Housing	Economic Development and Assistance	Public Service	Total
\$ 12,484	\$ 14,551	\$ 6,328	\$ 173,003	\$ 446,649
14,129	10,965	6,700	43,178	311,151
14,070	11,133	9,109	48,240	322,654
13,687	13,815	9,638	52,214	340,547
19,384	15,136	11,427	51,534	357,773
16,384	1,050	-	25,864	372,516
18,703	373	-	36,128	374,233
17,145	3	-	45,590	358,960
17,505	3	-	44,790	368,580
18,838	245	-	40,759	390,213

**CITY OF NEW ORLEANS, LOUISIANA**

**GENERAL AND DEBT SERVICE FUNDS REVENUES BY SOURCE  
(NON-GAAP BUDGETARY BASIS)  
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)**

Year	Taxes	Licenses and Permits	Inter- governmental	Charges for Services	Fees and Forfits
1985	\$131,003	\$ 26,868	\$ 52,792	\$ 29,877	\$ 6,373
1987	141,951	28,373	36,844	34,211	7,893
1988	146,389	31,458	39,389	34,214	7,738
1989	148,624	31,838	42,318	46,949	10,308
1990	171,324	31,783	59,379	33,228	5,684
1991	173,730	31,284	17,711	35,908	8,869
1992	183,334	32,891	39,839	37,434	11,682
1993	186,843	34,464	21,546	37,723	18,316
1994	187,327	33,139	18,245	39,837	18,858
1995	194,315	35,296	18,823	43,339	18,438

- (1) Other financing sources are included as miscellaneous income for years 1987 through 1995.
- (2) Amounts for years 1985 through 1988 for contributions, gifts and donations are not available. Amounts are included in miscellaneous income.

## CITY OF NEW ORLEANS, LOUISIANA

TABLE 10

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
(ON GAAP BUDGETARY BASIS)  
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures(1)	Ratio of Debt Service to Total General Expenditures
1985	\$ 16,462	\$ 23,379	\$ 39,841	\$ 469,649	8.56
1987	16,389	24,479	40,868	311,251	13.16
1988	17,826	28,317	46,143	325,934	14.31
1989	26,921	28,934	49,455	342,947	14.42
1990	21,513	27,589	49,102	365,719	13.44
1991	8,628	14,897	23,425	372,516	6.29
1992	11,588	21,123	32,711	374,233	8.73
1993	12,614	22,969	35,583	399,962	9.97
1994	12,618	21,966	34,584	365,562	9.73
1995	11,538	17,387	28,925	392,793	7.39

(1) Includes general and debt service funds only.

## CITY OF NEW ORLEANS, LOUISIANA

### GENERAL AND DEBT SERVICE FUNDS EXPENDITURES BY FUNCTION (GAAP BASIS) LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

Year	General Government (1)	Public Safety	Public Works	Health and Welfare
1985	\$ 75,773	\$ 98,243	\$ 49,858	\$ 11,492
1987	75,302	99,176	48,315	12,856
1988	73,686	99,811	45,678	12,522
1989	79,983	103,768	45,618	13,321
1990	76,265	112,299	56,897	13,601
1991	120,819	135,425	59,673	14,354
1992	93,529	132,499	58,246	17,202
1993	81,623	124,272	57,553	17,818
1994	98,876	124,566	57,892	14,606
1995	101,508	128,374	55,686	12,570

(1) General government expenditures include other financing uses.

## CITY OF NEW ORLEANS, LOUISIANA

### GENERAL AND DEBT SERVICE FUNDS REVENUES BY SOURCE (GAAP BASIS)

LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

Year	Taxes	Licenses and Fees	Intra- governmental	Charges for Services	Fines and Forfeits
1986	\$130,704	\$36,868	\$55,064	\$29,451	\$ 6,379
1987	141,794	28,372	58,600	34,125	7,693
1988	146,283	31,669	58,809	34,353	7,758
1989	148,674	31,990	42,305	46,940	18,506
1990	171,833	31,793	39,472	33,837	9,684
1991	173,616	31,284	37,638	38,908	8,809
1992	184,161	32,991	39,487	37,666	11,683
1993	187,341	34,464	31,346	37,760	10,326
1994	186,702	33,338	18,227	39,627	16,808
1995	193,076	35,266	18,272	43,525	16,438

(1) Other financing sources are included as miscellaneous income for years 1987 through 1994.

(2) Amounts for years 1983 through 1988 for contributions, gifts and donations are not available. Amounts are recorded in miscellaneous income.

