



*Luther Speight & Company, LLC*  
*Certified Public Accountants and Consultants*

**DOWNTOWN DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORELANS**

**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2021**

## TABLE OF CONTENTS

Management's Discussion and Analysis	1 - 8
Independent Auditor's Report	9 - 11

### **BASIC FINANCIAL STATEMENTS**

#### Government Wide Financial Statements

Statement of Net Position	12
Statement of Activities	13

#### Fund Financial Statements:

Balance Sheet – Governmental Funds	14
Reconciliation of Balance Sheet – Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to Statement of Activities	17

Notes to Financial Statements	18 - 34
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### **REQUIRED SUPPLEMENTARY INFORMATION**

#### Schedule of Revenues, Expenditures, and Changes in Fund

Balance Budget and Actual – General Fund	35
Balance Sheet – Special Revenue Fund	36
Statement of Revenues, Expenditures, and Changes In Fund Balance – Special Revenue Fund	37

### **OTHER SUPPLEMENTARY INFORMATION**

Schedule of Compensation, Benefits, and Other Payments to Agency Head	38
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### **REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39-40
Schedule of Findings and Responses	41-43
Schedule of Prior Year Findings	44

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2021**

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

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of the finances. Fund Financial Statements (FFS) – The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than Government-Wide Statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report, located immediately following this MD&A, that the Basic Financial Statements are fairly presented. The auditor regarding the Required Supplementary Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information of all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2021**

Continued,

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

#### FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

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

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

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2021**

Continued,

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- Despite the fact that the liability for the District's series 2021 bonds, which were used for various capital improvements to the infrastructure in the vicinity of Canal Street and other areas of the District, was recorded on the District's government-wide financial statements while the resulting assets are included in the capital assets of the City of New Orleans; assets exceeded liabilities at the close of the most recent fiscal year by \$2,038,684 as outlined on the statement of net position. As of December 31, 2021, the District had a net position balance of \$2,038,684 as compared to a balance of \$1,405,152 as of December 31, 2020.
- The District's total net position increased by \$633,532 during 2021, as compared to an increase of \$1,643,349 in the prior year. The increase in 2021 net position was primarily related to decreases in expenses of \$1,360,656 and of \$1,338,122 in Ad Valorem Tax revenues, along with an adjustment in the 2020 Net Position due to issues with the Ad Valorem Taxes Receivable.
- Revenues decreased by \$1,338,122 during 2021, mainly due to decreased Ad Valorem Tax collections caused by lower assessments due to COVID-19 pandemic.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,196,373, a decrease of \$403,914 from the prior year balance of \$3,600,287.

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**FINANCIAL ANALYSIS OF THE DISTRICT**

The Statement of Net Position and the Statement of Activities reports only one type of government activity. Our analysis below focuses on the net position of the governmental-type activities:

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2021**

Statement of Net Position  
As of December 31, 2021 and 2020

	2021	2020	\$ Variance	% Variance
<b>Assets</b>				
Current and other assets	\$ 9,267,786	\$ 4,289,017	\$ 4,978,769	116.1%
Capital assets, net	389,122	411,169	(22,047)	-5.4%
Total assets	<u>9,656,908</u>	<u>4,700,186</u>	<u>4,956,722</u>	<u>105.5%</u>
<b>Liabilities</b>				
Current liabilities	1,538,224	1,160,034	378,190	32.6%
Long-term liabilities	6,080,000	2,135,000	3,945,000	184.8%
Total liabilities	<u>7,618,224</u>	<u>3,295,034</u>	<u>4,323,190</u>	<u>131.2%</u>
<b>Net Position</b>				
Invested in capital assets, net	389,122	411,169	(22,047)	-5.4%
Restricted for debt service	236,751	234,513	2,238	1.0%
Unrestricted	1,412,811	759,470	653,341	86.0%
Total Net Position	<u>\$ 2,038,684</u>	<u>\$ 1,405,152</u>	<u>\$ 633,532</u>	<u>45.1%</u>

The District's total assets increased by \$4,956,722 which was the result of proceeds from the Series 2021 Bond Proceeds (net refunding of 2012 Bond Series) held by the Board of Liquidation. Total liabilities increased by \$4,323,190 due to increase in long-term debt and \$1,078,953 in credits to Ad Valorem Taxes reported by the City of New Orleans.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2021**

Statement of Activities  
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>\$ Variance</u>	<u>% Variance</u>
<b>Revenues</b>				
Program revenues				
Operating grants and contributions	\$ 80,859	\$ 69,131	\$ 11,728	17.0%
General revenues				
Ad valorem taxes - net	8,278,383	9,600,259	(1,321,876)	-13.8%
Interest income	4,224	20,470	(16,246)	-79.4%
Total revenues	<u>8,363,466</u>	<u>9,689,860</u>	<u>(1,326,394)</u>	<u>-13.7%</u>
<b>Expenditures</b>				
Administration	1,048,156	1,209,105	(160,949)	-13.3%
Communication and events	306,809	722,107	(415,298)	-57.5%
Economic development	345,997	463,621	(117,624)	-25.4%
Public space operations	2,476,105	2,866,559	(390,454)	-13.6%
Public safety	2,337,567	2,708,069	(370,502)	-13.7%
Bond issuance costs	118,053	-	118,053	#DIV/0!
Interest on long-term debt	64,896	77,050	(12,154)	-15.8%
Total expenditures	<u>6,697,583</u>	<u>8,046,511</u>	<u>(1,348,928)</u>	<u>-16.8%</u>
NET CHANGE IN FUND BALANCES	1,665,883	1,643,349	22,534	1.4%
Fund Balances - Beginning of year	1,405,152	(238,197)	1,643,349	-689.9%
Fund Balance Adjustment	<u>(1,032,351)</u>	<u>-</u>	<u>(1,032,351)</u>	<u>#DIV/0!</u>
<b>Fund Balances - End of year</b>	<u>\$ 2,038,684</u>	<u>\$ 1,405,152</u>	<u>\$ 633,532</u>	<u>45.1%</u>

The largest source of revenue for the District was ad valorem (property) taxes. The largest sources of internal revenues were streetcar shelters cleaning and LWCC dividend for a total of \$80,859.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2021**

