

NEW ORLEANS REDEVELOPMENT AUTHORITY

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position December 31, 2018	15
Statement of Activities For the Year Ended December 31, 2018	17
FUND FINANCIAL STATEMENTS:	
Balance Sheet--Governmental Funds-December 31, 2018	18
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position of Governmental Activities December 31, 2018	26
Statement of Revenues, Expenditures and Changes in Fund Balance--Governmental Funds For the Year Ended December 31, 2018	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities For the Year Ended December 31, 2018	35
Statement of Net Position--Proprietary Fund-December 31, 2018	36
Statement of Revenues, Expenses and Changes in Fund Net Position- Proprietary Fund-For the Year Ended December 31, 2018	37
Statement of Cash Flows--Proprietary Fund For the Year Ended December 31, 2018	38

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
NOTES TO THE FINANCIAL STATEMENTS	39
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information	82
EXHIBITS:	
A. Statement of Revenues, Expenditures and Changes in Fund Balance--General Fund/Unrestricted-- Budgeted and Actual--(Non-GAAP Budgetary Basis) For the Year Ended December 31, 2018	84
B. Statement of Revenues, Expenditures and Changes in Fund-- Balance--Budgeted and Actual--Blighted Properties Removal Program Fund--Entitlement/Target Zone (Non-GAAP Budgetary Basis) For the Year Ended December 31, 2018	85
C. Statement of Revenues, Expenditures and Changes in Fund-- Balance--Budgeted and Actual--Facade Renew (Non-GAAP Budgetary Basis) For the Year Ended December 31, 2018	86
D. Statement of Revenues, Expenditures and Changes in Fund-- Balance--Budgeted and Actual--Community Development Block Grant-Disaster Commercial Corridor (City of New Orleans) (Non-GAAP Budgetary Basis) For the Year Ended December 31, 2018	87
E. Statement of Revenues, Expenditures and Changes in Fund-- Balance--Budgeted and Actual--Land Assembly (Non-GAAP Budgetary Basis) For the Year Ended December 31, 2018	88

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
SCHEDULE I - Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2018	89
SCHEDULE II - Schedule of Compensation, Benefits and Other Payments to Executive Director For the Year Ended December 31, 2018	91
SCHEDULE III -Schedule of Other Post Employment Benefit Plan (OPEB) For the Year Ended December 31, 2018	93
SCHEDULE IV - Schedule of Contribution (OPEB) For the Year Ended December 31, 2018	94
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>.....	95
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>THE UNIFORM GUIDANCE</i>	98
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018:	
Section I - Summary of Auditors' Results	103
Section II - Financial Statement Findings and Questioned Costs.....	104
Section III - Federal Award Findings and Questioned Costs	105
Section IV - Status of Prior Year's Findings and Questioned Costs....	110
EXIT CONFERENCE	117



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit information, and the aggregate remaining funds of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise **NORA's** basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Auditor's Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to **NORA's** preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **NORA's** internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit information, and the aggregate remaining funds of **NORA** as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Emphasis of a Matter

As described in NOTE 3, net pension liability at December 31, 2018 was \$1,472,569. For the year ended December 31, 2018, **NORA** implemented the requirements of GASB Statement No. 75. The implementation was based on various actuarial valuation assumptions made by the respective fund's actuary and management of **NORA**. Because actual experience may differ from the assumptions used in the actuarial valuation, there is the risk that the net pension liability at December 31, 2018 could be under or over stated.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 14 and Schedules III (Schedule of Other Post Employment Benefit Plan - OPEB) and IV (Schedule of Contribution) on pages 93-94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Other Matters, Continued

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **New Orleans Redevelopment Authority's** basic financial statements. The accompanying Exhibits A, B, C, D, and E have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2019 on our consideration of **NORA'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 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 **NORA'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 **NORA's** internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 18, 2019

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This report offers readers of these financial statements an overview and analysis of the financial activities of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2018 in comparison to December 31, 2017. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in **NORA's** financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on **NORA's** current year activities, resulting changes and currently known facts.

FINANCIAL HIGHLIGHTS

During 2018, **NORA** implemented the requirements of Governmental Accounting Board's (GASB) Statement No. 75 (Accounting and Financial Reporting for Post Employment Benefits Other than Pensions) (OPEB). As further discussed under footnotes 2 and 3, the implementation of GASB 75, resulted in **NORA** reporting a net OPEB liability and deferred inflows and outflows of resources related to OPEB on an accrual basis of accounting. Also, the implementation had the effect of restating net position at December 31, 2017 from (\$323,848) to (\$957,209) for governmental activities. See footnote 31, for additional discussion. The impact of the change was a net prior period adjustment of \$633,361.

NORA's assets exceeded its liabilities and deferred resources by \$3,153,300 and \$3,591,415 for the years ended 2018 and 2017.

NORA's net position decreased at December 31, 2018 by a net of \$438,115 after the effect of a net prior period adjustments of \$403,804. For 2017, net position increased by \$1,116,127. The decrease in net position for 2018, was primarily due to the impact of GASB 75 implemented during 2018 for OPEB. (See footnote 3 for additional discussion). For 2017, the increase in net position was primarily due to the impact of proceeds from sale of real property, real property donation, and cost containment measures. For the years ended December 31, 2018 and 2017, net revenues (expenses) were \$105,232 and \$188,377, respectively for the governmental activities. Similarly, net revenues (expenses) for the business type activities were \$70,921 in 2018 and \$1,155,500 in 2017.

At December 31, 2018 and 2017, **NORA's** governmental funds reported combined fund balance of \$285,914 and \$332,223 for the years ended December 31, 2018, respectively.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW OF THE FINANCIAL STATEMENTS

NORA's financial statements focus' on the government as a whole (government-wide), major individual funds and the aggregate remaining funds. Both perspectives (government-wide, major fund and the aggregate remaining funds) allow the reader to address relevant questions, broaden a basis for comparison (year to year of government to government) and should enhance **NORA's** accountability.

Management's Discussion and Analysis introduces **NORA's** basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund level financial statements, and (3) notes to the financial statements. **NORA** also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements on pages 15 through 17 are designed to be similar to private-sector business. These statements combine **NORA's** current financial resources with capital assets and long-term obligations.

The Statement of Net Position on pages 15 and 16 present information on all of **NORA's** assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of **NORA** is improving or deteriorating.

At December 31, 2018 and 2017, **NORA** recorded a cumulative unfunded OPEB of \$1,472,569 and \$-0-, respectively resulting from the implementation of GASB No. 75.

Deferred inflows of resources at December 31, 2018 was \$38,182,370 and \$39,573,222 for December 31, 2017. The deferred inflows of resources represent the acquisition of funds applicable to future years.

At December 31, 2018 and 2017, **NORA** reported deferred inflow of resources (OPEB) of \$196,385 and \$-0-, respectively and \$151,663 and \$-0- of deferred outflows of resources (OPEB), respectively resulting from the implementation of GASB No. 75.

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Government-Wide Financial Statements, Continued

The Statement of Activities on page 17, presents information showing how **NORA's** assets changed during the most recent year. All changes in net position are reported 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 periods (i.e., earned but unused vacation leave result in cash flows for future periods). The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by **NORA's** grant revenues. This is intended to summarize information and simplify the user's analysis of cost of various governmental services.

The governmental activities reflect **NORA's** basic services including the rehabilitation and/or removal of buildings and other improvements whose physical conditions render them detrimental to the safety and welfare of the public at large, and whose existence directly threatens the physical, social and economic stability of the surrounding neighborhood facilities and jeopardizes the well-being of the entire community. The business-type activities of **NORA** reflect the development of viable urban communities including decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate income.

These services are financed primarily with grants, proceeds from sales of inventory, debt and other charges.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than generic fund types. Within the basic financial statements, fund financial statements focus on **NORA's** most significant funds rather than **NORA** as a whole. Major funds are separately reported while others are combined into a single, aggregated presentation.

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Fund Financial Statements, Continued

NORA's funds can be divided into two categories: governmental funds and proprietary funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. **NORA's** governmental funds on pages 18 through 35 are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed excluding certain timing differences between the budget basis and accounting principles generally accepted in the United States of America.

Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating **NORA's** current financing requirements.

Proprietary funds on pages 36 through 38 provide the same type of information as the government-wide financial statements, only in more detail for the enterprise fund.

The governmental major funds total column requires reconciling because of the different measurement focus which is reflected on the page following each statement. The reconciliation incorporates long-term obligations and capital assets, as applicable into the government-wide statements.

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. The notes to the financial statements are a required part of the basic financial statements and can be found on pages 39 through 80 of the accompanying audit report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information which can be found on pages 84 through 88 of this report. A Schedule of Expenditures of Federal Awards can be found on pages 89 and 90. Schedule II can be found on pages 91. Also, the required Supplementary Information (Schedules III and IV, can be found on pages 93 and 94. The supplementary sections are included for additional information and analysis and do not constitute a part of the basic financial statements.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Using This Annual Report

Our auditors have provided assurance in their independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is unmodified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditors regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Financial Analysis of NORA as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of **NORA** as a whole.

STATEMENT OF NET POSITION COMPARATIVE DATA

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Current assets	\$60,583,385	\$66,608,071
Noncurrent assets	20,843,341	15,016,124
Deferred outflows	<u>196,385</u>	<u>-0-</u>
Total assets	<u>81,623,111</u>	<u>81,624,195</u>
Current liabilities	27,613,722	27,448,012
Noncurrent liabilities	<u>12,522,056</u>	<u>11,011,546</u>
Total liabilities	<u>40,135,778</u>	<u>38,459,558</u>
Deferred inflows of revenues	<u>38,334,033</u>	<u>39,573,222</u>
Net position:		
Net investment in capital assets	359,058	96,081
Unrestricted	2,750,242	3,451,334
Restricted	<u>44,000</u>	<u>44,000</u>
Net position	<u>\$ 3,153,300</u>	<u>\$ 3,591,415</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

NORA's net position at December 31, 2018 and 2017 were \$3,153,300 and \$3,591,415. Of these amounts, \$359,058 and \$96,081 represent the amount of investment in capital assets in 2018 and 2017, respectively. The remaining \$2,750,242 for 2018 and \$3,451,334 for 2017 represent unrestricted net position, and \$44,000 for 2018 and \$44,000 for 2017 in restricted net position.

Current assets decreased from \$66,608,071 in 2017 to \$60,583,385 in 2018. The decrease in current assets relates primarily to the disposition of land and structures in **NORA's** inventory under the Road Home Disposition Program and the timely collection of grants receivable and program income. These properties are disposed of through various development mechanisms with the income returned to the appropriate governmental entity.

Capital assets increased from \$96,081 in (2017) to \$359,058 in (2018) as a result of the net impact of depreciation expense, and an unrecorded addition to **NORA's** parking lot.

Loans receivable increased by \$551,498 from 2017 to 2018 as a result of additional loans origination for construction related activities.

For 2017, loans receivable increased by \$143,708 from 2016 due to the origination of additional loans for construction related activities.

For 2018, current liabilities increased from \$27,448,012 to \$27,613,722 due to **NORA's** real property disposition and sales activities.

For 2017 current liabilities decreased from \$29,785,540 in 2016 to \$27,448,012 in 2017. Likewise, this change was due to **NORA's** disposition and sale activities which furthered the redevelopment of blighted and abandoned properties.

At December 31, 2018, noncurrent liabilities increased from \$11,011,546 in 2017 to \$12,522,056 in 2018 due to the implementation of GASB No. 75 in 2018. At December 31, 2017, noncurrent liabilities decreased by \$1,287,067 primarily due to the leveling of loans to developers.

Deferred outflows of resources at December 31, 2018 was \$196,385 to \$-0- for 2017 as a result of the implementation of GASB No. 75 in 2018. Also, at December 31, 2018, deferred inflows of resources was \$38,334,033 and \$39,573,222 at December 31, 2017. The decrease is due to the recognition of program income from activities funded in 2018 for the cost of program activities.

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

NORA's major source of program revenues totaling \$3,559,768 and \$3,167,125 for the years ended December 31, 2018 and 2017, represent grants and/or subsidies from governmental entities, proceeds from sale of real property and fees charged for services. The increase is primarily attributable to the level of construction related activities. Of the program revenues amount, \$2,905,489 and \$1,423,731 in 2018 and 2017 respectively, are included in the governmental fund. General revenues constitute the remaining source of revenues totaling \$7,593,073 in 2018 and \$7,442,707 in 2017, which is primarily the result of program income.

NORA's proprietary funds' revenue resulted from the fees and other income in the amount of \$130,879 and \$1,632,437 in 2018 and 2017. NORA's major source of general revenues came from interest income on cash investments and program income.

Program expenses for the governmental activities were \$10,549,169 and \$8,663,758 in 2018 in 2017 for the governmental funds. For the business-type activities expenses totaled \$637,483 and \$602,197 for 2018 and 2017, respectively.

The major components of program expenses for 2018 and 2017 were related to salaries and related fringe benefits, purchase or investment in the development of properties in New Orleans, property maintenance, and other contractual services related to property acquisition and redevelopment.

**STATEMENT OF ACTIVITIES COMPARATIVE DATA
FOR THE YEARS ENDED**

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Program Revenues:		
Operating grants and contributions	\$2,961,489	\$3,002,056
Sales of inventory	557,675	125,260
Fees and other	<u>40,104</u>	<u>39,809</u>
	<u>3,559,268</u>	<u>3,167,125</u>
General Revenues:		
Interest income	375,435	52,232
Program income	6,122,097	4,904,553
Other income	<u>1,095,541</u>	<u>2,485,922</u>
	<u>7,593,073</u>	<u>7,442,707</u>
Expenses:		
General expenses	<u>11,186,652</u>	<u>9,265,955</u>
Change in net position	(34,311)	1,343,877
Net position, beginning of year, as restated	<u>3,187,611</u>	<u>2,247,538</u>
Net position, end of year	<u>\$ 3,153,300</u>	<u>\$3,591,415</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Financial Analysis of NORA's Funds

Governmental Funds: As discussed, the focus of NORA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing NORA's financing requirements. In particular, unreserved fund balance may serve as a useful measure of NORA's net resources available for spending at the end of the year.

At December 31, 2018 and 2017, NORA's governmental funds reported combined fund balance of \$285,914 and \$332,225, respectively.

Major Governmental Funds: The general fund is the chief operating fund of NORA. At December 31, 2018 and 2017, unassigned fund balance of the general fund was \$285,914 and \$332,225, respectively.

The Blighted Properties Removal Program Fund receives funding under contract with the City of New Orleans to provide rehabilitation, clearance and redevelopment of slums in blighted areas of the City of New Orleans. The fund balance always reflects a zero balance as this fund operates on a cost-reimbursement basis.

Proprietary Funds: The focus of NORA's proprietary funds is to provide the same type of information found in the government-wide financial statements, but in more detail.

Major Proprietary Funds: Net position at December 31, 2018 and 2017 amounted to \$4,215,741 and \$3,915,263, an increase of \$300,478 and \$1,155,500, respectively. Of the total net position, net investment in capital assets were \$245,207 and \$50,230 in 2018 in 2017.

General Fund Budgetary Highlights

The Blighted Properties Removal Program Fund's entitlement program grants' original budgets for the fiscal years 2018 and 2017 were \$1,000,000 and \$1,123,574, respectively.

In addition, NORA received blighted related program funding (City of New Orleans and State) and Construction Lending Extended funds to rehabilitate and redevelop blight properties.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Capital Asset and Debt Administration

At December 31, 2018 and 2017, **NORA** had \$359,058 and \$96,051 in investment in capital assets consisting principally of land. See NOTE 6 for detail composition of capital assets.

At December 31, 2018 and 2017 **NORA** had no debt.

