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**CITY OF NEW ORLEANS
LOUISIANA**

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 1999

*Prepared by:
Department of Finance
Marvin M. Kohn
Director*

CITY OF NEW ORLEANS, LOUISIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED DECEMBER 31, 1997

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DEPARTMENT OF FINANCE

June 28, 1988

**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, 1987.

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 pyramid 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 operations. Next, combining and individual fund statements present each of the material separate funds and account groups 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, data statistics, and selected financial and demographic information of the City that are of interest to potential investors in our bonds and other readers, including ten-year revenue and expenditure information.

CITY OF NEW ORLEANS

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MAURICE M. MOSELEY
MAYOR

MAKINA M. KAYE
CITY CLERK

The Office of International Relations and Trade Development has expanded trade with visitors in Ecuador, Haiti, Mexico and South Africa. International trade brings \$8 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.

By its culture, industry and proximity, New Orleans is truly the "Gateway to the Americas", and through innovative profit-sharing programs and new equipment at the Port of New Orleans, the City has established a major presence in Western Hemisphere Trade. The New Orleans Economy drives the entire region. City economists predict over 14,000 new jobs across this major industry by the year 2000.

With passenger volume reaching another all-time high, the New Orleans International Airport is reaping the benefits of years of capital improvements that have funded the rebuilding of the airport. Through the Disadvantaged Business Enterprise Program and the State and Local Disadvantaged Business Enterprise Program over sixty DBE prime and sub-contractors had gross revenues of over \$4.9 million. Additional airport facts included the following:

- \$650 million in Capital Improvements;
- \$45.6 economic impact to local economy;
- 5,134 jobs supported;
- 1.8 million cargo transported; and
- 0.8 million passengers transported.

New Orleans is a well established and world renowned center of tourism, with considerable diversity in its attractions and a well developed tourist industry. The City regularly rates among the top ten cities nationwide as a location for conventions.

The Ernest N. Morial Convention Center is ranked third among U.S. Convention centers and has experienced a 20% increase in business. In 1997, the Morial Convention Center hosted approximately 110 major conventions and trade shows, operating at nearly 90% of capacity. These meetings attracted more than 850,000 delegates and another 150,000 guests, spouses, and exhibitors for a total of 900,000 visitors. Convention business is a major component of the New Orleans tourist industry. To keep pace with this booming industry, a \$250 million Phase III expansion is underway at the Ernest N. Morial Convention Center. This expansion will double the capacity of the Convention Center.

Planning projects and expansions along the river should bring more than 200,000 visitors to the City a year and generate \$143.5 million in direct spending and \$142.6 million in indirect spending, for an annual total of \$286.1 million.

New Orleans is one the best-kept hotel markets in the country and many older apartment buildings are being renovated as hotels. Occupancy rates have been rising steadily since the mid-1980's. Eleven new hotels either just completed or under construction will accommodate the increase in tourism as a result of the tourist attractions and convention capacities.

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 prioritizing 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 to potential corporations 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.

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 communication and coordination with the national and state legislatures is bringing significant results in maintaining funding levels.

Two stars of the New Orleans' economy - tourism and the port - will continue in their rates through the rest of the century. The Port of New Orleans is one of the largest industries in New Orleans and Louisiana. The Port of New Orleans together with the South Louisiana Port Commission ranks as one of the top world ports in tonnage of cargo handled. Already, some organizations are interested in establishing distribution centers in New Orleans for cargo to and from Mexico.

International tourism is on the rise. Louisiana Tax-Free Shopping has been a real incentive to international tourists. International tourists markets are showing an increase in business between 5% and 10%.

The New Orleans International Airport has experienced a 25% increase in passenger flights and a 30% increase in passenger traffic. The airport has non-stop and direct scheduled passenger service to over 80 cities across the United States and internationally. The synergy between tourism and the airport has been helping both the hospitality and air travel industries launch programs of expansion that are already paying off in thousands of new jobs for the metro New Orleans economy. Currently, the Aviation Board is completing a \$650 million expansion and rebuilding of the New Orleans International Airport which is a critical factor in the continued growth of the tourism industry.

The attractions, shows and history of New Orleans make it a natural place to grow a new and viable 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 host additional sporting events. New entertainment attractions include:

- Energy/MAX Theatre
- Pierpont Mallon Wing
- Black Music Hall of Fame
- Downtown Sports Arena
- Jazzland Park

Major events, the Mardi Gras, the Louisiana Jazz and Heritage Festival, and the Essence Festival generate over 47 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 catalysts for economic development. Some examples are:

- Eastart Expressway/Tolpachoskee Corridor - \$208 million
- LSU Clinical Science Building - \$40 million
- Port of New Orleans - \$33.8 million
- Renovation to the Custom House, Federal Building, U.S. - \$11 million

MAJOR INITIATIVES

For the past:

For the first time since 1854, the Council approved an amended City Charter bringing it to the voters for their approval. These Charter amendments were overwhelmingly approved on November 18, 1998, by the electorate and became effective January 1, 1999. Among the reforms established by these amendments are authorization for a consolidation in the number of city departments, established 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 Kerck Document Center brought resident equipment to City Hall without the burden of capital investment.

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.

Young people are the City's most important asset and the key to our future growth and success. Recreational and educational programming enhances the development of the city's youth. As a result, city government has focused considerable attention on children. The New Orleans Recreation Department (NORD) has been revitalized with expanded programs, improvements to facilities and increased community partnerships. The improvements made have enabled NORD to serve more boys and girls in every neighborhood in New Orleans. NORD is now providing children and teenagers a full range of activities including recreation, art and cultural enrichment as well as social and job skills preparation for future employment. The City's young people also need the opportunity to learn employment skills on the job. The NORD Team Summer Job initiative has impacted 2,500 young people.

Home ownership is the key to strengthening New Orleans neighborhoods. Public, private and non-profit organizations are working in New Orleans by providing programs that assist low and middle income families in purchasing a new home. The First National Bank of Commerce has a \$12 million

commitment in Central City, purchasing 44 homes for resale. Parvix Mae, the nation's largest source of home mortgage deeds, established a presence in New Orleans, providing \$500 million in alternate financing. Additionally, the Division of and Housing Neighborhood Development is working with neighborhood partners to provide home ownership opportunities and assistance with rehabilitation of historic and run-down properties. The Office of Housing also plays a role in code enforcement and clean-up. Additionally, the Office of Neighborhood Development participates in community development projects that address crime and drug prevention, health services, day care and other issues facing families.

Since 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 donations of abandoned and blighted property to non-profit organizations. New Orleans neighborhoods are experiencing a renaissance, from the Historic French Quarter to the 7th Ward to modern developments in Lakeview. Real estate prices are rising and home sales are strong. New subdivisions are going up in the New Orleans East neighborhoods, while a greater number of people are renovating historic property. The City's Division of Housing and Neighborhood Development has provided the catalyst by fostering community development organizations and facilitating partnership loan programs with banks, private lenders, and church groups that have created 1,821 new homeowners since 1994.

Government is also focusing on neighborhood issues. The Strategic Inspection Force (SIF) provides and conducts sweep code enforcement of health, sanitation, housing, and other code violations in neighborhoods throughout the city. SIF is led by the Chief Administrative Office and is coordinated through the Mayor's Office of Public Advocacy. The SIF Inspection Force circulated more than 18 sweeps in 1997 and issued over 5,000 code violation citations. Additionally, SIF cleared 167 abandoned gas tanks, cleaned 200 vacant lots, sidewalks and mental grounds, inspected 8,000 homes for rodent infestations, skinned, tagged, and removed 1,032 junked vehicles, repaired 159 street lights, repaired 700 street signs, repaired 100 water fountains, filled 467 vacant potholes, and removed 1,744 cans of trash.

The City of New Orleans has made major strides in raising public awareness about the importance of protecting the urban environment. The City is concerned about its natural surroundings and what is happening in its homes, backyards and neighborhoods. A great deal has been accomplished for the first time since the regulation of solid waste, the Sanitation Department is in full compliance with all laws and regulations and now sends the City's waste to a state of the art solid waste landfill that meets federal regulations, at a disposal cost that is one of the lowest in the region. The City's recycling program initiated in 1994 continues to be a success with citizens. Those improvements resulted in:

- a 50% recycling participation rate,
- 30,000 tons of trash recycled,
- 65,000 cubic yards of landfill space saved, and
- \$400,000 in landfill disposal costs saved.

For the Future.

The framework for a 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.

To plan for the next century, City leaders and citizens are working together to foster responsible growth that will enhance the City's environment and quality of life. A design committee is helping the City administer the Brownfield Program to encourage development of abandoned industrial sites. A Master Plan Advisory Committee will synthesize an effective long range master plan with an updated comprehensive zoning ordinance. New Orleansians have learned that in building for the future, we can also preserve what is most uniquely New Orleans and the environment that inspires who we are.

DEPARTMENT FOCUS

The Office of Management Information Services provides total quality automation services to all City departments and agencies.

The Office of Management Information Services (MIS) mission is to provide the user community with the technical and communications support necessary to assist in achieving their goals. MIS provides management information and reports to all City departments to assist them in managing their resources. MIS provides technical support for all mainframe and personal computer networks, and voice and data communications services provided by MIS. Specifically MIS provides the following to City departments.

- Assist the City departments achieve their charge by providing the necessary automation support in the mainframe, personal computer and telecommunications areas;
- Assist with the continued implementation of the new American Management Financial System by providing the necessary technical support and hardware services;
- Assist with the continued implementation of the new American Management Human Resources System by providing the necessary technical support and hardware services;
- Continue to train all City employees on the use of computer systems and new applications;
- Develop and maintain a well trained staff;
- Continue to provide citywide area network and the one station workstation concept;
- Continue in keeping the City's hardware and system software current with the latest version available;
- Continue to assist the City departments in records management by implementing a multi-departmental imaging system;
- Continue to insure year 2000 capability;
- Continue support of CG Fleet Management and Inventory System.

In 1997 MIS was the recipient of the prestigious Bureau of Governmental Research Award for Excellence in Government. Specifically, this award was conferred to MIS for their design and implementation of the City's New Orleans' Wide Area Network (NO-WAN). As a result of their work, it is now much easier and faster for City employees to communicate. Prior to the implementation of the WAN, the City had 16 separate local area networks, each with their own e-mail system. Communications between departments were basically made through in-office memorandums and

the telephone. The WAN now connects 3,000 network users in 60 buildings who can communicate via intranet/e-mail department-wide files, storage and printers; and access the City's financial systems from remote sites. The system design and implementation were done entirely in-house. According to estimates, outsourcing this project would have cost the City about 50 times more than its in-house cost.

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-129, "Audits of State and Local Governments." Information related to this single audit, including the schedule of tested financial statements, 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 amendment system.

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

The City maintains budgetary controls at the departmental level by cost object classification and allocates appropriations on a quarterly basis. These cost object classifications were originally specified as four by the City's Home Rule Charter (the Charter): personal services of officials and employees; contract services; supplies; and equipment and property. However, charter amendments adopted late in 1995 amended those classifications to three classifications for 1996 are classified as: personal services, other operating expenses, and debt service. Although all expenditures are recorded at the individual line item level, they are summarized for reporting purposes to these three expenditure classifications.

Encumbrances are recorded via the Bureau of Accounting through a on-line processing system before the requisition is electronically transmitted to the Bureau of Purchasing. If sufficient funds are not available to cover a purchase, the requisition is rejected and returned to the originating department for appropriation or allotment changes, transfer of funds or cancellations. Appropriations are allowed to be amended through court-ordered action during the year and all unencumbered appropriations lapse at year end. The City Charter, as well as state law, does not allow deficit spending. The Department of Finance is able to control all of the above through a computerized financial management system initiated in 1997 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 read 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 1964 Home Rule Charter and does not conform to the current standards of the Governmental Accounting Standards Board (GASB). For purposes of evaluation, however, the accompanying combined financial statements, which are presented in the financial section of this report, have been structured to substantially conform with the GASB's prescribed 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 columns titled "actual on a budgetary basis" in the statements in the financial section of this 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 1997 totaled approximately \$266,856,000. These revenues represent a 0.8% increase from 1996. Factors contributing to significant changes in revenues for the prior year include the following.

Taxes increased 1.8% in 1997 over 1996. This increase reflects increased collections of property taxes and income and penalties.

Licenses and permits increased 2.8% over 1996 due to increased fees from ROPDI franchises and increased collections from occupational licenses.

The allocations of tobacco and racing taxes, intergovernmental revenues were reduced. Thereby providing 3.7% decrease from these sources of funds.

Charges for services increased by 7% due to an increase in Emergency Medical Service fee collections.

Fines and forfeits increased by 2.3% because of additional receipts from traffic fines and moving violations.

Interest income increased by 20% due to additional cash investments from new bond issue.

The accompanying table/chart shows the amount (in thousands) of general fund revenues by source for 1997 and 1998.

Revenues and Other Financing Sources	1997 Actual	% of Total	Increase (Decrease) Over 1996	1998 Actual	% of Total
Taxes	\$223,288	67	\$3,671	\$199,457	60
Licenses & permits	44,482	13	8,823	34,828	10
Intergovernmental	18,827	5	883	17,888	5
Charges for services	44,717	12	2,839	41,728	12
Fees and Forfeits	12,867	4	3,468	10,488	3
Interest income	10,408	3	3,338	8,067	2
Contributions, gifts, and donations	589	--	704	484	--
Miscellaneous	12,129	3	812	11,217	3
Other financing source	11,881	3	(1,181)	11,688	4
	\$328,852	100	\$21,480	\$308,288	100

Revenue Dollar

(Percentage and Source)



1997 Actual

Expenditures for the fund totaled approximately \$282,717,000.

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

The increase in General Government expenses was due to an increase in contractual services expenses, supplies and materials and equipment purchases, among all departments performing this function. These contractual services were required, among other purposes to continue in installing and developing the City's financial management and human services systems. Additionally, departments were required to enhance their services through the acquisition of software, networking equipment and computers and communication equipment.

Public Safety expenditures increased dramatically due to increases in a Police Department salary pay raise and use of overtime to provide additional police and fire services.

Public Works expenditures increased due to increased activity of the emergency division to expedite New Orleans Capital Projects.

Health and welfare expenses increased due to increase in Federal and State aid funding for this function.

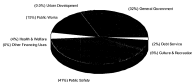
Urban Development decrease expenditures reflects reduction of goods allocated for this purpose.

Debt Service expenses went up by \$15,000 to reflect an increase in principal debt payments due from the City.

The following table/chart shows the amount (in thousands) of general fund expenditures by function and other financing uses for 1997 and 1998.

Expenditures and Other Financing Uses	1997	% of Total	Increase (Decrease)	1998	% of Total
	Actual		Over 1997	Actual	
General government	\$121,076	32	\$19,828	\$141,208	32
Public Safety	157,018	41	18,782	176,207	43
Public Works	68,333	18	6,488	74,848	18
Health and Welfare	15,074	4	362	15,802	4
Culture and Recreation	21,858	6	4,028	17,824	5
Urban Development	188	—	(187)	388	—
Debt Services	8,428	2	15	8,414	2
Other financing uses	1,721	—	(326)	2,080	—
Total	\$389,712	100	\$8,018	\$433,829	100

Expenditure Dollars
(Percentage and Function)



1998 Dollars

The fund balances of the General Fund at December 31, 1993 through December 31, 1997 are as follows (amounts in thousands):

	1993	1994	1995	1996	1997
Reserved for encumbrances	413,462	33,537	437,357	421,898	427,802
Designated	--	8,883	7,890	9,890	2,008
Undesignated	14,735	26,821	14,213	36,820	5,219
Total	328,222	355,221	359,450	368,608	375,029

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 \$21,183,000 at December 31, 1997.

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 1997 totaled \$56,322,000 an increase of \$8,884,000 over the 1996 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 Yacht Harbor, the Upper Pomaloe Building Restoration Corporation, the Orleans Parish Communication District, the Canal Basin Development Corporation, the Downtown Development District, and the New Orleans Tourism Marketing Corporation.

The Sewerage and Water Board reported 1997 operating revenues and net income of \$122,180,000 and \$1,808,000, respectively. Operating expenses, exclusive of depreciation, increased 34% to \$127,895,000 in 1997 from \$100,968,000 in 1996.

New Orleans International Airport is the air carrier airport serving 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 1,600 acres of land in Jefferson and St. Charles parishes and the city of Kenner, Louisiana. The terminal building complex consists of about 700,000 square feet and accommodates a total of 44 aircraft parking positions.

The airport's 1997 operating revenue amounted to \$51,881,000, which permitted the airport to meet its current operating expenses and pay current debt service and reserve requirements as they became due.

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

The Commission receives its financing from a dedicated special ad valorem tax, which is pledged as security for \$3,150,000 in bonds issued in 1978 and 1980; 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 125,000,000 in bonds issued in April 1989 to construct the Riverfront Aquarium. All operations of the Audubon 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 indirect activity items such as roads, bridges and drainage canals. As of December 31, 1997, the general fixed assets (excluding construction in progress) of the City amounted to \$267,900,000.

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 management, citizens and investors. This data for the City at the end of the 1997 fiscal year was as follows:

	Amount	Ratio of general debt to assessed value of taxable property	Bonded Debt per capita
General bonded debt	\$446,081,000	23.78%	1800

Outstanding general obligation bonds at December 31, 1997 totaled \$446,081,000 all of which are considered to be net, debt-tax supported debt. There are no special assessment bonds outstanding. Tables 8 through 12 in the statistical section of this report present more detailed information about the debt position of the city.

The Louisiana Legislature, in Act 5 of 1994, increased the City's general obligation bond debt limit to an amount equal to the greater of \$1,000,000,000 or 35% of total assessed valuation of the City. Under Act No. 1 of the City's debt limit, based on the most recent assessed valuation, is \$1,268,443,800 as of December 31, 1997.

As of the end of 1998, the City's general obligation bonds were rated "BAA" from Moody's Investor Service and "BBB+" from Standard and Poor's Corporation.

CASH MANAGEMENT

The Finance Department strives to keep ahead 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 assure 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, 1997 on a non-GAAP budgetary basis was 413,495,900 compared to 48,082,900 in 1996.

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 Tarnoff, CPA's, Luther Spright, CPA's, and Duplantier, Hopmann, Rosen and Mohr, LLP, among others.

AWARD FOR DISTINGUISHED BUDGET PRESENTATION

The Government Finance Officers Association (GFOA) award 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 annual financial report. In 1994 and 1996, 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.

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,



Maria M. Cain
Director of Finance

CITY OF NEW ORLEANS, LOUISIANA

Selected Officials
December 31, 1997

The City Council

Mr. James Singleton	Councilmember-at-Large
Ms. Peggy Wilson	Councilmember-at-Large
Ms. Susanna Hank Tarolf	Councilmember - District A
Mr. Oliver Thomas	Councilmember - District B
Mr. Tony Carter	Councilmember - District C
Mr. Roy Gaspion	Councilmember - District D
Ms. Ellen Hecox-Disteneo	Councilmember - District E

The Executive Staff

Mr. Marc H. Meril	Mayor
Mr. Maria Guzman	Chief Administrative Officer
Mr. Cedric Grant	Deputy Chief Administrative Officer
Ms. Thelma French	Executive Assistant
Mr. Graymond Martin	Executive Assistant
Ms. Vincent Sylvestre	Executive Assistant

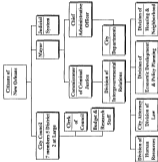
The Departmental Heads

Ms. Anita Marie Russell	City Attorney
Ms. Kayline Ford	Director, City Planning
Ms. J. Malcolm Doyle	Director, Civil Service
Ms. Marina M. Kahn	Director, Finance
Ms. Stella Webb	Director, Health
Dr. Morris F.K. Jeff, Jr.	Director, Human Resources
Mr. Kory DeCap	Director, Property Management
Mr. David Ferguson	Director, Public Works
Ms. Angela Wilson	Director, Recreation
Ms. Patricia Scherzmatek	Director, Parkway and Parks
Ms. Hazel Burnett	Director, Safety and Permits
Ms. Sharon Harrington	Director, Sanitation
Mr. Harold Garman	Director, Sewerage and Water Board
Ms. Lilian Dupin	Director, Utilities
Mr. William McDaniel	Supervisor, Fire
Mr. Richard Fournigton	Supervisor, Police



THE CITY OF NEW ORLEANS

Organizational Chart





THE CITY OF NEW ORLEANS

Department of Finance

Organizational Chart

Marc H. Morial, Mayor
City of New Orleans

Martha M. Kaden, Director
Department of Finance



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, 1996

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.



Janis K. Slavitsky
President

Jeffery J. Eason
Executive Director

**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, 1997 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 Audubon Commission, the Sewerage and Water Board of New Orleans, the French Market Corporation, Upper Pontalba Building Restoration Corporation and the Canal Street Development Corporation, which represent 72 percent and 74 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 87 percent of the assets of the Trust and Agency Funds, 100 percent of the Pension Trust Funds and the financial statements of the Board of Liquidation, City Debt, which are shown as the Debt Service Fund and represent 59 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 Audubon Commission, the Sewerage and Water Board of New Orleans, the French Market Corporation, the Upper Pontalba 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, such general purpose financial statements present fairly, in all material respects, the financial position of the City as of December 31, 1997, and the results of its operations and the cash flows of its nonexpendable trust fund and discretely presented component units, and changes in plan net assets of its pension trust funds for the year then ended in conformity with generally accepted accounting principles.

The 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 June 13, 1998 on our consideration of the City's compliance with laws and regulations and on its internal control over financial reporting.

Deloitte & Touche LLP

New Orleans, Louisiana
June 23, 1998

CITY OF NEW ORLEANS, LOUISIANA

COMBINED BALANCE SHEET

ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS

DECEMBER 31, 1987 (AMOUNTS IN THOUSANDS)

ASSETS	Governmental Fund Types				Fiduciary Fund Type
	General	Special Revenues	Debt Service	Capital Projects	Trust and Agency
Cash (Note 2)	\$ 14,933	\$ 3,940	\$ 2,608	\$ 1,391	\$ 38,183
Certificates of deposit (Note 2)	6,379	15,171	31,379	101,259	33,567
Investments (Note 2)			922		408,083
Receivables (net, where applicable, of allowances for uncollectibles):					
Sales taxes	10,887				
Property taxes (Note 3)	3,828				
Franchise taxes	2,268				
Accounts	9,838	342		185	524
Grants (Note 4)		13,326			
Accrued interest	2,366				3,739
Grants					
Other					1,239
Due from other funds (Note 3)	35,805	1,368		1,800	6,191
Due from component units	463	50		984	7
Due from other governments		15,122		3,705	229
Due from primary government					
Inventory of supplies					
Prepaid expenses and deposits					
Advances to other funds (Note 3)	252				
Advances to primary government					
Restricted assets - cash and investments, at cost or amortized cost					
Fixed assets (net, where applicable, of accumulated depreciation) (Note 3)					
Other assets					428
Amounts available in debt service fund					
Amounts to be provided for:					
Retirement of general long term debt (Note 6)					
Claims and judgments (Note 13)					
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 6 and 7)					
Payment to HUD for Section 108 loan (Note 6)					
Certificate of indebtedness (Note 6)					
Payment to Audubon Commission (Note 6)					
Payments to HUD and DOE for qualified costs (Note 6)					
TOTAL ASSETS	\$68,154	\$30,590	\$34,801	\$189,432	\$882,714

See notes to financial statements.

Account Groups		Totals Primary Government (Memorandum Only)	Component Units		Totals Reporting Entity (Memorandum Only)	
General Fixed Assets	Disposal Long Term Debt		Governmental	Proprietary	1997	1998 (Restated - Note 1)
		\$ 62,017	\$ 1,187	\$ 9,815	\$ 71,079	\$ 64,677
		188,546		32,147	200,693	193,930
		498,915	1,764	142,468	652,191	565,988
		18,037			18,037	8,947
		5,826		191	3,947	6,960
		2,288			1,268	2,871
		18,081	685	37,603	27,768	33,298
		13,926			13,836	18,378
		4,696	73	2,867	7,131	6,686
		1,309		643	643	-
		36,165		1,228	1,339	6,186
		1,583		18	26,404	21,903
		39,084	383		1,303	5,388
				1,812	18,449	20,517
				3,874	1,812	1,310
				2,359	3,874	6,386
				2,359	2,359	2,087
		150			292	352
				4,886	4,886	4,458
				283,768	268,790	211,991
\$458,164		458,164	903	1,348,808	1,803,202	1,741,968
	\$ 31,143	486		28,860	28,377	25,849
		31,143			31,143	30,967
	481,498	481,498		431,688	431,688	399,384
	126,880	126,880		228,981	228,981	138,797
	12,728	12,728		12,728	12,728	13,468
	53,768	53,768		53,769	53,769	49,985
	7,294	7,294			7,294	8,392
	78,132	78,132			78,132	83,875
	5,388	5,388			5,388	5,468
	27,128	27,128			27,128	31,415
	1,718	1,718			1,718	1,718
	8,792	8,792			8,792	10,692
<u>\$458,164</u>	<u>\$284,580</u>	<u>\$ 7,688,885</u>	<u>\$1,812</u>	<u>\$1,794,100</u>	<u>\$3,681,122</u>	<u>\$3,126,749</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS
DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

LIABILITIES, EQUITY AND OTHER CREDITS	Governmental Fund Types				Fiduciary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	
LIABILITIES:					
Accounts payable	\$ 23,688	\$ 1,364		\$ 3,024	\$ 1,388
Accruals payable				2,498	
Other payables and accounts (Note 4)			\$ 3,798		31,917
Due to other funds (Note 5)	3,070	11,773			32,022
Due to primary government					
Due to other governments	329	88		591	18,136
Due to component units	152	360			83
Deferred revenues (Notes 3 and 4)	9,088	11,826			
Payable from restricted assets:					
Accruals payable					
Capital projects payable					
Accrued interest					
Limited tax bonds (Note 12)					
Bonds payable, current portion					
Revenue bonds					
Deposits and other					
Claims payable (Notes 4 and 11)					
Advances from other funds (Note 5)		253			
Advances from component units				4,988	
Certificates of indebtedness (Note 4)					
Loans payable					
Deeds payable					
General obligation (Note 4)					
Limited tax (Note 12)					
Revenue, less unamortized discount of \$1,639					
Refunding					
Other					
Total liabilities	<u>32,022</u>	<u>26,728</u>	<u>3,798</u>	<u>11,117</u>	<u>47,838</u>
EQUITY AND OTHER CREDITS:					
Certificated capital (Note 11)					
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 balance:					
Reserved (Note 6)	27,887	2,499	31,343	41,531	586,631
Unreserved:					
Designated for subsequent year's expenditures	3,088	11,719		49,724	
Misapportioned	5,327	5,999		5,328	8,291
Total fund balance	<u>31,324</u>	<u>28,217</u>	<u>31,343</u>	<u>86,483</u>	<u>594,922</u>
Total equity and other credits	<u>31,324</u>	<u>28,217</u>	<u>31,343</u>	<u>86,483</u>	<u>594,922</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$68,154	\$50,935	\$34,881	\$189,533	\$582,764

See notes to financial statements

Account Groups		Totals Primary Government (Memorandum Only)	Component Units		Totals Reporting Entity (Memorandum Only)	
General Fixed Assets	Capital Long Term Debt		Governmental	Proprietary	1997	1998 (Restated - Note 1)
		\$ 30,198	\$ 97	\$ 13,407	\$ 48,792	\$ 48,176
		2,498		2,819	5,217	4,000
	\$168,708	308,190	48	19,986	188,427	194,508
		26,360	984	820	26,969	31,970
		18,178			3,594	8,288
		1,841		189	18,178	37,762
		18,814	303	30	3,158	1,318
					18,408	35,843
				308	308	48
				2,489	2,488	6,923
				1,673	1,673	1,366
				5,895	5,895	7,179
				2,200	2,200	8,580
				2,780	2,780	2,315
				4,245	4,245	5,858
	128,080	136,881		3,824	118,308	128,195
		231		230	230	250
		4,886		4,886	4,886	4,458
	27,128	37,030			27,128	30,455
				4,237	4,237	6,399
	448,080	448,081			448,081	414,711
	14,568	14,569		23,943	68,805	76,888
				32,668	32,668	23,470
				231,468	231,468	223,418
				3,835	3,835	1,458
	<u>784,568</u>	<u>818,631</u>	<u>1,504</u>	<u>418,515</u>	<u>1,318,670</u>	<u>1,114,935</u>
			7	341,853	341,862	319,813
\$458,194		439,084	770		418,967	418,165
				690,793	690,793	668,475
				27,288	27,288	34,888
				30,860	30,860	48,386
				121,881	121,881	80,807
				891,130	891,130	877,464
		630,884	29	143,408	754,433	633,785
		61,471	1,365		65,877	78,769
		28,681	1,368		28,681	27,867
		<u>761,038</u>	<u>4,713</u>	<u>143,408</u>	<u>820,311</u>	<u>766,421</u>
		<u>1,181,082</u>	<u>5,818</u>	<u>1,078,983</u>	<u>1,041,470</u>	<u>1,411,833</u>
\$458,194	\$784,568	\$1,089,983	\$7,817	\$1,784,118	\$1,389,131	\$1,736,769

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND DISCREETELY PRESENTED
COMPONENT UNITS
YEAR ENDED DECEMBER 31, 1987 (AMOUNTS IN THOUSANDS)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES:				
Taxes (Note 2)	\$ 200,000	\$ 4,000	\$ 37,900	
Licenses and permits	44,463			
Intergovernmental	14,937	86,643		\$ 15,000
Charges for services	44,317			
Program income		779		
Fines and forfeits	12,987	2,000		
Interest income (Note 10)	30,800	1,664	2,811	44
Contributions, gifts and donations	288	1,688		
Miscellaneous	12,112	5,708	507	3,172
Total revenues	342,214	78,622	40,717	28,212
EXPENDITURES:				
Current:				
General government	121,875	7,809	332	
Public safety	157,819	3,339		
Public works	58,110	35		
Health and human services	15,974	11,838		
Culture and recreation	21,888	409		
Urban development and housing	166	33,603		
Economic development and assistance		39,253		
Capital projects				56,512
Debt service:				
Principal retirement	4,335		17,368	
Interest and fiscal charges	2,694		22,712	
Bond issuance costs			178	
Total expenditures	348,546	70,764	40,611	76,522
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,332)	7,858	176	(28,310)
OTHER FINANCING SOURCES (USES):				
Operating transfer in (Note 8)	11,581	1,770		
Transfer to from component unit				
Operating transfer out (Note 8)	(1,770)	(11,840)		
Proceeds from bond issuance				90,000
Other, net				
Total other financing sources (uses)	9,811	(10,070)		90,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(6,521)	(2,212)	176	71,690
FUND BALANCES, BEGINNING OF YEAR	61,076	15,762	30,967	76,412
FUND BALANCES, END OF YEAR	\$ 54,555	\$ 13,550	\$ 31,143	\$ 76,402

Fiduciary Fund Type	Totals Primary Government (Memorandum Only)	Component Unit Governmental	Totals Reporting Entity (Memorandum Only)	
			1997	1998
	\$ 348,488	\$ 7,348	\$ 211,815	\$ 247,888
	48,482		41,882	38,879
	100,668		100,668	87,341
	48,117		44,377	41,778
	779		779	1,998
	14,882		14,882	12,610
\$ 425	15,450	565	15,956	11,948
988	3,211		3,221	4,865
	23,811	1,880	24,811	23,426
3,368	482,271	8,832	581,221	667,899
	129,285	4,878	123,484	109,641
	162,188		162,198	174,992
	89,268	1,498	88,888	84,888
102	28,894		28,894	30,182
1,048	23,379	3,090	26,789	21,245
	25,856		23,858	27,113
	16,281		16,282	16,821
	36,311		36,321	49,458
	21,734		21,734	21,583
	24,886		24,886	23,487
	228		128	88
3,142	549,415	8,766	578,181	688,298
212	(17,844)	86	(16,958)	(26,199)
	13,583		13,340	13,278
	(13,682)		(13,352)	(13,179)
	26,988		26,688	(3,488)
		14	14	(158)
	26,988	14	26,614	(3,482)
217	(7,944)	188	(7,946)	(4,587)
8,818	282,271	4,687	288,814	311,471
\$ 8,215	\$ 181,227	\$ 4,792	\$ 188,929	\$ 208,214

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL (ADJUSTED TO BUDGETARY BASIS) AND BUDGET - GENERAL FUND
YEAR ENDED DECEMBER 31, 1987 (AMOUNTS IN THOUSANDS)

	General Fund (Note 1)				Variance Favorable (Unfavorable)
	Actual	Adjusted to Budgetary Basis	Budgetary Basis (Non-GAAP)	Revised Budget	
REVENUES:					
Taxes	\$ 120,008	\$ (260)	\$ 120,268	\$ 200,217	\$ 1,611
Licenses and permits	41,683		41,683	30,288	(7,859)
Intergovernmental	16,927	628	17,547	18,787	(839)
Charges for services	44,717	(27)	44,690	44,694	986
Fees and forfeits	11,827		11,827	11,898	549
Interest income	20,486		20,486	4,580	1,906
Contributions, gifts and donations	388	1	389	428	161
Miscellaneous (includes appropriations from prior year's fund balances of \$20,000)	11,710	29,817	31,527	40,711	(8,887)
Total revenues	345,278	29,779	365,612	779,645	(6,779)
EXPENDITURES:					
Current:					
General government	111,675	(1,200)	112,875	128,900	9,028
Public safety	107,648	(1,413)	109,061	156,282	678
Public works	58,110	(1,194)	59,104	59,698	589
Health and human services	11,874	50	11,924	10,120	30
Culture and recreation	21,898	(102)	21,648	21,874	226
Urban development and housing	166		166	254	88
Debt service:					
Principal retirement	4,200		4,200	4,200	
Interest and fiscal charges	1,894		1,894	1,894	
Total expenditures	380,946	(1,864)	379,082	583,587	18,655
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,668)	36,755	(13,470)	(11,942)	3,622
OTHER FINANCING SOURCES (USES):					
Operating transfers in	11,546		11,546	14,714	(3,168)
Operating transfers out	(5,770)		(5,770)	(5,770)	
Appropriations from prior year's fund balance		(28,657)	(28,657)	(28,657)	
Reduction in prior year's unexpended commitments		1,083	1,013		1,020
Other, net		(1,187)	(1,187)		(1,250)
Total other financing sources	5,776	(28,187)	(28,187)	(7,110)	(3,270)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(10,892)	5,568	(19,764)		
FUND BALANCES, BEGINNING OF YEAR	(1,895)	(15,289)	13,611		
FUND BALANCES, END OF YEAR	\$ 13,274	\$ (10,815)	\$ 1,612		

See notes to financial statements.

COMPONENT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
NONEXPENDABLE TRUST FUNDS AND SEPARATELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Non- expendable Trust Funds	Total Primary Government (Memorandum Only)	Component Units "Proprietary" Funds	Totals Reporting Entity (Memorandum Only)	
				1997	1996 (Adjusted - note 1)
OPERATING REVENUES:					
Charges for services			\$ 170,020	\$ 171,020	\$ 174,345
Tax Revenue (Note 1)			30,217	30,217	28,340
Interest					1
Other			1,455	1,455	1,144
Total operating revenues			201,692	202,742	204,830
OPERATING EXPENSES:					
Beneficial payments			62,120	62,120	54,789
Personnel services			82,282	82,282	82,274
Contractual services			1,798	1,798	1,229
Materials and supplies			49,873	49,873	49,820
Depreciation and amortization			8,028	8,028	6,294
Other					
Total operating expenses			204,093	204,093	200,384
OPERATING INCOME:			(2,401)	(2,351)	1,450
NONOPERATING REVENUES (EXPENSES):					
Interest income			15,476	15,476	15,741
Interest expense			(20,280)	(21,200)	(21,100)
Deferred taxes			8,894	8,894	7,792
Grants			2,881	2,881	3,672
Other			12,188	12,188	12,714
Unrealized gains			82	82	
Total nonoperating revenues			19,151	18,231	18,820
INCOME BEFORE TRANSFERS:			7,750	7,880	13,330
TRANSFERS OUT TO PRIMARY GOVERNMENT:					(2,000)
NET INCOME:			7,750	7,880	11,330
DEPRECIATION ON FIXED ASSETS ACQUIRED BY CONTRIBUTIONS:			3,624	3,624	3,700
INCREASE IN RETAINED EARNINGS/FUND BALANCES:			11,374	11,504	15,030
RETAINED EARNINGS/FUND BALANCES, BEGINNING OF YEAR, AS RESTRICTED	1,200	1,200	470,484	470,484	455,250
RETAINED EARNINGS/FUND BALANCES, END OF YEAR:	1,200	1,200	\$ 481,858	\$ 481,988	\$ 470,280

See notes to financial statements.

CITY OF NEW ORLEANS, LOUISIANA

SCHEDULE A-3

Page 1 of 3

COMBINED STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUND AND DISCRETELY
PRESENTED COMPONENT UNITS

YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Non- expendable Trust Fund	Totals Primary Government (Memorandum Only)	Component Units Proprietary Funds	Totals Reporting Entity (Memorandum Only)	
				1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating (loss) income	\$	\$	\$ (9,297)	\$ (9,297)	\$ 1,070
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation			49,873	49,873	44,923
Gain on disposal of property			18	18	-
Provision for claims			1,154	1,154	3,125
Provision for doubtful accounts			923	923	1,078
Changes in current assets and liabilities:					
Taxes receivable			28	28	114
Accounts receivable			2,484	2,484	(2,470)
Other receivables			(920)	(920)	(88)
Due from other funds			(80)	(80)	177
Due from primary government			194	194	(1,022)
Inventory			382	382	(1,075)
Prepaid expenses and deposits			(341)	(341)	58
Other assets			110	110	379
Capital projects payable			(2,066)	(2,066)	-
Accounts payable			(2,154)	(2,154)	(2,176)
Other payables and accruals			54	54	(6,402)
Due to other funds			19	19	(26)
Due to primary government			(79)	(79)	(248)
Advances from other funds, net			-	-	1,411
Deferred revenues			(11)	(11)	18
Increase in inventory of materials and supplies			37	37	-
Other			(6,871)	(6,871)	-
Increase in accrued salary/ compensation			641	641	-
Net cash provided by operating activities			41,439	41,439	39,386

(Continued)

**COMBINED STATEMENT OF CASH FLOWS
NONDEPENDABLE TRUST FUND AND DISCRETELY
PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)**

	Non- expendable Trust Fund	Totals Primary Government (Memorandum Only)	Component Units Proprietary Funds	Totals Reporting Entity (Memorandum Only)	
				1997	1996
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Advances from primary government					242
Payment of loans payable		(280)		(280)	-
Stockhold equity transfer		(280)		(185)	(300)
Other revenues		58		58	3,996
Refunded taxes			4,025	4,025	3,996
Net cash provided by noncapital financing activities			3,768	3,768	3,996
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of property and equipment			(85,876)	(85,876)	(121,180)
Debtors (borrow) in restricted assets			3,688	3,688	(1,708)
Proceeds from property taxes allocated to construction			6,078	6,078	8,888
Principal paid on bonds		(28,180)		(28,180)	(20,541)
State and federal grants			14,376	14,376	21,851
Interest paid on bonds			(18,217)	(18,217)	(20,855)
Grants from Auditors facilities			2,690	2,690	6,073
Proceeds from issuance of bonds			83,376	83,376	9,036
Bond refinancing			(16,048)	(16,048)	(1,748)
Bond issuance costs			(1,149)	(1,149)	(388)
Passenger facilities charges			11,778	11,778	11,648
Other			(26,300)	(26,300)	(6,587)
Net cash used in capital and related financing activities			(24,087)	(24,087)	(111,835)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments			(219,882)	(219,882)	(219,326)
Proceeds from sale and maturity of investments			257,797	257,797	346,760
Interest and dividends received			(3,188)	(3,188)	(3,781)
Net cash provided by investing activities			34,727	34,727	63,653

(Continued)

COMBINED STATEMENT OF CASH FLOWS
 NONEXPENDABLE TRUST FUNDS AND DISCRETELY
 PRESENTED COMPONENT UNITS
 YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Non- expendable Trust Fund	Totals Primary Government (Memorandum Only)	Component Units Proprietary Funds	Totals Reporting Entity (Memorandum Only)	
				1997	1996
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			4,318	4,328	(1,487)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2</u>	<u>2</u>	<u>33,428</u>	<u>28,501</u>	<u>29,988</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Page 1)	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 37,746</u>	<u>\$ 32,829</u>	<u>\$ 28,501</u>

Noncash financing activities:

During 1997, the New Orleans International Airport had noncash financing activities which consisted of \$1,000 of addition to property, plant and equipment which were directly funded by the Federal Aviation Administration.