Continued,

There were decreases in expenses in Public Space, Public Safety, Economic Development, Communications and Administration Departments. The variance in Administration was due to decreases in Personnel Costs (\$175,198), Office Space Rent (\$70,131) and Legal Services (\$42,352) and an increase in Employee Recruitment \$67,566. The decrease in the Communications Department resulted from decreases in Personnel Costs (\$112,088), Communications (\$270,166), Research (\$63,000) and Public Affairs (\$9,533), which were offset by increases in Holiday Events \$49,583, Sponsored Events \$11,190 and Digital Media for Website Design \$19,538. Economic Development decreased due to decreases in spending for Personnel Costs (\$89,850), Canal Street Development (\$2,078), District-Wide Development (\$13,011), Administration/Meetings (\$4,912), Business Retention & Recruitment (\$3,985) and Façade Grants (\$26,542), which was offset by an increase in Research & Database Management \$23,902. The decrease in Public Safety was a result of increases in Personnel Costs \$49,130 and Homeless Outreach \$10,425, decreases in NOPD Detail (\$196,043), Private Security Services (\$204,483) and Miscellaneous Expenses (\$5,200). The decrease in Public Space Operations resulted from decreases in Personnel Costs (\$172,331), Landscaping (\$6,343), Parks & Open Spaces (\$13,510), Sidewalk Improvements (\$83,640), Sidewalk Cleaning (\$53,079), Special Event Clean-up (\$75,028), Miscellaneous (\$2,452), and District-Wide Improvements (\$69,435) along with increases in Sidewalk Tree Maint/Replacement \$21,000, Trash Receptacles \$2,005, Banners (install/replace) \$1,910, Holiday Lighting \$28,329, and Surveillance Cameras \$1,898.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### *Capital Assets*

At December 31, 2021 and 2020, the District had \$389,122 and \$411,169, respectively, invested in capital assets, net of accumulated depreciation consisting principally of investment in Duncan Plaza. See page 28 of the notes to the financial statements for a detail composition of capital assets.

##### *Long-term Debt*

At December 31, 2021, the District had total bond debt outstanding of \$6,500,000 compared with \$2,505,000 at December 31, 2020. Principal paid on the 2012 Series bonds during 2021 and 2020 was \$385,000 and \$370,000, respectively. See page(s) 28 of the notes to the financial statements for a description of outstanding long-term debt.

The portion of the District's net position that is invested in capital assets, less any related debt used to acquire those assets that are still outstanding, was \$389,122 as of December 31, 2021. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the District's net position represents resources that are restricted for debt service. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2021**

Continued,

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final budget and actual comparisons is on page 34. The final budget variance as compared to actual balance was an increase of \$1,414,022. There were no variances between the original budget and final budget.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

There are several uncertainties relative to the collection and reporting of ad valorem taxes to the District by the City of New Orleans. Of significant concern is the amount of adjustment and refunds processed by the City of New Orleans each year that are not reported to the District timely, as well as the impact of COVID-19 related economic downturn on the property values in the District. The District will continue to budget property tax revenue with the latest information available from the City of New Orleans. The District decreased its 2021 budgeted ad valorem taxes by \$1,544,529 below the 2020 final budget, primarily due to the reduction in assessments on hospitality properties. Management expects sufficient revenues to allow for addressing its primary objectives.

**SIGNIFICANT EVENTS**

Downtown New Orleans experienced a near total shutdown of economic activity in 2021 due to the COVID-19 pandemic. Pandemic related Emergency Declarations caused the closure of office buildings, retail outlets, food & beverage establishments, and entertainment venues for most of the year.

Tourism took an extremely hard hit due to travel being restricted worldwide. Canal Street was additionally impacted by the closure of blocks due to the collapse of the Hard Rock Hotel. The DDD worked with the City to provide for opportunities for outdoor dining in the rare situations in which restaurants remained operational.

In 2021 the District was able to fund an Escrow account for the Stormwater Infrastructure Project in the amount of \$5,000,000 as agreed to with the City of New Orleans in 2020. Work on the project had not yet commenced as of the end of 2021

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2021**

Continued,

2021 proved to be very much a transitional year for the District. At the end of 2020 two staff positions were eliminated, as a result of COVID-19 related economic uncertainty, and the long-term CEO resigned. The search for a new CEO took until December 2021, and in the meantime, there were two interim CEOs in place. During the year four of the existing Board members were replaced with new Commissioners and the General Legal Counsel resigned.

Much of 2021 saw the staff at the DDD working remotely or on a rotating basis from the office. As we returned to the office on a more consistent basis at mid-year two other staff positions became vacant. Due to the reduction in pedestrian traffic and the cancellation of public events throughout the year, the DDD was able to negotiate a reduction in the level of services provided by the sidewalk cleaning contractor, Block by Block. In an effort to assist the DDD with the uncertain economic environment, the landlord for our leased offices offered to reduce our monthly lease payments by 50% for 2021 and spread the amount reduced over the remaining life of the lease.

Much of the economic development activity pivoted from attracting and recruiting new businesses to sustaining and retaining existing business. Communications transferred much of its events budget to funding marketing efforts to get workers, visitors and residents to eat, shop and play Downtown.

At the end of the year the staff of the Economic Development Department and a key member of the Administration staff left the employ of the DDD.

#### CONTACTING THE DISTRICT'S MANAGEMENT

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



*Luther Speight & Company, LLC*  
*Certified Public Accountants and Consultants*

## INDEPENDENT AUDITOR'S REPORT

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

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downtown Development District of the City of New Orleans (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 8 and page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

**Continued,**

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head (the schedule) is presented to comply with the Act 706 of the 2014 Louisiana Legislative Session and is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Luther Speight & Company, LLC  
New Orleans, Louisiana  
December 28, 2022

## BASIC FINANCIAL STATEMENTS

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

**Assets**

Current Assets

Unrestricted:

Cash and cash equivalents	\$ 3,867,724
Other receivables	18,896
Prepaid expenses	144,415
Total unrestricted current assets	4,031,035

Restricted:

Cash and cash equivalents	236,751
Restricted cash - held by escrow agent	5,000,000
Total Restricted current assets	5,236,751

Total current assets	9,267,786
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Noncurrent Assets

Capital assets, net of accumulated depreciation	389,122
Total noncurrent assets	389,122

Total Assets	\$ 9,656,908
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**Liabilities and Net Position**

Current Liabilities

Accounts payable and current liabilities	\$ 719,149
Compensated absences payable	46,811
Ad valorem taxes payable, net	352,264
Bonds payable, current portion	420,000
Total Current Liabilities	1,538,224