Economic Factors and Next Year's Budget and Rates

NORA's budget for 2019 covers multiple years. Those sources include:

<i>City of New Orleans</i>	\$14.4M
Funding from the City of New Orleans for administrative and program delivery costs, acquisition, and redevelopment for blight reduction, management of disposition activities, redevelopment planning, and reuse of vacant blighted properties into active outdoor space.	
<i>Housing Construction Loan Fund</i> (through City of New Orleans and State of Louisiana)	\$5.4M
Funding has been established for Housing Construction Loan Fund through NORA's non-profit subsidiary, New Orleans Redevelopment Unlimited, Inc. (NORU), to financially assist developers in the Gentilly Woods and Pontchartrain Park neighborhoods in accelerating the redevelopment of vacant and blighted properties in these areas. The beneficiary area now includes the City's Housing Opportunity Zones (HOZ), and will be further expanded to include neighborhoods in New Orleans East, Gentilly and Algiers.	
<i>Neighborhood Stabilization 2 (NSP2) and Neighborhood Initiative (NI) Grant Programs</i> (through U.S. Department of Housing and Urban Development)	\$680,679
NORA is the lead agency with primary responsibility for the consortium group for the NSP2 program. These grants are in their final year of Grant/Program income funding.	
<i>FEMA Funding</i> (through City of New Orleans)	\$387,322
Funding for study, environmental assessment, design and permitting for a storm water mitigation/drainage upgrade project in the "Gentilly" area. The funding is for PHASE 1 of the proposed project.	
<i>National Disaster Resilience Communities (NDRC)</i> Funded through a portion of the \$143 million	\$5.2m
National Disaster Resilience Competition award to the City of New Orleans. NORA has established the Community Adaption Program to fund improvements to manage stormwater and prevent flooding on previous development properties owned by low to moderate income homeowners within the Gentilly Resilience District.	

**NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Although **NORA** has a significant budget for 2019, there are still challenges that **NORA** must overcome. Primarily, all of the funding anticipated is on a cost reimbursement basis.

Requests for Information

The report is designed to provide a general overview of **NORA's** finances for all those that are interested in **NORA's** finances. Any questions concerning any of the enclosed information in this report and/or requests for additional information should be addressed to the Executive Director, New Orleans Redevelopment Authority, 1409 Oretha Castle Blvd., New Orleans, Louisiana 70113.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u> <u>Primary</u> <u>Unit</u>	<u>Component</u> <u>Unit</u>
<u>ASSETS</u>				
Current assets:				
Cash unrestricted (NOTE 4)	\$ 1,061,564	\$ 304,726	\$ 1,366,290	\$ 254,388
Cash restricted (NOTE 5)	6,199,238	-0-	6,199,238	-0-
Amounts receivable (NOTE 17)	70,135	1,939	72,074	1,212
Grant receivable (NOTE 8)	1,954,290	-0-	1,954,290	947,075
Accrued interest receivable	298,269	-0-	298,269	476
Loans receivable, net (NOTE 24)	84,378	-0-	84,378	-0-
Prepaid items and other assets (NOTE 19)	94,164	200,234	294,398	465
Land, unimproved land and structure (NOTE 7)	25,803,476	2,796,531	28,600,007	-0-
Due to other funds, net	120,402	-0-	120,402	-0-
Investments unrestricted (NOTE 20)	677,688	660,634	1,338,322	841,780
Investments restricted (NOTE 21)	20,255,717	-0-	20,255,717	-0-
Current portion of loans receivable	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>71,465</u>
Total current assets	<u>56,619,321</u>	<u>3,964,064</u>	<u>60,583,385</u>	<u>2,116,861</u>
Noncurrent assets:				
Cash restricted (NOTE 5)	4,742,742	-0-	4,742,742	-0-
Capital assets, net (NOTE 6)	79,492	279,566	359,058	-0-
Loans receivable, net (NOTE 24)	<u>15,172,281</u>	<u>569,260</u>	<u>15,741,541</u>	<u>1,107,177</u>
Total noncurrent assets	<u>19,994,515</u>	<u>848,826</u>	<u>20,843,341</u>	<u>1,107,177</u>
Total assets	<u>76,613,836</u>	<u>4,812,890</u>	<u>81,426,726</u>	<u>3,224,038</u>
Deferred outflows of resources:				
Deferred outflows other post employment benefits (NOTE 28)	<u>196,385</u>	<u>-0-</u>	<u>196,385</u>	<u>-0-</u>
Total deferred outflows of resources	<u>196,385</u>	<u>-0-</u>	<u>196,385</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$76,810,221</u>	<u>\$4,812,890</u>	<u>\$81,623,111</u>	<u>\$3,224,038</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION, CONTINUED
DECEMBER 31, 2018

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Unit</u>	<u>Component Unit</u>
Current liabilities:				
Amounts payable - vendors	\$ 1,423,995	\$ 1,834	\$ 1,425,829	\$ 691,531
Amounts payable - State of Louisiana	25,804,511	-0-	25,804,511	-0-
Accrued salaries, taxes and other withholdings payable	112,891	-0-	112,891	7,230
Deposits held for buyers (NOTE 15)	73,683	26,055	99,738	-0-
Due to other funds, net	-0-	-0-	-0-	120,402
Compensated absences payable (NOTE 14)	170,753	-0-	170,753	-0-
Current portion of unearned charges	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>71,465</u>
Total current liabilities	<u>27,585,833</u>	<u>27,889</u>	<u>27,613,722</u>	<u>890,628</u>
Noncurrent liabilities:				
Compensated absences payable (NOTE 14)	5,290	-0-	5,290	-0-
Unfunded other post employment benefits (NOTE 3)	1,472,569	-0-	1,472,569	-0-
Revolving loan (NOTE 25)	<u>11,044,197</u>	<u>-0-</u>	<u>11,044,197</u>	<u>1,724,500</u>
Total noncurrent liabilities	<u>12,522,056</u>	<u>-0-</u>	<u>12,522,056</u>	<u>1,724,500</u>
Total liabilities	<u>40,107,889</u>	<u>27,889</u>	<u>40,135,778</u>	<u>2,615,128</u>
Deferred inflows of resources:				
Deferred grant funds and cost of assets (NOTE 27)	37,613,110	569,260	38,182,370	417,177
Deferred inflow other post employment benefits (NOTE 28)	151,663	-0-	151,663	-0-
Unearned revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>100,000</u>
Total deferred inflows of resources	<u>37,764,773</u>	<u>569,260</u>	<u>38,334,033</u>	<u>517,177</u>
Total liabilities and deferred inflows of resources	<u>77,872,662</u>	<u>597,149</u>	<u>78,469,811</u>	<u>3,132,305</u>
Net position:				
Net investment in capital assets	79,492	279,566	359,058	-0-
Unrestricted	(1,141,933)	3,892,175	2,750,242	91,733
Restricted (NOTE 29)	<u>-0-</u>	<u>44,000</u>	<u>44,000</u>	<u>-0-</u>
Total net position	<u>\$(1,062,441)</u>	<u>\$4,215,741</u>	<u>\$ 3,153,300</u>	<u>\$ 91,733</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION		Total Primary Unit	Component Unit
	Expenses	Charges for Services	Grants/ Contributions	Governmental Activities	Business Type Activities		
Governmental Activities:							
Blighted Properties Removal Program:							
Community Development Block Grant:							
Disaster O C Haley	\$ 1,143,250	\$ -0-	\$1,083,552	\$ (59,698)	\$ -0-	\$ (59,698)	\$ -0-
Road Home Property Disposition	3,807,877	-0-	-0-	(3,807,877)	-0-	(3,807,877)	-0-
Non-major	4,401,079	-0-	1,762,027	(2,639,052)	-0-	(2,639,052)	-0-
Construction Lending Expanded	-0-	-0-	-0-	-0-	-0-	-0-	175,539
Construction Lending Extended	-0-	-0-	-0-	-0-	-0-	-0-	331
Housing Opportunity Zone	-0-	-0-	-0-	-0-	-0-	-0-	375,000
Orleans Housing Investment Program	-0-	-0-	-0-	-0-	-0-	-0-	1,043,734
General Fund	<u>1,196,963</u>	<u>-0-</u>	<u>59,910</u>	<u>(1,137,053)</u>	<u>-0-</u>	<u>(1,137,053)</u>	<u>182,596</u>
Total governmental activities	<u>\$10,549,169</u>	<u>\$ -0-</u>	<u>\$2,905,489</u>	<u>(7,643,680)</u>	<u>-0-</u>	<u>(7,643,680)</u>	<u>1,777,200</u>
Business-type Activities:							
Real Estate Acquisition and Land Banking Mechanism	<u>\$ 637,483</u>	<u>\$ 40,104</u>	<u>\$ 56,000</u>	<u>-0-</u>	<u>(541,379)</u>	<u>(541,379)</u>	<u>-0-</u>
Total business-type activities	<u>\$ 637,483</u>	<u>\$ 40,104</u>	<u>\$ 56,000</u>	<u>-0-</u>	<u>(541,379)</u>	<u>(541,379)</u>	<u>-0-</u>
Component Unit:							
New Orleans Redevelopment Unlimited	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,777,200</u>
Total component unit	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,777,200</u>
General Revenues:							
Interest income				366,795	8,640	375,435	20,032
Program income				6,122,097	557,675	6,679,772	-0-
Other revenue				<u>1,049,556</u>	<u>45,985</u>	<u>1,095,541</u>	<u>16,553</u>
Total general revenues				<u>7,538,448</u>	<u>612,300</u>	<u>8,150,748</u>	<u>36,585</u>
Changes in net position				<u>(105,232)</u>	<u>70,921</u>	<u>(34,311)</u>	<u>36,585</u>
Net position, beginning of year				(323,848)	3,915,263	3,591,415	55,148
Prior period adjustment (NOTE 29)				<u>(633,361)</u>	<u>229,557</u>	<u>(403,804)</u>	<u>-0-</u>
Net position, beginning of year, as restated				<u>(957,209)</u>	<u>4,144,820</u>	<u>3,187,611</u>	<u>55,148</u>
Net position, end of year				<u>\$(1,062,441)</u>	<u>\$4,215,741</u>	<u>\$ 3,153,300</u>	<u>\$ 91,733</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018

ASSETS

	GOVERNMENTAL FUNDS				<u>Total</u>
	<u>General Fund</u>	Blighted Properties Disposition Program <u>Fund</u>	Road Home Property Disposition <u>Fund</u>	Non-major Governmental Funds	
Cash unrestricted	\$ 900,146	\$ -0-	\$ -0-	\$ 161,418	\$ 1,061,564
Cash restricted	-0-	-0-	-0-	10,941,980	10,941,980
Amounts receivable, net	16,878	1,484	9,400	42,373	70,135
Accrued interest receivable	-0-	298,269	-0-	-0-	298,269
Prepaid items and other assets	27,036	-0-	55,405	11,723	94,164
Grants receivable	-0-	292,555	-0-	1,485,692	1,778,247
Loans receivable, net	789,840	8,319,908	2,997,749	3,149,162	15,256,659
Due from other funds	1,667,433	-0-	-0-	-0-	1,667,433
Investments unrestricted	524,833	-0-	-0-	152,855	677,688
Investments restricted	-0-	1,044,684	19,211,033	-0-	20,255,717
Land, unimproved land and structures	-0-	-0-	<u>24,122,357</u>	<u>1,681,119</u>	<u>25,803,476</u>
Total assets	<u>\$3,926,166</u>	<u>\$ 9,956,900</u>	<u>\$46,395,944</u>	<u>\$17,626,322</u>	<u>\$77,905,332</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS, CONTINUED
DECEMBER 31, 2018

LIABILITIES AND FUND BALANCES (DEFICITS)

	GOVERNMENTAL FUNDS				Total
	General Fund	Blighted Properties Disposition Program Fund	Road Home Property Disposition Fund	Non-major Governmental Funds	
Liabilities:					
Amounts payable - vendors	\$ 78,128	\$ 188,992	\$ 153,662	\$ 1,003,213	\$ 1,423,995
Amounts payable -State of Louisiana	-0-	-0-	24,122,357	1,682,154	25,804,511
Due to other funds	143,751	3,120	391,905	1,008,255	1,547,031
Salaries and related payroll taxes	38,624	1,916	44,565	27,786	112,891
Revolving loans	789,840	8,553,501	-0-	1,700,856	11,044,197
Deposits held for buyers	<u>30</u>	<u>-0-</u>	<u>69,153</u>	<u>4,500</u>	<u>73,683</u>
Total liabilities	<u>1,050,373</u>	<u>8,747,529</u>	<u>24,781,642</u>	<u>5,426,764</u>	<u>40,006,308</u>
Deferred Inflows of Resources:					
Deferred grant funds and cost of assets	<u>2,589,879</u>	<u>1,209,371</u>	<u>21,614,302</u>	<u>12,199,558</u>	<u>37,613,110</u>
Total deferred inflows of resources	<u>2,589,879</u>	<u>1,209,371</u>	<u>21,614,302</u>	<u>12,199,558</u>	<u>37,613,110</u>
Fund balances (deficits):					
Unassigned	<u>285,914</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>285,914</u>
Total fund balances (deficits)	<u>285,914</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>285,914</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,926,166</u>	<u>\$ 9,956,900</u>	<u>\$ 46,395,944</u>	<u>\$ 17,626,322</u>	<u>\$ 77,905,332</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018

ASSETS

NON-MAJOR GOVERNMENTAL FUNDS

<u>Entitlement</u>	<u>Target Zone</u>	<u>National Disaster Resilience Communities</u>	<u>PRC Operation Comeback</u>	<u>Construction Lending Extended</u>	<u>Housing Opportunity Zone</u>	<u>Page Total</u>
Cash unrestricted	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Cash restricted	-0-	-0-	-0-	-0-	-0-	-0-
Amounts receivable, net	-0-	-0-	-0-	-0-	-0-	-0-
Accrued interest receivable	-0-	-0-	-0-	-0-	-0-	-0-
Prepaid items and other assets	8,428	-0-	-0-	-0-	-0-	8,428
Grants receivable	322,810	-0-	230,287	-0-	295,057	863,154
Loans and receivable, net	-0-	46,755	-0-	-0-	-0-	46,755
Due from other funds	-0-	-0-	-0-	-0-	-0-	-0-
Investments unrestricted	-0-	-0-	-0-	-0-	-0-	-0-
Investments restricted	-0-	-0-	-0-	-0-	-0-	-0-
Land, unimproved land and structures	<u>603</u>	<u>120,600</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>121,203</u>
 Total assets	 <u>\$331,841</u>	 <u>\$167,355</u>	 <u>\$230,287</u>	 <u>\$-0-</u>	 <u>\$295,057</u>	 <u>\$15,000</u>
				<u>\$295,057</u>	<u>\$15,000</u>	<u>\$1,039,540</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENT FUNDS, CONTINUED
DECEMBER 31, 2018

ASSETS

NON-MAJOR GOVERNMENTAL FUNDS

	<u>Orleans Housing Investment Program</u>	<u>Construction Lending Expanded</u>	<u>Neighborhood Stabilization Program 2</u>	<u>Affordable Housing Pilot Program</u>	<u>Housing Mitigation Grant Program</u>	<u>Neighborhood Housing Improvement</u>	<u>Page Total</u>
Cash unrestricted	\$ -0-	\$ -0-	\$ -0-	\$ 146,190	\$ -0-	\$ -0-	\$ 146,190
Cash restricted	4,676,641	-0-	680,556	-0-	-0-	-0-	5,357,197
Amounts receivable, net	-0-	-0-	32,848	9,311	-0-	-0-	42,159
Accrued interest receivable	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Prepaid items and other assets	-0-	-0-	-0-	3,295	-0-	-0-	3,295
Grants receivable	55,461	45,903	-0-	-0-	12,035	5,112	118,511
Loans receivable, net	-0-	-0-	2,782,999	319,408	-0-	-0-	3,102,407
Due from other funds	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Investments unrestricted	-0-	-0-	-0-	152,855	-0-	-0-	152,855
Investments restricted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Land, unimproved land and structures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>854,967</u>	<u>-0-</u>	<u>177,300</u>	<u>1,032,267</u>
 Total assets	 <u>\$4,732,102</u>	 <u>\$45,903</u>	 <u>\$3,496,403</u>	 <u>\$1,486,026</u>	 <u>\$12,035</u>	 <u>\$182,412</u>	 <u>\$9,954,881</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENT FUNDS, CONTINUED
DECEMBER 31, 2018

ASSETS

	NON-MAJOR GOVERNMENTAL FUNDS				
	Facade Review	Resilient Cities	Strategic Acquisition Fund	Page Total	Totals
Cash unrestricted	\$ -0-	\$15,228	\$ -0-	\$ 15,228	\$ 161,418
Cash restricted	1,602,588	-0-	3,982,195	5,584,783	10,941,980
Amounts receivable, net	-0-	-0-	214	214	42,373
Accrued interest receivable	-0-	-0-	-0-	-0-	-0-
Prepaid items and other assets	-0-	-0-	-0-	-0-	11,723
Grants receivable	504,027	-0-	-0-	504,027	1,485,692
Loans receivable, net	-0-	-0-	-0-	-0-	3,149,162
Due from other funds	-0-	-0-	-0-	-0-	-0-
Investments unrestricted	-0-	-0-	-0-	-0-	152,855
Investments restricted	-0-	-0-	-0-	-0-	-0-
Land, unimproved land and structures	-0-	-0-	527,649	527,649	1,681,119
Total assets	<u>\$2,106,615</u>	<u>\$15,228</u>	<u>\$4,510,058</u>	<u>\$6,631,901</u>	<u>\$17,626,322</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENT FUNDS
DECEMBER 31, 2018

