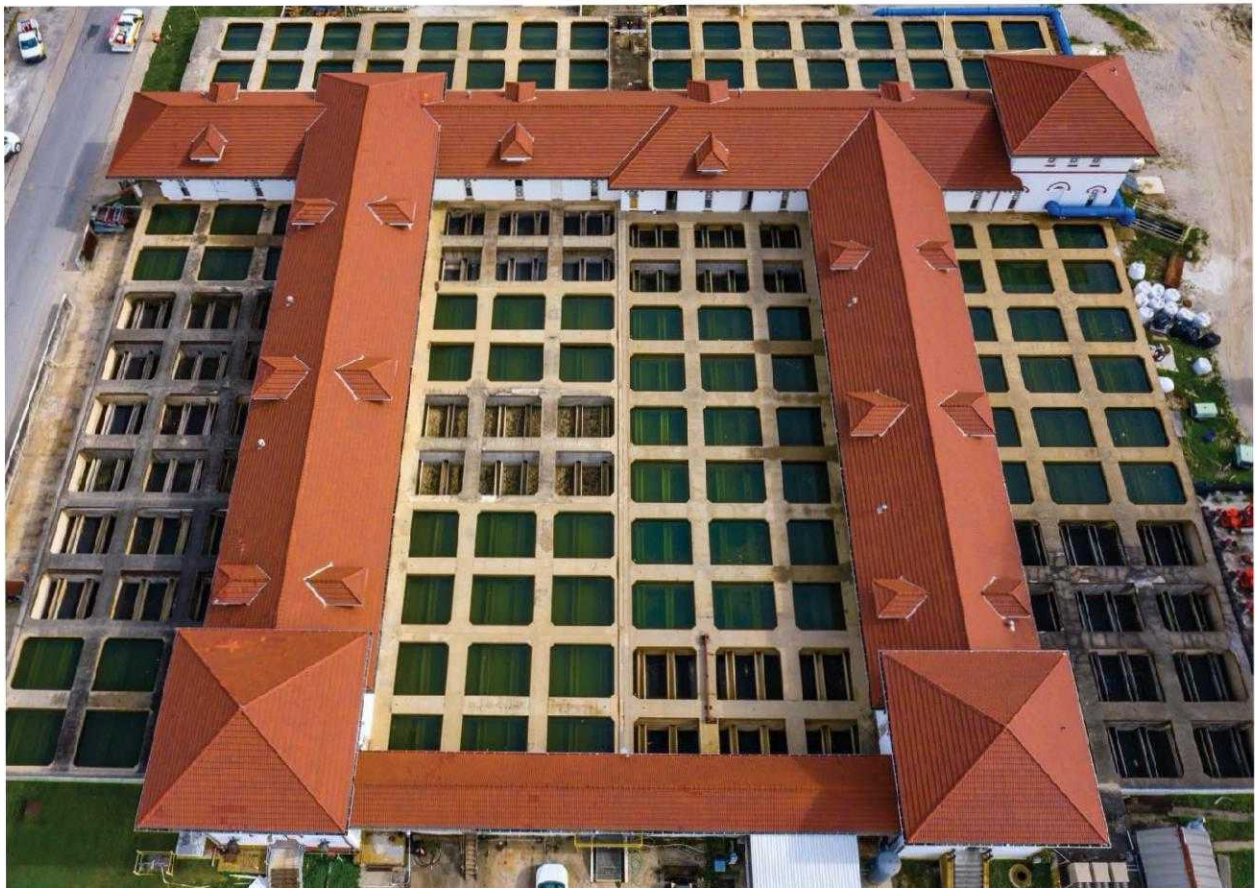




Comprehensive Annual Financial Report

For the years ended December 31, 2019 and 2018

**THE SEWERAGE AND WATER BOARD
OF NEW ORLEANS, LOUISIANA**



Cover: Our Sycamore Filter Gallery was completed in 1905 and is still in use today. As the river water enters the Carrollton Plant, the purification process begins. The Carrollton plant normally yields about 135 million gallons per day of finished water for the east bank of Orleans Parish. The Algiers Plant, which serves the predominantly residential west bank portion of the parish, purifies about 11 million gallons per day of water. Combined, the two plants treat approximately 54 billion gallons of water per year, removing 18,000 tons of solid material from the raw river water.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

**Comprehensive Annual Financial Report
For The Years Ended
December 31, 2019 and 2018**

**Prepared by:
FINANCE DEPARTMENT**



Sewerage & Water Board of New Orleans

Our Mission & Vision

Our Mission

We serve the people of New Orleans and improve their quality of life by providing safe drinking water; removing waste water for safe return to the environment; and draining storm water to protect our community. Our team of experts do this reliably, continuously, and at a reasonable cost.

Our Vision

Our vision is to earn and hold the trust and confidence of our customers and community for reliable and sustainable water services; and to be a model utility in the water industry.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report
Years ended December 31, 2019 and 2018

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INTRODUCTORY SECTION



Previous Comprehensive Annual Financial Reports (CAFR) displayed the progress of our Water Hammer Mitigation Program. The two new elevated water towers now stand at the Carrollton Water Plant with a combined capacity of 400 million gallons of water.



"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board OF NEW ORLEANS

625 ST. JOSEPH STREET
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52-WATER
www.swbno.org

August 18, 2020

TO: The Honorable LaToya Cantrell, President, and
Members of the Sewerage and Water Board of New Orleans
625 St. Joseph Street
New Orleans, LA 70165

We respectfully submit the enclosed Comprehensive Annual Financial Report (CAFR) for the Sewerage and Water Board of New Orleans (SWBNO) for the years ended December 31, 2019 and 2018. This yearly report provides our Board of Directors, investors, customers, and the public at large with the utility's latest, most complete financial portrait.

It is our belief that the data, as presented, is accurate in all material respects. This report is designed to fairly present SWBNO's financial position and results of operation for the SWBNO Enterprise and Pension Trust Funds. Disclosures necessary to enable the reader to gain an understanding of SWBNO's financial activities are included.

SWBNO retained Postlethwaite & Netterville (P&N), a Professional Accounting Corporation, to serve as its independent auditor. P&N has issued an unmodified opinion on SWBNO's financial statements for the years ended December 31, 2019 and 2018. The independent auditors' report is located at the front of the Financial Section of this report.

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The CAFR is organized in four sections:

Introductory Section: This section includes this letter of transmittal, as well as various governance, leadership and organizational charts. This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) (see Financial Section) and should be read in conjunction with it.

Financial Section: This section includes the Independent Auditors' Report, the MD&A, basic financial statements, notes to financial statement, required supplementary information (RSI), and supplementary information. The MD&A is required by the Governmental Accounting Standards Board (GASB) that provides an overview and analysis of the basic financial statements.

Statistical Section: This section presents graphs and details that demonstrate financial trends and revenue and debt information as context for understanding SWBNO's overall financial health and operating capacity.

Supplemental Section: This section includes additional historical schedules.

The basic financial statements were prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and audited by independent certified public accountants retained by SWBNO. SWBNO is a component unit of the City of New Orleans as described in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34 and GASB Codification Section 2100*.

Pursuant to LA Revised Statutes § 24:513 (A), SWBNO is required to have its financial position examined and audited each year by licensed certified public accountants.

SWBNO's management is responsible for the reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. The internal control framework is designed to give reasonable assurance that cost on internal controls should not exceed the benefits derived from the controls and that the financial statements are free from material misstatements. The internal control over financial reporting is a process designed by, or under the supervision of, SWBNO's executive director, chief financial officer, and finance administrator, and effected by the Board of Directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting in accordance with GAAP.

PROFILE OF SEWERAGE AND WATER BOARD OF NEW ORLEANS

SWBNO is a public utility that owns, maintains and operates New Orleans' vast networks of water and sewer mains, as well as the components of the city's drainage system that are 36" or greater in diameter (primarily drainage canals).

The reporting entity includes the Enterprise Fund and the Pension Trust Fund. The Enterprise Fund is composed of three (3) independent systems: Water, Sewerage, and Drainage.

SWBNO was founded in 1899 by state law and merged with the New Orleans Drainage Commission in 1903 to eventually assume its present-day mission: To serve the people of New Orleans and improve their quality of life by providing safe drinking water; removing waste water for safe return to the environment; and draining storm water to protect the community. Its team of experts does this reliably, continuously, and at a reasonable cost. SWBNO's vision is to earn and hold the trust and confidence of our customers and community for reliable and sustainable water services, and to be a model utility in the water industry.

Today, SWBNO serves 364 square miles of the City of New Orleans, plus providing drainage services to approximately 2,550 acres of neighboring Jefferson Parish. Its drinking water comes from the Mississippi River. It operates a drainage system of approximately 280 miles of open and underground canals and 24 pumping stations that house 120 drainage pumps. The drainage and water systems are powered by a combination of modern, 60-Hertz electricity and self-generated, 25-Hertz power that dates to the early 20th century. SWBNO is under federal consent decree to overhaul New Orleans sewerage system. This effort is scheduled to be completed in 2025. Sewer operations are managed by an independent contractor.

This utility operates independently of city government under the oversight of its 11-member Board of Directors. Effective Jan 1, 2019 under state law, this governing body consists of:

- The mayor of the City of New Orleans, serving as president;
- A member of the City Council's Public Works, Sanitation and Environmental Committee or his/her designee;
- Two members of the city's debt manager, the Board of Liquidation, City Debt;
- Seven citizen members appointed by the mayor with consent of the City Council.
- Retired civil engineer (vacant as of December 31, 2019)

Citizen members must represent each of New Orleans' five City Council districts; two must be considered consumer advocates; and one must be a retired civil engineer. The Board of Directors is responsible for, amongst other things, passing resolutions, adopting the budget, appointing committees and hiring the Board's Executive Director and General Superintendent. The Executive Director is responsible for carrying out the policies and resolutions of the Board and overseeing day-to-day operations.

The water and sewerage systems, and overall administration of SWBNO, are primarily funded through services rates, which are approved by the New Orleans City Council. Maintenance, operations and improvements to the drainage system are primarily financed through three ad valorem taxes set at rates of 3 mills, 6 mills and 9 mills, which expire in 2046, 2027, and 2032, respectively. The SWBNO employs approximately 1,500 people and manages a \$239-million pension trust fund.

ECONOMIC GROWTH AND OUTLOOK

One of the last major ports before the Mississippi River empties into the Gulf of Mexico, New Orleans is a central hub for commerce and an economic engine for the broader Gulf Coast region. It is also a large nexus for rail and truck routes. The recent 2019 mid-year estimates revealed the City of New Orleans experienced a slight decrease in population of 862 in 2019, compared to 391,006 in 2018. In addition, projections developed for our ongoing consent decree program indicate that citywide population could decrease an additional 13% by 2038 based on recent property-level occupancy trends analysis from 2010 to the fall of 2018, as well as analysis of planned residential projects and major institutional expansions throughout the City.

Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2019
2019 Population Estimates

Population	
 Population estimates, July 1, 2019, (V2019)	390,144
 Population estimates, July 1, 2018, (V2018)	391,006
 Population estimates base, April 1, 2010, (V2019)	343,828
 Population estimates base, April 1, 2010, (V2018)	343,828
 Population, percent change - April 1, 2010 (estimates base) to July 1, 2019, (V2019)	13.5%
 Population, percent change - April 1, 2010 (estimates base) to July 1, 2018, (V2018)	13.7%
 Population, Census, April 1, 2010	343,829

Source: U.S. Census Bureau, Population Division

New Orleans has a diverse economy with the main sectors being energy, advanced manufacturing, international trade, healthcare and tourism. It is the home to internationally known universities and hospitals. Some of the largest companies in New Orleans include: Ochsner Health System, Tulane University, Woodward Design + Build, Entergy Corporation, Hancock Whitney Corporation, Boh Bros Construction, and Superior Energy Services, Inc.

Tourism still remains one of the top revenue generators and contributes almost 43% of the city's sales taxes paid by visitors. Tourism largely led the post-Katrina economic recovery and brings in an average of \$9 billion per year. Millions of visitors come to New Orleans each year, supporting hundreds of restaurants, hotels and tourism-related businesses and employing tens of thousands of workers.

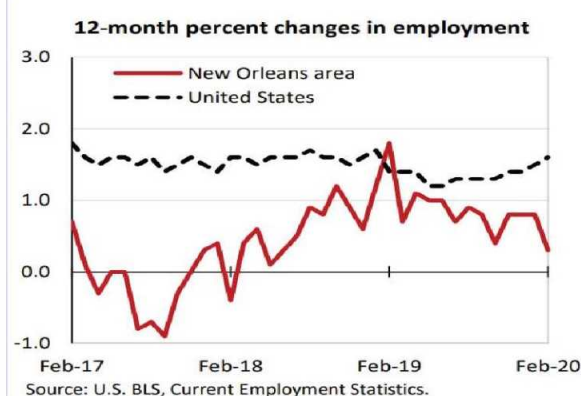
The New Orleans metropolitan area unemployment rate (4.5%) was lower than the State of Louisiana's rate (5.2%) and higher than the national rate (3.5%) at the end of 2019 according to the US Department of Labor. The unemployment rate for the New Orleans experienced an upward and downward trend throughout all four quarters of 2019.

New Orleans, Louisiana Unemployment History

Date	National Unemployment Rate	Louisiana Unemployment Rate	New Orleans Unemployment Rate	New Orleans Unemployed
February 2020	3.5%	—	—	—
January 2020	3.6%	5.3%	4.6%	27,599
December 2019	3.5%	5.2%	4.5%	26,808
November 2019	3.5%	5.2%	4.3%	25,783
October 2019	3.6%	5.2%	4.1%	24,840
September 2019	3.5%	5.1%	4.0%	24,212
August 2019	3.7%	4.9%	4.0%	24,157
July 2019	3.7%	4.7%	4.0%	24,216
June 2019	3.7%	4.6%	4.0%	24,192
May 2019	3.6%	4.5%	4.1%	24,333
April 2019	3.6%	4.5%	4.2%	24,955
March 2019	3.8%	4.5%	4.4%	26,129

Source: U.S. BLS, Current Unemployment Statistics

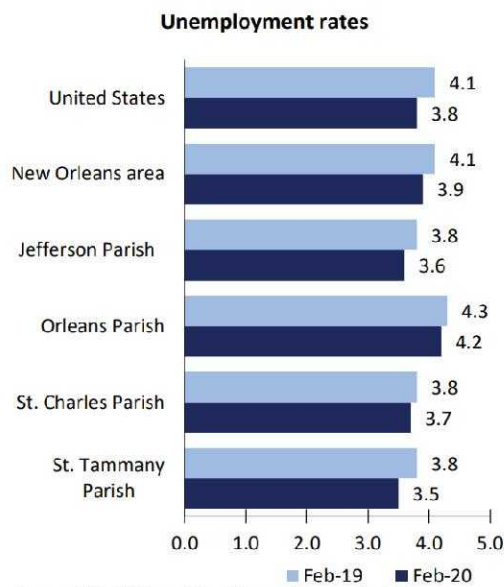
Over-the Year Changes in Employment on Nonfarm Payrolls and Employment by Major Industry Sector; U.S. Department of Labor, Bureau of Labor Statistics



New Orleans area employment (number in thousands)	Feb. 2020	Change from Feb. 2019 to Feb. 2020	
		Number	Percent
Total nonfarm	586.1	1.6	0.3
Mining and logging	4.4	0.2	4.8
Construction	27.3	-2.0	-6.8
Manufacturing	29.7	-0.6	-2.0
Trade, transportation, and utilities	110.9	-1.8	-1.6
Information	8.1	-0.9	-10.0
Financial activities	30.3	0.0	0.0
Professional and business services	77.1	1.1	1.4
Education and health services	106.3	3.8	3.7
Leisure and hospitality	93.8	1.9	2.1
Other services	24.4	0.0	0.0
Government	73.8	-0.1	-0.1

Source: U.S. BLS, Current Employment Statistics.

Unemployment Rates for the Nation and Selected Areas; U.S. Department of Labor, Bureau of Labor Statistics



Average hourly wages in the New Orleans area are lower than the U.S. national average. Occupations that reported the highest hourly wage include human resource managers, accountants and auditors, and registered nurses. Occupations with the lower hourly wages include construction laborers, retail salespersons, fast food workers and cooks.

Average hourly wages for selected occupations

Occupation	New Orleans area	United States
All occupations	\$22.65	\$24.98
Human resources managers	48.60	60.91
Accountants and auditors	36.28	37.89
Registered nurses	31.33	36.30
Construction laborers	15.81	19.40
Retail salespersons	14.03	13.61
Cooks, fast food	9.84	10.89

Source: U.S. BLS, Occupational Employment Statistics, May 2018.

According to Bestplaces.net, the 2019 cost of living index for the New Orleans metropolitan area was slightly below the average of many other metropolitan/non-metropolitan areas. The costs of food and groceries, healthcare, and utilities trend lower than many cities such as Washington D.C.

Cost of Living

	New Orleans, LA	Washington, DC	United States
<u>Overall</u>	96.3	152.1	100
<u>Food & Groceries</u>	99.2	114.1	100
<u>Health</u>	85.2	88.6	100
<u>Housing</u>	77.2	240.8	100
<u>Median Home Cost</u>	\$178,500	\$556,700	\$231,200
<u>Utilities</u>	87.3	106.0	100
<u>Transportation</u>	132.5	135.3	100
<u>Miscellaneous</u>	97.8	105.7	100

100 = National Average (Below 100 means cheaper than the US average. Above 100 means more expensive.)

MANAGEMENT INITIATIVES

Throughout 2019, SWBNO leadership sought to secure creative financing solutions for New Orleans’ long-existing infrastructure challenges. A landmark agreement known as the “Fair Share” deal was struck among SWBNO, the City of New Orleans, the State of Louisiana, and the hospitality industry to provide both one-time and recurring funds to SWBNO to improve its infrastructure. This package included \$50 million in one-time funding that helped secure a healthy financial position for the utility in 2019, as well as up to \$20 million in recurring funds to support identified drainage and infrastructure projects aimed at improving customers’ quality of life.

SWBNO also sought and won access to a major federal water infrastructure loan to fund the full rehabilitation of New Orleans’ sewer system in October 2019. Under the Water Infrastructure Financing and Innovation Act (WIFIA) program, the U.S. Environmental Protection Agency (EPA) chose SWBNO to apply for a low-interest, long-term loan – an effort that could yield up to \$111 million to help the utility make its 2025 federal deadline to completely restore the sewer system. It is expected that the loan will be closed in 2020 and the funds will be used to fund Sewer System Rehabilitation projects throughout the city over the next five years.

SWBNO also lobbied for and obtained the Louisiana State Bond Commission’s approval for the additional necessary funding to complete critical sewer repairs. The commission’s decision allowed SWBNO to borrow \$10 million from the federally funded Clean Water State Revolving Fund, which is administered by the Louisiana Department of Environmental Quality. The loan will carry a low interest rate of less than 1 percent. This new funding is critical for sewer repairs in the South Shore Basin, which is generally bounded by the Inner Harbor Navigational Canal, Lake Pontchartrain, Paris Road and Interstate 10 in New Orleans East.

As an ongoing effort to collaborate with our valued customers, a Customer Advisory Committee was created to develop a formal process that gives community members a voice within the utility's planning processes and decision-making structure. The Committee will help to guide SWBNO's Master Planning process and will also create a venue for staff to understand the community's needs and priorities so that the work we do reflects the values of the customers we serve.

FINANCIAL PLANNING

The SWBNO is approaching the final year of water and sewerage rate increases. To plan for the future and to ensure financial stability, an increase in SWBNO's water and sewer rates was approved by the New Orleans City Council on December 6, 2012 and made effective on January 1, 2013. SWBNO is mostly financed by user fees, which cover water and sewer services only. The approved rate plan covered an eight-year period, increasing 10 percent each year until its sunset in 2020. SWBNO has initiated a rate study in 2020 to assess the need for future rate changes.

As stated above, SWBNO also receives revenues from the three-(3) mill, six-(6) mill and nine-(9) mill ad valorem taxes, which are restricted exclusively for the drainage system.

General Operations

The change in net position for the year ended December 31, 2019 was an increase of approximately \$111.5 million, as opposed to approximately \$75.8 million increase for the year ended December 31, 2018. The Board's total operating revenues increased by 24.5% to approximately \$263.0 million due primarily to rate increases effective January 1, 2019 and improved customer billing. Total non-operating revenue increased by 46.2% to approximately \$86.4 million due primarily to \$28 million in one-time funding from the Fair Share program and approximately \$7.1 million from the revolving loan fund, offset by a \$10.4 million change in the provision for grants deemed uncollectible.

Budgetary Control

SWBNO maintains an internal budgetary control through the preparation and monitoring of an annual operating and capital budget for the Water, Sewerage, and Drainage funds. The financial statements of revenues, expenses, and changes in net assets, statement of net assets, and statements of cash flow are prepared for each system. Also, monthly budget reports are provided to assist each department level manager in fiscal decision making.

The 2020 approved operating budget of \$281.1 million is 4% greater than the 2019 approved fiscal budget of \$270.3 million. The Board has \$405.1 million in outstanding senior lien debt: \$5.9 million in Drainage Bonds, \$205.5 million in Sewer Revenue Bonds and \$193.7 million in Water Revenue Bonds. SWBNO has been issued an "A" and an "A-" rating from Standard & Poor's Ratings Services (S&P) for the sewer system and water system, respectively, and a "BBB+" for the water system and sewer system from the Fitch Ratings. In addition, the S&P and Fitch Ratings for Special Tax Bonds is "AA-" and "A+", respectively.

CAPITAL IMPROVEMENT PROGRAM

SWBNO has a 10-year capital improvement program that factors in resources and expenses for the repair, rehabilitation, and replacement of water, sewer, and drainage capital assets. The program provides the utility with the ability to compare the impact of future stability over the next ten years. This includes capital improvements to infrastructure for the completion of projects from Hurricane Katrina repairs, for ongoing rehabilitation, to handle anticipated growth, to maintain compliance with regulatory requirements, technology changes, and to bring the system into the 21st century.

At the close of 2019, there were 26 active contracts for capital projects, with a total value of \$156.8 million. There are also several active emergency contracts, which are those not anticipated in the capital improvement program, including:

2019 – Turbine 5 Explosion: On December 14, 2019 an explosion occurred in Turbine-Generator 5 at the SWBNO's Carrollton Water Plant. The explosion injured nearby personnel and caused significant damage to and around the turbine. The General Superintendent immediately declared an extreme emergency to provide for the safety of personnel, establish containment and stabilization of the power house, begin an assessment of the damage, investigate the cause of the incident, and address the risk to the water, sewer, and drainage systems powered by the Turbine-Generator. The emergency declaration will also extend to the potential replacement of the 20 Megawatts of generating capacity lost due to the explosion.

