



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

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

**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2022**

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, 2022**

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, and 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, 2022**

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 \$3,033,188 as outlined on the statement of net position. As of December 31, 2022, the District had a net position balance of \$3,033,188 as compared to a balance of \$2,664,367 as of December 31, 2021.
- The District's total net position increased by \$368,821 during 2022, as compared to an increase of \$633,532 in the prior year. The increase in 2022 net position was primarily related to increase in investment in Capital assets, increases in expenses of \$697,480 and decreases of \$212,740 in Ad Valorem Tax revenues, increase of Interest Income of \$70,986 along with an adjustment in the 2021 Net Position due to requirements for lease recognition in accordance with adoption of GASB 87.
- Revenues decreased by \$88,850 during 2022, mainly due to decreased Ad Valorem Tax collections caused by lower than projected 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 \$3,786,893, an increase of \$590,520 from the prior year balance of \$3,196,373.

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, 2022**

Statement of Net Position  
As of December 31, 2022 and 2021

	2022	2021	\$ Variance	% Variance
<b>Assets</b>				
Current and other assets	\$ 10,362,372	\$ 9,267,786	\$ 1,094,586	11.8%
Lease asset	500,547	625,683	(125,136)	-20.0%
Capital assets, net	511,306	389,122	122,184	31.4%
Total assets	<u>11,374,225</u>	<u>10,282,591</u>	<u>1,091,634</u>	<u>10.6%</u>
<b>Liabilities</b>				
Current liabilities	2,201,924	1,538,224	663,700	43.1%
Long-term liabilities	6,139,113	6,080,000	59,113	1.0%
Total liabilities	<u>8,341,037</u>	<u>7,618,224</u>	<u>722,813</u>	<u>9.5%</u>
<b>Net Position</b>				
Invested in capital assets, net	511,306	389,122	122,184	31.4%
Restricted for debt service	236,751	236,751	-	0.0%
Unrestricted	2,285,131	2,038,494	246,637	12.1%
Total Net Position	<u>\$ 3,033,188</u>	<u>\$ 2,664,367</u>	<u>\$ 368,821</u>	<u>13.8%</u>

The District's total assets increased by \$1,091,634 which was the result of an increase in Cash and Cash Equivalents, a decrease in Lease Assets per GASB 87, and an increase in Capital Assets. Total liabilities increased by \$722,813 due to an increase in Accounts Payable, a decrease in the amount of Ad Valorem taxes payable, net, and the recognition of Lease Liability per GASB 87.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2022**

Statement of Activities  
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>\$ Variance</u>	<u>% Variance</u>
<b>Revenues</b>				
Program revenues				
Operating grants and contributions	\$ 133,763	\$ 80,859	\$ 52,904	65.4%
General revenues				
Ad valorem taxes - net	8,065,643	8,278,383	(212,740)	-2.6%
Interest income	75,210	4,224	70,986	1680.5%
Total revenues	<u>8,274,616</u>	<u>8,363,466</u>	<u>(88,850)</u>	<u>-1.1%</u>
<b>Expenditures</b>				
Administration	1,220,899	1,048,156	172,743	16.5%
Communication and events	578,112	306,809	271,303	88.4%
Economic development	269,953	345,997	(76,044)	-22.0%
Public space operations	2,832,207	2,476,105	356,102	14.4%
Public safety	2,379,709	2,337,567	42,142	1.8%
Bond issuance costs	-	118,053	(118,053)	-100.0%
Interest on long-term debt	114,183	64,896	49,287	75.9%
Total expenditures	<u>7,395,063</u>	<u>6,697,583</u>	<u>697,480</u>	<u>1074.8%</u>
NET CHANGE IN FUND BALANCES	879,553	1,665,883	(786,330)	-47.2%
Fund Balances - Beginning of year	2,038,684	1,405,152	633,532	45.1%
Fund Balance Adjustment	114,951	(406,668)	521,619	-128.3%
<b>Fund Balances - End of year</b>	<u>\$ 3,033,188</u>	<u>\$ 2,664,367</u>	<u>\$ 368,821</u>	<u>13.8%</u>