LIABILITIES AND FUND BALANCES (DEFICITS)

NON-MAJOR GOVERNMENTAL FUNDS

<u>Entitlement</u>	<u>Target Zone</u>	<u>National Disaster Resilience Communities</u>	<u>PRC Operation Comeback</u>	<u>Construction Lending Extended</u>	<u>Housing Opportunity Zone</u>	<u>Page Total</u>
Liabilities:						
Amounts payable - vendors	\$ 22,250	\$ -0-	\$ 3,780	\$-0-	\$ -0-	\$ 41,030
Amounts payable - State of Louisiana	603	120,600	-0-	-0-	-0-	121,203
Due to other funds	287,956	-0-	223,503	-0-	295,057	806,516
Salaries and related payroll taxes	21,032	-0-	3,004	-0-	-0-	24,036
Revolving loans	-0-	-0-	-0-	-0-	-0-	-0-
Deposits held for buyers	-0-	-0-	-0-	-0-	-0-	-0-
Total liabilities	<u>331,841</u>	<u>120,600</u>	<u>230,287</u>	<u>-0-</u>	<u>295,057</u>	<u>992,785</u>
Deferred Inflows of Resources:						
Deferred grant funds and cost of assets	-0-	46,755	-0-	-0-	-0-	46,755
Total deferred inflows of resources	<u>-0-</u>	<u>46,755</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>46,755</u>
Fund balances:						
Unassigned	-0-	-0-	-0-	-0-	-0-	-0-
Total fund balances (deficits)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 331,841</u>	<u>\$167,355</u>	<u>\$230,287</u>	<u>\$-0-</u>	<u>\$295,057</u>	<u>\$1,039,540</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENT FUNDS, CONTINUED
DECEMBER 31, 2018

LIABILITIES AND FUND BALANCES (DEFICITS)

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>						
	<u>Orleans Housing Investment Program</u>	<u>Construction Lending Expanded</u>	<u>Neighborhood Stabilization Program 2</u>	<u>Affordable Housing Pilot Program</u>	<u>Housing Mitigation Grant Program</u>	<u>Neighborhood Housing Improvement</u>	<u>Page Total</u>
Liabilities:							
Amounts payable - vendors	\$ 666,520	\$ 7,510	\$ -0-	\$ 11,902	\$ 9,554	\$ -0-	\$ 695,486
Amounts payable -State of Louisiana	-0-	-0-	-0-	856,002	-0-	177,300	1,033,302
Due to other funds	65,673	37,804	-0-	-0-	2,378	4,256	110,111
Salaries and related payroll taxes payable	285	589	26	246	103	-0-	1,249
Revolving loans	-0-	-0-	1,700,000	-0-	-0-	856	1,700,856
Deposits held for buyers	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,500</u>	<u>-0-</u>	<u>-0-</u>	<u>4,500</u>
Total liabilities	<u>732,478</u>	<u>45,903</u>	<u>1,700,026</u>	<u>872,650</u>	<u>12,035</u>	<u>182,412</u>	<u>3,545,504</u>
Deferred inflows of Resources:							
Deferred grants funds and cost of assets	<u>3,999,624</u>	<u>-0-</u>	<u>1,796,377</u>	<u>613,376</u>	<u>-0-</u>	<u>-0-</u>	<u>6,409,377</u>
Total deferred inflows of resources	<u>3,999,624</u>	<u>-0-</u>	<u>1,796,377</u>	<u>613,376</u>	<u>-0-</u>	<u>-0-</u>	<u>6,409,377</u>
Fund balances (deficits):							
Unassigned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total fund balances (deficits)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$4,732,102</u>	<u>\$45,903</u>	<u>\$3,496,403</u>	<u>\$1,486,026</u>	<u>\$12,035</u>	<u>\$182,412</u>	<u>\$9,954,881</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENT FUNDS, CONTINUED
DECEMBER 31, 2018

	NON-MAJOR GOVERNMENTAL FUNDS				
	Facade Review	Resilient Cities	Strategic Acquisition Fund	Page Total	Totals
Liabilities:					
Amounts payable - vendors	\$ 257,864	\$ -0-	\$ 8,833	\$ 266,697	\$ 1,003,213
Amounts payable - State of Louisiana	-0-	-0-	527,649	527,649	1,682,154
Due to other funds	91,628	-0-	-0-	91,628	1,008,255
Salaries and related payroll taxes payable	1,115	-0-	1,386	2,501	27,786
Revolving loans	-0-	-0-	-0-	-0-	1,700,856
Deposits held for buyers	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,500</u>
Total liabilities	<u>350,607</u>	<u>-0-</u>	<u>537,868</u>	<u>888,475</u>	<u>5,426,764</u>
Deferred inflows of resources:					
Deferred grant funds and cost of assets	<u>1,756,008</u>	<u>15,228</u>	<u>3,972,190</u>	<u>5,743,426</u>	<u>12,199,558</u>
Total deferred inflow of resources	<u>1,756,008</u>	<u>15,228</u>	<u>3,972,190</u>	<u>5,743,426</u>	<u>12,199,558</u>
Fund balances (deficits):					
Unassigned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total fund balances (deficits)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$2,106,615</u>	<u>\$15,228</u>	<u>\$4,510,058</u>	<u>\$6,631,901</u>	<u>\$17,626,322</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE BALANCE SHEET
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT
OF NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Total fund balance (deficit) governmental fund	\$ 285,914
Long term liability for post employment benefits are not due and payable in te current period and therefore not reported in the funds	(1,427,847)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	<u>79,492</u>
Net position of governmental activities	<u><u>\$(1,062,441)</u></u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>GOVERNMENTAL FUNDS</u>				
	<u>General</u>	<u>Blighted</u>	<u>Road Home</u>	<u>Non-major</u>	
	<u>Fund</u>	<u>Properties</u>	<u>Property</u>	<u>Government</u>	
		<u>Disposition</u>	<u>Disposition</u>	<u>Funds</u>	<u>Totals</u>
		<u>Program</u>	<u>Fund</u>		
		<u>Fund</u>			
Revenues:					
Grants-State of Louisiana	\$ -0-	\$ -0-	\$ -0-	\$ 237,947	\$ 237,947
Grants-City of New Orleans-Disaster	-0-	1,083,552	-0-	-0-	1,083,552
Grants-City of New Orleans-Entitlement	-0-	-0-	-0-	933,063	933,063
Grants-City of New Orleans-NDRC	-0-	-0-	-0-	182,436	182,436
Grants- City of New Orleans-OHIP	-0-	-0-	-0-	-0-	-0-
Grants-City of New Orleans-Facade Renew 2.0	-0-	-0-	-0-	-0-	-0-
Grants-Federal	-0-	-0-	-0-	375,000	375,000
Grants-Non-Governmental	59,913	-0-	-0-	-0-	59,913
Grants-HMGP	-0-	-0-	-0-	33,581	33,581
Grants-HUD	-0-	-0-	-0-	-0-	-0-
Interest Income	12,068	58,896	292,461	3,370	366,795
Program income	-0-	-0-	3,500,276	2,621,821	6,122,097
Other	<u>34,597</u>	<u>-0-</u>	<u>-0-</u>	<u>4,859</u>	<u>39,456</u>
Total revenues	<u>106,578</u>	<u>1,142,448</u>	<u>3,792,737</u>	<u>4,392,077</u>	<u>9,433,840</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>NON-MAJOR GOVERNMENTAL FUNDS</u>							
	<u>Entitlement</u>	<u>Target Zone</u>	<u>National Disaster Resilience Communities</u>	<u>PRC Operation Comeback</u>	<u>Construction Lending Extended</u>	<u>Housing Opportunity Zone</u>	<u>Page Total</u>
Revenues:							
Grants-State of Louisiana	\$ -0-	\$ -0-	\$ -0-	\$41,192	\$15,852	\$ -0-	\$ 57,044
Grants-City of New Orleans-Disaster	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants-City of New Orleans-Entitlement	933,063	-0-	-0-	-0-	-0-	-0-	933,063
Grants-City of New Orleans-NDRC	-0-	-0-	182,436	-0-	-0-	-0-	182,436
Grants-City of New Orleans-OHIP	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants-City of New Orleans-Facade Renew 2.0	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants- Federal	-0-	-0-	-0-	-0-	-0-	375,000	375,000
Grants-Non-Governmental	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants-HMGP	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants-HUD	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest-income	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Program income	-0-	20,618	-0-	-0-	-0-	-0-	20,618
Other	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total revenues	<u>933,063</u>	<u>20,618</u>	<u>182,436</u>	<u>41,192</u>	<u>15,852</u>	<u>375,000</u>	<u>1,568,161</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

NON-MAJOR GOVERNMENTAL FUNDS

	<u>Orleans Housing Investment Program</u>	<u>Construction Lending Expanded</u>	<u>Neighborhood Stabilization Program 2</u>	<u>Affordable Housing Pilot Program</u>	<u>Housing Mitigation Grant Program</u>	<u>Neighborhood Housing Improvement</u>	<u>Page Total</u>
Revenues:							
Grants-State of Louisiana	\$ -0-	\$180,903	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 180,903
Grants-City of New Orleans	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants-City of New Orleans- Entitlement	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants-City of New Orleans-NDRC	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants- City of New Orleans-OHIP	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants-City of New Orleans-Facade Renew 2.0	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants-Federal	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants-Non-Governmental	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants-HMGP	-0-	-0-	-0-	-0-	33,581	-0-	33,581
Grants-HUD	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest income	-0-	-0-	-0-	3,370	-0-	-0-	3,370
Program income	1,055,837	-0-	11,264	65,209	-0-	-0-	1,132,310
Other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,859</u>	<u>-0-</u>	<u>-0-</u>	<u>4,859</u>
Total revenues	<u>1,055,837</u>	<u>180,903</u>	<u>11,264</u>	<u>73,438</u>	<u>33,581</u>	<u>-0-</u>	<u>1,355,023</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>				<u>Totals</u>
	<u>Facade Review</u>	<u>Resilient Cities</u>	<u>Strategic Acquisition Fund</u>	<u>Page Total</u>	
Revenues:					
Grants-State of Louisiana	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 237,947
Grants-City of New Orleans	-0-	-0-	-0-	-0-	-0-
Grants- City of New Orleans-Entitlement	-0-	-0-	-0-	-0-	933,063
Grants- City of New Orleans-NDRC	-0-	-0-	-0-	-0-	182,436
Grants-City of New Orleans-OHIP	-0-	-0-	-0-	-0-	-0-
Grants-City of New Orleans-Facade Renew 2.0	-0-	-0-	-0-	-0-	-0-
Grants-Federal	-0-	-0-	-0-	-0-	375,000
Grants-Non-Governmental	-0-	-0-	-0-	-0-	-0-
Grants-HMGP	-0-	-0-	-0-	-0-	33,581
Grants-HUD	-0-	-0-	-0-	-0-	-0-
Interest income	-0-	-0-	-0-	-0-	3,370
Program income	670,897	-0-	797,996	1,468,893	2,621,821
Other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,859</u>
 Total revenues	 <u>670,897</u>	 <u>-0-</u>	 <u>797,996</u>	 <u>1,468,893</u>	 <u>4,392,077</u>

The accompanying notes are integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	GOVERNMENTAL FUNDS				Totals
	General Fund	Blighted Properties Disposition Program Fund	Road Home Property Disposition Fund	Non-major Government Funds	
EXPENDITURES:					
Operations:					
Personnel salaries and wages	\$ 584,046	\$ 80,192	\$1,252,606	\$ 632,310	\$ 2,549,154
Personnel services employee benefits	131,204	19,613	294,669	134,828	580,314
Purchase professional & technical services	57,979	10,572	336,913	316,374	721,858
Purchased property services	150,706	4,099	972,788	275,147	1,402,740
Insurance	30,919	353	104,908	25,508	161,688
Other purchased services	104,089	216	6,136	33,326	143,767
Supplies	42,725	-0-	128	-0-	42,853
Property	9,553	81	5,646	507,675	520,955
Programs	3	988,028	11,000	2,125,711	3,124,742
Other uses	2,223	-0-	-0-	318	2,541
Cost of sales	-0-	-0-	196,164	33,393	229,557
Total expenditures	<u>1,113,447</u>	<u>1,103,154</u>	<u>3,178,958</u>	<u>4,084,590</u>	<u>9,480,149</u>
Excess (deficiency) of revenues over (under) expenditures	(1,006,869)	39,294	613,779	307,487	(46,309)
Other financing sources (uses):					
Operating transfer in	980,190	-0-	-0-	1,370	981,560
Operating transfer (out)	(19,630)	(39,294)	(613,779)	(308,857)	981,560
Total other financing sources (uses)	<u>960,560</u>	<u>(39,294)</u>	<u>(613,779)</u>	<u>(307,487)</u>	<u>-0-</u>
Change in fund balances	(46,309)	-0-	-0-	-0-	(46,309)
Fund balances (deficit), beginning of year	332,223	-0-	-0-	-0-	332,223
Fund balances (deficit), end of year	<u>\$ 285,914</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 285,914</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