See notes to financial statements.

(Continued)

COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
 Pension Trusts Funded
 YEAR ENDED DECEMBER 31, 1997 (IN THOUSANDS)

	Fire Fighters'		Poline	Employees'	Total	Regulatory	Total
	Old	New	Old	Retirement	Primary	Component	Reporting
	System	System	System	System	Government	Unit	Entity
					(Non-union)	Knowledge	(Non-union)
					Only)	and Water	Only)
						Board)	
Additions							
(100) BENEFITING							
Employer	\$ 17,000	\$ 1,000	\$ 900	\$ 9,000	\$ 16,000	\$ 2,000	\$ 20,000
Members	800	800	0	5,000	3,000	2,000	5,000
Interest attributable to Pension			50		50		100
Fire insurance rebates	800			10	60		80
Other				10	10	400	100
Total contributions	24,400	1,800	1,000	13,110	19,120	2,400	40,030
INVESTMENT INCOME:							
Net appreciation in fair value of investments	10	20,000		2,100	20,000	10,000	20,000
Interest and Dividend	200	5,000	0	2,100	11,000	2,000	20,000
Other investment income		10		2,000	1,000		2,000
Less investment expense		(200)	50	(1,000)	(1,000)	(200)	(2,000)
Net investment income	210	25,010	50	4,200	30,000	2,000	30,000
DEBIT & INCOME:							
			0		0		0
Total additions	24,610	26,810	1,050	16,310	49,120	22,000	70,030
Deductions							
Pension benefits	11,000	6,210	100	14,010	10,000	3,000	40,000
Refunds of member contributions		10		50	80	200	1,000
Administrative expense	200	100	100	100	100	100	1,000
Total Deductions	11,200	6,320	200	14,160	10,180	3,300	42,000
NET INCREASE BEFORE TRANSFERS	13,410	20,490	850	2,150	38,940	18,700	28,030
TRANSFERS	(200)	10	10	(200)	(200)		(200)
NET INCREASE AFTER TRANSFERS	1,310	20,500	860	1,950	38,740	18,700	27,830
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR AS REPLACED	1,000	20,000	1,000	10,000	40,000	11,000	20,000
FROM OTHER ACCOUNTS			(100)		(100)		(200)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - END OF YEAR	2,310	40,500	1,200	11,950	78,680	29,700	47,630

See notes to financial statements.

CITY OF NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1997

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 1885. The City's system of government was established by its Home Rule Charter which became effective in 1934 and was amended effective January 1, 1996. The City operates under a Mayor-Council form of government and provides the following types of services as authorized by its charter: public safety, health, streets, 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 Liquidation, City Debt and the Rivergate Development Corporation. Complete financial statements for these blended component units may be obtained at the entity's administrative offices.

Discretely Presented Component Units - 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 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 Communication District
Upper Pomaloe Building Restoration Corporation
Sewerage and Water Board of New Orleans

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):

	Barringer Development District	New Orleans Tuition Marketing Corporation	Total
Assets:			
Current assets	\$ 174	\$ 315	\$ 509
Due from other government		385	385
Other assets	<u>754</u>	<u>172</u>	<u>926</u>
Total assets	<u>\$ 918</u>	<u>\$ 899</u>	<u>\$ 1,817</u>
Liabilities:			
Current liabilities/deferred revenues	\$ 415	\$ 381	\$ 807
Due to primary government	<u>387</u>	<u>—</u>	<u>387</u>
Total liabilities	<u>1,402</u>	<u>381</u>	<u>1,784</u>
Equity and other credits:			
Contributed capital		7	7
Investment in general fund assets	711	63	773
Fund balances	<u>4,814</u>	<u>792</u>	<u>5,606</u>
Total equity and other credits	<u>4,735</u>	<u>798</u>	<u>5,533</u>
Total liabilities, equity and other credits	<u>\$ 6,128</u>	<u>\$ 899</u>	<u>\$ 7,027</u>

Condensed Balance Sheet (amounts in thousands):

	Auditors Distinction	New Orleans International Airport	Savanna and Water Street	Other	Total
Assets:					
Current assets	\$ 1,828	\$ 48,118	\$ 362,888	\$ 6,617	\$ 211,772
Due from primary government		117	300	882	1,317
Property, net	198,152	366,877	842,824	28,488	1,248,898
Other assets	22,191	62,894	117,717	16,907	228,779
Due from other component units	800			80	1,020
Total assets	\$1,123,178	\$1,498,016	\$1,323,839	\$ 47,708	\$1,798,131
Liabilities:					
Current liabilities					
Declared revenues	\$ 6,715	\$ 14,845	\$ 52,281	\$ 1,033	\$ 75,684
Long-term bonds payable	58,764	211,468	39,725	7,721	327,678
Due to other component units	800			80	1,000
Due to primary government		15	294	294	609
Other liabilities	811	1,890	6,023	6,227	15,061
Total liabilities	66,190	238,228	98,303	15,368	\$ 498,109
Equity and other credits:					
Contributed capital		196,099	102,662	31,694	341,055
Retained earnings, reserved		14,842	748,674	4,802	768,148
Retained earnings, unreserved	66,833	40,261		23,896	131,090
Net assets - Pension Trust Fund			143,418		143,418
Total equity and other credits	66,833	251,802	1,094,754	32,192	1,379,581
Total liabilities, equity and other credits	\$133,023	\$490,036	\$1,193,057	\$ 47,768	\$1,798,118

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

	Downtown Development District	New Orleans Tourism Marketing Cooperation	Total
Revenues	\$ 4,209	\$ 4,657	\$ 8,866
Expenditures	4,122	4,052	8,196
Excess of revenues over expenditures	80	29	180
Fund balance, beginning of year	3,934	708	4,642
Fund balance, end of year	\$ 4,014	\$ 737	\$ 4,751

Condensed Statement of Revenues, Expenses, and Changes in Retained Earnings (Amounts in Thousands)

	Auditor Commission	New Orleans International Airport	Levee and Water Board	Other	Total
Operating revenues	\$ 21,283	\$ 11,861	\$ 91,831	\$ 9,083	\$ 133,058
Tax revenues			36,237		36,237
Operating and other expenses	(21,626)	(11,895)	(381,648)	(7,362)	(422,531)
Depreciation	<u>(4,588)</u>	<u>(17,787)</u>	<u>(26,099)</u>	<u>(1,588)</u>	<u>(49,062)</u>
Operating income (loss)	\$4,657	\$966	(1,568)	\$168	\$4,363
Nonoperating revenues, net	3,571	1,832	1,489	1,614	8,506
Specific grants	<u>2,621</u>				<u>2,621</u>
Net income	1,327	1,998	1,889	1,812	7,016
Depreciation on consolidated fixed assets		6,634			6,634
Retained earnings, beginning of year, as revised	<u>61,518</u>	<u>46,478</u>	<u>748,692</u>	<u>18,882</u>	<u>875,570</u>
Retained earnings, end of year	<u>\$ 62,845</u>	<u>\$ 53,182</u>	<u>\$ 748,474</u>	<u>\$ 20,694</u>	<u>\$ 885,195</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
- New Orleans Affordable Home Ownership, Inc.

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

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 balance, revenues and expenditures.

The City's charter establishes eight 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 expendable 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.

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 government only).

General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the City (primary government only).

Component Units

Component units of the City are accounted for in either governmental funds or proprietary funds based upon their activities and measurement flows.

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 (expense, 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.

Accounting Change - Effective January 1, 1993, the New Orleans International Airport and the Sewerage and Water Board of New Orleans elected early adoption of the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 31, "Accounting for Financial Reporting for Certain Investments and for External Investment Pools," by retroactively restating beginning retained earnings as of December 31, 1992. GASBS No. 31 requires that all investments be reported at fair value with gains and losses included in the statements of revenues and expenses. Effective January 1, 1993, the Sewerage and Water Board of New Orleans also adopted the provisions of GASBS No. 30, "First Financial Statement," by retroactively restating beginning retained earnings as of December 31, 1992. GASBS No. 30 requires the inclusion of specific incremental claim adjustment expenses and estimated recoveries in the disclosure requirements and in the determination of claims payable amounts.

The following is a reconciliation of Proprietary Component Units total retained earnings as of December 31, 1992, as previously reported, to total retained earnings as restated (amounts in thousands):

Total retained earnings as previously reported, December 31, 1992	\$154,610
Recognition of fair value of investments: New Orleans International Airport	1,931
Recognition of incremental costs: Sewerage and Water Board of New Orleans	<u>(1,635)</u>
Total retained earnings as restated, December 31, 1992	<u>\$154,906</u>

The statement decreased revenues by \$1,325,000 for the year ended December 31, 1996. The offset for the year ended December 31, 1997 was to increase revenues by \$65,000.

Basis of Accounting - All governmental funds (including governmental component units), reportable 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 currently 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 because they are generally not measurable or available until actually received. Investment earnings are recorded as earned since they are measurable and available.

In applying the "susceptible to accrual" concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. 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 disbursed 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 "susceptible to accrual" criteria are met.

All proprietary funds and nonexpendable trust funds 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. Unfilled utility service receivables of the Sewerage and Water Board of New Orleans are not recorded in the general purpose financial statements as management considers the effect of not recording such unfilled receivables to be insignificant in relation to the proprietary component unit financial statements. Under the provisions of GASB Statement No. 28, "Accounting and Financial Reporting for Proprietary Fund Accounting," the City has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.

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 ordinance which encompasses the capital projects fund presents 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 these 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.
- (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 comparison 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 from those used in present financial statements in conformity with GAAP. A reconciliation of this basis and timing differences is presented below (amounts in thousands):

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$(19,794)
Adjustments:	
To adjust revenues for accruals and deferrals	(214)
To reverse December 31, 1997 encumbrances recorded as expenditures on the budgetary basis in 1997	14,096
Reduction in prior year's outstanding encumbrances	(1,612)
To add back prior year's encumbrances paid in 1997, but not recorded as expenditures on the budgetary basis in 1997	(20,198)
To adjust expenditures for accruals	1,251
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$21,842</u>

Additionally, appropriations of \$20,651,800 from prior year's fund balance 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.

Reserve/Encumbrance - 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 ensure 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 except for pension trust funds, Sovereign and Water Board of New Orleans and New Orleans International Airport which are stated at market value. Discounts are amortized over the life of the investment.

Allowance for Estimated Uncollectible Receivables - An allowance for estimated uncollectible property taxes and other receivables is established based upon historical collection experience and other relevant circumstances. The general fund allowance for estimated uncollectible receivables at December 31, 1997 was \$1,452,809.

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. Such inventory of supplies is changed to expense when consumed.

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 "expendable available financial resources."

Component Unit Restricted Assets - Positional 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 ranch, 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 inalienable and of value only to the City; therefore, the purpose of ownership 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 Unit Property, Plant and Equipment - Property, plant and equipment associated with the activities of the proprietary component unit funds are recorded as assets of those funds and are stated at historical cost, if purchased, or at fair market value at date of gift, if donated.

Additions, 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 inter-governmental grants, endowments, or shared revenues is initially restricted to capital acquisitions, it 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:

	Public Utilities District	Public Communications District	San Antonio International Airport	Seawall and Water Board	Municipal Water Utility Management Corporation	Public Market Properties	Open Market Building Development Corporation	Public Market Development Corporation
Furniture and fixtures					100			
Buildings and improvements			3.25					
Machinery and equipment	3.25	4	3.25	10-15	3	3-10	3	5
Utility systems			18-23	50-75				

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 24 days per year). Employees hired after December 31, 1978 can accrue a maximum of 45 days of annual leave and an unlimited number of days of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon his or her current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued sick leave to additional years of service.

For governmental funds, annual and sick leave expenditures are recorded when paid, and any unpaid current liability is considered to be immaterial to the related governmental funds. Accordingly, the liability related to governmental funds, which amounted to \$33,769,000 at December 31, 1997, is reported in the general long-term debt account group.

Litigation - Governmental funds recognize claims and judgments as expenditures according to Statement of Financial Accounting Standards No. 3, "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 balances/retained earnings is not appropriate for expenditures/expenses or is legally segregated for a specific future use.

Component Debt Fee Revenue - The Sewerage and Water Board of New Orleans 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.

Statement of Cash Flows - For purposes of the Statement of Cash Flows, the nonresponsible trust fund and all discretely presented proprietary component units consider all highly liquid investments with an original maturity of sixty days or less when purchased to be cash equivalents. The nonresponsible trust fund cash and cash equivalents consist of \$3,860 in cash. The discretely presented proprietary component unit accounts are as follows at December 31, 1997 (amounts in thousands):

	Urban Parks System	Water and Sewerage Board	New Orleans International Airport	Sewerage and Water Board	Municipal Trust Fund Management Corporation	French Market Corporation	City Trustees Building Restriction Suspension	Local Street Development Suspension	Total
Cash	\$1,039	\$139	\$ 5,000	\$ 824	\$688	\$371	\$ 927	\$ 230	\$ 9,018
Cash equivalents of deposits	—	—	10,545	—	500	—	—	1,000	12,145
Restricted cash	—	—	82	238	—	—	—	—	320
Cash and cash equivalents per Statement of Cash Flows	<u>\$1,039</u>	<u>\$139</u>	<u>\$15,627</u>	<u>\$1,062</u>	<u>\$1,188</u>	<u>\$371</u>	<u>\$ 927</u>	<u>\$1,230</u>	<u>\$24,356</u>

Management Emphasis - Total columns on the general purpose financial statements are captioned "Management 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 flows 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 Certificates of Deposit - The City is authorized by state statute to open depositors in only three 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, 1997, the carrying amount of the City's (primary government only) deposits was \$258,613,080, and the bank balance was \$252,343,808. 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 balances				
Cash	\$ 3,717	\$ 40,888	\$ -	\$ 44,605
Certificates of deposit		188,546		188,546
	<u>\$ 3,717</u>	<u>\$ 149,416</u>	<u>\$ -</u>	<u>\$ 153,133</u>

Investments - State statute authorizes 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 uninsured 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 uninsured 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 instrumentalities	\$ 91,318	\$ -	\$ -	\$ 91,318	\$ 91,318
Corporate bonds	32,824	31,227		64,051	64,053
Equity securities	92,481	183,499		275,980	275,958
Cash equivalent investments		15,281		15,202	15,202
	<u>\$ 216,623</u>	<u>\$ 249,987</u>	<u>\$ -</u>	466,511	466,511
Mortgages				53,264	53,264
Total investments				<u>\$ 499,815</u>	<u>\$ 499,815</u>

3. TAX REVENUES

Tax revenues by kind type for the year ended December 31, 1997 are as follows (amounts in thousands):

	General	Special Revenues	Self Service
Sales	\$120,652		
Real and personal property	30,487	\$4,092	\$37,389
Dedicated tax millage	99,712		
Penalties and interest on delinquent taxes	2,844		
Utilities	9,098		
Beverage excise	340		
Assessment	1,568		
Parking	2,363		
Monetary transaction	3,818		
Other	918		
	<u>\$283,088</u>	<u>\$4,092</u>	<u>\$37,389</u>

At December 31, 1997, 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 allocated 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 enforceable 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 1974. The City is permitted by the Louisiana statutes to levy taxes up to \$31.78 per \$1,000 of assessed valuation for general governmental services (including fire and police) other than the payment of principal and interest on long-term debt and other purposes specifically approved by the voters. It is permitted to levy taxes in submitted amounts for the payment of principal and interest on general obligation bonds of the City.

Property tax levies for \$1,000 of assessed valuation accounted for within the funds of the City (primary government only) for the year ended December 31, 1997 are as follows:

General:	
General governmental services	\$ 18.91
Dedicated for fire and police	8.48
Public library	4.32
Fire and police	18.47
Parkways and parks and recreation department	3.00
Street and traffic control device maintenance	1.99
Special revenue:	
Neighborhood housing improvement fund	1.15
New Orleans economic development fund	1.25
Debt service	<u>29.48</u>
	<u>\$ 32.62</u>

Property taxes levied during 1997, reflected during 1997, or expected to be collected within the first 60 days of 1998, are recognized as revenues in 1997. Taxes receivable, estimated to be collected subsequent to the first 60 days of 1998, in the amount of \$5,088,808 are recorded as deferred revenues. Prior year levies were accorded using substantially the same principles, and remaining receivables are recognized annually. Property taxes paid under protest are held in escrow until resolution of the dispute.

4. GRANTEE LOANS

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 as of December 31, 1997 totaling \$10,181,000 which bear interest at rates ranging from 6% to 7%. These loans are receivable over a 30-year period and are recorded as deferred revenue as of December 31, 1997. 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, 1997, including interest receipts of \$1,794,000, are as follows (amounts in thousands):

Year Ending December 31,	
1998	\$ 811
1999	811
2000	811
2001	811
2002	811
2003 and thereafter	<u>18,831</u>
	<u>\$ 13,925</u>

One of the grantee loans receivable, amounting to \$11,086,808, relates to the development of the Riverfront Marketplace. In addition to the stated interest of 6.25% on this loan, the City participates in 38% of the net annual cash flows 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 18%. The cumulative annual effective yield on the loan cannot be less than 8.75%. The City will also participate in 82% 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 1988. No amounts were due at December 31, 1987.

5. FIXED ASSETS

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

	Balance January 1, 1987	Additions	Deletions	Balance December 31, 1987
Land	\$ 30,716			\$ 30,716
Buildings and improvements	172,255	\$ 2,323		174,578
Equipment	56,348	3,176	\$ 2,039	57,485
Construction in progress	<u>178,283</u>	<u>22,241</u>	<u>8,720</u>	<u>191,804</u>
	<u>\$437,603</u>	<u>\$25,740</u>	<u>\$10,759</u>	<u>\$452,584</u>

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

	Project Authorization	Expended to (December 31, 1987)	Committed
Mayor (CAO)	\$ 82,787	\$ 67,378	\$ 85,408
Police	34,899	11,087	3,802
Fire	30,593	3,142	1,458
Property Management	90,473	41,623	9,848
Recreation	25,253	15,487	11,858
Human Services	6,278	4,029	1,240
Parks and Pathways	18,932	15,127	3,805
Utilities	298	43	255
Public Library	7,898	6,732	1,055
Jose Delgado Museum	6,823	6,088	16
Sanitation Department	13,627	11,372	4,855
Safety and Permits	1,334	94	1,839
Misquito Control Board	1,188	1,003	173
Health	3,828	1,003	2,388
City Planning Commission	<u>4,472</u>	<u>3,584</u>	<u>858</u>
	<u>\$260,255</u>	<u>\$181,884</u>	<u>\$28,363</u>

4. LONG-TERM DEBT

Bond Transactions - The following is a summary of bond transactions for the City for the year ended December 31, 1997 (amounts in thousands):

	General Obligation
Bonds payable at January 1, 1997	\$400,511
Bonds issued in 1997	39,080
Bonds retired	<u>(17,930)</u>
Bonds payable at December 31, 1997	<u>\$421,661</u>

The City's legal debt limit for general obligation bonds is \$489,309,000. As December 31, 1997, the City's legal debt margin (after the reduction for outstanding general obligation bonds of \$421,661,000, less \$11,141,000 available in Debt Service Fund) was \$257,607,000.

On January 1, 1997, the City issued \$39,080,000 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's five-year capital improvement plan.

Bonds payable at December 31, 1997, are comprised of the following (all bonds are serial bonds):

Description	Original Issue (in thousands of dollars)	Range of Average Interest Rates	Amount Outstanding (in thousands of dollars)
General obligation bonds:			
1988-91 Public Improvement Bonds, due in annual installments ranging from \$12,365,000 to \$185,000 through December 2029	9,580,150	5.31 to 7.88	\$ 800,385
1991 General Obligation Refunding Bonds, due in annual installments ranging from \$7,880,000 to \$28,585,000 commencing September 2804 through September 2021	179,883	7.07	179,883
1995 General Obligation Refunding Bonds, due in annual installments ranging from \$2,689,080 to \$25,490,080 through October 1, 2001	167,248	6.03	164,885
1996 Limited Tax Bonds, due in annual installments from \$1,240,800 to \$1,370,000 commencing March 1997 through through March 1, 2008	13,800	4.82	<u>13,800</u>
Total general obligation bonds			<u>\$421,661</u>

The requirements to accrete all bonds outstanding as of December 31, 1997, including interest payments of \$248,117,000 are as follows (amounts in thousands):

Year Ending December 31,	General Obligation
1998	\$ 37,568
1999	42,506
2000	43,083
2001	45,173
2002	43,175
2003 - 2006	172,084
2007 - 2011	306,433
2012 - 2016	307,616
2017 - 2021	202,927
2022 - 2026	28,130
	<u>\$1,651,718</u>

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 1874. All property taxes levied by the City and dedicated to the payment of outstanding general obligation bonds are collected by the City and, as required by law, paid over to the Board of Liquidation as collected.

The Board of Liquidation annually determines the amount of property tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City, and all such bonds proposed to be issued by the City during such year. The annual determination of the necessary tax millage in 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 coverage. As December 31, 1997, the City is in compliance with all such significant limitations and restrictions.

Advance Refunding - In prior years, the City entered into advance refunding transactions whereby it issued General Obligation Refunding Bonds to effect early retirement of certain General Obligation Bonds. The net proceeds of these refunding bonds were placed in irrevocable escrow accounts 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. Accordingly, the escrow accounts and the refundable bonds are no longer included on the City's combined balance sheet. Refunded bonds at December 31, 1997 are as follows (amounts in thousands):

1984 General Obligation Bonds	\$ 62,845
1988 Public Improvement General Obligation Bonds	26,748
1992 Public Improvement General Obligation Bonds	<u>33,930</u>
	<u>\$ 123,523</u>

Subsequent Event - On February 1, 1998, the City issued \$40,000,000 in Public Improvement Bonds. The Bonds are being issued for improvements to streets, parks, court buildings, House of Detention and court lock-up, and the acquisition, construction, improvements and renovation to public buildings.

Other General Long-term Debt - The following is a summary of other liabilities recorded in the general long-term debt account group for the year ended December 31, 1997 (amounts in thousands):

	Balance January 1, 1997	Additions	Deductions	Balance December 31, 1997
Claims and judgments (Note 1)	\$ 118,707	\$ 38,237	\$ 42,883	\$ 113,061
Landfill closing costs (Note 1)	13,468		748	12,720
Average annual and sick leave (Note 1)	49,553	3,784		53,337
Payments due to the Audubon Commission (Note 4)	3,770		60	3,710
State of Louisiana World Exposition loans (see below)	8,192		898	7,294
Due to Municipal and State Police Employees' Retirement System (MSERS) (see below)	82,875		3,943	78,932
HUD Section 188 loan (see below)	5,400		350	5,050
Certificate of Indebtedness (see below)	31,835		4,335	27,500
HUD and DOE, for deferred costs (see below)	<u>18,685</u>	<u> </u>	<u>1,898</u>	<u>16,787</u>
Total	<u>\$ 321,805</u>	<u>\$ 38,021</u>	<u>\$ 53,807</u>	<u>\$ 306,019</u>

The City established a \$10,000,000 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, replacement of services and renovations related to the 1984 Louisiana World Exposition (the Exposition) with an interest rate equal to the rate paid by the State on its general obligation bonds to which the line of credit is related. 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, 1997, the amount owed to the State under this line of credit is \$7,294,000, all of which is recorded as a liability in the general long-term debt account group.

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

Year Ending December 31,	Interest	Principal
1998	\$ 993	\$ 971
1999	958	1,060
2000	419	1,154
2001	323	1,283
2002	214	1,383
2003 and thereafter	<u>78</u>	<u>1,481</u>
Total	<u>\$2,103</u>	<u>\$7,294</u>

On August 12, 1998, 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 MSPFS (see Note 7) are as follows (amounts in thousands):

Year Ending December 31,	Interest	Principal
1998	\$ 3,178	\$ 3,189
1999	4,958	3,369
2000	4,732	3,683
2001	4,689	3,857
2002	4,159	4,178
2003 and thereafter	<u>22,247</u>	<u>81,824</u>
Total	<u>\$45,773</u>	<u>\$96,130</u>

During both 1998 and 1999, 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 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, 1997, \$5,180,808 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,	Interest	Principal
1998	\$ 338	\$ 175
1999	328	195
2000	317	210
2001	304	235
2002	<u>288</u>	<u>4,865</u>
Total	<u>\$ 1,576</u>	<u>\$ 5,680</u>

On August 5, 1991, the City issued \$46,800,000 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 construct various equipment for the City. The certificates bear interest, ranging from 9.00% to 6.65%, payable semi-annually. As of December 31, 1997, \$27,128,000 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
1998	\$ 1,804	\$ 4,633
1999	1,490	5,020
2000	1,199	5,393
2001	800	5,880
2002	414	5,170
Total	\$5,687	\$27,128

During 1996, the HHS and the Department of Labor (DOL) assessed the City for approximately \$12,080,000 of disallowed costs related to federal financial assistance that the City has received from these entities from 1978 to 1994. As of December 31, 1997, \$8,793,080 is recorded as a liability in the General Long-Term Debt Account Group. The City agreed to repay \$6,250,000 of these disallowed costs over a 5 year period with no interest. The repayment agreement for the remaining disallowed costs, approximately \$5,408,000, has not yet been determined.

The requirements to amortize the remaining disallowed costs under the existing repayment agreement recorded in the general long-term debt account group that is due to HHS and DOL are as follows (amounts in thousands):

Year Ending December 31,	
1998	\$ 1,071
1999	1,071
2000	1,071
2001	1,071
2002	<u>1,068</u>
Total	\$5,352

7. PENSION PLANS AND POSTRETIREMENT HEALTHCARE BENEFITS

At December 31, 1997, the City sponsors and administers five separate single-employer, contributory defined benefit pension plans, namely: (1) Firefighters' Pension and Relief Fund - Old System; (2) Firefighters' Pension and Relief Fund - New System; (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The GM System covers fire fighters who were employed prior to December 31, 1983. The New System covers fire fighters hired since that date. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees' Retirement System (State of Louisiana) (MPERS). The Police Plan of the

City will remain responsible for the payment of certain benefits due to differences in length of service and age requirements for the participants who were not transferred to the MPERS plan. MPERS is the only cost-sharing, multiple-employer retirement plan in which employees of the City participate. The Employees' Plan covers all City employees other than fire fighters and police.

All four plans use the accrual basis of accounting for operating income and operating expenses. Within this context, interest income is recognized when earned, as are employer and employee contributions, except in the case of the Police Plan which recognizes employer contributions when due from the City.

MPERS Plan Description: On March 6, 1993, an agreement was signed between the City, the Police Pension Funds of the City of New Orleans, and the Municipal Police Employees' Retirement System (MPERS) which provided for the merger of the Police Pension Plans with the MPERS. As of that date, all members of the Police Pension Plans, active and retired, became members of the MPERS. Those members covered by the system who did not meet the age and service requirements of the MPERS will be paid by the Police Pension Fund of the City until they reach age fifty or fifty-five, depending on the length of active service.

Employees become eligible for retirement under the MPERS 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. The plan also provides death and disability benefits. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 641 United Plaza Boulevard, Room 170, Baton Rouge, Louisiana 70809, or by calling (800) 443-6148.

As a result of this merger, the City agreed to pay MPERS 60% of the accrued liability for those employees being merged into the MPERS and 100% of the accrued liability for retired members and beneficiaries merged into the MPERS. The merger agreement (as amended during 1996) requires that the City pay \$2,882,060 quarterly through December 2012, which includes interest at a rate of 7%. The total liability at December 31, 1997, which is recorded in the general long-term debt account group, is \$79,151,808.

Funding Policy: The contribution rate for MPERS per dollar of payroll is 1.5% and .8%, respectively, for the employer and employee as established by State statute. The City's contributions to the MPERS for the years ended December 31, 1997, 1996 and 1995 were \$2,990,000, \$2,523,808 and \$1,234,808, respectively, equal to the required contributions for each year.

Employees' Plan, Police Plan, Firefighters' Pension and Relief Fund - Old and New System Benefits: - The City contributes to four single-employer defined benefit pension plans: Employees' Retirement System of the City of New Orleans, Police Pension Fund of the City of New Orleans, Firefighters' Pension and Relief Fund of the City of New Orleans (New System), and Firefighters' Pension and Relief Fund of the City of New Orleans (Old System). Each plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana. Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan.

*Employee's Retirement System
of the City of New Orleans*
2400 Canal Street, Room 542
New Orleans, Louisiana 70119
(504) 832-0582

*Police Pension Fund of the
City of New Orleans*
715 S. Broad, Room B27
New Orleans, Louisiana 70119
(504) 826-2908

*Firefighters' Pension and Relief Fund
of the City of New Orleans (Old and New Systems)*
329 S. Doge/ma Street
New Orleans, Louisiana 70119
(504) 821-4673

Funding Policy and Annual Pension Costs - The Employer Contributions for the Employees' Retirement System and the Firefighters' Pension and Relief Fund (New System) are based on actuarially determined amounts. The Employer Contribution for the Police Pension Fund is based on amounts necessary to cover administrative costs and payments of pensions and benefits, as certified by the Board of Trustees of the Fund. The Employer Contribution for the Firefighters' Pension and Relief Fund (Old System) is based on amounts necessary to pay current expenses, and, in effect, is being funded on a "pay-as-you-go" basis. Employees covered under the Employees' Retirement System contribute 4% of their taxable compensation in excess of \$1,280 per year to the Employees' Retirement System. Employees covered under the Firefighters' Pension and Relief Fund of the City of New Orleans (Old and New Systems) contribute 6% of salary for the first twenty years of employment of those funds.

As a result of the merger contract with the MPERS to transfer all active policemen who were participating in the City's Police Pension Fund to MPERS, there were no active participants in the plan and therefore the only contributions by employees to the plan related to retirees' contributions for the purchase of military service credit. The City's annual pension cost for the current year and related information for each plan is as follows:

Actuarial Methods and Assumptions

	Employees' Retirement System	Police Pension Fund	Firefighters' Pension and Relief Fund (CMA System)	Firefighters' Pension and Relief Fund (New System)
Annual pension cost (thousands)	\$9,063	\$864	\$17,678	\$2,856
Contributions made (thousands)	\$9,063	\$864	\$17,582	\$9,000
Actuarial valuation date	12/31/97	12/31/97	12/31/97	12/31/97
Actuarial cost method	Fixed Entry Age Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Aggregate Actuarial Cost Method
Amortization method	(a)	(b)	Specific number of years - level amount	Specific number of years - level amount
Remaining amortization period	(a)	(b)	14 years	14 years
Asset valuation method	Market Value	Cost which approximates market	Market value	Average of cost and market
Actuarial assumptions				
Investment rate of return ^a	7%	7%	7.5%	7.5%
Projected salary increase ^a	3%	N/A	3%	3%

- (a) The amortization period, which ends December 31, 2000, 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, 2000.
- (b) The "Entry Age Normal" cost method was used to calculate the funding requirements of the Fund. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as a percentage of payroll for each participant between entry age and assumed retirement age.

Three-Year Trend Information* (amounts in thousands)

	Year Ending	Annual Pension Cost (\$MPC)	Percentage of APC Contributed	Net Pension Obligation
Employee's Retirement System	12/31/97	\$ 9,863	100 %	\$ -
	12/31/96	\$ 9,858	100 %	\$ -
Police Pension Fund	12/31/97	\$ 854	100 %	\$ -
	12/31/96	\$ 972	100 %	\$ -
Firefighters' Pension and Relief Fund (Old System)	12/31/97	\$17,878	100 %	\$ (505)
	12/31/96	\$18,408	94 %	\$1,184
Firefighters' Pension and Relief Fund (New System)	12/31/97	\$ 3,816	100 %	\$ (147)
	12/31/96	\$ 3,158	100 %	\$ -

*According to GASBS No. 17, paragraph 2104: "For the first two years, the required information should be presented for the transition year (1996), and for the current (1997) and transition year (1998), respectively."

Schedule of Funding Progress (amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Assumed Liability (B)	Excess of Assets Over ALA (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	Excess as a Percentage of Covered Payroll (A-B/C)
Employee's Retirement System						
12/31/95	\$221,783	\$226,148	\$ (4,365)	98 %	\$68,892	(6.77)%
12/31/96	238,448	247,933	30,514	112.3 %	76,438	40.3 %
12/31/97	310,342	274,139	44,603	135.2 %	76,899	58.6 %

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Assured Liability (RAL) Entry Age (B)	Excess of Assets Over RAL (C)	Funded Ratio (D)	Covered Payroll (E)	Excess as a Percentage of Covered Payroll (D-E)(F)
Police Pension Fund						
12/31/83	\$ 1,819	\$ 2,374	\$ (755)	30.7 %	\$ -	NA
12/31/86	1,953	1,983	119	99.9 %	-	NA
12/31/87	2,113	1,549	562	130.3 %	-	NA

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Assured Liability (RAL) Entry Age (B)	Excess of Assets Over RAL (C)	Funded Ratio (D)	Covered Payroll (E)	Excess as a Percentage of Covered Payroll (D-E)(F)
Firefighters' Pension and Relief Fund (Old System)						
12/31/83	\$ 3,278	\$161,188	\$ (161,878)	2.8 %	\$ 2,566	(6463.37%)
12/31/86	3,628	160,598	(161,278)	2.4 %	988	(27086.87%)
12/31/87	8,548	172,848	(164,308)	4.9 %	337	(48733.77%)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Assured Liability (RAL) (B)	Excess of Assets Over RAL (C)	Funded Ratio (D)	Covered Payroll (E)	Excess as a Percentage of Covered Payroll (D-E)(F)
Firefighters' Pension and Relief Fund (New System)						

A schedule of funding progress is not required when the aggregate actuarial cost method is used in determining funding requirements because this method does not separately identify an actuarial accrued liability.

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 18 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 1991, the cost of providing these benefits for approximately 1,800 retirees was approximately \$11,154,808, of which \$8,482,808 and \$2,672,000 was provided by the City and retirees, respectively.

8. INDIVIDUAL FUND DISCLOSURES

Analysis of Receivables and Payables - Individual fund interfund receivables and payables at December 31, 1997 were as follows (amounts in thousands):

	Interfund Receivables	Interfund Payables
General	\$ 18,800	\$ 3,071
Special revenues:		
New Orleans Economic Development		56
Environmental Improvement	99	
Rivergate Development Corporation	287	1,200
Terrace Control Fund	34	
Traffic Court Judicial Expense		9
Municipal Court Judicial Expense		265
Department of Safety and Security - Donations	36	
MOPD - Officer's Friends		1
Asset Seizure		25
New Orleans Film Commission	3	3
Municipal Embroidery Cox Cable	245	
Grant Recipient Funds	577	8,615
Total special revenues	1,588	13,172
Capital projects	1,980	---
Trust and agency:		
Pension Trusts:		
Employers' Retirement System	135	
Expendable trusts:		
Delgado-Albinia Plaquemine Commission	11	
Institute of Mental Hygiene		100
Agency:		
Clearing	5,768	11,617
Deposit	277	283
Entirety		2
Total trust and agency	6,181	12,912
Component units:		
Auditors Commission	180	180
Orleans Parish Communication District		36
Municipal Yacht Harbor Management Corporation	15	
Canal Street Development Corporation	11	
Total component units	227	226
Total	\$ 28,896	\$ 28,998

Component Unit Receivables and Payables - Receivables and payables with component units at December 31, 1997 were as follows (amounts in thousands):

	Receivables	Payables
General	\$ 467	\$ 153
Special revenue	38	356
Capital projects	884	
Trust and agency:		
Expendable trust	3	
Clearing		93
Total trust and agency	3	93
Component units:		
Delcote Parish Communication District		119
Downriver Development District		884
Sewerage and Water Board of New Orleans	300	234
Municipal Yacht Harbor Management Corporation	199	
Canal Street Development Corporation	488	
Upper Pontalba Building Restoration Corporation		93
New Orleans International Airport	127	19
French Market Corporation		38
Total component units	1,012	1,304
Total	\$ 2,515	\$ 2,515

Interfund Advances - Individual fund interfund advances at December 31, 1997 were as follows (amounts in thousands):

	Advances to Other Funds	Advances from Other Funds
General	\$ 153	
Special revenue:		
Sidewalk Paving and Repairing		\$ 2
Department of Safety and Permits - Demolition		293
Total special revenue	-	295
Total	\$ 153	\$ 297

Component Debt Advances - Advances between the primary government and its component units at December 31, 1997 were as follows (amounts in thousands):

	Advances to Primary Government	Advances from Component Units
Capital projects		\$ 4,985
Component units:		
New Orleans International Airport	\$ 4,562	
Upper Pontalba Building Restoration Corporation	39	
Municipal Yacht Harbor Management Corporation	404	
Total	\$ 4,985	\$ 4,985

Fund Transfers - Individual fund transfers for the year ended December 31, 1997 were as follows (amounts in thousands):

	Transfers In	Transfers Out
General	<u>\$11,281</u>	<u>\$ 1,173</u>
Special revenues:		
Grant Receipts Funds		489
Municipal Court Judicial Expenses	927	
Municipal Enforcement - Cox Cable		2,080
Traffic Court Judicial Expenses	334	
Rivergate Development Corporation		<u>9,081</u>
Total special revenues	<u>1,771</u>	<u>11,741</u>
Total	<u>\$13,052</u>	<u>\$12,914</u>

Accounting Changes for Support Services - Interfund charges for support services paid to the general fund during fiscal year 1997 by the New Orleans International Airport amounted to \$883,808 primarily by the overland reimbursement and fire protection and by the Orleans Parish Communication District amounted to \$258,080 for overland reimbursement.

The City does not charge the French Market Corporation, the Municipal Trade Harbor Management Corporation, the Upper Pontalce 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 Commission for the land which is owned by the City on which the golf course operates.

Riverfront Economic Development Agreement: On April 30, 1992, the City, the Board of Commissioners of the Port of New Orleans, and Audubon Commission entered into an agreement titled "Riverfront Economic Development Agreement" (the Agreement). In accordance with the terms of the Agreement, Audubon Commission paid \$13,000,000 to the Board of Commissioners of the Port of New Orleans. Of this amount \$11,000,000 was from the sale of Audubon Commission's Aquarium Revenue Bonds, Series 1991A, and \$2,000,000 was from self-generated funds of Audubon Commission.