2017 - Temporary Generators At Carrollton Frequency Changer, Drainage Pumping Station (DPS) 4, Citrus DPS, Dwyer DPS, Grant DPS, Maxent DPS, Oleander DPS, Elaine DPS, And SPS A And Temporary A/C Units At Power House #1 And Plant Frequency Changer - Requisition No. EE 17-0006: \$5.5 million.

2016 - Emergency Declaration At River Intakes: \$1.1 million spent through 2019.

WATER SYSTEM MAJOR INITIATIVES

Below is a list of the major water system initiatives completed in 2019 and those that are still in progress:

Carrollton Water Purification Plant

- Construction of new filter backwash pump for Sycamore Filter Gallery completed.
- Construction and design of valves, actuators and controls at Sycamore Filter Gallery in progress.
- Design of new sludge line to the Mississippi River in progress.
- Design of new chemical bulk storage and feed facility completed.
- Design of Resiliency Complex including hardening of Engineering Building, rehabilitation of Head House Facility and new Infill Building completed.
- Design for the demolition to basins C7 and C8 completed.
- Design of improvement to Claiborne Ave Pumping, Panola and High Lift Stations completed.
- Conceptual study of new electrical substation on the west side of the facility completed.
- Development of a Power Master Plan that includes recommendations for construction of a new Entergy substation on SWBNO property, a back-up power generation facility that includes new technology machinery and static frequency converters, new and upgraded power distribution feeders, and conversion of pump motors from 25 hertz to standard 60 hertz completed.
- Design of the repairs to the fender system at New River and Oak St Raw Water Intake Structures in progress.
- Construction of 2M gallon water towers and associated piping completed.

Algiers Water Purification Plant

- Design of water storage tank mixing in progress.
- Improvements to the Algiers Water Plant in progress including replacement of Clarifier 1, improvements to Clarifiers 2,3, and 4, a new fluoro-silicic acid storage and feed system, and SCADA system under construction.
- Staff design of filter media replacement and repair to valves and actuators in progress.

Water Distribution System

- Repairs and improvements to the Michoud Water Tank completed.
- Construction of secondary chlorination station in Venetian Isles completed.
- Ongoing coordination with the Department of Public Works to rehabilitate water mains in association with the Joint Infrastructure Recovery Roads Program and other roadway rehabilitation.
- Ongoing management of twenty-two engineering consultants designing water main replacement projects for approximately sixty-two neighborhoods.

Water Pumping and Power

- Refurbishment of Steam Turbine Generator No. 4 completed.
- Replacement of various 25Hz power distribution cables in progress.
- Construction of emergency fuel storage improvements completed.
- Refurbishment and repairs of boilers 1-6 in progress.
- Design of new boiler controls, deaerators, piping, and SCADA completed.
- Replacement of 25Hz pumps, motors, electrical components, piping, flow meters and valves associated with Oak St Raw Water Intake Station in progress.
- Conversion of one distribution pump from steam turbine to 60 Hz motor.
- Design of new VFDs and motors for distribution pumps in progress.

SEWER SYSTEM INITIATIVES

Below is a list of the major sewer system initiatives completed in 2019 and those that are still in progress:

Sewerage Pumping Stations

- Design of structural improvements to SPS A and Station D completed. Construction in progress.
- Construction of new Sewer Pumping Station No. 8 completed.
- Design of catch-all improvements of various sewage pumping stations completed.

Wastewater Treatment Plants

- Construction of Phase 2 Electrical Improvements completed.
- Construction for the installation of the sludge dryer in progress
- Design for a new 1000 HP effluent pump completed
- Preliminary design of a new 66" effluent discharge line to the Mississippi River in progress

DRAINAGE SYSTEM INITIATIVES

Below is a list of the major drainage system initiatives completed in 2019 and those that are still in progress:

Drainage Pumping Stations

- Construction of permanent emergency generators at five underpass pumping stations completed.
- Design of permanent emergency generators at three additional underpass stations completed.
- Rehabilitation of the Broad St Underpass Station in progress.
- Construction of the three new lakefront pumping stations (17th, Orleans & London) completed and operated by SLFPA-E.
- Construction of anti-siphon mechanisms at Drainage Pumping Station 1 completed.
- Construction of anti-siphon mechanisms at Drainage Pumping Station 4 in progress.
- Rehabilitation of Pumps C, D, and E at Drainage Pumping Station 4 completed.
- Additional SCADA instrumentation purchase and install in progress.

Canals

- Construction of Florida Ave Canal Phases II/III from Peoples Ave is 95% complete.
- Construction of Florida Ave Canal Phase IV is 60% complete.
- Design of General DeGaulle Canal Improvements from Shirley Dr to Holiday Dr is in progress.

OTHER FINANCIAL INFORMATION AND SUBSEQUENT EVENTS

SWBNO is pursuing a number of priority projects in 2020:

Advanced Metering Infrastructure: As of the submission of this letter, SWBNO has selected a Project Manager for a four-year, two-phase effort to bring Automated Metering Infrastructure (AMI) to its customers. AMI will benefit both SWBNO and its ratepayers in numerous ways, including generating real-time, accurate billing information, reducing estimated readings and re-billing costs, reducing billing errors and disputes, preventing tampering and theft, and promoting energy conservation and customer savings with time-of-use consumption. The project will be funded in part with Fair Share dollars.

New Financial System: SWBNO released an RFP for a new Financial Software System and Implementation. The purpose of this RFP is to purchase a financial system that interfaces with Microsoft Great Plains (GP) and CSM software systems. The financial system will incorporate the Procurement and Financial aspect of the SWBNO as well as the implementation. This software will provide for real-time accounting transactions, financial analysis, and efficient processes.

Customer Service Management Upgrade: SWBNO's staff worked closely with Cogsdale to upgrade our CSM billing system. This upgrade was completed in mid-June and will enhance customer service and bill collections by making the system more user-friendly and efficient.

Sewer Bond Sales: As part of its financial plan to meet the match requirements of the WIFIA loan and to fund additional sewer-related projects, SWBNO issued \$10.2 million in sewer bonds in June 2020. The terms of the issuance require principal payments beginning in 2022. SWBNO anticipates going back to the bond market in the fall for additional sewer enterprise funds.

On March 11, 2020, the World Health organization declared the novel strain of coronavirus (COVID-19) a global health pandemic and recommended containment and mitigation measure worldwide. Many water utilities and municipalities around the country are experiencing significant impacts as a result of COVID-19. SWBNO has closely monitored its revenue intake and cashflow for the past several months. Because revenue exceeded projected amounts for the first quarter, the impact on cashflow has been less than anticipated. Nevertheless, we are taking precautionary measures such as limiting new hires and suspending non-critical projects as our local economy recovers. We also have developed a Customer Care Plan, which includes automatic payment plans and suspension of late fees, to help our customers pay their bills and promote steady collections through the rest of the year and into 2021.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of SWBNO, and particularly the Finance Administration and Internal Audit departments.

The Board has many assets, but none more valuable than its employees. Of special note and deserving of recognition for service with distinction is former Finance Administrator Rosita Thomas, who recently retired after thirty-nine (39) years of service. We sincerely thank Ms. Thomas for her leadership, dedication and contributions to the Board – and we wish her well!

We also extend a special acknowledgement to all members of the Board of Directors for their unfailing support, leadership and high standard of professionalism in the management of SWBNO's finances. Of course, a special thanks goes out to the President of the Board, Mayor Latoya Cantrell, Governor John Bel Edwards, and our hospitality partners who played a vital role in obtaining much needed funding for SWBNO as we look toward rebuilding a strong infrastructure for the citizens and visitors of New Orleans.

Because of the dedication of its employees, SWBNO received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for past submissions of its Comprehensive Annual Financial Report (CAFR) for thirty-five (35) of the past thirty-eight (38) years. This Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for a period of one (1) year only. We believe that the current report conforms to the Certificate of Achievement program requirements, and we will submit this CAFR to the GFOA.

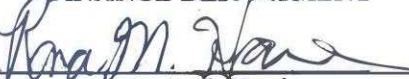
SWBNO hereby submits its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019.

Respectfully submitted,


Ghassan Korban, Executive Director

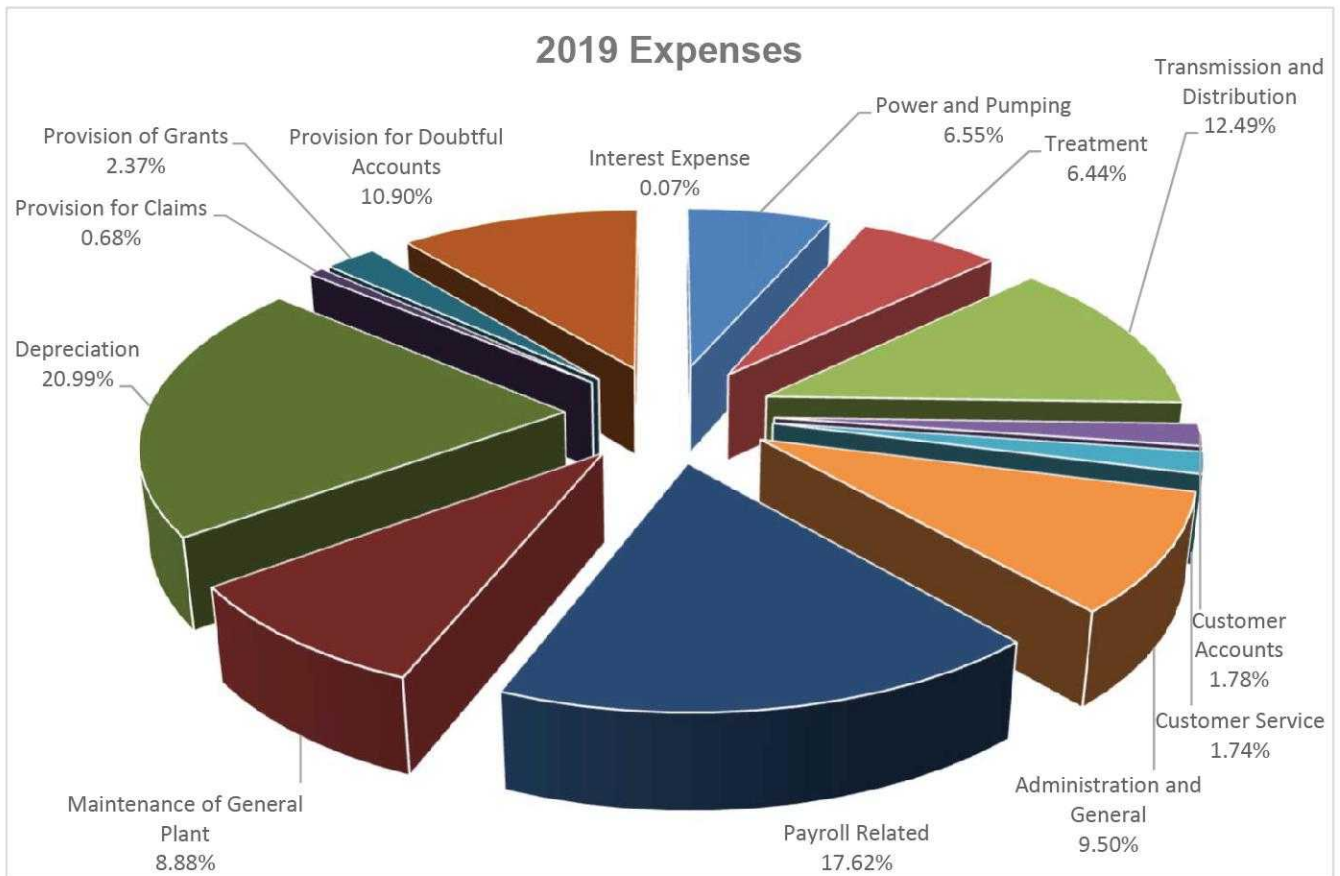
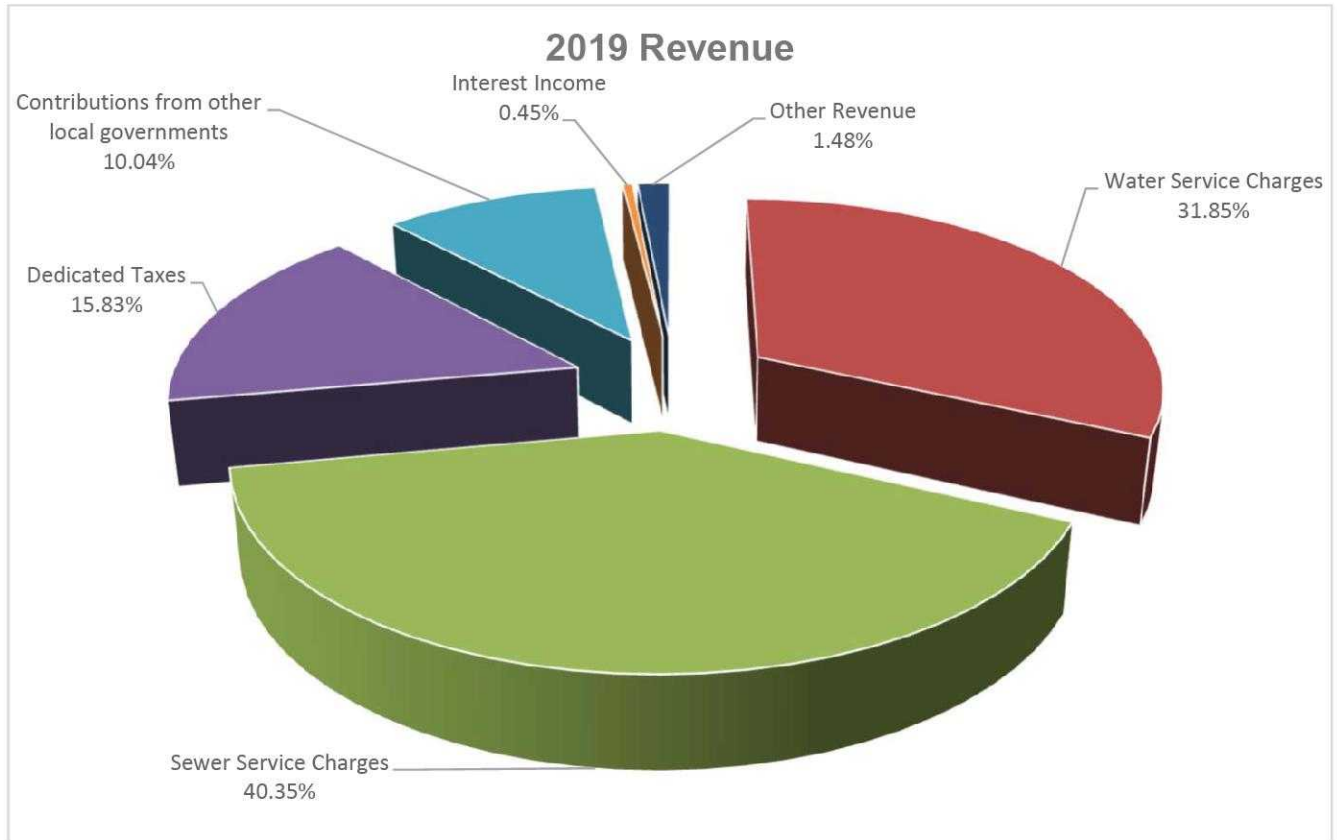

Hazel Bell
Chief Accountant

FINANCE DEPARTMENT


Rona M. Harris
Chief Accountant


LaTressia Matthews
Chief Accountant

Sewerage and Water Board of New Orleans



**SEWERAGE AND WATER BOARD OF NEW ORLEANS
BOARD OF DIRECTORS**

December 31, 2019

Mayor Latoya Cantrell	President
Dr. Tamika Duplessis	President Pro-Tem/District E
Lynes Sloss	Board of Liquidation
Ralph Johnson	Board of Liquidation
Joseph E. Peychaud	Consumer/Community Advocate
Janet Howard	Consumer/Community Advocate
Alejandra Guzman	District A
Maurice Sholas	District C
Robin Barnes	District B
Jay H. Banks	Councilmember

**COMMITTEES OF THE
SEWERAGE AND WATER BOARD OF NEW ORLEANS**

December 31, 2019

BOARD OF DIRECTORS

JOSEPH PEYCHARD	MAYOR LATOYA CANTRELL, President	
ALEJANDRA GUZMAN	Dr. TAMIKA DUPLESSIS – President Pro -Tem	
JANET HOWARD	ROBIN BARNES	RALPH JOHNSON
	JAY H. BANKS	LYNES SLOSS
	MAURICE G. SHOLAS, MD, PHD	VACANT, DISTRICT D

BOARD OF TRUSTEES

	MAYOR LATOYA CANTRELL, Chairperson	
	TAMIKA DUPLESSIS, President Pro -Tem	
ALEJANDRA GUZMANDR.	JAY H. BANKS	ROBIN BARNES
VACANT, DISTRICT D	RALPH JOHNSON	JOSEPH PEYCHARD
JANET HOWARD	MAURICE G. SHOLAS, MD, PHD	CHANTE' BIVENS
LYNES SLOSS	LATRESSIA MATTHEWS	CHRISTOPHER BERGERON
	HAROLD HELLER	

AUDIT COMMITTEE

	DR. TAMIKA DUPLESSIS, - Chairperson	
ROBIN BARNES	JOSEPH PEYCHARD	MAURICE G. SHOLAS, MD, PHD
	ALEJANDRA GUZMAN	

FINANCE AND ADMINISTRATION COMMITTEE

	LYNES SLOSS, – Chairperson	
JANET HOWARD	RALPH JOHNSON	JOSEPH PEYCHARD
	ALEJANDRA GUZMAN	

GOVERNANCE COMMITTEE

	RALPH JOHNSON, – Chairperson	
ROBIN BARNES	JANET HOWARD	JAY H. BANKS
	LYNES SLOSS	

PENSION COMMITTEE

	JOSEPH PEYCHARD – Chairperson	
JAY H. BANKS	RALPH JOHNSON	MAURICE G. SHOLAS, MD, PHD
ALEJANDRA GUZMAN	CHRISTOPHER BERGERON	LATRESSIA MATTHEWS
CHANTE BIVENS	HAROLD HELLER	

STRATEGY COMMITTEE

	ROBIN BARNES – Chairperson	
LYNES SLOSS	DR. TAMIKA DUPLESSIS	MAURICE G. SHOLAS, MD, PHD
	JANET HOWARD	

OPERATIONS COMMITTEE

	JANET HOWARD-Chairperson	
JAY H. BANKS	DR. TAMIKA DUPLESSIS	JOSEPH PEYCHARD
	MAURICE G. SHOLAS, MD, PHD	

RUDD & WISDOM, ACTUARY

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
EXECUTIVE STAFF**

December 31, 2019

EXECUTIVE DIRECTOR

Ghassan Korban

CHIEF OF STAFF

Christy Harowski

GENERAL SUPERINTENDENT- CONSTRUCTION/OPERATIONS

Robert Turner

CHIEF OF COMMUNICATIONS

Richard Rainey

CHIEF FINANCIAL OFFICER

Yvette Downs

CHIEF ADMINISTRATIVE OFFICER

David Callahan

SPECIAL COUNSEL

Yolanda Grinstead

CHIEF OF CUSTOMER SERVICE

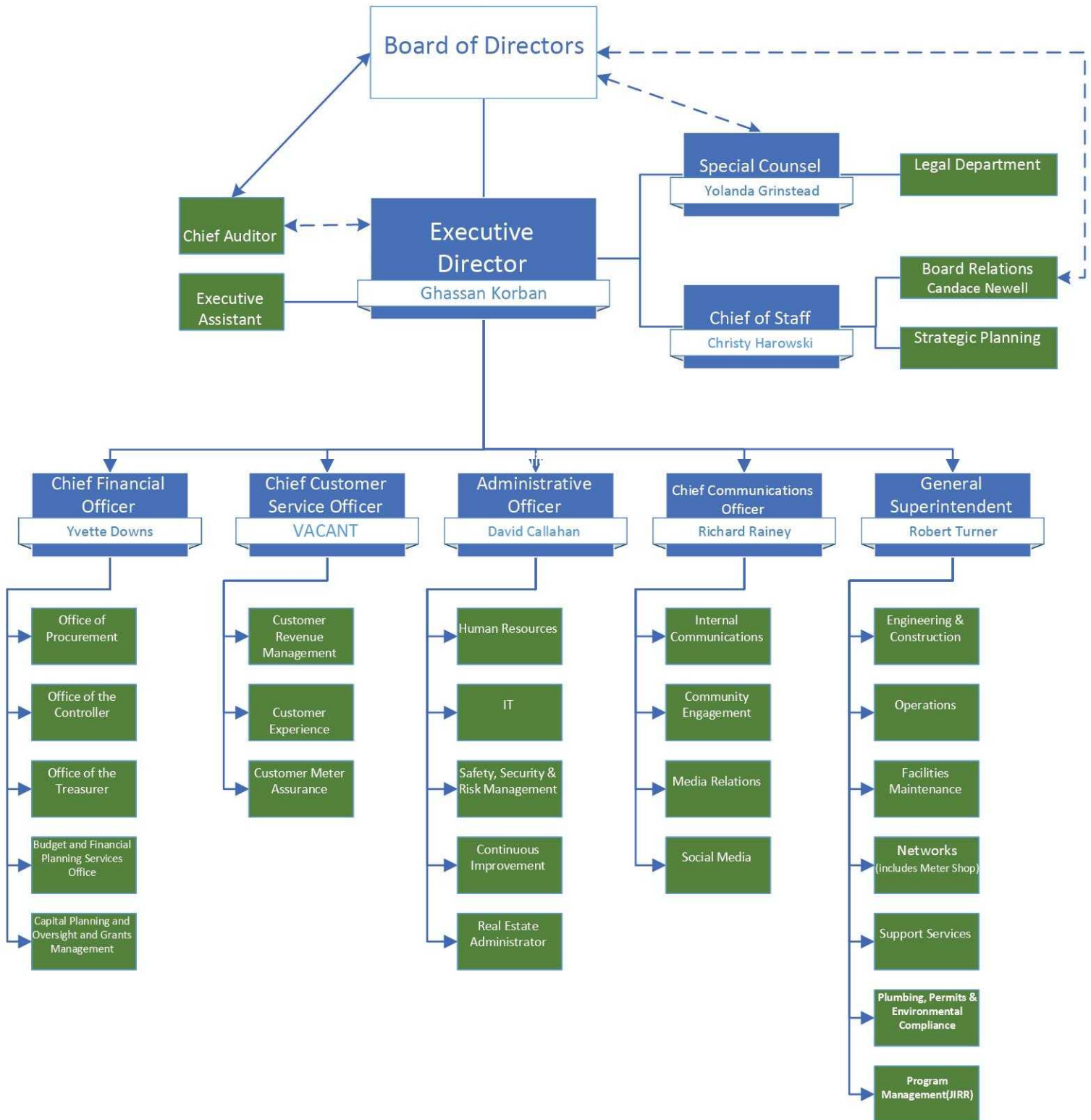
VACANT

CHIEF AUDIT EXECUTIVE

VACANT

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Utility-Wide Organizational Chart



FINANCIAL SECTION



Our team works around the clock to make sure we continue to provide essential services. Here in Central Control, our employees are responsible for the delivery of an adequate supply of board- generated electrical power, the continuous monitoring of the operational status of all electrical switchgear and the testing of related electrical feeders and equipment.

INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Sewerage and Water Board of New Orleans

Report on the Financial Statements

We have audited the accompanying financial statements of the Sewerage and Water Board of New Orleans (the "Board"), comprised of its business type activities and its fiduciary fund, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Board'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 the entity'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 the entity'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 above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund of the Board, as of December 31, 2019 and 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

COVID-19

As discussed in Note 20 to the financial statements, the Board was impacted by disruptions in the economy and business operations associated with the coronavirus (“COVID-19”) pandemic. Our opinion is not modified with respect to this matter.

Liquidity

As discussed in Note 17 to the financial statements, the Board’s Drainage System has incurred significant increases in expenditures which has negatively impacted the liquidity of the Drainage System. Management’s evaluation of the events and conditions and management’s plans to mitigate those matters are also described in Note 17. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages II-4 through II-21 and the schedules presented on pages II-75 through II-77 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.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board’s basic financial statements. The Introductory section, Schedules 1 through 7, the Statistical Information section, and Supplementary Information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 1 through 7 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedules 1 through 7 are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Introductory, Statistical, and Supplemental sections 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 August 18, 2020, on our consideration of the Board'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Postlethwaite & Netterville

New Orleans, Louisiana
August 18, 2020

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

The following Management Discussion and Analysis provides an overview of the financial performance of the Sewerage & Water Board of New Orleans' (the Board) for the fiscal years that ended December 31, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal. The Board's financial statements follow this section.

FINANCIAL HIGHLIGHTS

The Board adopted a financial plan for 2011 through 2020 that resulted in improved debt service coverage, increased funding for operations and maintenance, and full funding for the capital improvement programs. This financial plan was updated in 2016 to cover 2017 through 2020.

Recovery from Hurricane Katrina, the resulting flooding and an ongoing consent decree program continued to have significant impacts on operations and capital activities during 2019. Repairs and replacements to the water, sewerage, and drainage systems, and rehabilitation and replacement of buildings will continue through 2025.

On August 5, 2017, New Orleans experienced a significant storm event resulting in localized flooding. In response, an investment was made in the emergency repair and upgrade to various aspects of the drainage system that continued into 2018.

In May 2019, in an effort to replenish funding for the Board, Mayor LaToya Cantrell led the charge to obtain \$50 million in one-time funding to support various operations and capital needs of the Board. During 2019, the Board received \$28 million in one-time funding through the Fair Share program. In addition, the Mayor was able to secure ongoing funding under House Bills 522, 617 & 43 which is anticipated to result in \$20 million to \$26 million in recurring tax revenue.

Also in 2019, \$127,550 was borrowed on a \$10 million funding obtained through the Louisiana Clean Water State Revolving Fund, administered through the Louisiana Department of Environmental Quality (LDEQ) for critical sewer repairs.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

Enterprise Fund

The major highlights in the Board's enterprise fund were as follows:

2019

- The SWBNO's total assets and deferred outflows totaled \$3.6 billion in 2019 compared to \$3.5 billion in 2018, an increase of 2.1%, while net position totaled \$2.4 billion in 2019 compared to \$2.2 billion in 2018, an increase of 5.0%.
- Revenues from Water and Sewer services increased by approximately \$51.7 million from 2018 to 2019, to a total of approximately \$263.0 million for the year ended December 31, 2019.
- Total operating expenses increased in 2019 by \$3.3 million, or 1.1% compared to 2018.
- Total assets and deferred outflows increased \$72.6 million, or 2.1% from 2018 to 2019.
- For the year ended December 31, 2019, the Board had total outstanding senior lien municipal debt of \$405.1 million, which includes \$5.9 million in Drainage bonds, \$205.5 million in Sewer Revenue Bonds, and \$193.7 million in Water Revenue Bonds.
- The Board's additions to its major systems approximated \$173.8 million.
- The Southeast Louisiana (SELA) drainage system project, a major upgrade by the Corps of Engineers, resulted in additions of approximately \$47.8 million to work in progress during the year.
- Federal Emergency Management Agency (FEMA) Disaster Public Assistance grants revenues totaled approximately \$4.8 million and Hazard Mitigation grants totaled approximately \$15.4 million.

2018

- The SWBNO's net position totaled \$3.5 billion in 2018, an increase of 3.7% compared to 2017.
- Revenues from Water and Sewer services increased by approximately \$3.4 million from 2017 to 2018, for a total of approximately \$211.2 million for the year ended December 31, 2018.
- Total operating expenses decreased in 2018 by \$20.1 million, or 6.4% compared to 2017.
- Total assets increased \$124.7 million, or 3.7% from 2017 to 2018.
- For the year ended December 31, 2018, the Board had total outstanding senior lien municipal debt of \$421.9 million, which includes \$7.7 million in Drainage bonds, \$216.9 million in Sewer Revenue Bonds, and \$197.3 million in Water Revenue Bonds.
- The Board's additions to its major systems approximated \$253.3 million.
- The Southeast Louisiana (SELA) drainage system project, a major upgrade by the Corps of Engineers, resulted in additions of approximately \$57.1 million to work in progress during the year.
- Federal Emergency Management Agency (FEMA) Disaster Public Assistance grants revenues totaled approximately \$13.0 million and Hazard Mitigation grants totaled approximately \$31.1 million.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

Pension Trust Fund

The major highlights in the Board's fiduciary fund were as follows:

2019

The net appreciation of the fair value of investments was \$32.7 million in 2019 compared to a net depreciation of \$8.5 million in 2018. The net position restricted for pension benefits increased by \$24.4 million during 2019 to \$239.7 million at December 31, 2019.

2018

The net depreciation of the fair value of investments was \$8.5 million in 2018 compared to a net appreciation of \$22.5 million in 2017. The net position restricted for pension benefits decreased by \$20.0 million during 2018 to \$215.3 million at December 31, 2018.

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SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of five parts: management's discussion and analysis (this section), the financial statements, the notes to the financial statements, required supplementary information, and other supplementary information.

Government-wide Financial Statements – Enterprise Fund

The Board's principal activities of providing water, sewerage, and drainage services are accounted for in a single proprietary fund – the enterprise fund. Enterprise funds are used to report business activities. Since the enterprise fund is the Board's single activity, its financial statements are presented as the Board's government-wide financial statements.

The financial statements provide both long-term and short-term information about the Board's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

The Board's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of property, plant, and equipment is recognized in the Statements of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the Board are included in the Statements of Net Position.

The Statement of Net Position presents financial information on all of the Board's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

Fund Financial Statements – Pension Trust Fund

The Board's fiduciary fund financial statements consist of its pension trust fund. As a fiduciary fund, the pension trust fund is held for the benefit of employees and retirees of the Board. The pension trust fund is not reflected in the government-wide financials because the resources are not available to the Board for its activities. The accounting for the pension trust fund is much like that used by the enterprise fund.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

FINANCIAL ANALYSIS OF THE BOARD

ENTERPRISE FUND

2019 Net Position

The Board's total assets and deferred outflows at December 31, 2019 were approximately \$3.6 billion, a 2.1% increase from December 31, 2018 (see Table A-1).

Table A-1				
Sewerage & Water Board of New Orleans				
Net Position				
	2019	2018	Increase (Decrease)	Increase (Decrease)
Current unrestricted assets	\$ 129,867,392	\$ 150,478,786	\$ (20,611,394)	-13.7%
Restricted assets	49,943,476	69,484,786	(19,541,310)	-28.1%
Property, plant, and equipment - net	3,318,295,115	3,208,862,077	109,433,038	3.4%
Other assets	12,845,142	7,478,739	5,366,403	71.8%
Total assets	3,510,951,125	3,436,304,388	74,646,737	2.2%
Deferred outflows of resources	46,121,097	48,123,085	(2,001,988)	-4.2%
Total deferred outflows of resources	46,121,097	48,123,085	(2,001,988)	-4.2%
Total assets and deferred outflows	\$ 3,557,072,222	\$ 3,484,427,473	\$ 72,644,749	2.1%
Current liabilities	\$ 114,879,776	\$ 167,662,980	\$ (52,783,204)	-31.5%
Long-term liabilities	1,070,754,335	1,054,308,552	16,445,783	1.6%
Total liabilities	1,185,634,111	1,221,971,532	(36,337,421)	-3.0%
Deferred inflows of resources	15,170,059	17,653,950	(2,483,891)	-14.1%
Total deferred inflows of resources	15,170,059	17,653,950	(2,483,891)	-14.1%
Net position:				
Net investment in capital assets	2,631,802,752	2,543,371,049	88,431,703	3.5%
Restricted	43,839,618	46,042,585	(2,202,967)	-4.8%
Unrestricted	(319,374,318)	(344,611,643)	25,237,325	-7.3%
Total net position	2,356,268,052	2,244,801,991	111,466,061	5.0%
Total liabilities, deferred inflows, and net position	\$ 3,557,072,222	\$ 3,484,427,473	\$ 72,644,749	2.1%

The increase in total assets and deferred outflows of \$72.6 million resulted primarily due to a net increase in property, plant, and equipment of \$109.4 million. There was a decrease in restricted assets of about \$19.5 million as funds were used for construction projects. Current unrestricted assets decreased by \$20.6 million in 2019 mainly due to a decrease in outstanding customers receivable balance, net of related allowance, of \$6.3 million and a decrease in grants receivable of \$9.8 million.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

Current liabilities decreased by \$52.8 million primarily due to a decrease in accounts payable of \$33.1 million, an \$11.2 million decrease in the disaster reimbursement revolving loan fund, and more timely payments to vendors. Long-term liabilities increased by \$16.4 million primarily due to an increase of \$36.1 million in total other post-employment benefits liability (total OPEB liability), offset by a decrease in net pension liability of \$18.8 million due to changes in actuarial assumption and investment returns, and decreases in other long term liabilities. Deferred outflows of resources and deferred inflows of resources decreased by \$2.0 million and \$2.5 million, respectively, due to changes in the actuary's assumptions on investment returns and demographic factors related to the pension and OPEB liabilities.

2018 Net Position

The Board's total assets and deferred outflows at December 31, 2018 were approximately \$3.5 billion, a 3.7% increase from December 31, 2017 (see Table A-2).

Table A-2				
Sewerage & Water Board of New Orleans				
Net Position				
	2018	2017	Increase (Decrease)	Increase (Decrease)
Current unrestricted assets	\$ 150,478,786	\$ 194,955,962	\$ (44,477,176)	-22.8%
Restricted assets	69,484,786	116,611,194	(47,126,408)	-40.4%
Property, plant, and equipment - net	3,208,862,077	3,019,092,797	189,769,280	6.3%
Other assets	7,478,739	12,291,080	(4,812,341)	-39.2%
Total assets	3,436,304,388	3,342,951,033	93,353,355	2.8%
Deferred outflows of resources	48,123,085	16,734,173	31,388,912	187.6%
Total deferred outflows of resources	48,123,085	16,734,173	31,388,912	187.6%
Total assets and deferred outflows	\$ 3,484,427,473	\$ 3,359,685,206	\$ 124,742,267	3.7%
Current liabilities	\$ 167,662,980	\$ 148,037,878	\$ 19,625,102	13.3%
Long-term liabilities	1,054,308,552	1,040,787,916	13,520,636	1.3%
Total liabilities	1,221,971,532	1,188,825,794	33,145,738	2.8%
Deferred inflows of resources	17,653,950	1,867,968	15,785,982	845.1%
Total deferred inflows of resources	17,653,950	1,867,968	15,785,982	845.1%
Net position:				
Net investment in capital assets	2,543,371,049	2,405,347,069	138,023,980	5.7%
Restricted	46,042,585	46,606,340	(563,755)	-1.2%
Unrestricted	(344,611,643)	(282,961,965)	(61,649,678)	21.8%
Total net position	2,244,801,991	2,168,991,444	75,810,547	3.5%
Total liabilities, deferred inflows, and net position	\$ 3,484,427,473	\$ 3,359,685,206	\$ 124,742,267	3.7%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

The net increase in total assets of \$124.7 million resulted primarily due to a net increase in property, plant, and equipment of \$189.8 million. There was a decrease in restricted assets of about \$47.1 million as funds were used for construction projects. Current unrestricted assets decreased by \$44.5 million in 2018 mainly due to a decrease in unrestricted cash and cash equivalents of \$18.4 million and a decrease in grants receivable of \$37.5 million, offset by an increase in outstanding customers receivable balance, net of related allowance, of \$9.1 million.

Current liabilities increase by \$19.6 million primarily due to an increase in Accounts Payable of \$16.1 million as a result of increased capital expenditures during 2018 and timing of payments. Long-term liabilities increased by \$13.5 million primarily due to an increase in net pension liability of \$40.9 million due to changes in actuarial assumption and investment returns, offset by a decrease of \$19.0 million decrease in total other post-employment benefits liability (Total OPEB Liability) and a decrease of \$19.5 million in total outstanding bonds. Deferred outflows of resources and deferred inflows of resources increased by \$31.4 million and \$15.8 million, respectively, due to changes in actuary's assumption on investment returns and demographic factors related to the pension plan.

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SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

2019 Changes in Net Position

The change in net position for the year ended December 31, 2019 was an increase of approximately \$111.5 million, as opposed to approximately \$75.8 million for the year ended December 31, 2018. The Board's total operating revenues increased by 24.5% to approximately \$263.0 million due primarily to improved customer billing and rate increases effective January 1, 2019. Total non-operating revenue (expenses) increased by 46.2% to approximately \$86.4 million due primarily to \$28 million in one-time funding from the Fair Share program and approximately \$7.1 million from the revolving loan fund, offset by a \$10.4 change in the provision for grants deemed uncollectible. Capital contributions from federal grants and construction of Board property was approximately \$60.3 million resulting primarily from capital additions reimbursable under the FEMA Disaster Public Assistance and FEMA Hazard Mitigation grants of approximately \$7 million and \$15.4 million, respectively, approximately \$24.6 million of capital contributions from the Army Corps of Engineers, and approximately \$11.2 million of forgiveness of the Revolver account liability. The changes in net position are detailed in Table A-3; operating expenses are detailed in Table A-4.

Table A-3				
Sewerage & Water Board of New Orleans				
Revenues, Expenses and Change in Net Position				
	2019	2018	Increase (Decrease)	Increase (Decrease)
Operating revenues:				
Sales of water and delinquent fees	\$ 113,339,213	\$ 90,287,081	\$ 23,052,132	25.5%
Sewerage service charges	143,686,137	114,614,157	29,071,980	25.4%
Plumbing inspection and license fees	582,056	648,332	(66,276)	-10.2%
Other revenue	5,351,115	5,687,203	(336,088)	-5.9%
Total operating revenues	262,958,521	211,236,773	51,721,748	24.5%
Operating expenses (Table A-4)	298,150,127	294,807,252	3,342,875	1.1%
Operating loss	(35,191,606)	(83,570,479)	48,378,873	57.9%
Non-operating revenues (expenses):				
Property taxes	55,888,326	54,651,624	1,236,702	2.3%
Other taxes	594,985	594,532	453	0.1%
Contributions from other local governments	35,839,141	-	35,839,141	N/A
Federal noncapital grants	48,716	78,814	(30,098)	-38.2%
Interest income	1,610,012	833,128	776,884	93.2%
Interest expense	(228,235)	(248,469)	20,234	-8.1%
Bond issuance costs	(127,550)	-	(127,550)	N/A
Recovery (provision) for grants	(7,230,828)	3,183,641	(10,414,469)	-327.1%
Total non-operating revenues (expenses)	86,394,567	59,093,270	27,301,297	46.2%
Income before capital contributions	51,202,961	(24,477,209)	75,680,170	-309.2%
Capital contributions	60,263,100	100,287,756	(40,024,656)	-39.9%
Change in net position	111,466,061	75,810,547	35,655,514	47.0%
Net position, beginning of year	2,244,801,991	2,168,991,444	75,810,547	3.5%
Net position, end of year	\$ 2,356,268,052	\$ 2,244,801,991	\$ 111,466,061	5.0%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

Table A-4				
Sewerage & Water Board of New Orleans				
Operating Expenses				
	2019	2018	Increase (Decrease)	Increase (Decrease)
Power and pumping	\$ 20,013,016	\$ 31,874,462	\$ (11,861,446)	-37.2%
Treatment	19,688,222	22,958,975	(3,270,753)	-14.2%
Transmission and distribution	38,176,467	46,530,018	(8,353,551)	-18.0%
Customer accounts	5,431,786	5,243,276	188,510	3.6%
Customer service	5,304,138	4,476,414	827,724	18.5%
Administration and general	29,023,557	28,253,318	770,239	2.7%
Payroll related	53,838,316	49,416,581	4,421,735	8.9%
Maintenance of general plant	27,142,840	28,813,485	(1,670,645)	-5.8%
Depreciation	64,156,230	63,501,190	655,040	1.0%
Provision for doubtful accounts	33,306,195	20,942,217	12,363,978	59.0%
(Recovery) provision for claims	2,069,360	(7,202,684)	9,272,044	-128.7%
Total operating expenses	\$ 298,150,127	\$ 294,807,252	\$ 3,342,875	1.1%

Total operating expenses increased by approximately \$3.3 million or 1.1% compared to 2018. The increase of \$12.4 million in provision for doubtful accounts was mainly due to customer collection issues in 2019, and the \$9.3 million increase in the provision for claims was mainly attributable to the impact of the 2018 revised reserve for general liabilities claims. In addition, transmission and distribution decreased by \$8.4 million, or 18% due to the Board having limited resources available for non-FEMA funded repairs and maintenance expenditures on the water, sewer, and drainage systems. Furthermore, payroll related expenses increased by approximately \$4.4 million or 8.9% due to an increase in total number of employees from approximately 1,400 at December 31, 2018 to approximately 1,500 at December 31, 2019.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

2018 Changes in Net Position

The change in net position for the year ended December 31, 2018 was an increase of approximately \$75.8 million, as opposed to approximately \$34.8 million for the year ended December 31, 2017. The Board's total operating revenues increased by 2.8% to approximately \$211.2 million due primarily to rate increases effective January 1, 2018. Total non-operating revenue increased by 23.5% to approximately \$59.1 million due to a recovery of \$3.2 million in grants previously determined to be uncollectable. Capital contributions from federal grants and construction of Board property was approximately \$100.3 million resulting primarily from capital additions reimbursable under the FEMA Disaster Public Assistance and FEMA Hazard Mitigation grants of approximately \$13.0 million and \$31.1 million, respectively, and approximately \$56.2 million of capital contributions by the Army Corps of Engineers. The changes in net position are detailed in Table A-5; operating expenses are detailed in Table A-6.

Table A-5				
Sewerage & Water Board of New Orleans				
Revenues , Expenses and Change in Net Position				
	2018	2017	Increase (Decrease)	Increase (Decrease)
Operating revenues:				
Sales of water and delinquent fees	\$ 90,287,081	\$ 90,464,810	\$ (177,729)	-0.2%
Sewerage service charges	114,614,157	111,063,719	3,550,438	3.2%
Plumbing inspection and license fees	648,332	588,330	60,002	10.2%
Other revenue	5,687,203	3,451,274	2,235,929	64.8%
Total operating revenues	211,236,773	205,568,133	5,668,640	2.8%
Operating expenses (Table A-6)	294,807,252	314,911,503	(20,104,251)	-6.4%
Operating loss	(83,570,479)	(109,343,370)	25,772,891	23.6%
Non-operating revenues (expenses):				
Property taxes	54,651,624	55,422,813	(771,189)	-1.4%
Other taxes	594,532	593,424	1,108	0.2%
Federal noncapital grants	78,814	4,139	74,675	1804.2%
Interest income	833,128	786,643	46,485	5.9%
Interest expense	(248,469)	(50,158)	(198,311)	395.4%
Provision for grants	3,183,641	(8,906,949)	12,090,590	-135.7%
Total non-operating revenues (expenses)	59,093,270	47,849,912	11,243,358	23.5%
Income before capital contributions	(24,477,209)	(61,493,458)	37,016,249	-60.2%
Capital contributions	100,287,756	96,336,075	3,951,681	4.1%
Change in net position	75,810,547	34,842,617	40,967,930	117.6%
Net position, beginning of year	2,168,991,444	2,228,421,948	(59,430,504)	-2.7%
Change in accounting principle	-	(94,273,121)	94,273,121	N/A
Net position, end of year	\$ 2,244,801,991	\$ 2,168,991,444	\$ 75,810,547	3.5%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

Table A-6				
Sewerage & Water Board of New Orleans				
Operating Expenses				
	2018	2017	Increase (Decrease)	Increase (Decrease)
Power and pumping	\$ 31,874,462	\$ 36,552,523	\$ (4,678,061)	-12.8%
Treatment	22,958,975	25,651,907	(2,692,932)	-10.5%
Transmission and distribution	46,530,018	36,409,559	10,120,459	27.8%
Customer accounts	5,243,276	4,460,155	783,121	17.6%
Customer service	4,476,414	4,217,543	258,871	6.1%
Administration and general	28,253,318	24,343,704	3,909,614	16.1%
Payroll related	49,416,581	38,126,322	11,290,259	29.6%
Maintenance of general plant	28,813,485	26,100,182	2,713,303	10.4%
Depreciation	63,501,190	59,450,076	4,051,114	6.8%
Provision for doubtful accounts	20,942,217	14,326,711	6,615,506	46.2%
Provision for claims	(7,202,684)	45,272,821	(52,475,505)	-115.9%
Total operating expenses	\$ 294,807,252	\$ 314,911,503	\$ (20,104,251)	-6.4%

Total operating expenses decreased by approximately \$20.1 million or 6.4% compared to 2017. The increase of \$6.6 million in provision for doubtful accounts was mainly due to customer billing and collection issues in 2018, and a recovery in claims was mainly attributable to a \$11.0 million decrease in general liabilities claims in 2018 as the reserve for SELA project related claims was revised based on the final judgments during 2018. In addition, transmission and distributions increased by \$10.1 million due to repairs and maintenance expenditures on the water, sewer, and drainage systems. Furthermore, payroll related expenses increased by approximately \$11.3 million or 29.6% due to an increase in total number of employees from approximately 1,200 at December 31, 2017 to approximately 1,400 at December 31, 2018.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

PENSION TRUST FUND

2019 Plan Net Position

The Board's total plan assets and net position of its pension trust fund at December 31, 2019 were approximately \$240.9 million and \$239.7 million, respectively, representing a 10.9% and 11.3% increase, respectively, from December 31, 2018 (see table A-7).