NON-MAJOR GOVERNMENTAL FUNDS							
	<u>Entitlement</u>	<u>Target Zone</u>	<u>National Disaster Resilience Communities</u>	<u>PRC Operation Comeback</u>	<u>Construction Lending Extended</u>	<u>Housing Opportunity Zone</u>	<u>Page Total</u>
EXPENDITURES:							
Operations:							
Personnel salaries & wages	\$ 384,815	\$ -0-	\$ 81,815	\$ -0-	\$ 515	\$ -0-	\$ 467,145
Personnel services employee benefits	81,451	-0-	16,713	-0-	315	-0-	98,479
Purchased professional & technical services	39,051	-0-	5,609	-0-	7,478	-0-	52,138
Purchased property services	208,911	-0-	7,615	-0-	104	-0-	216,630
Insurance	17,248	-0-	245	-0-	-0-	-0-	17,493
Other purchased services	4,133	-0-	28,479	-0-	-0-	-0-	32,612
Supplies	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Property	560	-0-	70	-0-	6	-0-	636
Programs	600	-0-	1,800	41,192	7,182	375,000	425,774
Other uses	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Cost of sales	<u>7,735</u>	<u>20,618</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>28,353</u>
Total expenses	<u>744,504</u>	<u>20,618</u>	<u>142,346</u>	<u>41,192</u>	<u>15,600</u>	<u>375,000</u>	<u>1,339,260</u>
Excess (deficiency) of revenues over (under)	<u>188,559</u>	<u>-0-</u>	<u>40,090</u>	<u>-0-</u>	<u>252</u>	<u>-0-</u>	<u>228,901</u>
Other financing sources (uses):							
Operating transfer in	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Operating transfer (out)	<u>(188,559)</u>	<u>-0-</u>	<u>(40,090)</u>	<u>-0-</u>	<u>(252)</u>	<u>-0-</u>	<u>(228,901)</u>
Total other financing sources (uses)	<u>(188,559)</u>	<u>-0-</u>	<u>(40,090)</u>	<u>-0-</u>	<u>(252)</u>	<u>-0-</u>	<u>(228,901)</u>
Change in fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances (deficit), beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances (deficit), end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>						
	<u>Orleans</u>	<u>Construction</u>	<u>Neighborhood</u>	<u>Affordable</u>	<u>Housing</u>	<u>Neighborhood</u>	
	<u>Housing</u>	<u>Lending</u>	<u>Stabilization</u>	<u>Housing</u>	<u>Mitigation</u>	<u>Housing</u>	<u>Page</u>
	<u>Program</u>	<u>Expanded</u>	<u>Program 2</u>	<u>Pilot</u>	<u>Grant</u>	<u>Improvement</u>	<u>Total</u>
EXPENDITURES:							
Operations:							
Personnel salaries & wages	\$ 5,482	\$ 3,020	\$ 4,593	\$ 4,053	\$ 1,987	\$ -0-	\$ 19,135
Personnel services employees benefits	1,348	726	1,152	998	535	-0-	4,759
Purchased professional & technical services	2,200	-0-	1,303	5,960	32,426	-0-	41,889
Purchased property services	249	126	1,936	48,737	3	-0-	51,051
Insurance	8	12	24	5,827	-0-	-0-	5,871
Other purchased services	129	-0-	-0-	-0-	-0-	-0-	129
Supplies	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Property	-0-	-0-	6	523	-0-	-0-	529
Program	1,043,734	175,539	-0-	-0-	-0-	-0-	1,219,273
Other uses	-0-	-0-	-0-	-0-	318	318	318
Cost of sales	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,040</u>	<u>-0-</u>	<u>-0-</u>	<u>5,040</u>
Total expenditures	<u>1,053,150</u>	<u>179,423</u>	<u>9,014</u>	<u>71,138</u>	<u>34,951</u>	<u>-0-</u>	<u>1,347,676</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,687</u>	<u>1,480</u>	<u>2,250</u>	<u>2,300</u>	<u>(1,370)</u>	<u>-0-</u>	<u>7,347</u>
Other financing sources (uses):							
Operating transfer in	-0-	-0-	-0-	-0-	1,370	-0-	1,370
Operating transfer (out)	<u>(2,687)</u>	<u>(1,480)</u>	<u>(2,250)</u>	<u>(2,300)</u>	<u>-0-</u>	<u>-0-</u>	<u>(8,717)</u>
Total other financing sources (uses)	<u>(2,687)</u>	<u>(1,480)</u>	<u>(2,250)</u>	<u>(2,300)</u>	<u>1,370</u>	<u>-0-</u>	<u>(7,347)</u>
Change in fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances (deficit), beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances (deficit), end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>			<u>Page Total</u>	<u>Totals</u>
	<u>Facade Renew</u>	<u>Resilient Cities</u>	<u>Strategic Acquisition Fund</u>		
EXPENDITURES:					
Operations:					
Personnel salaries & wages	\$ 73,973	\$ -0-	\$ 72,057	\$ 146,030	\$ 632,310
Personnel services employee benefits	14,535	-0-	17,055	31,590	134,828
Personnel professional & technical services	83,407	-0-	138,940	222,347	316,374
Purchased property services	2,668	-0-	4,798	7,466	275,147
Insurance	1,144	-0-	1,000	2,144	25,508
Other purchased services	476	-0-	109	585	33,326
Supplies	-0-	-0-	-0-	-0-	-0-
Property	282	-0-	506,228	506,510	507,675
Programs	458,164	-0-	22,500	480,664	2,125,711
Other uses	-0-	-0-	318	318	318
Cost of sale	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>33,393</u>
Total expenses	<u>634,649</u>	<u>-0-</u>	<u>763,005</u>	<u>1,397,654</u>	<u>4,084,590</u>
Excess (deficiency) of revenues over (under)	<u>36,248</u>	<u>-0-</u>	<u>34,991</u>	<u>71,239</u>	<u>307,487</u>
Other financing sources (uses):					
Operating transfer in	-0-	-0-	-0-	-0-	1,370
Operating transfer (out)	<u>(36,248)</u>	<u>-0-</u>	<u>(34,991)</u>	<u>(71,239)</u>	<u>(308,857)</u>
Total other financing sources (uses)	<u>(36,248)</u>	<u>-0-</u>	<u>(34,991)</u>	<u>(71,239)</u>	<u>(307,487)</u>
Change in fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances (deficit), beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances (deficit), end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Change in fund balance	\$(46,309)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	(58,921)
Other	_____(2)
Change in net position for the governmental activities	<u>\$(105,232)</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION--PROPRIETARY FUND
DECEMBER 31, 2018

ASSETS

	<u>Real Estate Acquisition and Land Banking Mechanism</u>
Assets:	
Cash	\$ 304,726
Amounts receivable	1,939
Prepaid and other assets	200,234
Loans receivable, net	569,260
Investments	660,634
Unimproved land and structures	2,830,890
Capital assets, net	<u>245,207</u>
Total assets	<u>4,812,890</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Liabilities:	
Amounts and other payable	1,834
Security deposits and deposits held for buyers	<u>26,055</u>
Total liabilities	<u>27,889</u>
Deferred Inflow of Resources:	
Grant funds and cost of assets	<u>569,260</u>
Total deferred inflow of resources	<u>569,260</u>
Net Position:	
Net investments in capital assets	245,207
Unrestricted net position	<u>3,970,534</u>
Total net position	<u>\$4,215,741</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION-PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Real Estate Acquisition and Land Banking Mechanism</u>
Operating Revenues:	
Proceeds from sales	\$ 557,675
Cost of sales	<u>521,525</u>
Net gain from sales	36,150
Rental income	40,104
Forfeits	44,235
Other income	<u>10,390</u>
Total operating revenues	<u>130,879</u>
Non-Operating Revenues:	
Property donation	<u>56,000</u>
Total non-operating revenues	<u>56,000</u>
Total operating and non-operating revenues	<u>186,879</u>
Operating Expenses:	
Purchased property services	26,440
Program delivery	7,384
Settlement costs	59,812
Depreciation expense	<u>22,322</u>
Total operating expenses	<u>115,958</u>
Operating and non-operating income	<u>70,921</u>
Change in net position	<u>70,921</u>
Net position, beginning of year	3,915,263
Prior period adjustment	<u>229,557</u>
Net position, beginning of year, as restated	<u>4,144,820</u>
Net position, end of year	<u>\$4,215,741</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS--PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows Provided by Operating Activities:	
Cash received from customers	\$ 699,764
Payments to vendors	<u>(59,268)</u>
Net cash provided by operating activities	<u>640,496</u>
Cash Flows Used in Investing Activities:	
Purchase of investment	<u>(660,634)</u>
Cash used in investing activities	<u>(660,634)</u>
Decrease in cash	(20,138)
Cash, beginning of year	<u>324,864</u>
Cash, end of year	\$ <u><u>304,726</u></u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Background and General Data:

Background

The **New Orleans Redevelopment Authority (NORA)** exists under the authority contained in Act No. 170, as amended, as passed by the Louisiana Legislature in 1968. **NORA** was formulated as a program by the City of New Orleans for the utilization of appropriate private and public resources to eliminate and prevent the development or spread of slums; to provide decent, safe and sanitary dwellings for families of low income; to allow the creation and organization of a community improvement agency; to allow the rehabilitation, clearance and redevelopment of slums and blighted areas in the City of New Orleans in accordance with community improvement plans or projects approved by the governing body of the City of New Orleans; to define the duties, liabilities, exemptions, authority and functions of such community improvement agency, including the acquisition of property by negotiation, gift or expropriation, the disposition of property by sale or lease, the issuance of bonds, borrowing of money and giving of security therefore and to allow bonds issued to be legal investments for banks and fiduciaries; to provide for notice and hearing; to authorize entering into agreements to secure Federal aid; to authorize public bodies to furnish funds, services, facilities and property in aid of community improvement projects and related activities hereunder; and to provide that securities issued and properties, while held by the **New Orleans Redevelopment Authority**, shall be exempt from taxation.

On July 7, 1994, the Louisiana Legislature passed Act No. 65 which amended Act No. 170 that created the **New Orleans Redevelopment Authority**. Act No. 65 effectively changed the name of the Community Improvement Agency to **New Orleans Redevelopment Authority**. In addition, the Board of Commissioners also adopted a resolution approving the name change.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General

As of December 31, 2018, **NORA** was primarily engaged in the following programs:

- Blighted Properties Removal Program (Entitlement, Target Zone, Disaster Consolidated Corridors, Affordable Housing Pilot Program Katrina Cottages, Hazard Mitigation Grant Program, Facade Renew, and Facade Renew 2.0, National Disaster Resilience Community Adoption Program);
- Real Estate Acquisition and Land Banking Mechanism (REALM);
- Louisiana Recovery Authority (Housing Opportunity Zone/Construction Lending Extended/Expanded);
- Road Home Property Disposition (Strategic Acquisition, Orleans Housing Investment Program, Facade Renew 2.0);
- Ford Foundation
- Neighborhood Stabilization Program (NSP2)
- General Fund

New Orleans Redevelopment Authority under a contract with the City of New Orleans is a key partner in the revitalization of New Orleans neighborhoods implementing housing development, commercial revitalization and land stewardship projects. **NORA** provides technical assistance in connection with other redevelopment, renewal, rehabilitation, urban beautification and/or other improvements where physical conditions render them detrimental to the safety and welfare of the public at large.

Further, through various grants and a cooperative agreements, from Federal, State and private sources **NORA** manages rehabilitation, demolition and removal activities through direct funding from Federal, State and private sources.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General, Continued

A brief description of each program follows:

- Blighted Properties Removal Program

The Blighted Properties Removal Program under the Entitlement, Target Zone, Disaster, Consolidated Corridors are designed to provide for the rehabilitation and/or demolition and removal of buildings and other improvements whose physical conditions render them detrimental to the safety and welfare of the public at large, and whose existence directly threatens the physical, social and economic stability of the surrounding neighborhood facilities and jeopardizes the well-being of the entire community.

These programs provide for technical assistance and/or financial assistance for rehabilitation, acquisition and redevelopment for blight reduction and alternative land use. The program is administered by **NORA** under contract with the City of New Orleans.

- Affordable Housing Pilot Program (Katrina Cottages) (AHPP)

The Louisiana Katrina Cottage Program resulted in the construction of forty (40) housing units on **NORA** controlled properties intended for home ownership units. Funding for the Program is made available under Federal Emergency Management Agency (FEMA).

- Hazard Mitigation Grant Program (HMGP)

The HMGP provides grants to assist in the implementation of long-term hazard mitigation measures after a major disaster declaration.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General, Continued

- Facade Renew and Facade Renew 2.0

Launched in January 2014, Facade Renew is a CDBG-DR funded program to support strategic investments in targeted commercial corridors. The program includes grants to property and small business owners to revitalize storefronts and building facades, as well as placemaking grants to main street organizations. In 2018, Facade Renew 2.0 began accepting applications for facade improvements grants on four new corridors. Facade Renew 2.0 is funded by locally held program income derived from the sale of former Road Home properties.

- Real Estate Acquisition and Land Banking Mechanism (REALM)

The REALM program is designed to provide a mechanism for the rehabilitation and/or demolition and removal of buildings and other improvements through acquisition and disposition of property to allow for a greater impact on blight and community redevelopment.

Under the REALM program, **NORA** works with other City agencies to acquire blighted properties in a strategic fashion and then bundles those properties for sale and/or donation.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General, Continued

- Louisiana Recovery Authority

The Louisiana Recovery Authority (LRA) program managed by **NORA** focuses on redevelopment through economic development efforts within the New Orleans area. Further, **NORA** has established a housing construction loan fund to assist developers in accelerating redevelopment.

- Road Home Property Disposition

The Road Home Property Disposition program's mission is to finance, own, lease as lessee or lessor, sell, exchange, donate otherwise hold or transfer a property interest in housing stock damaged by Hurricane Katrina or Rita.

- Neighborhood Stabilization Program (NSP2)

The NSP2 program managed by **NORA**, focuses on a comprehensive neighborhood development strategy to address the challenges of blight and vacancy throughout the City.

- Strategic Acquisition Fund

This project assist in citywide reduction and neighborhood stabilization through strategic, targeted redevelopment initiatives, including acquisition of blighted, vacant and/or abandoned properties for the purpose of redevelopment into housing, retail/commercial, mixed-use and/or green space projects. Strategic acquisition will allow **NORA** to work with the City of New Orleans for the purpose of reducing blight and supporting new development around those investments.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General, Continued

- Orleans Housing Investment Program (OHIP)

OHIP, the newest phase of NORA's Residential Construction Lending program, is funded program income derived from sale of former Road Home properties. NORA has awarded properties and financing to New Orleans Redevelopment Unlimited (NORU) for the development of single-family affordable home ownership opportunities in Central City, Seventh Ward, Gentilly, and New Orleans East neighborhoods.

- Ford Foundation

This private grant will be used to support the acquisition and pre-development costs of key commercial and multifamily properties to catalyze redevelopment and reinvestment. These funds may also serve as a complementary financing source for projects seeking funding from NORA's Commercial Corridor Gap Financing Program.

- Housing Opportunity Zone

This program uses State CDBG funds to finance the development of affordable housing on NORA-owned property located in the nine City designated Housing Opportunity Zones.

- National Disaster Resilience Communities/Community Adaptation Program

Funded through a portion of the \$143 million National Disaster Resilience Competition award to the City of New Orleans. NORA has established the Community Adaption Program to fund improvements to manage stormwater and prevent flooding on previously developed properties owned by low to moderate income homeowners within the Gentilly Resilience District.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General, Continued

- Construction Lending Extended/Expanded

Funded the Housing Construction Loan Fund to provide financial assistance to developers.

General Fund

The general fund is used by **NORA's** as its primary operating fund.

NOTE 2 - Summary of Significant Accounting Policies:

General Fund

The general fund is used by **NORA** to account for all financial activities or resources, except those required to be accounted for in other funds.

Pursuant to the requirements of GASB Statement No. 54 (Fund Balance Reporting and Government Fund Type Definitions), fund balance is reported as nonspendable and unassigned. The nonspendable classification is associated with amounts considered nonspendable such as capital assets, prepaid assets, etc. The unassigned classification represents amounts not restricted or committed.

Financial Reporting Entity

NORA exists under the Authority contained in Act No. 170, as amended, as passed by the Louisiana Legislature in 1968 and subsequently amended by Act No. 65, passed in 1994. **NORA** has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the City of New Orleans.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

Government Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*" established standards for defining and reporting on the financial entity.

GASB 14 and its related amendment GASB 39 indicate that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

NORA was established as a separate legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **NORA** is a financial reporting entity within the meaning of the provisions of GASB 14.

Based on the requirements of GASB's 14 and 39, **NORA** has included the following component unit in the financial reporting entity:

NORA formed in 2004 a 501(c)(3) organization, New Orleans Redevelopment Unlimited, Inc. to utilize appropriate private and public resources to eliminate and prevent the development or spread of slums; to provide decent, safe and sanitary dwellings for families of low income; to allow the rehabilitation, clearance and redevelopment of slums and blighted areas in the City of New Orleans to include, but not limited to community improvement plans or projects approved by the governing body of the City of New Orleans; and to acquire property by negotiation, or gift, and the disposition of property by sale, lease, or gift; and to own real estate, to buy or sell, develop or lease, and generally handle, movable and immovable property of every nature and kind.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

The component unit's financial statements has been included in **NORA's** financial statements in a discrete presentation.

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, 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 differ from those estimated.

Basis of Presentation

NORA's basic financial statements consist of the government-wide statements of the primary government and its component unit and the fund financial statements (individual major funds and combined nonmajor funds). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the activities of **NORA**. The effect of interfund activity has been removed from these statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Government-Wide and Fund Financial Statements, Continued

NORA's 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 use or directly benefit from 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. Other items are properly included among program revenues or reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as the proprietary fund financial statements. 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. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

NORA reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Government-Wide and Fund Financial Statements, Continued

The Blighted Properties Program Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes regarding the rehabilitation and/or demolition and removal and gap financing of blight in the City of New Orleans.

The Road Home Property Disposition is used to account for transfers activities and disposition of Road Home property. Specifically the objective of the project is to facilitate the rehabilitation of blight in various neighborhoods in the City of New Orleans.

The remaining programs, Entitlement, Target Zone, National Disaster Resilience Communities, Construction Lending, Housing Opportunity Zone, Orleans Housing Investment Program, NSP2, Affordable Housing Pilot Program, Housing Mitigation Grant Program, Facade, and Strategic Acquisition Fund, etc. are accounted for under the non-major program.

NORA reports the following major proprietary fund:

The REALM Program accounts for activities related to the rehabilitation and/or demolition and removal of buildings and other improvements through acquisition and disposition of property.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Government-Wide and Fund Financial Statements, Continued

As a general rule, the effect of interfund activity has been eliminated at the government-wide financial statements level.

Amounts reported as program revenues include 1) charges to customers or applicants for services or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a propriety fund's principal ongoing operations. The principal operating revenues of **NORA's** enterprise fund are charges to customers for services and sales of inventory of land. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Under the provisions of GASB 33 Standards (Accounting and Financial Reporting for Non-Exchange Transactions), **NORA** recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- **NORA** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenue and expenditures are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements, resources received prior to the satisfaction of the time requirement(s), are recorded by **NORA** as deferred revenue upon award.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash equivalents.