The largest source of revenue for the District was ad valorem (property) taxes. The largest sources of internal revenues were streetcar shelters cleaning, banner rentals, and LWCC dividend for a total of \$133,763.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2022**

Continued,

There were increases in expenses in Administration, Communications, Public Safety, and Public Space Operations Departments, and Interest on Long term Debt. There were decreases in expenses in Economic Development Department and Bond Issuance Costs. The variance in Administration was due to increases in Personnel Costs (\$177,908), as we returned the Department to its pre-pandemic levels. The increase in the Communications Department resulted primarily from decreases in Personnel Costs (\$24,363), which were offset by increases in Holiday Events \$92,400, DDD Events \$61,528, Sponsored Events \$15,000, Communications for Professional Services \$52,527, and Research \$60,000 for the bi-annual Stakeholder Survey. Economic Development decreased due to decreases in spending for Personnel Costs (\$110,488), and Business Retention & Recruitment (\$7,452), which were offset by increases in Administration/Meetings \$11,373, and Research & Database Management \$15,329. The increase in Public Safety was a result of decreases in Personnel Costs (\$39,543) and NOPD Detail (\$156,923), offset by increases in Public Safety Ranger \$9,516 for increased tracking system and Private Security Services \$227,141. The increase in Public Space Operations resulted from increases in Personnel Costs \$121,571, Holiday Lighting \$85,176, Sidewalk Cleaning \$61,302, Special Event Clean-up \$61,989, Sidewalk Improvements, which were offset by decreases in Landscaping (\$27,017), Sidewalk Tree Maintenance (\$30,900) and District-Wide Improvements (\$30,877).

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

At December 31, 2022 and 2021, the District had \$511,306 and \$389,122, 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, 2022, the District had total bond debt outstanding of \$6,085,000 compared with \$6,500,000 at December 31, 2021. Principal paid on the 2012 Series bonds during 2022 and 2021 was \$415,000 and \$385,000, respectively. See page 29 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 \$511,306 as of December 31, 2022. 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, 2022**

Continued,

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final budget and actual comparisons is on page 35. The final budget variance as compared to actual balance was an increase of \$26,477. There were no variances between the original budget and final budget.

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

While the District experienced signs of positive economic recovery, macroeconomic conditions such as stagnant inflation, rising interest rates, and wavering consumer confidence continued to impact ad valorem taxes in the District. At the end of 2022, retail chains foot traffic recovered to 70% of pre-pandemic levels. Domestic tourism foot traffic also recovered to 70% of pre-pandemic levels by the end of the year. Additionally, the long-term health of the office market remains in question as many businesses have adopted hybrid and work-from-home schedules for workers. Notably, the Central Business District within the District nearly comprises 26% of the overall office space inventory in the New Orleans office market. On the residential side, demand for apartments in the submarket has dropped steeply during 2022 from the all-time high total absorption recorded during 2021. Management expects sufficient revenues to allow for addressing its primary objectives.

**SIGNIFICANT EVENTS**

To strengthen the viability of the District as a compelling business, residential, tourism address, DDD launched several initiatives focused on improving overall quality of life. These improvements will ultimately strengthen ad valorem taxes. Some of these significant actions include the following:

- Funding and expansion of Private Security Details
- Funding and execution of a Cooperative Endeavor Agreement to fund dedicated code enforcement activities within the District
- Partnering with the City of New Orleans to create the NOLA Strike Team for enhanced cleaning within the District
- Securing new philanthropic dollars to fund expanded homeless services outreach, public realm lighting, installation of lighting on private properties, and public realm placemaking capital improvements.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2022**

Continued,

2022 continued to be a year of rebuilding for the District. At the end of 2022 all but two staff administrative positions remained vacant.

Economic development activities for the organization ramped up to affirm the District’s stature as the largest employment center in the state. Business retention visits substantially increased. Additionally, target business events were launched including the DDD Broker Roundtable meetings and “Lunch & Learns” with the President & CEO. DDD also partnered with reputable trade organizations to produce the first-ever *ICSC* Local New Orleans, an event designed to strengthen the capacity of small businesses, thereby positively impacting ad valorem and sales taxes with the District.