Noncurrent Liabilities

Bonds payable, noncurrent portion	6,080,000
Total Noncurrent Liabilities	6,080,000

Total Liabilities	7,618,224
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**Net Position**

Net investment in capital assets	389,122
Restricted for debt service	236,751
Unrestricted	1,412,811
Total Net Position	\$ 2,038,684

The accompanying notes are an integral part of these financial statements.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net
<b>Governmental Activities</b>					
Administration	\$ 1,048,156	\$ -	\$ 15,647	\$ -	\$ (1,032,509)
Communication and events	306,809	-	-	-	(306,809)
Economic development	345,997	-	928	-	(345,069)
Public space operations	2,476,105	-	64,284	-	(2,411,821)
Public safety	2,337,567	-	-	-	(2,337,567)
Bond issuance costs	118,053	-	-	-	(118,053)
Interest on long-term debt	64,896	-	-	-	(64,896)
<b>Total Governmental Activities</b>	<b>\$ 6,697,583</b>	<b>\$ -</b>	<b>\$ 80,859</b>	<b>\$ -</b>	<b>\$ (6,616,724)</b>
<b>General Revenues</b>					
Ad valorem					8,278,383
Interest income					4,224
<b>Total General Revenues</b>					<b>8,282,607</b>
Change in Net Position					1,665,883
Net Position Adjustment					(1,032,351)
Net Position - Beginning of year					1,405,152
<b>Net Position - End of year</b>					<b>\$ 2,038,684</b>

The accompanying notes are an integral part of these financial statements.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,098,012	\$ -	\$ 4,176	\$ 1,102,188
Cash and cash equivalents held by the Board of Liquidation, unrestricted	2,765,536	-	-	2,765,536
Cash and cash equivalents held by the Board of Liquidation, restricted	-	236,751	-	236,751
Other receivables	18,896	-	-	18,896
Prepaid expenses	144,415	-	-	144,415
<b>Total Assets</b>	<b>\$ 4,026,859</b>	<b>\$ 236,751</b>	<b>\$ 4,176</b>	<b>\$ 4,267,786</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and current liabilities	719,149	\$ -	\$ -	\$ 719,149
Ad valorem taxes, net of allowance	352,264	-	-	352,264
<b>Total Liabilities</b>	<b>1,071,413</b>	<b>-</b>	<b>-</b>	<b>1,071,413</b>
<b>Fund Balances</b>				
Nonspendable	144,415	-	-	144,415
Restricted for debt service	-	236,751	-	236,751
Unassigned	2,811,031	-	4,176	2,815,207
<b>Total Fund Balances</b>	<b>2,955,446</b>	<b>236,751</b>	<b>4,176</b>	<b>3,196,373</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,026,859</b>	<b>\$ 236,751</b>	<b>\$ 4,176</b>	<b>\$ 4,267,786</b>

The accompanying notes are an integral part of these financial statements.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Total Fund Balances at December 31, 2020 - Governmental Funds		\$ 3,196,373
Amounts reported for governmental activities in the Statement of Net Position are difference because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.		
Cost of Capital assets	1,013,400	
Less accumulated depreciation	<u>(624,278)</u>	<u>389,122</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.		
Compensated absences	(46,811)	
Bonds payable	<u>(6,500,000)</u>	<u>(6,546,811)</u>
Proceeds from Issuance of Bonds		<u>5,000,000</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u><u>\$ 2,038,684</u></u></b>

The accompanying notes are an integral part of these financial statements.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Ad valorem taxes - net	\$ 8,278,383	\$ -	\$ -	\$ 8,278,383
Interest income	876	3,348	-	4,224
Other	80,859	-	-	80,859
Total Revenues	<u>8,360,118</u>	<u>3,348</u>	<u>-</u>	<u>8,363,466</u>
<b>Expenditures</b>				
Current:				
Administration	1,029,482	-	265	1,029,747
Communication and events	305,625	-	-	305,625
Public space operations	2,466,681	-	-	2,466,681
Public safety	2,328,542	-	-	2,328,542
Economic development	344,661	-	-	344,661
Capital outlays	2,502,968	-	-	2,502,968
Debt service:				
Bond issuance costs	-	118,053	-	118,053
Interest on long-term debt	-	64,896	-	64,896
Total Expenditures	<u>8,977,959</u>	<u>182,949</u>	<u>265</u>	<u>9,161,173</u>
<b>Deficiency of Revenues Over Expenditures</b>	(617,841)	(179,601)	(265)	(797,707)
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	-	179,601	-	179,601
Operating transfer out	(179,601)	-	-	(179,601)
Total Other Financing Sources (Uses)	<u>(179,601)</u>	<u>179,601</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(797,442)	-	(265)	(797,707)
Fund Balance Adjustment	391,555	-	-	391,555
Fund Balances - Beginning of year	<u>3,361,333</u>	<u>236,751</u>	<u>4,441</u>	<u>3,602,525</u>
<b>Fund Balances - End of year</b>	<u>\$ 2,955,446</u>	<u>\$ 236,751</u>	<u>\$ 4,176</u>	<u>\$ 3,196,373</u>

The accompanying notes are an integral part of these financial statements.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Total net change in fund balances - governmental funds \$ (797,707)

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

This is the amount by which capital outlays exceeded depreciation.

Capital outlays capitalized	2,502,968	
Depreciation expense	<u>(25,015)</u>	
		<u>2,477,953</u>

Compensated absence expenses are reported in the Statement of  
Activities, but do not require the use of current financial resources and  
therefore are not reported as expenditures in governmental funds.

Change in compensated absences		<u>(14,363)</u>
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Change in net position of governmental activities		<u><u>\$ 1,665,883</u></u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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

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

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

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

***Reporting Entity***

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

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

***Blended Component Unit***

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

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

***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. There were no activities of the District categorized as business-type activities.