Loans Receivable

Loans receivable are recorded at the face value of the note at point of execution. The revolving loan program is used to support economic and rehabilitation development activities funded with CDBG, LRA and NSP2 grants. The interest rates on the loans range from zero to four (4) percent. Repayment range of the loans are required within established timelines.

Also, included in loans receivable are non-interest bearing forgivable mortgage loans secured by real estate. No payments are required unless the borrower fails to maintain ownership of the property as his/her principal residency.

In the event the borrower ceases to occupy the property, the entire amount of the loan, less any portion earned by the borrower, will be due and payable.

The borrower will earn a portion of the loan for each month that he/she owns and resides in the property as his/her principal place of residency. The borrower will earn the loan on a pro-rata basis for each month of ownership and occupancy as measured against the period of affordability.

NORA records the earned portion on a straight-line basis as amortization in the statement of activities. Management has recorded no allowance for doubtful accounts at December 31, 2018.

NORA uses the allowance method (based on prior year's experience and analysis) to determine uncollectibility of loans receivable.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Capital Assets

Capital assets include, land and equipment and are recorded at cost when the individual cost exceeds \$100. When no historical records are available, land and equipment are valued at estimated historical cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period. In addition, costs associated with certain property acquired with CDBG funds received from the City of New Orleans and other sources are reflected as program costs to the respective programs. A property inventory is accounted for by the City of New Orleans for acquisition of non-expandable property that vest with the City of New Orleans.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not included in or capitalized in the proprietary fund. Equipment in the proprietary fund of **NORA** is recorded at cost.

Capital assets are depreciated in the proprietary fund of **NORA** using the straight-line method over a five (5) year estimated useful life.

Land, Unimproved Land and Structures

Land, unimproved land and structures are recorded at cost and represent cost incurred in the acquisition of blighted properties. Donated properties are also included at the estimated fair value at point of donation. Gain or loss resulting from the sale of the related properties is reflected in income in the period of sale.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Compensated Absences

NORA has adopted its own policies based on the Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Financial Instruments

NORA's policy generally is to use financial derivatives to manage exposure to fluctuations in interest rate. **NORA** does not hold or issue derivative financial instruments for trading purposes.

Gains and losses realized and premiums paid on interest rate hedges, are deferred and amortized to interest expense over the life of the underlying instrument.

Long-term Obligations

NORA reports its long-term obligations as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. All applicable premium and discount costs, as well as origination costs are deferred and amortized over the life of the obligations.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Budgetary Data

NORA does not formally adopt or utilize a budget for its General Fund. Budgetary data for its Blighted Properties Removal program is submitted to and approved annually by the applicable funding sources of **NORA**.

Prepaid Items and Other Assets

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

Net Position

NORA has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of **NORA**'s net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets, title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components: net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Recent Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 (Accounting and Financial Reporting for Post Employment Benefits Other than Pensions). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The Statement is effective for fiscal years beginning after June 15, 2017. NORA has implemented the requirements of GASB 75 in the accompanying financial statements. See NOTE 3 for further discussion.

In January 2017, GASB issued Statement No. 84. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In March 2017, GASB issued Statement No. 85. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The accompanying financial statements where applicable, reflects the impact of GASB 85.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Recent Accounting Pronouncements, Continued

In June 2017, GASB issued Statement No. 87 (Leases). It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Restricted and Unrestricted Resources

It is NORA's practice to first apply restricted resources when expenses are incurred for the restricted purpose.

NOTE 3 - Other Post-retirement Benefits:

In 2018, NORA implemented the requirements of GASB 75, (Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which replaces Statement No. 45, Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions. As a result of its implementation, NORA is reporting a net OPEB liability.

For the purpose of measuring the OPEB, the State of Louisiana completed an actuarial valuation report which provides information for the State of Louisiana Postretirement Benefits Plan ("Plan") for the fiscal year ended June 30, 2018. Small variations in the approximations and estimates in the State's report may lead to significant changes in actuarial measurements. An analysis of the potential range of such future differences other than the required disclosures related to the sensitivity to discount rate and healthcare cost trend rate assumptions is beyond the scope of this report.

NORA is a member of the cost-sharing employees of the plan sponsored by the State of Louisiana. In the financial statements, a cost-sharing employer is required to recognize a liability for its proportionate share of the net OPEB liability.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, and additions/deletions to net position have been determined on the same basis as they are reported by the State of Louisiana.

Also, in 2018, **NORA** provided benefit premiums to the State of Louisiana, Office of Group Benefits totaling \$2,298 for a retired employee. **NORA** will continue to provide health care and life insurance benefits for the retired employee.

A schedule of changes in total OPEB liability follows:

Reported 2017 OPEB liability	\$ 701,924
Prior period adjustment for 2017	<u>725,923</u>
 Adjusted 2017 OPEB liability	 <u>1,427,847</u>
 Service cost	 153,708
Interest	42,677
Changes in assumption	(138,042)
Benefit payments	<u>(13,621)</u>
 Net change	 <u>44,722</u>
 OPEB liability at December 31, 2018	 <u>\$1,472,569</u>

Plan Description

NORA in February of 2008 terminated its participation in the defined benefit plan operated by Louisiana State Employees' Retirement System (LASERS) for all current employees except for the one retired employee who is grand-fathered into the LASERS plan. The termination included the refunding of all prior contributions made to the plan by current employees. **NORA's** contributions made to the plan during its years of participation, do not carryover with its termination.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

Plan Description, Continued

Currently **NORA** provides other postemployment benefits for one (1) retired employee. This postemployment benefits plan, an agent multiple-employer defined benefit plan, provides the retiree with a choice of participating in one of four medical insurance plans, each with varying benefits: preferred provider organization (PPO), exclusive provider organization (EPO), managed care option (MCO), or health maintenance organization (HMO). LSA-R.S. 42:801 - 859 assigns the authority to establish benefit plans and premium rates and negotiate contracts to the Office of Group Benefits under the direction of the Commissioner of Administration. The Office of Group Benefits issues a separate financial report which may be obtained by contacting them at:

Office of Group Benefits
State of Louisiana
7389 Florida Blvd. -Suite 400
Baton Rouge, Louisiana 70806
Phone: (800) 272-8451
Website: www.groupbenefits.org

Funding Policy

During 2018, **NORA** recognized the cost of providing these benefits (**NORA's** portion of premiums) as an expense when the benefit premiums were due and thus financed the cost of postemployment benefits on a pay-as-you-go basis. It implemented Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. Further, in 2018 **NORA's** portion of health care, and life insurance benefit premiums for its retired employee totaled \$2,298. **NORA** began the planning process of establishing a trust whose assets will be dedicated to providing other postemployment benefits to the retired employee and her beneficiary and which is legally protected from creditors. It is the intent of **NORA**, once the trust is established, to contribute its portion of postemployment benefits to the trust on a regular basis.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

Required Contribution Rates

As determined by the Office of Group Benefits and approved by the Louisiana Legislature in 2007, the employer paid 75% of the premium cost for postemployment benefits for retired employees and their families, and the retirees paid 25% of the premium cost; monthly premium cost for retired employees ranged from \$176 for a single retiree in the HMO plan to \$550 for a family in the PPO plan.

NORA's annual medical and life postemployment benefits cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined. **NORA's** annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of thirty (30) years for health and life insurance. The total OPEB for 2018 was \$171,010, none of which was funded because the trust had not been established.

At December 31, 2018, for the OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB, the State reported a liability of \$1,472,569 for **NORA's** proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. The total OPEB liability as of June 30, 2017 was determine using the roll back technique. For the year ended December 31, 2018, **NORA** recognized OPEB expense of \$171,010.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

At December 31, 2018, **NORA's** reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources follow:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$-0-	\$(112,667)
Net difference between projected and actual earnings on OPEB plan investments	<u>-0-</u>	<u>\$ 171,010</u>
	<u>\$-0-</u>	<u>\$ 58,343</u>

NORA's contributions subsequent to the measurement date of \$11,754 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:

2019	\$(25,375)
2020	(25,375)
2021	(25,375)
2022	(25,375)
2023	(11,167)
Thereafter	<u>-0-</u>
Total	<u>\$112,667</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

The following presents the sensitivity of **NORA's** proportionate share of net OPEB liability to changes in the discount rate. **NORA's** proportionate share of the net OPEB liability calculated using the discount rate that is 1-percent-point lower (2.13%) or 1 percent-point higher (4.13%) than the current discount rate:

	<u>1%</u> <u>Decrease</u> <u>2.13%</u>	<u>Current</u> <u>Discount Rate</u> <u>3.13%</u>	<u>1%</u> <u>Increase</u> <u>4.13%</u>
Sensitivity of the total OPEB liability to changes in the discount rate	<u>\$1,829,863</u>	<u>\$1,472,569</u>	<u>\$1,200,442</u>

The sensitivity of **NORA's** proportionate share of the net OPEB liability to changes in the healthcare cost trend rates follows.

NORA's proportionate share of the net OPEB liability, as well as what **NORA's** proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend that are 1-percentage-point lower or 1-percent-point higher than the current healthcare cost trend rates follow:

	<u>1%</u> <u>Decrease</u>	<u>Current Trend</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate	<u>\$1,158,305</u>	<u>\$1,472,569</u>	<u>\$1,903,461</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for other postemployment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) healthcare cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing costs between **NORA** and its plan member to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between **NORA** and plan member in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The amount of the current employer portion of the healthcare premiums for the retiree coverage has been used as the basis for calculating the actuarial present value of benefits to be paid.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

Actuarial Cost Method

The annual required contribution is determined using the Unit Credit Cost method, a method under which the benefits of each individual in an actuarial valuation are allocated by a consistent formula to valuation years, and actuarial gains or losses reduce or increase the unfunded actuarial accrued liability as they occur. The employer portion of the premiums for retiree medical care in each future year is determined by projecting the current premium levels using the health care cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover rates.

Actuarial Value of Plan Assets

Since this is the first actuarial valuation, there are not any assets to be actuarially valued; however, it is anticipated that future valuations of actuarial assets will be based on Actuarial Standards Board Actuarial Standard of Practice Number 6, *Measuring Retiree Group Benefit Obligations*, which is applicable to postemployment benefits plans and generally requires valuing dedicated plan assets using a method that takes into account market value.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

Healthcare Cost Trend Rates

Assumed Trend

The combined effect of price inflation and utilization on gross eligible medical and prescription drug charges is according to the table below. The initial trend rate was developed using our National Health Care Trend Survey. The survey gathers information of trend expectations for the coming year from various insurers and pharmacy benefit managers. These trends are broken out by drug and medical, as well as type of coverage (e.g. PPO, HO, POS). We selected plans that most closely match The State of Louisiana's benefits to set the initial trend. The ultimate trend is developed based on a building block approach which considers CPI, CDP, and Technology growth. The healthcare cost trend rates are shown below:

<u>Year</u>	<u>Medical and Drug Pre-65</u>	<u>Medical and Drug Post-65</u>
2018-2019	7.00%	5.50%
2019-2020	7.00%	5.50%
2020-2021	6.75%	5.25%
2021-2022	6.50%	5.00%
2022-2023	6.25%	4.75%
2023-2024	6.00%	4.50%
2024-2025	5.75%	4.50%
2025-2026	5.50%	4.50%
2026-2027	5.25%	4.50%
2027-2028	5.00%	4.50%
2028-2029	4.75%	4.50%
2029 +	4.50%	4.50%

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Unrestricted Cash:

At December 31, 2018 the carrying amount of **NORA's** deposits was \$1,366,290 and the cumulative bank balance was \$1,408,094. The cumulative collected bank balance is covered by federal depository insurance. Custodial credit risk, is the risk that in the event of a failure by the financial institution, **NORA's** deposits may not be returned to it. **NORA** has no deposit policy for custodial credit risk; however, at December 31, 2018, none of **NORA's** bank balances were exposed to custodial risk. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent. These securities are held by the fiscal agent bank in the name of **NORA**.

NOTE 5 - Restricted Cash:

Restricted cash at December 31, 2018 of \$10,941,980 represents the cash portion of program income funds held for the benefit of operational cost in connection with the land assembly program through the State of Louisiana between the City of New Orleans, **NORA**, and the State of Louisiana. See NOTES 20 and 21 for the investment portion.

NOTE 6 - Capital Assets, Net:

As of December 31, 2018, capital assets consisted of the following:

	Balance January 1, <u>2018</u>	<u>Addition</u>	<u>Other</u>	Balance December 31, <u>2018</u>
Land	\$ 12,360	\$ -0-	\$ 22,000	\$ 34,360
Equipment	274,204	-0-	-0-	274,204
Leasehold improvements	67,474	-0-	-0-	67,474
Parking lot improvements	-0-	-0-	242,703	242,703
Vehicles	<u>163,757</u>	<u>-0-</u>	<u>-0-</u>	<u>163,757</u>
Sub-total	517,795	-0-	264,703	782,498
Less: accumulated depreciation	<u>(421,714)</u>	<u>(81,141)</u>	<u>79,415</u>	<u>(423,440)</u>
Total	<u>\$ 96,081</u>	<u>\$(81,141)</u>	<u>\$344,118</u>	<u>\$ 359,058</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - Land, Unimproved Land and Structures:

At December 31, 2018, **NORA's** land, unimproved land and structures consisted of costs associated with the acquisition of property by expropriation and held for resale and/or donation in accordance with **NORA's** goal to rehabilitate, clear, and redevelop slum and blighted areas.

At December 31, 2018, land, unimproved land and structures by activity follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance, January 1	\$26,363,350	\$3,284,054	\$29,647,404
Net change	<u>(559,874)</u>	<u>(487,523)</u>	<u>(1,047,397)</u>
Balance, December 31	<u>\$25,803,476</u>	<u>\$2,796,531</u>	<u>\$28,600,007</u>

NOTE 8 - Grants Receivable:

At December 31, 2018, grants receivable consisted of the following:

<u>PROGRAM</u>	<u>AMOUNT</u>
General Fund	\$ 30,615
Blighted Properties Disposition Program	297,503
Road Home Property Disposition	93,414
Nonmajor Governmental Program	<u>1,532,758</u>
	<u>\$1,954,290</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Leases:

NORA leases equipment, and commercial office space under operating leases. On December 31, 2009, **NORA** executed a ten (10) year lease agreement for commercial office space effective July 1, 2012. The lease provides for a purchase option in the seventh year at the appraised value of the building. The lease expires on July 1, 2022 and subject to annual appropriations. Total cost of such leases was \$211,972 for the year ended December 31, 2018. The future minimum lease payments for leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019 - 2022	<u>\$700,473</u>
Total	<u>\$700,473</u>

NOTE 10 - Retirement System:

Plan Description

Currently, **NORA** participates in a defined contribution plan administered by a third-party administrator (Fox-Everett). The qualified, IRS 457(b), salary deferral plan was established May 1, 2008, for eligible employees of **NORA**. Plan provisions and contribution requirements are established or amended by **NORA's** Board of Commissioners. This plan provides that the employee may voluntarily contribute to the **NORA** plan, and **NORA** will match employee contributions up to 5% of the employees' annual salary. The **NORA** plan includes thirty-three (33) participants. For the year ended 2018, actual contributions by plan participants were \$153,798 with a \$99,943 match from **NORA**. Participants of the plan vest after two years of service. The 457(b) plan replaced the multi-employer defined benefit pension retirement plan operated by the State of Louisiana.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - Retirement System, Continued:

Plan Description, Continued

Information on the plan can be obtained at the following address and contact number:

John Hancock
P. O. Box 600
Buffalo, NY 14201-0600
Telephone: (800) 395-1113

NOTE 11 - Risk Management:

NORA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets for which **NORA** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 12 - Concentration of Credit Risk:

NORA receives primarily all of its revenues from the City of New Orleans, the State of Louisiana as a pass-through grant from the U.S. Department of Housing and Urban Development and directly from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from the City of New Orleans, the State and HUD falls below contract levels, **NORA's** operating results could be adversely affected.

NOTE 13 - Contingencies:

NORA is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **NORA**. These examinations may result in required refunds by **NORA** to agencies and/or program beneficiaries.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - Contingencies, Continued:

NORA received judgement on its behalf on March 23, 2018, in connection with defaults in various development agreements by a developer.