Finally, the New Orleans City Council took action, paving the way for tax increment financing (TIF) for the BioDistrict, which encompasses a portion of the District. The critical dollars will help finance workforce development programs, laboratory construction, area public real improvements, and more.

#### 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, 2022, 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, 2022, 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.

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### **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 June 6, 2023, 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  
June 6, 2023

## BASIC FINANCIAL STATEMENTS

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

**Assets**

Current Assets

Unrestricted:

Cash and cash equivalents	\$ 4,942,722
Other receivables	11,635
Prepaid expenses	171,264
Total unrestricted current assets	5,125,621

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	10,362,372
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Noncurrent Assets

Lease asset	500,547
Capital assets, net of accumulated depreciation	511,306
Total noncurrent assets	1,011,853

Total Assets	\$ 11,374,225
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**Liabilities and Net Position**

Current Liabilities

Accounts payable and current liabilities	\$ 1,393,160
Compensated absences payable	56,445
Ad valorem taxes payable, net	182,319
Bonds payable, current portion	570,000
Total Current Liabilities	2,201,924

Noncurrent Liabilities

Lease liability	624,113
Bonds payable, noncurrent portion	5,515,000
Total Noncurrent Liabilities	6,139,113

Total Liabilities	8,341,037
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**Net Position**

Net investment in capital assets	511,306
Restricted for debt service	236,751
Unrestricted	2,285,131
Total Net Position	\$ 3,033,188

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, 2022**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net
<b>Governmental Activities</b>					
Administration	\$ 1,220,899	\$ -	\$ 50,159	\$ -	\$ (1,170,740)
Communication and events	578,112	-	18,033	-	(560,079)
Economic development	269,953	-	-	-	(269,953)
Public space operations	2,832,207	-	65,571	-	(2,766,636)
Public safety	2,379,709	-	-	-	(2,379,709)
Interest on long-term debt	114,183	-	-	-	(114,183)
<b>Total Governmental Activities</b>	<b>\$ 7,395,063</b>	<b>\$ -</b>	<b>\$ 133,763</b>	<b>\$ -</b>	<b>\$ (7,261,300)</b>
<b>General Revenues</b>					
Ad valorem					8,065,643
Interest income					75,210
<b>Total General Revenues</b>					<b>8,140,853</b>
Change in Net Position					879,553
Net Position Adjustment					114,951
Net Position - Beginning of year					2,038,684
<b>Net Position - End of year</b>					<b>\$ 3,033,188</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, 2022**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,053,882	\$ -	\$ 3,911	\$ 1,057,793
Cash and cash equivalents held by the Board of Liquidation, unrestricted	3,884,929	-	-	3,884,929
Cash and cash equivalents held by the Board of Liquidation, restricted	-	236,751	-	236,751
Other receivables	11,635	-	-	11,635
Prepaid expenses	171,264	-	-	171,264
<b>Total Assets</b>	<u>\$ 5,121,710</u>	<u>\$ 236,751</u>	<u>\$ 3,911</u>	<u>\$ 5,362,372</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and current liabilities	1,393,160	\$ -	\$ -	\$ 1,393,160
Ad valorem taxes, net of allowance	182,319	-	-	182,319
<b>Total Liabilities</b>	<u>1,575,479</u>	<u>-</u>	<u>-</u>	<u>1,575,479</u>
<b>Fund Balances</b>				
Nonspendable	171,264	-	-	171,264
Restricted for debt service	-	236,751	-	236,751
Unassigned	3,374,967	-	3,911	3,378,878
<b>Total Fund Balances</b>	<u>3,546,231</u>	<u>236,751</u>	<u>3,911</u>	<u>3,786,893</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,121,710</u>	<u>\$ 236,751</u>	<u>\$ 3,911</u>	<u>\$ 5,362,372</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 BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Total Fund Balances at December 31, 2022 - Governmental Funds \$ 3,786,893

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	1,166,533	
Less accumulated depreciation	<u>(655,227)</u>	
		511,306

Long term assets used in governmental activities are not financial resources  
and, therefore, are not reported in the fund financial statements.