Plan net position increased by approximately \$24.4 million in 2019 primarily due to net appreciation in fair value of investments by approximately \$32.7 million. An increase of employee and employer contributions of \$2.4 million was offset by an increase of benefit payments of approximately \$1.9 million in 2019.

Table A-7				
Sewerage & Water Board of New Orleans				
Pension Trust Fund Net Position				
	2019	2018	Increase (Decrease)	Increase (Decrease)
Cash	\$ 442,289	\$ 1,456	\$ 440,833	30277.0%
Investments	239,630,727	217,136,196	22,494,531	10.4%
Receivables	438,942	63,354	375,588	592.8%
Due from other fund	343,344	73,777	269,567	365.4%
Total assets	240,855,302	217,274,783	23,580,519	10.9%
Other liabilities	1,177,600	1,995,000	(817,400)	N/A
Total liabilities	1,177,600	1,995,000	(817,400)	100.0%
Plan net position	\$ 239,677,702	\$ 215,279,783	\$ 24,397,919	11.3%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

2018 Plan Net Position

The Board's total plan assets and net position of its pension trust fund at December 31, 2018 was approximately \$215.3 million, an 8.5% decrease from December 31, 2017 (see table A-8).

Plan net position decreased by approximately \$20.0 million in 2018 primarily due to net depreciation in fair value of investments by approximately \$8.5 million. An increase of employee and employer contributions of \$0.6 million was offset by an increase of benefit payments of approximately \$1.6 million in 2018.

Table A-8				
Sewerage & Water Board of New Orleans Pension Trust Fund Net Position				
	2018	2017	Increase (Decrease)	Increase (Decrease)
Cash	\$ 1,456	\$ 230,946	\$ (229,490)	-99.4%
Investments	217,136,196	234,711,857	(17,575,661)	-7.5%
Receivables	63,354	101,269	(37,915)	-37.4%
Due from other fund	73,777	240,245	(166,468)	-69.3%
Total assets	217,274,783	235,284,317	(18,009,534)	-7.7%
Other liabilities	1,995,000	-	1,995,000	N/A
Total liabilities	1,995,000	-	1,995,000	0.0%
Plan net position	\$ 215,279,783	\$ 235,284,317	\$ (20,004,534)	-8.5%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

2019 Changes in Plan Net Position

Change in net position increased by \$44.4 million mainly attributable to a \$41.5 million net investment (loss) income change. The increase in net investment income in 2019 is due to stock market performance causing appreciation in fair value of the equity investments that account for approximately half of the investment portfolio of the pension trust fund.

Table A-9				
Sewerage & Water Board of New Orleans				
Change in Plan Net Position				
	2019	2018	Increase (Decrease)	Increase (Decrease)
Additions:				
Contributions	\$ 13,596,270	\$ 11,186,923	\$ 2,409,347	21.5%
Net income (loss) on investments	33,662,791	(7,868,279)	41,531,070	-527.8%
Total additions	47,259,061	3,318,644	43,940,417	1324.0%
Deductions:				
Benefits	(20,438,403)	(18,565,085)	(1,873,318)	10.1%
Employee refunds	(481,801)	(355,206)	(126,595)	35.6%
Employee DROP contributions	(1,940,938)	(4,402,887)	2,461,949	-55.9%
Total deductions	(22,861,142)	(23,323,178)	462,036	-2.0%
Change in net position	24,397,919	(20,004,534)	44,402,453	-222.0%
Plan net position, beginning of year	215,279,783	235,284,317	(20,004,534)	-8.5%
Plan net position, end of year	\$ 239,677,702	\$ 215,279,783	\$ 24,397,919	11.3%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

2018 Changes in Plan Net Position

Change in net position decreased by \$31.0 million mainly attributable to a \$31.2 million net investment (loss) income change. The decrease in net investment income in 2018 is due stock market performance near the end of 2018 causing depreciation in fair value of the equity investments that account for approximately half of the investment portfolio of the pension trust fund.

Table A-10				
Sewerage & Water Board of New Orleans				
Change in Plan Net Position				
	2018	2017	Increase (Decrease)	Increase (Decrease)
Additions:				
Contributions	\$ 11,186,923	\$ 11,795,214	\$ (608,291)	-5.2%
Net income on investments	(7,868,279)	23,326,273	(31,194,552)	-133.7%
Total additions	3,318,644	35,121,487	(31,802,843)	-90.6%
Deductions:				
Benefits	(18,565,085)	(16,974,995)	(1,590,090)	9.4%
Employee refunds	(355,206)	(438,134)	82,928	-18.9%
Employee DROP contributions	(4,402,887)	(6,780,302)	2,377,415	-35.1%
Total deductions	(23,323,178)	(24,193,431)	870,253	-3.6%
Change in net position	(20,004,534)	10,928,056	(30,932,590)	-283.1%
Plan net position, beginning of year	235,284,317	224,356,261	10,928,056	4.9%
Plan net position, end of year	\$ 215,279,783	\$ 235,284,317	\$ (20,004,534)	-8.5%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

CAPITAL ASSET AND DEBT ADMINISTRATION

2019 Capital Assets

As of December 31, 2019, the Board had invested approximately \$4.42 billion in capital assets. Net of accumulated depreciation, the Board's net capital assets at December 31, 2019 totaled approximately \$3.32 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$109.4 million, or 3.4%, over December 31, 2018.

At December 31, 2019, the Board's budget for its ten-year capital improvements program totaled approximately \$3.0 billion, compared to approximately \$3 billion in 2018. The capital improvements program includes \$325 million in capital expenditures for the year ending December 31, 2020 and provides for the following activities:

- Continue Joint Infrastructure Recovery Road in conjunction with City of New Orleans Department of Public Works;
- Comply with regulatory requirements under the Sewer Consent Decree;
- Complete rehabilitation of Claiborne Pumping Station (Phase II) of Water Hammer project;
- Participate in drainage system improvements in coordination with SELA Program;
- Initiate Automated Meter Infrastructure project.

Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures.

See Note 4 for detailed capital asset activity during 2019.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

2018 Capital Assets

As of December 31, 2018, the Board had invested approximately \$4.24 billion in capital assets. Net of accumulated depreciation, the Board's net capital assets at December 31, 2018 totaled approximately \$3.21 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$192.3 million, or 6.4%, over December 31, 2017.

At December 31, 2018, the Board's budget for its ten-year capital improvements program totaled approximately \$3 billion, which includes \$166.7 million in capital expenditures for the year ending December 31, 2019 and provides for the following activities:

- Continue Joint Infrastructure Recovery Road in conjunction with City of New Orleans Department of Public Works;
- Comply with regulatory requirements under the Sewer Consent Decree;
- Complete second tower of Water Hammer project;
- Participate in drainage system improvements in coordination with SELA Program;
- Initiate Automated Meter Infrastructure project.

Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures.

2019 Debt Administration

The Board continues to make its regularly scheduled payments on its bonds. During 2019, \$16.9 million in principal payments were made.

The Louisiana Department of Environmental Quality has loaned the Board up to \$9.0 million to fund construction of sewerage treatment works, implementing a management program under Section 1329 of the Water Quality Act of 1987, and developing and implementing a conservation and management plan under Section 1330 of the Federal Act. The outstanding balance is \$6.0 million at December 31, 2019.

The Costal Protection and Restoration Authority of Louisiana entered into an agreement with the Department of the Army for the Southeast Louisiana Flood Control Program. The United States Government has committed to 65% of the project costs and The Board is responsible for 35% of the project costs. At December 31, 2019, the accumulated amount due to the U.S. Government totaled approximately \$250.3 million. This amount is estimated based on the actual cost of construction incurred to date. Repayment of principal and interest is expected to start in 2020 and continued through 2051. Total payment for the project is estimated to be approximately \$250.3 million through 2051. The total cost of the project may increase in the upcoming years as additional construction costs continue to add to the project.

The City entered into an agreement with the Louisiana Department of Environmental Quality (LDEQ) whereby the LDEQ has committed to loan the Board \$10 million to fund certain sewer main replacements and repairs. The loan is to be advanced in incremental amounts as project costs are incurred. Semi-annual interest and administrative fee payments begin in 2020. Annual principal payments are due beginning in 2021 and continuing through 2040. At December 31, 2019, the outstanding balance is \$127,550. See Note 6 for detailed long term debt activity during 2019.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2019 AND 2018

2018 Debt Administration

The Board continues to make its regularly scheduled payments on its bonds. During 2018, \$17.5 million in principal payments were made.

The Louisiana Department of Environmental Quality has loaned the Board up to \$9.0 million to fund construction of sewerage treatment works, implementing a management program under Section 1329 of the Water Quality Act of 1987, and developing and implementing a conservation and management plan under Section 1330 of the Federal Act. The outstanding balance is \$6.5 million at December 31, 2018.

The Costal Protection and Restoration Authority of Louisiana entered into an agreement with the Department of the Army for the Southeast Louisiana Flood Control Program. The United States Government has committed to 65% of the project costs and The Board is responsible for 35% of the project costs. At December 31, 2018, the accumulated amount due to the U.S. Government totaled approximately \$227.1 million. This amount is estimated based on the actual cost of construction incurred to date. Repayment of principal and interest is expected to start in 2019 through 2050. Total payment for the project is estimated to be approximately \$227.1 million through 2050. The total cost of the project may increase in the upcoming years as additional construction costs continue to add to the project. See Note 6 for detailed long term debt activity during 2018.

ECONOMIC FACTORS AND RATES

The Board, the City Council, and the Board of Liquidation City Debt approved a rate increase of ten percent for the Water and Sewer Departments effective January 1, 2013 and annually thereafter through 2020.

To meet the bond covenant for the 2014 Water and Sewer Revenue and Refunding Bonds and 2015 Water and Sewer Revenue Bonds, the cash in days is required to be maintained 90 days. The SWBNO has exceeded the goals by 57 days and 62 days in the Water and Sewer system, respectively.

The total number of open accounts continue to increase modestly on an annual basis. The total open accounts in 2019 were 136,616, an increase of 648 over 2018 open accounts of 135,968.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Sewerage & Water Board of New Orleans at (504) 585-2364.

BASIC FINANCIAL STATEMENTS

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF NET POSITION
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and cash equivalents	\$ 62,262,464	\$ 63,639,346
Accounts receivable:		
Customers, net of allowance	34,055,759	40,383,662
Taxes	5,089,136	6,493,108
Grants	16,969,639	26,810,346
Miscellaneous	5,782,798	5,731,443
Due from pension trust fund	-	1,995,000
Inventory of supplies	5,136,999	4,888,702
Prepaid expenses	570,597	537,179
Total unrestricted and undesignated	<u>129,867,392</u>	<u>150,478,786</u>
Total current assets	<u>129,867,392</u>	<u>150,478,786</u>
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents restricted for capital projects	4,216,858	21,245,567
Debt service reserve	43,839,618	46,042,585
Health insurance reserve	1,887,000	2,196,634
Total restricted cash, cash equivalents, and investments	<u>49,943,476</u>	<u>69,484,786</u>
Property, plant and equipment	4,415,243,859	4,243,049,265
Less: accumulated depreciation	1,096,948,744	1,034,187,188
Property, plant and equipment, net	<u>3,318,295,115</u>	<u>3,208,862,077</u>
Other assets:		
Funds from/for customer deposits	12,793,827	7,427,424
Deposits	51,315	51,315
Total other assets	<u>12,845,142</u>	<u>7,478,739</u>
Total noncurrent assets	<u>3,381,083,733</u>	<u>3,285,825,602</u>
Total assets	<u>3,510,951,125</u>	<u>3,436,304,388</u>
Deferred outflows of resources:		
Deferred amounts related to net pension liability	18,705,321	45,197,190
Deferred amounts related to total OPEB liability	24,816,033	-
Deferred loss on bond refunding	2,599,743	2,925,895
Total deferred outflows of resources	<u>46,121,097</u>	<u>48,123,085</u>
Total assets and deferred outflows of resources	<u>\$ 3,557,072,222</u>	<u>\$ 3,484,427,473</u>

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF NET POSITION
December 31, 2019 and 2018
(Continued)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2019	2018
Current liabilities (payable from current unrestricted assets):		
Accounts payable	\$ 67,703,492	\$ 100,761,801
Due to City of New Orleans	710,554	842,664
Disaster Reimbursement Revolving Loan (Note 15)	-	11,221,710
Retainers and estimates payable	3,518,946	10,345,723
Due to pension trust fund	343,344	73,777
Accrued salaries	2,185,282	993,023
Claims payable	3,624,675	4,354,711
Total OPEB liability, due within one year	7,515,809	7,043,121
Debt Service Assistance Fund loan payable	2,650,800	5,067,022
Advances from federal government	4,655,507	4,751,868
Other liabilities	852,175	510,058
Total current liabilities (payable from current unrestricted assets):	93,760,584	145,965,478
Current liabilities (payable from current restricted assets):		
Accrued interest	2,550,699	2,725,236
Bonds payable	17,819,000	16,900,000
Retainers and estimates payable	749,493	2,072,266
Total current liabilities (payable from current restricted assets):	21,119,192	21,697,502
Total current liabilities	114,879,776	167,662,980
Long-term liabilities:		
Claims payable, net of current portion	43,209,163	44,068,031
Accrued vacation and sick pay	9,068,334	9,693,790
Net pension liability	105,041,418	123,873,465
Total OPEB liability, net of current portion	187,712,285	151,569,144
Bonds payable, net of current maturities	422,546,351	442,697,050
Southeast Louisiana Project liability	250,343,870	227,139,545
Debt Service Assistance Fund loan payable, net of current maturities	40,039,087	42,689,887
Customer deposits	12,793,827	12,577,640
Total long-term liabilities	1,070,754,335	1,054,308,552
Total liabilities	1,185,634,111	1,221,971,532
Deferred inflows of resources:		
Deferred amounts related to net pension liability	7,138,308	5,606,319
Deferred amounts related to total OPEB liability	8,031,751	12,047,631
Total deferred inflows of resources	15,170,059	17,653,950
Net position:		
Net investment in capital assets	2,631,802,752	2,543,371,049
Restricted for debt service	43,839,618	46,042,585
Unrestricted (deficit)	(319,374,318)	(344,611,643)
Total net position	2,356,268,052	2,244,801,991
Total liabilities, deferred inflows of resources, and net position	\$ 3,557,072,222	\$ 3,484,427,473

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Sales of water and delinquent fees	\$ 113,339,213	\$ 90,287,081
Sewerage service charges	143,686,137	114,614,157
Plumbing inspection and license fees	582,056	648,332
Other revenue	5,351,115	5,687,203
	<hr/>	<hr/>
Total operating revenues	262,958,521	211,236,773
	<hr/>	<hr/>
Operating expenses:		
Power and pumping	20,013,016	31,874,462
Treatment	19,688,222	22,958,975
Transmission and distribution	38,176,467	46,530,018
Customer accounts	5,431,786	5,243,276
Customer service	5,304,138	4,476,414
Administration and general	29,023,557	28,253,318
Payroll related expenses	53,838,316	49,416,581
Maintenance of general plant	27,142,840	28,813,485
Depreciation	64,156,230	63,501,190
Provision for doubtful accounts	33,306,195	20,942,217
Provision (recovery) for claims	2,069,360	(7,202,684)
	<hr/>	<hr/>
Total operating expenses	298,150,127	294,807,252
	<hr/>	<hr/>
Operating loss	(35,191,606)	(83,570,479)
	<hr/>	<hr/>
Non-operating revenues (expenses):		
Three-mill tax	15,300,420	15,504,589
Six-mill tax	16,241,889	15,576,221
Nine-mill tax	24,345,982	23,570,261
Two-mill tax	35	553
Other taxes	594,985	594,532
Contributions from other local governments (Note 17)	35,839,141	-
Federal noncapital grants	48,716	78,814
Interest income	1,610,012	833,128
Bond issuance costs	(127,550)	-
Interest expense	(228,235)	(248,469)
(Provision) recovery for grants	(7,230,828)	3,183,641
	<hr/>	<hr/>
Total non-operating revenues (expenses)	86,394,567	59,093,270
	<hr/>	<hr/>
Income (loss) before capital contributions	51,202,961	(24,477,209)
	<hr/>	<hr/>
Capital contributions	60,263,100	100,287,756
	<hr/>	<hr/>
Change in net position	111,466,061	75,810,547
	<hr/>	<hr/>
Net position, beginning of year	2,244,801,991	2,168,991,444
	<hr/>	<hr/>
Net position, end of year	<u>\$ 2,356,268,052</u>	<u>\$ 2,244,801,991</u>

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUND

For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash received from customers	\$ 230,131,135	\$ 175,466,377
Cash payments to suppliers for goods and services	(96,159,902)	(111,566,403)
Cash payments to employees for services	(94,946,146)	(93,097,973)
Other revenue	7,876,816	653,856
	<u>46,901,903</u>	<u>(28,544,143)</u>
Cash flows from noncapital financing activities		
Proceeds from property taxes	57,887,283	58,405,872
Contributions from other local governments	35,839,141	-
Proceeds from federal noncapital grants	48,716	78,814
	<u>93,775,140</u>	<u>58,484,686</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(140,616,949)	(161,931,426)
Principal payments and refundings of bonds payable	(16,573,848)	(17,129,385)
Proceeds from bonds payable	127,550	-
Payments for bond issuance costs	(127,550)	-
Principal payments on Debt Service Assistance Fund loan	(5,067,022)	(4,846,200)
Interest paid on bonds payable	(22,660,389)	(23,756,793)
Payments to construction fund	(11,221,710)	(2,104,067)
Proceeds from construction fund	-	84,631
Capital contributed by developers and federal grants	38,276,178	108,484,725
	<u>(157,863,740)</u>	<u>(101,198,515)</u>
Cash flows from investing activities		
Investment income	1,634,908	1,220,452
	<u>1,634,908</u>	<u>1,220,452</u>
Net decrease in cash	(15,551,789)	(70,037,520)
Cash at the beginning of the year	134,659,833	204,697,353
Cash at the end of the year	<u>\$ 119,108,044</u>	<u>\$ 134,659,833</u>
Reconciliation of cash, designated cash, and restricted cash (Note 2)		
Current assets - cash	\$ 71,806,291	\$ 67,816,770
Restricted assets - cash	47,301,753	66,843,063
Total cash	<u>\$ 119,108,044</u>	<u>\$ 134,659,833</u>

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUND
For the years ended December 31, 2019 and 2018
(Continued)

	<u>2019</u>	<u>2018</u>
Reconciliation of operating loss to net cash provided by operating activities is as follows:		
Operating loss	\$ (35,191,606)	\$ (83,570,479)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation	64,156,230	63,501,190
Provision (recovery) for claims	2,069,360	(7,202,684)
Provision for doubtful accounts	33,306,195	20,942,217
Change in operating assets and liabilities:		
Increase in customer receivables	(26,978,292)	(30,059,251)
(Decrease) increase in due from other internal departments	1,995,000	(1,995,000)
(Increase) decrease in inventory	(248,297)	91,379
Increase in prepaid expenses and other receivables	(84,773)	(3,265,622)
Decrease (increase) in deferred outflows of resources related to net pension liability and total OPEB liability	1,675,836	(31,720,527)
(Decrease) increase in net pension obligation	(18,832,047)	40,939,747
(Decrease) increase in accounts payable	(6,359,824)	1,483,846
Increase in accrued salaries, due to pension and accrued vacation and sick pay	836,370	1,481,889
Increase in customer deposits	216,187	337,875
Increase (decrease) in total OPEB liability	36,615,829	(12,046,251)
Decrease in other liabilities	(3,790,374)	(3,248,454)
(Decrease) increase in deferred inflows of resources related to net pension liability and total OPEB liability	(2,483,891)	15,785,982
Net cash provided by (used in) operating activities	<u>\$ 46,901,903</u>	<u>\$ (28,544,143)</u>
Schedule of non-cash capital and related financing activities		
Contributions of capital assets	<u>\$ 24,609,637</u>	<u>\$ 31,923,743</u>
Additions of property, plant and equipment in accounts payable	<u>\$ 18,170,374</u>	<u>\$ 44,868,859</u>

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF FIDUCIARY NET POSITION
PENSION TRUST FUND
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash	\$ 442,289	\$ 1,456
Receivables:		
Investment income	37,385	63,354
Employee and employer contributions receivable	401,557	-
Due from other fund	343,344	73,777
Investments:		
Money market	2,544,817	1,682,862
LAMP	14,215,086	12,215,716
Debt securities	78,673,129	79,846,858
Equities	<u>144,197,695</u>	<u>123,390,760</u>
Total assets	<u>240,855,302</u>	<u>217,274,783</u>
Liabilities:		
Other liabilities	1,177,600	-
Due to other fund	<u>-</u>	<u>1,995,000</u>
Total Liabilities	<u>1,177,600</u>	<u>1,995,000</u>
Net position - restricted for pension benefits	<u>\$ 239,677,702</u>	<u>\$ 215,279,783</u>

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CHANGES IN FIDUCIARY PLAN NET POSITION
PENSION TRUST FUND
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Additions:		
Contributions:		
Employee contributions	\$ 2,793,158	\$ 2,535,027
Employer contributions	10,466,009	8,419,441
City annuity and other transfers in	337,103	232,455
	<u>13,596,270</u>	<u>11,186,923</u>
Investment income:		
Interest income	95,423	329,929
Dividend income	1,622,096	1,363,919
Net appreciation (depreciation)	32,715,180	(8,547,940)
	<u>34,432,699</u>	<u>(6,854,092)</u>
Less: investment expense	<u>769,908</u>	<u>1,014,187</u>
Net investment income (loss)	<u>33,662,791</u>	<u>(7,868,279)</u>
	<u>47,259,061</u>	<u>3,318,644</u>
Deductions:		
Benefits	(20,438,403)	(18,565,085)
Employee refunds	(481,801)	(355,206)
Employee contributions to DROP	(1,940,938)	(4,402,887)
Total deductions	<u>(22,861,142)</u>	<u>(23,323,178)</u>
Change in net position	24,397,919	(20,004,534)
Net position restricted for pension benefits at beginning of year	<u>215,279,783</u>	<u>235,284,317</u>
Net position restricted for pension benefits at end of year	<u>\$ 239,677,702</u>	<u>\$ 215,279,783</u>

See accompanying notes to financial statements.