Further, NORA is named in various pending suits. It is legal counsel's opinion at December 31, 2018 and June 18, 2019, that outcomes of these outstanding matters will not have an adverse effect on the financial condition of NORA.

NOTE 14- Compensated Absences Payable:

An analysis of compensated absences payable follows:

	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Beginning	\$ 145,451	\$2,055	\$147,506
Addition	192,012	3,235	195,247
Deletion	(166,710)	-0-	(166,710)
Ending	<u>\$ 170,753</u>	<u>\$5,290</u>	<u>\$176,043</u>

The noncurrent portion due within a year is \$-0-.

NOTE 15 - Deposits Held for Buyers:

At December 31, 2018, NORA held deposits in the amount of \$99,738 on behalf of potential buyers participating in its REALM and Road Home Disposition Program (Lot Next Door) programs.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 16 - Per Diem for Board of Commissioners:

During the year ended December 31, 2018, no board member received per diem in his/her capacity as a Commissioner.

NOTE 17 - Amounts Receivable

At December 31, 2018, amounts receivable consisted of the following:

	<u>General Fund</u>	<u>Blighted Properties Disposition Program Fund</u>	<u>Road Home Property Disposition Program</u>	<u>Nonmajor Governmental Funds</u>	<u>Real Estate Acquisition and Land Banking</u>	<u>Total</u>
Other	\$16,878	\$1,484	\$9,400	\$42,373	\$1,939	\$72,074
Total	<u>\$16,878</u>	<u>\$1,484</u>	<u>\$9,400</u>	<u>\$42,373</u>	<u>\$1,939</u>	<u>\$72,074</u>

NOTE 18 - Grants - Other:

NORA previously received a recoverable grant from the Ford Foundation in the amount of \$500,000. The purpose the grant was to provide collateral for a revolving line-of-credit that will supply capital for acquisition and resale of vacant and abandoned properties for effective reuse. The grant was available five (5) years with repayment of the grant amount of \$500,000 due April 30, 2014.

In a letter dated July 22, 2014, the Ford Foundation approved a modification that waived the repayment term and also extended the grant award period through April 30, 2020.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 19 - Prepaid Items and Other Assets:

At December 31, 2018, prepaid items and other assets totaling \$294,398 consisted of prepaid insurance of \$94,501 and \$199,897 deposits on unimproved land and structures.

NOTE 20 - Investment Unrestricted:

At December 31, 2018 unrestricted investment consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
LAMP Investment Pool	2.35%	<u>\$1,338,322</u>	<u>\$1,338,322</u>

NOTE 21 - Investments Restricted:

<u>Description</u>	<u>Interest Rate</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
LAMP Investment Pool	2.35%	<u>\$20,255,717</u>	<u>\$20,255,717</u>

NOTE 22 - Rent Reserve:

At December 31, 2018, **NORA** had and continues to maintain a reserve for its office rent equal to six (6) months pursuant to its executed lease agreement.

NOTE 23 - Subsequent Events:

Subsequent to year-end, **NORA** has been awarded and/or received commitments from the City of New Orleans and other sources (both public and private) for funding.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 23 - Subsequent Events, Continued:

NORA's major sources of funding for 2019 consist primarily of the following:

City of New Orleans \$14.4M
Funding from the City of New Orleans for administrative and program delivery costs, acquisition, and redevelopment for blight reduction, management of disposition activities, redevelopment planning, and reuse of vacant blighted properties into active outdoor space.

Housing Construction Loan Fund \$5.4M
(through City of New Orleans and State of Louisiana)
Funding has been established for Housing Construction Loan Fund through NORA's non-profit subsidiary, New Orleans Redevelopment Unlimited, Inc. (NORU), to financially assist developers in the Gentilly Woods and Pontchartrain Park neighborhoods in accelerating the redevelopment of vacant and blighted properties in these areas. The beneficiary area now includes the City's Housing Opportunity Zones (HOZ), and will be further expanded to include neighborhoods in New Orleans East, Gentilly and Algiers.

*Neighborhood Stabilization 2 (NSP2) and
Neighborhood Initiative (NI) Grant Programs* \$680,679
(through U.S. Department of Housing and Urban Development)
NORA is the lead agency with primary responsibility for the consortium group for the NSP2 program. These grants are in their final year of Grant/Program income funding.

FEMA Funding \$387,322
(through City of New Orleans)
Funding for study, environmental assessment, design and permitting for a storm water mitigation/drainage upgrade project in the "Gentilly" area. The funding is for PHASE 1 of the proposed project.

National Disaster Resilience Communities (NDRC) \$5.2m
Funded through a portion of the \$143 million
National Disaster Resilience Competition award to the City of New Orleans. NORA has established the Community Adaption Program to fund improvements to manage stormwater and prevent flooding on previous development properties owned by low to moderate income homeowners within the Gentilly Resilience District.

Further on April 26, 2019, NORA acquired \$2,234,248 in real estate for the development of the St. Bernard Corridor in New Orleans under its strategic Acquisition Fund Program.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 24 - Loans Receivable, Net:

At December 31, 2018, forgivable and unforgivable loans receivable were as follows:

Non-forgivable Loans

1626 OCH, LLC

Interest accrues at 2.5% per annum, payable in monthly installments on the 15th day of each month following receipt. Principal payments beginning after completion date \$ 89,898

Tulane Land Holdings (Crescent Club)

5% interest due in full on November 18, 2036 750,000

St. Claude/St. Roch Revitalization LLC; (Healing Center)

1% interest due and payable beginning December 10, 2010 with principal due on May 1, 2030 1,279,369

GCHP-MLK Leverage Lender, LLC

0% principal and interest payments due from March 31, 2011 through March 31, 2047 1,700,000

GCHP MLK Leverage Lender, LLC

0.5% interest due March 2011 until the option date. Beginning on the option date, interest will accrue at the prime rate plus 1% adjusted monthly 2,000,000

Reconcile New Orleans

Interest accrues at 2.5% per annum; interest payments commence one year following receipt of temporary or final certificate of occupancy entire principal is payable on maturity 262,659

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 24 - Loans Receivable, Net, Continued:

Non-forgivable Loans, Continued

The Good Work Network - Franz Building, LLC Interest accrues at 2.5% per annum, payable in monthly installments commence one year following receipt of temporary or final certificate of occupancy	\$ 121,629
Providence Community Housing 0% interest; principle due upon sale of each property	39,840
BCC Leveraged Lender, LLC (Broad Refresh) 2.5% interest per annum from April 4, 2013 until April 9, 2038	480,000
GCE Leverage Lender HUB NOLA Interest accrues at 1.0% per annum due monthly in arrears beginning on the 10 th day of the first calendar month immediately following the completion date and continuing monthly on the 10 th day of each calendar month thereafter until the loan is paid in full	150,000
MBS Parent, LLC - Alembic Myrtle Banks Interest accrues at 2.50% per annum from date of disbursement, thereafter interest is payable monthly in arrears on the 15 th day of each month. Principal is amortized over a 13-year period and payments commence beginning on May 17, 2020	500,000

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 24 - Loans Receivable, Net, Continued:

Non-forgivable Loans, Continued

1436 Oretha Castle Haley, LLC (Broad Refresh) Interest accrues 2.5% per annum; interest payment commence one year following receipt of temporary or final certificate of occupancy entire principal is payable on maturity	\$ 729,316
BTC Leverage Lender, LLC Interest accrues at 2.5% per annum, payable in monthly installments on the 15 th day of each month following receipt. Principal payments beginning on June 25, 2024	712,500
New Orleans Mission Interest accrues at 1.5% per annum, payable in monthly installments on the 1 st day of each month following receipt. Principal payments beginning after occupancy date.	<u>125,000</u>
Total non-forgivable loans	<u>\$8,940,211</u>

Forgivable Loans

Forgivable Loan - Reconcile New Orleans Interest accrues at 2.5% per annum; entire amount of note is forgiven provided project is completed and no defaults.	\$ 44,538
Forgivable Loan - BCC Leveraged Lender, LLC (Broad Refresh) 2.5% interest per annum from April 9, 2013 until April 9, 2028	420,000

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 24 - Loans Receivable, Net, Continued:

Forgivable Loans, Continued

Forgivable Loan - South Broad Community Health Center (Community Green) 1% interest to accrue from April 10, 2012 until April 1, 2019 one month after initial payment	\$ 600,000
Forgivable Loan - New Orleans Mission Interest accrues at 1.5% per annum; provided entire amount of note is forgiven provided project is completed and no defaults	350,000
Forgivable Loan - MBS Parent, LLC Interest accrues at 2.5% per annum; entire amount of note is forgiven provided project is completed and no defaults	250,000
Forgivable Loan - St. Claude/St. Roch Revitalization LLC (Healing Center) Interest accrues at 1% per annum; entire amount of note is forgiven provided project is completed and no defaults	205,000
Alternative Housing and Neighborhood Stabilization Programs (home buyer assistance) mortgage with varying amounts executed in 2016 and expiring on varying dates through July 29, 2031	<u>1,402,407</u>
Total forgivable loans	<u>3,271,945</u>
Credit sales	<u>3,613,763</u>
Total loans	15,825,919
Less: current loans	<u>84,378</u>
Total noncurrent	<u>\$15,741,541</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 25 - Revolving Loans:

Revolving loans at December 31, 2018, totaling \$11,044,197 represent funds provided to **NORA** for revolving loans to entities aimed at the rehabilitation and redevelopment within the City of New Orleans.

NOTE 26 - Related Party Transactions:

NORU paid management fees in the amount of \$13,563 to **NORA** for the year ended December 31, 2018. Further reimbursable costs totaling \$179,185 were incurred by **NORA** on NORU's behalf.

Further, in 2018 **NORA** and NORU executed a contract for a construction project totaling \$1,770,200.

NOTE 27 - Deferred Inflow of Resources:

At December 31, 2018 deferred inflow of resources represent grant funds and acquisitions that **NORA** must satisfy grant conditions prior to the recognition of revenue:

<u>Program/Funded By</u>	
General Fund	\$ 2,589,879
Blighted Properties Disposition Program	1,209,371
Road Home Program	21,614,302
Nonmajor	12,199,558
Real Estate Acquisition and Land Banking	<u>569,260</u>
Total	<u>\$38,182,370</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 28 - Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At December 31, 2018, **NORA** reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow Of <u>Resources</u>	Deferred Inflows Of <u>Resources</u>
Differences between expected and actual experience	\$ -0-	\$151,663
Contributions	<u>196,385</u>	<u>-0-</u>
	<u>\$196,385</u>	<u>\$151,663</u>

NOTE 29 - Restricted Net Assets:

Real property held by **NORA** is subject to specific future use and/or disposition pursuant to the requirements of CBDG funded activities.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 30 - Promissory Notes:

At December 31, 2018, **NORA** has executed, various promissory notes and Acts of Credit sale totaling \$3,613,763 at varying interest rates. These loans are subject to a waiver at the point of sale under the following conditions:

- (a) Purchaser sells the property to a purchaser with a family income which is less than or equal to 120% of the Area Median Income (AMI), calculated in accordance with 24 CFR Part 92.
- (b) The family income of the third party purchaser of the specific property is less than or equal to 120% fo the Area Median Income (AMI), the Improvements on the property meet or exceed Builder's Challenge Standard, Enterprise Green Communities and **NORA's** Hazard Resilience Standards and have a HERS Index score of no greater than 70 or 50, as applicable. Improvements may also qualify if they are to meet comparable standards such as LEED or the National Home Builders.
- (c) Purchaser has provided sufficient information to seller to determine that the requirements above have been satisfied, and that purchaser has met its obligations under this Act of Credit Sale, including without limitation, completion of the work.
- (d) Seller determines that the benefits to the third party purchaser are commensurate with the amount waived.

Also, see footnote 24 for additional discussion.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 31 - Prior Period Adjustment:

At December 31, 2018, NORA had the following prior period adjustments:

Other post employment benefits	\$(725,923)
Parking lot improvements	229,557
Reduction of accumulated depreciation	<u>92,562</u>
Total	<u>\$(403,804)</u>

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Other Matters

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2018, and have issued our report dated June 18, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by *the Uniform Guidance*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the basic financial statements. The information in the Schedule of Expenditures of Federal Awards 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, Schedule I is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

Other Matters, Continued

Other Supplementary Information

The supplementary information comprised of the Schedule of Compensation, Benefits and Other Payments to Executive Director (Schedule II), is presented for the purpose 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. Also, 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 accompanying supplementary information Schedule II is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 18, 2019

NEW ORLEANS REDEVELOPMENT AUTHORITY
 GENERAL FUND/UNRESTRICTED
 STATEMENT OF REVENUES, EXPENDITURES
 AND
 CHANGES IN FUND BALANCES--BUDGETED AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Grants - non-governmental	\$ 531,000	\$ 59,913	\$ 59,913	\$-0-
Interest income	5,000	12,068	12,068	-0-
Other	<u>68,815</u>	<u>34,597</u>	<u>34,597</u>	<u>-0-</u>
Total revenues	<u>604,815</u>	<u>106,578</u>	<u>106,578</u>	<u>-0-</u>
Expenditures				
Operations:				
Personnel salaries & wages	786,656	584,046	584,046	-0-
Personnel services employee benefits	286,168	131,204	131,204	-0-
Purchased professional & technical services	85,000	57,979	57,979	-0-
Purchased property services	153,317	150,706	150,706	-0-
Insurance	25,000	30,919	30,919	-0-
Other purchased services	20,394	104,089	104,089	-0-
Supplies	28,775	42,725	42,725	-0-
Property	9,226	9,553	9,553	-0-
Programs	430,000	3	3	-0-
Other uses	38,965	2,223	2,223	-0-
Cost of sales	<u>20,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>1,883,501</u>	<u>1,113,447</u>	<u>1,113,447</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under)	<u>(1,278,686)</u>	<u>(1,006,869)</u>	<u>(1,006,869)</u>	<u>-0-</u>
Other financing sources (uses)				
Operating transfers in	<u>1,278,686</u>	<u>980,190</u>	<u>980,190</u>	<u>-0-</u>
Operating transfers (out)	<u>-0-</u>	<u>(19,630)</u>	<u>(19,630)</u>	<u>-0-</u>
Total other financing sources (uses)	<u>1,278,656</u>	<u>960,560</u>	<u>960,560</u>	<u>-0-</u>
Net change in fund balances	-0-	(46,309)	(46,309)	-0-
Fund balances - beginning of year	<u>332,223</u>	<u>332,223</u>	<u>332,223</u>	<u>-0-</u>
Fund balances - end of year	<u>\$ 332,223</u>	<u>\$ 285,914</u>	<u>\$ 285,914</u>	<u>\$-0-</u>