Lease asset		<u>500,547</u>
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Long-term liabilities are not due and payable in the current period  
and, therefore, are not reported in the fund financial statements.

Compensated absences	(56,445)	
Lease liability	(624,113)	
Bonds payable	<u>(6,085,000)</u>	
		<u>(6,765,558)</u>

Restricted cash held by escrow agent		<u>5,000,000</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 3,033,188</u></u>
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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 BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Ad valorem taxes - net	\$ 8,065,643	\$ -	\$ -	\$ 8,065,643
Interest income	1,212	73,998	-	75,210
Other	133,762	-	-	133,762
Total Revenues	<u>8,200,617</u>	<u>73,998</u>	<u>-</u>	<u>8,274,615</u>
<b>Expenditures</b>				
Current:				
Administration	1,215,721	-	265	1,215,986
Communication and events	575,786	-	-	575,786
Public space operations	2,820,808	-	-	2,820,808
Public safety	2,370,132	-	-	2,370,132
Economic development	268,867	-	-	268,867
Capital outlays	152,859	-	-	152,859
Debt service:				
Interest on long-term debt	-	114,183	-	114,183
Total Expenditures	<u>7,404,173</u>	<u>114,183</u>	<u>265</u>	<u>7,518,621</u>
<b>Deficiency of Revenues</b>				
<b>Over Expenditures</b>	796,444	(40,185)	(265)	755,994
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	-	40,185	-	40,185
Operating transfer out	(40,185)	-	-	(40,185)
Total Other Financing Sources (Uses)	<u>(40,185)</u>	<u>40,185</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	756,259	-	(265)	755,994
Fund Balance Adjustment	(165,474)	-	-	(165,474)
Fund Balances - Beginning of year	<u>2,955,446</u>	<u>236,751</u>	<u>4,176</u>	<u>3,196,373</u>
<b>Fund Balances - End of year</b>	<u>\$ 3,546,231</u>	<u>\$ 236,751</u>	<u>\$ 3,911</u>	<u>\$ 3,786,893</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 BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Total net change in fund balances - governmental funds	\$ 755,994
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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 are allocated over their estimated useful lives and reported as depreciation expense.

This is the amount by which capital outlays exceeded depreciation.

Capital outlays capitalized	152,859	
Depreciation expense	<u>(29,300)</u>	
		<u>123,559</u>

Change in net position of governmental activities	<u>\$ 879,553</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, 2022**

**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, 2022**

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, 2022**

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, 2022**

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, 2022**

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 I50: *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 total of the receivable balances over five years old at December 31, 2022 were (\$7,723), which are covered by the allowance for uncollectible ad valorem taxes.

***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, 2022**

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 on Canal Street and areas in the District. These improvements are included in the capital assets of the City of New Orleans. The 2001 series was refunded, and a new 2012 series was issued. The 2012 Series was refunded in 2021 and a new 2021 series was issued. The proceeds from the 2021 issue are being used primarily for stormwater infrastructure improvements throughout the District.

***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, 2022**

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, 2022**

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, 2022.

***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, June 6, 2023. 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 (GASB) issued Statement No. 87, *Leases*, initially in June 2017 and was effective for reporting periods beginning subsequent to December 15, 2019. However, in May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which delayed the GASB 87 effective date by 18 months. This pronouncement now requires the adoption of GASB 87 for all fiscal years beginning subsequent to June 15, 2021. The new standard supersedes GASB 13 and GASB 62.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Continued,

The goal of the new lease accounting standard is to more accurately portray lease obligations and to increase the usefulness of governmental financial statements. Under GASB 87, a single model approach exists, meaning a distinction between operating and capital leases no longer exists. GASB 87 now requires all agreements meeting the definition of a lease to be classified as finance leases. Additional quantitative and qualitative disclosures are now required for lessees. The District adopted GASB 87 for the year ended December 31, 2022. See NOTE 6 for lease footnote disclosures.