**NOTES TO
BASIC FINANCIAL STATEMENTS**

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. History and Organization

The major operation of the Sewerage and Water Board of New Orleans (the Board) is providing water, sewerage, and drainage services for the City of New Orleans (the City). The Sewerage and Water Board of New Orleans was created by Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain, and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In 1903, the Legislature gave the Board control of and responsibility for the City's major drainage system and relieved the City of the duty of providing in its annual operating budget or otherwise for the maintenance and operations of the water, sewerage, and drainage systems.

In accordance with the Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The rates are based on the actual water consumed and on the costs of maintenance and operation of the water and sewerage systems, including the costs of improvements and replacements. The collections of water and sewerage revenues are to be used by the Board for the maintenance and operation of the systems, the cost of improvements, betterments, and replacements and to provide for the payments of interest and principal on the bonds payable. On November 14, 2012, the Board approved both sewer and water rate increases commencing January 1, 2013. The sewer and water rates increase approximately 10% each year until the year of 2020. This increase was approved by the New Orleans City Council on November 14, 2012.

The Board has also been given the authority to levy and collect various tax mileages, which are used for the operation and maintenance of the drainage operations. All excess revenues collected are made available for capital development of the system. The proceeds of the rate collections and tax mileage are invested in such investments as authorized by the LRS. These investments are reflected in the combined statements of net position, as "restricted assets," as they are restricted to the purposes as described above.

The Sewerage and Water Board of New Orleans' eleven-member Board of Directors consists of the Mayor, the chair of the Public Works, Sanitation and Environment Committee of the New Orleans City Council or his designee, two representatives of the Board of Liquidation, and seven citizen members, of which five represent council districts and two consumer advocates and one of the appointments shall be a retired civil engineer.

The Board's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to utilities and to governmental units as set forth through the Government Accounting Standard Board. The following is a summary of the more significant policies.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

B. Reporting Entity

In conformity with the Governmental Accounting Standards Board's definition of a reporting entity, the Board includes an enterprise fund and a pension trust fund for financial reporting purposes. The Board is considered a reporting entity based on the following criteria:

- 1) Responsibility for surpluses/deficits. The Board is solely responsible for its surpluses/deficits. In accordance with LRS, no other governmental unit is responsible for the Board's deficits or has a claim to its surpluses. The Board's operations are self-sustaining; revenues are generated through charges to customers and dedicated property taxes. Other than grants, no funding is received from the State of Louisiana or the City of New Orleans.
- 2) Budget Approval. The Board is solely responsible for reviewing, approving, and revising its budget.
- 3) Responsibility for Debt. The LRS authorize the Board to issue bonds; such bonds must bear on their face a statement that they do not constitute a debt of the City. The Board is solely responsible for payments to bondholders. No other governmental unit is required by statute to make any payments to bondholders nor have any payments to bondholders ever been made by any governmental unit, except the Board.
- 4) Designation of Management. The Board controls the hiring of management and employees.
- 5) Special Financial Relationship. The Board has no special financial relationships with any other governmental unit.
- 6) Statutory Authority. The Board's statutory authority was created by the State of Louisiana as an independent governmental unit. Only an amendment to the state statutes can change or abolish the Board's authority.

The Board is a component unit of the City of New Orleans as defined by Governmental Accounting Standards Board Statement 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34 and GASB Codification Section 2100*. As a result of a Louisiana Supreme Court decision on March 21, 1994, the Board was declared to be an autonomous or self-governing legal entity, legally independent of the City, State and other governments, created and organized pursuant to Louisiana Revised Statutes 33:4071 as a board, separate and independent of the governing authorities of the City and vested with autonomous or self-governing authority. No other government can mandate actions of the Board nor impose specific financial burdens, except the approval of the City Council and the Board of Liquidation in the case of bond issues and certain rate increases. As such, the City considers the Board to be a component unit of the City and includes the Board, as a discreetly presented component unit, in the City's annual financial statements. However, the Board is fiscally independent to operate under its bond covenant and the provisions of LRS provisions.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

C. Basis of Financial Statement Presentation

The Board's basic financial statements consist of the government-wide statements which include the proprietary fund (the enterprise fund) and the fund financial statements which includes the fiduciary fund (the pension trust fund).

The operations of the Board are accounted for in the following fund types:

Proprietary Fund Type

The proprietary fund is used to account for the Board's ongoing operations and activities, which are similar to those often found in the private sector. The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into amounts invested in capital assets (net of related debt), restricted for debt service, restricted for capital projects, and unrestricted. The Board's restricted assets are expendable for their purposes. The Board utilizes available unrestricted assets before utilizing restricted assets. The operating statements present increases (revenues) and decreases (expenses) in net position. The Board maintains one proprietary fund type – the enterprise fund. The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance.

Operating revenues include all charges for service; other revenues include reconnection fees and other miscellaneous charges. Operating expenses include the costs associated with providing water, sewerage, and drainage services. Interest income, interest expense, grants from other governments, and tax revenues are presented as non-operating items.

The enterprise fund is presented in the government-wide financial statements.

Fiduciary Fund Type

The fiduciary fund is used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Board maintains one fiduciary fund type - the pension trust fund. The pension trust fund uses the flow of economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included in the statement of plan net assets. The pension trust fund is used to account for the activity of the Board's employee retirement plan, which is a blended component unit of the Board as defined by Section 2100 of the GASB Codification.

The pension trust fund is presented in the fund financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

The enterprise fund and the pension trust fund prepare their financial statements on the accrual basis of accounting. Unbilled utility service charges are not recorded as management considers the effect of not recording such unbilled receivables as not material. Property taxes are recorded as revenue in the year for which they are levied. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the pension plan are recognized when due and the employer has made a commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

E. Investments

Investments are recorded at fair value, except for short-term investments (maturity of one year or less), which are recorded at amortized cost, which approximates fair value. Securities traded in a national or international exchange are valued at the last recorded sales price at current exchange rates. Investments that do not have an established market are recorded at estimated fair value. Investment income and expenses, including changes in the fair value of the investments, are recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

F. Inventory of Supplies

Inventory of supplies is valued at cost. Cost is determined by the weighted average cost method.

G. Vacation and Sick Pay

Vacation (annual leave) and sick pay (sick leave) are accrued when earned. Annual leave is accrued at the rate of .6923 of a workday for each bi-weekly accrual period for all employees on the payroll as of December 31, 1978. Employees hired after that date earn leave at a rate of .5 of a workday per bi-weekly pay period.

All employees on the payroll as of December 31, 1978 receive three bonus days each year; all employees hired after that date receive three bonus days each year for five through nine calendar years of continuous service; six bonus days each year for ten through fourteen years; nine bonus days each year for fifteen through nineteen years; and, twelve days for twenty or more years of continuous service. Civil Service's policy permits employees a limited amount of earned but unused annual leave which will be paid to employees upon separation from the Board. The amount shall not exceed ninety days for employees hired before January 1, 1979, and forty-five days for employees hired after December 31, 1978.

Sick leave is accumulated on a bi-weekly basis by all employees hired prior to December 31, 1978 at an accrual rate of .923 of a workday. For employees hired subsequent to December 31, 1978, the accrual rate is .5 of a workday for each bi-weekly period, plus a two-day bonus each year for employees with six through fifteen calendar years of continuous service, and seven bonus days each year for employees with sixteen or more calendar years of continuous service.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

G. Vacation and Sick Pay (continued)

Upon separation from the Board, an employee can elect to convert unused sick leave for retirement credits or cash. The conversion to cash is determined by a rate ranging from one day of pay for five days of leave for the 1st through 100th leave day to one day of pay for one day of leave for all days in excess of the 400th leave day. The total liability for unconverted sick leave as of December 31, 2019 and 2018 is approximately \$13,821,188 and \$13,258,512, respectively. The amount included in the statements of net position as of December 31, 2019 and 2018 is \$9,068,334 and \$9,693,790, respectively, which represents the annual leave and the converted sick leave for cash since virtually all employees convert their sick leave to cash. The Board books the compensated absences as a long-term liability. The amounts for compensated absences include the salary cost as well as certain salary related costs, such as the Board's share of social security expense. The following table summarizes changes in the Board's vacation and sick pay liability.

Year	Beginning of Year Liability	Current Year Earned and Changes in Estimate	Payments	End of Year Liability
2019	\$ 9,693,790	\$ 4,306,153	\$ (4,931,609)	\$ 9,068,334
2018	\$ 8,000,124	\$ 5,711,446	\$ (4,017,780)	\$ 9,693,790

H. Property, Plant, and Equipment

Property, plant, and equipment are carried at historical cost. The Board capitalizes moveable equipment with a value of \$10,000 or greater, stationary, network, and other equipment with a value of \$5,000 or greater and all real estate. The cost of additions includes contracted work, direct labor, materials, and allocable cost. Donated capital assets are recorded at their acquisition value at the date of donation.

Interest is capitalized on property, plant, and equipment acquired and/or constructed with tax exempt debt. Depreciation is computed using the straight-line method over the estimated useful life of the asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue for the period. The cost of maintenance and repairs is charged to operations as incurred, and significant renewals and betterments are capitalized. Deductions are made for retirements resulting from renewals or betterments.

I. Self-Insurance/Risk Management

The Board is self-insured for general liability, workers' compensation, unemployment compensation, and hospitalization benefits and claims. The accrued liability for the various types of claims represents an estimate by management of the eventual loss on the claims arising prior to year-end, including claims incurred and not yet recorded including estimates of both future payments of losses and related claims adjustment and expense. Estimated expenses and recoveries are based on a case by case review.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

J. Bond Issuance Costs and Refinancing Gains (Losses)

Costs related to issuing bonds are expensed when incurred. Premiums and discounts associated with bond issues are amortized over the interest yield method.

K. Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The deferred charge on refunding recorded on the statements of net position results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows and outflows have been recognized for the net difference between the projected and actual investment earnings, this amount is deferred and amortized over a period of five years. In addition, deferred inflows and outflows have been recognized for the differences between the actuarial expectation and the actual economic experience and changes in actuarial assumptions related to the defined benefit pension plan and the other post-retirement benefit plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. See Note 7 and Note 8 for additional information on deferred inflows and outflows related to the pension plan and the other post-retirement benefits plan, respectively.

L. Pension

The Board may fund all or part of the accrued pension cost, depending on the resources that are available at the time of contribution, for its contributory pension plan which covers substantially all employees. Annual costs are actuarially computed using the entry age normal cost method.

M. Drainage System

In 1903, the Legislature gave the Board control of and responsibility for the City's drainage system. The Drainage System was established as a department of the enterprise fund to account for the revenues from three-mill, six-mill, and nine-mill ad valorem taxes designated exclusively for drainage services. These revenues have been supplemented by inspection and license fees collected by the Board. There exists a potential for additional financing by additional user service charges. Expenditures from the system are for the debt service of three-mill, six-mill, and nine-mill tax bonds and drainage related operation, maintenance, and construction.

N. Capital Contributions

Contributions from developers and others, and receipts of Federal, State, and City grants for acquisition of property, plant, and equipment are recorded as capital contributions in the statements of revenues, expenses, and changes in net position.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

O. Net Position Flow Assumption

Sometimes the Board will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. The Board's policy is to consider restricted net position to have been depleted before unrestricted-net position is applied.

P. Net Position

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in this component of net position. Rather, that portion of debt is included in the same component of net position as the unspent proceeds.

Restricted – This net position component reports externally imposed constraints placed on their use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

Q. Cash Flows

For purposes of the statements of cash flows, only cash on hand and on deposit at financial institutions is considered to be cash equivalents. Certificates of deposits, treasury bills, and other securities are considered investments.

R. Operating and Nonoperating Revenues

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with principal ongoing operations. The principal operating revenues of the Board are charges to customers for sales and services. 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 recorded as nonoperating revenues and expenses.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

S. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the recorded amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

T. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. This reclassification had no effect on previously reported change in net position.

2. Cash and Investments

The Board's investments and cash consist primarily of investments in direct obligations of the United States or agencies thereof and deposits with financial institutions.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes require that the Board's cash and certificates of deposit be covered by federal depository insurance or collateral. At December 31, 2019, the Board's interest bearing deposits with banks consisted of cash and money market funds totaling \$50,557,876 and certificates of deposit of \$28,058,822. At December 31, 2018, the Board's interest bearing deposits with banks consisted of cash and money market funds totaling \$93,431,241 and certificates of deposit of \$275,567. The Board's cash bank balances and all certificates of deposit for 2019 and 2018 were covered by federal depository insurance or collateral held by custodial agents of the financial institutions in the name of the Board.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Cash and Investments (continued)

The following are the components of the Board's cash and investments as of December 31 for the Enterprise Fund:

	2019		
	Unrestricted	Restricted	Total
Cash and money market funds	\$ 71,528,865	\$ 47,301,753	\$ 118,830,618
Certificates of deposit	277,426	-	277,426
	71,806,291	47,301,753	119,108,044
Investments - LAMP	3,250,000	2,641,723	5,891,723
Total cash and investments	<u>\$ 75,056,291</u>	<u>\$ 49,943,476</u>	<u>\$ 124,999,767</u>

	2018		
	Unrestricted	Restricted	Total
Cash and money market funds	\$ 67,541,203	\$ 66,843,063	\$ 134,384,266
Certificates of deposit	275,567	-	275,567
	67,816,770	66,843,063	134,659,833
Investments - LAMP	3,250,000	2,641,723	5,891,723
Total cash and investments	<u>\$ 71,066,770</u>	<u>\$ 69,484,786</u>	<u>\$ 140,551,556</u>

A. Fair Value Measurement

To the extent available, the Board's investments are recorded at fair value as of December 31, 2019 and 2018. GASB Statement No. 72 – Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Cash and Investments (continued)

A. Fair Value Measurement (continued)

The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Board has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments - Statutes authorize the Board to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poors Corporation or P-1 by Moody's Commercial Paper Record, repurchase agreements, and the Louisiana Asset Management Pool (LAMP). In addition, the pension trust fund is authorized to invest in corporate bonds rated BBB or better by Standard & Poors Corporation or Baa or better by Moody's Investors Service and equity securities.

Money market funds, LAMP, and certificate of deposit are measured using NAV as a practical expedient. These investments have not been classified in the fair value hierarchy table. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net position.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Cash and Investments (continued)

A. Fair Value Measurement (continued)

A summary of the Board's investments, including the Pension Trust Fund, along with the Fair value hierarchy levels of each type of investment as of December 31, 2019 and 2018 are as follows:

2019				
	Total	Quoted Prices in Active Markets (Level 1 Inputs)	Significant Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)
Investment by Fair Value Level:				
Equities	\$ 144,197,695	\$ 144,197,695	\$ -	\$ -
Debt Securities	78,673,129	-	78,673,129	
Total Investments at Fair Value Level	<u>\$ 222,870,824</u>	<u>\$ 144,197,695</u>	<u>\$ 78,673,129</u>	<u>\$ -</u>
Investment measured at the net asset value (NAV):				
Money market funds	\$ 67,964,643			
LAMP	20,106,809			
Certificate of Deposit	277,426			
Total Investments at NAV	<u>\$ 88,348,878</u>			
Total Investments at Fair Value	<u>\$ 311,219,702</u>			
2018				
	Total	Quoted Prices in Active Markets (Level 1 Inputs)	Significant Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)
Investment by Fair Value Level:				
Equities	\$ 123,390,760	\$ 123,390,760	\$ -	\$ -
Debt Securities	79,846,858	-	79,846,858	
Total Investments at Fair Value Level	<u>\$ 203,237,618</u>	<u>\$ 123,390,760</u>	<u>\$ 79,846,858</u>	<u>\$ -</u>
Investment measured at the net asset value (NAV):				
Money market funds	\$ 70,106,275			
LAMP	18,107,439			
Certificate of Deposit	275,567			
Total Investments at NAV	<u>\$ 88,489,281</u>			
Total Investments at Fair Value	<u>\$ 291,726,899</u>			

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Cash and Investments (continued)

A. Fair Value Measurement (continued)

A reconciliation of the enterprise and pension funds to the total investments at December 31, 2019 and 2018 is as follows:

	2019		
	Enterprise	Pension	Total
Money market	\$ 65,419,826	\$ 2,544,817	\$ 67,964,643
LAMP	5,891,723	14,215,086	20,106,809
Certificate of deposit	277,426	-	277,426
Other investments	-	222,870,824	222,870,824
Total cash and investments	<u>\$ 71,588,975</u>	<u>\$ 239,630,727</u>	<u>\$ 311,219,702</u>

A reconciliation of the enterprise and pension funds to the total investments at December 31, 2018 is as follows:

	2018		
	Enterprise	Pension	Total
Money market	68,423,413	1,682,862	\$ 70,106,275
LAMP	5,891,723	12,215,716	18,107,439
Certificate of deposit	275,567	-	275,567
Other investments	-	203,237,618	203,237,618
Total cash and investments	<u>\$ 74,590,703</u>	<u>\$ 217,136,196</u>	<u>\$ 291,726,899</u>

Pension trust fund investments are held in trust and governed pursuant to an indenture between the trustee financial institution and the Board.

B. Louisiana Asset Management Pool (LAMP)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana R.S. 33:2955.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Cash and Investments (continued)

B. Louisiana Asset Management Pool (LAMP) (continued)

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 92 as of December 31, 2019.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

C. Credit and Interest Risk

Credit Risk - State law limits investments in securities issued, or backed by United States Treasury obligations, and U.S. Government instrumentalities, which are federally sponsored. The Board's investment policy does not further limit its investment choices. LAMP is rated AAAM by Standard & Poor's. The Pension Trust Fund's investment policy requires that fixed income investments be investment grade (BBB or higher as rated by Standard & Poor's or Baa or higher as rated by Moody's). Bonds rated below BBB/Baa are not to exceed 15% of the portfolio, and non-rated bonds are not to exceed 1% of the portfolio.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Cash and Investments (continued)

C. Credit and Interest Risk (continued)

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Board has a formal investment policy that states that the investment portfolio shall remain sufficiently liquid to meet all operating and capital requirements that may be reasonably anticipated and that maturities of investments are to be structured concurrent with cash needs to meet anticipated demand.

Foreign Currency Risk – The Pension Trust Fund's exposure to foreign currency risk derives from its positions in foreign currency-denominated fixed-income investments. The Pension Trust Fund's investment policy permits it to invest up to 5 percent of total investments in foreign currency-denominated fixed-income investments. The Pension Trust Fund's current position is 2.0 percent. The investments in foreign currency-denominated corporate bonds were rated by Standard & Poor's.

Following are the credit risk ratings of the Pension Trust Fund's investments in debt securities as of December 31, 2019:

Rating	Corporate Bonds	Foreign Government Bonds	Government Bonds and U.S. Treasury Notes	Other	Total	Percentage of Total
AAA	\$ -	\$ 6,772	\$ -	\$ 15,965,835	\$ 15,972,607	20.30%
AA+	-	-	-	11,631	11,631	0.01%
AA	50,419	6,737	-	35,939	93,095	0.12%
AA-	1,068,233	48,745	-	128,159	1,245,137	1.58%
A+	1,044,208	155,213	-	-	1,199,421	1.52%
A	2,691,637	34,736	-	756,399	3,482,772	4.43%
A-	5,720,896	60,421	-	164,295	5,945,612	7.56%
BBB+	2,940,219	1,308,003	-	105,645	4,353,867	5.53%
BBB	4,416,503	198,702	-	303,258	4,918,463	6.25%
BBB-	4,830,545	22,273	-	737,991	5,590,809	7.11%
BB+	1,136,805	50,793	-	140,524	1,328,122	1.69%
BB	1,531,796	167,388	-	127,767	1,826,951	2.32%
BB-	845,587	209,013	-	149,885	1,204,485	1.53%
B+	524,361	242,151	-	10,317	776,829	0.99%
B	850,735	276,774	-	153,969	1,281,478	1.63%
B-	453,098	97,423	-	183,051	733,572	0.93%
CCC+	280,730	35,647	-	-	316,377	0.40%
CCC	152,170	195,978	-	14,030	362,178	0.46%
C	1,313	-	-	-	1,313	0.00%
Not Rated	158,177	81,096	26,351,548	1,437,589	28,028,410	35.63%
Total	<u>\$ 28,697,432</u>	<u>\$ 3,197,865</u>	<u>\$ 26,351,548</u>	<u>\$ 20,426,284</u>	<u>\$ 78,673,129</u>	<u>100.00%</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Cash and Investments (continued)

C. Credit and Interest Risk (continued)

Following are the credit risk ratings of the Pension Trust Fund's investments in debt securities as of December 31, 2018:

Rating	Corporate Bonds	Foreign Government Bonds	Government Bonds and U.S. Treasury Notes	Other	Total	Percentage of Total
AAA	\$ -	\$ 77,436	\$ -	\$ 19,836,544	\$ 19,913,980	24.94%
AA-	-	-	-	4,568	4,568	0.01%
AA	52,304	214,378	-	73,752	340,434	0.43%
AA-	832,954	17,339	-	13,810	864,103	1.08%
A-	1,238,783	-	-	-	1,238,783	1.55%
A	3,063,443	-	-	401,221	3,464,664	4.34%
A-	4,433,541	102,295	-	145,759	4,681,595	5.86%
BBB-	2,646,483	1,782,272	-	129,144	4,557,899	5.71%
BBB	3,738,728	105,312	-	164,878	4,008,918	5.02%
BBB-	3,945,209	101,140	-	709,902	4,756,251	5.96%
BB+	815,168	52,055	-	160,445	1,027,668	1.29%
BB	724,745	559,172	-	171,100	1,455,017	1.82%
BB-	513,814	142,769	-	155,164	811,747	1.02%
B+	336,640	184,666	-	61,441	582,747	0.73%
B	432,304	571,415	-	206,084	1,209,803	1.52%
B-	265,336	349,440	-	194,628	809,404	1.01%
CCC-	79,931	-	-	2,888	82,819	0.10%
CCC	42,516	118	-	17,260	59,894	0.08%
CC	-	233	-	-	233	0.00%
C	-	-	-	37,849	37,849	0.05%
Not Rated	128,484	-	29,809,998	-	29,938,482	37.49%
Total	<u>\$ 23,290,383</u>	<u>\$ 4,260,040</u>	<u>\$ 29,809,998</u>	<u>\$ 22,486,437</u>	<u>\$ 79,846,858</u>	<u>100.00%</u>

D. Concentration of Credit Risk

Per GASB Statement 40, *Deposit and Investment Risk Disclosures*, concentration of credit risk is defined as the risk of loss attributed the magnitude of government's investment in a single issuer. GASB 40 further defines an at-risk investment to be one that represents more than five percent (5%) of the fair value of the total investment portfolio and requires disclosure of such at-risk investments. GASB 40 specifically excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments from the disclosure requirement. The Board has no investment in a single issuer that represent more than 5% of the investment portfolio. In addition, the Board's investments consist of investments in mutual funds, external investment pools, and other pooled investments.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Cash and Investments (continued)

E. Pension Trust Fund Investments

As of December 31, 2019, the Pension Trust Fund had the following investments in debt securities and maturities:

Investment Type	Duration					Total
	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years	Duration Not Available	
Corporate Bonds	\$ 2,624,531	\$ 14,153,456	\$ 7,655,543	\$ 4,133,003	\$ 130,899	\$ 28,697,432
Foreign Government Bonds	139,341	811,616	958,505	1,288,403	-	3,197,865
Government Bonds and U.S. Treasury Notes	36,427	13,044,873	9,884,127	3,375,062	11,059	26,351,548
Other	1,482,543	17,828,733	800,503	192,550	121,955	20,426,284
Total	<u>\$ 4,282,842</u>	<u>\$ 45,838,678</u>	<u>\$ 19,298,678</u>	<u>\$ 8,989,018</u>	<u>\$ 263,913</u>	<u>\$ 78,673,129</u>

As of December 31, 2018, the Pension Trust Fund had the following investments in debt securities and maturities:

Investment Type	Duration					Total
	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years	Duration Not Available	
Corporate Bonds	\$ 757,368	\$ 10,462,955	\$ 8,523,696	\$ 3,518,539	\$ 27,825	\$ 23,290,383
Foreign Government Bonds	322,621	2,374,111	820,195	743,113	-	4,260,040
Government Bonds and U.S. Treasury Notes	123,736	17,338,937	7,301,201	5,046,124	-	29,809,998
Other	1,406,747	11,745,698	9,275,301	-	58,691	22,486,437
Total	<u>\$ 2,610,472</u>	<u>\$ 41,921,701</u>	<u>\$ 25,920,393</u>	<u>\$ 9,307,776</u>	<u>\$ 86,516</u>	<u>\$ 79,846,858</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Cash and Investments (continued)

F. Security Lending

Under the provisions of its benefit plan and state law, the Board's pension benefit trust engages in securities lending to broker dealers and other entities for cash collateral that will be returned for the same securities in the future. The cash collateral cannot be liquidated by the Board unless the borrower defaults. Cash collateral is initially pledged at 102.25% of the market value of securities lent and additional collateral is provided by the next business day if the value falls to less than 100% of the market value of the securities lent. No collateral exposure existed at December 31, 2019 and 2018. The value of securities lent at December 31, 2019 and 2018 was \$31,606,146 and \$38,867,570, respectively. The market value of the cash collateral at December 31, 2019 and 2018 was \$32,010,943 and \$39,740,372, respectively.