In consideration for the \$11,000,000 payment, Audubon 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 Commission at December 31, 1997.

In consideration for the Audubon Commission's \$1,808,089 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 Commission for twenty years beginning with the 1992 calendar year. The balance due to the Audubon Commission of \$1,708,008 at December 31, 1997, 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 Commission for the remaining payment discounted at seven percent, or to continue to pay the \$280,000 in monthly installments of \$10,667. \$1,710,808 of the Audubon Commission's \$2,000,000 payment is included in other assets of the Audubon Commission as December 31, 1993. As payments are received from the City of Pine Bluff, this account is being reduced for that portion of the payment representing return of principal, with the balance credited to interest income.

9. 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 balances at December 31, 1993 are as follows (amounts in thousands):

	Governmental Fund Types				Fiduciary Fund Type	Total
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	
Encumbrances	\$ 27,153	\$2,692		\$ 42,521		\$ 72,366
Endowments					\$ 203	203
Long-term advances	232					232
Employee pension						
Insulcia					866,736	866,736
Data service	588		\$ 31,343			31,931
Total	\$ 27,953	\$2,692	\$ 31,343	\$ 42,521	\$ 866,939	\$ 969,448

10. 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 Parks-Demolition, Vision 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, certain special revenue funds and certain agency funds for the year ended December 31, 1993 was approximately \$3,314, \$2,319 and \$153, respectively.

In addition, interest income on the non-spendable trust fund is recorded in separate endowment income trust funds (spendable trust funds).

11. 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 cost in 1997 for such operating lease agreements was \$4,824,000.

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 Administration'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, 1997 to be \$82,450,000.

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

The City's claims are financed on a "pay-as-you-go" basis for its motor vehicle fleet, general liability and police department excessive force losses. Premiums are charged to the City's various funds for the employment and workers' 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 premiums, if any, are funded by the general fund.

As of December 31, 1997, the City has determined, through an analysis of historical experience, the adequacy of the liability necessary to cover all losses and claims, both incurred and reported and incurred but not reported (IBNR), under its self-insurance programs. The liabilities of \$204,000 for motor vehicle fleet, \$42,834,080 for general liability and police department excessive force, \$31,288,080 for workers' compensation and \$7,639,000 for hospitalization have been accrued in the general long-term debt account group, in the total amount of \$136,861,000.

Changes to the City's claims liability amounts in fiscal 1997 and 1998 were (amounts in thousands):

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Benefits Payments and Claims	Balance at Fiscal Year-End
General Liability and Police Liability:				
1998	58,908	7,236	5,526	60,618
1997	60,609	7,964	5,124	63,449
Workers' Compensation:				
1998	26,708	14,485	8,680	32,513
1997	31,909	8,835	7,072	33,672
Motor Vehicle Fleet:				
1998	348	265	295	318
1997	348	442	478	318
Hospitalization and Unemployment:				
1998	6,299	27,581	28,034	3,846
1997	3,862	31,976	38,189	3,649
Total:				
1998	111,653	49,557	42,485	118,725
1997	134,767	58,237	42,869	129,935

Federal Financial Assistance (Overhead) Costs - The City receives federal financial assistance directly from federal agencies or passed through from other government agencies. An audit of the City's Schedule of Federal Financial Assistance disclosed certain items or transactions as questioned costs. The ultimate resolution or determination as to whether the costs will be disallowed under the affected grants will be made by the various funding sources and cannot be determined at this time.

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 in debt is based on the landfills' expenses used as of the balance sheet date. As of December 31, 1997, the City had assumed a liability of \$12,728,800, which represents the amount of costs reported to-date based on the 100 percent capacity of both landfills.

These amounts are based on what it would cost to perform all closure and postclosure care in 1997. Actual cost may be higher due to inflation, changes in technology, or changes in regulations and may need to be increased by charges from future tax revenues.

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.

Potential Litigation - The Internal Revenue Service ("IRS") and Securities and Exchange Commission ("SEC"), in numerous cases around the country, are looking into allegations that "yield burning" occurred in connection with the issuance of advance refunding bonds by local governments. In advance refundings, a portfolio of securities, usually direct US Treasury securities, is purchased to defund the payments on the refunded bond issue(s) through their redemption or maturity on some future date or dates. Federal arbitrage regulations generally limit the yield of such defeasance securities to the yield on the refunding bond issue. The IRS and SEC appear to believe that in some cases these defeasance market positions may have been sold by certain dealers to investors at artificially high prices, thereby resulting in lower than market yields. This practice has been referred to as "yield burning."

The IRS has notified the City that it believes yield-burning may have occurred in connection with the City's General Obligation Refunding Bonds, Series 1991. Additionally, the City and the Board of Liquidation, City Debt have received information requests from both IRS and SEC in connection with their yield burning investigations, and have responded to the requests from both agencies. As of the date of this report no final determination has been made by the IRS or the SEC in connection with the Series 1991 Bonds.

Because investigations by the IRS and SEC into "yield burning" are widespread, several national local government interest groups and others have become involved and are pressing the IRS and SEC to resolve their claims with the dealers who may have participated in yield burning, rather than with the local government issuers who were the victims of the alleged yield burning schemes. The City has been given no assurance, however, that the IRS or the SEC will actually follow this course of action. The City has filed suit against the underwriters and market providers of the bonds under question for indemnification from any claims of the bond holders should the bond's tax-exempt status be denied and any additional taxes be incurred.

12. COMPONENT UNIT DISCLOSURES:

A. Cash and Time Certificates of Deposit

The carrying amount of component unit deposits at December 31, 1997 was \$130,809,000, and the bank balance was \$132,900,000. 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 balance 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.

	Category			Total
	1	2	3	
Bank balance:				
Cash and certificates of deposit	<u>\$ 2,405</u>	<u>\$ 128,493</u>	<u>\$ 38</u>	<u>\$ 130,936</u>

B. Investments

The carrying amount of component unit investments at December 31, 1997 was \$262,734,000 and the market value is \$262,808,608. These investments are categorized below (amounts in thousands) to give an indication of the level of risk assumed by the component unit as 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 uninsured 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 investments	\$19,260	\$ 71,160	\$ 3,315	\$193,635	\$193,739
Corporate bonds		25,787		25,787	25,787
Equity securities		78,282		78,282	78,282
	<u>\$19,260</u>	<u>\$175,149</u>	<u>\$ 3,315</u>	<u>\$262,734</u>	<u>\$262,808</u>

C. Fixed Assets

A summary of proprietary component unit property, plant and equipment at December 31, 1997 follows (amounts in thousands):

	Office Building Equipment	Construction	New Orleans International Airport	Sewerage and Water Board	Multi-Use Trust	Public Street Construction	Water Purifier Building Renovation	Land Street Development	Total
Cost and accumulated depreciation:					\$ 1,762				\$ 1,762
Land			\$ 165,440	\$ 165,440					\$330,880
Buildings and improvements	\$ 132,844		132,844	132,844	3,707	\$12,298	\$ 2,884	\$ 2,884	\$517,111
Electricity and utility systems	\$ 4,104	\$ 4,104	3,882	\$8,186	\$5	\$28	\$8	\$8	\$20,415
Land		\$20	\$3,114	\$3,134			\$20	\$20	\$10,408
Land, accumulated depreciation	1,124	\$2,884	\$3,287	\$3,287	\$568	\$1,216	\$134	\$688	\$12,007
Land, accumulated depreciation	1,788	\$7,776	\$10,169	\$20,792	\$3,269	\$2,412	\$1,882	\$1,782	\$50,000
Land, utility rights	1,124	\$4,224	\$1,771	\$7,119	4,707	\$28	\$28	\$28	\$28,211
Construction in progress		1,622	76,242	14,421		162			\$92,447
Total	\$1,762	\$10,620	\$166,617	\$242,684	\$ 4,339	\$ 4,222	\$ 2,020	\$ 4,339	\$1,226,009

Construction in progress in the proprietary component unit consists primarily of renovations to the New Orleans International Airport and the Sewerage and Water Board of New Orleans' construction of water, sewerage and drainage systems within the City. Outstanding commitments to complete these construction projects as of December 31, 1997 amounted to approximately \$134,183,608 for the New Orleans International Airport.

D. Long-Term Debt

The City is not liable for bonds issued by the Sewerage and Water Board of New Orleans and the New Orleans International Airport. Series 1993 Limited Tax bonds issued by the Audubon 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, 1997 was \$44,620,808.

The following represents debt service requirements (amounts in thousands) for all significant component unit bonds outstanding at December 31, 1997. Interest payments for the Sewerage and Water Board of New Orleans, New Orleans International Airport, and Audubon Commission of \$11,731,600, \$131,314,800 and \$42,238,090 respectively, are included.

Year Ending December 31,	Audubon Commission	New Orleans International Airport	Sewerage and Water Board	Total
1998	\$ 4,831	\$ 20,599	\$ 8,685	\$ 34,115
1999	5,787	20,813	8,863	35,463
2000	5,863	20,999	8,897	35,769
2001	5,908	21,171	8,979	36,058
2002	5,851	21,267	8,936	36,054
2003 and thereafter	<u>79,213</u>	<u>373,366</u>	<u>38,809</u>	<u>491,418</u>
	<u>\$ 107,612</u>	<u>\$ 427,315</u>	<u>\$ 68,502</u>	<u>\$ 603,429</u>

Arbitrage - The New Orleans International Airport has issued tax-exempt bonds which are subject to arbitrage regulations of the Internal Revenue Service (IRS), which regulations 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 New Orleans International Airport being subject to arbitrage rebates. The estimated arbitrage rebate liability for the New Orleans International Airport's Series 1994 Revenue bonds is \$1,906,379 as of December 31, 1997.

E. Contributed Capital

The following proprietary component units recorded contributed capital in the following amounts as of December 31, 1997: New Orleans International Airport, \$166.7 million; Sewerage and Water Board of New Orleans, \$181.7 million; French Market Corporation, \$1.9 million; and Canal Street Development Corporation, \$8.8 million. Total contributed capital across these funds increased in 1997 by \$11.3 million from \$318.8 million to \$330.1 million. 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.

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 YEAR ENDING DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Revised Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Taxes:	\$ 12,999	\$ 12,979	\$ 406
Real estate	7,132	7,568	436
Personal property			
Dedicated millage:			
Police	13,463	13,696	233
Fire	23,463	13,298	(10,165)
Library	3,806	3,885	79
Recreation	1,940	2,874	934
Pathway	1,940	2,368	428
Seems	2,944	2,968	24
Salts - undedicated	120,659	120,652	(7)
Penalty and interest on delinquent taxes	1,979	2,944	965
Utilities	9,690	9,048	(642)
Chain store	293	293	
Special real property service charge		1	1
Interest on special real property service charge		1	1
Roofing repairs	993	996	3
Assessment	1,338	1,358	20
Off-track betting	308	481	173
Parking	1,679	2,163	484
Documentary transaction	5,885	5,819	(66)
Total taxes	<u>308,212</u>	<u>307,818</u>	<u>(394)</u>
Licenses and permits:			
Alcohol or Krew licenses		1	1
Electrical licenses	453	555	102
Air conditioning and gas flame licenses	117	104	(13)
Hunting and poaching licenses	29	15	(14)
Occupational licenses	5,235	5,234	(1)
Special operating engineer licenses	2	2	
Stationary engineer licenses	903	85	(818)
Miscellaneous licenses	233	329	96
Service cuts	11	54	43

(Continued)

GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)**

	Revised Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Licenses and permits (continued)			
Franchises:			
Cable TV	2,746	2,746	
Louisiana Power and Light Company	650	708	58
New Orleans Public Service Inc.	20,044	18,268	(1,776)
South Central Bell, Inc.	3,740	3,813	73
Miscellaneous franchises		62	62
Beverage permits	1,350	1,263	(87)
Broker tag permits	2,900	3,088	188
Building permits	2,110	2,212	102
Mayoral permits	100	311	211
Mechanical permits	518	458	(160)
Taxi and chauffeurs permits	627	669	42
Massage parlor permits	2		(2)
Marl-Cas permits - permits	1	23	22
Medical transportation vehicle permits	23	25	2
Freight hauling permit	18	33	15
Public right-of-way use	28	69	41
Miscellaneous	3,175	342	(2,833)
Total licenses and permits	50,228	44,462	(5,766)
Intra-governmental:			
Federal aid - other	90	783	693
Reimbursement - food stamps	348	380	(32)
Federal Natural Resources Environment	101	93	(8)
State Revenue Sharing	2,298	2,764	466
State aid - DHRF	987	1,046	59
State aid - other	2,780	3,694	914
Public transportation fund	4,187	3,323	(864)
Automobile rental tax	23	31	8
Office of the Comptroller		31	31

(Continued)

**GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 1998 (AMOUNTS IN THOUSANDS)**

	Revised Budget	Actual on Budgetary Basis	Variance - Favorable (unfavorable)
Intragovernmental (continued):			
Bidding	800		(800)
Severance tax		22	22
Tobacco tax	4,098	3,613	(485)
Orleans Parish Comm. District Telephone Tax	218	298	80
Total intragovernmental	10,243	17,247	(800)
Charges for services:			
Admission charge	19		(19)
Commercial disposal charges		128	128
Food/drink concessions	13	13	
Dwelling range fees	2	9	7
Emergency medical service charge	4,368	4,976	608
Fees - maps and documents	62	41	(21)
File practices - New Orleans Airport	2,327	2,470	143
Grass cutting	79	31	(48)
Mail/postal services	9	8	(1)
Grass fees	433	663	230
Increase cost	1,767	1,571	(196)
Inspection fees, vacant buildings		1	1
Park entrance fees	50	94	44
Parking meters	3,885	3,476	(409)
Police and fire services - other	791	763	(28)
Public cemetery burial	84	78	(6)
Sanitation service charges	19,750	19,338	(412)
Service fees - unsalvageable buildings		39	39
Tax collection services:			
Levy Board	20	47	27
Orleans Parish School Board	1,280	1,059	(221)
Regional Transit Authority	280	646	366
Law enforcement services	190	135	(55)
Zoning, books and petitions	530	476	(54)
Data processing services - parish agencies	320	325	5
Maintenance of state highways	350	356	6
Towing and immobilization charges	620	518	(102)

(Continued)

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Revised Budget	Actual on Budgetary Basis	Variance - Favorable (unfavorable)
Charges for services (continued):			
Utility regulatory fees	4,889	4,814	75
Municipal service charge	3,769	3,828	59
Other	891	928	37
Hospital	108	147	39
Total charges for services	<u>44,954</u>	<u>44,638</u>	<u>316</u>
Fees and forfeits:			
Fees and fees	10,214	10,216	2
Bond forfeits		2	2
Impounded cars	33	46	13
Traffic violations	1,488	2,403	915
Municipal court fees	75	93	18
Municipal court costs	15	64	49
Library fees	168	181	13
Administration adjudication fees		19	19
Traffic, municipal court reimbursements		51	51
Total fees and forfeits	<u>11,998</u>	<u>12,557</u>	<u>559</u>
Interest income:			
Interest income	3,508	4,458	950
Interest on 1987 Capital Fund bonds		118	118
Interest on 1988 Capital Fund bonds		287	287
Interest on 1989 Capital Fund bonds	1,408	1,472	64
Interest on 1991 Capital Fund bonds		1,018	1,018
Interest on 1996 Capital Fund bonds		400	400
Interest on 1996A Capital Fund bonds	58	79	21
Interest on 1997A Capital Fund bonds	1,978	2,480	502
Total interest income	<u>6,932</u>	<u>10,496</u>	<u>3,564</u>
Contributions, gifts and donations	<u>428</u>	<u>389</u>	<u>39</u>
Miscellaneous:			
Adjudication to City		5	5
Cash coverage		86	86
Workers' compensation retroactive		139	139
Building and ground rental	799	1,224	425
Food service royalty		13	13
Parking royalties		89	89
Wrestling machine royalties		1	1

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT B-1

Page 8 of 8

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET (VOM-GAAP BUDGETARY BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Revised Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Miscellaneous (continued):			
Fay phone royalties	130	18	(112)
Event/boat parking fee	18,800	8,343	(10,457)
Investment proceeds	31	373	342
Other	8,700	2,242	(6,458)
Appropriations from prior year's fund balance	<u>28,812</u>	<u>28,812</u>	<u> </u>
Total miscellaneous	<u>48,713</u>	<u>32,386</u>	<u>(16,327)</u>
Total revenues	<u>772,645</u>	<u>743,805</u>	<u>(28,840)</u>
Other financing sources:			
Operating leases in			
Reduction in prior year's outstanding	14,714	11,983	(2,731)
recurrences	<u> </u>	<u>1,812</u>	<u>1,812</u>
Total other financing sources	<u>14,714</u>	<u>13,795</u>	<u>(919)</u>
Total revenues and other financing sources	<u>\$787,359</u>	<u>\$757,600</u>	<u>\$29,759</u>

(Continued)

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Revised Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
General government:			
The Council:			
Personal services	\$ 3,683	\$ 3,615	\$ 67
Other operating expenditures	7,006	7,008	28
	<u>10,689</u>	<u>10,623</u>	<u>66</u>
The Mayor:			
Personal services	10,075	10,007	68
Other operating expenditures	31,180	30,886	2,947
	<u>41,255</u>	<u>40,892</u>	<u>3,613</u>
Department of Law:			
Personal services	3,183	3,089	93
Other operating expenditures	3,667	3,899	668
	<u>6,850</u>	<u>6,988</u>	<u>681</u>
Judicial and parochial:			
Personal services	4,951	4,810	141
Other operating expenditures	32,996	32,765	231
	<u>37,947</u>	<u>37,575</u>	<u>372</u>
Department of Finance:			
Personal services	8,751	8,751	4
Other operating expenditures	16,594	16,319	2,729
	<u>25,345</u>	<u>25,070</u>	<u>2,723</u>
Unattached boards and commissions:			
Personal services	2,124	2,121	3
Other operating expenditures	813	447	366
	<u>2,937</u>	<u>2,568</u>	<u>369</u>

(Continued)

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET (MON-GAAP BUDGETARY BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Revised Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
General government (continued)			
Department of Civil Service:			
Personal services	1,256	1,347	9
Other operating expenditures	214	307	93
	<u>1,470</u>	<u>1,654</u>	<u>184</u>
General services:			
Personal services			
Other operating expenditures	2,036	1,879	157
	<u>2,036</u>	<u>1,879</u>	<u>157</u>
Total general government	<u>35,960</u>	<u>33,532</u>	<u>2,428</u>
Public safety:			
Department of Police:			
Personal services	86,167	86,128	39
Other operating expenditures	6,162	5,956	206
	<u>92,329</u>	<u>92,084</u>	<u>245</u>
Department of Fire:			
Personal services	57,536	57,276	260
Other operating expenditures	3,732	3,588	144
	<u>61,268</u>	<u>60,864</u>	<u>404</u>
Department of Safety and Permits:			
Personal services	2,405	2,390	15
Other operating expenditures	289	286	23
	<u>2,694</u>	<u>2,676</u>	<u>18</u>
Total public safety	<u>146,292</u>	<u>141,684</u>	<u>4,608</u>
Public works:			
Department of Public Works:			
Personal services	10,178	10,160	18
Other operating expenditures	8,428	8,280	148
	<u>18,606</u>	<u>18,440</u>	<u>166</u>

(Continued)

**GENERAL FUND
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)**

	Revised Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Public works (continued):			
Department of Sanitation:			
Personal services	1,815	1,814	1
Other operating expenditures	20,348	20,317	31
	<u>22,163</u>	<u>21,631</u>	<u>532</u>
Department of Property Management:			
Personal services	7,998	7,884	114
Other operating expenditures	3,763	3,371	392
	<u>11,761</u>	<u>11,255</u>	<u>506</u>
Department of Utilities:			
Personal services	1,833	1,808	25
Other operating expenditures	3,244	3,123	121
	<u>5,077</u>	<u>4,931</u>	<u>146</u>
Total public works	<u>38,991</u>	<u>38,125</u>	<u>866</u>
Health and human services:			
Department of Health:			
Personal services	9,828	9,828	
Other operating expenditures	3,763	3,768	(5)
	<u>13,591</u>	<u>13,596</u>	<u>(5)</u>
Department of Human Services:			
Personal services	3,188	3,093	95
Other operating expenditures	218	218	
	<u>3,406</u>	<u>3,311</u>	<u>95</u>
Total health and human services	<u>17,000</u>	<u>17,114</u>	<u>(114)</u>

(Continued)

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 1989 (AMOUNTS IN THOUSANDS)

	Revised Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Culture and recreation:			
Public Library:			
Personal services	4,554	4,554	—
Other operating expenditures	1,851	1,845	6
	<u>6,405</u>	<u>6,399</u>	<u>6</u>
Historical District Landmarks Commission:			
Personal services	394	383	9
Other operating expenditures	53	30	23
	<u>448</u>	<u>413</u>	<u>35</u>
Visual Arts Commission:			
Personal services	179	173	6
Other operating expenditures	26	17	13
	<u>205</u>	<u>190</u>	<u>15</u>
Museum of Art:			
Other operating expenditures	237	237	—
	<u>237</u>	<u>237</u>	<u>—</u>
Parkway and Parks Commission:			
Personal services	5,681	5,677	14
Other operating expenditures	1,762	1,653	109
	<u>7,443</u>	<u>7,330</u>	<u>113</u>
Department of Recreation:			
Personal services	5,282	5,276	6
Other operating expenditures	1,662	1,579	83
	<u>6,944</u>	<u>6,855</u>	<u>89</u>
Total culture and recreation	<u>21,874</u>	<u>21,608</u>	<u>266</u>

(Continued)

**GENERAL FUND
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET (MCM GAAP BUDGETARY BASIS) AND ACTUAL
 YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)**

	Revised Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Urban development and housing general services - community development			
Personnel services	208	179	61
Other operating expenditures	<u>54</u>	<u>27</u>	<u>37</u>
Total urban development and housing	<u>254</u>	<u>196</u>	<u>58</u>
Debt service:			
Principal	4,335	4,335	
Interest and fiscal charges	<u>3,094</u>	<u>3,094</u>	
Total debt service	<u>5,429</u>	<u>5,429</u>	
Total expenditures	<u>183,593</u>	<u>174,982</u>	<u>18,605</u>
Other financing uses:			
Operating transfers out	1,970	1,971	
Appropriations from prior year's fund balance	20,815	20,057	
Other, net		<u>1,152</u>	<u>(1,151)</u>
Total other financing uses	<u>21,815</u>	<u>23,180</u>	<u>(1,365)</u>
Total expenditures and other financing uses	<u>\$401,415</u>	<u>\$397,962</u>	<u>\$ 3,452</u>

(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.

Environmental Improvement - Used to account for funds received from fines, fees, costs and penalties and allocated to programs designed to improve health, housing and environmental conditions in the City.

Riverport Special Fund - Used to account for funds received from the Riverport parking facilities which have been earmarked for payment to the Audubon Commission as per the "Riverport Economic Development Agreement."

Riverport Development Corporation - Used to account for and receive the development of the future land-based casino site.

Traffic Court Judicial Expense - Used to account for monies collected from contempt fines and penalties paid by persons charged with traffic violations and allocated to the proper administration of the court or offices of the individual judges.

Municipal Court Judicial Expense - Used to account for monies collected from bond forfeitures in connection with the administration of the Municipal Court or in other manners provided by law.

Department of Safety and Permits - Demolition - Used to account for funds allocated to the demolition of buildings or structures.

Music and Entertainment Commission - Used to account for funds allocated for programs designed to attract music and entertainment to the City.

Asset Seizure - Used to account for property confiscated from drug dealers by the police department to be used for crime fighting resources.

Plant a Tree Campaign - Used to account for funds allocated to programs designed for planting and beautifying trees, plants and flowers throughout the City.

Municipal Endowment - Cox Cable - Used to account for funds allocated for programs related to video or audio community service programming in New Orleans or the arts, humanities and culture of New Orleans.

Capital Improvement and Infrastructure - Used to account for funds allocated for the improvement of infrastructures within the City.

Grant Receipts Fund - Used to account for grants and other state and federal financial assistance.

CITY OF NEW ORLEANS, LOUISIANA

SPECIAL REVENUE FUNDS

COMBINED BALANCE SHEET

DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	National League of City	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	Rivergate Special Fund	Rivergate Development Corporation
ASSETS						
Cash		\$ 248	\$ 835	\$ 125	\$ 79	\$ 215
Certificates of deposit	\$ 5	2,758	1,847	378	680	815
Investments, at cost or amortized cost						
Accounts receivable (net, where applicable, of allowances for uncollectibles)				15		
Grants/loans receivable						
Due from other funds				99		297
Due from other governments						
Due from component units	—	—	—	18	—	30
TOTAL ASSETS	\$ 5	\$3,006	\$3,682	\$625	\$859	\$ 1,407
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1	\$ 1	\$ 4			
Due to other funds		86				\$ 1,288
Due to other governments						
Deferred revenues						
Advances from other funds						
Due to component units	—	—	—	—	—	—
Total Liabilities	1	87	4	—	—	1,288
Fund balances:						
Reserved for encumbrances (unexpended)		1,499	418	\$ 95	\$ 12	67
Designated for subsequent years' expenditures (unexpended)	4	184	1,658	971	667	158
Total fund balances	4	2,641	2,076	625	679	217
TOTAL LIABILITIES AND FUND BALANCES	\$ 5	\$3,006	\$3,682	\$625	\$859	\$ 1,417

Traffic Control Fund	Traffic Court Judicial Expense	Municipal Court Judicial Expense	Sidewalk Paving and Repairing	Special Event	Adopt a Pothole Program	Department of Safety and Permits - Demerits
\$ 88		\$ 1	\$ 1 1	\$ 1 2	\$ 8 24	\$ 38 90
	\$ 13	3				34
24	17	406				34
<u>3</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>3</u>
<u>\$ 117</u>	<u>\$ 30</u>	<u>\$ 409</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 32</u>	<u>\$ 438</u>
	\$ 18 7	\$ 13 263				\$ 800
	<u>4</u>	<u>152</u>	\$ 1			<u>280</u>
	<u>32</u>	<u>418</u>	<u>1</u>			<u>350</u>
\$ 47					\$ 32	30
<u>300</u>	<u>1</u>	<u> </u>	<u> </u>	<u>\$ 3</u>	<u> </u>	<u>40</u>
<u>347</u>	<u>1</u>	<u> </u>	<u> </u>	<u>3</u>	<u>32</u>	<u>74</u>
<u>\$ 347</u>	<u>\$ 30</u>	<u>\$ 418</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 32</u>	<u>\$ 478</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

SPECIAL REVENUE FUNDS
COMBINED BALANCE SHEET

DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Music and Entertain- ment Commission	New Orleans Police Department - Crime Prevention	New Orleans Police Department - Officer's Friends	Asset Balance	New Orleans War on Drugs	New Orleans Recreation Department
ASSETS						
Cash	\$ 20		\$ 1	\$ 211	\$ 8	\$ 49
Certificates of deposit investments, at cost, at amortized cost		\$ 1		997		
Accounts receivable (net, where applicable, of allowance for uncollectibles)						
Claims receivable Due from other funds						
Due from other governments						
Due from component units	—	—	—	—	—	—
TOTAL ASSETS	\$ 20	\$ 1	\$ 1	\$ 1,198	\$ 8	\$ 49
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable Due to other funds	\$ 4		\$ 1	\$ 1		
Due to other governments				21		
Deferred revenues						
Advances from other funds Due to component units	—	—	—	—	—	—
Total liabilities	4	—	1	22	—	—
Fund balances:						
Reserved for encumbrances Unreserved:				77		
Designated for subsequent year's expenditures: Unassigned	207	\$ 1	—	\$ 109	\$ 8	\$ 49
Total fund balances	207	1	—	\$ 176	8	49
TOTAL LIABILITIES AND FUND BALANCES	\$ 20	\$ 1	\$ 1	\$ 1,198	\$ 8	\$ 49

New Orleans Firm Commission	New Orleans Special Events	Veaz Carr Commission	Veaz Carr Restoration	Public Library Donations	Sanitation Recycling
\$ 53 09	\$ 4 54	\$ 58	\$ 1	\$ 11	\$ 4 38
—	—	—	—	—	—
<u>\$145</u>	<u>\$ 28</u>	<u>\$ 58</u>	<u>\$ 1</u>	<u>\$ 11</u>	<u>\$ 41</u>
\$ 3				\$ 3	
—	—	—	—	—	—
<u>—</u>	—	—	—	<u>3</u>	—
	\$ 7				
<u>145</u>	<u>35</u>	<u>\$ 58</u>	<u>\$ 1</u>	<u>11</u>	<u>\$ 41</u>
<u>145</u>	<u>38</u>	<u>58</u>	<u>1</u>	<u>11</u>	<u>41</u>
<u>\$145</u>	<u>\$ 38</u>	<u>\$ 58</u>	<u>\$ 1</u>	<u>\$ 11</u>	<u>\$ 41</u>

(Continued)

**SPECIAL REVENUE FUNDS
COMBINED BALANCE SHEET
DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)**

	Plant & Tree Campaign	Municipal Entertainment Fee Cable	Capital Improvement and Infrastructure	Grant Recipient Funds	Total	
					1997	1996
ASSETS						
Cash	\$ 9	\$ 255	\$ 97	\$ 1,804	\$ 3,040	\$ 5,071
Certificates of deposit	280	827	1,134	5,139	36,371	45,651
Deposits, at cost or amortized cost						5,418
Accounts receivable (net, when applicable, of allowances for uncollectible)		24	7		342	474
Grants from receivable				15,000	15,936	30,936
Due from other funds		340		377	1,369	4,353
Due from other governments				14,679	15,112	30,673
Due from component units					80	283
TOTAL ASSETS	\$ 299	\$ 1,021	\$ 2,218	\$ 26,221	\$ 58,098	\$ 66,693
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable				\$ 1,800	\$ 1,164	\$ 1,950
Due to other funds				9,615	11,173	26,887
Due to other governments				58	58	77
Deferred revenues				10,826	11,006	18,178
Advances from other funds					233	252
Due to component units					160	88
Total liabilities				22,309	35,734	58,792
Fund Balances:						
Reserved for contingencies	\$ 110	\$ 93			3,400	135
Unreserved:						
Designated for subsequent year expenditures				11,686	11,110	36,188
Undesignated	76	1,688	1,218		9,998	9,322
Total fund balances	209	1,971	2,218	11,686	24,192	25,797
TOTAL LIABILITIES AND FUND BALANCES	\$ 299	\$ 1,021	\$ 2,218	\$ 26,221	\$ 58,098	\$ 66,693

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

SPECIAL REVENUE FUNDS
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	National League of City	New Orleans Economic Development	Neighborhood Housing Improvement	Environment Improvement	Rivergate Special Fund	Rivergate Development Cooperation
REVENUES:						
Taxes		\$1,650	\$1,114			
Intergovernmental						
Program income						
Fees and tariffs				\$200		
Interest income		301	414			
Contributions, gifts and donations						
Miscellaneous	\$ 4					\$ 4,088
Total revenues	<u>4</u>	<u>1,811</u>	<u>1,714</u>	<u>200</u>	<u>—</u>	<u>4,088</u>
EXPENDITURES:						
General government:						
Public safety						
Public works						
Health and human services				84		
Culture and recreation						
Urban development and housing			1,416			
Economic development and assistance		1,476				708
Total expenditures	<u>—</u>	<u>1,476</u>	<u>1,416</u>	<u>84</u>	<u>—</u>	<u>708</u>
Excess (deficiency) of revenues over expenditures	<u>4</u>	<u>355</u>	<u>308</u>	<u>116</u>	<u>—</u>	<u>3,118</u>
Other financing sources (used):						
Operating transfers in						
Operating transfers out						(9,096)
Total other financing sources (used)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(9,096)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>4</u>	<u>355</u>	<u>308</u>	<u>116</u>	<u>—</u>	<u>(908)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>—</u>	<u>1,404</u>	<u>1,714</u>	<u>40</u>	<u>1,678</u>	<u>915</u>
FUND BALANCES, END OF YEAR	<u>\$ 4</u>	<u>\$1,849</u>	<u>\$2,022</u>	<u>\$156</u>	<u>\$1,678</u>	<u>\$ 117</u>

Terrace Control Fund	Traffic Court Judicial Expense	Municipal Court Judicial Expense	Sidewalk Paving and Repairing	Special Event	Adopt a Pothole Program	Department of Safety and Parks - Demolition
	\$1,267	\$ 312				
					\$ 14	
<u>\$214</u>	<u>1,267</u>	<u>424</u>	<u>---</u>	<u>---</u>	<u>14</u>	<u>---</u>
	1,430	1,365				
67						
<u>67</u>	<u>1,430</u>	<u>1,365</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
<u>147</u>	<u>(611)</u>	<u>(672)</u>	<u>---</u>	<u>---</u>	<u>14</u>	<u>---</u>
	834	807				
	<u>834</u>	<u>807</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
147	(199)				14	
	<u>26</u>	<u>---</u>	<u>---</u>	<u>\$ 3</u>	<u>14</u>	<u>\$ 78</u>
<u>\$147</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 32</u>	<u>\$ 78</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

SPECIAL REVENUE FUNDS
 COMPARING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Music and Entertain- ment Commission	New Orleans Police Department - Crime Prevention	New Orleans Police - Officer's Friends	Asset Sale/ret	New Orleans War on Drugs	New Orleans Recreation Department
REVENUES						
Taxes						
Intergovernmental						
Program income						
Fees and tolls						
Interest income			\$ 11	\$ 17		
Contributions, gifts and donations				304		
Miscellaneous	153					
Total revenues	153		11	321		
EXPENDITURES						
General government						
Public safety				111		
Public works						
Health and human services						
Culture and recreation	116					
Urban development and housing						
Economic development and assistance						
Total expenditures	116			111		
Excess (deficiency) of revenues over expenditures	37		11	210		
Other financing sources (uses)						
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	37		11	210		
FUND BALANCES, BEGINNING OF YEAR		\$ 1	1	890	\$ 3	\$ 42
FUND BALANCES, END OF YEAR	\$ 74	\$ 1	\$ -	\$ 1,100	\$ 3	\$ 42

New Orleans Film Commission	New Orleans Special Events	Vieux Carré Commission	Vieux Carré Restoration	Public Library Donations	Sanitation Recycling
\$ 1	\$ 1			\$ 6	\$ 1
<u>207</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>6</u>	<u>1</u>
143		\$ 1		12	
<u>143</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>12</u>	<u>1</u>
<u>78</u>	<u>1</u>	<u>10</u>	<u>1</u>	<u>68</u>	<u>1</u>
78	1	10		68	1
<u>63</u>	<u>11</u>	<u>53</u>	<u>1</u>	<u>17</u>	<u>11</u>
<u>\$ 143</u>	<u>\$ 18</u>	<u>\$ 58</u>	<u>\$ 1</u>	<u>\$ 11</u>	<u>\$ 12</u>

(Continued)

SPECIAL REVENUE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Plant & Equip	Municipal Improvements	Capital Improvement and Infrastructure	Grant Recipient Funds	Total	
					1997	1996
REVENUES:						
Taxes			\$1,508		\$ 4,892	\$ 4,215
Intergovernmental				\$58,642	58,642	48,742
Program income				719	719	1,590
Fees and forfeits					2,025	2,112
Interest income	\$ 11	\$ 2	38	817	1,868	1,705
Contributions, gifts and donations	17	799			1,689	2,681
Miscellaneous					9,738	18,050
Total revenues	<u>28</u>	<u>801</u>	<u>1,546</u>	<u>69,218</u>	<u>79,572</u>	<u>79,963</u>
EXPENDITURES:						
General government				3,914	7,929	4,817
Public safety				3,818	5,129	1,335
Public works				35	35	187
Health and human services				12,767	12,818	19,488
Culture and recreation	84	25		68	429	308
Urban development and housing				33,266	33,682	26,765
Economic development and assistance				3,016	18,252	18,821
Total expenditures	<u>84</u>	<u>25</u>	<u></u>	<u>63,138</u>	<u>79,386</u>	<u>58,791</u>
Excess (deficiency) of revenues over expenditures	<u>(56)</u>	<u>777</u>	<u>1,346</u>	<u>(639)</u>	<u>8,186</u>	<u>11,172</u>
Other financing sources (uses):						
Operating transfers in					1,771	2,080
Operating transfers out		(2,000)		(685)	(11,281)	(11,199)
Total other financing sources (uses)		<u>(2,000)</u>		<u>(685)</u>	<u>(9,510)</u>	<u>(9,119)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(56)</u>	<u>(1,223)</u>	<u>1,346</u>	<u>(1,381)</u>	<u>(1,324)</u>	<u>2,053</u>
FUND BALANCES, BEGINNING OF YEAR	<u>242</u>	<u>2,824</u>	<u>892</u>	<u>12,987</u>	<u>25,787</u>	<u>15,154</u>
FUND BALANCES, END OF YEAR	<u>\$ 186</u>	<u>\$1,601</u>	<u>\$2,238</u>	<u>\$11,606</u>	<u>\$24,463</u>	<u>\$ 17,207</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

GRANT RECIPIENT FUNDS

COMBINED BALANCE SHEET

DECEMBER 31, 1987 (AMOUNTS IN THOUSANDS)

	Department of Housing and Urban Development	Federal Justice Administration	Federal Health Administration
ASSETS			
Cash	\$ 1,114		\$ 400
Certificates of deposit			
Grantor loans receivable			
Due from other funds			117
Due from other governments	<u>5,110</u>	<u>5,958</u>	<u>84</u>
TOTAL ASSETS	<u>\$6,124</u>	<u>\$5,958</u>	<u>\$ 581</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 374	\$ 3	\$ 14
Due to other funds	3,000	976	741
Due to other grant tenants			
Deferred revenues	—	—	—
Total liabilities	<u>3,374</u>	<u>979</u>	<u>755</u>
Fund balances:			
Unreserved:			
Designated for subsequent years' expenditures	—	12	17
Total fund balances	—	<u>12</u>	<u>17</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$6,124</u>	<u>\$5,958</u>	<u>\$ 761</u>

Federal USDA	Department of Economic Development	Federal Energy Grant	Louisiana Commission on Law Enforcement	Department of Health and Human Resources	Environmental Protection Agency	Louisiana Department of Public Safety
\$ 300		\$ 5	\$ 5	\$ 85		\$ 6
4,709			360	180		70
13,810						
63		37	312		\$ 17	
<u>4,868</u>	<u>\$ 33</u>		<u>312</u>	<u>551</u>	<u>\$ 17</u>	<u>4</u>
<u>\$15,078</u>	<u>\$ 33</u>	<u>\$ 62</u>	<u>\$ 788</u>	<u>\$ 740</u>	<u>\$ 17</u>	<u>\$ 40</u>
\$ 1			\$ 390	\$ 34		\$ 40
34	\$ 10			780	\$ 17	
		\$ 5				
<u>13,830</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>13,830</u>	<u>10</u>	<u>5</u>	<u>390</u>	<u>780</u>	<u>17</u>	<u>40</u>
<u>13,118</u>	<u>—</u>	<u>32</u>	<u>392</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>13,118</u>	<u>—</u>	<u>32</u>	<u>392</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>\$15,078</u>	<u>\$ 33</u>	<u>\$ 62</u>	<u>\$ 788</u>	<u>\$ 740</u>	<u>\$ 17</u>	<u>\$ 40</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