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

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

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

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

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

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

***Budgetary Information***

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

- The Board of Commissioners of the District shall prepare, or cause to be prepared, a plan or plans specifying the public improvements, facilities and services proposed to be furnished constructed or acquired for the District.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

- Any plan shall include: (a) an estimate of the annual and aggregate cost of acquiring, constructing, or providing the services, improvements, or facilities set forth therein; (b) the proportion of tax to be levied on the taxable real property within the District which is to be set aside and dedicated to pay the cost of furnishing specified services, and the proportion of such tax to be set aside and dedicated to pay the cost of capital improvements or pay the cost of debt service on any bonds to be issued to pay the cost of capital improvements; and (c) an estimate of the aggregate number of mills required to be levied in each year on the taxable real property within the District to provide the funds required for implementation of the plan.
- After completion, the plan shall be submitted to the Planning Commission of the City of New Orleans for review. The Planning Commission must submit the plan to the City Council within thirty (30) days of receipt thereof, together with its written comments and recommendations.
- The City Council may by a majority of its members accept or reject the plan based upon its consistency with the City's overall plan. If accepted, the plan may be implemented.
- Upon acceptance, the plan budget and the appropriated funds for its implementation are incorporated by the City of New Orleans into its normal budget process. Under this process, appropriations for the District's "Service" operations (operating budget) expire at year end, except for amounts the City has encumbered on behalf of the District. Such amounts are carried forward until they are cleared. Appropriations for capital outlays (capital budget) continue in force until the project is completed or cancelled normally and the City Council passes an ordinance of resolution to close.

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

***Cash and Cash Equivalents***

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

***Investments***

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

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

***Receivables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated uncollectible amounts were determined to be property tax receivable balances over five years old based on historical experience rates. The allowance for uncollectible ad valorem taxes receivable was \$256,681 at December 31, 2021.

***Prepaid Expenses***

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

***Capital Assets***

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

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

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

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

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

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

***Compensated Absences***

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

***Long-term Debt***

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

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

***Employee Benefits***

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

***Fund Balance***

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

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

- *Unassigned* – consists of amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) are available for use. The District did not have any committed or assigned amounts as of December 31, 2021.

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

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

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from the estimates that were used.

***Subsequent Events***

The District has evaluated subsequent events through the date that the financial statements were available to be issued, December 28, 2022. See Note 13 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion.

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

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

- Leases; and
- Disclosures related to debt.

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

**NOTE 2: PROPERTY TAXES**

On November 17, 1975, the City obtained approval in a referendum for an additional 6 ½ mills ad valorem tax on property within the District for the calendar years 1976 and 1977.

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

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

In accordance with the State Constitution, the District will maintain its mills on real property at 21.54 mills. Collection has been suspended at 17.12 mills for the year ended December 31, 2021. The District levied 17.12 mills on real property within its area for 2021. Taxes on real property are levied on January 1 and payable on January 1. Billings are delinquent February 1 and are subject to lien and the assessment of penalties and interest. Property taxes levied for 2021, collected during 2021, or expected to be collected in 2021 are recognized as revenue in 2021. Taxes levied for 2021, but collected in 2022, are reflected as unearned revenue.

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

**NOTE 3: LEVY OF TAX ASSESSMENT**

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

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

*Cash and Cash Equivalents*

Cash and cash equivalents consisted of the following as of December 31, 2021:

	Amount
Demand deposits	\$ 1,058,544
Money market accounts	3,045,631
Held by escrow agent	5,000,000
Cash on hand	300
<b>Total Cash and Cash Equivalents</b>	<b>\$ 9,104,475</b>

*Restricted Cash and Cash Equivalents*

At December 31, 2021, the Board of Liquidation, as fiscal agent of the District, held on their behalf cash and money market accounts in the amount of \$3,002,287. Of this amount, \$236,751 was restricted for debt service obligations.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Under state law, all deposits are to be secured by the federal depository insurance or the pledge of securities held by the pledging bank's agent in the District's name. As of December 31, 2021, demand deposits and money market account bank balances of \$1,058,544 were entirely secured by federal deposit insurance of \$250,000 and pledged securities held by a financial institution in the name of the District of \$4,639,464. Cash and money market accounts held by the Board of Liquidation in the amount of \$3,002,287 were fully covered by pledged securities held by financial institutions in the name of the Board of Liquidation, acting as fiscal agent for the District.

*Capital Assets*

Capital assets and depreciation activity as of and for the year ended December 31, 2021, for the primary government are as follows:

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

	January 1, 2021	Additions	Deletions	December 31, 2021
Office Furniture	\$ 149,840	\$ -	\$ -	\$ 149,840
Computer Equipment	165,598	2,384	-	167,982
Leasehold Improvements	198,217	-	-	198,217
Office Equipment	44,415	-	-	44,415
Motor Vehicles	66,343	584	-	66,927
Public Works Property	34,589	-	-	34,589
Green Space Improvements	351,430	-	-	351,430
Subtotal	1,010,432	2,968	-	1,013,400
Less: Accumulated Depreciation	(599,263)	(25,015)	-	(624,278)
<b>Total</b>	<b>\$ 411,169</b>	<b>\$ (22,047)</b>	<b>\$ -</b>	<b>\$ 389,122</b>

Depreciation expense was charged to functions as follows:

Function	Amount
Administration	\$ 4,046
Communications and events	1,184
Economic development	1,336
Public space operations	9,424
Public safety	9,025
<b>Total</b>	<b>\$ 25,015</b>

***Long-Term Debt***

The following is a summary of the long-term debt obligation transactions for the year ended December 31, 2021.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

	January 1, 2021	Additions	Payments	Retirements	December 31, 2021	Current Portion
DDD Limited Tax Bonds Series 2012	2,505,000	-	-	(2,505,000)	-	-
DDD LTB Series 2021	-	6,500,000	-	-	6,500,000	420,000
<b>Total</b>	<u>2,505,000</u>	<u>6,500,000</u>	<u>-</u>	<u>(2,505,000)</u>	<u>6,500,000</u>	<u>420,000</u>

Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Total interest expense incurred for the year ended December 31, 2021 was \$64,896.

***Bonds***

The DDD issued new bonds on October 10, 2021 in the amount of \$6,500,000.00. The bond proceeds were utilized to refund the outstanding Series 2012 Bonds, fund one year of the Stormwater Infrastructure CEA, pay the costs of issuance, and provide additional capital to fund public improvements. The Series 2012 bonds had a fixed rate of 2.68%, the 2021 Series bonds have a fixed rate of 1.70% and mature on December 1, 2029. At December 31, 2021, \$6,500,000 of the bonds was outstanding. At December 31, 2021, the Board of Liquidation, City Debt has \$236,751 on the Series 2021 bonds held in escrow for the payment of future debt service in connection with the bonds issued. Bond proceeds totaling \$5,000,000 were held by an escrow agent at December 31, 2021.