3. Customer Receivables

Customer receivables as of December 31 consist of the following:

		2019		
		Customer	Allowance for Doubtful	
		Accounts	Accounts	Net
Water	\$	48,002,969	\$ 31,360,329	\$ 16,642,640
Sewer		53,182,590	35,769,471	17,413,119
	\$	<u>101,185,559</u>	<u>\$ 67,129,800</u>	<u>\$ 34,055,759</u>
		2018		
		Customer	Allowance for Doubtful	
		Accounts	Accounts	Net
Water	\$	38,104,851	\$ 18,184,910	\$ 19,919,941
Sewer		40,847,768	20,384,047	20,463,721
	\$	<u>78,952,619</u>	<u>\$ 38,568,957</u>	<u>\$ 40,383,662</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

4. Property, Plant, and Equipment

The useful lives of property, plant, and equipment consisted of the following:

Power and pumping stations - buildings	57 years
Power and pumping stations - machinery	40 years
Distribution systems	75 years
Sewerage collection	75 years
Canals and subsurface drains	75 to 100 years
Treatment plants	50 years
Connections and meters	50 years
Power transmission	50 years
General plant	12 years
General buildings	25 years

Property, plant, and equipment consisted of the following as of December 31:

Cost	2019			
	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Real estate rights, non depreciable	\$ 13,787,557	\$ -	\$ -	\$ 13,787,557
Power and pumping stations - buildings	396,603,698	-	-	396,603,698
Power and pumping stations - machinery	366,772,877	215,958	-	366,988,835
Distribution systems	362,282,822	11,856,348	(927,876)	373,211,294
Sewerage collection	742,695,414	104,113,167	(209,296)	846,599,285
Canals and subsurface drainage	916,810,550	115,974,314	-	1,032,784,864
Treatment plants	207,077,447	-	-	207,077,447
Connections and meters	106,914,465	998,676	(68,913)	107,844,228
Power transmission	37,361,629	-	(303,742)	37,057,887
General plant and buildings	333,536,294	12,669,452	(188,592)	346,017,154
Total property, plant, and equipment in service	3,483,842,753	245,827,915	(1,698,419)	3,727,972,249
Construction in progress	759,206,512	173,817,976	(245,752,878)	687,271,610
Total property, plant, and equipment	4,243,049,265	419,645,891	(247,451,297)	4,415,243,859
Accumulated Depreciation				
Power and pumping stations - buildings	159,765,462	7,182,742	-	166,948,204
Power and pumping stations - machinery	195,292,713	10,194,686	-	205,487,399
Distribution systems	57,292,876	5,170,345	(927,875)	61,535,346
Sewerage collection	73,780,749	10,855,798	(209,294)	84,427,253
Canals and subsurface drainage	111,371,494	10,490,044	-	121,861,538
Treatment plants	80,897,928	4,462,099	-	85,360,027
Connections and meters	42,192,235	1,730,357	(68,913)	43,853,679
Power transmission	17,759,854	854,709	-	18,614,563
General plant and buildings	295,833,877	13,215,450	(188,592)	308,860,735
Total accumulated depreciation	1,034,187,188	64,156,230	(1,394,674)	1,096,948,744
Net property, plant, and equipment	\$ 3,208,862,077	\$ 355,489,661	\$ (246,056,623)	\$ 3,318,295,115

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

4. Property, Plant, and Equipment (continued)

Cost	2018			
	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Real estate rights, non depreciable	\$ 13,633,314	\$ 154,243	\$ -	\$ 13,787,557
Power and pumping stations - buildings	392,628,067	3,975,631	-	396,603,698
Power and pumping stations - machinery	352,957,605	13,815,272	-	366,772,877
Distribution systems	318,178,664	46,768,402	(2,664,244)	362,282,822
Sewerage collection	616,199,180	129,175,333	(2,679,099)	742,695,414
Canals and subsurface drainage	894,121,872	22,688,678	-	916,810,550
Treatment plants	206,081,699	995,748	-	207,077,447
Connections and meters	105,461,284	1,611,336	(158,155)	106,914,465
Power transmission	36,491,223	870,406	-	37,361,629
General plant and buildings	311,898,675	22,081,238	(443,619)	333,536,294
Total property, plant, and equipment in service	3,247,651,583	242,136,287	(5,945,117)	3,483,842,753
Construction in progress	748,072,327	253,270,472	(242,136,287)	759,206,512
Total property, plant, and equipment	3,995,723,910	495,406,759	(248,081,404)	4,243,049,265
Accumulated Depreciation				
Power and pumping stations - buildings	152,824,897	6,940,565	-	159,765,462
Power and pumping stations - machinery	186,124,471	9,168,242	-	195,292,713
Distribution systems	55,009,815	4,947,305	(2,664,244)	57,292,876
Sewerage collection	66,080,583	10,379,263	(2,679,097)	73,780,749
Canals and subsurface drainage	102,067,331	9,304,163	-	111,371,494
Treatment plants	76,756,379	4,141,549	-	80,897,928
Connections and meters	40,212,101	2,138,289	(158,155)	42,192,235
Power transmission	17,028,057	731,797	-	17,759,854
General plant and buildings	280,527,479	15,750,017	(443,619)	295,833,877
Total accumulated depreciation	976,631,113	63,501,190	(5,945,115)	1,034,187,188
Net property, plant, and equipment	\$ 3,019,092,797	\$ 431,905,569	\$ (242,136,289)	\$ 3,208,862,077

Interest capitalized was as follows for the years ended December 31:

	2019	2018
Interest income	\$ 2,593,342	\$ 2,955,770
Interest expense	(22,599,934)	(23,685,923)
Net interest capitalized	\$ (20,006,592)	\$ (20,730,153)

5. Due to City of New Orleans

The Board bills and collects sanitation charges on behalf of the City of New Orleans (the City). The Board is not liable for any uncollected sanitation charges. Additionally, amounts included in accounts payable due to the City for works performed by the Department of Public Works on behalf of the Board, were \$1,143,277 and \$5,988,758 at December 31, 2019 and 2018, respectively.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

6. Long-Term Obligations

A. Bonds Payable

Bonds payable consisted of the following as of December 31:

	<u>Principal Balances</u>	
	<u>2019</u>	<u>2018</u>
0.45% sewerage service subordinate revenue bonds, series 2011 (initial average interest cost 0.95%); due in annual principal installments ranging from \$411,000 to \$491,000; final payment due December 1, 2032.	\$ 6,040,000	\$ 6,475,000
2.00% to 4.00% drainage system limited tax bonds, series 2014 (initial average interest cost 1.88%); due in annual principal installments ranging from \$535,000 to \$2,000,000; final payment due December 1, 2022.	5,850,000	7,665,000
2.00% to 5.00% sewerage service revenue bonds, series 2014 (initial average interest cost 3.86%); due in annual principal installments ranging from \$1,970,000 to \$12,970,000; final payment due June 1, 2044.	99,365,000	110,440,000
5.00% water revenue bonds, series 2014 (initial average interest cost 4.43%); due in annual principal installments ranging from \$325,000 to \$6,225,000; final payment due December 1, 2044.	95,200,000	98,000,000
4.98% water revenue bonds, series 2015 (initial average interest cost 4.38%); due in annual principal installments ranging from \$325,000 to \$6,225,000; final payment due December 1, 2045.	98,525,000	99,300,000
5.00% sewerage service revenue bonds, series 2015 (initial average interest cost 4.39%); due in annual principal installments ranging from \$325,000 to \$6,225,000; final payment due December 1, 2045.	100,000,000	100,000,000
0.95% sewerage service revenue bonds, series 2019; due in annual principal installments ranging from 4.56% to 100% of outstanding principal balance; final payment due June 1, 2040. Debt not fully drawn down at December 31, 2019.	127,550	-
	405,107,550	421,880,000
Plus: bond premiums	35,257,801	37,717,050
Total	440,365,351	459,597,050
Less: current maturities	(17,819,000)	(16,900,000)
Bond payable, long-term	<u>\$ 422,546,351</u>	<u>\$ 442,697,050</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

6. Long-Term Obligations (continued)

A. Bonds Payable (continued)

The changes in long-term debt were as follows:

	2019	2018
Balance, beginning of year	\$ 421,880,000	\$ 439,341,000
Proceeds	127,550	-
Payments	(16,900,000)	(17,461,000)
Balance, end of year	<u>\$ 405,107,550</u>	<u>\$ 421,880,000</u>

The annual requirements to amortize bonds payable as of December 31, 2019, are as follows:

Year	Principal	Interest	Total
2020	\$ 17,819,000	\$ 19,389,996	\$ 37,208,996
2021	17,580,550	18,581,121	36,161,671
2022	16,087,000	17,836,752	33,923,752
2023	10,756,000	17,215,265	27,971,265
2024	10,821,000	16,701,987	27,522,987
2025-2029	51,749,000	76,343,779	128,092,779
2030-2034	65,470,000	62,684,666	128,154,666
2035-2039	83,390,000	44,782,375	128,172,375
2040-2044	106,740,000	21,432,000	128,172,000
2045	24,695,000	938,125	25,633,125
	<u>\$ 405,107,550</u>	<u>\$ 295,906,066</u>	<u>\$ 701,013,616</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

6. Long-Term Obligations (continued)

A. Bonds Payable (continued)

The annual requirements to pay principal revenue bonds and tax bonds payable as of December 31, 2019, are as follows:

<u>Year</u>	<u>Revenue Bonds</u>	<u>Tax Bonds</u>	<u>Total</u>
2020	\$ 15,924,000	\$ 1,895,000	\$ 17,819,000
2021	15,625,550	1,955,000	17,580,550
2022	14,087,000	2,000,000	16,087,000
2023	10,756,000	-	10,756,000
2024	10,821,000	-	10,821,000
2025-2029	51,749,000	-	51,749,000
2030-2034	65,470,000	-	65,470,000
2035-2039	83,390,000	-	83,390,000
2040-2044	106,740,000	-	106,740,000
2045	24,695,000	-	24,695,000
	<u>\$ 399,257,550</u>	<u>\$ 5,850,000</u>	<u>\$ 405,107,550</u>

The indentures under which these bonds were issued provide for the establishment of restricted funds for debt service as follows:

1. Debt service funds are required for the payment of interest and principal on the revenue and tax bonds. Monthly deposits on revenue bonds, excluding bond anticipation notes, are required to be made into this fund from operations in an amount equal to 1/6 of the interest falling due on the next interest payment date, and an amount equal to 1/12 of the principal falling due on the next principal payment date. All debt service funds are administered by the Board of Liquidation. The required amount to be accumulated in this fund was \$25,431,836 and \$27,634,803 at December 31, 2019 and 2018, respectively; the accumulated balance at December 31, 2019 and 2018 was \$25,431,836 and \$27,634,803 respectively.
2. The water bonds require an amount equal to the largest amount required in any future calendar year to pay the principal of and interest on outstanding bonds. The sewer bonds require an amount equal to 125% of average aggregate debt service. The amounts required to be accumulated in this fund were \$18,407,782 at December 31, 2019 and 2018; the accumulated balance at December 31, 2019 and 2018 was \$18,407,782.

Operating revenues, net of operating expenses, are pledged as security for all revenue bond issues.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

6. Long-term Obligations (continued)

B. Sewerage Service Revenue Bonds, Series 2011

The City entered into an agreement with the Louisiana Department of Environmental Quality (LDEQ) whereby the LDEQ has committed to loan the Board \$9,000,000 to fund sewer main replacements, point repairs, replacement of associated service connections and laterals, sewer line rehabilitation by cured in-place pipe lining and manhole rehabilitation. The loan is to be advanced in incremental amounts as project costs are incurred. The indebtedness to the LDEQ will be evidenced through the Sewerage Service Subordinate Revenue Bonds, Series 2011. Upon issuance of subsequent bonds, the indebtedness was to spring from subordinate to a senior lien status. That conversion took place with the issuance of the Series 2014 bonds. Annual principal payments are due beginning November 1, 2013 continuing through December 1, 2032. Interest on the bonds is incurred at the rate of 0.45%, and the LDEQ administrative fee rate is 0.5%. Interest and administrative fee payments began on May 1, 2012 and are due semi-annually thereafter. As of December 31, 2019 and 2018, \$6,040,000 and \$6,475,000 is included as bonds payable, respectively.

C. Series 2014 Bonds

During 2014, the Board refunded the Series 1997, 1998, 2000, 2000B, 2001, 2002, 2003, 2004, and 2009 Sewerage bonds. The Board issued \$158,990,000 in Series 2014 Sewerage Service Revenue and Refunding Bonds with a final maturity of June 1, 2044. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the sewerage bonds in the amount of \$121,870,000. By refunding these bonds, the Board estimated \$20,696,313 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately \$18,397,306. The cost of issuance of the Series 2014 Sewerage Bonds totaled \$1,345,380, and the deferred loss on refunding was \$4,708,925. Bond proceeds of \$47,300,000 were restricted for capital projects.

During 2014, the Board refunded the Series 1998 and 2002 Water Bonds. The Board issued \$103,525,000 in Series 2014 Water Revenue and Refunding Bonds with a final maturity of December 1, 2044. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the Water Bonds in the amount of \$27,655,000. By refunding these bonds, the Board estimated \$1,359,352 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately \$2,738,262. The cost of issuance of the Series 2014 Water Bonds totaled \$1,040,131 and the deferred loss on refunding was \$34,901. Bond proceeds of \$77,000,000 were restricted for capital projects.

During 2014, the Board refunded the Series 1998 and 2002 Drainage Bonds. The Board issued \$14,900,000 in Series 2014 Drainage Refunding Bonds with a final maturity of December 1, 2022. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the Drainage Bonds in the amount of \$16,205,000. By refunding these bonds, the Board estimated \$2,968,676 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately \$2,846,558. The cost of issuance of the Series 2014 Drainage Refunding Bonds totaled \$263,828, and the deferred loss on refunding was \$347,533.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

6. Long-term Obligations (continued)

D. Series 2015 Bonds

During 2015, the Board issued \$100,000,000 in Series 2015 Water Revenue Bonds with an original issue premium of \$12,686,122 and a final maturity of December 1, 2045. In addition, the Board issued \$100,000,000 in Series 2015 Sewerage Revenue Bonds with an original issue premium of \$12,826,410 and a final maturity date of December 1, 2045. Proceeds from such bonds were used to finance capital improvements.

E. Sewerage Service Revenue Bonds, Series 2019

The City entered into an agreement with the Louisiana Department of Environmental Quality (LDEQ) whereby the LDEQ has committed to loan the Board \$10,000,000 to fund sewer main replacements, point repairs, replacement of associated service connections and laterals, sewer line rehabilitation by cured in-place pipe lining and manhole rehabilitation. The loan is to be advanced in incremental amounts as project costs are incurred. The indebtedness to the LDEQ will be evidenced through the Sewerage Service Revenue Bonds, Series 2019. Annual principal payments are due beginning June 1, 2021 continuing through June 1, 2040. Interest on the bonds is incurred at the rate of 0.95%, and the LDEQ administrative fee rate is 0.5%. Interest and administrative fee payments began on June 1, 2020 and are due semi-annually thereafter. As of December 31, 2019, \$127,550 is included as bonds payable.

F. Debt Service Assistance

Debt Services Assistance Fund loan payable as of December 31, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 47,756,909	\$ 52,603,109
Proceeds	-	-
Payments	(5,067,022)	(4,846,200)
Balance, end of year	<u>\$ 42,689,887</u>	<u>\$ 47,756,909</u>

In July 2006, the Board and the State of Louisiana (the State) entered into a Cooperative Endeavor Agreement whereby the State agreed to lend up to \$77,465,247 from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2005 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006, to assist in payment of debt service requirements from 2006 through 2008 due to disruption of tax bases and revenue streams caused by Hurricanes Katrina and Rita. Draw downs on the loan were made as debt service payments became due. No principal or interest was payable during the initial five-year period of the loan. After the expiration of the initial five-year period, the loan shall bear interest at a fixed rate of 4.64 percent. Principal payments on the bonds began in July 2012. In July 2019, the Cooperative Endeavor Agreement was amended by the State and the Board to allow annual payments to be deferred through 2031. In addition, the outstanding loan balances for the Drainage and Water funds of the Board were assumed/transferred to the Sewerage fund. Upon the amendment, interest is payable semi-annually on January 15 and July 15 beginning July 2020. The loan will mature in January 2031. The loan may be prepaid without penalty or premium.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

6. Long-term Obligations (continued)

F. Debt Service Assistance (continued)

As of December 31, 2019, debt service requirements relating to the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,650,800	\$ 1,485,808	\$ 4,136,608
2021	2,773,797	867,542	3,641,339
2022	2,902,502	738,838	3,641,340
2023	3,037,178	604,161	3,641,339
2024	3,178,103	463,236	3,641,339
2025-2029	23,305,800	3,014,546	26,320,346
2030-2031	4,841,707	1,108,978	5,950,685
	<u>\$ 42,689,887</u>	<u>\$ 8,283,109</u>	<u>\$ 50,972,996</u>

G. Southeast Louisiana Project

In 2010, the Coastal Protection and Restoration Authority of Louisiana entered into agreements (SELA PPA and SELA DPA) with the Department of the Army for the Southeast Louisiana, Louisiana Project in Jefferson and Orleans Parishes (the Project). The purpose of the Project is to provide flood damage reduction and interior drainage for Orleans and Jefferson Parishes in southeast Louisiana. The agreements set forth the obligations of the federal government and non-federal sponsors, including the Board, regarding the construction and the operation, maintenance, repair, rehabilitation, and replacement of the Project. For the projects, the federal government is responsible for 65% of the project costs and the non-federal sponsors are responsible for the remaining 35%. Project costs are included in the capital assets of the Board.

Under the agreement, the Department of the Army, subject to the availability of funds appropriated by the Congress of the United States, shall design and construct specified work at 100% federal expense. The Board will be allowed to defer payment of its required non-federal contribution of funds of 35% and to pay said contribution of funds with interest over a period of not more than 30 years from the date of completion of the project or separable element of the project. The interest rate to be used in computing the interest shall be determined by the Secretary of the Treasury, taking into consideration average market yields on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the payment period during the month preceding the Government fiscal year in which the first federal construction contract for such separable element is awarded to the SELA PPA, plus a premium of one-eighth of one percentage point for transaction costs. The amount due, including accrued interest, as of December 31, 2019 and 2018 is \$250,343,870 and \$227,139,545, respectively. Total amount due is expected to increase through October 2021, estimated project completion date.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

6. Long-term Obligations (continued)

G. Southeast Louisiana Project (continued)

At December 31, 2019, the Board is responsible for 35% of construction costs incurred for the Project that consists of 16 contracts, grouped in 5 basins. Expected project completion date, payment start date, as well as interest rate for each basin are as follows:

Basin	Estimated Completion Date	Estimated Payment Start Date	Interest Rate
OP-2	2026	2026	3.875%
OP-3	Late 2020	2021	3.875%
OP-4	Late 2020	2021	3.875%
OP-5	Late 2020	2021	3.875%
OP-6	Late 2020	2021	3.875%

During 2012 through 2019, the Board accrued approximately \$35.5 million of interest on construction costs incurred to date. Final amount due for each basin will be determined by the Department of Army upon project completion.