GRANT RECIPIENT FUNDS
 COMBINED BALANCE SHEET
 DECEMBER 31, 1987 (AMOUNTS IN THOUSANDS)

	Federal Department of Commerce	Department of Education	Department of Culture, Recreation and Tourism	Department of Labor	Department of Personnel
ASSETS					
Cash		\$ 2			\$ 8
Certificates of deposit					
Excess loan stock-able		5	\$ 1		
Due from other funds					
Due from other governments	\$ 51	—	—	\$ 1,170	—
TOTAL ASSETS	\$ 51	\$ 7	\$ 1	\$ 1,170	\$ 8
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					
Due to other funds	\$ 51			\$ 1,170	\$ 7
Due to other governments					
Deferred income	—	—	—	—	—
Total liabilities	51	—	—	1,170	7
Fund balances:					
Unreserved:					
Designated for subsequent year's expenditures	—	\$ 7	\$ 1	—	—
Total fund balances	—	7	1	—	—
TOTAL LIABILITIES AND FUND BALANCES	\$ 51	\$ 7	\$ 1	\$ 1,170	\$ 8

Traffic Court	Office of Justice	Private Grants	Federal Department of Social Service	Total	
				1987	1988
\$ 31 40				\$ 1,908 5,119 13,836 277	\$ 4,189 5,698 18,578 3,478
—	—	\$ 1	\$ 144	18,679	18,679
<u>1 31</u>	<u>1 -</u>	<u>1 1</u>	<u>1 144</u>	<u>135,215</u>	<u>138,179</u>
			\$ 1 147	\$ 1,830 8,615	\$ 1,658 13,130
\$ 31				88	75
—	—	—	—	13,836	18,578
<u>— 31</u>	<u>—</u>	<u>—</u>	<u>144</u>	<u>18,679</u>	<u>20,188</u>
		\$ 1		11,696	12,987
		1		11,696	12,987
<u>1 31</u>	<u>1 -</u>	<u>1 1</u>	<u>1 144</u>	<u>135,215</u>	<u>138,179</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

**GRANT RECEIPT FUNDS
COMPARED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)**

	Department of Housing and Urban Development	Federal Justice Administration	Federal Health Administration
REVENUES			
Intergovernmental	\$ 10,000	\$ 0,000	\$ 12,800
Program income	170		
Interest income			
Contributions, gifts and donations	—	—	—
Total revenues	<u>10,170</u>	<u>0,000</u>	<u>12,800</u>
EXPENDITURES:			
General government		31	3,407
Public safety		1,908	
Public works			8,176
Health and human services			
Culture and recreation			
Urban development and housing	10,812		
Economic development and assistance	—	—	—
Total expenditures	<u>10,812</u>	<u>1,939</u>	<u>11,583</u>
Excess (deficiency) of revenues over expenditures	<u>— 64</u>	—	—
Other financing used:			
Operating transfers in	—	—	—
Operating transfers out	—	—	—
Total other financing used	—	—	—
Excess of revenues and other financing sources over expenditures and other financing used	60	—	—
FUND BALANCES, BEGINNING OF YEAR	<u>4</u>	<u>11</u>	<u>17</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 17</u>

Federal USAID	Department of Economic Development	Federal Energy Grant	Louisiana Commission on Law Enforcement	Department of Health and Human Resources	Environmental Protection Agency	Louisiana Department of Public Safety
\$ 194 701			\$ 401	\$3,320 213	\$ 17	\$ 38
<u>194</u>			<u>401</u>	<u>3,534</u>	<u>17</u>	<u>38</u>
			179 638	2,189	17	38
1,344						
<u>1,344</u>			<u>737</u>	<u>3,398</u>	<u>37</u>	<u>76</u>
(182)			(108)	141		
<u>(182)</u>				<u>(141)</u>		
641)			(106)			
<u>11,352</u>		\$.52	<u>738</u>			
\$11,315	\$ -	\$.52	\$ 324	\$ -	\$ -	\$ -

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

**GRANT RECEIPT FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)**

	Federal Department of Commerce	Department of Education	Department of Culture, Recreation and Tourism	Department of Labor	Department of Recreation
REVENUES:					
Intergovernmental	\$ 43		\$ 63	\$ 1,188	\$ 29
Program income					
Fines and forfeits					
Interest income					
Contributions, gifts and donations	—	—	—	—	—
Total revenues	<u>43</u>	—	<u>63</u>	<u>1,188</u>	<u>29</u>
EXPENDITURES:					
General government	43				29
Public safety					
Public works					
Health and human services			63		
Culture and recreation					
Urban development and housing					
Economic development and assistance	—	—	—	6,788	—
Total expenditures	<u>43</u>	—	<u>63</u>	<u>6,788</u>	<u>29</u>
Excess (deficiency) of revenues over expenditures	—	—	—	(5,600)	—
Other financing use:					
Operating transfers in	—	—	—	—	—
Operating transfers out	—	—	—	—	—
Total other financing use	—	—	—	—	—
Excess of revenues and other financing sources over expenditures and other financing use	—	—	—	(5,600)	—
FUND BALANCES, BEGINNING OF YEAR	—	\$ 3	1	498	1
FUND BALANCES, END OF YEAR	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 1</u>

Traffic Court	Office of Justice	Private Grants	Federal Department of Social Service	Total	
				2007	2008
\$ 35	\$1,770		\$ 515	\$38,641	\$ 48,741
	84			779	1,455
				817	29
					674
					6
38	1,404		318	60,285	60,986
			347	1,824	1,883
25	1,404			5,835	1,229
				31	46
				11,767	15,368
				68	51
				31,286	24,827
			288	7,876	6,189
38	1,404		315	61,174	68,778
				(350)	1,151
					87
				(382)	(382)
				(482)	(482)
				(1,382)	1,382
		\$ 1		12,987	12,708
\$ -	\$ -	\$ 1	\$ -	\$ 12,686	\$ 12,982

(Continued)

TRUST AND AGENCY FUNDS

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 covered by the various plans. Resources are contributed by employees at rates fixed by laws, 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:

Dodgeville-Albion Plantation Commission - Used to account for funds generated from the operation of a sugar cane plantation.

Ebenezer Winsor - Used to account for approximately 23,580 acres of land and waterbottoms in Jefferson, St. John the Baptist and Lafourche Parishes, Louisiana from the estate of Ebenezer Winsor to the City of NEW ORLEANS, LOUISIANA, as Trustee, for a 180 year charitable trust. The beneficiaries of the trust include the City of NEW ORLEANS, LOUISIANA as beneficiary for several charitable purposes, Charity Hospital of NEW ORLEANS, LOUISIANA, Tulane University and The Salvation Army. Specific portions of the land or the income from the land were also set aside for the establishment and maintenance of specified structures for certain other organizations operating within the City of New Orleans, Louisiana. This trust was created by an Act of Donation dated August 4, 1914.

Isaac Dodgeville-Memorial - Used to account for funds which will benefit Dodgeville Community College.

Stella Legacy - Used to account for funds designated to establish a city dispensary for gratuitous dispensing of medicine and medical advice to the poor.

Institute of Mental Hygiene - Used to account for funds for the purpose of study, research and treatment in the field of mental hygiene and psychiatry.

Simon Arvidsson - Used to account for funds for the purpose of purchasing books for the Public Library.

Helene Alder Levy Memorial Library - Used to account for funds for the purpose of establishment and maintenance of the Helene Alder Levy Memorial Room at the New Orleans Public Library.

Agency funds are used to account for all monies held by the City in a trustful capacity. Such monies are received as assets and equally offset by liabilities. These funds do not represent 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.

Advance Fund - Used to account for money paid to or deposited with any officer, department or board under protest or held subject to the proper determination of the rights of the City.

CITY OF NEW ORLEANS, LOUISIANA

TRUST AND AGENCY FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

ASSETS	Private Trust Funds	Nonexpendable Trust Fund	Expendable Trust Funds
Cash	\$ 4,290	\$ 3	\$ 138
Certificates of deposit		187	8,981
Investments	498,943	48	
Receivables:			
Accounts			126
Accrued interest	2,358		
Other	1,358		
Due from other funds	115		11
Due from component units			7
Due from other governments			
Other assets	483	1	12
TOTAL ASSETS	\$501,712	\$206	\$9,265
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 487		\$ 10
Other payables and accruals	514	\$ 1	
Due to other funds			180
Due to other governments	25		
Due to component units			
Total liabilities	1,046	1	190
FUND BALANCES:			
Reserved for:			
Employment		202	
Employee's pension benefits	598,736		
Unreserved - undesignated			8,255
Total fund balances	598,736	202	8,255
TOTAL LIABILITIES AND FUND BALANCES	\$501,712	\$206	\$9,265

EXHIBIT D-1

Agency Funds			Total	
Closing	Deposit	Encrow	1997	1998
\$30,000	\$1,247 1,000	\$ 3,182 10,384	\$ 38,180 33,587 498,993	\$ 32,061 33,869 430,634
66	332		504	4,733
			2,330	2,432
3,768	137		1,339	4,866
229			8,151	9,869
			2	68
			229	332
			436	388
<u>\$35,089</u>	<u>\$6,376</u>	<u>\$13,486</u>	<u>\$352,714</u>	<u>\$317,136</u>
\$ 363	\$ 21	\$ 828	\$ 1,380	\$ 1,077
5,009	6,587	22,876	25,917	34,400
11,633	183	2	12,021	20,049
28,133	24		18,196	12,789
<u>93</u>			<u>83</u>	<u>25</u>
<u>36,888</u>	<u>6,876</u>	<u>23,486</u>	<u>67,426</u>	<u>70,880</u>
			303	303
			569,726	638,031
			<u>8,133</u>	<u>8,028</u>
			<u>515,186</u>	<u>646,186</u>
<u>\$36,889</u>	<u>\$6,876</u>	<u>\$23,486</u>	<u>\$387,714</u>	<u>\$317,136</u>

CITY OF NEW ORLEANS, LOUISIANA

**PENSION TRUST FUNDS
COMBINING STATEMENT OF PLAN NET ASSETS
DECEMBER 31, 1987 (AMOUNTS IN THOUSANDS)**

ASSETS	Firefighters'		Police
	Old System	New System	Old System
Cash	\$ 4,168	\$ 50	\$ 369
Investments	4,257	176,380	1,746
Receivables:			
Accrued interest	23	714	7
Other	23	32	25
Due from other funds			
Other assets	8		1
TOTAL ASSETS	\$8,512	\$177,096	\$2,138
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 4	\$ 177	
Other payables and accruals	5		
Due to other governments		23	
Total liabilities	9	208	
FUND BALANCES:			
Reserved for			
Employees' pension benefits	8,548	176,898	2,138
Total fund balances	8,548	176,898	2,138
TOTAL LIABILITIES AND FUND BALANCES	\$8,557	\$177,096	\$2,138

EXHIBIT D-2

Employee ¹ Retirement System	Total	
	1997	1998
\$ 25	\$ 4,183	\$ 1,461
218,579	489,953	433,584
1,586	2,389	2,452
1,249	1,359	4,096
135	159	123
<u>416</u>	<u>421</u>	<u>371</u>
<u>\$219,991</u>	<u>\$507,775</u>	<u>\$438,081</u>
\$ 330	\$ 487	\$ 292
529	514	766
<u> </u>	<u>22</u>	<u>-</u>
<u>859</u>	<u>1,048</u>	<u>1,058</u>
<u>319,141</u>	<u>508,718</u>	<u>438,833</u>
<u>319,141</u>	<u>508,718</u>	<u>438,833</u>
<u>\$319,981</u>	<u>\$507,772</u>	<u>\$438,891</u>

CITY OF NEW ORLEANS, LOUISIANA

EXPENDABLE TRUST FUNDS

COMBINED BALANCE SHEET

DECEMBER 31, 1987 (AMOUNTS IN THOUSANDS)

	Delegado- Alberca Plantation Commission	Edward Blow	Institute of Mental Hygiene	LaFolche Bluck	Pierre DeFrance- Jean of Arc
ASSETS					
Cash	\$ 35		\$ 82	\$ 3	
Certificates of deposit	2,528	\$4,816	18		\$ 7
Accounts receivable		322			
Due from other funds	31				
Due from component units	2				
Other assets	32				
TOTAL ASSETS	<u>\$2,598</u>	<u>\$5,832</u>	<u>\$100</u>	<u>\$ 3</u>	<u>\$ 7</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					\$ 3
Due to other funds			\$100		
Total liabilities			<u>100</u>		<u>3</u>
FUND BALANCES:					
Unreserved - undesignated	<u>\$2,598</u>	<u>\$5,832</u>		<u>\$ 3</u>	<u>4</u>
Total fund balances	<u>2,598</u>	<u>5,832</u>		<u>3</u>	<u>4</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$2,598</u>	<u>\$5,832</u>	<u>\$100</u>	<u>\$ 3</u>	<u>\$ 7</u>

EXHIBIT D-3

Steven Hersheims	Kewanee Club Lee Circle Sprinkler System	Fife West Fireman's Foundation	Endowment Income	Total	
				1987	1986
\$ 2 40	\$ 3	\$ 4	\$ 24 530 5	\$ 153 8,880 116 11 2 12	\$ 150 7,721 121 8 1 12
<u>\$ 48</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 559</u>	<u>\$ 9,365</u>	<u>\$ 8,852</u>
—	—	—	\$ 7	\$ 10 100	\$ 3 1
—	—	—	7	100	4
<u>\$ 48</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>352</u>	<u>1,255</u>	<u>8,818</u>
<u>48</u>	<u>3</u>	<u>4</u>	<u>352</u>	<u>1,255</u>	<u>8,818</u>
<u>\$ 48</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 358</u>	<u>\$ 1,385</u>	<u>\$ 8,832</u>

CITY OF NEW ORLEANS, LOUISIANA

**EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)**

	Delgado- Alberic Plantation Commission	Edward Weaver	Institute of Mental Hygiene	LaFache Mastic	Pierre DeFrance- Jean of Arc
REVENUES:					
Contributions, gifts and donations	\$ 166	\$ 756	\$ 13		
Interest income	<u>137</u>	<u>280</u>	<u>1</u>		
Total revenues	<u>303</u>	<u>1,036</u>	<u>14</u>		
EXPENDITURES:					
Health and human services			100		
Culture and recreation	<u>368</u>	<u>174</u>		<u>2</u>	
Total expenditures	<u>368</u>	<u>174</u>	<u>100</u>	<u>2</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	43	144	(86)	(2)	
FUND BALANCES, BEGINNING OF YEAR	<u>1,555</u>	<u>4,793</u>	<u>88</u>	<u>7</u>	<u>4</u>
FUND BALANCES, END OF YEAR	<u>\$1,598</u>	<u>\$4,937</u>	<u>\$ 2</u>	<u>\$ 5</u>	<u>\$ 4</u>

EXHIBIT D-4

Simon Hersheim	Korens Club Lee Circle Sprinkler System	Ella West Freeman Foundation	Endowment Income	Total	
				1997	1998
\$ 3			\$ 3	\$ 444	\$ 447
<u>1</u>			<u>36</u>	<u>425</u>	<u>361</u>
3			31	1,368	1,261
				191	12
<u>4</u>				<u>1,080</u>	<u>790</u>
<u>4</u>				<u>1,141</u>	<u>804</u>
(1)			31	227	499
<u>49</u>	\$ 3	\$ 6	<u>501</u>	<u>8,028</u>	<u>7,569</u>
<u>\$ 48</u>	<u>\$ 3</u>	<u>\$ 6</u>	<u>\$ 502</u>	<u>\$8,156</u>	<u>\$8,028</u>

CITY OF NEW ORLEANS, LOUISIANA

EXPENDABLE TRUST FUNDS - ENDOWMENT INCOME TRUST FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Isaac Delgado Memorial	John McDonough School	Lafayette Cemetery No. 1 Under Will of Lilly Violet	Mahalia Zimmerman Tomb
ASSETS				
Cash			\$ 1	
Certificates of deposit	\$ 303	\$ 7	3	\$ 5
Accounts receivable	<u>2</u>	—	—	—
TOTAL ASSETS	<u>\$ 305</u>	<u>\$ 7</u>	<u>\$ 4</u>	<u>\$ 5</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	—	—	—	\$ 3
Total liabilities	—	—	—	<u>3</u>
FUND BALANCES:				
Unreserved - undesignated	\$ 305	\$ 7	\$ 4	2
Total fund balances	<u>305</u>	<u>7</u>	<u>4</u>	<u>2</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 305</u>	<u>\$ 7</u>	<u>\$ 4</u>	<u>\$ 5</u>

EXHIBIT D-8

Mrs. Otto Joachim	Sickles Legacy	Helen Adler Levy Library	Total	
			1997	1998
\$ 1	\$ 23	\$ 34	\$ 34	\$ 32
_____	157	_____2	310	488
_____	_____1	_____	_____5	_____4
<u>\$ 1</u>	<u>\$ 181</u>	<u>\$ 36</u>	<u>\$ 518</u>	<u>\$ 524</u>
_____	_____	\$ 4	\$ 3	\$ 3
_____	_____	4	3	3
\$ 1	\$ 181	32	312	321
_____1	_____181	_____32	_____312	_____321
<u>\$ 1</u>	<u>\$ 181</u>	<u>\$ 36</u>	<u>\$ 518</u>	<u>\$ 524</u>

CITY OF NEW ORLEANS, LOUISIANA

**EXPENDABLE TRUST FUNDS - ENDOWMENT INCOME TRUST FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)**

	Isaac Delgado Memorial	John McDonagh School	Lafayette Cemetery No. 1 Under Will of Libby Violet	Manalia Zimmernan Trust
REVENUES:				
Contributions, gifts and Donations	\$ 5			
Interest income	<u>14</u>			
Total revenues	<u>19</u>			
EXCESS OF REVENUES OVER EXPENDITURES	19			
FUND BALANCES, BEGINNING OF YEAR	<u>306</u>	<u>\$ 7</u>	<u>\$ 4</u>	<u>\$ 2</u>
FUND BALANCES, END OF YEAR	<u>\$ 325</u>	<u>\$ 7</u>	<u>\$ 4</u>	<u>\$ 2</u>

EXHIBIT D-6

Mrs. Doro Joachim	Sickles Legacy	Helen Auler Lerry Library	Total	
			1967	1966
_____	\$ 9	\$ 3	\$ 3 <u>28</u>	\$ 8 <u>45</u>
_____	8	3	<u>31</u>	<u>53</u>
	0	0	0	0
\$ 1	132	29	<u>511</u>	<u>468</u>
\$ 1	\$181	\$ 31	\$ 502	\$ 521

CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT D-7

Page 1 of 2

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Balance January 1, 1997	Additions	Deductions	Balance December 31, 1997
CLEARING FUND				
ASSETS				
Cash	\$14,415	\$1,576,138	\$1,570,317	\$16,616
Certificates of deposit	2,800	4,080	4,808	
Accounts receivable	3,959	471	4,354	66
Due from other funds	8,497	14,138	17,657	5,758
Due from component units	68		69	
Due from other governments	322	328	413	237
	<u>\$48,061</u>	<u>\$1,585,055</u>	<u>\$1,188,234</u>	<u>\$16,604</u>
LIABILITIES				
Accounts payable	\$ 87	\$1,789,311	\$1,789,316	\$ 260
Other payables and accounts	3,218	511,024	510,707	3,529
Due to other funds	22,509	27,456	28,488	11,677
Due to other governments	12,289	487,903	482,845	18,157
Due to component units	35	93	38	52
	<u>\$48,338</u>	<u>\$2,825,787</u>	<u>\$2,820,826</u>	<u>\$36,675</u>
DEPOSIT FUNDS				
ASSETS				
Cash	\$ 1,406	\$ 12,897	\$ 13,406	\$ 1,247
Certificates of deposit	4,000	1,000		5,000
Accounts receivable	189	332	189	332
Due from other funds	238		1	272
	<u>\$ 6,133</u>	<u>\$ 14,326</u>	<u>\$ 13,696</u>	<u>\$ 6,851</u>
LIABILITIES				
Accounts payable	\$ 174	\$	\$ 162	\$ 12
Other payables and accounts	3,583	4,688	3,796	4,567
Due to other funds	286		13	281
Due to other governments		14		14
	<u>\$ 6,133</u>	<u>\$ 4,692</u>	<u>\$ 3,971</u>	<u>\$ 4,874</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT D-T

Page 2 of 2

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Balance January 1, 1997	Additions	Deductions	Balance December 31, 1997
ESCROW FUND				
ASSETS				
Cash	\$ 4,681	\$ 127,357	\$ 128,896	\$ 3,142
Certificates of deposit	18,763	18,817	17,215	20,365
Accounts receivable	-	1,200	1,200	-
Due from other funds	3	-	3	-
	<u>\$ 23,447</u>	<u>\$ 147,374</u>	<u>\$ 147,314</u>	<u>\$ 23,496</u>
LIABILITIES				
Accounts payable	\$ 321	\$ 167	\$ 160	\$ 328
Other payables and accruals	22,763	30,170	33,096	22,836
Due to other funds	83	3	84	3
	<u>\$ 23,446</u>	<u>\$ 30,340</u>	<u>\$ 33,340</u>	<u>\$ 23,496</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 30,662	\$ 1,718,472	\$ 1,712,779	\$ 34,379
Certificates of deposit	24,382	33,917	33,375	25,314
Accounts receivable	4,798	1,963	1,763	798
Due from other funds	5,779	14,138	17,871	6,049
Due from component units	69	-	69	-
Due from other governments	312	328	421	219
	<u>\$ 66,912</u>	<u>\$ 1,768,818</u>	<u>\$ 1,766,374</u>	<u>\$ 66,771</u>
LIABILITIES				
Accounts payable	\$ 782	\$ 1,789,478	\$ 1,789,457	\$ 803
Other payables and accruals	33,803	348,374	347,159	35,382
Due to other funds	23,848	27,459	28,285	11,812
Due to other governments	12,299	697,907	483,849	18,771
Due to component units	35	83	35	60
	<u>\$ 68,817</u>	<u>\$ 2,863,821</u>	<u>\$ 2,861,273</u>	<u>\$ 66,771</u>

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, LOUISIANA

EXHIBIT B-1

SCHEDULE OF GENERAL FIXED ASSETS BY ASSET CLASS AND SOURCE
DECEMBER 31, 1987 (AMOUNTS IN THOUSANDS)

General fixed assets:	
Land	\$ 30,716
Buildings and improvements	173,278
Equipment	61,806
Construction in progress	<u>191,804</u>
Total general fixed assets	<u>\$456,604</u>
Investment in general fixed assets from:	
Special revenue funds	\$ 11,379
Capital projects funds:	
General obligation bonds	192,260
Federal grants	38,648
State grants	12,454
Miscellaneous capital funds	8,377
Gifts	1,679
Miscellaneous revenues	17,670
General fund revenues	59,710
Unidentified sources*	<u>170,216</u>
Total investment in general fixed assets	<u>\$456,604</u>

* Purchases prior to January 1, 1983, for which a funding source could not be identified.

CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT E-2

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

Function and Activity	Land	Buildings and Improvements	Equipment	Total
General government:				
The Council			\$ 682	\$ 682
The Mayor	\$ 448		3,047	3,495
Department of Law			143	143
Judicial and Paroleal			1,803	1,803
Department of Finance			1,346	1,346
Unaffiliated boards and commissions		\$ 445	1,800	2,245
Department of Civil Service			128	128
General services			78	78
General government	34,175	65,235	78	79,488
Total general government	34,623	65,680	18,555	98,858
Public safety:				
Department of Police	1,348	8,585	19,875	30,808
Department of Fire	900	3,809	9,714	14,423
Department of Safety and Prisons		4,358	61	4,419
Total public safety	2,248	12,652	29,650	44,550
Public works:				
Department of Public Works		338	8,992	9,330
Department of Sanitation	17	6,464	1,782	8,263
Department of Property Management		3,832	1,434	4,246
Department Utilities			112	112
Total public works	17	8,634	12,200	20,851
Health and Human Services:				
Department of Health	48	3,681	1,981	5,610
Department of Human Services	358	2,182	487	3,027
Total health and human services	406	5,863	2,468	8,737
Culture and recreation:				
Public Library	478	7,070	1,044	8,592
Cultural Commission		5,582	719	6,301
Department of Recreation	12,534	24,803	2,967	39,304
Total culture and recreation	13,012	37,455	4,730	55,197
Urban development and housing:				
			1,289	1,289
Economic development and assistance:				
			74	74
Total general fixed assets allocated to facilities	518,216	1,135,128	\$61,206	267,550
Construction in progress				181,884
Total general fixed assets				\$449,434

CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT C-3

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
 YEAR ENDED DECEMBER 31, 1987 (AMOUNTS IN THOUSANDS)**

Function and Activity	General Fixed Assets January 1, 1987	Additions	Deductions	General Fixed Assets December 31, 1987
General government:				
The Council	\$ 376	\$ 186		\$ 562
The Mayor	4,843	811	\$ 58	5,585
Department of Law	177	6		183
Judicial and Paralegal	997	36		1,033
Department of Finance	1,349	97		1,446
Unattached boards and commissions	2,648	238	38	2,847
Department of Civil Service	117		9	108
General services	74			74
General government	<u>79,412</u>			<u>79,472</u>
Total general government	<u>86,422</u>	<u>1,262</u>	<u>105</u>	<u>87,579</u>
Public safety:				
Department of Police	30,809	1,405	1,136	30,978
Department of Fire	17,499	981		18,480
Department of Safety and Patrols	4,219	20	130	4,209
Total public safety	<u>52,527</u>	<u>2,352</u>	<u>1,266</u>	<u>53,613</u>
Public works:				
Department of Public Works	8,915	2,978	359	9,311
Department of Sanitation	8,747	23	7	8,763
Department of Property Management	4,029	117		4,146
Department Utilities	87	21		108
Total public works	<u>21,778</u>	<u>3,139</u>	<u>366</u>	<u>24,551</u>
Health and human services:				
Department of Health	6,871	1,383	19	8,234
Department of Human Services	3,726	2		3,728
Total health and human services	<u>10,597</u>	<u>1,385</u>	<u>17</u>	<u>11,969</u>
Culture and recreation:				
Public Library	8,565	37		8,602
Cultural Commission	1,808	1		1,809
Department of Recreation	78,295	9		78,304
Total culture and recreation	<u>88,668</u>	<u>47</u>		<u>88,715</u>
Urban development and housing	<u>1,122</u>	<u>171</u>	<u>36</u>	<u>1,257</u>
Economic development and assistance	<u>87</u>	<u>87</u>		<u>174</u>
Construction in progress	<u>175,381</u>	<u>27,349</u>	<u>8,729</u>	<u>193,999</u>
Total general fixed assets	<u>\$ 207,882</u>	<u>\$ 32,148</u>	<u>\$ 10,249</u>	<u>\$ 229,781</u>

CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT F-1

**SCHEDULE OF GENERAL BONDED SERVICE REQUIREMENTS-UNTL. MATURITY
 DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)**

Year	General Obligations Bonds	
	Principal	Interest
1998	\$ 16,575	\$ 21,283
1999	12,735	20,171
2000	24,080	19,091
2001	25,180	17,942
2002	29,680	19,483
2003	28,245	15,999
2004	14,839	26,433
2005	15,404	27,881
2006	15,023	28,500
2007	12,644	28,797
2008	12,299	28,082
2009	11,904	28,406
2010	11,715	28,680
2011	11,555	28,863
2012	11,407	28,998
2013	11,255	29,136
2014	11,312	29,188
2015	11,346	29,154
2016	11,288	29,148
2017	11,589	29,026
2018	11,684	29,875
2019	10,780	7,886
2020	25,800	5,782
2021	27,980	5,635
2022	4,355	1,360
2023	4,525	1,180
2024	4,815	823
2025	5,120	528
2026	3,400	218
	<u>\$462,641</u>	<u>\$568,117</u>

CITY OF NEW ORLEANS, LOUISIANA

EXHIBIT G-1

**COMPONENT UNITS - GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)**

ASSETS	Downtown Development District	New Orleans Tourism Marketing Corporation	Total	
			1997	1996
Cash	\$ 852	\$ 305	\$1,157	\$ 194
Investments, at cost or amortized cost	3,794		3,794	7,179
Receivables (net, where applicable, of allowance for uncollectibles):				
Accounts	655		655	181
Accrued interest	75		75	76
Other				6
Due from other governments		385	385	456
Other assets	154	139	813	335
TOTAL ASSETS	\$6,128	\$ 889	\$7,017	\$9,437
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 33	\$ 76	\$ 97	\$ 348
Other payables and accounts	29	29	48	82
Due to primary government	984		984	3,945
Deferred revenues	372		325	37
Total liabilities	1,422	301	1,594	4,912
Equity and other credits:				
Contributed capital		7	7	7
Investment in general fixed assets	711	62	773	385
Fund balances:				
Reserved for capital project	39		39	103
Unreserved:				
Designated for subsequent year's expenditures	3,580	5	3,585	3,284
Undesignated	485	718	1,203	1,347
Total fund balances	4,094	723	4,817	4,697
Total equity and other credits	4,725	788	5,513	5,016
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$6,128	\$ 889	\$7,017	\$9,437

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, 1987 (AMOUNTS IN THOUSANDS)

	Downtown Development District	New Orleans Tourism Marketing Corporation	Total	
			1987	1986
REVENUES:				
Taxes	\$1,718	\$1,616	\$1,346	\$ 1,131
Interest income	485	23	508	434
Miscellaneous		1,808	1,800	1,800
Total revenues	<u>4,055</u>	<u>4,652</u>	<u>4,852</u>	<u>4,565</u>
EXPENDITURES:				
General government	1,631	1,447	4,878	3,187
Public works	1,498		1,498	1,935
Culture and recreation		3,199	3,199	3,321
Total expenditures	<u>4,129</u>	<u>4,652</u>	<u>8,766</u>	<u>7,581</u>
Excess of revenues over expenditures	66	30	66	931
Other, net	34		34	(1,048)
	<u>60</u>	<u>30</u>	<u>100</u>	<u>(76)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>3,934</u>	<u>769</u>	<u>4,641</u>	<u>4,719</u>
FUND BALANCES, END OF YEAR	<u>\$4,034</u>	<u>\$ 729</u>	<u>\$4,740</u>	<u>\$ 4,640</u>

CITY OF NEW ORLEANS, LOUISIANA

COMPONENT UNITS - PROPRIETARY FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Orleans Parish Communication District	Audubon Commission	New Orleans International Airport	Sewerage and Water Board
ASSETS				
Current assets:				
Cash	\$ 1,638	\$ 338	\$ 5,023	\$ 1,008
Certificates of deposit			38,635	
Investments	170		5,387	141,913
Receivables (net of allowances for uncollectibles):				
Property taxes				131
Accounts	80	358	7,637	8,150
Accrued interest		58	365	1,358
Grants				643
Other	71	313		1,666
Due from other component units		300		
Due from primary government			127	388
Inventory of supplies		352	226	5,398
Prepaid expenses and deposits		305	1,285	503
Total current assets	1,889	1,832	48,485	162,348
Advances to primary government			4,583	
Restricted assets - cash and investments:				
Customer deposits				5,188
Construction account				42,123
Current debt service account		2,325	4,788	
Future debt service account			32,348	9,375
Contingency (removal and replacement) account			2,041	
Operation and maintenance account			5,682	
Capital improvements		7,800	48,335	47,088
Escrow funds			281	
Health insurance reserve				9,458
Other				2,338
Total restricted assets		9,325	38,185	131,642
Property, plant and equipment - at cost, less accumulated depreciation				
	1,136	189,212	365,677	841,874
Other assets		12,863	4,747	7,842
TOTAL ASSETS	\$3,621	\$133,379	\$499,095	\$1,123,913

Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Penitance Building Restoration Corporation	Canal Street Development Corporation	Total	
				1997	1996 (Restated)
\$ 189	\$ 371	\$ 817	\$ 350	\$ 8,815	\$ 1,890
532	165		1,080	22,147	15,337
				148,468	120,836
				131	88
39	120	38	660	13,833	10,335
				2,382	2,799
				645	-
	83		182	2,220	2,804
25			11	139	1,839
189			486	1,032	1,318
				5,974	6,388
	40	32		2,592	2,887
<u>503</u>	<u>810</u>	<u>864</u>	<u>2,628</u>	<u>212,323</u>	<u>178,658</u>
484		20		4,986	4,670
				5,188	4,933
				42,128	13,237
	102	1,059		8,194	18,036
	351			22,346	28,780
				2,041	2,045
	1,310			6,990	8,953
	1,214			188,888	181,781
				293	338
				9,458	8,928
875	58			3,254	1,717
875	3,218	1,658		390,798	211,981
4,208	6,828	8,096	8,588	1,348,808	1,386,686
	40	357	2,044	25,800	34,928
<u>\$ 6,412</u>	<u>\$ 13,028</u>	<u>\$ 10,406</u>	<u>\$ 16,238</u>	<u>\$ 1,794,218</u>	<u>\$ 1,727,121</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

COMPONENT UNITS - PROPRIETARY FUNDS

COMBINED BALANCE SHEET

DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Orleans Parish Communications District	Audubon Commission	New Orleans International Airport	Sewerage and Water Board
LIABILITIES AND EQUITY				
Current liabilities (payable from current assets)				
Accounts payable	\$ 29	\$ 1,400	\$ 1,038	\$ 8,827
Retainages payable				2,879
Other payables and accounts due to other component units	36	546	1,080	27,928
Due to primary government	118	100	15	294
Deferred revenues				
Total current liabilities (payable from current assets)	184	4,056	4,133	39,838
Current liabilities (payable from restricted assets)				
Retainages payable			2,448	368
Capital projects payable		118	1,263	248
Accrued interest		1,400		4,495
Limited tax bonds			6,593	
Bonds payable, current portion				2,368
Revenue bonds		1,250		2,708
Deposits and other				
Total current liabilities (payable from restricted assets)	184	2,768	10,312	17,888
Total current liabilities	368	6,824	14,445	57,726
Long-term liabilities:				
Claims payable				9,824
Leases payable				
Limited tax bonds (net of current portion)	46,138			9,170
Revenue bonds (net of current portion)	34,142			34,535
Lease unamortized discounts		(1,212)		
Refunding bonds (net of current portion and unamortized loss on advance refunding)			221,468	
Other		921	1,595	1,898
Total long-term liabilities	80,280	(28,501)	223,063	45,427
Total liabilities	184	65,323	238,214	83,293
Equity:				
Contributed capital			186,689	132,662
Net plan assets - Pension Trust Fund				143,410
Retained earnings:				
Reserved for property, plant and equipment				680,793
Reserved for bond debt service			12,842	30,593
Reserved for capital improvements			2,080	47,048
Unreserved	3,453	66,894	49,281	
Total retained earnings	3,453	66,894	51,183	748,434
Total fund equity	3,453	66,894	221,892	1,024,346
TOTAL LIABILITIES AND FUND EQUITY	\$3,605	\$132,217	\$460,106	\$1,122,639

Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Peninsula Building Restoration Corporation	Casal Street Development Corporation	Total	
				1997	1996 (Restated)
	\$ 78	\$ 4	\$ 94	\$ 15,447	\$ 15,368
\$ 183	288	37	4	2,839	1,333
	90	82		29,986	25,834
	35		3	139	1,839
				329	1,203
				29	31
<u>183</u>	<u>407</u>	<u>123</u>	<u>300</u>	<u>48,651</u>	<u>44,367</u>
				308	49
				1,449	6,933
	3	37		1,879	1,786
				3,896	3,136
43	176	143		1,269	6,585
				2,348	2,333
				6,242	5,899
63	173	244		26,809	22,393
<u>368</u>	<u>638</u>	<u>387</u>	<u>183</u>	<u>75,734</u>	<u>73,196</u>
				3,834	3,499
			6,377	6,377	4,391
2,243		3,386 (183)		53,545	61,089
	385			34,288	25,483
				(3,436)	(1,933)
				223,468	223,434
<u>2,243</u>	<u>385</u>	<u>3,203</u>	<u>6,377</u>	<u>342,781</u>	<u>321,328</u>
<u>2,809</u>	<u>883</u>	<u>3,488</u>	<u>6,380</u>	<u>418,335</u>	<u>388,258</u>
	2,894		8,800	341,025	329,823
				143,485	171,268
				680,793	680,473
683	3,288			37,285	36,554
	972			30,080	68,286
3,443	2,939	4,948	1,398	122,592	152,862
4,024	2,149	4,846	1,308	881,138	871,484
4,024	10,043	4,845	2,808	1,375,378	1,328,576
<u>36,433</u>	<u>311,028</u>	<u>318,806</u>	<u>316,218</u>	<u>31,794,118</u>	<u>31,327,321</u>

CITY OF NEW ORLEANS, LOUISIANA

COMPONENT UNITS - PROPRIETARY FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Orleans Parish Communication District	Audubon Commission	New Orleans International Airport	Sovereign and Water Board
Operating revenues:				
Charges for services		\$11,562	\$51,861	\$ 81,830
Tax revenues				30,217
Other		781		
Total operating revenues		<u>12,343</u>	<u>51,861</u>	<u>112,047</u>
Operating expenses:				
Personnel services	\$ 287	11,682	12,850	34,849
Contractual services	991	6,797	18,750	58,542
Materials and supplies	48	3,489	1,493	
Depreciation and amortization	398	4,988	17,787	28,838
Other	1	142		8,149
Total operating expenses	<u>1,725</u>	<u>27,298</u>	<u>30,980</u>	<u>127,658</u>
Operating income (loss)	<u>(1,721)</u>	<u>(4,955)</u>	<u>209</u>	<u>(15,611)</u>
Nonoperating revenues (expenses):				
Interest revenue	67	1,411	3,784	3,980
Interest expense		(4,353)	(14,782)	(2,689)
Dedicated taxes	2,006	6,863		17
Specific grants - The Audubon Institute, Inc.		3,699		
Other - net	(9)	288	9,860	2,052
Unrealized gains			60	
Total nonoperating revenues (expenses)	<u>2,074</u>	<u>6,202</u>	<u>1,812</u>	<u>2,419</u>
Income before transfers	<u>353</u>	<u>1,307</u>	<u>1,991</u>	<u>1,868</u>
Transfer out to primary government				
Net income	<u>353</u>	<u>1,307</u>	<u>1,991</u>	<u>1,868</u>
Depreciation on fixed assets acquired by contributions			6,634	
Increase in retained earnings	<u>353</u>	<u>1,307</u>	<u>8,625</u>	<u>1,868</u>
Retained earnings, beginning of year, as restated	<u>3,858</u>	<u>(5,538)</u>	<u>(6,478)</u>	<u>746,605</u>
Retained earnings, end of year	<u>\$3,451</u>	<u>\$66,855</u>	<u>\$55,100</u>	<u>\$748,473</u>