The annual requirements to amortize principal and interest on bonds outstanding at December 31, 2021 are as follows:

<b>Year Ending</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total</b>
2022	\$ 420,000	\$ 56,400	\$ 476,400
2023	570,000	52,200	622,200
2024	755,000	46,500	801,500
2025	765,000	38,950	803,950
Thereafter	<u>3,990,000</u>	<u>131,799</u>	<u>4,121,799</u>
Totals	<u>\$ 6,500,000</u>	<u>\$ 325,849</u>	<u>\$ 6,825,849</u>

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

***Compensated Absences***

Employees generally receive paid time off (PTO), which can be used for vacation or for sick leave, at the following levels: full-time employees employed six through twelve months receive fifteen (15) days; full-time employees employed one through five years receive twenty (20) days; full-time employees employed six through ten years receive twenty-five (25) days; full-time employees employed eleven years through nineteen years receive thirty (30) days; and full-time employees employed for twenty or more years receive forty (40) days. PTO can be accumulated and carried forward up to twenty (20) days each year end.

Compensated absence activity for the year ended December 31, 2021 was as follows:

	Amount
Beginning Balance	\$ 101,304
Additions	-
Reductions	(54,493)
<b>Ending Balance</b>	<b>\$ 46,811</b>

***Interfund Transfers***

Transfers are used to move funds from the general fund to the debt service fund to maintain necessary balances with bond covenants. During 2021, the general fund transferred out \$179,601 to the debt service fund to satisfy debt covenants.

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

***Retirement Plan***

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

Effective January 1, 2012, the District contributes 3% of eligible employees' salaries, regardless of any contribution from employees. The District also matches 3% of employee voluntary contributions, limited to 3% of the employee's salary. All full-time employees twenty-one years of age and over are eligible to participate in the plan. The plan's effective date was January 1, 1993. All contributions made to the plan are the property of the plan and the participating employees. Management of the plan's assets includes the ability to establish and amend plan provisions and any costs related to its operations and is the sole responsibility of the Trustee(s) and the Administrator of the Downtown Development District Employee Retirement Trust – Federal EIN 72-1241070. The District's contribution to the plan in 2021 was \$75,262 which was paid to American United Life for deposit with designated fund agencies who are to manage the investment of the plan's assets.

***Life Insurance***

In conjunction with the development of the above retirement plan, but not a part of that plan, the District, in 1993, established an additional benefit in the form of whole life insurance, accidental death and dismemberment, short-term disability and long-term disability policies for each of its full-time employees. The amount of insurance provided to each employee is \$200,000 (adjusted to \$130,000 at age 65 and \$100,000 at age 70). Monthly premiums are paid by the District to Southern National Life Insurance. Premiums paid in 2021 by the District for these employee policies totaled \$20,887.

**NOTE 6: COMMITMENTS**

***Operating Leases***

The District leases office space at 201 St. Charles Avenue. The lease commenced in April 2006 and expires in September 2026. Future minimum rental payments are as follows:

Year Ending	Amount
2022	\$ 77,784
2023	\$ 163,348
2024	\$ 169,473
2025	\$ 177,947
2026	\$ 139,571
<b>Total</b>	<b>\$ 728,123</b>

Total expenditures for rental of office space were \$76,868 during the year ended December 31, 2021.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

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

Effective December 19, 2017, the District, the Ernest N. Morial New Orleans Exhibition Hall Authority, and the City of New Orleans entered into a Cooperative Endeavor Agreement to enhance public services available to the homeless population of New Orleans by collaborating in the design, remodeling, and operation of a low barrier shelter (the Shelter). In 2018, the District was obligated to contribute \$1,000,000 towards the net costs of the acquisition, remediation, remodeling, equipping and fit-up of the property. Additionally, the District is also obligated to assist with fundraising from third parties for ongoing operational costs and provide funding for the operation of the Shelter. In no event will the District be required to provide more than \$500,000 toward operational funding in any one calendar year. The agreement is effective for five years from the effective date, with the option for the parties to renew for an additional five years. For the year ended December 31, 2021, the District provided \$500,000 in funding for the Shelter.

**NOTE 7: CONTINGENCIES**

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

**NOTE 8: RISK MANAGEMENT**

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Continued,

**NOTE 9: LITIGATION – AD VALOREM TAX WITHHELD**

As of December 31, 2021, the City of New Orleans has withheld more than \$747,808 of property taxes collected on behalf of the District and made use of the funds for the purpose of funding various State retirement systems. The State Attorney General has opined, and the State Supreme Court has ruled that proceeds from the District's ad valorem tax can only be used for public improvements, facilities and services, and debt service on bonds of the City issued for capital improvements and facilities within the District. The DDD has filed suit against the City, which it is currently in settlement negotiations with, but Management is not able to determine what the outcome of litigation will be or when the City will remit funds to the District. Accordingly, a receivable has not been recorded as of December 31, 2021.

**NOTE 10: REVENUE CONCENTRATION**

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

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

The Board of Commissioners in the capacity as board members received no per diem amounts for the year ended December 31, 2021.

**NOTE 12: TAX ABATEMENTS**

The City of New Orleans (the City) negotiates property tax abatement agreements on behalf of the City and its component units. Each agreement was negotiated for a variety of economic development purposes, including business relocation, retention, and expansion. The District, through the City, has tax abatement agreements with multiple commercial entities participating in the Restoration Tax Abatement (RTA) program as of December 31, 2021.

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 13: COVID-19 GLOBAL PANDEMIC**

The COVID-19 pandemic continued to impact New Orleans and the world economy throughout 2021. Many office workers continued to work remotely for much of the year, which had a profound effect on many of the small businesses that are dependent on them as customers. The DDD continued to work with the City and others to boost the economic opportunities.

One significant impact of the pandemic has been a labor shortage for many of the unskilled positions upon which the City's tourism industry relies. The DDD management has worked to assure that all of their staff is earning a livable wage, by raising the starting pay for the Public Safety Rangers to \$15/hr. They have additionally raised the Tier at which they pay NOPD Detail Officers, so as to attempt to assure that they have sufficient coverage.

**NOTE 14: NET POSITION ADJUSTMENT**

The Ad Valorem Receivable confirmation received from the Tax Collector reflected significant adjustments that resulted from credits to prior year ad valorem tax bills. As a result, the District made a net position adjustment of \$1,032,351 to account for the prior year adjustments.

**NOTE 15: SUBSEQUENT EVENTS**

Management has evaluated subsequent events as of December 28, 2022, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments to these financial statements required.