**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, 2022. The District levied 17.12 mills on real property within its area for 2022. 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 2022, collected during 2022, or expected to be collected in 2022 are recognized as revenue in 2022. Taxes levied for 2022, but collected in 2023, 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.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**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.

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

*Cash and Cash Equivalents*

Cash and cash equivalents consisted of the following as of December 31, 2022:

	Amount
Demand deposits	\$ 922,805
Money market accounts	4,256,368
Held by escrow agent	5,000,000
Cash on hand	300
<b>Total Cash and Cash Equivalents</b>	<b>\$ 10,179,473</b>

*Restricted Cash and Cash Equivalents*

At December 31, 2022, the Board of Liquidation, as fiscal agent of the District, held on their behalf cash and money market accounts in the amount of \$4,121,680. 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, 2022, demand deposits and money market account bank balances of \$6,053,882 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 \$4,293,124. Cash and money market accounts held by the Board of Liquidation in the amount of \$4,121,680 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.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

***Capital Assets***

Capital assets and depreciation activity as of and for the year ended December 31, 2022, for the primary government are as follows:

	<b>January 1, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>December 31, 2022</b>
Office Furniture	\$ 149,840	\$ 1,021	\$ -	\$ 150,861
Computer Equipment	167,982	12,118	-	180,100
Leasehold Improvements	198,217	-	-	198,217
Office Equipment	44,415	37,878	-	82,293
Motor Vehicles	66,927	-	-	66,927
Public Works Property	34,589	100,467	-	135,056
Green Space Improvements	351,430	-	-	351,430
Subtotal	1,013,400	151,484	-	1,164,884
Less: Accumulated Depreciation	(624,278)	(29,300)	-	(653,578)
Total	\$ 389,122	\$ 122,184	\$ -	\$ 511,306

Depreciation expense was charged to functions as follows:

Function	Amount
Administration	\$ 4,913
Communications and events	2,326
Economic development	1,086
Public space operations	11,398
Public safety	9,577
<b>Total</b>	<b>\$ 29,300</b>

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

***Long-Term Debt***

The following is a summary of the long-term debt obligation transactions for the year ended December 31, 2022.

	January 1, 2022	Additions	Payments	Retirements	December 31, 2022	Current Portion
DDD LTB Series 2021	6,500,000	-	(415,000)	-	6,085,000	570,000
<b>Total</b>	<u>6,500,000</u>	<u>-</u>	<u>(415,000)</u>	<u>-</u>	<u>6,085,000</u>	<u>570,000</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, 2022 was \$114,183.

***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, 2022, \$6,085,000 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, 2022.

The annual requirements to amortize principal and interest on bonds outstanding at December 31, 2022 are as follows:

<b>Year Ending</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total</b>
2023	\$ 570,000	\$ 52,200	\$ 622,200
2024	755,000	46,500	801,500
2025	765,000	38,950	803,950
2026	770,000	31,300	801,300
Thereafter	<u>3,225,000</u>	<u>131,799</u>	<u>3,356,799</u>
Totals	<u>\$ 6,085,000</u>	<u>\$ 300,749</u>	<u>\$ 6,385,749</u>

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022 was as follows:

	Amount
Beginning Balance	\$ 46,811
Additions	9,634
Reductions	-
<b>Ending Balance</b>	<b>\$ 56,445</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 2022, the general fund transferred out \$40,185 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, 2022**

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 2022 was \$49,350 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 2022 by the District for these employee policies totaled \$17,737.

**NOTE 6: LEASES**

The District adopted GASB 87, *Leases*, during the year ended December 31, 2022, which improves accounting and financial reporting for leases by governments. The District leases office space at 201 St. Charles Avenue. The lease commenced in January 2021 and expires in September 2026. Details of the lease is as follows:

<b>GASB 87 Lease Amortization Schedule</b>							
Period	Cash	Interest Expense	Liability Reduction	Total Liability	Amortization Expense	Net Asset Balance	Accumulated Amortization
Beginning Balance				<b>\$ 750,820</b>			
2021	76,868	12,764	64,104	686,716	125,137	625,683	125,137
2022	74,277	11,674	62,603	624,113	125,137	500,547	250,273
2023	163,348	10,610	152,738	471,375	125,137	375,410	375,410
2024	169,473	8,013	161,460	309,915	125,137	250,273	500,547
2025	177,947	5,269	172,678	137,237	125,137	125,137	625,683
2026	139,571	2,334	137,237	-	125,137	-	750,820