Municipal Yacht Harbor Management Corporation	Fresh Market Corporation	Upper PointeBe Building Restoration Corporation	Canal Street Development Corporation	Total	
				1997	1998 (Restated)
\$ 1,177	\$4,892	\$ 1,084	\$ 1,876	\$ 173,825	\$ 174,346
	716	36	38	38,217	28,948
				1,483	1,345
<u>1,177</u>	<u>5,708</u>	<u>1,020</u>	<u>1,896</u>	<u>205,269</u>	<u>204,439</u>
492	1,890		182	62,135	58,289
230	2,543	476		88,389	88,874
99	155	6	5	5,741	5,248
188	589	252	237	49,975	44,825
3		38	115	6,435	6,714
<u>852</u>	<u>4,868</u>	<u>738</u>	<u>511</u>	<u>218,580</u>	<u>205,761</u>
<u>325</u>	<u>738</u>	<u>282</u>	<u>585</u>	<u>(9,297)</u>	<u>3,079</u>
40	154	78		15,476	13,742
(144)	(346)	(397)	(343)	(32,287)	(22,159)
				6,084	7,785
				2,691	6,073
				31,188	12,714
				62	
<u>(329)</u>	<u>186</u>	<u>(327)</u>	<u>(343)</u>	<u>36,328</u>	<u>18,125</u>
223	844	155	342	7,812	19,182
223	844	155	342	7,812	(280)
				6,834	3,780
201	844	155	342	13,646	23,482
<u>3,872</u>	<u>6,392</u>	<u>4,791</u>	<u>858</u>	<u>877,464</u>	<u>854,699</u>
<u>\$4,944</u>	<u>\$7,180</u>	<u>\$4,946</u>	<u>\$ 1,328</u>	<u>\$ 891,738</u>	<u>\$ 877,484</u>

CITY OF NEW ORLEANS, LOUISIANA

COMPONENT UNITS - PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Orleans Parish Communication District	Audubon Commission	New Orleans International Airport	Beverage and Water Board
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (1,721)	\$ (4,035)	\$ 878	\$ (5,158)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	188	4,388	17,387	26,058
Loss on disposal of property				7,154
Provision for claims			(75)	595
Provision for doubtful accounts				
Decrease (increase) in current assets:				
Taxes receivable				
Accounts receivable	111	388	1,777	603
Other receivables	21			603
Due from other funds	(71)			
Due from primary government	85		865	382
Inventory				
Prepaid expenses and deposits			(218)	(733)
Other assets				
Increase (decrease) in current liabilities:				
(Decrease) increase in capital projects payable			(4,474)	2,488
Accounts payable	(121)	(1,208)	305	
Other payables and accounts				
Due to other funds	34			
Due to primary government	(97)			
Advances from other funds, net				
Deferred revenues				
Increase in inventory of materials and supplies			77	
Other			(2,797)	(4,074)
(Decrease) increase in accrued salary/compensation			(173)	819
Net cash provided by (used for) operating activities	<u>(1,701)</u>	<u>(365)</u>	<u>13,404</u>	<u>12,281</u>
Cash flows from noncapital financing activities:				
Advances from primary government				
Payment of loans payable			(308)	
Revised equity transfers				
Other revenues	58			
Dedicated taxes	<u>2,015</u>			<u>2,082</u>
Net cash provided by (used for) noncapital financing activities	<u>2,073</u>		<u>(308)</u>	<u>2,082</u>

Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Penitine Building Restoration Corporation	Canal Street Development Corporation	Total	
				1997	1998 (Restated)
\$ 105	\$ 318	\$ 182	\$ 585	\$ (9,197)	\$ 1,876
				49,973	44,823
188	589	130	213	10	-
				7,194	9,269
				933	1,878
28				28	314
(29)	6	17	(125)	2,484	(5,490)
8	18		(77)	(603)	(600)
			5	(86)	377
(184)			(221)	104	(950)
				183	(105)
	(1)	1	6	(541)	18
	(24)	174	183	130	319
				(1,040)	-
	(82)	1	(29)	(1,340)	(1,216)
(12)	31		(2)	34	(6,883)
				18	(254)
(6)	25	(18)		(76)	(745)
				-	1,412
	(11)			(11)	28
				27	-
				(5,871)	-
				643	-
<u>310</u>	<u>1,282</u>	<u>766</u>	<u>874</u>	<u>48,478</u>	<u>78,182</u>
				(780)	343
			(660)	(1,660)	-
				58	(208)
				4,082	1,366
					1,516
			(165)	3,760	3,854

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

COMPONENT UNIT - PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

	Oryana Parish Communications District	Audubon Commission	New Orleans International Airport	Sewerage and Water Board
Cash flows from capital and related financing activities:				
Acquisition and construction of property and equipment (lessen (plus) in restricted assets)	447	(5,372) 1,905	(32,821)	(87,207)
Proceeds from property taxes dedicated to construction		6,861		87
Principal payments on bonds payable		(1,848)	(16,385)	(9,500)
Capital contributed by federal and state grants		639	12,192	1,445
Interest paid on bonds payable		(4,002)	(18,944)	(2,525)
Grants from Audubon Institute		2,691		
Proceeds from issuance of bonds		16,348	38,000	38,000
Bond defeasance		(26,848)		
Bond issuance costs			(939)	(213)
Passenger facilities charges collected			11,379	
Other		(262)	(25,500)	
Net cash used for capital and related financing activities	(47)	(628)	(20,828)	(27,983)
Cash flows from investing activities:				
Payments for purchase of investments	(580)			(201,471)
Proceeds from sale and maturities of investments	600		8,589	245,323
Interest and dividends on investments		1,432	5,927	2,487
Net cash provided by (used for) investing activities	20	1,432	14,526	11,339
Net increase (decrease) in cash	606	77	3,819	(426)
Cash and cash equivalents, beginning of year	892	382	21,614	1,486
Cash and cash equivalents, end of year	\$ 1,498	\$ 459	\$ 25,433	\$ 1,060

Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Peninsula Building Restoration Corporation	Canal Street Development Corporation	Total	
				1997	1998 (Revised)
\$ (21) (7)	\$ (27)	\$ (30)	\$ (1)	\$ (85,276) 1,685	\$ (121,240) (1,998)
(12)	(18)	(13)		5,078	5,180
				(28,185)	(28,541)
(14)	(2)	(21)	(94)	14,276	27,051
				(18,277)	(20,853)
				2,691	6,022
				85,276	9,920
				(15,040)	(1,944)
				11,189	(188)
				31,279	31,448
				<u>(26,151)</u>	<u>(25,507)</u>
<u>(20)</u>	<u>(25)</u>	<u>(28)</u>	<u>(94)</u>	<u>(24,097)</u>	<u>(13,055)</u>
(2,079)	(4,299)	(18)		(29,541)	(29,320)
2,642	3,188	13		297,787	346,160
48	134	76		<u>33,126</u>	<u>33,733</u>
<u>2</u>	<u>(247)</u>	<u>99</u>		<u>33,246</u>	<u>68,212</u>
6	97	99	64	4,328	(1,487)
<u>506</u>	<u>274</u>	<u>828</u>	<u>1,266</u>	<u>29,498</u>	<u>29,835</u>
<u>\$ 212</u>	<u>\$ 271</u>	<u>\$ 827</u>	<u>\$1,250</u>	<u>\$ 31,828</u>	<u>\$ 28,498</u>

(Continued)

COMPONENT UNIT - PROPRIETARY FUNDS
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1997 (AMOUNTS IN THOUSANDS)

Noncash financing activities:

During 1997, the New Orleans International Airport had noncash financing activities which consisted of \$4,000 of additions to property, plant and equipment which were directly funded by the Federal Aviation Administration.

(Continued)

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 Human Services
2008	\$ 78,480	\$ 99,985	\$48,367	\$ 12,654
2009	80,596	106,340	48,271	15,423
2010	78,688	123,643	55,345	15,686
2011	128,965	135,594	58,818	14,521
2012	90,515	122,787	53,265	16,789
2013	88,034	125,648	58,549	17,053
2014	95,121	125,694	57,698	18,618
2015	121,427	135,793	62,396	21,948
2016	118,622	128,888	48,740	24,303
2017	142,853	155,694	56,139	23,224

(1) General government expenditures include other financing uses.

TABLE 1

Culture and Recreation	Urban Development and Housing	Economic Development and Assistance	Debt Service	Total
\$ 14,876	\$ 11,133	\$ 9,108	\$ 48,348	\$ 83,465
13,687	13,815	9,628	53,214	90,344
15,384	15,156	11,427	51,514	93,481
16,384	1,000	-	23,804	41,188
18,707	333	-	36,328	55,368
17,143	2	-	43,519	60,664
17,920	2	-	44,706	62,628
18,838	243	-	48,719	67,800
17,869	336	-	43,509	61,714
21,648	188	-	47,840	69,676

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 Forfets
1988	\$ 166,869	\$ 31,650	\$ 29,389	\$ 24,214	\$ 3,738
1989	148,674	31,950	42,318	46,845	18,506
1990	171,334	31,793	50,276	33,528	9,684
1991	173,759	31,284	37,131	35,808	8,869
1992	193,234	32,581	29,638	37,434	15,682
1993	186,842	34,464	21,546	33,723	18,326
1994	187,127	33,150	18,245	38,637	18,856
1995	194,725	35,296	18,835	42,525	18,400
1996	198,158	34,639	17,838	41,738	18,488
1997	282,828	44,462	17,547	44,680	12,657

(1) Other financing sources are included as miscellaneous income for years 1988 through 1993.

(2) Amount for 1988 for contributions, gifts and donations is not available.
Amount is included in miscellaneous income.

TABLE 2

Interest Income	Contributions, Gifts and Donations (2)	Miscellaneous (1)	Debt Service	Total
\$18,539	\$ -	\$ 3,885	\$ 51,633	\$ 133,248
18,299	299	3,211	51,406	134,539
13,455	289	18,077	53,379	382,838
9,487	322	38,181	49,812	382,144
6,568	282	68,609	40,323	392,487
6,763	16,047	7,987	39,879	336,683
4,257	39,724	32,543	32,675	382,406
7,284	6,612	34,082	38,782	387,681
8,089	484	31,603	38,578	373,662
10,436	349	44,738	48,797	419,630

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 Human Services
1988	\$ 33,656	\$ 69,961	\$ 61,678	\$ 12,522
1989	39,993	107,789	46,618	13,321
1990	36,383	123,389	56,893	15,682
1991	120,813	135,421	53,613	14,394
1992	69,929	103,489	59,345	13,283
1993	81,627	134,273	57,853	17,039
1994	69,026	134,366	53,693	14,666
1995	104,588	135,374	53,688	12,579
1996	103,316	138,297	53,848	14,682
1997	122,846	137,039	59,313	15,074

(1) General government expenditures include other financing uses.

TABLE 3

Culture and Recreation	Urban Development and Housing	Economic Development and Assistance	Debt Service	Total
\$14,668	\$11,040	\$ 8,876	\$46,538	\$811,630
13,899	13,815	9,628	51,214	337,863
15,378	15,151	11,427	51,334	364,499
16,360	3,171	-	25,864	348,818
18,799	245	-	36,128	378,149
17,812	-	-	46,538	351,512
17,468	4	-	44,798	351,309
18,704	323	-	46,159	364,834
17,824	388	-	45,369	372,794
21,850	368	-	47,680	412,328

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 Permits	Inter- governmental	Charges for Services	Fines and Penalties
1988	\$ 146,265	\$ 31,450	\$ 38,809	\$ 34,553	\$ 3,730
1989	148,674	31,558	42,365	48,040	18,566
1990	171,635	31,352	58,402	33,837	8,684
1991	173,616	31,284	17,678	35,988	8,869
1992	194,181	31,293	38,487	37,686	11,682
1993	187,341	34,464	31,546	37,760	18,526
1994	186,700	33,158	18,207	39,637	18,856
1995	199,076	33,296	18,572	45,555	18,400
1996	198,617	34,638	13,580	41,778	18,488
1997	200,888	44,862	16,907	44,717	12,997

(1) Other financing sources are included as miscellaneous income for years 1985 through 1997.

(2) Amount for 1988 for contributions, gifts and donations is not available.
Amount is recorded in miscellaneous income.

TABLE 4

Interest Income	Contributions, Gifts and Donations (2)	Miscellaneous (1)	Gift Service	Total
\$ 10,339	\$ -	\$ 2,686	\$ 49,798	\$ 527,480
18,290	358	2,444	51,406	353,774
13,453	299	3,134	53,277	367,883
9,487	332	43,985	49,612	368,761
6,568	292	37,421	40,357	371,183
6,783	36,047	3,872	33,079	336,796
4,257	30,743	23,896	35,679	381,142
7,284	6,612	38,288	36,192	373,825
8,067	484	32,916	30,178	374,987
10,486	318	23,710	40,187	367,642

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, 1997		Balance Outstanding at December 31, 1997		Collected During 1997
		Amount	Percent	Amount	Percent	
Real estate taxes:						
1988	\$ 126,555	\$ 935,435	99.33	\$ 1,139	.88	\$ 67
1989	148,680	1,072,979	99.92	1,604	1.08	123
1990	169,628	1,421,638	99.84	1,965	1.16	153
1991	198,047	1,651,666	99.49	2,381	1.21	203
1992	150,079	1,501,530	99.33	2,350	1.57	196
1993	148,627	1,445,532	99.39	2,715	1.81	483
1994	166,480	1,441,630	99.87	2,821	1.69	487
1995	149,009	1,411,379	97.80	3,636	2.50	1,306
1996	155,190	1,448,882	95.37	7,195	4.63	7,896
1997	157,317	1,411,694	89.80	15,823	10.05	1,411,694
Personal property taxes:						
1988	\$ 61,812	\$ 30,200	52.04	\$ 4,796	7.86	\$ -
1989	62,380	23,994	39.47	6,989	10.23	-
1990	79,348	44,693	59.99	8,946	7.91	-
1991	79,839	69,793	89.30	5,046	6.87	-
1992	95,833	70,083	73.17	3,899	4.53	-
1993	71,866	67,896	94.48	3,899	6.80	-
1994	79,935	70,749	89.39	4,286	5.61	349
1995	79,258	74,252	93.68	5,896	6.32	558
1996	85,938	74,367	86.94	11,273	13.06	4,063
1997	88,336	77,993	89.55	10,134	11.59	77,993

**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	
1988	\$ 988,476	\$8,873,576	1,086,891	\$1,248,988	\$1,875,367	\$11,718,516	33.6
1989	1,001,848	8,587,588	470,883	1,873,003	1,832,681	11,439,488	33.5
1990	992,143	8,584,676	493,336	1,283,187	1,484,481	11,766,183	33.6
1991	1,081,871	8,588,288	683,333	1,233,553	1,487,194	11,821,331	33.6
1992	838,793	8,630,789	603,787	1,324,733	1,487,489	11,448,421	33.6
1993	938,234	7,876,553	496,886	1,843,373	1,573,648	10,818,928	33.6
1994	894,733	7,669,138	467,885	1,338,788	1,362,528	10,787,816	33.6
1995	881,889	7,593,588	467,689	1,317,883	1,353,588	10,711,361	33.6
1996	948,777	8,333,391	533,435	1,596,187	1,483,283	11,468,518	33.7
1997	968,554	8,233,296	548,883	1,659,287	1,589,447	11,892,983	33.7

(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 MILLS)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Direct Property Tax Rates										
City Ordinance, Sec. 15, Art. 4 of 1916; Art. XIV Sec. 24 Const. 1923; Art. 131 of 1962	14.91	14.91	14.91	16.00	14.91	14.91	14.91	14.91	14.91	14.91
Interest and redemption city bond, Sec. 15, Art. 4 of 1916 (Amended Art. 513 of 1960)	26.90	26.90	26.90	26.90	26.90	26.90	26.20	25.30	27.90	24.20
Special tax for sewerage, water and drainage, Art. 187 of 1923 and Art. 626 of 1960, Art. XIV, Sec. 23.3, 23.4-23.13 Const. 1921	-	-	-	-	-	-	4.80	4.00	4.80	4.80
Special tax for maintenance, operations and extension of the drainage system, Act 361 of 1965, Art. XIV, Sec. 23.2 Const. 1923 and Art. VI, Sec. 22.16 and 33 Const. 1924.1 and Art. VII, Sec. 23, 1974 Const. USA R.S. 40:1705 (B)	21.59	22.38	21.59	22.58	21.59	22.39	21.23	21.23	21.23	21.23
Special tax for establishing and maintaining a zoological garden in Audubon Park, Art. X Sec. 30 and Sec. 801 of Title 39 Louisiana Const. 1922 approved by voters in a referendum November 1912	.44	.44	.44	.44	.44	.44	.41	.41	.41	.41
Special dedicated tax to operate the Public Library Art VII, Part II Sec. 23 of Louisiana Const. 1924, USA R.S. 47:1706(B) approved by voters in November 1965	4.32	4.32	4.32	4.32	4.32	4.32	4.06	4.06	4.06	4.06

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

TABLE 7
Page 2 of 4PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS (UNAUDITED, NUMBER OF MILLS)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Special tax dedicated to maintenance of double platoon fire Department and triple platoon Police Department, Act 7 of 1990 Act XXV, Sec. 25, Const. 1991	4.27	4.27	4.23	4.27	4.27	4.27	4.01	4.01	4.00	4.00
Special tax (additional) for increase in pay to officers and members of Police and Fire Department, Act 260 of 1993, Act XIV, Sec. 25, Const. 1991	2.13	2.13	2.13	2.13	2.13	2.13	2.08	2.08	2.08	2.08
Special tax to establish and maintain an aquarium by the Audubon Commission Act VII, Part II Sec. 23, of La. Const. 1974, LSA R.S. 47:1705(B) approved by the voters in November 1995	4.11	4.11	4.13	4.11	4.11	4.11	3.88	3.88	3.88	3.88
Special tax, Police without Homestead Exemption: additional millage for police protection, Act 1105 of 1998, Act VII, Sec. 21	3.26	3.26	3.26	3.26	3.26	3.26	3.00	-	-	-
Special tax, Fire without Homestead Exemption: additional millage for fire protection, Act 1105 of 1998, Act VII, Sec. 21	3.21	3.21	3.21	3.21	3.21	3.21	4.00	-	-	-
Special tax, Neighborhood Housing Improvement	1.25	1.25	2.50	2.50	2.50	2.50	-	-	-	-

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

TABLE 7
Page 3 of 4PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS (UNRAISED, NUMBER OF MILLS)

	1991	1996	1995	1994	1993	1992	1991	1990	1989	1988
Capital Improvements & Infrastructure Trust Fund	2.50	2.50	-	-	-	-	-	-	-	-
Special tax, New Orleans Economic Development Fund	1.25	1.25	2.50	2.50	2.50	2.50	-	-	-	-
Special tax, Pathways and Park and Recreation Department	3.00	3.00	3.00	3.00	3.00	3.00	-	-	-	-
Special tax, Street and Traffic Control Device Maintenance	<u>-1.50</u>	<u>-1.50</u>	<u>-1.50</u>	<u>-1.50</u>	<u>-1.50</u>	<u>-1.50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total direct property tax rates	<u>108.04</u>	<u>103.04</u>	<u>100.04</u>	<u>100.04</u>	<u>100.04</u>	<u>100.04</u>	<u>97.88</u>	<u>95.88</u>	<u>95.48</u>	<u>93.78</u>
Overlapping Property Tax Rates										
Special tax to provide funds for Board of Assessors according to Sec. 1813.1, 1924.24, title 47 La. revised statute Act 456, 1985	1.18	1.18	1.18	1.18	1.18	1.18	1.12	1.12	1.12	1.12
Special tax, Orleans Parish Levy Board for support, maintenance and construction of levees and levee drainage as authorized by Art 6, Sec. 36, Const. 1974	5.85	5.85	5.85	5.85	5.10	5.85	5.10	5.10	5.10	5.60
Special tax, Orleans Parish Levy Board, for support, maintenance and construction of levees and levee drainage Art. XVI, Sec. 2 Const. 1974 amended, modified Art. 6, Sec. 21 of the 1974 Const.	6.10	6.30	6.10	6.30	6.10	6.30	6.10	6.30	6.10	6.10

(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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Special tax for Orleans Parish School Board, for support, maintenance and construction of Public Schools of the City of New Orleans as levied by said Board annually, Act 51 of 1918, Act 708, Sec. 16 Const. 1901, Act 264 of 1924, Act 701 of 1964	45.40	45.18	45.00	45.18	45.30	45.18	42.99	42.99	42.99	29.99
Special tax, Law Enforcement District of Orleans Parish, LRS 50-90801-9010	3.0	3.0	3.0	3.0	3.0	3.89	3.89	-	-	-
Total overlapping property tax rates	48.40	48.18	48.00	48.18	48.30	49.07	46.88	42.99	42.99	29.99
Total	181.88	181.38	181.74	181.38	180.62	181.28	155.88	182.68	188.28	126.10

Note: The above taxes are collected on the basis of 100% of valuation.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

TABLE B

COMPUTATION OF LEGAL DEBT MARGIN
(DECEMBER 31, 1987 (UNAUDITED, AMOUNTS IN THOUSANDS))

Assessed value	\$1,868,643
Debt limitation - 10% of total assessed value*	<u>186,864</u>
Amount of debt applicable to debt limitation:	
General obligation bonds	445,081
Limited tax bonds	<u>74,340</u>
	519,421
Less assets in debt service fund available for retirement of general obligation bonds	<u>31,160</u>
Total amount of debt applicable to debt limit	<u>488,261</u>
Legal debt margin	<u>\$ 297,802</u>

*Per Act 4 of 1916 of the Legislature of the State of Louisiana, as amended by Act 576 of 1966, as amended by Act 478 of 1974, as amended by Act 159 of 1984, as amended by Act 1 of 1994.

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 (†)
1988	557	\$1,885,039	\$413,038	21.79	\$738
1989	557	1,818,620	398,525	22.55	791
1990	497	1,818,540	358,630	19.81	742
1991	497	1,896,329	383,721	20.24	772
1992	497	1,800,987	442,142	24.55	880
1993	497	1,779,983	428,243	24.14	864
1994	497	1,786,585	415,625	23.28	836
1995	497	1,768,799	432,261	24.32	870
1996	497	1,814,889	414,701	21.68	824
1997	497	1,868,443	448,081	22.78	901

*For 1990 and 1998 U.S. Census.

(†) Bonded debt per capita not in thousands.

CITY OF NEW ORLEANS, LOUISIANA

TABLE 10

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
TOTAL DEBT TO TOTAL GENERAL EXPENDITURES
(NON-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
1988	\$ 17,506	\$18,317	\$46,343	\$121,854	14.12
1989	20,391	18,954	49,435	141,547	14.42
1990	21,813	17,569	49,432	167,379	13.44
1991	8,628	14,887	23,435	171,518	6.29
1992	11,288	18,133	32,739	174,210	8.75
1993	12,614	22,969	35,583	156,862	9.97
1994	13,618	21,966	35,584	161,562	9.73
1995	11,328	17,387	28,845	161,313	7.35
1996	17,258	28,708	38,268	171,641	10.27
1997	17,878	21,680	38,470	415,583	9.49

(1) Includes general and debt service funds only.

CITY OF NEW ORLEANS, LOUISIANA

TABLE 11

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 1997 (UNAUDITED, AMOUNTS IN THOUSANDS)

	Bonded Debt	Percentage Overlapping	Overlapping Debt
City of New Orleans:			
General obligation and limited tax bonds	\$462,641	100 %	\$462,641
Sewerage and Water Board	48,780	100	48,780
Auditors Commission	<u>61,673</u>	100	<u>61,673</u>
Total direct City debt	<u>573,094</u>		<u>573,094</u>
Overlapping debt:			
Orleans Parish School Board (1)	294,997	100	294,997
Orleans Levee District (1)	<u>123,782</u>	100	<u>123,782</u>
Total overlapping debt	<u>418,779</u>		<u>418,779</u>
Total direct and overlapping debt	<u>\$991,873</u>		<u>\$991,873</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, 1997 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 obligations 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 progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the pension plan.

(A) Old Fire Plan

Fiscal Year	(1) Net Assets Available for Benefits*	(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)
1988	\$ 761	\$149,379	0.5	\$148,618	\$4,921	3018.80
1989	908	151,678	0.6	150,770	4,049	3723.60
1990	1,908	152,543	1.3	150,635	3,587	4197.30
1991	2,626	153,158	1.7	150,532	3,283	4588.20
1992	3,297	155,159	1.9	151,862	3,039	5000.30
1993	3,827	155,398	1.8	151,571	2,864	5328.20
1994	3,627	154,383	2.3	150,756	2,617	5768.40
1995	3,518	166,000	1.5	162,482	2,586	6324.80
1996	3,628	166,996	2.4	163,368	596	2760.80
1997	8,548	172,848	4.9	164,300	107	4875.51

*At cost

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

TABLE 12
Page 2 of 3ANALYSIS OF FUNDING PROGRESS — PENSION PLANS
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

(b) Non-Rate 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)
1988	\$ 63,338	\$ 64,372	97.0	\$ 1,034	\$16,321	30.1
1989	76,133	68,765	106.5	(268)	17,362	(2.1)
1990	77,681	76,738	101.1	(843)	17,926	(4.7)
1991	86,592	86,821	100.0	(111)	18,699	(0.7)
1992	94,456	94,761	99.7	305	19,913	1.3
1993	107,440	98,907	107.5	(7,533)	20,868	(26.1)
1994	113,386	103,919	105.0	(5,267)	20,840	(25.8)
1995	117,633	117,846	99.8	213	22,320	1.0
1996	131,989	143,209	106.1	(8,777)	23,254	(39.4)
1997	176,666	163,139	107.1	(11,768)	24,348	(49.3)

(c) Employer* 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)
1988	\$148,032	\$148,642	99.6	\$ 610	\$62,024	15.3
1989	148,539	158,319	93.9	18,071	29,024	26.1
1990	132,897	164,101	81.0	11,204	63,386	17.7
1991	163,580	158,478	103.2	4,796	66,286	7.2
1992	174,141	174,832	99.7	511	30,163	0.9
1993	194,788	182,346	106.8	(14,662)	63,378	(23.3)
1994	205,127	185,696	110.4	(19,441)	66,910	(29.0)
1995	205,783	193,168	106.4	(18,633)	63,482	(13.9)
1996	278,448	247,902	112.3	(38,544)	70,489	(43.3)
1997	319,142	274,539	116.2	(44,603)	36,091	(58.6)

*As soon

(Continued)

ANALYSIS OF FUNDING PROGRESS — PENSION PLANS
LAST TEN FISCAL YEARS (UNAUDITED, AMOUNTS IN THOUSANDS)

g) Municipal and State Police Employees' Retirement System						
Fiscal Year	(1) Net Assets Available for Benefits*	(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)
1988	\$432,241	\$388,600	118.4	\$43,578	\$ 76,857	(56.6)
1989	483,829	451,366	107.2	(32,615)	82,835	(39.4)
1990	535,138	487,340	109.8	(53,895)	86,378	(39.4)
1991	586,082	350,449	167.2	(22,533)	94,498	(24.4)
1992	637,940	396,372	160.9	(31,760)	96,338	(21.8)
1993	688,923	644,822	106.8	(44,121)	97,868	(45.1)
1994	739,683	699,248	105.8	(39,934)	98,165	(40.5)
1995	755,465	756,843	100.5	(18,618)	100,415	(18.5)
1996	838,234	812,878	103.0	(27,035)	104,240	(25.9)
1997	828,844	901,462	90.9	(118,372)	123,502	(14.7)

g) Police Plan						
Fiscal Year	(1) Net Assets Available for Benefits*	(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)
1988	\$ 597	\$10,497	9.2	\$ 9,904	\$4,153	238.8
1989	1,299	8,883	14.5	4,782	4,186	368.2
1990	1,345	6,694	19.4	8,199	3,783	214.1
1991	1,878	5,739	32.6	3,876	3,764	300.8
1992	1,988	4,463	44.3	2,475	21	1084.9
1993	2,642	3,848	68.7	1,206	N/A	N/A
1994	1,971	3,159	62.3	1,188	N/A	N/A
1995	1,819	3,074	59.2	1,255	N/A	N/A
1996	1,570	1,960	79.5	390	N/A	N/A
1997	2,113	1,549	136.2	(562)	N/A	N/A

*At cost.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

TABLE 13

Page 1 of 8

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

(4) Old Fire Plan

Revenues by source:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total	Employer's Contribution as a Percentage of Covered Payroll
1988	\$ 3	\$ 5,468	\$244	\$275	\$ 6,290	131.1
1989	-	11,951	184	447	12,512	285.1
1990	-	13,039	173	368	13,579	302.2
1991	-	13,165	181	329	13,665	309.3
1992	-	12,475	120	348	12,943	403.2
1993	-	10,629	83	958	11,670	435.8
1994	-	11,124	83	366	11,573	539.7
1995	-	13,923	179	853	14,955	553.6
1996	-	16,383	164	827	17,374	2848.4
1997	-	13,582	234	821	14,637	5218.2

Expenses by type:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total
1988	\$11,933	\$ 183	\$ -	\$ -	\$ 12,115
1989	12,199	174	-	-	12,374
1990	12,700	123	-	-	12,823
1991	13,046	160	-	-	13,206
1992	13,565	129	-	-	13,693
1993	13,686	348	-	-	14,034
1994	13,850	329	-	-	14,179
1995	14,423	383	-	-	14,806
1996	15,287	368	41	175	15,871
1997	15,444	382	-	21	15,847

Contributions were made in amounts necessary to pay current expenses.

(Continued)

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

Revenues by source:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total	Employer's Contribution as a Percentage of Covered Payroll
1988	\$ 879	\$1,642	\$1,328	\$ -	\$ 6,318	19.2
1989	1,804	2,709	1,214	-	8,328	13.9
1990	948	1,848	2,899	-	9,687	13.8
1991	1,801	2,625	8,848	-	11,694	14.1
1992	938	2,893	7,888	-	11,440	14.2
1993	893	2,843	4,976	-	8,412	14.3
1994	1,815	3,859	4,328	-	8,004	14.2
1995	838	2,483	3,892	-	9,383	16.8
1996	848	3,124	17,809	173	21,468	14.2
1997	829	3,800	21,481	-	29,310	12.2

Expenses by type:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Total
1988	\$1,089	\$ -	\$ 109	\$ 1,198
1989	1,523	-	54	1,577
1990	1,756	661	3	2,418
1991	2,144	517	76	2,737
1992	2,529	874	159	3,558
1993	2,554	762	142	3,458
1994	2,842	701	60	3,603
1995	3,270	694	13	3,977
1996	3,747	308	141	3,996
1997	4,234	354	13	4,491

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 (SUMMERED, AMOUNTS IN THOUSANDS)****(i) Employee's Plan****Revenues by source:**

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total	Employer's Contribution as a Percentage of Covered Payroll
1988	\$2,381	\$ 8,929	\$11,208	\$ -	\$21,538	14.4
1989	2,133	8,879	9,886	-	21,118	13.4
1990	2,456	8,948	8,178	-	17,582	14.1
1991	2,621	8,968	13,127	-	24,706	13.5
1992	2,789	9,234	12,777	-	24,804	13.2
1993	2,728	9,274	13,353	-	25,355	14.1
1994	2,646	9,239	19,201	-	33,896	13.8
1995	2,901	10,630	19,851	304	34,706	13.5
1996	2,781	9,839	19,983	280	23,813	14.0
1997	3,027	9,865	44,256	14	56,778	11.9

Expenses by type:

Fiscal Year	Benefits	Refunds	Other	Total
1988	\$ 11,228	\$ 1,047	\$ -	\$ 12,275
1989	11,670	896	-	12,566
1990	12,388	839	-	13,240
1991	13,362	885	3	14,652
1992	13,683	715	889	14,289
1993	12,863	1,828	1,133	15,696
1994	12,827	1,668	1,289	15,683
1995	13,344	1,341	1,986	16,471
1996	13,362	383	2,954	17,499
1997	14,415	829	430	15,674

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)****(a) Municipal and State Police Employees' Retirement System**

Revenues by source:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total	Actuarially Determined Contribution Requirement	Employee's Contribution as a Percentage of Covered Payroll
1988	\$3,838	\$3,300	\$38,488	\$21,287	\$56,582	\$ 8,051	7.8
1989	3,845	3,831	24,423	16,518	32,841	10,237	7.2
1990	4,831	3,771	33,178	11,978	38,958	10,884	9.8
1991	3,548	3,514	32,256	37,164	85,182	10,352	9.9
1992	3,811	3,843	41,853	14,929	75,436	7,689	9.3
1993	3,847	3,701	60,728	18,424	96,699	11,785	9.3
1994	3,818	3,877	43,843	13,843	74,681	11,780	9.3
1995	3,793	3,283	33,903	14,306	65,199	12,523	9.3
1996	3,368	3,582	65,341	14,979	98,061	11,046	9.1
1997	3,732	18,292	94,993	18,623	124,729	14,381	8.4

Expenses by type:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total
1988	\$18,582	\$ 419	\$1,308	\$ 27	\$ 20,146
1989	30,352	478	1,244	11	31,775
1990	31,583	439	1,778	13	33,793
1991	33,731	1,873	1,399	6	36,909
1992	35,242	1,237	1,337	6	37,612
1993	27,289	1,337	1,844	183	29,734
1994	31,181	1,558	1,244	8	33,971
1995	35,884	1,811	1,761	9	39,475
1996	40,881	1,838	1,369	9	43,938
1997	42,833	2,294	1,529	11	46,627

Contributions were made in amounts necessary to pay current expenses.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

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

(c) Police Plan

Revenues by source:

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Other	Total	Employer's Contribution as a Percentage of Covered Payroll
1988	\$ 53	\$1,535	\$ 59	\$106	\$1,684	33.3
1989	42	1,496	93	173	1,772	33.3
1990	38	1,424	97	304	1,799	31.8
1991	31	1,323	108	197	1,618	40.4
1992	23	1,146	88	194	1,453	498.2
1993	38	1,311	58	217	1,516	N/A
1994	31	1,081	64	284	1,460	N/A
1995	48	937	92	179	1,296	N/A
1996	6	932	73	238	1,288	N/A
1997	4	864	88	155	1,113	N/A

Expenses by type:

Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total
1988	\$ 1,310	\$ 84	\$ 1	\$ 41	\$ 1,436
1989	1,282	78	-	6	1,466
1990	1,348	107	-	31	1,486
1991	1,285	101	-	120	1,506
1992	1,172	108	-	67	1,348
1993	1,018	105	-	177	1,301
1994	1,009	58	-	413	1,511
1995	932	100	-	403	1,435
1996	872	107	-	138	1,118
1997	748	138	-	7	893

Contributions were made in amounts necessary to pay current expenses.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

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

	Property Value			Construction			
	Real Estate	Personal	Total	Residential		Nonresidential	
				Permits	Valuation	Permits	Valuation
1988	18,472,575	\$3,245,940	\$11,718,515	4,576	\$42,194	697	\$42,194
1989	2,587,565	3,872,015	11,458,608	2,983	58,760	996	36,656
1990	8,904,075	3,282,187	11,786,183	3,135	57,043	570	80,671
1991	2,588,298	3,235,523	11,823,831	3,403	55,707	880	66,701
1992	8,828,709	3,104,715	11,345,422	18,283	34,735	1,241	50,758
1993	7,878,585	3,845,375	10,913,928	11,398	69,151	1,029	60,433
1994	7,658,118	3,118,780	10,783,818	2,983	68,675	824	121,297
1995	7,993,888	3,117,983	10,713,281	2,385	183,240	684	39,663
1996	8,132,351	3,556,187	11,688,538	2,163	70,458	365	125,218
1997	8,210,286	3,618,387	11,893,583	2,131	62,361	1,381	128,258

Source: Department of Safety and Permits.

TABLE 14

Commercial		Industrial	
Permits	Valuation	Permits	Valuation
883	\$111,803	43	\$ 1,008
959	183,363	96	21,573
591	46,238	64	12,278
930	43,516	19	18,923
1,033	71,318	2	8,340
333	76,076	1	6,887
984	71,508	19	3,780
627	118,678	43	12,548
180	28,821	8	846
980	93,325	18	1,183

CITY OF NEW ORLEANS, LOUISIANA

TABLE 10

PRINCIPAL TAXPAYERS

DECEMBER 31, 1987 (UNAUDITED, AMOUNTS IN THOUSANDS)

Name of Taxpayer	Type of Business	1987 Assessed Value	Percentage of Total Assessed Value
DalSouth Telecommunications	Telephone utilities	\$ 49,671	3.8 %
Energy Services	Electric and gas utilities	48,890	3.5
Hibernia National Bank	Financial institution	21,588	1.1
Farm NRC	Financial institution	21,298	1.1
Waltney National Bank	Financial institution	18,513	1.0
AT&T Communications	Telecommunications	18,030	1.0
Metropolitan Life Insurance	Insurance	13,214	.7
Texasola (Metroy & Baptist Hospitals)	Medical complex	12,588	.6
International River Center	Real estate	11,673	.6
CS&M Associates	Hotel	11,781	.6
		<u>\$268,401</u>	<u>13.7 %</u>

**DEMOGRAPHICAL AND MISCELLANEOUS STATISTICS
[UNAUDITED]**
Location:

Southeastern Louisiana between Lake Pontchartrain and the Mississippi River

Size:

383.5 square miles, with 189.4 square miles (49%) of land

Population:

486,508 (1990 U.S. Census)

Climate:

Average winter temperature (October - March) 59.8 degrees, average summer temperature (April - September) 77.4 degrees, annual average humidity - 83%, annual average rainfall - 51.8 inches

Public Safety:**Department of Police**

Police districts - 8

Budgeted positions - 1,816 75

Department of Fire

Fire districts - 6

Budgeted positions - 885

Public Works:

Developed expressways	35	miles
Paved roadways with curbs, gutters and subsurface drainage	1,863	miles
Asphalt minor strip roadways with some related subsurface drainage	335	miles
Temporary surfaces, roadways	273	miles
Unopened or undeveloped streets	<u>39</u>	miles
Total	<u>1,550</u>	miles

Budgeted positions - 408

Recreation:

City of New Orleans Recreation Center	8
Stadiums	3
Pools:	
Outdoor	14
Indoor	2
Tennis court locations	8
Playgrounds	114
Other unique sites (cultural activities)	5
Aerways	429
Associated agencies' aerways	4,691
Municipal golf courses	3
Budgeted positions	254

Source: City Records.



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CITY OF NEW ORLEANS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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, 1997, and have issued our report thereon dated June 15, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting 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. Reportable conditions are described in detail in the attached appendix.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described in the attached appendix is a material weakness.

In addition, other auditors also believe that one of the reportable conditions described in their report is a material weakness.

We also noted other matters involving the internal control over financial reporting that we will report to the management of the City in a separate letter dated June 23, 1998.

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

Deloitte & Touche LLP

June 23, 1998

CITY OF NEW ORLEANS

APPENDIX

ACCOUNTS PAYABLE DETAIL

Observation

The City does not maintain a detail of accounts payable in its Capital Projects fund. As a result of this condition and our enhanced testing of accounts payable, an adjustment to increase accounts payable by approximately \$4,800,000 was prepared by us and recorded in the Capital Projects fund.

Recommendation

We recommend that the City develop and maintain a detail of its accounts payable for all funds. Such a detail would minimize the potential for material adjustments to the general purpose financial statements, and if used properly, may assist in the management of cash flow by aging the City's accounts payable to acceptable levels. Currently, such aging does not occur.

Management's Response

The City of New Orleans' Advantage Financial System (AFS) does maintain a detail of accounts payable for all funds. The system produces several reports, specifically the AM1 (Scheduled Payment Voucher Report) which list the detail of all vouchers that have updated the funds vouchers payment account.

However, it may be necessary to develop a procedure to manually account for outstanding capital invoices related to prior year that are submitted to finance for payment in the subsequent year. A year end cut-off procedure is in effect which requests all agencies to submit payment request for goods and services received in the current year to the Finance Department for timely input to the financial system. The City and AMS will develop a procedure to account for such outstanding accounts for 1998.