See Independent Auditors' Report and Supplemental Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
BLIGHTED PROPERTIES REMOVAL PROGRAM FUND
(ENTITLEMENT)/TARGET ZONE
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Grants - City of New Orleans	\$1,000,000	\$1,000,000	\$ 953,681	\$(46,319)
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>953,681</u>	<u>(46,319)</u>
Expenditures				
Operations:				
Personnel salaries and wages	727,654	539,095	494,620	44,475
Contractual services	269,371	269,371	269,342	29
Supplies and materials	<u>2,975</u>	<u>2,975</u>	<u>1,160</u>	<u>1,815</u>
Total expenditures	<u>1,000,000</u>	<u>811,441</u>	<u>765,122</u>	<u>46,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-0-</u>	<u>188,559</u>	<u>188,559</u>	<u>-0-</u>
Other Financing Sources (uses)				
Operating transfers in	-0-	-0-	-0-	-0-
Operating transfers (out)	<u>-0-</u>	<u>(188,559)</u>	<u>(188,559)</u>	<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>(188,559)</u>	<u>(188,559)</u>	<u>-0-</u>
Net change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	-0-	\$ <u>-0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			\$ <u>-0-</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
 FACADE RENEW
 STATEMENT OF REVENUES, EXPENDITURES
 AND
 CHANGES IN FUND BALANCE
 BUDGETED AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Grants - State of Louisiana	\$1,252,268	\$ 612,947	\$ 612,947	\$ -0-
Program income	<u>804,494</u>	<u>484,704</u>	<u>484,704</u>	<u>-0-</u>
Total revenues	<u>2,056,762</u>	<u>1,097,651</u>	<u>1,097,651</u>	<u>-0-</u>
<u>Expenditures</u>				
Construction Lending Extended Program	15,852	15,852	15,852	-0-
Facade Renew Program	1,008,735	484,704	484,704	-0-
Housing Opportunity Program	526,300	375,000	375,000	-0-
PRC	32,175	41,192	41,192	-0-
Construction Lending Expanded Program	<u>473,700</u>	<u>180,903</u>	<u>180,903</u>	<u>-0-</u>
Total expenditures	<u>2,056,762</u>	<u>1,097,651</u>	<u>1,097,651</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under) expenditures	-0-	-0-	-0-	<u>-0-</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			<u>\$ -0-</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMMUNITY DEVELOPMENT BLOCK GRANT
DISASTER COMMERCIAL CORRIDOR (CITY OF NEW ORLEANS)
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants - City of New Orleans	\$2,398,806	\$1,083,552	\$1,083,552	\$ -0-
Interest income	35,640	58,896	58,896	-0-
Program income	<u>848,032</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>3,282,478</u>	<u>1,142,448</u>	<u>1,142,448</u>	<u>-0-</u>
Expenditures				
Operations:				
Delivery and administrative cost	389,224	154,420	154,420	-0-
Consolidated commercial corridors	<u>2,893,254</u>	<u>988,028</u>	<u>988,028</u>	<u>-0-</u>
Total expenditures	<u>3,282,478</u>	<u>1,142,448</u>	<u>1,142,448</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			<u>\$ -0-</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
LAND ASSEMBLY
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE - BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Program income	\$16,300,323	\$5,832,761	\$5,832,761	\$ -0-
Total revenues	<u>16,300,323</u>	<u>5,832,761</u>	<u>5,832,761</u>	<u>-0-</u>
<u>Expenditures</u>				
Land Assembly	4,660,950	3,792,737	3,792,737	-0-
Strategic Acquisition Fund	4,889,373	797,995	797,995	-0-
Orleans Housing Improvement Program	5,000,000	1,055,837	1,055,837	-0-
Facade Renew 2.0	<u>1,750,000</u>	<u>186,192</u>	<u>186,192</u>	<u>-0-</u>
Total expenditures	<u>16,300,323</u>	<u>5,832,761</u>	<u>5,832,761</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, beginning of year			-0-	
Fund balance, end of year			<u>\$ -0-</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Program Grantor/Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
Neighborhood Stabilization Program 2 - Program Income	14.256	\$ <u>11,264</u>
Sub-total		<u>11,264</u>
<u>Pass Through CDBG Funds as Subgrantee of the State of Louisiana:</u>		
PRC - Operation Comeback	14.228	41,192
Facade Renew	14.228	484,704
Construction Lending - Expanded	14.228	180,903
Construction Lending Extended	14.228	15,852
Housing Opportunity Zone	14.228	<u>375,000</u>
Sub-total pass through funds		<u>1,097,651</u>
<u>Pass Through CDBG Funds as Subgrantee of the City of New Orleans:</u>		
Blighted Properties Program - Entitlement	14.218	933,063
Blighted Properties Program - Disaster	14.218	1,142,448
Facade Renew 2.0	14.228	186,193
National Disaster Resilience Communities	14.272	182,436
Orleans Housing Investment Program	14.228	1,055,837
Target Zone	14.218	<u>20,618</u>
Sub-total pass through funds		<u>3,520,595</u>
<u>Pass Through CBDG Funds as Subgrantee of the State of Louisiana/City of New Orleans:</u>		
Land Assembly - 4 Party CEA	14.228	3,792,737
Strategic Acquisition Fund	14.228	<u>797,996</u>
Sub-total pass through funds		<u>4,590,733</u>
Page total		<u>9,220,243</u>

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Program Grantor/Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
<u>PROGRAMS FUNDED BY FEDERAL EMERGENCY MANAGEMENT ASSOCIATION</u>		
<u>Pass Through Funds as Subgrantee of State of Louisiana:</u>		
Hazard Mitigation Program	97.039	\$ 34,951
Alternative Housing Pilot Program Income	97.087	<u>73,438</u>
Sub-total pass through funds		<u>108,389</u>
Total all programs		<u>\$9,328,632</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal activity of NORA and is presented on a modified accrual basis of accounting. The information on this schedule is presented in accordance with other requirements of *the Uniform Guidance*."

NOTE: NORA has not elected to use the 10% de minimis indirect cost rate.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II

**NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED DECEMBER 31, 2018**

Executive Director Name: Brenda M. Breaux

<u>Purpose</u>	<u>Amount</u>
Salary	\$174,323
Benefits - insurance	12,162
Benefits - retirement	8,716
Cell phone	469
Memberships	461
Registration fee and conference travel	806
Local meetings	<u>170</u>
	<u>\$197,107</u>

See Independent Auditors' Report on Supplementary Information.

**REQUIRED
SUPPLEMENTARY INFORMATION**

SCHEDULE III

**NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Net OPEB liability	<u>.0169%</u>
Net OPEB liability (%)	<u>\$1,472,569</u>
OPEB liability as a percentage of covered payroll	<u>57.77%</u>

NOTE: Although this schedule is intended to reflect information for ten years, information prior to 2018 is not available. The additional columns will be added each year.

NOTE: The Plan is financed on an as you go pay basis

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF CONTRIBUTION - OPEB
FOR THE YEAR ENDED DECEMBER 31, 2018

Contractually required contribution	\$ 2,298
Contribution in relation to the contractually required contribution	<u>(2,298)</u>
Excess (deficiency)	<u><u>-0-</u></u>
Covered payroll	
OPEB contribution as a percentage of covered payroll	<u>.090%</u>

See Independent Auditors' Report on Supplementary Information.



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

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

To the Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, the business type activities, each major fund, the aggregate discretely presented component unit information, and the aggregate remaining funds of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise **NORA's** basic financial statements, and have issued our report thereon dated June 18, 2019.

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting, Continued

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

A deficiency in internal control over financial reporting 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 significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of **NORA's** financial statements will not be prevented, or detected and corrected in a timely basis.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **NORA'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 that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this 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 NORA's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NORA's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 18, 2019



Member
American Institute of
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Society of Louisiana
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

To the Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited **New Orleans Redevelopment Authority's (NORA's)** compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of **NORA's** major federal programs for the year ended December 31, 2018. **NORA's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of NORA's major federal programs based on our audit of the types of compliance requirements previously described. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title II of the United States *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and *the Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NORA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of NORA's compliance.

Opinion on Each Major Federal Program

In our opinion, NORA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with *the Uniform Guidance* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

NORA's Response to Findings

NORA's response to the noncompliance findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". NORA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on this response.

Report on Internal Control Over Compliance

Management of NORA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements previously discussed. In planning and performing our audit of compliance, we considered NORA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *the Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NORA's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in NORA's internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Report on Internal Control Over Compliance, Continued

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

A material weakness in internal control over compliance in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis.

NORA's Response to Findings

NORA's response to the internal control over compliance findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". NORA's response was not subject to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *the Uniform Guidance*. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 18, 2019

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency (ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency (ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>the Uniform Guidance</i> ?	Yes

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant: (Orleans Housing Investment Program, Strategic Acquisition Fund and Housing Opportunity Zone)
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings and Questioned Costs

No financial statement findings and questioned costs were reported for the year ended December 31, 2018.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III - Federal Award Findings and Questioned Costs

Reference Number

2018-001

Federal Award Program

Blighted Properties Program - Facade Renew (see Schedule of Expenditures of Federal Awards).

Criteria

The Davis Bacon Act requires that:

- o All contractors and subcontractors performing on federal contracts (and contractors and subcontractors performing on federally assisted contracts under related acts) in excess of \$2,000 should pay their labors and mechanics not less than the prevailing wage rates and fringe benefits listed in the contractor Wage Determination for the corresponding classes of labors and mechanics in similar projects in the area;
- o Contracts in excess of \$100,000 pay employees one and one half (1 -1/2) times their basic rates of pay for hours worked in excess of forty (40) in a one week pay period;
- o Weekly payment of employees; and
- o Submission of certified weekly payroll records along with a statement of compliance signed by an authorized officer or employee who supervises the payment of wages completed seven (7) days after the regular pay date for the pay period.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2018-001

Condition (Davis Bacon Act)

Based on our review of NORA's on going monitoring reports for compliance with the requirements of the Davis Bacon Act, specifically in connection with the submission of certified payroll records by NORA's contractors and/or subcontractors, we noted instances where the "Statements of Certification" and related payroll records were received outside the required seven (7) days window of the payroll date for all contractors and subcontractors.

Questioned Costs

None.

Context

Total federal awards expended for the Blighted Properties Program - Facade Renew for the year ended December 31, 2018 were \$679,897.

Effect or Potential Effect

Potential noncompliance with the requirements of the Davis Bacon Act.

Cause

Challenges associated with attaining compliance from the respective contractors and/or subcontractors with the reporting requirements of the Davis Bacon Act.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2018-001

Recommendation

We recommend that management continue to monitor and evaluate its controls currently in place to ensure the attainment of the required reporting by its contractors and subcontractors.

Management's Response and Planned Corrective Action

In accordance with the Davis-Bacon and Related Acts (DBRA), all contractors and subcontractors performing work on federal contracts in excess of \$2,000 are required to pay their onsite laborers and mechanics not less than the locally prevailing wage rate and fringe benefits for corresponding classes. NORA staff conducts pre-construction meetings with all contractors and subcontractors prior to contract engagement and includes the applicable prevailing wages in contracts. In addition, on September 18, 2018 NORA hosted a DBRA training for administrators and construction contractors. The training was conducted by Labor Relations Specialist from the U.S. Department of Housing and Urban Development - Office of Davis Bacon and Labor Standards. Management will continue to institute procedures to enhance contractor and subcontractor monitoring and communication regarding adherence to timely submission of the Statement of Certification and related payroll records within seven (7) days of the payroll date.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2018-002

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

2 CFR Part 180 requires that contractors debarred, suspended, or proposed for debarment should be excluded from participation in federal assistance programs or activities.

Condition (Debarment, Suspension or otherwise excluded)

Our review for compliance with the requirements for debarment, suspension or otherwise exclusion from participation in federal assistance programs or activities, revealed the lack of documented evidence of verification through the "SAM" website, compliance with the referenced CFR prior to the execution of a contract with **NORA**.

It is our understanding through discussions with management that the initial procurement included the necessary "SAM" compliance. However, the assignment of the contract to another entity of interest approved by **NORA** was without the benefit of a "SAM" verification prior to the execution of the referenced contract.

Questioned Costs

None.

Cause

Oversight in the due diligence process for compliance with the "SAM" requirement.

Effect or Potential Effect

Noncompliance with the requirements of 2 CFR Part 180.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2018-002

Context

Total expenditure of federal awards for the year ended December 31, 2018 were \$9,328,632.

Questioned Costs

None.

Recommendation

Management should continue to ensure complete compliance with its established policies and procedures within its internal control processes specifically regarding procurement, debarment and suspended vendors.

Management's Response and Planned Corrective Action

In accordance with 2CFR part 180.300, **NORA** includes provisions in each solicitation and in each contract that by signing, the contractor certifies, represents and warrants that they are not debarred, suspended, or otherwise ineligible to participate in federal awards at the time of contract execution. In addition, **NORA** conducts an exclusions search and review of all contractors prior to contract award. The SAM exclusions check was performed on the respondent to the procurement, however, the contract was assigned to another business entity of the respondent, of which he was also the principal. The SAM exclusions check was performed on the assignee prior to the execution of the contract, however not prior to the effective date of the contract. If it had been found that the contractor was debarred, suspended or otherwise ineligible, the contract would not have been executed and no work would have been assigned. Specifically, in this transactions, **NORA** did not enter into a contract with a contractor that was debarred, suspended or otherwise ineligible to participate in federal awards. **NORA** will continued to verify that contractors with whom we intend to do business are not excluded or disqualified prior to contract execution using one or more of the three methods allowable in accordance with 2CFR part 180.300.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Number

2017-001

Federal Award Program

Blighted Properties Program - Facade Renew (see Schedule of Expenditures of Federal Awards).

Criteria

The Davis Bacon Act requires that:

- o All contractors and subcontractors performing on federal contracts (and contractors and subcontractors performing on federally assisted contracts under related acts) in excess of \$2,000 should pay their labors and mechanics not less than the prevailing wage rates and fringe benefits listed in the contractor Wage Determination for the corresponding classes of labors and mechanics in similar projects in the area;
- o Contracts in excess of \$100,000 pay employees one and one half (1 -1/2) times their basic rates of pay for hours worked in excess of forty (40) in a one week pay period;
- o Weekly payment of employees; and
- o Submission of certified weekly payroll records along with a statement of compliance signed by an authorized officer or employee who supervises the payment of wages completed seven (7) days after the regular pay date for the pay period.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2017-001

Condition

Based on our review of thirteen (13) timesheets submitted in connection with certified payroll records by NORA's contractors and/or subcontractors, we noted in eleven (11) instances where the "Statements of Certification" and related payroll records were received outside the required seven (7) days window of the payroll date for all contractors and subcontractors.

Questioned Costs

None.

Context

Total federal awards expended for the Blighted Properties Program - Facade Renew for the year ended December 31, 2017 were \$257,251.

Effect or Potential Effect

Potential noncompliance with the requirements of the Davis Bacon Act.

Cause

Challenges associated with attaining compliance from the respective contractors and/or subcontractors with the reporting requirements of the Davis Bacon Act.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2017-001

Recommendation

We recommend that management continue to strengthen enforcement of monitoring and oversight controls currently in place to ensure that files maintained to support compliance with regulatory requirements are complete. Also, such a system should include an enhanced compliance monitoring of all contractors and/or subcontractors.

Current Status

Unresolved. See current year's finding reference number 2018-001.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2017-002

Federal Award Program

Entitlement Program (see Schedule of Expenditures of Federal Awards).

Criteria

Article I under scope of services and Exhibit "B1" of the Cooperative Endeavor Agreement (CEA) executed between the City of New Orleans and NORA addresses the monthly financial cost reporting requirements.

Condition

For the test month of December 2017 (month judgementally selected), we noted variances between the reported cost by classifications in the submitted cost report and the general ledger.

Questioned Costs

None.

Context

Total expenditures for the entitlement program were \$1,123,574 for the year ended December 31, 2017.

Effect or Potential Effect

Noncompliance with the requirements of its executed CEA.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2017-002

Cause

Challenges associated with the timely cost report submission for reimbursements.

Recommendation

Management should ensure that all cost reports submitted agree to the general ledger with any subsequent revisions labeled as such and clearly supported by the applicable general ledger.

Current Status

Partially resolved.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2017-003

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

NORA's procurement practices are defined by its Procurement Policy and Procedures Manual to include the requirements of State Law executed grants and/or contract agreements.

Condition

Our review of twenty-six (26) transactions for compliance with the requirements of NORA's established procurement policies, its grants and/or contract agreements, revealed in two (2) instances, where the support was inadequate or lacked complete documentation for the type and basis for procurement activities executed under NORA small purchases criteria.

Questioned Costs

None.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2017-003

Context

Total amount of federal awards expended for the year ended December 31, 2017 were \$6,496,296.

Effect or Potential Effect

Noncompliance with regulations, State law, and NORA's established policy.

Cause

Understanding of the documentation requirements of procurement decision process.

Recommendation

Management of NORA should continued to provide its staff with training to facilitate the completeness in procurement activities and the level of required documentation necessary.

Current Status

Resolved.

NEW ORLEANS REDEVELOPMENT AUTHORITY

EXIT CONFERENCE

Exit conferences were held with representatives of **NORA**. The contents of this report were discussed and management indicated their concurrence in all material respects. The following were in attendance and/or participated in the various discussions:

NEW ORLEANS REDEVELOPMENT AUTHORITY

Toni Hackett Antrum	-- Chairperson (Finance Committee)
*Brenda M. Breaux	-- Executive Director
Derrick A. Muse	-- Chief Financial Officer
Tiffany Lawson	-- Controller

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA	-- Partner
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*Primary responsible party for the corrective action plans



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

Ms. Brenda Breaux, Executive Director
New Orleans Redevelopment Authority
New Orleans, Louisiana

Management of **New Orleans Redevelopment Authority (NORA)** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements of **NORA** as of and for the year ended December 31, 2018 in accordance with auditing standards generally accepted in the United States of America, we considered **NORA's** internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **NORA's** internal control. Accordingly, we do not express an opinion on the effectiveness of **NORA's** internal control.

We previously reported on **NORA's** internal control in our report dated June 18, 2019. This letter does not affect our report dated June 18, 2019 on the financial statements or internal control of **NORA**.