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Continued,

To calculate the lease liability and asset at the origination of the lease, the District used a discount rate of 1.7%, which is the District's most recent borrowing rate, and calculated the present value of future lease payments. Each year, the asset value is amortized over the life of the lease. As of December 31, 2022, the lease asset balance was \$550,547, which is net of accumulated amortization of \$250,273. The lease liability is reduced each year by the lease payment less calculated interest expense. As of December 31, 2022, the lease liability was \$624,113. Interest expense recorded during the year ended December 31, 2022 was \$11,674.

**NOTE 7: COMMITMENTS**

*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 fix-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, 2022, the District provided \$500,000 in funding for the Shelter.

**NOTE 8: 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 9: 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, 2022**

Continued,

**NOTE 10: LITIGATION – AD VALOREM TAX WITHHELD**

As of April 2023, the DDD and the City of New Orleans resolved a certain lawsuit entitled, “Downtown Development District of the City of New Orleans vs. The City of New Orleans, et al.” and resolved any and all claims arising out of and/or related the lawsuit. As a result of a non-cash settlement, it was not necessary for the District to create a receivable in its financial statements.

**NOTE 11: REVENUE CONCENTRATION**

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

**NOTE 12: 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, 2022.

**NOTE 13: 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, 2022.

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.

**NOTE 14: COVID-19 GLOBAL PANDEMIC**

The state of Louisiana COVID-19 emergency declaration expired in March 2022. Moreover, as of May 5, 2022, Orleans Parish (in which the District is located) is categorized as having **LOW** COVID-19 Community Level. Recognizing the national competitive landscape for job attraction, the District continues to work with the City to undertake public realm and quality of life improvements that strengthen the ad valorem tax base of the District.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 15: NET POSITION ADJUSTMENT**

The Ad Valorem Receivable confirmation received from the Tax Collector reflected adjustments that resulted from credits to prior year ad valorem tax bills. As a result, the District made a net position adjustment of \$176,543 to account for the prior year adjustments. In addition, certain adjustments were necessary upon the adoption of GASB 87, Leases, which resulted in additional adjustments totaling \$61,592. The final net position adjustment totaled \$114,951.

**NOTE 16: SUBSEQUENT EVENTS**

Management has evaluated subsequent events as of June 6, 2023, 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, 2022**

	Original Budget	Final Budget	Actual	Variance
<b>Operating Revenues</b>				
Internal sources (events, state, federal, etc.)	\$ 148,574	\$ 148,574	\$ 133,762	\$ (14,812)
Ad valorem taxes - net	8,396,737	8,396,737	8,065,643	(331,094)
Total Revenues	8,545,311	8,545,311	8,199,405	(345,906)
<b>Expenditures</b>				
Administration	1,100,586	1,100,586	1,215,986	115,400
Communication and events	620,927	620,927	575,786	(45,141)
Public space operations	2,973,288	2,973,288	2,820,808	(152,480)
Public safety	2,454,488	2,454,488	2,370,132	(84,356)
Economic development	408,793	408,793	268,867	(139,926)
Total Expenditures	7,558,082	7,558,082	7,251,579	(306,503)
<b>Net Operating Income</b>	987,229	987,229	947,826	(39,403)
<b>Non-Operating Revenue</b>				
Interest	9,330	9,330	75,210	65,880
Total non-operating revenue	9,330	9,330	75,210	65,880
Excess (deficit) of revenue over expenditures before other financing uses	996,559	996,559	1,023,036	26,477
Operating transfers out	(40,185)	(40,185)	(40,185)	-
Net change in fund balance	956,374	956,374	982,851	26,477
Fund Balance - Beginning of year	3,740,775	3,740,775	3,740,775	-
Fund Balance - End of year	\$ 4,697,149	\$ 4,697,149	\$ 4,723,626	\$ 26,477