Completion Date

April 1999

Contact

Cedric Aguilard, Accountant

CASH-BANK RECONCILIATIONS

Observation

The City did not perform reconciliations of certain of its bank accounts on a timely basis, and in the case of "zero" balance accounts, these reconciliations were not performed at all. Also, the City does not follow all of its accounting policies and procedures relating to cash. Finally, the process employed in reconciling bank accounts was not standardized, creating unnecessary inconsistencies in format of the bank reconciliations.

Background

In September 1999, 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 especially as they relate to the reconciliations of all bank accounts. 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 deposits and recorded deposits, 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.

Management's Response

The City is just going through the process of implementation of a cash management module developed by ABE. Policies and procedures regarding cash deposit points and bank reconciliations are being reviewed by Liberty, Bank and Branch and Taxation. The consultants are also reviewing the various cash deposit points of the City to streamline and improve efficiency in this process. This process should be completed by April 2000.

Completion Date

June 1999

Contact

Richard Evans, Bureau Chief of Treasury

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Observation

The City's Charter provides that expenditures may not legally exceed appropriations either at a departmental level or at the principal object in stipulation with the ordinance. The clean-up ordinance for fiscal 1997 for expenditures and revenues was introduced at the end of December 1997, however, the amended ordinance was not approved and adopted until end of May 1998. Some departmental budget overruns occurred in 1997 and were included in the clean-up amendment. Controls built into the GFS system to prevent expenditures in excess of budget are circumvented by changing the budget amounts prior to the council approving the budget amendments.

Historically, the clean-up ordinance is introduced at the end of a fiscal year and approved during the first quarter after providing a reconciliation of all accrued revenues and expenditures. Subsequently, after reviewing which expenditures and revenues should be accrued, amendments are prepared to be included within the clean-up ordinance. The ordinance is generally adopted and approved by March 31.

Recommendation

The City should review its budget monitoring system which could help in detecting budgetary problems areas earlier in the year and allow the City more time to react to problems noted. Such a system should include a continuous review of current budget as compared to projected expenditures to the end of the fiscal year. Budget overruns identified prior to year end should be resolved at that time through budget amendments. The clean-up ordinance should be used to cover year-end accruals, for example. Budget amendments which cover all accrual revenues and expenditures should be completed no later than March 31.

Management's Response

The City will provide reports and updates to the Council regarding expenditures and revenues to be accrued. The City is committed to complete the clean-up ordinance by March 31 of each year.

Completion Date

March 1999

Contact

Marlin Guzman, Council Administrative Officer



50 JUL 20 1996

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Telephone: (504) 581-0700
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June 23, 1996

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 (as which we have issued our report dated June 23, 1996), we developed the following recommendations concerning certain matters related to its internal control 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, together with a corrective action plan, and should be read in conjunction with this letter. Our statements are presented in Exhibit I and are listed in the table of contents thereto. See also "Status of the 1996 Recommendations" on pages 29 through 33.

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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EXHIBIT I

INTERNAL CONTROL STRUCTURE

GENERAL AND POLICE LITIGATION RESERVES

Observation

The City maintains a data base of open claim 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 \$0.00 or an "NA," the "NA" signifying that the attorney does not have enough information on the claim to determine a loss estimate.

The data that the City compiles and provides to the agencies 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 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 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 exposure.

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.

Management's Response

We concur with the auditor's recommendations and we will proceed with developing a method of getting information through a cooperative endeavor with outside auditors and consultants.

Completion Date

December 31, 1998

Contact

Avis Russell, City Attorney
Raymond A. Fossen

WORKERS' COMPENSATION RESERVES

Observation

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 any changes in case reserves. We did not, therefore, use the incurred loss data.

Recommendation

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 most 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's Response

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

Completion Date

December 31, 1998

Contact

Avis Russell, City Attorney

Observation

For the workers' compensation industry as a whole, indemnity (compensated) losses as a percentage of total losses are usually in the range of 40% 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 in Total	
	Medical	Indemnity
1990	34 %	66 %
1991	45 %	54 %
1992	61 %	39 %
1993	37 %	63 %
1994	33 %	67 %
1995	35 %	65 %
1996	37 %	63 %
1997	62 %	38 %

Recommendation

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

Management's Response

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

Completion Date

December 31, 1998

Contact

Alex Russell, City Attorney

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 5th 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.

Management's Response

The Department of Property Management has developed a plan and accompanying budget request to maintain separate duplicate copies of all original documents. This plan will be implemented in 1998.

Completion Date

December 31, 1998

Contact

Kerry DeCap, Director - Property Management

FIXED ASSET INVENTORY

Observation

The City has not performed physical counts of its significant fixed asset inventory to confirm additions and deletions for a number of years. This can result in the failure to detect losses and transfers of assets, and potential systemic problems related to fixed asset management.

Recommendation

A policy should be adopted to ensure that all significant fixed assets are counted on a periodic basis (i.e. all assets counted every three years). This procedure could be performed on a cycle basis such that by the end of the third year all assets have been counted. This will assist in maintaining the integrity of the fixed asset subsidiary records. Policies and procedures should be established to ensure the completeness, timeliness and accuracy of the count. Fixed assets purchased with federal funds should be inventoried at least once every two years.

Management's Response

We agree with this recommendation and have implemented a Fixed Assets Management System Module in APFM Advantage 2.0. The results of this accounting of the City's Fixed Assets should be completed by all City departments by the end of fiscal year 1998. Policies and procedures have been established and a manual has been issued.

Completion Date

December 31, 1998

Contact

Juanita Barrow, Assistant Purchasing Director

ENCUMBRANCES

Observation

It appears that many encumbrances in the capital projects fund are several years old. As projects are completed, a decrease in the originally-encumbered balance would be expected; however, many old encumbered balances had no activity in 1997 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 expenditures will be made.

Management's Response

We concur with the auditor's recommendation. We have set up guidelines and procedures for the end of fiscal year 1998. These guidelines have been included in our "closeout" procedures wherein we will have the responsible departments validate the ongoing nature of old encumbrances.

Completion Date

December 31, 1998

Contact

Kron Tardin, Capital Projects Administrator

COMPONENT UNIT ACCOUNTS

Observation

During our testing of due to/for from component units, we noted that there is no policy to periodically reconcile the due to/for 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, 1997 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/for from balances and segregate on its own records those balances which are due to/for from the primary government versus component units.

Management's Response

The Department of Finance, Bureau of Accounting has established guidelines effective January 1998, which would require quarterly reconciliation of the due to/for from balances due to/for from the primary government vs. component units.

Completion Date

December 31, 1998

Contact

Wayne DeLuca, Comptroller

PAYROLL SYSTEM - SURPRISE PAYCHECK DISTRIBUTIONS

Observation

A surprise distribution of randomly selected paychecks by the Internal Audit department is an effective test of payroll expenditures that is increasingly being performed by other entities. Auditors hand deliver paychecks and request identification of employees receiving the checks. This process helps to identify fictitious employees that may have been entered into the payroll system. This observation is obtained from our firm's experience with other entities and not as a result of information obtained by us as a result of our audit procedures.

Recommendation

The Internal Audit department should consider periodically performing surprise paycheck distributions at the various City departments, requiring proper identification of the employees.

Management's Response

We agree with this observation and recommendation, and will strive to accomplish this objective based upon availability of Internal Audit staffing levels. Currently, the Chief Administrative Office is advertising an RFP to outsource their services.

Completion Date

June 30, 1999

Contact

Paul Mahon, Director - Internal Audit

ACCOUNTING FOR GENERAL LONG-TERM DEBT

Observation

The City has several outstanding debt issues. The City has not implemented the module available in the GFS system relating to the general long-term debt account group found in the general ledger system and does not maintain amortization schedules for long-term debt. Debt schedules prepared during the year were not detailed enough to aid in the preparation of the financial statements or the related long-term debt footnotes. Manual accounting, related to debt issues, could result in accounting errors or delays in the reporting process.

Recommendation

The City should maintain debt amortization schedules and should implement the GFS module relating to the general long-term debt account group in the general ledger system. This will assist the City in the budget preparation and financial reporting process as well as allow the City to evaluate its debt position.

Management's Response

We agree with the observation and recommendation, and will implement the AFIN data archive module by the end of 1998, or beginning of 1999.

Completion Date

April 30, 1999

Contact

Wayne DeLuca, Comptroller

REVIEW OF ACCESS PRIVILEGES

Observation

The City of New Orleans has no consistent procedure for performing periodic review of computer users' access privileges to ensure each user's access to the application data is appropriate. While there was confirmation that this process is periodically performed, no documentation of the process was retained by the City. Inappropriate user access privileges could result in unintentional or unauthorized modifications to City information.

The City of New Orleans has reviewed access privileges for the AFIN. However, there does not appear to be any consistent documented procedure for conducting these reviews on a regular basis. This process is important, especially in an environment as large as the City of New Orleans, where there potentially could be terminated or transferred employees with access to the City's systems, or cross functional access resulting in a lack of segregation of duties.

Recommendation

The City should develop and implement a regular procedure for review by department managers of each access. Detection of unauthorized user access can be achieved with periodic review. Note that this review procedure would be specified in the information security policy.

Management's Response

Printouts of who has access to AFIN are being developed and reviewed on a continuing basis by the MIS security administrator and the AFIN system administrator. All access is reviewed and updated as appropriate. This is an ongoing process that will continue. This procedure has been enhanced to include the department divisions.

Completion Date

Ongoing

Contact

John Evans, MIS Security Director

STAGING LIBRARY

Observation:

Currently, there is no secure staging library to prevent programmers from modifying program code between the time it is approved and the time it is moved into production. Unapproved/unauthorized changes to City programs could be made without detection which could affect the processing integrity, and thus, reliability of City information.

All completed or modified programs must be tested and then approved prior to movement into production. However, the program is not secure from further modification by the programmer while it is waiting to be approved and moved to production. Any unauthorized changes, unintentional or intentional, may not be detected.

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 procedure would prevent further modification to programs after they have been tested and approved.

Management's Response:

MIS is working to accomplish this recommendation with one exception, all system and user testing will be done from the development region. This is due to having to maintain a totally separate CICS region for testing. This will cause undue strain on hardware resources, i.e., memory, DASD, CPU, etc., not to mention the additional personnel resources which would be required to install and support the region. The design of the staging libraries has been completed, the libraries have been created, the compiler procedures 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 1993. The implementation of a staging library will be done at that time and should be complete by the end of 1993. The implementation of the staging libraries will be accomplished when the implementation of the financial system upgrade has been completed. The current version of the financial software requires an older version of the COBOL compiler be used. This complicates the implementation of the staging libraries.

Completion Date:

December 31, 1993

Contact:

Earl Kibrits, MIS Director

PROGRAM CHANGE STANDARDS

Observation

Currently, there are no formal program change standards that are being followed. As a result, inconsistent programming methodologies may be used by programmers which could affect the quality of the programs, and thus, the processing and reliability of City information.

The City of New Orleans has made a significant effort in developing a formal program change methodology. Currently, this formal policy is in a draft state, and thus, is not being used. Due to unavailability of defined formal standards, each programmer may document and make program changes differently making maintenance to the system difficult and confusing. Implementation of the formal procedures will allow each programmer to know exactly what is expected and allow all program changes to be completed in a similar and consistent form.

Recommendation

The draft version of the formal program change methodology should be finalized and implemented. Implementation includes the distribution to all programmers and enforcement of these standards.

Management's Response

Program change standards have been developed for AFPM 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 the City.

Completion Date

April 30, 1999

Contact

Earl Kibrick, MIS Director

TESTING OF PROGRAM CHANGES

Observation

Users are not required to test program changes prior to movement into production. This could result in changes inconsistent with user expectations.

Generally, the programmers, not the users, are expected to test the modified programs using test data. There is no requirement for users to test changes, and thus, often the programs are not tested. Without sufficient program change controls, management cannot be reasonably assured that changes made to the application systems are appropriately requested, authorized and implemented.

Recommendation

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

Management's Response

The final functional testing of APTN modifications is now performed by users. This procedure has been in place since October 1996. Formal change procedures, including a user sign-off, will be included in MIS Technical Policies and Procedures for the City.

Completion Date

April 30, 1999

Contact

Earl Kibbide, MIS Director

DIAL-IN ACCESS

Observation

The City does not monitor dial-in access activity. Additionally, there is extensive use of PCAnywhere and similar utilities at the City. This could result in failure to detect unauthorized system activities from external sources which could affect the confidentiality and reliability of system information and the system itself.

The use of modems has significantly increased during the past five years. Also, a number of LANs (Local Area Networks) of other departments dial-in to the City's internal network to exchange information. There does not appear to be appropriate controls surrounding dial-in access. There is no monitoring of dial-in users or other stronger authentication features like dial-back being utilized. Lack of appropriate controls in this area could lead to unauthorized access to the City's systems which is not detected.

Recommendation

Management should include the daily review of dial-in access to the monitoring procedures which are currently performed. Additionally, the City should regulate and administer the use of all modem connections to networked PCs.

Management's 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 directly from an SAA server connection. They are only allowed access to the mainframe. Once they have attached to the server with a user name, they are subject to the security protection offered by Computer Associates' Top Secret Software, which protects all of the production applications and data sets.

Completion Date

Ongoing

Contact

Earl Kibbide, MIS Director

INFORMATION SECURITY POLICY

Observation

During our review of information security practices, we noted that user IDs for terminated or transferred employees are not promptly revoked. There is no mechanism or procedure by which those IDs in need of revocation are communicated to the MIS department.

Non-adherence to prescribed information security standards and procedures increases the risk of loss or compromise of production data and misuse of company resources. Active user accounts for terminated or transferred employees pose an unnecessary risk.

Recommendation

We recommend the City take measures to develop and implement a means of ensuring that all active user IDs are for current employees, and that the permissions for those IDs accurately reflect the individuals current access needs.

Management's Response:

A printout of all terminated and transferred employees is provided monthly to the security office. He uses this printout to make the necessary adjustments to the system security.

Completion Date:

Ongoing

Contact:

John Evans, MIS Security

ACCOUNTING, ADMINISTRATIVE AND OPERATING MATTERS

LONG-TERM PLANNING MODEL

Observation

The City does not appear to have a long-term fiscal plan in place. Such a plan would attempt to project City expenditures for the next three to five years, identify funding sources and project tax revenues and rates. Such a plan would:

- Identify major tax, service level or labor related decisions required to be made in order to avoid fiscal problems.
- Identify essential services and prioritize funding.
- Evaluate the consequences of staff reductions or other service cuts.
- Identify appropriate debt limits and contingency reserves.

The major benefits of such a plan is that it can identify and evaluate potential problems and allow the City Council time to make more informed financial decisions.

Recommendation

We suggest that the City consider developing a formal long-term fiscal plan.

Management's Response

The City on an ongoing monthly, quarterly and annual basis reviews all of its revenues and expenditures. During the annual budget process the City also provides five year revenue and expenditure projections. However, the City has not implemented a long-term five year fiscal plan. The Chief Administrative office is committed to developing such a plan in conjunction with members of the Revenue Estimating Conference Committee.

Completion Date

December 31, 1998

Contact

Marie Dunham, CAO

FINANCE DEPARTMENT STAFFING

Observation

The staffing level and workload distribution for the Finance Department have not been systematically evaluated for several years despite growth in City operations and complex changes in financial reporting. Failure to evaluate staffing and workload can result in an inefficient use of City personnel resources.

Recommendation

Reevaluate workload and staffing levels in the Finance Department to ensure that the processing of City financial information continues to be handled in the most effective and efficient manner possible.

Management's Response

We agree and have addressed these issues and developed a plan to ensure adequate staffing during the 1998 budgetary process. Please note that any staffing enhancement must be approved by the City Council, Chief Administrative Officer and Civil Service. Currently, the revised qualifications, salary and staffing level have been approved by Civil Service staff and City Council and need approval from the Chief Administrative Officer and Civil Service Commission.

Completion Date

December 31, 1998

Contact

Marie Guzman, CAO

FUND BALANCE OF THE GENERAL FUND

Description

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. For each of the past two years, expenditures in the general fund have exceeded revenues. If these appropriations continue at the same rate as the past three years and if additional revenue sources do not materialize, the City's general fund could be in a deficit position on a budgetary basis in the near future.

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's Response

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

Completion Date

December 31, 1998

Contact

Marie Guzman, CAO

INTERNAL-AUDIT FUNCTION

Observation

Currently, the City's internal audit function is limited in the scope and breadth of its activities due to insufficient size and staffing levels of its staff. The size and complexity of City operations warrants the allocation of additional, qualified personnel to perform internal audit activities on an ongoing basis. The internal audit function is an important element in providing assurance to the City that its internal control structure is adequate and functioning properly. The lack of significant ongoing internal audit activities may expose the City to an undue level of risk of loss of financial resources, instances of non-compliance or other control risks. The following is a suggested list of areas in which an internal auditor could add significant value to the City:

- Internal control reviews
- Independent audits of various accounts and financial activity
- Federal program compliance reviews
- Accounting policy compliance reviews
- Additional operational reviews and special projects

Due to the existing staffing level and workload of the Internal Audit department, internal audit activities are not being performed on a regular basis. As a result the City must place greater reliance on its systems of internal control and the annual external audit to provide assurance relating to its financial statements and control systems. The City also cannot proactively perform audits to isolate problem areas or identify areas of weakness which may exist.

Recommendation

Consider expanding the size and staffing levels of the Internal Audit department. Alternatively, the City should consider contracting that function by hiring outside consultants to aid the City in performing internal audit activities. The duties and responsibilities should be set forth in order to address the areas suggested above.

Management's Response

We review and provided to develop a plan to enhance our internal audit department through out sourcing these services. Currently, the City is waiting for responses to an RFP for these services.

Completion Date

June 30, 1999

Contact

Marin Gorman, CAO

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.

Management's Response

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

Completion Date

June 30, 1999

Contact

Wayne DeLargo, Comptroller

NEW REPORTING MODEL

Observation

The Governmental Accounting Standards Board is expected to issue a statement that will make drastic changes to the basic financial statements that governments are required to issue. It is anticipated that this statement will be effective for periods beginning after June 15, 2000. There is one area that represents a dramatic change in the information that cities have historically reported.

One of the most significant changes incorporated in this new statement is a requirement for governmental entities to record the cost of infrastructure. Due to the age of some cities' infrastructure, it may be difficult, if not impossible, to obtain information regarding the cities' historical costs of infrastructure.

Recommendation

In order to avoid delays in issuing financial statements under the new reporting model, the City should begin the process of assessing its records regarding the historical cost of infrastructure. Alternatively, if such information is not available, a process to estimate the historical value of infrastructure should be established and executed as quickly as possible.

Management's Response

We agree and will work to complete this AMS implementation reporting module by 1998.

Completion Date

June 30, 1998

Contact

Wayne DeLuze, Comptroller

DISASTER RECOVERY PLAN

Description

Critical business processing functions may not be recovered in the event of major damage or inaccessibility of key company facilities.

Currently, the City of New Orleans lacks a 'Disaster Recovery Plan.' A Disaster Recovery plan contains the necessary arrangements to perform key processing functions in the event of a disaster. This plan would help reduce the financial impact and the time necessary to replace key processing components after the event. The plan would be developed from an overall business perspective, and would address critical data processing functions. A plan should include:

- The identification of key automated business processes required to continue when a disaster is declared.
- The specific arrangements to recover those key processes identified, including personnel, facilities, telecommunications, supplies and equipment.
- A process to identify changes within the organization and make updates to help ensure the plan remains current.
- Periodic testing, where feasible and cost effective, to help ensure the plan is operational.

Upon completion of a business impact analysis that would define risks and exposures to the business and drive the recovery strategy, Information Systems management can secure the most cost effective arrangements for recovering EDP services in the event of a disaster.

Recommendation

A Disaster Recovery 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 those business functions. These two pieces should work together to ensure that in the event of a disaster the processing functions could be recovered with minimal lost time and information.

Management's Response

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

Completion Date

December 31, 1998

Contact

Marlin Gorman, CAD

CAPITALIZATION POLICY

Description

The City currently has a policy to capitalize all expenditures for nonexhaustible fixed assets that exceed \$500 and a useful life greater than one year. This can result in significant expenditures of time and effort to account for low dollar value and/or short-lived assets. OMB Circular A-87 has recently been amended to allow a capitalization floor of \$1,000.

Recommendation

The City's capitalization policy should be reviewed to determine the cost/benefit of recording fixed assets with low dollar values or short life spans. Additionally, because of the change in OMB Circular A-87, an increased capitalization floor could result in additional grant reimbursements as items which were considered capital under the old policy would be considered reimbursable under the new policy as supplies and could be funded more readily from federal funds. Consider increasing the limit to \$1,000. Additionally, consider maintaining subsidiary records for those nonexhaustible assets whose value falls below the threshold.

Management's Response

We agree with this recommendation and we have implemented a fixed asset management module in APTN Advantage 2.0.

Completion Date

December 31, 1998

Contact

Justin Barrow, Assistant Purchasing Director

TRUST FUNDS

Observation

During our audit of expendable and nonexpendable trust funds, we noted that none of these trust funds were documented by formal 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 (currently Delgado Community College).

b. **John McDonough School**

This fund was established for the support of public schools.

c. **Lafayette Cemetery #1 Under Will of Lily Violet**

The ordinance under which the fund, Lafayette Cemetery #1 Under Will of Lily 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. **Mahalia Zimmerman Tomb**

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

e. **Mrs. Otto Ibrahim**

This fund was established according to the terms of the will of Mrs. Otto Ibrahim 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 medicine and medical advice to the poor of the City.

h. **Helen Adler Levy Library**

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

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

The Kiwanis Club Lee Circle Sprinkler System Fund was established in 1971 by a donation of \$4,200 by the Kiwanis Club to install a Subterranean Lawn Sprinkler System at Lee Circle.

J. Ella West Freeman Foundation

This fund was established for the purpose of producing copies of the Masonry Maintenance Guidelines Manual to be used by the Viceroy Care 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 these funds which fall under its jurisdiction.

Management's Response

The Law Department is currently reviewing the terms of these trust fund requirements and is reevaluating such as to activities and performance of trusts. Additionally, the Board of City Trusts will annually review said funds.

Completion Date

December 31, 1999

Contact

Aria Russell, City Attorney

OVERSIGHT OF COMPONENT UNITS

Observation

Each year, at least one component unit is not able to provide the City their 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.

Management's Response

We disagree with this observation. Please note that all of the City's financial reports were submitted for inclusion into the City's general purpose financial statements. The City has continued to provide additional auditing consulting support to supplement lack of auditing staffing levels for these outside component units.

Completion Date

Ongoing

Contact

Marisa Kahn, Director of Finance

FILING OF DOCUMENTS WITH LEGISLATIVE AUDITOR

Observation

The City will not file by June 30, 1998 a report on compliance and internal control and the management letter that is required by state law. The Audit Committee of the City Council has scheduled a meeting for July 13, 1998 to review the City's response to the management letter comments.

Recommendation

In the future, the City should address the management letter comments during the May meeting of the Audit Committee so as to allow timely filing of the report.

Management's Response

The Division of Finance will work with the auditors for 1998 to allow the report to be discussed at the May meeting.

Completion Date

Ongoing

Contact

Marina Kahn, Director of Finance

STATUS OF THE 1996 RECOMMENDATIONS

The following is a summary of the 1996 recommendations from our report dated June 17, 1997 and the status of implementation thereof:

	Implemented	Partially Implemented	Not Implemented
• Management should develop a database of current and historical general and police reserves and workers' compensation reserves.		X	
• Investigate why medical losses are greater than indemnity losses as this distribution is opposite of what typically occurs in the industry.			X
• All original property documents maintained by the City should be safeguarded in fire proof cabinets.			X
• Adopt a policy to ensure that all fixed assets are re-audited on a periodic basis.		X	
• A detailed review of outstanding encumbrances should be performed at the end of each fiscal year.		X	
• The Accounting Department should prepare an outstanding check list in conjunction with its monthly preparation of reconciliations.	X		
• Accounting personnel with the City should contact the appropriate personnel at each respective component unit periodically in order to reconcile the due to/for balances.			X
• The internal audit department should consider periodically performing surprise payroll distributions at the various City departments, requiring proper identification of employees.			X

	Implemented	Partially Implemented	Not Implemented
<ul style="list-style-type: none"> Maintain debt amortization schedules and implement the GFS module relating to the general long-term debt account group in the general ledger system. 			X
<ul style="list-style-type: none"> A periodic review of access applications should be performed. 		X	
<ul style="list-style-type: none"> A secure staging library should be developed. 		X	
<ul style="list-style-type: none"> Publish formal program change standards. 		X	
<ul style="list-style-type: none"> Develop procedures to have program changes tested by users and are approved by users. 		X	
<ul style="list-style-type: none"> Management should include the daily review of database activity to the monitoring procedures which are currently performed. 		X	
<ul style="list-style-type: none"> Enhance the developed information security policy based on its security strategy. This information security policy should be reviewed annually by management and updated to reflect changes in the City's computer environment. The updated policy should be distributed to all current employees to increase their information security awareness. 		X	
<ul style="list-style-type: none"> The City should define its internet strategy to determine what types of internet services the City will utilize and how its internet network will be protected. 	X		
<ul style="list-style-type: none"> The City should create a "Year 2000" team with the responsibility for the assessment and implementation of year 2000 requirements. 		X	

	Implemented	Partially Implemented	Not Implemented
• Reevaluate workloads and staffing levels in the Finance Department.			X
• Many municipalities establish minimum levels of fund balance beyond which levels they will not exceed except in unusual or extraordinary circumstances. The City should establish for budgeting purposes a minimum level of fund balance.		X	
• Consider expanding the size and staffing levels of the internal audit department.			X
• Explore alternative to manually recording information that is already maintained in electronic format.			X
• City management should consult with their bond counsel to determine the reporting effects of the new SEC Rule which imposes additional reporting requirements on issuers of municipal securities issued after July 2, 1993.	X		
• Begin the process of assessing its records regarding the historical cost of infrastructure.			X
• Evaluate the impact of GASB Statement 31 on the City's investment policy and strategies.	X		
• Review the capitalization policy to determine the cost/benefit of recording fixed assets with low dollar values or short life spans.		X	
• A Business Continuity Plan needs to be developed, documented and tested.			X

	Implemented	Partially Implemented	Not Implemented
<ul style="list-style-type: none"> Additional research of certain trust funds should be performed to determine their legal status and whether the requirements of each of these funds are being met. 		X	
<ul style="list-style-type: none"> The City should receive additional oversight of component units to ensure that their financial reports will be received in a timely manner. 		X	

APPENDIX

MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND LIMITATIONS OF, THE INTERNAL CONTROL STRUCTURE

The following statements 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 recorded 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, misstatements due to error or fraud 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.



June 23, 1998

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

The approach of the year 2000 presents significant issues for many financial, information, and operational systems. Many systems in use today may not be able to interpret dates after December 31, 1999 appropriately, because such systems allow only two digits to indicate the year in a date. As a result, such systems are unable to distinguish January 1, 2000, from January 1, 1900, which could have adverse consequences on the operations of the entity and the integrity of information processing, causing safety, operational, and financial issues.

Our audit of the City of New Orleans, Louisiana (the "City") combined financial statements for the year ended December 31, 1997, did not provide any assurance, nor did we express any opinion, that the City's systems or any other systems, such as those of the City's vendors, service providers, customers, component units or joint ventures in which the City has an investment, or other third parties, are year 2000 compliant. In addition, we were not engaged to perform, nor did we perform as part of our audit engagement, any procedures to test whether the City's systems or any other systems are year 2000 compliant or whether the plans and activities of the City are sufficient to address and correct system or any other problems that might arise because of the year 2000, nor did we express any opinion or provide any assurance with respect to these matters.

However, during our audit fieldwork ended June 23, 1998, we made limited inquiries about the City's activities to address the year 2000 issue. We have not performed any procedures to test the accuracy or completeness of the responses to our inquiries, but we have included the responses resulting from those inquiries in the following paragraphs. Our inquiries supplement the communications that were previously made to the Audit Committee and are appropriate as of the date of this letter. Because year 2000 activities are currently in process, we may have had additional observations had we made inquiries after the date of this letter. Accordingly, we encourage the Mayor, Council Members and Audit Committee to continue its oversight of the City's year 2000 activities.

The MIS Director has assumed the leadership role with the City's Year 2000 issues and he has informed us of the information in the four following paragraphs.

A software package, Houghton 2000, from Malvern, Inc. has been obtained that will allow the City to test its software by simulating any date into the future, including Year 2000 dates. This will identify the extent of the problem. The City's sort program, SysSort, has been updated to allow for sorting across century changes. This will assure that any sorts performed will result in the proper results.

A letter has been sent to each of the City's software vendors to ascertain if they are Year 2000 compliant. Responses have been received from all but a few of the vendors. To date no vendor has implied that they are not or will not be Year 2000 compliant. Each vendor has provided the City with a list of the version numbers of their software that are Year 2000 compliant. The City is checking to insure that they are the appropriate version level to ensure compliance. Those systems not at the appropriate level will be upgraded timely. No new software will be purchased that is not Year 2000 compliant.

The City does have resources allocated to correcting the Year 2000 problems at the City. It is currently installing the Year 2000 compliant version of American Management Systems financial software. Upon completion of that project it will begin installing the Year 2000 compliant version of AMS' Human Resources System. As the Hourglass 2000 software identifies any other Year 2000 problems, the programming team will receive notification and make the appropriate programming adjustments.

The City has already upgraded the mainframe's operating system to IBM's Os/390 which is Year 2000 compatible.

This report is intended solely for the information and use of management, the Audit Committee, 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,



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30 JUL 20 AT 9:29

CITY OF NEW ORLEANS

SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 1997

Bruno

CERTIFIED PUBLIC ACCOUNTANTS

& Tervalon

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

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 Expenditures of Federal Awards of the City of New Orleans, Louisiana, for the year ended December 31, 1997. The Schedule of Expenditures of Federal Awards is the responsibility of the management of the City of New Orleans. Our responsibility is to express an opinion on the Schedule of Expenditures of Federal Awards based on our audit. The accompanying Schedule of Expenditures of Federal Awards is not a part of the City of New Orleans' general purpose financial statements for the year ended December 31, 1997. 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-133, *Audit of States, Local Governments and Non-Profit Organizations*. Those 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 Expenditures of Federal Awards is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Expenditures of Federal Awards. 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 Expenditures of Federal Awards. We believe that our audit provides a reasonable basis for our opinion.

**INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**
(CONTINUED)

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

In our opinion, the accompanying Schedule of Expenditures of Federal Awards of the City of New Orleans presents fairly in all material respects, the expenditures of federal awards of all federal programs for the year ended December 31, 1997, in conformity with generally accepted accounting principles.

As further 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 awards programs during the year ended December 31, 1997 and in previous years. The determination of whether the identified instances of noncompliance will ultimately result in a disallowance of costs cannot be presently determined. Accordingly, the Schedule of Expenditures of Federal Awards does not include any adjustments for these matters.

In accordance with Government Auditing Standards, we have also issued a report dated June 22, 1998 on our consideration of the City of New Orleans internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bruno & Tervalon
BRUNO & TERVALÓN
CERTIFIED PUBLIC ACCOUNTANTS

June 22, 1998

**CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997**

FEDERAL GRANT OR PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U. S. Department of Agriculture			
Food Stamp Cluster			
<i>Accounts from a Pass-Through Entity</i>			
Through: State of Louisiana's			
Department of Social Services	10.551	2207791	964,162,172
Food Stamp Program			
State Administrative Funding for			
Food Stamp Program	10.561	2207501329478	449,082
Sub-panel - Food Stamp Cluster			
Through: State of Louisiana's			
Department of Social Services			
Special Supplemental Nutrition Program for			
Women, Infants and Children	10.557	0149758166512	811,812
Total U. S. Department			
of Agriculture			<u>965,414,066</u>
U. S. Department of Commerce			
Direct Awards			
Economic Development-Grants for Public Works and			
Infrastructure Development	11.200	-----	8,482,087
Total U. S. Department			
of Commerce			<u>8,482,087</u>

See the notes to the Schedule of Expenditures of Federal Awards.
(CONTINUED)

CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997

(CONTINUED)

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U. S. Department of Housing and Urban Development			
Other Awards:			
Urban Development Action Grants-			
Cumulative Program Income	14-221	-----	\$ 1,388,344
Community Development Block Grants-			
Special Purpose Grants	14-227	-----	1,646,247
Special Purpose Grants-			
Loyola Research & Development Center	14-227	-----	2,299,354
Emergency Shelter Grants Program	14-231	-----	590,647
Molter Plus Care	14-238	-----	43,787
Home Investment Partnerships Program	14-239	-----	1,377,824
Housing Opportunities for Persons with AIDS	14-241	-----	1,903,997
Opportunities for Youth-Youth Build Program	14-243	-----	284,233
Subtotal - Direct Awards			10,844,655

See the notes to the Schedule of Expenditures of Federal Awards.
 (CONTINUED)

CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997

(CONTINUED)

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U. S. Department of Housing and Urban Development, Continued <i>Office: Environment and Small Cities/Chief</i> Direct Awards Community Development Block Grants	14.218	-----	\$26,653,166
Awards from a Pass-Through Entity Through: State of Louisiana's Department of Social Services Emergency Shelter Grant	14.231	379-700251(779)- 800491	149,141
Through: Housing Authority of New Orleans Public and Indian Housing Drug Elimination Program	14.854	LA-88DE-PH01019199	3,175,615
Subtotal - Awards from a Pass-Through Entity			3,824,856
Total U. S. Department of Housing and Urban Development			<u>\$30,478,022</u>

See the notes to the Schedule of Expenditures of Federal Awards.
 (CONTINUED)

**CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997**

(CONTINUED)

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U. S. Department of Justice			
Direct Awards			
Outdoor Recreation-Acquisition, Development and Planning	14-876	-----	\$ 125,000
	Total U. S. Department of Justice		\$ 125,000
U. S. Department of Justice			
Direct Awards			
Byrne Formula Grant Program-Cops Abroad	16-579	-----	\$ 677,255
Byrne Formula Grant Program-Cops Move	16-579	-----	926,899
Harrisville Investigating Program	95DDBX0055	-----	151,700
Firearm Training Grant	95DDBX0071	-----	214,132
Comprehensive Domestic Violence Arrest Policies	97-WL-VS-0083	-----	387
Wood and Seed Plan	98-W9-CJ00028	-----	39,471
Domestic Violence Program	98DV9800071	-----	62,093
Local Law Enforcement Block Grant Program	16-592	-----	2,453,862
	Sub-total - Direct Awards		4,199,219

See the notes to the Schedule of Expenditures of Federal Awards
(CONTINUED)

**CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997**

(CONTINUED)

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U.S. Department of Justice - Continued <i>Awards from a Pass-Through Entity Through: State of Louisiana's Executive Justice Department Juvenile Justice and Delinquency Prevention</i>	16,540	960596370037 9390801100253 948880370087	\$ 29,431
<i>Byrne Formula Grant Program</i>	16,579	95285020092 961398100011	300,011
<i>Subtotal - Awards from a Pass- Through Entity</i>			329,542
<i>Total U. S. Department of Justice</i>			<u>\$ 4,252,757</u>

See the notes to the Schedule of Expenditures of Federal Awards.
(CONTINUED)

**CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997**

(CONTINUED)

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U. S. Department of Labor Awards from a Pass-Through Entity Through: State of Louisiana's Department of Labor Employment and Training Assistance- Dedicated Workers	17-246	89-12-309594-1116/ 95-96-9798-12-3 95-96-9798-12-11A/ 11B/11C	\$ 1,438,313
Job Training Partnership Act	17-249		5,377,817
Total U. S. Department of Labor			\$ 6,776,130

See the notes to the Schedule of Expenditures of Federal Awards.
(CONTINUED)

**CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997**

(CONTINUED)

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	AMOUNT
U. S. Department of Transportation			
Direct Awards			
Airport Improvement Program - New Orleans Aviation Board	20.104	-----	\$ 1,481,594
Delta/Delta Pass-Through Entity Through State of Louisiana's Department of Transportation			
State and Community Highway Safety	20.608	M-853787PG-9901/ M-856274-8537	5,965,577
Total U. S. Department of Transportation			<u>\$14,383,171</u>
Environmental Protection Agency			
Direct Awards			
New Orleans Boudinfields Project - Superfund Site - Specific Cooperative Agreements	66.802	-----	\$ 17,142
Total Environmental Protection Agency			<u>\$ 17,142</u>

See the notes to the Schedule of Expenditures of Federal Awards.
(CONTINUED)

**CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997**

(CONTINUED)

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
Federal Emergency Management Agency			
Direct Awards			
State Disaster Preparedness Grants	83-545	-----	\$ 179,973
Awards from a Pass-Through Entity			
Through State of Louisiana's Emergency Management Emergency Management-State and Local Assistance	83-534	871-80045	343,184
Total Federal Emergency Management Agency			\$ 523,157
U. S. Department of Education			
Awards from a Pass-Through Entity			
Through State of Louisiana's Department of Culture, Recreation and Tourism Title I-Grants to Local Educational Agency	84-010	L.S.C.A. Title I - E-88044A-00011	\$ 67,216
Total U. S. Department of Education			\$ 67,216

See the notes to the Schedule of Expenditures of Federal Awards
(CONTINUED)

**CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997**

(CONTINUED)

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U. S. Department of Health and Human Services			
Direct Awards			
Grants For Residential Treatment Programs for Program and Post-Partum Women-Infant Program	\$3,101	-----	\$ 1,806,960
Health Center Grants for Homeless Population	\$3,151	-----	1,888,218
Community Prevention Coalitions (Partnership) Demonstration Grant	\$3,194	-----	202,278
Centers for Disease Control and Prevention- Investigation and Assistance	\$3,283	-----	113,968
Family Violence Prevention and Services	\$3,671	-----	2,490
Healthy Start Initiative-Grant/Expenditures Program	\$3,926	-----	2,228,482
Sub-total - Direct Awards			9,831,896

See the notes to the Schedule of Expenditures of Federal Awards
(CONTINUED)

CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997

(CONTINUED)

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA or OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
U.S. Department of Health and Human Services - Continued			
<i>HIV Emergency Relief/Chair</i>			
<i>Direct Awards</i>			
HIV Emergency Relief/Project Grants/Ryan White Program	93.914	\$ 787,479
HIV Emergency Relief/Fornath Grants- Ryan White Program	93.915	2,333,295
<i>Sub-total - HIV Emergency Relief Chair</i>			
			<u>3,080,762</u>

See the notes to the Schedule of Expenditures of Federal Awards.
 (CONTINUED)

**CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997**

(CONTINUED)

FEDERAL GRANT OR PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U.S. Department of Health and Human Services, Continued			
<i>Accounts from a Pass-Through Entity</i>			
<i>Through: State of Louisiana's Departments of Health and Hospitals and Social Services</i>	93.118	97-48LTH-009	\$ 36,971
Acquired Immune Deficiency Syndrome Activity	93.268	14822897-HE-TH-601	300,908
Childhood Immunization Grants	93.582	37901462	
Environment Zones Program		CFMS 904032	139,282
EPSDT Medical	N.A.	1410012/1962471	966,543
Preventive Health and Health Services Block Grant	93.991	162621016533	181,809
Hemodialysis Demonstration	N.A.	1880043	19,364
LAPS	N.A.	1583515139	37,241
<i>Sub-total - Awards from a Pass-Through Entity</i>			<u>1,202,584</u>

N.A. = Not Available.