TABLE 4

Interest Income	Contributions, Gifts and Donations (1)	Miscellaneous (2)	Debt Service	Total
\$ 12,183	\$ -	\$ 7,305	\$ 39,019	\$ 318,030
12,969	-	6,546	40,700	310,069
16,338	-	2,696	49,398	327,480
18,298	219	2,444	52,408	353,774
13,435	280	3,134	52,377	367,869
9,487	321	41,585	48,612	368,760
6,568	392	37,421	40,327	371,969
6,785	16,647	7,472	35,015	338,795
4,257	36,742	21,866	35,675	381,134
7,244	6,612	20,268	36,782	333,805

## CITY OF NEW ORLEANS, LOUISIANA

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS (UNAUDITED), AMOUNTS IN THOUSANDS

Fiscal Year	Total Levied	Collected through December 31, 1995		Balance Outstanding at December 31, 1995		Collected During 1995 Amount
		Amount	Percent	Amount	Percent	
<b>Real estate taxes:</b>						
1986	\$ 56,269	\$ 31,752	56.43	\$ 247	.37	\$ 26
1987	123,218	118,397	96.23	921	.77	303
1988	126,515	123,327	97.56	1,388	.98	343
1989	148,683	146,813	98.74	1,870	1.26	816
1990	144,620	142,368	98.44	2,254	1.56	793
1991	158,047	155,971	98.68	2,776	1.76	1,214
1992	153,679	150,839	98.22	2,841	1.86	736
1993	148,627	146,077	98.30	2,550	1.72	1,171
1994	146,451	142,569	97.36	3,882	2.65	7,714
1995	145,605	134,495	92.37	10,549	7.27	134,495
<b>Personal property taxes:</b>						
1986	\$ 52,358	\$ 49,161	93.71	\$ 3,997	7.63	\$ -
1987	61,263	56,446	92.14	4,817	7.86	-
1988	61,812	56,216	90.95	4,796	7.76	-
1989	62,983	52,994	84.14	6,389	10.14	-
1990	70,248	64,693	92.09	5,555	7.91	-
1991	74,999	68,793	91.72	6,206	8.28	-
1992	75,053	70,803	94.33	4,250	5.66	317
1993	71,866	67,339	93.71	4,527	6.30	412
1994	74,993	69,820	93.10	5,173	6.89	1,321
1995	76,258	69,465	91.10	6,793	8.91	69,465



## CITY OF NEW ORLEANS, LOUISIANA

TABLE 6

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)**

Fiscal	Real Property		Personal Property		Total		Assessed to Estimated Actual Value
	Net Assessed Value(1)	Estimated Actual Value	Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value	
1986	\$ 852,335	\$ 7,132,585	\$ 468,249	\$ 3,128,327	\$ 1,320,584	\$9,260,912	12.7
1987	916,242	8,372,093	508,227	3,585,180	1,424,474	11,957,273	12.6
1988	988,470	8,472,276	486,881	3,245,940	1,475,351	12,718,216	12.6
1989	1,004,889	8,387,295	430,882	2,872,083	1,435,771	12,259,608	12.5
1990	992,145	8,304,878	482,386	3,282,187	1,474,531	12,587,065	12.6
1991	1,064,971	8,588,298	483,303	3,233,253	1,487,304	12,821,551	12.6
1992	938,792	8,020,709	468,707	3,124,712	1,407,499	12,045,421	12.6
1993	918,234	7,872,525	456,886	3,049,272	1,375,120	12,921,801	12.6
1994	894,713	7,669,118	457,825	3,118,208	1,362,538	12,787,319	12.6
1995	847,284	7,583,388	492,864	3,117,822	1,340,148	12,701,211	12.5

(1) Amounts are net of the homestead exemption.

## CITY OF NEW ORLEANS, LOUISIANA

TABLE 7  
Page 1 of 4PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS (UNAUDITED, NUMBER OF BILLS)

	1990	1994	1995	1991	1990	1999	1999	1998	1997	1996
<b>Direct Property Tax Rates</b>										
City Ordinance, Sec. 15 Art 4 of 1918; Art. XIV Sec. 24 Comm. 1921 Art 151 of 1962	14.81	14.94	14.91	14.91	14.06	14.81	14.81	14.91	15.81	15.81
Interest and redemption city bonds, Sec. 15, Art 4 of 1918 (Amended Art 515 of 1966)	26.90	26.90	26.90	26.90	25.30	25.30	27.90	24.28	20.70	21.20
Special tax for sewerage, water and drainage, Art 197 of 1918 and Art 626 of 1968, Art. XIV, Sec. 23.1, 23.4-23.12 Comm. 1921	-	-	-	-	4.00	4.00	4.00	4.00	3.94	3.94
Special tax for maintenance, operations and extension of the drainage system, Art 566 of 1956, Art. XIV, Sec. 23.2 Comm. 1921 and Art VI, Sec. 22.26 and 32 Comm. 1974.1 and Art. VII, Sec. 23. 1974 Comm. LSA R.S. 47:1305 (B)	22.90	22.90	22.98	22.98	21.25	21.25	21.25	21.25	20.92	20.92
Special tax for establishing and maintaining a zoological garden in Audubon Park, Art. X Sec. 30 and Sec. 803 of Title 58 Louisiana Comm. 1872 approved by voters in a referendum November 1972	.44	.44	.44	.44	.41	.41	.41	.41	.40	.40
Special dedicated tax to operate the Public Library Art VII, Part II Sec. 20 of Louisiana Comm. 1974, LSA R.S. 47:1705(B) approved by voters in November 1976	4.32	4.32	4.32	4.32	4.05	4.05	4.05	4.05	4.00	-