REQUIRED SUPPLEMENTARY INFORMATION

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual	Variance
<b>Operating Revenues</b>				
Internal sources (events, state, federal, etc.)	\$ 72,907	\$ 72,907	\$ 80,859	\$ 7,952
Ad valorem taxes - net	7,845,907	7,845,907	8,278,383	432,476
Total Revenues	<u>7,918,814</u>	<u>7,918,814</u>	<u>8,359,242</u>	<u>440,428</u>
<b>Expenditures</b>				
Administration	1,001,801	1,001,801	1,029,747	27,946
Communication and events	489,595	489,595	305,625	(183,970)
Public space operations	2,572,080	2,572,080	2,466,681	(105,399)
Public safety	2,602,672	2,602,672	2,328,542	(274,130)
Economic development	520,837	520,837	344,661	(176,176)
Total Expenditures	<u>7,186,985</u>	<u>7,186,985</u>	<u>6,475,256</u>	<u>(711,729)</u>
<b>Net Operating Income</b>	731,829	731,829	1,883,986	1,152,157
<b>Non-Operating Revenue</b>				
Interest	1,457	1,457	-	(1,457)
Total non-operating revenue	<u>1,457</u>	<u>1,457</u>	<u>-</u>	<u>(1,457)</u>
Excess (deficit) of revenue over expenditures before other financing uses	733,286	733,286	1,883,986	1,150,700
Operating transfers out	<u>(442,923)</u>	<u>(442,923)</u>	<u>(179,601)</u>	<u>263,322</u>
Net change in fund balance	290,363	290,363	1,704,385	1,414,022
Fund Balance - Beginning of year	<u>2,036,390</u>	<u>2,036,390</u>	<u>2,036,390</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 2,326,753</u>	<u>\$ 2,326,753</u>	<u>\$ 3,740,775</u>	<u>\$ 1,414,022</u>

The accompanying notes are an integral part of these financial statements.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
BALANCE SHEET - SPECIAL REVENUE FUND  
DECEMBER 31, 2021**

	<u>Downtown Development Unlimited</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 4,176</u>
<b>Total Assets</b>	<u><u>4,176</u></u>
<b>Fund Balance</b>	
Unsassigned	<u>4,176</u>
<b>Total Fund Balance</b>	<u><u>\$ 4,176</u></u>

The accompanying notes are an integral part of these financial statements.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Downtown Development Unlimited</u>
<b>Revenues</b>	
Other	\$ -
Total Revenues	<u>-</u>
<b>Expenditures</b>	
Current:	
Administration	<u>265</u>
Total Expenditures	<u>265</u>
<b>Deficiency of Revenues Over Expenditures</b>	(265)
<b>NET CHANGE IN FUND BALANCE</b>	(265)
Fund Balance - Beginning of year	<u>4,441</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 4,176</u></u>

The accompanying notes are an integral part of these financial statements.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<i>Purpose</i>	<b>RICHARD MCCALL</b>	<b>JOHN POURCIAU</b>	<b>DAVON BARBOUR</b>	<i>TOTAL</i>
	January 1, 2021 - August 27, 2021	September 20, 2021 - December 20, 2021	December 20, 2021 - December 31, 2021	
Salary	\$ 104,219	\$ 41,698	\$ 8,269	\$ 154,186
Benefits - Health Insurance	9,334	5,263	-	-
Benefits - Retirement	4,750	-	-	-
Benefits - Parking	600	-	-	-
Mileage Reimbursement	-	-	-	-
Parking Reimbursements	-	-	-	-
Cell Phone	430	215	-	-
Meals & Entertainment	826	-	-	-
Travel	-	-	13,334	13,334
Registration Fees	-	-	-	-
Conference Travel	-	-	-	-
Professional Development	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 120,159</b>	<b>\$ 47,176</b>	<b>\$ 21,603</b>	<b>\$ 167,520</b>

The accompanying notes are an integral part of these financial statements.



*Luther Speight & Company, LLC*  
*Certified Public Accountants and Consultants*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downtown Development District of the City of New Orleans (the District), a component unit of the City of New Orleans, as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Finding #2021-01 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

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

**Downtown Development District’s Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and do not provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Luther Speight & Company, LLC  
New Orleans, Louisiana  
December 28, 2022

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2021**

**Section I - Summary of Auditor's Results**

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal control over financial reporting:

Material weakness (es) identified?	_____yes	_____X_____no
Significant deficiency(s) identified not considered to be material weaknesses?	_____X_____yes	_____no

Noncompliance material to financial statements noted?	_____yes	_____X_____no
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Federal Awards

Not Applicable For the Year Ended December 31, 2021

**Section II – Financial Statement Findings**

See Finding #2021-01 on page 42.

**Section III – Federal Findings**

Not applicable For the Year Ended December 31, 2021

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2021**

FINDING# 2021-01: CONTROLS OVER BOND ESCROW FUNDS NOT ADEQUATE  
(SIGNIFICANT DEFICIENCY)

**CRITERIA:**

Best practices published by the Louisiana Legislative Auditor set forth that “the entity should review securities pledged by financial institutions at least monthly to ensure that bank balances and investments are adequately secured and that the types of securities pledged comply with R.S.39:1221. There should be written procedures as to how this review is done and documentation maintained to document the review process.”

**CONDITION:**

The District issued bonds totaling \$6.5 million during the year ended December 31, 2021. The proceeds were dedicated to refinance existing bonds and to fund future infrastructure improvements on behalf of the District. The funds totaling \$5 million which consisted of remaining bond proceeds and the District’s ad valorem taxes remained outside of the control of the District and were recorded as held by escrow agent for an extended period of over twelve (12) months subsequent to the bond issuance.

The District did not perform adequate due diligence regarding the depository arrangements for the \$5 million, including a determination that:

- 1) All funds were on deposit with a properly chartered depository institution
- 2) The funds were fully collateralized by that depository institution
- 3) The funds were held in the name of the District.

**CAUSE:**

We were unable to determine the cause of the condition.

**EFFECT:**

Controls over custodial credit risk were not adequate. However, during the audit, the District performed additional due diligence and determined the funds were properly accounted for.