See also notes to the Schedule of Expenditures of Federal Awards
(CONTINUED)

**CITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997**

(CONTINUED)

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U. S. Department of Health and Human Services, Continued <i>Awards from a Pass-Through Entity</i> Through: State of Louisiana's Departments of Health and Hospitals and Social Services			
HRV Emergency Relief Center	93.915	905580	5-126.745
HRV Emergency Relief Center-Crains-Ryan White			
<i>Subtotal - Awards from a Pass-Through Entity - HRV Emergency Relief Center</i>			126.745
Total U. S. Department of Health and Human Services			5-14-562,820
Total Expenditures of Federal Awards- City of New Orleans			5,042,520,395

See the notes to the Schedule of Expenditures of Federal Awards.

CITY OF NEW ORLEANS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1997

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 1984. 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 EXPENDITURES OF FEDERAL AWARDS:

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

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

CITY OF NEW ORLEANS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 3 - BASIS OF ACCOUNTING/PRESENTATION:

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

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The preparation of the schedule of Expenditures of Federal Awards 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 these 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 as reported in the current and prior Single Audit reports pertinent to such actions are as follows:

Program Year	Amount
City of New Orleans December 31, 1990 through December 31, 1994	\$2,275,851
December 31, 1997	5,326,661
Total	<u>\$7,602,512</u>

CITY OF NEW ORLEANS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 4 - QUESTIONED COSTS, CONTINUED:

<u>Sub-Recipients</u>	
December 31, 1994 through	
December 31, 1996	\$1,812,444
Total	\$1,812,444

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 voted grant funds. Accordingly, no provision or adjustment has been made to the Schedule of Expenditures of Federal Awards.

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 \$8,328,028 and \$1,044,321, respectively as of December 31, 1997. When required, the repayment of the ineligible/disallowed costs is funded from non-federal funds. However, the Schedule of Expenditures of Federal Awards has not been adjusted for any such repayments.

CITY OF NEW ORLEANS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 6 - GRANTEE LOANS - UDAG:

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, 1997, totaling \$10,183,000 which bear interest at rates ranging from zero percent to seven percent. These loans are receivable over a fifteen-to-thirty-year period and are recorded as deferred revenue at December 31, 1997. 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 amortization of grantee loans receivable as of December 31, 1997, including interest receipts of \$3,784,000 are as follows (in thousands of dollars):

Year Ending December 31,	
1998	\$ 423,000
1999	423,000
2000	513,000
2001	613,000
2002	613,000
2003 and thereafter	36,828,000
	\$13,328,000

CITY OF NEW ORLEANS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 7 - HUD SECTION 108 LOANS:

During both 1987 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 McFropain and to the Historic Restoration, Inc., whose project includes the development of the "D. E. Holmes Property" for the following uses: namely, a first-class hotel, residential apartments, and a parking garage. These loans consist of notes originally totaling \$18,800,000 and bearing interest at either 8.75% to 8.75% or variable interest rates based upon the London Interbank Offered Rate (LIBOR). As of December 31, 1997, the entire remaining balance of \$3,300,000 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>D. E. Holmes Project</u>	<u>INTEREST</u>	<u>Principal</u>
1998	\$ 338,000	\$ 175,000
1999	328,000	166,000
2000	317,000	158,000
2001	304,000	150,000
2002	<u>292,000</u>	<u>1,455,000</u>
Total	<u>\$1,579,000</u>	<u>\$3,300,000</u>

CITY OF NEW ORLEANS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 8 - PARTICIPATION IN FOOD STAMP PROGRAM:

During the year ended December 31, 1997, 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.

During 1997, the City of New Orleans had the following Food Stamp coupon activity:

Value of coupons on hand at January 1, 1997	\$34,479,817
coupons received from State during year	<u>62,374,217</u>
Total coupons on hand	66,854,034
Less:	
Coupons issued	64,162,332
Coupons canceled	187,480
coupons transferred	<u>3,508,160</u>
Total coupons issued, canceled and transferred	67,857,972
Value of coupons on hand at December 31, 1997	\$_____0

passage (activity) of the Food Stamp Program are recorded in the Schedule of Expenditures of Federal Awards at the dollar value of the food stamp coupons when the coupons are issued to food stamp recipients. During the year ended December 31, 1997, the Food Stamp Program maintained by the City of New Orleans was terminated. Thereafter, eligible recipients obtain their benefits through electronic benefit transfer.

CITY OF NEW ORLEANS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 9 - CONTINGENCY:

The city of New Orleans is a recipient of numerous grants and awards of Federal funds. These grants and awards are governed by various Federal 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 not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

The audit of the federal award programs of the City of New Orleans for the year ended December 31, 1997 disclosed instances of non-compliance with regard to the failure of the city to properly monitor the Department of Health and Human Services, Department of Housing and Urban Development and the Department of Labor grants to subrecipients that may be material to the Schedule of Expenditures of Federal Awards, but for which the ultimate resolution cannot presently be determined.

NOTE 10 - MAJOR FEDERAL AWARDS PROGRAMS:

The City of New Orleans' major federal awards programs for the year ended December 31, 1997, were determined based upon program activity. The City's major Federal awards programs for the year ended December 31, 1997, were all federally assisted programs for which program activity was equal to or greater than \$2,500,000 during the year ended December 31, 1997. For purposes of the computation of major programs, the food stamp coupon issuance amount and related administrative costs totaling \$44,625,228 is excluded, although the Food Stamp Program is considered a major program for purposes of specific compliance testing.

CITY OF NEW ORLEANS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 11 - FEDERAL EXPENDITURES TO SUBRECIPIENTS:

of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City of New Orleans provided federal awards to subrecipients as follows:

Program Title	Federal CFA Number	Amount provided To Subrecipients
Community Block Grants	14.218	\$ 7,548,697
Special Purpose Grants	14.227	4,708,775
Emergency Shelter Grant	14.233	808,487
Shelter Plus Care	14.238	19,062
Home Investment Partnership Program	14.259	808,332
Housing Opportunities for Persons with AIDS	14.261	1,803,907
Opportunities for Youth-Youth Build Program	14.263	201,713
Employment and Training Assistance	17.246	1,478,313
Job Training Partnership Act Grants for Residential Treatment Programs for Program and Post-Program Women	99.181	998,938
Health Care Grants for Homeless Population	99.151	1,088,218
HIV Emergency Relief	99.914/99.915	2,437,826
Poverty Grant	99.936	2,985,285
Healthy Start Initiative	99.936	2,985,285
Total		\$32,750,181

CITY OF NEW ORLEANS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 12 - STATE GRANTS

The City of New Orleans receives non-federal funds from the State of Louisiana to perform certain public programs. Expenditures and adjustments to expenditures for the year ended December 31, 1997 are as follows:

State Grantor Agency/ Program Name _____	Contract Number _____	Expenditures and Adjustments _____
<u>Louisiana Department of Health and Human Resources</u>		
Low Risk Maternity	1385435	\$ 3,348
Career High Clinic	1405885	16,933
B.T.W. School Clinic	1405720/1946796	592
Mobile Dental Care	0880051	126,967
Healthy Communities	96-1114BT-139	50,104
HPST/Dental	0880027/188009	185,977
Career Clinic	GWPC6889C-96/97	81,635
B.T.W. Clinic	DH1114728	85,150
Crisis Trauma Center	81198-15-2897	152,324
	81197-25-256	
<u>Louisiana Department of Culture, Recreation and Tourism</u>		
Library Vax Box	Not available	37,118
Free People of Color	22-84-900148	2,500
LA Nature Center	Not available	200
<u>LA Department of Public Safety</u>		
Red Light Enforcement	9728	38,456

CITY OF NEW ORLEANS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 12 - STATE GRANTS, CONTINUED

State Grant Agency/ Program Name	Contract Number	Expenditures and Adjustments
LA Commission on Law Enforcement		
DAKE	1-85-96-97-005	342,456
Personal Training Stipend	9796A10001	57,000
Correctional Officer Training	9796A30002	8,800
Electronic Equipment	197-9-0077	25,059
Black Training	797-9-001	42,000
Crime Lab Up-Grade	1-97-8-005	89,145
Academy Equipment	197-9-015	5,608
Facility Planning and Control		
A.P. Sanchez Multi-Service	90-94201-9211-1	89,745
Skelly Park Imp.	90-94201-9410-12	77,677
Milne Bays Open Repair	90-94201-9511-6	687,365
Uptown Irish Channel	90-94201-9511-4	195,830
Department of Natural Resources		
Coastal Zone Management	25102-58-03	30,000
Louisiana Department of Family Services		
Hearing Office Program	355700134	246,689
Louisiana Department of Transportation and Development		
Florida Avenue Expressway	780-73-0049	136,689
Henderson Street	85-03-01A	733,467
519 Second Barrier	450-43-0066	80,941
Earhart Overlook	742-07-26	2,280,391
Tchoupitoulas Street	742-07-62	2,973,688
Tchoupitoulas Street	742-38-0001	231,781
Tchoupitoulas Street	742-36-0002	1,524,920
Total State Expenditure and Adjustments		\$10,372,382

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

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

We have audited the Schedule of Expenditures of Federal Awards of the City of New Orleans, Louisiana as of and for the year ended December 31, 1997, and have issued our report thereon dated June 22, 1998. The general purpose financial statements were audited by other auditors whose report has been provided to us. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 award programs during the year ended December 31, 1997 and in previous years.

Compliance

As part of obtaining reasonable assurance about whether the City of New Orleans' schedule of expenditures of federal awards is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of the schedule of expenditures of federal awards' amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

(CONTINUED)

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

The results of our tests of compliance disclosed instances of non-compliance that may be material to the Schedule of Expenditures of Federal Awards, but for which the ultimate resolution cannot presently be determined. Such instances of non-compliance are identified in Schedule III as audit findings 97-01 and 97-02. We also noted other immaterial instances of non-compliance that we have reported to management of the City of New Orleans in a separate letter dated June 22, 1998.

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 reports to us. The audit reports contained instances of non-compliance pertaining to programmatic and financial activities of certain 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 is included in the Current Status of Other Audits performed by Federal Auditors and other Independent Auditors section starting on page 53.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the City of New Orleans' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Schedule of Expenditures of Federal Awards and not to provide assurance on the internal control over financial reporting. Other auditors issued a report in which they reported separately on the results of their study and evaluation of the City of New Orleans internal control over financial reporting as a part of their audit of the general purpose financial statements.

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

(CONTINUED)

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

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Schedule of Expenditures of Federal Awards being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we did note other matters involving the internal control over financial reporting that we have reported to management of the City of New Orleans in a separate letter dated June 22, 1998.

This report is intended for the information of the members of the City Council, the Mayor of the City of New Orleans, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 22, 1998

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of New Orleans with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1997. The City of New Orleans' major federal programs are identified in the summary of the independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of New Orleans' management. Our responsibility is to express an opinion on the City of New Orleans' compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of State, Local Government, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

(CONTINUED)

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

An audit includes examining, on a test basis, evidence about the City of New Orleans' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of New Orleans' compliance with those requirements.

As described in Schedule III, audit finding 97-03 in the accompanying schedule of findings and questioned costs, the City of New Orleans did not comply with the requirements to properly monitor sub-recipients that are applicable to its Grants for Residential Treatment, Healthy Start Initiative, Employment and Training Assistance, Job Training Partnership Act, Home Investment Partnership, and Community Development Block Grant programs. Also, the City of New Orleans did not adhere to established cash management procedures for disbursements to a Healthy Start Initiative sub-recipient as described in Schedule III as audit finding 97-04. Compliance with such requirements is necessary in our opinion, for the City of New Orleans to comply with requirements applicable to those programs. In addition, the results of our audit procedures disclosed instances of non-compliance with the previously noted requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in Schedule III in the accompanying schedule of findings and questioned costs as items 97-05 through 97-08.

In our opinion, except for the City of New Orleans' failure to properly monitor sub-recipients and adhere to cash management procedures as described in the preceding paragraph, the City of New Orleans complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1997.

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' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

(CONTINUED)

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

Independent auditors and federal auditors have furnished their audit reports to us. The audit reports contained instances of non-compliance pertaining to programmatic and financial activities of certain 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 is included in the Current Status of Other Audits performed by Federal Auditors and other Independent Auditors section starting on page 53.

Internal Control Over Compliance

The management of the City of New Orleans is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of New Orleans' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of New Orleans' ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in Schedule III in the accompanying schedule of findings and questioned costs as items 97-03, 97-04, 97-05, 97-06, 97-09 and 97-10.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

(CONTINUED)

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions entitled **Monitoring of Sub-Recipients, Federal Cash Management and Monitoring and Prompt Payment System** are material weaknesses. Such reportable conditions are identified as findings 97-03, 97-04 and 97-09.

We also noted other matters that we have reported to the management of the City of New Orleans in a separate letter dated June 22, 1998.

This report is intended for the information of the members of the City Council, the Mayor of the City of New Orleans, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



BRUND & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 22, 1998

SCHEDULE I

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS**

SCHEDULE I

**CITY OF NEW ORLEANS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS
 FOR THE YEAR ENDED DECEMBER 31, 1997**

1. Type of report issued on the financial statements unqualified.
2. Did the audit disclose any reportable conditions in internal control yes.
3. Were any of the reportable conditions material weaknesses yes.
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization, uncertainty, ultimate resolution cannot precisely be determined.
5. Did the audit disclose any reportable conditions in internal control over major programs yes.
6. Were any of the reportable conditions in internal control over major programs material weaknesses yes.
7. Type of report issued on compliance for major programs qualified.
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a) yes.

9. The following is an identification of major programs:

CFDA Number	Name of Federal Program
10.551	Food Stamp Program
10.541	State Administration Funding for Food Stamp Program
14.218	Community Development Block Grant
14.227	Community Development Block Grant-Special Purpose Grants
14.854	Public and Indian Housing Drug Elimination Program
16.902	Local Law Enforcement Block Grant Program
17.246	Employment and Training Assistance
17.250	Job Training Partnership Act
20.106	Airport Improvement Program
20.600	State and Community Highway Safety
93.914	HIV Emergency Relief Project Grant
93.915	HIV Emergency Relief Formula Grants
93.926	Healthy Start Initiative-Great Expectations Program

SCHEDULE I

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS
FOR THE YEAR ENDED DECEMBER 31, 1997
(CONTINUED)**

10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) is as follows:

<i>Program</i>	<i>Amount</i>
Type A	\$2,338,000

11. Did the auditee qualify as a low-risk auditee under OMB Circular A-133, Section 520
 No

SCHEDULE H

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 1997**

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FINANCIAL STATEMENT FINDINGS**

COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS**Audit Finding Reference Number**

97-01: Monitoring of Subrecipients

Federal Program and Specific Federal Award Identification**CDDA Title and Number**

14.218	Community Development Block Grant
14.239	Home Investment Partnership Program
17.246	Employment and Training Assistance
17.250	Job Training Partnership Act
93.101	Grants for Residential Treatment - Infinity Program
93.926	Healthy Start Initiative - Grant Expectation Program

Federal Award Year

December 31, 1997

Federal Agencies

U. S. Department of Labor
U. S. Department of Health and Human Services
U. S. Department of Housing and Urban Development

Pass-Through Entity

17.246/17.250 - State of Louisiana

Criteria

OMB Circular A-133 Compliance Supplement Part 3, Section M stipulates that a pass-through entity is responsible for monitoring the sub-recipient's activities to provide reasonable assurance that the sub-recipient administers federal awards in compliance with federal requirements.

SCHEDULE II**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FINANCIAL STATEMENT FINDINGS****COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS,
CONTINUED****Audit Finding Reference Number, Continued****97-01 Monitoring of Subrecipients, Continued****Conditions and Perspectives**

We noted during our audit that management of the City of New Orleans failed to perform either fiscal or programmatic sub-recipient monitoring for the following grants:

Program	Audit Year	Number of Subrecipients	Amount of Funds Disbursed to Subrecipients
JTPA	1997	1	\$8,787,817
Infantry	1997	5	\$ 998,858
Great Expectations	1997	1	\$5,985,285

Additionally, we noted that for the Community Development Block Grant Program and Home Investment Partnership Program that certain sub-recipients were not monitored, while others were not monitored on a timely basis.

Cause

The management of the City of New Orleans has not adhered to established procedures with regard to the monitoring of sub-recipients.

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FINANCIAL STATEMENT FINDINGS**

COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS*Audit Finding Reference Number, Continued**97-01 Monitoring of Subrecipients, Continued***Questioned Costs**

For purposes of these conditions, we are presently unable to assess whether the failure of the City of New Orleans to monitor the noted sub-recipients will result in any questioned costs.

Effect

The City of New Orleans has awarded millions of grant fund dollars to subrecipients administered by the noted grants.

Without consistent monitoring efforts and documentation thereof there is an:

- Assurance that all subrecipients are monitored on a regular basis;
- Determination of subrecipients' compliance with contracted terms and conditions; and
- Follow-up and resolution of conditions of noncompliance noted.

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

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

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FINANCIAL STATEMENT FINDINGS**

COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS

Audit Finding Reference Number, Continued

97-01 - Monitoring of Subscriptions, Continued

Recommendation

We recommend that the City of New Orleans adhere to established procedures and ensure that subscriptions are regularly monitored, both fiscally and programmaticallly, in a consistent manner.

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FINANCIAL STATEMENT FINDINGS**

COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS**Audit Finding Reference Number**

97-03: Audits of Subrecipient Activities

Federal Program and Specific Federal Award Identification**CEEA Title and Number**

14.218	Community Development Block Grants
14.251	Emergency Shelter Grants
14.299	Home Investment Partnership Program
14.241	Housing Opportunities for Persons with AIDS
93.101	Grants for Residential Treatment-Infinity
93.914	HIV Emergency Relief Project Grant-Ryan White
93.915	HIV Emergency Relief Formula Grant-Ryan White
93.926	Healthy Start Initiative-Grant Expectations

Federal Award Year

December 31, 1993

Federal Agencies

U. S. Department of Housing and Urban Development
U. S. Department of Health and Human Services

Pass-Through Entity

HIV Emergency Relief Formula Grant-
State of Louisiana

CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—
FINANCIAL STATEMENT FINDINGS

COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS*Audit Finding Reference Number, Continued*97-02 *Audits of Subrecipient Activities, Continued***Criteria**

OMB Circular A-113 Compliance Supplement Part 3, Section M stipulates that a Pass-through entity is responsible for ensuring required audits are performed and that appropriate corrective action is performed on audit findings.

Conditions and Perspectives

We noted during our audit that management of the City of New Orleans failed to ensure required audits were performed for the following grants:

Program	Audit Year	Number of Subrecipients	Amount of Funds Disbursed to Subrecipients
Community Development Block Grant	1994	2	\$ 171,000
	1995	10	1,294,760
	1996	9	1,473,000
Emergency Shelter	1996	1	38,500
Home Program	1996	2	868,600
Housing Opportunities	1995	2	172,547
	1996	2	109,577
Infinity	1997	2	678,634
Ryan White	1996	1	257,266
Great Expectations	1997	1	5,805,285
		Total	\$11,895,169

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FINANCIAL STATEMENT FINDINGS**

COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS*Audit Finding Reference Number, Continued**97-02 Audits of Subrecipient Activities, Continued***Issues**

The management of the City of New Orleans has not adhered to established procedures with regard to ensuring audits are performed on appropriate sub-recipients.

Questioned Costs

For purposes of these conditions, we are presently unable to assess whether the failure of the City of New Orleans to ensure audits are performed on sub-recipients will result in any questioned costs.

Effect

The City of New Orleans has not determined whether certain sub-recipients have administered their grants in accordance with the terms and conditions of the subrecipient agreements or whether reimbursements to subrecipients were for eligible costs.

Recommendation

We recommend that management of the City of New Orleans 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-128, and corrective action is taken for instances of noncompliance within six months after receipt of audit reports. Additionally, the City should ensure that subrecipients who receive the federal designated amount of funds are audited and reports are received for resolution in a timely manner.

SCHEDULE III

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1997**

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE

Audit Finding Reference Number	Questioned Costs
97-03 Monitoring of Sub-Recipients	\$0

Federal Program and Specific Federal Award Identification**CDDA Title and Number**

14.218	Community Development Block Grant
14.239	Home Investment Partnership Program
14.231	Emergency Shelter Grants
14.241	Housing Opportunities for Pensioners with AIDS
17.246	Employment and Training Assistance
17.250	Job Training Partnership Act
93.381	Grants for Residential Treatment
93.814	HIV Emergency Relief Formula
93.915	HIV Emergency Relief Program
93.926	Healthy Start Initiative

Summary of Conditions and Recommendation

We noted during our audit that an effective programmatic and fiscal monitoring system had not been implemented for the Home Investment Partnership, Employment and Training Assistance/Job Training Partnership Act, Grants for Residential Treatment, and Healthy Start Initiative Programs (see Audit Finding 97-01). Additionally, we noted that for the Community Development Block Grant program certain sub-recipients were not monitored, while others were not monitored on a timely basis (See Audit Finding 97-01). Also, we noted that management of the City of New Orleans had not adhered to established procedures to ensure that pertinent sub-recipients have audits in accordance with federal requirements (See Audit Finding 97-02).

We recommend that management of the City of New Orleans adhere to established policies and procedures with regard to the monitoring of sub-recipients.

CITY OF NEW ORLEANS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE

Audit Finding Reference Number	Questioned Costs
97-04 Federal Cash Management	<u>\$5,505,285</u>

Federal Programs and Specific Federal Award Identification

CFDA Title and Number

93.006 Healthy Start Initiative -
 Great Disparities Program

Federal Award Year

December 31, 1997

Federal Agency

U. S. Department of Health and Human Services

Pass-Through Entity

Not Applicable.

Criteria

OMB Circular A-133 Compliance Supplement Part 3, Section M stipulates that a pass-through entity must establish procedures to assure that cash draw downs by sub-recipients conform substantially to the same standards of timing and amount as apply to the pass-through entity.

CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE
(CONTINUED)

Audit Finding Reference Number, Continued

97-04 Federal Cash Management, Continued

Conditions and Perspectives

We noted during our audit that the Monitoring and Prompt Payment System unit (the Monitoring Unit) had determined that the cost control statements submitted by the sub-recipient contained actual and projected expenditures for the reporting period ending December 31, 1997. As such, the Monitoring Unit concluded that the sub-recipient received cash advances for operations. Also, the Monitoring Unit was unable to determine the actual costs incurred by the sub-recipient through December 31, 1997.

Cause

The management of the City of New Orleans did not adhere to established procedures for reimbursing grant funds to subrecipients.

Questioned Costs

For purposes of this condition, we have questioned the entire amount of funds advanced to the sub-recipient, since a determination of actual costs incurred by the sub-recipient has not been rendered. Such amount totaled \$5,905,285 at December 31, 1997.

Effect

The City of New Orleans has provided to a sub-recipient grant funds in excess of the sub-recipient's immediate needs.

Recommendation

We recommend that management of the City of New Orleans adhere to established procedures for disbursing funds to sub-recipients.

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
93-05 Equipment and Real Property Management	\$64

Federal Program and Specific Federal Award Identification**CFDA Title and Number**

14.218	Community Development Block Grant
93.103	Grants for Residential Treatment
93.914	
93.915	HIV Emergency Relief Grant
93.926	Healthy Start Initiative

Federal Award Year

December 31, 1997

Pass-Through Entity

Not Applicable.

Criteria

OMB Circular A-102 Common Rule and OMB Compliance Supplement Part III, Section F stipulates that a physical inventory of equipment must be conducted at least once every two years and that certain equipment records must be maintained.

Conditions

We noted during our audit that a physical inventory of equipment was not taken at least once every two years. Additionally, we noted that equipment items that were selected for testing had not been properly tagged and recorded on the equipment/inventoryable property records.

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCE,
CONTINUED**

Audit Finding Reference Number, Continued

97-85 Equipment and Real Property Management, Continued

Cause

The City of New Orleans has not developed procedures to ensure that a physical inventory was taken at least once every two years. Also, the City of New Orleans has been unable to tag equipment on a timely basis.

Questioned Costs

For purposes of this finding, we have not questioned any costs.

Effect

Non-compliance with federal regulations which stipulate that certain procedures must be established and adhered to with respect to equipment and real property.

Recommendation

We recommend that management of the City of New Orleans continue in its efforts to correct the noted deficiencies.

CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

INTERNAL CONTROL OVER COMPLIANCE AND FEDERAL COMPLIANCEAudit Finding Reference NumberQuestioned Costs

97-06 Compliance with the Davis-Bacon Act

\$-0-Federal Program and Specific Federal Award IdentificationCFDA Title and Number

20.600 State and Community Highway Safety

Federal Award Year

December 31, 1997

Federal Agency

U. S. Department of Transportation

Fans-Through Entity

State of Louisiana

Criteria

OMB Circular A-133 Compliance Supplement Part 3, Section D stipulates that a non-federal entity must ensure that contractors and sub-contractors are paid prevailing wage rates for projects covered by the Davis-Bacon Act.

Conditions and Perspectives

We noted during our audit that management of the City of New Orleans' Department of Public Works failed to adhere to established procedures for monitoring the payment of prevailing wages to workers by contractors or sub-contractors for the award grant.

CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FEDERAL COMPLIANCE**Asst Finding Reference Number, Continued**

97-86 Compliance with the Davis-Bacon Act, Continued

Case

The management of the City of New Orleans failed to adhere to established procedures.

Questioned Costs

For purposes of the noted condition, we have not questioned any costs.

Effect

The City of New Orleans is not ensuring that construction contractors are paying employees prevailing wage rates established by the Department of Labor.

Recommendation

We recommend that management of the City of New Orleans adhere to established procedures with regard to monitoring contractors and/or sub-contractors for compliance with the Davis-Bacon Act.

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

FEDERAL COMPLIANCE

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
97-07 Subrecipient Contracts	\$0.

Federal Program and Specific Federal Award IdentificationCFDA Title and Number

93.814	HIV Emergency Relief Project Grant-Ryan White
93.815	HIV Emergency Relief Formula Grant-Ryan White

Federal Award Year

December 31, 1997

Federal Agency

U. S. Department of Health and Human Services

Pass-Through Entity

Not Applicable.

Criteria

45 CFR 92.36(i) and the Common Rule, Subpart C, Section .36(i) stipulate that a grantee and subgrantee's contracts must contain certain provisions, such as compliance with Equal Employment Opportunities, Copeland Anti-Kickback, Clean Air Act, etc.

Conditions and Perspectives

We noted during our audit that all Ryan White sub-recipient contracts did not contain certain contractual provisions as required by the Code of Federal Regulations.

CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FEDERAL COMPLIANCE

Audit Finding Reference Number, Continued

97-07 Subrecipient Contracts, Continued

Cause

The management of the City of New Orleans inadvertently omitted certain Code of Federal Regulation Contractual provisions.

Questioned Costs

For purposes of the noted condition, we have not questioned any costs.

Effect

HIV Emergency Relief Grant contracts with sub-recipients are not in compliance with federal regulations.

Recommendations

We recommend that management of the City of New Orleans take immediate steps to ensure the noted contracts comply with federal regulations.

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

FEDERAL COMPLIANCE

Audit Finding Reference Number	Questioned Costs
97-08 Grant Over-Award	<u>\$21,375</u>

Federal Program and Specific Federal Award IdentificationCFDA Title and Number

93.915 HIV Emergency Relief Formula Grant-Ryan White

Federal Award Year

December 31, 1997

Federal Agency

U. S. Department of Health and Human Services

Pass-Through Entity

Not Applicable.

Criteria

OMB Circular A-133 Compliance Supplement Part 3, Section C stipulates that pass-through entities must monitor cash drawdowns by sub-recipients to ensure such sub-recipients do not receive funds in excess of immediate and contractual requirements.

Conditions and Perspectives

We noted during our audit that management of the City of New Orleans disbursed \$21,375 to three (3) sub-recipients for costs incurred in excess of contractual requirements.

CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FEDERAL COMPLIANCE

Audit Finding Reference Number, Continued

87-08 Grant Over Award, Continued

Cause

The City of New Orleans did not properly monitor disbursements to the three (3) sub-recipients.

Questioned Costs

For purposes of this condition, we have questioned costs in the amount of \$21,375.

Effect

The City of New Orleans has disbursed funds to certain sub-recipients in excess of contractual requirements.

Recommendation

We recommend that the City of New Orleans adhere to established procedures and ensure that sub-recipients are not disbursed funds in excess of contractual requirements.

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

INTERNAL CONTROL OVER COMPLIANCE

<i>Audit Finding Reference Number</i>	<i>Questioned Costs</i>
97-09 Monitoring and Prompt Payment System (MOPPS)	\$-0-

Federal Program and Specific Federal Award Identification***CFDA Title and Number***

- 14.218 Community Development Block Grants
- 14.239 Home Investment Partnership Program
- 17.246 Employment and Training Assistance
- 17.250 Job Training Partnership Act
- 93.100 Grants for Residential Treatment
- 93.826 Healthy Start Initiative

Conditions and Recommendation

We noted during our audit that management of the City of New Orleans had continued to utilize the Monitoring and Prompt Payment System (MOPPS) that had been implemented during the previous year. An essential aspect of MOPPS is the subsequent monitoring on a timely basis of sub-recipients who have received payments based upon unapproved/unreversed cost control payment requests. In past years, sub-recipient payment requests were required to have been reviewed and approved by program/fiscal monitors prior to disbursement.

As described in Audit Finding Number 97-09, we noted that certain sub-recipients were not monitored on a timely basis, while others were not monitored at all. Additionally, we noted that seventeen (17) out of sixty-five (65) sub-recipient cost control statements were not reviewed. As such, a material internal control weakness does exist when sub-recipients are disbursed funds without an initial review and is further aggravated if a fiscal and programmatic review of the sub-recipient is not made within a timely period.

We recommend that management take immediate steps to ensure that an effective system for internal control over compliance exists with regard to sub-recipient payments.

**CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

INTERNAL CONTROL OVER COMPLIANCE

Audit Finding Reference Number	Questioned Costs
97-00 Administration of Home Program	\$-0-

Federal Programs and Specific Federal Award Identification

CITSA Title and Number	
14-239	Home Investment Program

Condition and Recommendation

The City of New Orleans' Department of Housing and Neighborhood Development was the recipient of a grant from the Home Investment Partnership Program. In an effort to reduce the time around time in paying the program's contractors, the City contracted with an outside service bureau and a local quasi-public agency to act as disbursing agents for these grants. As a result of this arrangement all receipts and disbursements were made through the disbursing agents.

We noted during our audit that the City of New Orleans had not developed policies and procedures to periodically evaluate the disbursing agents (U.S. Escrow and New Orleans Home Mortgage Authority) internal control policies and procedures and the related capabilities, including the disbursing agents' records of performance, insurance coverage and financial stability.

We recommend that management of the City of New Orleans take immediate steps to develop the noted policies and procedures.

CITY OF NEW ORLEANS
 CORRECTIVE ACTION PLAN - AUDIT FINDINGS
 DECEMBER 31, 1991

Audit Findings	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal/Pass-Through Agency Contracted
<p>1. 82-61 Monitoring of Subgrantees</p> <p>The Independent Auditor noted that management of the City of New Orleans failed to perform other fiscal or programmatic sub-recipient monitoring for the JTPA, Industry and Great Expectations Programs. Additionally, for the CDBG and Home Investment Program certain sub-recipient were not monitored, while others were not monitored on a timely basis.</p>	<p>The City of New Orleans is presently reviewing recommendations of consultants to determine if the hiring of additional employees or the sub-contracting to sub-recipient monitoring to independent auditors is the most effective way to ensure this finding does not re-occur.</p>	December 1993	Marina Kallis Director of Finance	No

**CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - ALBIB FINDINGS, Continued
DECEMBER 25, 1997**

Audit Findings	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal/ Pass-Through Agency Contract
<p>3. 20-211 Audit of Sub-Grantees. Action:</p> <p>The Independent Auditor noted that the City of New Orleans failed to ensure required audits were performed for the following programs:</p> <ul style="list-style-type: none"> Community Development Block Grant Emergency Shelter Business Program Housing Opportunities Subsidy Ryan Units Great Expectations 	<p>Grant Administrators have been assigned the responsibility to either submit open audit reports or submit bids for audits of the Emergency Shelter, Home Investments, Housing Opportunities, Subsidy, Ryan Units and Great Expectations programs.</p> <p>The Grant Administrator of the Community Development Block Grant Program has requested the sub-recipients and independent auditors and are awaiting the issuance of the open audit reports. Also, the Office of Federal and State programs is working with Grant managers to ensure all audit reports are obtained.</p>	December 1998	Theresa French, Executive Assistant to the Mayor	No

CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - AUDIT FINDINGS, Continued
DECEMBER 31, 1997

Audit Findings	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal/ Pass-Through Agency Contacted
<p>3. <u>97-03</u> Monitoring of Sub-Recipients</p> <p>The Independent Auditor noted that management of the City of New Orleans failed to perform either fiscal or programmatic sub-recipient monitoring for the ITFA, Entity and Grant Requisitions Program. Additionally, the use of CASP and Human Investment Program certain sub-recipients were not monitored, while others were not monitored on a steady basis.</p>	<p>The City of New Orleans is presently reviewing recommendations of consultants to determine if the hiring of additional employees or the sub-contracting of sub-recipient monitoring to independent auditors is the most effective way to ensure that finding does not re-occur.</p>	<p>December 1998</p>	<p>Martin Kahn, Director of Finance</p>	<p>No</p>

**CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - AUDIT FINDINGS, Continued
DECEMBER 31, 1997**

Audit Findings	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal/ Pass-Through Agency Contacted
<p>4. 27-28 Federal Cash Management:</p> <p>The Independent Auditor noted that the Monitoring and Prompt Payment System (the Monitoring Chart) had determined that the six annual statements submitted by the sub-recipients contained actual and projected expenditures for the reporting period ending December 31, 1997. As such, the Monitoring Unit concluded that the sub-recipients received cash advances for operations. Also, the Monitoring Unit was unable to determine the actual amounts received by the sub-recipients through December 31, 1997.</p>	<p>The Monitoring Unit has been assigned the responsibility to determine actual costs incurred by the sub-recipients and whether any excess cash and interest earnings existed. Also, the sub-recipients has engaged an independent auditor to perform an audit. This audit report will describe whether to determine if any cash management problems exist.</p>	December 1998	Martha Sahn, Director of Finance	No

**CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - AUDIT FINDINGS, Continued
DECEMBER 31, 1997**

Audit Findings	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Firm/Pass-Through Agency Contacted
<p>3. Fixed Equipment and Real Property</p> <p>The Independent Auditor noted that a physical inventory of equipment was not taken at least every two years. Additionally, the Independent Auditor noted that equipment items that were selected for testing had not been properly tagged and recorded on the equipment/inventoriable property records.</p>	<p>During the latter part of 1997, the City of New Orleans implemented a fixed asset module in the Financial Management System. Additionally, a team of employees began performing a physical inventory of all departmental equipment and property. This project is 95% complete.</p>	<p>October 1998</p>	<p>Marlene Kuhn, Director of Finance</p>	<p>No</p>

CITY OF NEW ORLEANS
 CORRECTIVE ACTION PLAN - AIDED FINDINGS, Continued
 DECEMBER 31, 1997

Audit Findings	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal/ Pass-Through Agency Contract
<p>6. <u>Adult Detention with the District</u> <u>Revisions</u></p> <p>The Independent Auditors noted that management of the City of New Orleans' Department of Public Works failed to address its established procedures for monitoring the payment of prevailing wages to workers by contractors or subcontractors for the social grant.</p>	<p>The management of the City of New Orleans will notify within the Department of Capital Projects a consultant to review, to ensure compliance with the provisions of the Davis-Bacon Act.</p>	<p>July 1998</p>	<p>Maellie Durrant, Chief Administrative Officer</p>	<p>No</p>

**CITY OF NEW ORLEANS
CONNECTIVE ACTION PLAN - AHEAD PARTNERS, CHAIRMAN
DECEMBER 31, 1997**

Audit Findings	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal/ Peer-Through Agency/ Contract
<p>7. 21.02 Subcontract Compliance</p> <p>The Independent Auditors noted that all Ryan White sub-recipients contracts did not contain certain contractual provisions as required by the Code of Federal Regulations.</p>	<p>The Ryan White contracts developed for program year 1997 were amended before the findings from the 1998 Single Audit were released. Therefore, the City of New Orleans was requiring that contracts were not in compliance with federal regulations at the time of execution. Subsequently, the City of New Orleans did require and receive clarification from the federal funding source that certain language need not be included in the sub-recipient contracts.</p>	July 1998	Ellen Lee, Director of the Office of Health Policy	Yes

**CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - ASBESTOS FINDINGS, C-61
DECEMBER 31, 1991**

Audit Findings	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal/Non-Federal Agency Considered
<p>6. 2000-0000-0000-0000</p> <p>The Independent Auditor noted that management of the City of New Orleans (filed under 831.271) is aware of its obligations for asbestos removal in certain of its commercial buildings.</p>	<p>The management of the City of New Orleans disagrees with this finding in that case for the fact that the asbestos cited in the finding for which regular asbestos reports made in the subsequent during 1997, which were for asbestos in effect during the previous contract period (1996). The total payments made to subcontractors under bid-let contracts did not exceed the value of the contract.</p>	<p>The City of New Orleans will immediately provide the Independent Auditor with appropriate documentation to resolve the audit condition.</p>	<p>Madia Kelle, Director of Finance</p>	<p>MS</p>

CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - ADMIT FINDINGS, Continued
FOCUS: 01/11, 1991

Audit Findings	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal/Pass-Through Agency Contained
<p>8. <u>PLS-Maintenance and Program Reviews</u> <u>Item 1 (M0000)</u></p> <p>The Independent Auditors noted the management of the City of New Orleans had continued to utilize the Accounting and Payroll Payment System (APPS) that had been implemented during the previous year. However, certain sub-operations were not monitored on a timely basis or not monitored at all.</p>	<p>The City of New Orleans does follow established policies and procedures in the monitoring of its sub-operations. However, we have encountered staffing problems and have not been able to attract employees to 20 vacant positions. Also, the method of training staff prohibits more frequent monitoring but we are utilizing the program-wide method to perform final monitoring.</p>	<p>December 1991</p>	<p>Madina Kuhn, Director of Personnel</p>	<p>No</p>

CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - AUDIT FINDINGS, Continued
DECEMBER 31, 1987

Audit Findings	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal/Pass-Through Agency Concern
<p>30. <u>FDIC Administration of Home Program</u></p> <p>The Independent Auditor noted that the City of New Orleans had not developed policies and procedures to periodically evaluate the disbursing agents (U.S. Savings and New Orleans Home Mortgage Authority) financial control policies and procedures and the related capabilities, including the disbursing agents records of performance, insurance coverage and financial stability.</p>	<p>The New Orleans Home Mortgage Authority (NOHMA) is the primary agency for the Home Program. This agency is a non-profit program-atically by the City's staff. Also, the City of New Orleans will receive NOHMA's annual Independent Auditor's report which will be utilized to evaluate the financial control and financial strength of the organization.</p>	<p>July 1988</p>	<p>John Benson, Deputy Director of Housing</p>	<p>No</p>

**CURRENT STATUS OF OTHER AUDITS
PERFORMED BY FEDERAL AUDITORS**

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

FEDERAL AUDITORS - U. S. DEPARTMENT OF COMMERCE
OFFICE OF INSPECTOR GENERAL

SUBJECT - REGIONAL LOAN COOPERATION (THE CORPORATION)

AUDIT PERIOD - SEPTEMBER 26, 1979 THROUGH MARCH 9, 1984

SCOPE OR 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) RFA, Title IX 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 \$333,333 for the initial grant amendment;
- o Inappropriately applied for the second grant amendment of \$500,000;
- 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 \$1,844,333; and
- o Maintained insufficient loan documentation.