We will review the status of these other matters during our next audit engagement. We have already discussed these other matters with **NORA's** management, and will be pleased to discuss these other matters in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters
2018

Our discussion of current year's other matters follows:

Reference Number

OM 2018-001

Criteria

Management must establish control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations.

Condition

NORA's current investment transaction practice requires the signature of three (3) segregated individuals designated in its control process categories as requestor, approver and transferor.

In one (1) of seven (7) investment transactions tested, we noted in one (1) instance where the designated transferor did not sign the form. Further, in another instance of the seven (7) investment transactions tested, the transferor and approver were one and the same person.

Questioned Costs

None.

Context

Total amount of investment at December 31, 2018 was \$21,594,039.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-001

Effect or Potential Effect

Potential for misappropriation of funds.

Cause

Lack of a clearly defined policy and procedure to ensure adequate control over the purchase and sale of investments.

Recommendation

Management of **NORA** should assess the current policies and procedures to ensure the implementation of a clearly defined operation of its internal control over investment transactions to include alignment with board established disbursement authorization thresholds.

Management's Response and Planned Corrective Action

Management will revise its Finance and Compliance Policies and Procedures to detail the activities of the investment staff; specify how investment decisions are carried out; and include internal control guidelines to safeguard cash and investments. Procedures will be clearly documented, distributed, and communicated to all staff.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number

OM 2018-002

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations and board policy.

Condition

Based on our review of the current cooperative endeavor agreement between the City of New Orleans and the New Orleans Redevelopment Authority for "IT" Services, we were unable to determine if the "Enterprise Security" section of the referenced agreement and the Logos.Net (formerly New World System) network system used by NORA specifically, addresses access, transactional and general controls to include periodic access updates as a matter of policy.

It is our understanding through discussion with management that the referenced system has features for implementation of said controls.

Questioned Costs

None.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued
OM 2018-002

Context

Total revenues and expenses for the year ended December 31, 2018 were \$11,152,341 and \$11,186,652.

Cause

No clearly defined written policy and procedures.

Effect or Potential Effect

Potential for unauthorized access to include transactional and general controls.

Recommendation

Management should review as a part of its periodic risk assessment.

Management's Response and Planned Corrective Action

Management will develop policies and procedures to address access, transactional and general controls common to all financial accounting systems. Access is currently restricted to the minimum required for the user to perform their job function. In addition, access rights will be periodically reviewed and approved by management.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number

OM 2018-003

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations and board policy.

Condition

The statewide agreed-upon procedures for the fiscal years ending June 30, 2019 through May 31, 2020 published by the Legislative Auditor, includes a policy and/or procedure for disaster recovery and business continuity.

Questioned Costs

None.

Context

Total revenues and expenses for the year ended December 31, 2018 were \$11,152,341 and \$11,186,652.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-003

Cause

None.

Effect or Potential Effect

Lack of a defined written policy and strategy regarding disaster recovery and business continuity.

Recommendation

Management should review its current disaster recovery and business continuity process to ensure alignment with the processes, systems, verification, etc. discussed in the referenced procedures.

Management's Response and Planned Corrective Action

The safety and well-being of NORA staff and assets are important to the Agency. Management will review its current Disaster Recovery and Business Continuity Plan which identifies personnel, processes and tools needed to recover operations after a critical event. In addition, Management will revise the Plan to identify critical data and frequency of backups; storage of backups in a separate physical location isolated from the network; periodic testing and/or verification that backups can be restored; and use of anti-virus software on all systems.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number

OM 2018-004

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding compliance with applicable contracts, laws, regulations and board policy.

Condition

Louisiana Revised Statute 47:301 dictates upon approval of a report for exemption that NORA not be subject to State sales and use taxes.

Questioned Costs

None.

Context

Total revenues and expenses for the year ended December 31, 2018 was \$11,152,341 and \$11,186,652.

Cause

None.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-004

Effect or Potential Effect

Stewardship with respect to public funds.

Recommendation

Management should review its current practice regarding compliance with the referenced statute.

Management's Response and Planned Corrective Action

Management will revise its Travel Policy and Procedures to include Louisiana Revised Statute (R.S.) 47:301. All staff will be required to complete the governmental employee hotel lodging sales and use tax exemption certificate upon business travel. Procedures will be clearly documented, distributed, and communicated to all staff.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number

OM 2018-005

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations.

Condition

The Governmental Accounting Standards Board (GASB) issued in June 2017 GASB Statement No 87 on leases.

The statement primary addresses reporting for certain lease liabilities currently not reported.

Questioned Costs

None.

Context

Total amount of lease obligations for the year ended December 31, 2018 were \$700,473.

Effect of Potential Effect

Enhance the usefulness of NORA's financial statements.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-005

Cause

None.

Recommendation

Management of NORA should initiate the planning process for the implementation of the reporting requirement of GASB Statement No. 87 on leases

Management's Response and Planned Corrective Action

NORA leases buildings and equipment therefore management will begin planning for the implementation of GASB Statement No. 87. In addition, management will consider changes to policies and procedures for tracking and reporting leases.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number

OM 2018-006

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations.

Condition

Currently, NORA has real estate assets categorized as "property inventory" and "buildings and structures" within respective restricted and unrestricted classifications. It is our understanding through discussion with management that the referenced assets based on program objective have varying planned use.

Questioned Costs

None.

Context

Total property inventory at December 31, 2018 was \$28,600,007.

Effect of Potential Effect

Enhance the usefulness of NORA's financial statements.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-006

Cause

Transitional project deliverable objectives within the national objectives dictated by the grants and Federal regulation.

Recommendation

Management of **NORA** should initiate a review of the various classifications of real property to ensure alignment with the respective program objective(s).

Management's Response and Planned Corrective Action

Management will initiate a review of real property to ensure alignment with project deliverables.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number

OM 2018-007

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations.

Condition

Our review of NORA's bank account reconciliations for the months of November and December 2018, revealed instances where the bank account reconciliations bore no evidence of any level of supervisory review and/or approval.

Questioned Costs

None.

Context

Total cash at December 31, 2018 was \$12,308,270.

Effect of Potential Effect

Noncompliance with established policy to include the potential for misappropriation of assets.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-007

Cause

Inadequate system in place to ensure compliance at the supervisory level.

Recommendation

Management of NORA should ensure on a monthly basis that all bank account reconciliations have been timely prepared, reviewed and approved accordingly.

Management's Response and Corrective Action

Management will re-enforce its current policies and procedures to ensure that adequate supervisory review is documented on the bank reconciliations. For the month of November 2018, a detailed bank-to-book supervisory review was conducted and the bank statement was initialed indicating the review.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number

OM 2018-008

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations.

Condition

Currently, **NORA** has no established procedures in place to facilitate an on-going analysis and review of originated loans outstanding to the related collateral values for adequacy in loan to collateral value.

Further, our review of a detail loans receivable schedule provided to us revealed defaults in the terms of certain loans to include incomplete information to assist in the complete evaluation of the adequacy of collateral particularly for loans in default.

Questioned Costs

None.

Context

Total loan receivables at December 31, 2018 was \$15,825,919.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-008

Effect of Potential Effect

Potential loss due to the lack and/or under collateralization in outstanding loans to collateral values.

Cause

Continued growth in loan origination and the need for periodic reassessment of overall collateral risk in NORA's loan portfolio.

Recommendation

Management of NORA should revisit with its current policies and procedures manual in coordination with the legal and real estate departments. The goal will be to implement a periodic process that involves all stakeholders in a continuous evaluation of the adequacy of established allowances, if any, on all outstanding loans. Management should perform a periodic risk evaluation on all loans particularly those in a default status.

Management's Response and Planned Corrective Action

Management will review its current practices to establish policies and procedures to facilitate analysis and review of outstanding commercial and residential construction loans. The policies and procedures will include departmental responsibilities and functions to manage each stage of the loan effectively ensuring achievement of operations, reliability of financial reporting and compliance with applicable loan agreements, laws and regulations.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Status of Prior Year's Other Matters
2017

Our discussion of the status of prior year's other matters follows:

Reference Number

OM 2017-001

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations.

Condition

Our testing of selected internal control attributes for the test month of May, 2017 (month judgementally selected), revealed the following conditions:

- Three (3) of fifty-eight (58) cash receipts selected for testing revealed varying inputted dates between the receipt and general ledger fields.
- In two (2) instances, we noted a variance between the collected funds and respective supporting documents. In the first instance, we noted a \$70.80 variance and the second instance a \$13.20.
- We were unable to independently verify the timely deposit of three (3) bank transfers between accounts held by **NORA**. Furthermore, collected funds had varying dates between the check, receipt generated and general ledger posting with processed and validation dates varying from May 9, 2017 through May 16, 2017.

Questioned Costs

None.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Status of Prior Year's Other Matters, Continued
2017

Reference Number, Continued

OM 2017-001

Context

Total amount of revenues for the year ended December 31, 2017 were \$10,609,832.

Effect or Potential Effect

The potential effect of the referenced condition includes incomplete financial statements from which management and the board will rely on to make informed decisions.

Cause

The transitional changes encountered during the new software and system conversion concluded during 2017.

Recommendation

Management of **NORA** should continue the assessment of its operations aimed at the redesign, and documentation of required processes and procedures to ensure the implementation of an effective and efficient design and operation of its internal control over financial reporting.

Current Status

Unresolved. See current year's finding reference 2018-001.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2017

Reference Number

OM 2017-002

Criteria

Managements must establish control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations.

Condition

For eighteen (18) credit cards transactions reviewed, we noted the following conditions:

- No documented evidence of prior approval pursuant to NORA's policy four (4) of the eighteen (18) transactions tested.
- Level of documentation afforded did not facilitate an independent review of cost classification to NORA's general ledger in six (6) of the eighteen (18) transactions tested.
- One (1) of eighteen (18) transactions tested, we noted where the related supporting document was not cancelled to prevent further use.

Questioned Costs

None.

Context

Total amount of expenses for the year ended December 31, 2017 were \$9,265,955.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Status of Prior Year's Other Matters, Continued
2017

Reference Number, Continued

OM 2017-002

Effect of Potential Effect

Completeness in documentation to support reconciled financial transactions.

Cause

Transitional changes encountered during the new software system conversion in 2017.

Recommendation.

Management of **NORA** should continue the assessment of its operations aimed at the redesign, and documentation of required processes and procedures to ensure the implementation of an effective and efficient design and operation of its internal control over financial reporting.

Current Status

Partially resolved. Management will implement procedures to ensure that all monthly and supplemental cost reimbursement reports reconcile to the general ledger. In addition, management will communicate timely with granting agencies to ensure that line item budget revisions are requested and/or approved prior to monthly request for reimbursements.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

NORA's response to the other matters identified in our audit is described in the accompanying report under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". We did not audit NORA's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions and/or require further detail, please do not hesitate to call.

This report is intended solely for the information and use of Board of Commissioners, management, the City of New Orleans, Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised State 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 18, 2019

NEW ORLEANS REDEVELOPMENT AUTHORITY

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2018



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

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

To the Board of Directors
New Orleans Redevelopment Authority
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by **New Orleans Redevelopment Authority (NORA)** and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUP) for the year ended December 31, 2018. **NORA's** management is responsible for those compliance and control areas identified in the SAUP.

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

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

The procedures and related findings to the SAUP are as follows:

Collections

1. Procedures

We obtained a listing of deposit sites for the year ended December 31, 2018 where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected NORA's only deposit site.

Finding

No exceptions noted.

2. Procedures

For the deposit site selected, we obtained a listing of NORA's collection location and management's representation that the listing is complete. We selected the only collection location for the deposit site, obtained and inspected written policies and procedures related to employee job duties at the selected collection location, and observed that job duties are properly segregated at the collection location such that:

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

Finding

No exceptions noted.

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

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Collections, Continued

2. Procedures, Continued

Finding

No exceptions noted.

- 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 posting to each other and to the deposit.

Finding

No exceptions noted.

- 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 verifies the reconciliation.

Finding

No exceptions noted.

3. Procedures

We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Collections, Continued

4. Procedures

We obtained a listing of NORA's bank accounts for the year ended December 31, 2018 from management and management's representation that the listing is complete. We asked management to identify NORA's main operating account. Selected NORA's main operating account and 4 additional accounts.

Finding

No exceptions noted.

We randomly selected two deposit dates for each of the five (5) bank accounts selected. We obtained supporting documentation for each of the ten (10) deposits and:

- a) We observed that receipts are sequentially pre-numbered.

Finding

No exceptions noted.

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Finding

No exceptions noted.

- c) Traced the deposit slip total to the actual deposit per the bank statement.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Collections, Continued

4. Procedures, Continued

Finding

No exceptions noted.

- d) We observed that the deposit was made within one business day of receipt at the collection location.

Finding

No exceptions noted.

All exceptions to the one (1) business day, were made within NORA's deposit policy.

- e) Traced the actual deposit per the bank statement to the general ledger.

Finding

No exceptions noted.

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

5. Procedures

We obtained a listing of locations that process payments for the year ended December 31, 2018 and management's representation that the listing is complete. We selected NORA's only location.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

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

6. Procedures

For the location selected under #5, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained NORA's written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that:

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

Finding

No exceptions noted.

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

Finding

No exceptions noted.

- 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.

Finding

No exceptions noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

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

6. Procedures, Continued

- 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.

Finding

No exceptions noted.

7. Procedures

For the location selected under #5, we obtained NORA's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected five (5) disbursements for the location, obtained supporting documentation for each transactions and:

- a) We observed that the disbursement matched the related original invoice/billing statement.

Finding

No exceptions noted.

- b) We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #6, as applicable.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

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

8. Procedures

We obtained from management a listing of all active credit cards for the year ended December 31, 2018, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

Finding

No exceptions noted.

9. Procedures

Using the listing prepared by management, we randomly selected all three (3) cards that were used during the year ended December 31, 2018. We randomly selected one monthly statement or combined statement for each card, obtained supporting documentation, and:

- a) We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit card purchases), was reviewed and approved in writing, by someone other than the authorized card holder.

Finding

No exceptions noted.

- b) We observed that finance charges and late fees were not assessed on the selected statement.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Credit Cards/Debit Cards/Fuel Cards/P-Cards, Continued

9. Procedures, Continued

Finding

No exceptions noted.

10. Procedures

Using the monthly statements or combined statements selected under #9, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transactions, we observed that it is supported by (1) an original itemized receipts 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).

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Travel and Travel-Related Expense Reimbursement

11. Procedures

We obtained from management a listing of all travel and travel-related expense reimbursements during the year ended December 31, 2018 and management's representation that the listing or general ledger is complete. We randomly selected five (5) reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation, etc. of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:

- a) If reimbursed using a per diem, we agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Finding

No exceptions noted.

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

Finding

No exceptions noted.

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

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Travel and Travel-Related Expense Reimbursement, Continued

11. Procedures, Continued

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

Finding

No exceptions noted.

Payroll and Personnel

12. Procedures

We obtained a listing of employees/elected officials employed during the year ended December 31, 2018 and management's representation that the listing is complete. We randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

13. Procedures

We randomly selected one pay period during the year ended December 31, 2018. For the five (5) employees/officials selected under #12 above, we obtained attendance records and leave documentation for the pay period, and:

- a) We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Payroll and Personnel, Continued

13. Procedures, Continued

- b) We observed that supervisors approved the attendance and leave of the selected employees/officials.

Finding

No exceptions noted.

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

Finding

No exceptions noted.

14. Procedures

We obtained a listing of those employees/officials that received termination payments during the year ended December 31, 2018 and management's representation that the list is complete. We randomly selected two (2) employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulative leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Payroll and Personnel, Continued

15. Procedures

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

Finding

No exceptions noted.

Ethics

16. Procedures

Using the five (5) randomly selected employees/officials from procedure #12 under "Payroll and Personnel" above, obtain ethics documents from management, and:

- a) Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the year ended December 31, 2018.

Finding

No exceptions noted.

- b) We observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read NORA's ethics policy during the year ended December 31, 2018.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Other

17. Procedures

We obtained a listing of misappropriation of public funds and assets during the year ended December 31, 2018 and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that **NORA** reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which **NORA** is domiciled.

Finding

No exceptions noted.

18. Procedures

We observed that **NORA** has posted on its premises and website, the notice required by R.S.4:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Finding

No exceptions noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions, respectively, on those compliance and control areas identified in the SAUP. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those compliance and control areas identified in the SAUP, 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 Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

June 18, 2019