**RECOMMENDATION:**

We recommend that the District perform and document its due diligence regarding the disposition of the \$5 million and the funds ultimate disposition.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2021**

MANAGEMENT RESPONSE:

Management has established a procedure by which it receives monthly statements on all funds being held on its behalf. The Director of Finance will assure that all funds are placed with a federally insured financial institution and all amounts in excess of insured limits are collateralized with appropriate investments held in the DDD's name.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
DECEMBER 31, 2021**

There were no findings noted in the year ended December 31, 2020.



*Luther Speight & Company, LLC*  
*Certified Public Accountants and Consultants*

**DOWNTOWN DEVELOPMENT DISTRICT**  
**AGREED UPON PROCEDURES REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**



*Luther Speight & Company, LLC*  
*Certified Public Accountants and Consultants*

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of  
Downtown Development District  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Downtown Development District (entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021, through December 31, 2021. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

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

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

*Results: The policies and procedures appear to appropriately address the required elements above.*

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*Results: The policies and procedures appear to appropriately address the required elements above.*

- c) **Disbursements**, including processing, reviewing, and approving

*Results: The policies and procedures appear to appropriately address the required elements above.*

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*Results: The policies and procedures appear to appropriately address the required elements above.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Results: The policies and procedures appear to appropriately address the required elements above.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

*Results: The policies and procedures appear to appropriately address the required elements above.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

*Results: No information regarding how credit cards are to be controlled, allowable business uses, documentation requirements, required approver of statements or monitoring of credit card usage was noted in Accounting Policies and Procedures.*

**Management Response:** Accounting Policy & Procedures Manual to be updated to include this information. 1) American Express card is held by the CEO, with copies of the information in the possession of the Executive Administrative Assistant, Director of Finance and Finance Manager in secured locations. 2) American Express card is used primarily by the CEO for Meals & Entertainment, to book travel and pay for conferences for staff and/or online supplies purchases. Home Depot Card is in the possession of the Public Space Services Manager and Finance Manager and is used for the purpose of purchasing miscellaneous supplies. Exxon/Mobil card is held by the Public Space Services Manager and Finance Manager and is used to fuel the two vehicles owned by the DDD. 3) Online purchases require a purchase order and a receipt if non-recurring. Travel and conferences require a confirmation and receipts for all meals and incidentals. All charges require checkbook. Meals & Entertainment require itemized receipts with attendees and purpose noted. Fuel and supply purchases require receipts. 4) All credit card purchases are approved by the Department Director and statements are reviewed and approved by the Director of Finance. 5) Card usage is reviewed for reasonableness by the Director of Finance on a monthly basis.

- h) Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

**Results:** The policies and procedures appear to appropriately address the required elements above with the exception of dollar threshold by category of expense.

**Management Response:** There are no established dollar thresholds.

- i) Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

**Results:** The policies and procedures appear to appropriately address the required elements above.

- j) Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Results:** *Not applicable. The policies and procedures address that DDD interact in various phases of its operations with other entities which include Board of Liquidation, and City Debt. These are component units of the City of New Orleans and they have exclusive control and direction of all matters relating to bonded debt of the City of New Orleans.*

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

**Results:** *No information regarding identification of critical data and frequency of data backups, storage of backups in a separate physical location isolated from the network, periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event noted in Accounting Policies & Procedures Manual.*

**Management Response:** *Information to be included in updated Emergency Preparedness Plan.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** *The policies and procedures properly address DDD responsibilities and prohibition regarding sexual harassment in Human Resources Policies Manual. However, there is no mention of annual employee training or annual reporting.*

**Management Response:** *Annual training or reporting did not take place. Management will institute training and reporting procedures going forth.*

#### **Board or Finance Committee**

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*Results: The board committee meets quarterly. No exceptions noted.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*Results: The board committee appears to discuss monthly financial in their board meetings. However, there is no mention of budget to actual comparison regarding any fund.*

*Management Response: During Finance Committee and Board Meetings the Commissioners are informed of whether revenues and expenses are in-line with the most recently approved budget. We will assure that this is noted in the meeting minutes going forth.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*Results: Not applicable, as no unassigned fund balance in the general fund was observed in prior year audit report.*

### **Bank Reconciliations**

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

*Results: List of bank accounts and management's representation were obtained. We selected the month of December for the testing below.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*Results:* We noted that the DDD has 13 bank accounts. LSC chose 5 accounts for testing. The bank and book balances properly reconciled for all accounts with no reconciling items noted. All reconciliations were prepared within 2 months of the statement's closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*Results:* We noted the bank reconciliations showed evidence of review by the Director of Finance and Finance & Administration Manager. However, after reviewing the written policies and procedures, we noted that the Director of Finance, oversees receipt of cash/checks for deposit and is also in charge of issuing check disbursement after approval from CEO.

*Management Response:* Due to the size of the DDD administrative staff, it has been the policy and practice for the Director of Finance to complete the bank reconciliation on a monthly basis and then for a Department Director with no check signing authority or cash handling responsibilities to review on a quarterly basis. At the end of 2021 the only available Director resigned, therefore Stuart Taylor, who had the accounting knowledge and had not been involved in any cash transactions since being hired on December 2021.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Results:* We noted 5 reconciling items that have been outstanding for more than 12 months from year-end.

*Management Response:* It has been our practice to void any reconciling items greater than one year and record as miscellaneous income. We will establish a process to assure that this action is not overlooked in the future.

## ***Collections***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**Results:** LSC noted that the client does not have any deposit sites. Accounting Policies and Procedures state that all cash and check receipts should be directed to the Director of Finance where preparations for deposits are performed.

**Management Response:** This process is followed consistently.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

**Results:** LSC noted that the client does not have any deposit sites. Any funds received in person or via postal service are received at the administration office located at 201 St Charles Ave, Ste 3912, New Orleans LA 70170. We have obtained and inspected written policies and procedures relating to employee job duties at the collection location and observed that the job duties are properly segregated.

- a) Employees responsible for cash collections do not share cash drawers/registers.