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, 2022**

	<u>Downtown Development Unlimited</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 3,911</u>
<b>Total Assets</b>	<u><u>3,911</u></u>
<b>Fund Balance</b>	
Unassigned	<u>3,911</u>
<b>Total Fund Balance</b>	<u><u>\$ 3,911</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, 2022**

	<u>Downtown Development Unlimited</u>
<b>Revenues</b>	
Other	<u>\$ -</u>
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>4,176</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 3,911</u></u>

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

OTHER SUPPLEMENTARY INFORMATION

**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, 2022**

<i>Purpose</i>	<b>DAVON BARBOUR December 20, 2022 - December 31, 2022</b>
Salary	\$ 237,414
Benefits - Health Insurance	9,469
Benefits - Retirement	-
Benefits - Parking	-
Mileage Reimbursement	27
Parking Reimbursements	90
Cell Phone	643
Meals & Entertainment	968
Travel	2,625
Registration Fees	1,568
Conference Travel	6,058
Professional Development	65
Other	-
<b>Total</b>	<b>\$ 258,927</b>

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

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



*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, 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 6, 2023.

**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.

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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 #2022-01 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  
June 6, 2023



**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2022**

FINDING# 2022-01: 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.

During the year ended December 31, 2022, 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.

However, we did note that the District started to take steps in correcting the audit finding subsequent to year end.

**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, 2022**

MANAGEMENT RESPONSE:

Board and staff were made aware of this deficiency on December 30, 2022, when it was identified in the 2021 Audit Report. Management immediately established a procedure by which it receives monthly statements on all funds being held on its behalf. Management then solicited proposals from appropriate financial institutions to act as escrow agent for the funds and ensure that they are properly collateralized per state law. The Board approved the new escrow agent at its meeting on April 4, 2023, and legal counsel prepared an amended Escrow Agreement which has been submitted to all necessary parties. Documents are scheduled to be signed and funds transferred by June 2023. The Director of Finance will ensure 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 FINDINGS  
DECEMBER 31, 2022**

<b>Finding #</b>	<b>Description</b>	<b>Resolved/Unresolved</b>
2021-01	Controls Over Bond Escrow Funds Not Adequate (Significant Deficiency)	Unresolved



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

**DOWNTOWN DEVELOPMENT DISTRICT**

**AGREED UPON PROCEDURES REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2022**



*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 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. Downtown Development District's management is responsible for those C/C areas identified in the SAUPs.

Downtown Development District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 appropriately address the required elements above.*

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- 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 appropriately address the required elements above.*

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

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

- 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 appropriately address the required elements above except for dollar threshold by category of expense.*

**Management Response:** *The DDD has in the past used a reasonableness standard regarding dollar thresholds for each category of expense. We will devise specific thresholds in updating our policies this year.*

- 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 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:** *Disaster Recovery/Business Continuity Plan detailed with IT vendor will be included in the revised Accounting Policies & Procedures Manual in 2023.*

- 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 appropriately address DDD's responsibilities and prohibition regarding sexual harassment in the Human Resources Policies Manual. However, there is no mention of annual employee training or annual reporting.*

**Management Response:** *The requirement for such reporting and training was made known to management by our auditors at the end of 2022. A report has been filed for 2022 and training has begun in 2023. The Human Resources Policy Manual will be updated to include the annual training and reporting requirements.*

### **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 minutes mention approval of financials but do not specify. Thus, we are unable to determine if budget to actual comparisons regarding any funds are discussed.*

**Management Response:** *At each monthly Finance Committee and Board Meeting the Commissioners are advised of any significant deviations from the budget and informed if it is due to a matter of timing or some other reason. We will assure that this is explicitly indicated in the minutes going forward.*

- 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 the Entity's general fund did not have a negative ending unassigned fund balance in prior year audit report.*

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Results:** *The Entity's 2021 audit was accepted by the LLA on January 3, 2023, and progress regarding the resolution of its only audit finding was discussed in the February 2023 board meeting. No exceptions noted.*

### **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 2022 for the testing. We noted the Entity has over 10 bank accounts. LSC chose 5 accounts: Operating Account, Payroll Account, Reserve Funds Account, Money Market, and Non-Major Governmental Funds Account.*

- 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:** *Per review of the 5 bank statements and bank reconciliations, we noted that all 5 had evidence (date and initials) of being reconciled. All reconciliations were prepared within 2 months of the statement's closing date. No exceptions noted.*

- 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:** *All reconciliations observed included proper evidence of management approval.*

- 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 no reconciling items that have been outstanding for more than 12 months from year-end.*

## ***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 stated this process is performed 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 70130. 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.