As of December 31, 2019, projected debt service requirements relating to the total amount due are as follows:

Year	Principal	Interest	Total
2020	\$ -	\$ -	\$ -
2021	(636,077)	9,673,096	9,037,019
2022	3,000,579	6,036,440	9,037,019
2023	3,116,852	5,920,167	9,037,019
2024	3,237,630	5,799,389	9,037,019
2025-2029	4,032,576	68,145,173	72,177,749
2030-2034	35,542,273	43,383,640	78,925,913
2035-2039	42,983,362	35,942,551	78,925,913
2040-2044	51,982,308	26,943,604	78,925,912
2045-2049	62,865,265	16,060,648	78,925,913
2050-2054	37,722,676	5,055,161	42,777,837
2055	6,496,426	251,737	6,748,163
	<u>\$ 250,343,870</u>	<u>\$ 223,211,606</u>	<u>\$ 473,555,476</u>

**Note: Future payments are first applied toward interest accrued to-date since inception, resulting negative principal payments in year 2021.*

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

7. Defined Benefit Pension Plan

A. Plan Descriptions

The Board has a single-employer contributory retirement plan covering all full-time employees, the Pension Trust Fund (PTF). The Board's payroll for current employees covered by the PTF for the years ended December 31, 2019 and 2018 was \$53,213,682 and \$50,679,697, respectively; such amounts exclude overtime and standby payroll. As of the most recent valuation date (December 31, 2018), the PTF membership consisted of:

Retirees and terminated receiving them	1,034
Current employees:	<u>1,210</u>
Total	<u><u>2,244</u></u>

Benefits Provided

The benefit provisions were established by action of the Board in 1956 in accordance with Louisiana statutes. The Board retains exclusive control over the plan through the Pension Committee of the Board. Effective January 1, 1996, the plan became qualified under Internal Revenue Code Section 401(a) and thus is tax exempt.

The plan provides for retirement benefits as well as death and disability benefits. All benefits vest after five years of service. Employees who retire at or after age 65 with ten years of credited service are entitled to an annual retirement benefit, payable biweekly for life, in an amount equal to two percent of their average compensation for each year of credited service up to ten years, increasing by (1) one-half percent per year for service years over ten years, (2) an additional one-half percent per year for service years over twenty years and (3) an additional one percent per year for service years over thirty years, for a maximum of four percent for each year of credited service. Average compensation is the average annual earned compensation (prior to 2002, less \$1,200) for the period of 36 successive months of service during which the employee's compensation was the highest. Employees with thirty years or more of credited service may retire without a reduction in benefits. Employees may retire prior to age 62 without 30 years of service with a reduction in benefits of three percent for each year of age below the age of 62. If an employee leaves covered employment or dies before three years of credited service, the accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary.

The retirement allowance for retirees over age 65 is subject to a cost of living adjustment each January 1, provided that the member retired on or after January 1, 1984. The adjustment is based on the increase in the Consumer Price Index for all urban wage earners published by the U.S. Department of Labor but is limited to an annual maximum of two percent on the first \$10,000 of initial retirement benefits.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

7. Defined Benefit Pension Plan (continued)

A. Plan Descriptions (continued)

Effective September 23, 1993, employers may transfer credit between the Board's plan and the City of New Orleans' retirement system with full credit for vested service. The Board and its employees are obligated under plan provisions to make all required contributions to the plan. The required contributions are actuarially determined. Level percentage of payroll employer contribution rates is determined using the entry age normal actuarial funding method. Employees are required to contribute four percent of their regular salaries or wages.

Deferred Retirement Option Program (DROP)

Beginning in 1996, the Board offered employees a "Deferred Retirement Option Plan" (DROP), an optional retirement program which allows an employee to elect to freeze his or her retirement benefits but continue to work and draw a salary for a minimum period of one year to a maximum period of five years. While continuing employment, the retirement benefits are segregated from overall plan assets available to other participants. As of December 31, 2019 and 2018, 99 and 116 employees, respectively, participated in the plan. The amount of plan assets segregated for these individuals was \$10,490,312 and \$9,774,961 as of December 31, 2019 and 2018, respectively.

B. Funding Policy

The actuary determined contribution requirement for the Board was 21.328% and 20.170% for 2019 and 2018. The contribution requirement for employees for the years ended December 31, 2019 and 2018 was 6.0%. The actual Board's and employees' contributions (including contributions for transferred employees from other pension plans) for the years ended December 31 were as follows:

	<u>2019</u>	<u>2018</u>
Employer	\$ 10,466,009	\$ 8,419,441
Employee	2,793,158	2,535,027
Total contributions	<u>\$ 13,259,167</u>	<u>\$ 10,954,468</u>

C. Net Pension Liability

The Board's Net Pension Liability was measured as of December 31, 2019 and 2018. The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

D. Actuarial Assumptions

The employer's net pension liability reported for the fiscal year ending December 31, 2019 was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 and rolled forward twelve months to December 31, 2019.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

7. Defined Benefit Pension Plan (continued)

D. Actuarial Assumptions (continued)

The total pension liability was determined by an actuarial valuation as of December 31, 2019 and 2018 using the following actuarial assumptions:

	<u>2019</u>	<u>2018</u>
Investment rate of return	7.00%	7.00%
Inflation	2.50%	2.00%
Salary increases including inflation	5.00%	5.00%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected plan investments and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Trust Fund's current and expected asset allocation as of December 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equities	6.75%
US Small/Mid Cap Equities	7.25%
International Equities	4.75%
Core-Plus Fixed Income	3.75%
Hedge Funds	7.00%
Real Estate/REITs	4.00%
Cash and Equivalents	0.50%
Total	N/A

Discount Rate

The discount rate used to measure the total pension liability was 7% for the 2019 and 2018 plan years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that the plan's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the PTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

7. Defined Benefit Pension Plan (continued)

E. Actuarial Assumptions (continued)

Investment Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ended December 31, 2019 and 2018, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expenses, were 15.97% and -3.31%, respectively.

Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following presents the net pension liability of the Board as of December 31, 2019 and 2018, calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate.

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
<u>December 31, 2019</u>			
Total pension liability	\$ 377,953,504	\$ 344,719,120	\$ 316,532,054
Fiduciary net position	239,677,702	239,677,702	239,677,702
Net pension liability	138,275,802	105,041,418	76,854,352
<u>December 31, 2018</u>			
Total pension liability	\$ 372,533,875	\$ 339,153,248	\$ 310,824,053
Fiduciary net position	215,279,783	215,279,783	215,279,783
Net pension liability	157,254,092	123,873,465	95,544,270

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. Defined Benefit Pension Plan (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2018	\$ 339,153,248	\$ 215,279,783	\$ 123,873,465
Changes for the year:			
Service cost	4,812,452	-	4,812,452
Interest	23,277,459	-	23,277,459
Difference between expected and actual experience	-	-	-
Contributions – employer	-	10,466,009	(10,466,009)
Contributions – employee	-	2,793,158	(2,793,158)
Net investment income	-	33,662,791	(33,662,791)
Benefit payments, including refunds of employee contributions	(22,861,142)	(22,861,142)	-
Other	337,103	337,103	-
Administrative expense	-	-	-
Net changes	<u>5,565,872</u>	<u>24,397,919</u>	<u>(18,832,047)</u>
Balances at December 31, 2019	<u>\$ 344,719,120</u>	<u>\$ 239,677,702</u>	<u>\$ 105,041,418</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

7. Defined Benefit Pension Plan (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2017	\$ 318,218,035	\$ 235,284,317	\$ 82,933,718
Changes for the year:			
Service cost	4,354,989	-	4,354,989
Interest	21,763,800	-	21,763,800
Difference between expected and actual experience	(5,689,086)	-	(5,689,086)
Changes of assumptions	23,596,233	-	23,596,233
Contributions – employer	-	8,419,441	(8,419,441)
Contributions – employee	-	2,535,027	(2,535,027)
Contributions – fines	-	-	-
Net investment income	-	(7,868,279)	7,868,279
Benefit payments, including refunds of employee contributions	(23,323,178)	(23,323,178)	-
Other	232,455	232,455	-
Administrative expense	-	-	-
Net changes	20,935,213	(20,004,534)	40,939,747
Balances at December 31, 2018	<u>\$ 339,153,248</u>	<u>\$ 215,279,783</u>	<u>\$ 123,873,465</u>

For the years ended December 31, 2019 and 2018, the Board recognized a pension expense of \$19,657,822 and \$21,377,012, respectively, in payroll related expense on the statements of revenues, expenses, and changes in net position.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

7. Defined Benefit Pension Plan (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

On December 31, 2019 and 2018, the Board recorded Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>December 31, 2019</u>		
Differences between expected and actual experience	\$ 6,907,204	\$ 3,655,583
Changes of assumptions	11,798,117	-
Net difference between projected and actual earnings on pension plan investments	-	3,482,725
Total	<u>\$ 18,705,321</u>	<u>\$ 7,138,308</u>
<u>December 31, 2018</u>		
Differences between expected and actual experience	\$ 8,093,186	\$ 5,606,319
Changes of assumptions	17,697,175	-
Net difference between projected and actual earnings on pension plan investments	19,406,829	-
Total	<u>\$ 45,197,190</u>	<u>\$ 5,606,319</u>

Amounts recorded as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2020	\$ 5,047,753
2021	4,768,325
2022	2,185,170
2023	(2,597,515)
2024	1,081,642
Thereafter	1,081,638

G. The Board's Pension Plan Fiduciary Net Position

A separate report on the pension trust fund is not issued.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

8. Other Post-Employment Benefits

Plan Description – The Board’s post-employment benefit plan is a single-employer defined benefit plan. The Board’s post-employment medical benefits for retirees are provided through a self-insured medical plan and are made available to employees upon actual retirement.

Participation – All active Employees as defined in the Rules and Regulations of the Employees’ Retirement System of the Board, which is generally an employee who regularly works more than 17.5 hours per week, are eligible to participate in the plan.

Employees covered by benefit terms – As of the most recent valuation date (December 31, 2018), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	659
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	1,326
	<u>1,985</u>

Total OPEB Liability

The Board’s total OPEB liability of \$195,228,094 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2018 with such results rolled-forward twelve months to December 31, 2019.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	5.0%, including inflation
Healthcare cost trend rates	7.5% for FY20 decreasing 0.6% per year to an ultimate rate of 4.5% for FY25 and later years
Mortality	1994 Uninsured Pensioner (UP-94) mortality table, projected to 2002 using Scale AA, gender distinct

The discount rate used to measure the total OPEB liability as of December 31, 2019 was 2.74%. The discount rate used to determine the total OPEB liability as of December 31, 2018 was 4.10%.

Municipal Bond Rate: 2.74% as of December 31, 2019 and 4.10% as of December 31, 2018; the source of the municipal bond rate is the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. In describing their index, the Bond Buyer notes that the bonds’ average credit quality is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

8. Other Post-Employment Benefits (continued)

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of ongoing evaluations of the assumptions from December 31, 2018 to December 31, 2019.

Changes in the Total OPEB Liability 2019

Balance at December 31, 2018	S 158,612,265
Changes for the year:	
Service cost	4,509,679
Interest	6,533,926
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	33,088,043
Benefits payments (employer)	(7,515,819)
Other	-
Net changes	<u>36,615,829</u>
Balance at December 31, 2019	<u>S 195,228,094</u>

Changes in the Total OPEB Liability 2018

Balance at December 31, 2017	S 170,658,516
Changes for the year:	
Service cost	5,134,251
Interest	5,926,129
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(16,063,510)
Benefits payments (employer)	(7,043,121)
Other	-
Net changes	<u>(12,046,251)</u>
Balance at December 31, 2018	<u>S 158,612,265</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

8. Other Post-Employment Benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate at December 31, 2019 and 2018:

	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
<u>December 31, 2019</u>			
Total OPEB liability	\$ 228,723,319	\$ 195,228,094	\$ 168,663,371
	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
<u>December 31, 2018</u>			
Total OPEB liability	\$ 183,952,950	\$ 158,612,265	\$ 138,332,446

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates at December 31, 2019 and 2018:

	1% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
<u>December 31, 2019</u>			
Total OPEB liability	\$ 169,506,699	\$ 195,228,094	\$ 227,476,782
	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
<u>December 31, 2018</u>			
Total OPEB liability	\$ 138,545,322	\$ 158,612,265	\$ 183,379,817

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

8. Other Post-Employment Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019 and 2018, the Board recognized OPEB expense of \$15,357,938 and \$7,044,502, respectively. At December 31, 2019 and 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>December 31, 2019</u>		
Changes of assumptions or other inputs	\$ 24,816,033	\$ 8,031,751
Total	<u>\$ 24,816,033</u>	<u>\$ 8,031,751</u>
<u>December 31, 2018</u>		
Changes of assumptions or other inputs	\$ -	\$ 12,047,631
Total	<u>\$ -</u>	<u>\$ 12,047,631</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2020	\$ 4,256,133
2021	4,256,133
2022	8,272,016

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

9. Commitments

A. Capital Improvements

At December 31, 2019, the Board's budget for its ten-year capital improvements program totaled approximately \$3.0 billion, which includes \$325 million in capital expenditures for the year ending December 31, 2020 and provides for the following activities:

- Continue Joint Infrastructure Recovery Road in conjunction with City of New Orleans Department of Public Works;
- Comply with regulatory requirements under the Sewer Consent Decree;
- Complete rehabilitation of Claiborne pumping station (phase II) of Water Hammer project;
- Participate in drainage system improvements in coordination with SELA Program;
- Initiate Automated Meter Infrastructure project.

Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2019, the Board has committed or appropriated \$8,166,346 in investments for use in future capital projects and has \$4,216,858 of cash and cash equivalents restricted for future capital projects.

B. Self-insurance

The Board is self-insured for general liability, workers' compensation, and hospitalization benefits and claims. Settled claims have not exceeded excess coverage in any of the past three fiscal years. Hospitalization benefits are charged to payroll related expense.

General liability claims are segregated internally by "claims" and "suits" depending on the scope and type of claim and are handled by the Office of the Special Counsel and Administrative Services. Individual general liability losses have ranged from \$100 to \$7,500,000, illustrating the volatility of this exposure. The claims expense (recovery) provision for 2019 and 2018 amounted to \$(878,197) and \$(10,544,357), respectively.

Worker's compensation expense provision for 2019 and 2018 amounted to \$2,925,850 and \$4,228,002, respectively.

The medical claims for our self-insured health plan are administered by "The Health Plan," our third party administrator. The Board's expense provision in excess of employee contributions for 2019 and 2018 was \$20,704,753 and \$21,562,359, respectively, and is included in payroll related expenses.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

9. Commitments (continued)

A. Self-insurance

Changes in the claims payable amount are as follows (health payments are reflected net):

	2019	2018
Beginning of Year	\$ 48,422,742	\$ 59,160,395
Current Year Claims and Estimate Change	22,752,406	15,246,004
Claim Payments	(24,341,310)	(25,983,657)
End of Year	<u>\$ 46,833,838</u>	<u>\$ 48,422,742</u>

The composition of claims payable is as follows:

	2019	2018
Short-term:		
Workers' compensation	\$ 1,737,675	\$ 2,129,709
Health insurance	1,887,000	2,225,002
Total short-term	<u>3,624,675</u>	<u>4,354,711</u>
Long-term:		
Workers' compensation	776,766	757,437
General liability	42,432,397	43,310,594
Total long-term	<u>43,209,163</u>	<u>44,068,031</u>
Total	<u>\$ 46,833,838</u>	<u>\$ 48,422,742</u>

B. Regulatory Matters

The Sewer System Evaluation and Rehabilitation Program (SSERP) was initially estimated to cost the Board \$408.2 million by the original Consent Decree with an end date of 2015. However, the Board has negotiated, and continues to negotiate with U.S. Environmental Protection Agency (EPA), extensions beyond the original Consent Decree deadline. Consequently, the original Consent Decree has been modified to currently provide an end date of October 2025.

The Board participates in a number of federal programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Board has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of December 31, 2019 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Board.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

10. Deferred Compensation Plan

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property, and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the employees, therefore the assets of the plan are not included in these financial statements.

11. Budgets

Operating and capital expenditure budgets are adopted by the Board on a basis consistent with accounting principles generally accepted in the United States. While not legally required, this budgetary information is employed as a management control device during the year. Comparison between actual and budgeted expenses is not a required presentation for an Enterprise Fund.

12. Property Taxes

Property taxes are levied by the City of New Orleans. Taxes on real and personal property attach as an enforceable lien on the property as of January 1. Taxes are levied on January 1, payable on January 1, and delinquent on February 1.

The assessed value of the property is determined by an elected Assessor. The assessed value for 2019 and 2018 was \$3,868,662,170 and \$3,799,114,380, respectively. The combined tax rate dedicated for the Board for the years ended December 31, 2019 and 2018 was \$16.43 per \$1,000 of assessed valuation. These dedicated funds are available for operations, maintenance, construction, and extension of the drainage system (except for subsurface systems).

13. Tax Abatement Agreement

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Restoration Tax Abatement Program ("RTAP"). For the year ending December 31, 2019, the government participated in the Restoration Tax Abatement Program.

Under the RTAP, as authorized by Article 7, Section 21(H) of the Louisiana Constitution and Louisiana Revised Statutes 47:4311, companies that expand, restore, improve or develop an existing structure or structures in a downtown, historic, or economic development district can apply to the State Board and the local governing authority for a property tax exemption. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon the approval of the State Board and the local governing authority. The property tax abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

13. Tax Abatement Agreement (continued)

During 2019, the City Council of the City of New Orleans approved tax abatement projects with a total investment value of \$11,457,691 of which \$1,101,388 was for the Board. During 2018, the City Council of the City of New Orleans approved tax abatement projects with a total investment value of \$8,815,317 of which \$859,622 was for the Board.

14. Segment Information

The Board issued revenue bonds to finance its water and sewerage departments which operate the Board's water and sewerage treatment plants and distribution and collection systems. These bonds are accounted for in a single fund; however, investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

Summary financial information for these departments as of and for the years ended December 31 is as follows:

	Condensed Statements of Net Position			
	Water		Sewer	
	2019	2018	2019	2018
Assets:				
Current unrestricted assets	\$ 46,512,794	\$ 65,037,267	\$ 72,090,359	\$ 77,056,592
Restricted assets	20,310,375	28,234,279	28,685,122	40,471,502
Other assets	12,816,777	7,450,374	17,965	17,965
Property, plant and equipment	655,189,813	615,022,462	1,097,820,025	1,088,136,124
Total assets	734,829,759	715,744,382	1,198,613,471	1,205,682,183
Deferred outflows of resources:	14,518,004	15,080,978	17,020,512	17,847,392
Total assets and deferred outflows	<u>\$ 749,347,763</u>	<u>\$ 730,825,360</u>	<u>\$ 1,215,633,983</u>	<u>\$ 1,223,529,575</u>
Liabilities:				
Current	\$ 44,319,843	\$ 52,809,779	\$ 25,585,414	\$ 52,746,080
Current liabilities payable from restricted assets	5,181,022	5,183,196	13,980,582	14,624,635
Noncurrent liabilities	323,596,664	329,238,177	358,898,487	365,314,515
Total liabilities	<u>373,097,529</u>	<u>387,231,152</u>	<u>398,464,483</u>	<u>432,685,230</u>
Deferred inflows of resources:	<u>5,056,686</u>	<u>5,884,650</u>	<u>5,056,686</u>	<u>5,884,650</u>
Net position:				
Net investment in capital assets	448,792,587	411,583,789	873,723,687	860,979,966
Restricted	16,580,927	16,805,167	27,203,259	29,175,408
Unrestricted (deficit)	<u>(94,179,966)</u>	<u>(90,679,398)</u>	<u>(88,814,132)</u>	<u>(105,195,679)</u>
Total net position	<u>371,193,548</u>	<u>337,709,558</u>	<u>812,112,814</u>	<u>784,959,695</u>
Total liabilities, deferred inflows, and net position	<u>\$ 749,347,763</u>	<u>\$ 730,825,360</u>	<u>\$ 1,215,633,983</u>	<u>\$ 1,223,529,575</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

14. Segment Information (continued)

	Condensed Statements of Revenues, Expenses, and Changes in Net Position			
	Water		Sewer	
	2019	2018	2019	2018
Service charges, pledged against bonds	\$ 116,644,735	\$ 92,518,944	\$ 145,026,340	\$ 115,777,622
Depreciation expense	(12,643,499)	(12,349,399)	(26,518,870)	(26,744,088)
Other operating expenses	(97,668,096)	(94,075,558)	(95,220,260)	(95,538,207)
Operating income (loss)	6,333,140	(13,906,013)	23,287,210	(6,504,673)
Nonoperating revenues (expenses):				
Contributions from other local governments	6,516,802	-	9,300,681	-
Investment earnings	729,371	422,446	653,894	342,098
Other	(5,164,398)	1,498,085	(992,927)	2,517,871
Interest expense	(94,819)	(4,363)	(133,416)	(190,583)
Total nonoperating revenues (expenses)	1,986,956	1,916,168	8,828,232	2,669,386
Capital contributions	21,414,190	28,488,912	1,174,638	13,900,807
Change in net position	29,734,286	16,499,067	33,290,080	10,065,520
Beginning net position	337,709,558	321,210,491	784,959,695	774,894,175
Transfer of Debt Service Assistance Fund loan payable	3,749,704	-	(6,136,961)	-
Ending net position	\$ 371,193,548	\$ 337,709,558	\$ 812,112,814	\$ 784,959,695

	Condensed Statements of Cash Flows			
	Water		Sewer	
	2019	2018	2019	2018
Net cash provided by (used in):				
Operating activities	\$ 35,824,245	\$ (13,855,629)	\$ 51,569,731	\$ 36,460,285
Noncapital financing activities	6,781,570	343,336	9,679,614	330,010
Capital and related financing activities	(56,918,526)	(22,797,065)	(72,096,991)	(57,187,256)
Investing activities	828,634	683,298	801,934	468,569
Net increase	(13,484,077)	(35,626,060)	(10,045,712)	(19,928,392)
Cash and cash equivalents:				
Beginning of year	61,148,002	96,774,062	71,350,474	91,278,866
End of year	\$ 47,663,925	\$ 61,148,002	\$ 61,304,762	\$ 71,350,474

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

15. Natural Disaster

During the years ended, December 31, 2019 and 2018, the Board has cumulatively received approximately \$477.2 million and \$459.0 million, respectively, of cash reimbursements from the Federal Emergency Management Agency (FEMA). Included in accounts receivable as of December 31, 2019 and 2018 are \$284,373 and \$280,906, respectively, of reimbursements due from FEMA under the Disaster Grants program. Eligible FEMA grants totaling in excess of \$815.9 million are in various stages of the approval process and include amounts for system repairs, building repairs, vehicle and equipment repairs, and replacements, temporary power, supplies and other costs.