**Response:** Receptionist receives check or money order shall stamp check stub and make two copies and deliver check and copies to the Director of Finance.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

**Response:** Director of Finance, who is not in charge of collecting cash, will account for all funds received via preparation of a deposit entry and bank deposit slip for deposit funds. Director of Finance directs another staff member to deposit funds as soon as possible, validate a deposit slip and file complete cash receipt package in its appropriate monthly folder label appropriately.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

**Response:** Director of Finance, who doesn't collect cash, oversees posting entry of deposit on accounting system.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

*Response: Director of Finance, who doesn't collect cash, is in charge of reconciliations.*

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

*Results: LSC noted that an insurance policy through Travelers Insurance for Liability and Crime coverages. This policy was in effect during the fiscal year. LSC noted no claims were submitted during FYE 2021.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

*Results: LSC noted that the Entity's collections were supported by proper documentation. We noted that each deposit was made one business day after collection. We also noted no exceptions found when tracing the deposit to the deposit slip and to the bank statement.*

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Results:** Any funds received in person or via postal service are received at the admin office located at 201 St Charles Ave Suite 3912, New Orleans LA 70170 with reference to the Director of Finance Department.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

**Results:** The job duties below are appropriately segregated between the CEO, Director of Finance, and Finance & Administration Manager. No findings noted.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

**Results:** The administrative staff or department manager should obtain a purchase order and complete the form. Purchase order is submitted to the department director for approval and the Director of Finance approval of availability of funds. Then a finance staff member is responsible for placing the order.

- b) At least two employees are involved in processing and approving payments to vendors.

**Results:** Payments are verified by the Director of Finance and approved the Director/CEO.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

**Results:** LSC noted that project managers are in charge of reviewing contracts to ensure compliance. However, LSC noted no mention of who is responsible for periodic reviews of changes to vendor files.

**Management Response:** The Director of Finance reviews the vendor files on a quarterly basis. Management will modify the policies and procedures to specifically identify this process and responsibility for it.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**Results:** LSC noted that no mention of who oversees cash disbursements after CEO approval.

*Management Response: Once cash disbursements are approved and signed by the CEO, they are copied, scanned and mailed by the Director of Finance or the Receptionist/Administrative Assistant.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

*Results: The disbursements matched the original invoices and supporting documentation indicated deliverables included on the invoice were received by the Entity. No exceptions noted.*

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*Results: Disbursement documentation includes evidence of segregation of duties. No exceptions noted.*

#### Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Results: We obtained a listing of all active credit cards, which consisted of three credit cards, and management representation that the listing is complete.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*Results: LSC observed that monthly statements with proper supporting documentation were reviewed by the Finance & Administration Department Manager.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*Results: Finance charges and late fees were not assessed on any of the cards. In addition, evidence that the statements were properly reviewed and approved by management was noted.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*Results: The Entity supplied receipts and documentation for all transactions. Receipts were properly itemized, receipts for meals were properly labeled with the purpose of meal and who was participating. We noted no exceptions.*

#### Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*Results: LSC noted no travel related expenses or reimbursement during fiscal year.*

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*Results: LSC noted no travel related expenses or reimbursement during fiscal year.*

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*Results: LSC noted no travel related expenses or reimbursement during fiscal year.*

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Results: LSC noted no travel related expenses or reimbursement during fiscal year.*

## ***Contracts***

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- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*Results: We noted all contracts were selected in accordance with the RFP method in accordance with the Louisiana Public Bid Law.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

*Results: We noted that contracts have supporting documentation with proper authorization from the Department of Finance and members of the Board.*

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

*Results:* LSC noted that none of the contracts were amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

*Results:* We obtained a supporting invoice for each of the contracts and agreed the payment to the contract terms without exception.

### ***Payroll and Personnel***

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

*Results:* We requested and obtained paid salaries and personnel files for a selection of five (5) employees. The paid salaries agreed to the authorized salaries in each employee's personnel file. We noted no exception.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

*Results:* Of the 5 employees selected for the one pay period, we noted that all 5 of their attendance and leave records were documented.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

*Results: Of the 5 employees selected for the one pay period, we noted that all 5 of their attendance and leave records were approved by a supervisor.*

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

*Results: We noted the Entity keeps track of both leave accrued and taken for all employees in the Entity's cumulative leave records.*

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*Results: The rate paid to the employees or officials agree to the authorized salary/pay rate.*

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

*Results: No exceptions were noted. The termination payments coincided with the related records and documentation of the two terminated employees selected.*

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*Results: Management's representation obtained. All employer and employee portions of third-party payroll related amounts were paid, and forms filed by required deadlines. No exceptions were noted.*

## ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Results: No exceptions were noted regarding this requirement.*

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*Results: LSC noted no changes to the Entity's ethics policy during the fiscal period.*

### ***Debt Service***

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*Results: Not applicable. LSC noted that any debt service related to DDD is handled by the Board of Liquidation and City Debt. These entities have exclusive control and direction of all matters relating to bonded debt of the City of New Orleans.*

### ***Fraud Notice***

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21. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Results: Management confirmed that there were no occurrences of misappropriation during the audit period.*

22. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Results: LSC noted that no notice concerning reporting of misappropriation, fraud, waste, or abuse of public funds was found on the Entity's website.*

*Management Response: The link was apparently dropped during an upgrade of the website in mid-2022. Communications staff has been instructed to have it placed back on the website asap.*

*Information Technology Disaster Recovery/Business Continuity*

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23. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

*Results: Management contracts an outside company for complete IT Management Services.*

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*Results: After reviewing support provided by Entity, LSC noted that the most recent data backup was performed on December 16, 2021. Screenshot evidence with date and time stamps were review as support. No exceptions noted.*

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*Results: After reviewing support provided by Entity, LSC noted that recovery testing is performed biweekly with the most recent testing performed December 10, 2021. No exceptions noted.*

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*Results: We noted no exception. LSC obtained a listing of the Entity’s computers currently in use along with their locations. All 5 selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported.*

## ***Sexual Harassment***

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24. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

***Results:*** Entity did not provide sexual harassment training to employees during calendar year.

***Management’s Response:*** We are currently in the process of securing an HR professional to provide the required ongoing training to all of our staff.

25. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

***Results:*** LSC noted no mention of sexual harassment policy in DDD website.

***Management Response:*** Website has been updated to include policy.

26. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

***Results:*** There is no annual sexual harassment report, but Entity was able to provide responses below.

***Management’s Response:*** Report not prepared for 2021. Report will be prepared for 2022.

1. Number and percentage of public servants in the agency who have completed the training requirements;

***Management’s Response:*** None

2. Number of sexual harassment complaints received by the agency;

***Management’s Response:*** None

3. Number of complaints which resulted in a finding that sexual harassment occurred;

***Management’s Response:*** Not applicable

4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

*Management's Response: Not applicable*

5. Amount of time it took to resolve each complaint.

*Management's Response: Not applicable*

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

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



Luther Speight & Company CPAs  
New Orleans, Louisiana  
December 28, 2022