***Results:*** Receptionist receives check or money order, stamps check stub and makes two copies, and delivers 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.

***Results:*** 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. The Director of Finance directs another staff member to deposit funds as soon as possible, validates a deposit slip, and files the complete cash receipt package in its appropriate monthly folder.

- 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.

**Results:** 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.

**Results:** 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 2022.

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 70130 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 Davon Barbour, CEO, Anthony Carter, Director of Finance, and Stuart Taylor, 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 oversee the reviewing of contracts to ensure compliance. The Director of Finance reviews the vendor files on a quarterly basis.

- 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 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.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3(a), randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Results:** Our examination of disbursements showed no exceptions.

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

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12. 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 cards, which consisted of three credit cards, and management representation that the listing is complete.

13. 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: We noted there is evidence showing that the monthly statements along with the supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.*

- 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.*

14. 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. We noted no exceptions.*

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

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15. 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: We noted none of the selected samples were reimbursed using a per diem.*

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

*Results: Reimbursements using actual costs were supported by the original itemized receipts.*

- 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: Each reimbursement was supported by documentation detailing the business/public purchase for the charge.*

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

*Results: Each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.*

## **Contracts**

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16. 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 four of the five selected contracts were obtained through RFP in accordance with the Louisiana Public Bid Law, while the remaining selected contract was obtained through quotes 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 three of the five selected contracts were approved by the governing board. This approval was required because of the amounts of those contracts. The other two selected contracts did not require governing board approval.*

- 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: We noted one of the selected contracts was amended. We also noted that the original contract terms provided for such an amendment and that amendment was made in compliance with the contract terms.*

- 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 and conditions without exception.*

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

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- 17. 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 exceptions.*

- 18. 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.*

- 19. 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.*

- 20. 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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21. 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: We noted no changes to the Entity’s ethics policy during the fiscal period.*

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*Results: We noted the Entity has appointed the Director of Finance and Administration as the Ethics Designee.*

## *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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23. 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: There were no misappropriations of public funds and assets during the fiscal period.*

24. 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: We noted the Entity has the required notice regarding the reporting of misappropriation, fraud, waste, or abuse of public funds posted on its website.*

### ***Information Technology Disaster Recovery/Business Continuity***

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**25. 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 all 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 obtaining support provided by the Entity, we noted that the most recent data backup was performed on March 29, 2023. Screenshot evidence with date and time stamps were reviewed 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 obtaining support provided by the Entity, LSC noted that recovery testing is performed biweekly with the most recent testing performed March 27, 2023. Screenshot evidence with date and time stamps were reviewed as support. 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 exceptions. 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 the operating system and accounting system software in use are currently supported.*

26. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*Results: We noted no exceptions. We selected all the former employees from the list of terminated employees. The Entity provided documentation showing the terminated employees have been removed from the network.*

### ***Sexual Harassment***

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27. 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 the calendar year.*

*Management’s Response: Management was made aware of the requirement for training at the end of the 2021 Audit in the last month of 2022 and immediately began seeking a training provider. A provider has been secured and training has begun for all employees.*

28. 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: DDD has posted its sexual harassment policy and complaint procedure on its website. No exceptions noted.*

29. 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: LSC has obtained DDD’s annual sexual harassment report for the current fiscal period and it’s dated January 3, 2023. No exceptions noted.*

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: None*

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

*Management's Response: None*

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

*Management's Response: None*

We were engaged by Downtown Development District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of Downtown Development District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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  
June 6, 2023