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

TABLE 7  
Page 2 of 4PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST FISCAL YEARS (UNAUDITED, NUMBER OF MILLS)

	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Special tax dedicated to maintenance of double platoon fire Department and triple platoon Police Department, Act 7 of 1978, Art. XIV, Sec. 25, Const. 1921	4.27	4.27	4.27	4.27	4.01	4.01	4.01	4.01	3.85	3.85
Special tax (additional) for increase in pay to officers and members of Police and Fire Department, Act 180 of 1978, Art. XIV, Sec. 25, Const. 1921	2.13	2.13	2.13	2.13	2.00	2.00	2.00	2.00	1.87	1.87
Special tax to establish and maintain an aquarium by the Audubon Park Commission Act. VII, Part II Sec. 25, of La. Const. 1974, LSA R.S. 47:1705(D) approved by the voters in November 1988	4.11	4.11	4.11	4.11	3.85	3.85	3.85	3.85	3.85	-
Special tax, Police without Homestead Exemption: additional millage for police protection, Act 1183 of 1990; Art. VII, Sec. 23	5.26	5.26	5.26	5.26	5.00	-	-	-	-	-
Special tax, Fire without Homestead Exemption: additional millage for fire protection, Act 1103 of 1990; Art. VII, Sec. 23	5.21	5.21	5.21	5.21	4.99	-	-	-	-	-
Special tax, Neighborhood Housing Improvement	2.90	2.90	2.90	2.90	-	-	-	-	-	-

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

TABLE 7  
Page 3 of 4PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS (UNAUDITED, NUMBER OF MILLS)

	1983	1984	1985	1982	1981	1980	1979	1978	1977	1976
Special tax, New Orleans Economic Development Fund	2.50	2.50	2.50	2.50	-	-	-	-	-	-
Special tax, Parkways and Park and Recreation Department	3.00	3.00	3.00	3.00	-	-	-	-	-	-
Special tax, Street and Traffic Control Device Maintenance	1.99	1.99	1.99	1.99	-	-	-	-	-	-
Total direct property tax rates	100.06	100.04	100.04	100.04	31.58	31.83	31.48	31.75	31.69	31.29
<b>Overlapping Property Tax Rates</b>										
Special tax to provide funds for Board of Assessors according to Sec. 1923.1, 1925.2A title 43 La. revised statute Act 458, 1958	1.19	1.19	1.09	1.09	1.12	1.07	1.12	1.02	1.11	-
Special tax, Orleans Parish Levee Board for support, maintenance and construction of levees and levee drainage as authorized by Act 6, Sec. 39, Const. 1974	5.85	5.85	5.15	5.85	5.13	5.15	5.15	5.85	5.85	5.05
Special tax, Orleans Parish Levee Board, for support, maintenance and construction of levees and levee drainage Act. XVI, Sec. 2 Const. 1921 amended, repealed Act. 6, Sec. 31 of the 1974 Const.	6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.07	6.07

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

TABLE 7  
Page 4 of 4PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS (UNAUDITED, NUMBER OF MILLS)

	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Special tax for Orleans Parish School Board, for support, maintenance and reconstruction of Public Schools of the City of New Orleans as levied by said Board annually, Act 51 of 1930, Act. XII, Sec. 16 (Const. 1921 Act 264 of 1926; Act 731 of 1946)	45.10	45.00	45.10	45.00	42.50	42.50	42.50	39.99	39.60	39.60
Special tax, Law Enforcement District of Orleans Parish, LRS 33-90801-9010	2.8	3.0	3.0	2.90	2.80	—	—	—	—	—
Total overlapping property tax rates	47.90	48.00	48.10	47.90	45.30	42.50	42.50	39.99	39.60	39.60
Total	161.34	161.34	160.60	161.74	158.45	143.68	146.78	126.99	121.36	118.91

Note: The above taxes are collected on the basis of 100% of valuation.

(Continued)

TABLE 2

Interest Income	Contributions, Gifts and Donations (2)	Miscellaneous (1)	Web Service	Total
\$ 12,183	\$ -	\$ 6,661	\$187,400	\$ 446,244
12,968	-	10,932	41,007	314,204
16,309	-	3,885	51,631	316,248
19,290	799	3,211	53,406	334,909
13,455	289	19,077	53,377	382,658
9,487	322	56,181	49,612	383,144
6,948	202	68,618	48,337	383,487
6,763	16,667	7,807	35,815	396,683
4,237	58,724	22,545	35,675	382,416
7,284	6,612	34,882	36,782	387,601