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

FINDINGS AND MANAGEMENT'S RESPONSES

The Corporation acknowledged that matching funds of \$100,000 never capitalized the RIF. It explained that conflicting Federal rules forced the Corporation to account for matching funds separate from the RIF; 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 RIF transactions, support past RIF 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 8, 1990, the Corporation received a determination from the U. S. Department of Commerce - Economic Development Administration which concluded that the OIG 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 FEDERAL AUDITORS
(CONTINUED)**

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

SUBJECT - HOME INVESTMENT PARTNERSHIP PROGRAM

AUDIT PERIOD - JANUARY 13, 1982 THROUGH APRIL 30, 1984

BACKGROUND

In May of 1984, 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. 85-8W-255-1007 dated March 24, 1985, 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 numerous 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 some 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 \$280,453 while an additional \$8,328,800 was questioned because of a lack of satisfactory documentation to support the eligibility of the costs.

CURRENT STATUS

The U. S. Department of Housing and Urban Development (HUD) and the City of New Orleans have reached a repayment agreement that provides over a five year period an annual payment of \$1,870,888. During previous years, and during the 1987 year, the City of New Orleans paid HUD \$350,000 and \$1,000,888, respectively. Also, per the agreement, HUD will re-apply all payments made by the City of New Orleans to the Home Investment Partnership Program.

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

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

SUBJECT - JOB TRAINING PARTNERSHIP ACT

AUDIT PERIOD - INCEPTION OF PROGRAM THROUGH DECEMBER 31, 1994

BACKGROUND

On May 5, 1994 and on March 28, 1997, judgments totaling \$4,425,000 and \$284,818, respectively, were rendered against the City of New Orleans relative to disallowed costs determined by the U. S. Department of Labor for the Job Training Partnership Act Program.

The City of New Orleans has paid or received credit for approximately \$2,557,648 with regard to these judgments and is currently liquidating the remaining balances with video poker revenues.

**CURRENT STATUS OF OTHER AUDITS
PERFORMED BY OTHER INDEPENDENT AUDITORS**

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

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

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

OTHER INDEPENDENT AUDITOR - JUSTIN SCARLOW, 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 \$1,280,328. However, the cognizant agency has not rendered a final determination in this matter.

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

ORGANIZATION - NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.
(Formerly Urban Homeowners Corporation of New Orleans)

AUDIT PERIOD - JANUARY 1, 1995 THROUGH DECEMBER 31, 1995

OTHER INDEPENDENT AUDITOR - DALLAY, MOORE & LEGLAND, L.L.P.

FINDINGS AND QUESTIONED COSTS

The New Orleans Affordable Homeownership is a sub-recipient of Home Program funds from the City of New Orleans. An audit which was performed for the year ended December 31, 1995 contained several compliance findings with related questioned costs totaling \$132,368. The cognizant agency has not rendered a final determination with regard to this matter.

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

ORGANIZATION - NEW ORLEANS AFFORDABLE HOMEOWNERSHIP, INC.
AUDIT PERIOD - JANUARY 1, 1996 THROUGH DECEMBER 31, 1996
OTHER INDEPENDENT AUDITOR - JUSTIN HOWLAND, CPA

FINDINGS AND QUESTIONED COSTS

The New Orleans Affordable Homeownership is a sub-recipient of Community Development Block Grant (CDBG 34.218) funds from the City of New Orleans. An audit performed for the year ended December 31, 1996 contained several compliance findings with related questioned costs totaling \$43,438. The Cognizant Agency has not rendered a final determination with regard to these findings.

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

ORGANIZATION - THIRD SHILOH HOUSING, INC.
AUDIT PERIOD - JANUARY 1, 1994 TO DECEMBER 31, 1996
OTHER INDEPENDENT AUDITOR - LUTHER SWEIGHT & CO.

FINDINGS AND QUESTIONED COSTS

Third Shiloh Housing, Inc. is a sub-recipient of Community Development Block Grant (CFDB 14.318) funds from the City of New Orleans. An audit performed for the year ended December 31, 1996 contained several compliance findings with related questioned costs totaling \$148,111. The Cognizant Agency has not rendered a final determination with regard to these findings.

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

ORGANIZATION - MULTI-SERVICE CENTER FOR THE HOMELESS

AUDIT PERIOD - YEARS ENDED DECEMBER 31, 1996 AND 1994

OTHER INDEPENDENT AUDITOR -
LUTHER T. SPICHER & COMPANY - REPORT DATED
SEPTEMBER 14, 1996

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 OHIO 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.

Current Status

This matter has been referred to the Federal Bureau of Investigation who, is presently reviewing the matter for trial.

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

ORGANIZATION - MULTI-SERVICE CENTER FOR THE HOMELESS

AUDIT PERIOD - YEARS ENDED DECEMBER 31, 1996

OTHER INDEPENDENT AUDITOR - BRUNO & THRYVLOS, CPAS

FINDINGS AND QUESTIONED COSTS

The Multi-Service Center for the Homeless is a sub-recipient of Emergency Shelter Grants (CPDA 14.201) from the City of New Orleans. An audit performed for the year ended December 31, 1996 contained several compliance findings with related questioned costs totaling \$24,199. The Cognizant Agency has not rendered a final determination with regard to these findings.

**CITY OF NEW ORLEANS
EXIT CONFERENCE**

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.

CITY OF NEW ORLEANS

Councilmember Oliver Thomas	--	City Council Audit Committee
Councilmember Suzanne Terrell	--	City Council Audit Committee
Councilmember Ellen Saxeux-Distano	--	City Council Audit Committee
Councilmember James Singleton	--	City Council Audit Committee
Ms. Marina Fahn	--	Director of Finance
Mrs. Rita Morris	--	Deputy Director of Finance
Mr. Wayne M. DeLarge	--	Comptroller
Ms. Ellen Lee	--	
Ms. Marsha Broussard	--	Director Great Expectations
Ms. Thelma French	--	Director Office of State and Federal Programs
Mr. Maxwell Daniels	--	Office of State and Federal Programs
Mr. Tom Dupaty	--	Director of Housing
Mr. Glennie Scott	--	Director Neighborhood Development
Mr. John Kousseal	--	Deputy Director Neighborhood Development
Ms. Pat Malone	--	Associate Director-MWH
Ms. Sheila Webb	--	Deputy Director of Health

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

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

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

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

We have audited the schedule of expenditures of federal awards of the City of New Orleans for the year ended December 31, 1997 and have issued our report thereon dated June 22, 1998. In planning and performing our audit of the schedule of expenditures of federal awards, we considered the City of New Orleans' internal control over financial reporting and compliance.

During our audit, we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. Additionally, in connection with our audit, we reviewed the prior-year's independent auditors' comments to management to determine whether management had implemented appropriate action to correct the conditions giving rise to the comments. The results of our review with respect to the prior-year independent auditors' comments to management are described in the prior year comments section.

This letter does not affect our report dated June 22, 1998 on the schedule of expenditures of federal awards of the City of New Orleans. This report is intended solely for the information and use of the City Council, the Mayor of the City of New Orleans, management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and the Legislative Auditor's Office.

**CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

**INDEPENDENT AUDITORS' COMMENTS NOTED AS A
RESULT OF THE DECEMBER 31, 1997 AUDIT**

1. FEDERAL FINANCIAL REPORTS

We noted during our audit that a quarterly financial status report for the Ryan White Program was submitted forty (40) days late.

We recommend that management of the City of New Orleans adhere to established procedures with regard to the submission of financial reports to the federal funding source.

2. UNUSED ALLOCATION - RYAN WHITE PROGRAM

We noted during our audit that the City of New Orleans did not expend approximately \$1.4 million of the funds allocated to the Ryan White Program by the Federal government.

We recommend that management of the City of New Orleans ensure that established budgetary guidelines for utilizing grant funds are properly monitored.

3. SUB-RECIPIENT PAYMENT - INFINITY NETWORK PROGRAM

We noted during our audit of the Infinity Network Program that one (1) sub-recipient out of five (5) sub-recipients tested received distribution of funds totaling \$44,886 without submitting a cost report detailing the actual expenditures incurred relative to the funds requested.

We recommend that management of the City of New Orleans adhere to established procedures with regard to the disbursement of funds to sub-recipients.

**CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

**INDEPENDENT AUDITORS' COMMENTS NOTED AS A
RESULT OF THE DECEMBER 31, 1997 AUDIT, Continued**

4. PAYROLL AND CASH DISBURSEMENT TRANSACTIONS

We noted the following conditions during our audit of payroll and cash disbursement transactions:

- Three (3) out of thirty-five (35) personnel action forms were not authorized by appropriate personnel of the City of New Orleans;
- Seventeen (17) out of thirty-five (35) personnel action forms were not maintained in the related employee's personnel file;
- Seventeen (17) out of sixty-five (65) sub-recipient cost control statements were not reviewed; and
- Two (2) out of five (5) equipment items turned were not properly tagged.

We recommend that management of the City of New Orleans adhere to established internal control policies and procedures.

5. FEDERAL AUDITS PERFORMED BY OTHER INDEPENDENT AUDITORS

As described in the current status of Federal Audits performed by other Independent Auditors section of the Single Audit report, certain sub-recipients of grants from the City of New Orleans have received multi reports with multi findings and questioned costs. We have noted certain evidence and have been informed by management of the City of New Orleans that current action is being taken to address the noted findings. However, we have not observed evidence of discussions by the City of New Orleans with the appropriate Federal agency in the City's attempts to resolve the findings.

We recommend that a policy and procedure be developed to establish a methodology for the resolution of sub-recipient audit and monitoring findings and such methodology be discussed with the Cognizant Agency.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

PRIOR YEAR INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

I. BUDGETARY CONTROLS

Condition

We noted during our audit of disbursements to fifty-five (55) sub-grantees the following:

- The accounting records did not reflect the budgetary amounts for nine (9) of these sub-grantees' organization codes; and
- The accounting records reflected expenditures in excess of the budgeted amount for fifteen (15) of these sub-grantees' organization codes.

We also noted in various other non sub-recipient organization codes, that expenditures for personnel services and professional services exceeded the budgeted amounts as reflected in the accounting records.

Current Status

During our audit of the Schedule of Expenditures of Federal Awards, we did not observe any similar conditions for the year ended December 31, 1997. As such, we consider this comment to be resolved.

**CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

**PRIOR YEAR INDEPENDENT AUDITORS'
COMMENTS TO MANAGEMENT, Continued**

2. FINANCIAL REPORTING

Conditions

As a result of our testing of the preliminary Schedule of Expenditures of Federal Awards (the Schedule) we noted the following deficiencies:

- The Schedule did not include all federal grants that the City received and expensed during fiscal 1996. This amount totaled \$2,242,742; and
- The Schedule was not provided to us until May 30, 1997, which is five (5) months after the close of the fiscal year.

Current Status

We noted as a result of our audit that the Schedule was provided to us on a timely basis and included all federal grants received by the City of New Orleans. As such, we consider this comment to be resolved.

CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

PRIOR YEAR INDEPENDENT AUDITORS'
COMMENTS TO MANAGEMENT, Continued

A. EXPENDITURES CODED TO INCORRECT GENERAL LEDGER ACCOUNT

Condition

Expenditures totaling \$111,993 were coded to an incorrect general ledger account for three (3) out of seven (7) Great Expectations departmental expenditures selected for testing.

Current Status

Similar conditions were not observed during our audit. Therefore, we consider this comment to be resolved.

CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

PRIOR YEAR INDEPENDENT AUDITORS'
COMMENTS TO MANAGEMENT, Continued

4. PROJECT BUDGETS

Condition

Project Engineers of the City of New Orleans do not provide the Department of Public Works (DPW) with a project budget with which the DPW would be able to charge the correct funding source along with the participation of other city agencies, such as the Sewerage & Water Board.

Current Status

We did not observe a similar condition during our audit. As such, we consider this comment to be resolved.

**CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

**PRIOR YEAR INDEPENDENT AUDITORS'
COMMENTS TO MANAGEMENT, Continued**

5. UNUSED ALLOCATION

Conditions

Based upon information in the Financial Status Reports (Forms FMS 200) for both the Ryan White supplemental grant and formula grant, the City of New Orleans did not expend a substantial amount of the funds allocated during the course of the original funding period.

It was also noted, that the City of New Orleans did not expend approximately \$2.4 million of their allocation per the Great Expectations award letter.

Current Status

We noted during our audit that the Great Expectation current year's award was completely unlied. However, a similar condition existed during the current year for the Ryan White Program. See the management letter comment titled Unused Allocation on page 2.

CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

PRIOR YEAR INDEPENDENT AUDITORS'
COMMENTS TO MANAGEMENT, Continued

6. SUB-RECIPIENT CONTRACTS

Condition

We noted during our audit that sub-recipient contracts for Ryan White funds stipulate that audits are to be performed within 180 days of the end of the contract term instead of six months after the close of the organization's fiscal year-end.

Current Status

The 1997 sub-recipient contracts for Ryan White funds contained the same audit completion requirements as noted. As such, this condition remains unresolved.

CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

**PRIOR YEAR INDEPENDENT AUDITORS'
COMMENTS TO MANAGEMENT, Continued**

7. FISCAL AND PROGRAMMATIC MONITORING

Conditions

We noted during our audit of the City's federal programs the following:

- The workpaper documentation techniques utilized by the fiscal monitors were not consistent and audit programs were not always utilized to document the monitoring procedures performed;
- An overall manager's review of workpapers and work performed by fiscal and programmatic monitors was not performed and a overall tabulation of the frequency of the monitoring efforts was not maintained; and
- Certain monitoring files did not exhibit the related resolution of any findings noted during the review.

Current Status

We noted similar conditions during our audit. Additionally, we noted that the 1996 monitoring findings noted above were still unresolved and one 1997 monitoring finding for the Great Expectation Program had not been resolved. Furthermore, we recommended that management of the City of New Orleans take immediate steps to evaluate the adequacy of present staffing levels, and provide additional technical training to fiscal monitors.

CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

PRIOR YEAR INDEPENDENT AUDITORS'
COMMENTS TO MANAGEMENT, Continued

8. ACCOUNTING RECORDS

Conditions

We noted during our audit the following deficiencies in the City's accounting records.

- Several of the cash disbursements selected for testing were coded to an incorrect general ledger account line item.
- There was no documented proof that the City's officials who were responsible for the administration of the awarded Federal financial assistance, reviewed financial information prepared by the Accounting Department on any regular basis, and
- Several checks that were processed during fiscal year 1996 were not posted to the City's general ledger until fiscal year 1997.

Current Status

We did not observe during our audit any evidence of checks being incorrectly coded or posted to the City's general ledger. However, we still were unable to examine documented proof of a review of federal financial information by City Federal Administrators. As such, we considered this aspect of the finding to be still unresolved.

**CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

**PRIOR YEAR INDEPENDENT AUDITORS'
COMMENTS TO MANAGEMENT, Continued**

4. COST CONTROL STATEMENTS AND MONITORING REPORTS

Condition

We noted that approved cost control statements and monitoring reports for all federal programs are not being routinely forwarded to the granting agency officer for review and file retention.

Current Status

We noted during the audit that the Ryan White Federal Program was the only federal program that complied with this administrative requirement. Therefore, we consider this condition to be unresolved.

CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

**PRIOR YEAR INDEPENDENT AUDITORS'
COMMENTS TO MANAGEMENT, Continued**

10. DRUG-FREE WORKPLACE

Condition

We noted during our audit of the Community Development Block Grant that in two (2) out of twenty-five (25) personnel files examined, evidence of a drug-free certification by employees was not maintained.

Current Status

Similar conditions were not observed during the current year's audit. As such, we consider this finding to be resolved.

CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

PRIOR YEAR INDEPENDENT AUDITORS'
COMMENTS TO MANAGEMENT, Continued

11. DOCUMENTATION OF GOALS AND ACCOMPLISHMENTS

Condition

We have requested but have not received any information from administrators of the Department of Neighborhood and Housing Development and the Facilities Department documenting the attainment of the related departments' goals and objectives. Additionally, the Economic Development department's goals and accomplishments were not provided on an timely basis.

Current Status

We received the documentation of the statement of departmental goals and objectives from management of the City of New Orleans. However, based upon our review it appears that the monitoring and evaluation of the departmental goals and objectives are not performed on a prescribed basis during the year.

We recommend that management of the City of New Orleans develop policies and procedures to periodically perform the evaluation during the annual year.

CITY OF NEW ORLEANS
INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

PRIOR YEAR INDEPENDENT AUDITORS'
COMMENTS TO MANAGEMENT, Continued

11. SUB-RECIPIENT AUDITS

Condition

We noted during our review of the Community Development Block Grant that in one (1) sub-recipient audit contract out of five (5) tested, there was no correspondence maintained that documented bids were obtained prior to the awarding of the audit contract.

Current Status

A similar condition was not observed during the current year. As such, we consider this finding to be resolved.

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, 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

June 22, 1998

**CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - MANAGEMENT LETTER COMMENTS
DECEMBER 31, 1999**

Management Letter Comments	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal Pass-Through Agency Contacted
<p>1. Ethical Financial Reports</p> <p>The Independent Auditor noted that a quarterly financial status report for the Ryan White Program was submitted fairly (60) days late.</p>	<p>The City of New Orleans has taken immediate action to strengthen procedures to ensure financial status reports are submitted on a timely basis. Allen, an individual, has been assigned the responsibility to control the timely preparation and mailing of all financial reports.</p>	<p>July 1998</p>	<p>Marissa Kahn, Director of Finance</p>	<p>No</p>
<p>2. Unaudited Accounts - Ryan White Program</p> <p>The Independent Auditor noted that the City of New Orleans did not expend approximately \$1.4 million of the funds allocated to the Ryan White Program by the federal government.</p>	<p>The management of the City of New Orleans has taken certain steps to improve the monitoring of the disbursement of grant funds to ensure awards are appropriately obligated.</p>	<p>July 1998</p>	<p>Ellen Lee, Director of the Office of Health Policy</p>	<p>No</p>

**CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - MANAGEMENT LETTER COMMENTS, Continued
DECEMBER 31, 1997**

Management Letter Comments	Proposed Corrective Action	Anticipated Compliance Date	Contact Person	Firm/In- House/Through Agency Certified
<p>3. Subrecipient Receipts - Integrity Source: Receipts</p> <p>The Independent Auditors noted that not all (1) Inland Network sub-recipients out of five (5) sub-recipients turned received distribution of funds totaling \$44,086 without validating a cost report detailing the actual expenditures incurred relative to the funds reported.</p>	<p>The management of the City of New Orleans will adhere to established procedures with regard to the disbursement of funds to sub-recipients.</p>	<p>July 1998</p>	<p>Martha Kuhn, Director of Finance</p>	<p>No</p>
<p>4. Rural and Cash Disbursements Disbursements</p> <p>The Independent Auditors noted that certain payroll and cash disbursement transactions were not processed in accordance with established policies and procedures.</p>	<p>The management of the City of New Orleans will take immediate action to strengthen its procedures to ensure that cash disbursement and payroll transactions are processed in accordance with established guidelines.</p>	<p>August 1998</p>	<p>Martha Kuhn, Director of Finance</p>	<p>No</p>

**CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - MANAGEMENT LETTER COMMENTS, Continued
DECEMBER 31, 1987**

Management Letter Comments	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal/ Pass-Through Agency Contract
<p>4. Federal Audit Referred to Other Independent Auditors</p> <p>The Independent Auditors noted that a policy and procedure has not been developed to provide a management decision process acceptable to the cognizant agency on findings noted as a result of other sub-scripted audits or non-auditing.</p>	<p>The management of the City of New Orleans is presently developing a policy and procedure to ensure that appropriate corrective action is taken on findings noted as a result of audits or non-auditing. Also, the policy and procedure will be discussed with the cognizant agency.</p>	December 1988	<p>Theresa French, Executive Assistant to the Mayor</p> <p>Martin Kuhn, Director of Finance</p>	No
<p>5. Sub-scripted Contracts</p> <p>The Independent Auditors noted that sub-scripted contracts for Louis White funds recipients that audits are to be performed within 180 days of the end of the contract term instead of six months after the close of the organization's fiscal year-end.</p>	<p>The management of the City of New Orleans will take immediate steps to ensure that contracts contain appropriate language.</p>	December 1988	<p>Ellen Lee, Director of the Office of Health Policy</p>	No

**CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - MANAGEMENT LETTER COMMENTS, Continued
THRU DECEMBER 31, 1997**

Management Letter Comments	Proposed Corrective Action	Anticipated Completion Date	Contact Person	Federal/ Pass-Through Agency Catered
<p>1. Fiscal and Programmatic Monitoring</p> <p>The Independent Auditors noted that improvements could be made in the fiscal monitoring area.</p>	<p>The management of the City of New Orleans is presently reviewing recommendations of consultants to determine appropriate actions with regard to fiscal monitoring.</p>	December 1998	Marlene Rabin, Director of Finance	No
<p>2. Accuracy of External Financial Information</p> <p>The Independent Auditors noted that documentation was not maintained to disclose evidence of a review of federal financial information by City Federal Administrators.</p>	<p>The management of the City of New Orleans will strengthen procedures to ensure that the review is appropriately documented.</p>	December 1998	Theresa Fenech, Special Assistant to the Mayor	No

CITY OF NEW ORLEANS
CORRECTIVE ACTION PLAN - MANAGEMENT LETTER COMMENTS, Continued
DECEMBER 31, 1997

Management Letter Comments	Proposed Corrective Action	Anticipated Completed Date	Contact Person	Federal/ Pass-Through Agency Contacted
<p>8. Cost Control Statement and Monitoring Report</p> <p>The Independent Auditor noted that approved cost control measures and monitoring reports for all fiscal programs were not being routinely forwarded to the granting agency officer for review and file retention.</p>	<p>The management of the City of New Orleans will strengthen procedures to ensure that cost control statements and monitoring reports are promptly forwarded to the granting agency officer.</p>	December 1998	Marlene Kahan, Director of Finance	No
<p>16. Documentation of Goals and Accomplishments</p> <p>The Independent Auditors noted that the monitoring and evaluation of the departmental goals and objectives were not performed on a prescribed basis during the year.</p>	<p>The management of the City of New Orleans will take immediate steps to ensure that the monitoring and evaluation of departmental goals and objectives are performed on a prescribed basis during the year.</p>	December 1998	John Rensord, Deputy Director of Housing	No

210

Internal Control
 Program
 01 20 00 0 29

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Monitoring and Prompt Payment Systems (MCPMS)

Schedule: Schedule of Reportable Conditions

Page Number: 27

Reference Number: 96-Reportable Conditions-01

Program Name(s): All Federal Programs

CFDA Number(s): All Federal Programs of the City of New Orleans

Status of Finding: The Management of the City of New Orleans is taking corrective measures to increase the effectiveness of the Internal Control structure as it relates to MCPMS.

Preparer's Signature: *Etta Reed Passie*

Phone Number: (504) 545-6600

SUMMARY SCHEDULE OF FRIDA AUDIT FINDINGS

For the Year Ended: December 31, 1994

Finding Title: Monitoring of Sub-Recipients _____

Schedule: Schedule of Reportable Conditions _____

Page Number: 37 _____

Reference Number: 96-Reportable Conditions-02 _____

Program Name(s): Department of Health and Human Services, _____
Job Training Partnership, Home Investment _____

CFDA Number(s): 93.000 Series, 17.250, 14.250 _____

Status of Finding: The management of the City of New Orleans is currently reviewing staffing levels to ensure that the monitoring of sub-recipients will be performed.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1995

Finding Title: Administration of Home Program

Schedule: _____ Schedule of Reportable Conditions

Page Number: _____ 28 _____

Reference Number: .96-Reportable Condition 03

Program Name(s): Home Investment Program

CFDA Number(s): 14.223

Status of Finding: U.S. Escrow is presently being utilized to finalize all accounts. New Orleans Home Mortgage Authority is the present agency for Home Program which is monitored, programmed and by the City's staff.

Preparer's Signature: *Elita Reed Davis*

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended:

December 31, 1995

Finding Title:

proper recording of all Federal Grants within
Schedule of Federal Financial Assistance

Schedule:

Schedule of Reportable Conditions

Page Number:

28

Reference Number:

SI-Reportable Conditions-01

Program Name(s):

HGME Investment Program

CFDA Number(s):

14.250

Status of Finding:

The management of the City of New Orleans has taken corrective measures
to ensure that all federal grants are recorded within the Schedule of
Expenditures of Federal Awards.

Preparer's Signature:

Elita Reed Thomas

Phone Number:

(504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1998

Finding Title: Identification, Tagging, and Control of Equipment/
Miscible Property

Schedule: Schedule of Reportable Conditions

Page Number: 29

Reference Number: 85-Reportable Conditions-85

Program Name(s): Community Development Block Grant, HIV Emergency Relief

CFDA Number(s): 93.013, 14.218

Status of Finding: The City has implemented a fixed asset management system and is currently coordinating a physical inventory of all departments and agencies to update and properly tag all equipment and miscible property.

Preparer's Signature: Edta Reed Mason

Phone Number: (504) 525-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1993

Finding Title: Monitoring of Subrecipients

Schedule: Schedule of Findings and Questioned Costs

Page Number: 56

Reference Number: 96-Findings-01

Program Name(s): Department of Health and Human Services, Job Training Partnership, Home Investment, Community Development Block Grant

CFDA Number(s): 93.000 Series, 14.214, 14.230, 17.358

Status of Finding: Certain Department of Health and Human Services (DHHS), Job Training Partnership Act (JTPA) and Home Investment (HOME) grants have not been currently incorporated into the Monitoring Prompt Payment System (MOPPS). The DHHS grants (Industry, Grant Expenditures) will be assigned a specific monitor (to be hired) during 1998 to perform a fiscal and programmatic review. JTPA and HOME funding requires distinct and separate monitoring arrangements which will be addressed by the Bureau of Accounting.

Preparer's Signature:

Etta Reed Morris

Phone Number:

(504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Audits of Subrecipient Contracts

Schedule: _____ Schedule of Findings and Questioned Costs

Page Number: _____ 38 _____

Reference Number: _____ 96-Findings-00 _____

Program Name(s): Community Development Block Grant, EBY Emergency Relief, Healthy Start Initiative, Health Center for Homeless

CFDA Number(s): 93.151, 93.906, 93.815, 14-208

Status of Finding: A system to assure that programs are audited and reports are reviewed and resolved has been implemented during 1996. Also procedures are currently being implemented to assure that delinquent sub-recipient reports (from 1992 and prior) are obtained.

Preparer's Signature:

Etta Reed Morris

Phone Number:

(604) 565-4600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1986

Finding Title: Subrecipient Contracts - Department of Health and Human Services

Schedule: Schedule of Findings and Questioned Costs

Page Number: 42

Reference Number: 86-Findings-03

Program Name(s): HUD Emergency Relief, Healthy Start Initiative, Grants for Residential Treatment

CFDA Number(s): 93.101, 93.926, 93.913

Status of Finding: Contract language has been included in grants, contracts that were entered into during 1988.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 545-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Record Retention and Completeness of Sub-Recipients' Files

Schedule: Schedule of Findings and Quantified Costs

Page Number: 43

Reference Number: 95-Findings-88

Program Name(s): Community Development Block Grant

CFDA Number(s): 14.218

Status of Finding: The management of the City of New Orleans has taken corrective measures to ensure participant records are properly retained and contain appropriate documentation. Additionally, the management of the City of New Orleans is currently reviewing the conditions relative to the quantified costs.

Preparer's Signature: Etta Reed Davis

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1986

Finding Title: Monitoring Findings

Schedule: Schedule of Findings and Questioned Costs

Page Number: 42

Reference Number: 95-Findings-95

Program Name(s): Community Development Block Grant

CFDA Number(s): 14.318

Status of Finding: The management of the City of New Orleans has suspended subsequent disbursement activities with a sub-recipient who received \$712,000. Such suspension will be maintained pending corrective action to resolve the monitoring finding.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1993

Finding Title: Monitoring Compliance with the Davis Bacon Act.

Schedule: _____ Schedule of Findings-General Requirements.

Page Number: _____ 51 _____

Reference Number: 96- General Findings-01.

Program Name(s): State and Community Highway Safety _____

CFDA Number(s): 33.680 _____

Status of Finding: The management of the City of New Orleans is presently assigning an individual to perform the required Davis Bacon Act monitoring.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Federal Financial Reports

Schedule: Schedule of Findings - General Requirements

Page Number: 51

Reference Number: 96-General Findings-02

Program Name(s): HIV Emergency Relief, Health Start Initiative, Health Center for Hispanics, Grants for Residential Treatment, Community Development Block Grant, Job Training Partnership

CFDA Number(s): 93-915, 93-918, 93-153, 93-091, 14-218, 17-238

Status of Finding: The management of the City of New Orleans has taken corrective actions to assure that Federal financial reports are timely completed and submitted to the related Federal or State agency. During 1997, a quarterly financial status report for the Ryan White Program was the only report submitted late.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1995

Finding Title: Reimbursement of Ineligible Costs

Schedule: Status of Prior Audit Questioned Costs

Page Number: 56

Reference Number: 95-00

Program Name(s): U.S. Department of Housing and Urban Development

CFDA Number(s): 04.218

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The Federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A management decision was not issued.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1994

Finding Title: 15% Limitation of Public Service Costs

Schedule: Status of Prior Audit Questioned Costs

Page Number: 57

Reference Number: 94-01

Program Name(s): U.S. Department of Housing and Urban Development

CFDA Number(s): 14.218

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A management decision was not issued.

Preparer's Signature:

Elton David Thomas

Phone Number:

(504) 576-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1994

Finding Title: Completeness of participants' files (CDBG, HOME, SFUR, HOME, MNH)

Schedule: Status of Prior Audit Questioned Costs

Page Number: 57

Reference Number: 94-92

Program Name(s): U.S. Department of Housing and Urban Development

CFDA Number(s): 14.218

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A management decision was not issued.

Preparer's Signature: *Etta Road Martin*
Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1993

Finding Title: Project Filing and Notarization of Cost Liens _____

Schedule: Status of Prior Audit Questioned Costs _____

Page Number: 58 _____

Balance Sheet Number: 50-01 _____

Program Name(s): 11.5. Department of Housing and Urban Development

CFDA Number(s): 14.218

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A management decision was not issued.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1993

Finding Title: Employees' receiving Federal financial assistance (CDBG-R008)

Schedule: Status of Prior Audit Questioned Costs

Page Number: 58

Reference Number: 93-03

Program Name(s): U.S. Department of Housing and Urban Development

CFDA Number(s): 14.218

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A management decision was not issued.

Preparer's Signature: *Ella Reed Morris*

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1990

Finding Title: Awarding of Rehabilitation Contract (Deferred Lower Round Rehab)

Schedule: Status of Prior Audit Questioned Costs

Page Number: 38

Reference Number: 93-03

Program Name(s): U.S. Department of Housing and Urban Development

CFDA Number(s): 14.218

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A reassignment decision was not issued.

Preparer's Signature: *Ella Kent Mason*

Phone Number: (504) 575-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1992

Finding Title: Lack of Documentation for Rejection of Lowest Bidder

Schedule: Status of Prior Audit Questioned Costs

Page Number: 59

Reference Number: 92-01

Program Name(s): U.S. Department of Housing and Urban Development

CFDA Number(s): 14.318

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A management decision was not issued.

Preparer's Signature: Etta Reed Thomas

Phone Number: (504) 525-6600

SUMMARY SCHEDULE OF FROTH AUDIT FINDINGS

For the Year Ended: December 31, 1992

Finding Title: Export Filing and Notarization of Cost Liens

Schedule: Status of Prior Audit Questioned Costs

Page Number: 50

Reference Number: 92-01

Program Name(s): U.S. Department of Housing and Urban Development

CFDA Number(s): 14.218

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A management decision was not issued.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 525-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1990

Finding Title: Davis-Bacon Act Non-Compliance

Schedule: Status of Prior Audit Questioned Costs

Page Number: 60

Reference Number: 98-01

Program Name(s): U.S. Department of Housing and Urban Development

CFDA Number(s): 14.218

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A management decision was not issued.

Preparer's Signature: Elita Reed Martin

Phone Number: (504) 575-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1990

Finding Title: Assessment of Demolition Costs to Property Owner

Schedule: Status of Prior Audit Questioned Costs

Page Number: 68

Reference Number: 90-82

Program Name(s): U.S. Department of Housing and Urban Development

CFDA Number(s): 14.218

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A management decision was not issued.

Preparer's Signature: *Elita Reed Morris*

Phone Number: (504) 525-4600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1988

Finding Title: Number of Jobs Per Amount Lensed _____

Schedule: Status of Prior Audit Questioned Cases _____

Page Number: 61 _____

Reference Number: 89-81 _____

Program Name(s): U.S. Department of Housing and Urban Development.

CFDA Number(s): 14.218

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The Federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A management decision was not issued.

Preparer's Signature: Elita Reed Morris

Phone Number: (504) - 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1989

Finding Title: Assessment of Demolition Costs to Property Owner

Schedule: Status of Prior Audit Questioned Costs

Page Number: 61

Reference Number: 88-02

Program Name(s): U.S. Department of Housing and Urban Development

CFDA Number(s): 34.218

Status of Finding: The City of New Orleans believes that this audit finding is no longer valid and does not warrant further action. This belief is based upon the fact that:

- Two years have passed since the audit report in which the finding occurred was submitted;
- The federal agency is not currently following up with the City of New Orleans on the audit finding; and
- A management decision was not issued.

Preparer's Signature:

Etta Reed Morris

Phone Number:

(504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Budgetary Controls

Schedule: Independent Auditor's Comments to Management

Page Number: 2

Reference Number: 95 Management Letter 01

Program Name(s): Community Development Block Grant

CFDA Number(s): 14.218

Status of Finding: The management of the City of New Orleans has taken corrective measures to ensure this condition does not reoccur.

Preparer's Signature:

Etta Reed Morris

Phone Number:

(504) 525-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Financial Reporting

Schedule: Independent Auditors' Comments to Management

Page Number: 2

Reference Number: 96-Management Letter-02

Program Name(s): Exclusion of Federal Grants - Some Governmental Programs,
Late Schedule-All Federal Programs

CFDA Number(s): 14.209 Home Programs

Status of Finding: The management of the City of New Orleans has taken corrective measures to ensure this condition does not recur.

Preparer's Signature: *Elita Reed Morris*

Phone Number: (504) 566-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1995

Finding Title: Expenditures Failed to Increase General Ledger Account

Schedule: Independent Auditors' Comments to Management

Page Number: 3

Reference Number: 36 Management Letter-01

Program Name(s): Healthy Start Initiative - Grant Expenditures

CFDA Number(s): 93.916

Status of Finding: The management of the City of New Orleans has taken corrective measures to ensure this condition does not reoccur.

Preparer's Signature: *Elita Reed Morris*

Phone Number: (504) 545-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Project Budgets _____

Schedule: Independent Auditor's Comments to Management

Page Number: 1 _____

Reference Number: 85-Management Letter-84 _____

Program Name(s): State and Community Highway Safety _____

CFDA Number(s): 20.800 _____

Status of Finding: The management of the City of New Orleans has taken corrective measures to ensure this condition does not recur.

Preparer's Signature: *Etha Reed Morris*

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Unused Allocation _____

Schedule: Independent Auditor's Comments to Management _____

Page Number: 4 _____

Reference Number: 56-Management Letter 05 _____

Program Name(s): HIV Emergency Relief Project Grant, HIV Emergency Relief Program Grant

CFDA Number(s): 35.31452.315

Status of Finding: The management of the City of New Orleans is continuing in its efforts to strengthen procedures to ensure that grant awards are appropriately utilized to the greatest extent possible.

Preparer's Signature: *Elita Reed Morris*

Phone Number: (504) 535-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Sub-Recipient Contracts

Schedule: Independent Auditor's Comments to Management

Page Number: 4

Reference Number: 96-Management Letter-06

Program Name(s): HIV Emergency Relief Forfeath Grant - Ryan White, HIV Emergency Relief Project Grant

CFDA Number(s): 29.504/51.315

Status of Finding: The management of the City of New Orleans is currently reviewing established procedures to ensure this condition does not occur in the 1998 Single Audit.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Fiscal and Programmatic Monitoring _____

Schedule: _____ Independent Auditor's Comments to Management

Page Number: _____ 3 _____

Reference Number: 96-Management Letter-III _____

Program Name(s): Community Development Block Grant _____

CFDA Number(s): _____ 14.218 _____

Status of Finding: The management of the City of New Orleans is presently establishing policies and procedures to ensure the conditions noted in the management letter are resolved.

Preparer's Signature: *Elita Reed Morris*

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR-AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Accounting Records

Schedule: Independent Auditors' Comments to Management

Page Number: 3

Reference Number: IS-Management Letter-08

Program Name(s): Community Development Block Grant-Each Month Transactions;
All Federal Programs-Review of Financial Information

CFDA Number(s): FIMG-14.238, All Federal Programs

Status of Finding: The management of the City of New Orleans has taken corrective action to ensure each disbursement transactions are properly recorded. A policy and procedure is currently being developed to ensure federal financial information is reviewed by appropriate City Federal Administrators.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 525-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Cost Control Statements and Monitoring Reports

Schedule: Independent Auditors' Comments to Management

Page Number: 6

Reference Number: 96-Management Letter 03

Program Name(s): All Federal Programs

CFDA Number(s): All Federal Programs

Status of Finding: The management of the City of New Orleans is continuing in its efforts to strengthen procedures to ensure this condition is resolved in the future.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 525-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Drug-Free Workplace

Schedule: Independent Auditor's Comments to Management

Page Number: 8

Reference Number: 95-Management Letter 18

Program Name(s): Community Development Block Grants

CFDA Number(s): 14.218

Status of Finding: The management of the City of New Orleans has taken corrective measures to ensure this condition does not recur.

Preparer's Signature: Etta Reed Martin

Phone Number: (504) 565-6600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Documentation of Goals and Accomplishments

Schedule: Independent Auditor's Comments to Management

Page Number: 7

Reference Number: 86-Management Letter:11

Program Name(s): Community Development Block Grants

CFDA Number(s): 14.218

Status of Finding: The management of the City of New Orleans is continuing in its effort to strengthen procedures to ensure this condition is resolved.

Preparer's Signature: *Elita Rand Morris*

Phone Number: (504) 525-2600

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended: December 31, 1996

Finding Title: Sub-Recipient Audits

Schedule: Independent Auditor's Comments to Management

Page Number: 7

Reference Number: IS-Management Letter-32

Program Name(s): Community Development Block Grants

CFDA Number(s): 14.218

Status of Finding: The management of the City of New Orleans has taken corrective action to ensure this condition does not reoccur.

Preparer's Signature: Etta Reed Morris

Phone Number: (504) 585-6600