On June 29, 2007, the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana, City of New Orleans, Louisiana, and the Louisiana Public Facilities Authority (LPFA). The LPFA agreed to issue its bonds to provide the cash capital investment to pay for capital improvements of the City of New Orleans and the Board. The establishment of the construction fund permits the Board and City of New Orleans to publicly bid contracts that are subject to a Project Worksheet that has been obligated by FEMA or for which an award letter has been received and encumber such amounts. The State of Louisiana, City of New Orleans, and Sewerage and Water Board agree that as FEMA pays any reimbursement amounts related to projects for which disbursements have been made, or the City or the Sewerage and Water Board receives monies related to the hazard mitigation grant program for which disbursements have been made from the construction fund; the full amount of such projects shall be deposited in the construction fund and used to fund additional projects until all City of New Orleans and Sewerage and Water Board improvements are completed. The total amount made available to the Board under the agreement was \$100,000,000. The agreement also permits disbursements from the construction fund for projects with a Project Worksheet that have not been obligated by FEMA, and as a result, will not be reimbursed by FEMA. The Board is not required to reimburse the construction fund for these unobligated projects. At December 31, 2019 and 2018, the Board had an outstanding obligation under the agreement of \$0- and \$11,221,710 included as a liability in due to other governments on the statements of net position, which represent amounts not yet reimbursed by FEMA for obligated projects and deposited back into the construction fund. Under the 2019 Fair Share Agreement, the liability was forgiven and the Board received all funds remaining in the Revolver account.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

16. Recent Accounting Pronouncements

GASB Statement No. 84, *Fiduciary Activities*. 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. An activity meeting the criteria should be recorded in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be recorded, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Therefore, if applicable, the Board will implement this guidance in 2020.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This is a significant change in accounting principles and may impact the net position of the Board. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Therefore, as applicable, the Board will implement this guidance in 2022.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement will improve the information that is disclosed in notes of governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2019. The Board will implement this guidance in 2020.

GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*. The Statement objectives include (1) enhancing the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplifying accounting for interest costs incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Board will implement this guidance in 2021.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

17. Current Operating Environment and Contributions from Other Local Governments

The Board's Drainage System experienced a significant increase in expenditures in 2017 and into 2018 as a result of significant flooding in the New Orleans area in 2017 and the increase in the estimate for general liability claims in 2017 which has negatively impacted the Drainage System's liquidity. The Sewerage System has made advances to the Drainage System to pay for expenditures of the Drainage System. The Board is considering ways to increase revenues for the Drainage System including additional tax revenues, increased drainage fees, applying for new government grants, and the apportionment of revenues from the Sewerage and Water Systems to the Drainage System. These new sources of revenue are intended to increase revenues to a level that will cover expenditures and begin to allow the repayment of advances from the Sewerage System to the Drainage System.

In 2019, under the leadership of Mayor LaToya Cantrell, the Board received \$28 million in one-time funding through the Fair Share program. The purpose of the Fair Share funding is to improve the provision of water, sewer, and drainage services to the residents of New Orleans. In 2019, the Board continued to consider ways to increase revenues.; the Mayor was able to secure ongoing funding under House Bills 522, 617 & 43 which is anticipated to result in \$20-\$26 million in recurring tax revenue.

18. Examination by Federal and State Agencies

During 2017, the Board was notified by the Office for Inspector General (the OIG) of the U.S. Department of Homeland Security that the OIG would be conducting an audit of FEMA Public Assistance Grant Funds awarded to the Board for the period from August 29, 2005 to September 30, 2017. The objective of the audit is to determine whether the Board accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. The OIG's report, dated March 27, 2020, noted approximately \$133 million in questioned costs, along with other findings and recommendations to help strengthen program management, performance and oversight. The Board is working in conjunction with FEMA and its grantee to address the questioned costs finding and to implement operational recommendations, as deemed appropriate.

On March 19, 2020, the Louisiana Legislative Auditor (LLA) issued a report based on its review of the circumstances surrounding the Board's letting, bidding and awarding of contracts pertaining to its new billing system. The purpose of the audit was to evaluate the Board's implementation of the new billing system and oversight of its billing processes. The LLA's report noted at least \$26.3 million in estimated free water and sewer services, along with other findings and recommendations. The Board is working to make attainable changes that can improve its delivery of water and sewer services and reduce if not eliminate requirements that free water and services be provided under state law.

19. Revenue Bonds Debt Service Coverage (Unaudited)

Each of the General Bond Resolutions governing the Series 2014 Bonds and the Series 2015 Bonds have certain covenant requirements regarding net revenue available for debt service. The net revenue available for debt service in the Board's debt service coverage calculations presented in Section III, Statistical Information (Unaudited), for the year ended December 31, 2019, is increased in the amount of \$9,504,104 related to its water bonds and \$10,852,338 related to its sewer bonds, as detailed below. These amount are opined to be extraordinary, non-recurring and non-continuing expenses by a Qualified Independent Consultant (QIC) as provided for in each respective General Bond Resolutions.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

19. Revenue Bonds Debt Service Coverage (Unaudited) (continued)

	<u>Water</u>	<u>Sewer</u>
Provision for doubtful accounts	<u>\$ 9,504,104</u>	<u>\$ 10,852,338</u>

The definition of extraordinary used by the QIC varies from that used in the preparation of the financial statements under generally accepted accounting principles. It should be noted that Revenues and Operating Expenses as reported in the schedules in Section III are consistent with the terms of the General Bond Resolutions and may differ from the amounts reported in the financial statements.

The Board is in compliance with these particular covenants after consideration of the above for the year ended December 31, 2019, as provided for in the respective General Bond Resolutions.

20. Subsequent Event

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 18, 2020, and determined that the following item require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global health pandemic and recommended containment and mitigation measures worldwide. Subsequent to that date, the Mayor of the City of New Orleans ordered citizens and businesses to follow specific measures designed to slow the spread of the virus. In support of our customers, the Board temporarily suspended service disconnections and late fee charges and launched a Customer Care Pay Plan for customers impacted by COVID-19 and the economic downturn. The current impact is an increase in the age of customer receivables and a reduction in billed collections. The Board has also taken actions to protect the health and safety of its employees. At this time, we cannot reasonably predict the extent to which the disruption may impact business operations or financial position over the long term.

On April 22, 2020, the Board authorized and approved \$10.2 million Sewerage Service Revenue bonds, Series 2020A to meet the match requirements of a WIFIA loan (Water Infrastructure Financing and Innovation Act) and to fund additional sewer-related projects. The Sewer 2020A Series Bonds were issued and delivered on June 10, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 67, 68, and 71
For the years ended December 31, 2019 and 2018

SCHEDULE OF NET PENSION LIABILITY

Actuarial Valuation Date December 31	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Payroll
2019	\$ 344,719,120	\$ 239,677,702	\$ 105,041,418	69.53%	\$ 53,213,682	197.40%
2018	339,153,248	215,279,783	123,873,465	63.48%	50,679,697	244.42%
2017	318,218,035	235,284,317	82,933,718	73.94%	41,822,648	198.30%
2016	305,105,919	224,356,261	80,749,658	73.53%	35,363,156	228.34%
2015	299,395,091	222,427,527	76,967,564	74.29%	33,672,902	228.57%
2014	296,244,723	236,556,671	59,688,052	79.85%	31,378,001	190.22%
2013	290,919,481	234,358,565	56,560,916	80.56%	29,706,715	190.40%

Note to schedule:

Until a full 10-year trend is compiled, governments should present information for those years for which information is available. History prior to 2013 is not shown in this report but is maintained in the records of the employer.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll Contribution	Contributions as a % of Covered Payroll
2019	\$ 10,156,701	\$ 10,466,009	\$ (309,308)	\$ 53,213,682	19.67%
2018	8,435,598	8,419,441	16,157	50,679,697	16.61%
2017	10,545,867	7,239,467	3,306,400	41,822,648	17.31%
2016	11,024,398	6,407,201	4,617,197	35,363,156	18.12%
2015	10,799,993	6,506,652	4,293,341	33,672,902	19.32%
2014	11,171,823	6,055,890	5,115,933	31,378,001	19.30%
2013	11,086,546	5,946,614	5,139,932	29,706,715	20.02%
2012	9,127,658	6,287,658	2,840,000	29,074,529	21.63%
2011	9,815,606	5,564,936	4,250,670	29,774,937	18.69%
2010	8,358,739	5,140,096	3,218,643	29,670,378	17.32%

Note to schedule:

Valuation Date: January 1, 2019

Actuarially determined contribution rates are calculated as of January 1, 2019, which is the most recent valuation date prior to the end of the fiscal year in which contributions are reported.

Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	7-year smoothed market
Inflation	2.5%
Salary increases	5.0%, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	Earliest eligibility age, plus one year if under age 55
Mortality	1994 Uninsured Pensioner Mortality Table, projected to 2002 using Scale AA

SCHEDULE OF INVESTMENT RETURNS

Year Ended	Net Money-Weighted Rate of Return
2019	15.97%
2018	-3.31%
2017	10.52%
2016	5.42%
2015	-1.79%
2014	4.94%

Note to schedule:

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 67, 68, and 71
For the years ended December 31, 2019 and 2018
(continued)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 4,812,452	\$ 4,354,989	\$ 3,797,316	\$ 3,030,912	\$ 2,788,621	\$ 3,417,599
Interest on total pension liability	23,277,459	21,763,800	21,357,414	20,957,657	20,737,131	20,364,364
Effect of plan changes	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	-	(5,689,086)	9,734,775	834,712	(1,978,038)	(1,721,210)
Effect of assumption changes or inputs	-	23,596,233	-	-	-	-
Benefit payments	(22,861,142)	(23,323,178)	(21,777,389)	(19,112,455)	(18,397,344)	(16,735,511)
Other	337,103	232,455	-	-	-	-
Net change in total pension liability	5,565,872	20,935,213	13,112,116	5,710,826	3,150,370	5,325,242
Total pension liability, beginning	339,153,248	318,218,035	305,105,919	299,395,093	296,244,723	290,919,481
Total pension liability, ending (a)	344,719,120	339,153,248	318,218,035	305,105,919	299,395,093	296,244,723
Plan Fiduciary Net Position						
Employer contributions	10,466,009	8,419,441	7,239,467	6,407,201	6,506,652	6,055,890
Employee contributions	2,793,158	2,535,027	2,139,705	2,063,122	1,847,259	1,535,723
Investment income net of investment expenses	33,662,791	(7,868,279)	23,326,273	12,570,866	(4,085,711)	11,342,004
Benefit payments	(22,861,142)	(23,323,178)	(21,777,389)	(19,112,455)	(18,397,344)	(16,735,511)
Administrative expenses	-	-	-	-	-	-
Other	337,103	232,455	-	-	-	-
Net change in plan fiduciary net position	24,397,919	(20,004,534)	10,928,056	1,928,734	(14,129,144)	2,198,106
Plan fiduciary net position, beginning	215,279,783	235,284,317	224,356,261	222,427,527	236,556,671	234,358,565
Plan fiduciary net position, ending (b)	\$ 239,677,702	\$ 215,279,783	\$ 235,284,317	\$ 224,356,261	\$ 222,427,527	\$ 236,556,671
Board's net pension liability, ending = (a) - (b)	\$ 105,041,418	\$ 123,873,465	\$ 82,933,718	\$ 80,749,658	\$ 76,967,566	\$ 59,688,052
Plan fiduciary net position as a % of total pension liability	69.53%	63.48%	73.94%	73.53%	74.29%	79.85%
Covered payroll	\$ 53,213,682	\$ 50,679,697	\$ 41,822,648	\$ 35,363,156	\$ 33,672,902	\$ 31,378,001
Board's net pension liability as a % of covered payroll	197.40%	244.42%	198.30%	228.34%	228.57%	190.22%

Notes to Schedules:

1. This schedule is prepared using the optional format of combining the required schedules in Paragraph Nos. 46 a. and 46 b. of GASB No. 68. Until a full 10-year trend is compiled, governments should present information for those years for which information is available. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates. History prior to 2015 is not shown in this report but is maintained by the employer.
2. Information is presented using a December 31, 2019 measurement date as permitted under Paragraph No. 20 of GASB No. 68.
3. City annuity and other transfers in; prior to 2018, these amounts were combined with "Benefit payments, including refunds of employee contributions".
- 4 Total compensation (not just pensionable compensation, if different) based on census used in the valuation per Q/A No. 106 of the *Guide to Implementation of GASB Statement 68*.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 75
For the years ended December 31, 2019 and 2018

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Financial Statement Reporting Date	12/31/2019	12/31/2018
Measurement Date	12/31/2019	12/31/2018
Service cost	\$ 4,509,679	\$ 5,134,251
Interest	6,533,926	5,926,129
Changes of benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions or other inputs	33,088,043	(16,063,510)
Benefit payments (employer)	<u>(7,515,819)</u>	<u>(7,043,121)</u>
Net change in total OPEB liability	36,615,829	(12,046,251)
Total OPEB liability - beginning	<u>158,612,265</u>	<u>170,658,516</u>
Total OPEB liability - ending	<u><u>\$ 195,228,094</u></u>	<u><u>\$ 158,612,265</u></u>
Covered payroll	<u><u>\$ 53,213,682</u></u>	<u><u>\$ 50,679,697</u></u>
Total OPEB liability as a percentage of covered payroll	366.88%	312.97%

Notes to Schedule:

1. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
2. Information is presented using measurement date which is the same as the fiscal year end.
3. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan.
4. *Benefit Changes:* None.

5. *Changes in assumptions or other inputs for FY2019:* Assumed Expenses, Assumed Per Capita Health Benefits Costs, Assumed Health Benefit Cost trend and Retiree Contribution trend have all been updated since the previous valuation. In addition, the discount rate was updated to 2.74% for the end of FY2019.

6. *Changes of Assumptions.* Changes of assumptions and other inputs reflect the changes in the discount rate
- | | |
|------------------------|-------|
| End of year 2018 | 4.10% |
| Beginning of year 2018 | 3.44% |

SUPPLEMENTARY INFORMATION

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF NET POSITION BY DEPARTMENT
ENTERPRISE FUND
As of December 31, 2019 and 2018

	Water System		Sewerage System		Drainage System		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
ASSETS AND DEFERED OUTFLOWS OF RESOURCES								
Current assets:								
Cash and cash equivalents	\$ 20,394,446	\$ 31,321,022	\$ 32,676,640	\$ 30,935,972	\$ 9,191,378	\$ 1,382,352	\$ 62,262,464	\$ 63,639,346
Accounts receivable:								
Customers, net of allowance	16,642,640	19,919,941	17,413,119	20,463,721	-	-	34,055,759	40,383,662
Taxes	-	-	-	-	5,089,136	6,493,108	5,089,136	6,493,108
Grants	10,828,954	14,749,165	1,821,271	6,052,105	4,319,414	6,009,076	16,969,639	26,810,346
Miscellaneous	799,033	258,425	862,606	1,523,141	4,121,159	3,949,877	5,782,798	5,731,443
Due from (to) other internal departments	(4,818,092)	(3,872,868)	17,550,843	16,500,755	(12,732,751)	(10,632,887)	-	1,995,000
Inventory of supplies	2,380,984	2,390,127	1,635,632	1,464,006	1,120,383	1,034,569	5,136,999	4,888,702
Prepaid expenses	284,829	271,455	130,248	116,892	155,520	148,832	570,597	537,179
Total unrestricted and undesignated	46,512,794	65,037,267	72,090,359	77,056,592	11,264,239	8,384,927	129,867,392	150,478,786
Total current assets	46,512,794	65,037,267	72,090,359	77,056,592	11,264,239	8,384,927	129,867,392	150,478,786
Noncurrent assets:								
Restricted cash, cash equivalents, and investments								
Cash and cash equivalents restricted for capital projects	3,091,335	10,648,879	878,008	10,579,291	247,515	17,397	4,216,858	21,245,567
Health insurance reserve	638,113	780,233	603,855	716,803	645,032	699,598	1,887,000	2,196,634
Debt service reserve	16,580,927	16,805,167	27,203,259	29,175,408	55,432	62,010	43,839,618	46,042,585
Total restricted cash, cash equivalents, and investments	20,310,375	28,234,279	28,685,122	40,471,502	947,979	779,005	49,943,476	69,484,786
Property, plant and equipment	1,022,425,985	970,675,961	1,432,383,010	1,396,493,756	1,960,434,864	1,875,879,548	4,415,243,859	4,243,049,265
Less: accumulated depreciation	367,236,172	355,653,499	334,562,985	308,357,632	395,149,587	370,176,057	1,096,948,744	1,034,187,188
Property, plant, and equipment, net	655,189,813	615,022,462	1,097,820,025	1,088,136,124	1,565,285,277	1,505,703,491	3,318,295,115	3,208,862,077
Other assets								
Funds from/for customer deposits	12,793,827	7,427,424	-	-	-	-	12,793,827	7,427,424
Deposits	22,950	22,950	17,965	17,965	10,400	10,400	51,315	51,315
Total other assets	12,816,777	7,450,374	17,965	17,965	10,400	10,400	12,845,142	7,478,739
Total noncurrent assets	688,316,965	650,707,115	1,126,523,112	1,128,625,591	1,566,243,656	1,506,492,896	3,381,083,733	3,285,825,602
Total assets	734,829,759	715,744,382	1,198,613,471	1,205,682,183	1,577,507,895	1,514,877,823	3,510,951,125	3,436,304,388
Deferred outflows of resources:								
Deferred amounts related to net pension liability	6,235,107	15,065,730	6,235,107	15,065,730	6,235,107	15,065,730	18,705,321	45,197,190
Deferred amounts related to total OPEB liability	8,272,011	-	8,272,010	-	8,272,012	-	24,816,033	-
Deferred loss on bond refunding	10,886	15,248	2,513,395	2,781,662	75,462	128,985	2,599,743	2,925,895
Total deferred outflows of resources	14,518,004	15,080,978	17,020,512	17,847,392	14,582,581	15,194,715	46,121,097	48,123,085
Total assets and deferred outflows of resources	\$ 749,347,763	\$ 730,825,360	\$ 1,215,633,983	\$ 1,223,529,575	\$ 1,592,090,476	\$ 1,530,072,538	\$ 3,557,072,222	\$ 3,484,427,473

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF NET POSITION BY DEPARTMENT, CONTINUED
ENTERPRISE FUND
As of December 31, 2019 and 2018

	Water System		Sewerage System		Drainage System		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND NET POSITION								
Current liabilities (payable from current assets):								
Accounts payable	\$ 35,116,446	\$ 32,505,962	\$ 14,760,460	\$ 39,814,320	\$ 17,826,586	\$ 28,441,519	\$ 67,703,492	\$ 100,761,801
Due to City of New Orleans	710,554	842,664	-	-	-	-	710,554	842,664
Disaster Reimbursement Revolving Loan	-	9,116,772	-	1,687,174	-	417,764	-	11,221,710
Retainers and estimates payable	455,254	4,743,155	1,409,326	3,081,481	1,654,366	2,521,087	3,518,946	10,345,723
Due to other fund	226,430	14,065	52,324	26,527	64,590	33,185	343,344	73,777
Accrued salaries	779,960	471,562	838,757	284,858	566,565	236,603	2,185,282	993,023
Claims payable	1,217,338	1,482,000	1,183,080	1,446,390	1,224,257	1,426,321	3,624,675	4,354,711
Total OPEB liability, due within one year	2,505,273	2,347,707	2,505,273	2,347,707	2,505,263	2,347,707	7,515,809	7,043,121
Debt Service Assistance Fund loan payable	-	445,347	2,650,800	4,337,950	-	283,725	2,650,800	5,067,022
Advances from federal government	2,679,202	2,775,563	1,976,305	1,976,305	-	-	4,655,507	4,751,868
Other liabilities	629,386	412,689	209,089	91,075	13,700	6,294	852,175	510,058
Total Current liabilities (payable from current assets):	44,319,843	55,157,486	25,585,414	55,093,787	23,855,327	35,714,205	93,760,584	145,965,478
Current liabilities (payable from restricted assets):								
Accrued interest	883,851	907,571	1,604,260	1,742,994	62,588	74,671	2,550,699	2,725,236
Bonds payable	3,825,000	3,575,000	12,099,000	11,510,000	1,895,000	1,815,000	17,819,000	16,900,000
Retainers and estimates payable	472,171	700,625	277,322	1,371,641	-	-	749,493	2,072,266
Total current liabilities (payable from restricted assets):	5,181,022	5,183,196	13,980,582	14,624,635	1,957,588	1,889,671	21,119,192	21,697,502
Total current liabilities	49,500,865	60,340,682	39,565,996	69,718,422	25,812,915	37,603,876	114,879,776	167,662,980
Long-term liabilities:								
Claims payable, net of current portion	3,879,578	4,351,534	4,937,099	4,672,055	34,392,486	35,044,442	43,209,163	44,068,031
Accrued vacation and sick pay	3,675,130	3,884,837	3,462,388	3,702,175	1,930,816	2,106,778	9,068,334	9,693,790
Net pension liability	35,013,806	41,291,155	35,013,806	41,291,155	35,013,806	41,291,155	105,041,418	123,873,465
Total OPEB liability, net of current portion	62,570,762	50,523,048	62,570,761	50,523,048	62,570,762	50,523,048	187,712,285	151,569,144
Bonds payable, net of current maturities	205,663,561	210,512,552	212,875,346	226,225,449	4,007,444	5,959,049	422,546,351	442,697,050
Southeast Louisiana Project liability	-	-	-	-	250,343,870	227,139,545	250,343,870	227,139,545
Debt Service Assistance Fund loan payable, net of current maturities	-	3,749,704	40,039,087	36,552,926	-	2,387,257	40,039,087	42,689,887
Customer deposits	12,793,827	12,577,640	-	-	-	-	12,793,827	12,577,640
Total long-term liabilities	323,596,664	326,890,470	358,898,487	362,966,808	388,259,184	364,451,274	1,070,754,335	1,054,308,552
Total liabilities	373,097,529	387,231,152	398,464,483	432,685,230	414,072,099	402,055,150	1,185,634,111	1,221,971,532
Deferred inflows of resources:								
Deferred amounts related to net pension liability	2,379,436	1,868,773	2,379,436	1,868,773	2,379,436	1,868,773	7,138,308	5,606,319
Deferred amounts related to total OPEB liability	2,677,250	4,015,877	2,677,250	4,015,877	2,677,251	4,015,877	8,031,751	12,047,631
Total deferred inflows of resources	5,056,686	5,884,650	5,056,686	5,884,650	5,056,687	5,884,650	15,170,059	17,653,950
Net position:								
Net investment in capital assets	448,792,587	411,583,789	873,723,687	860,979,966	1,309,286,478	1,270,807,294	2,631,802,752	2,543,371,049
Restricted for debt service	16,580,927	16,805,167	27,203,259	29,175,408	55,432	62,010	43,839,618	46,042,585
Unrestricted (deficit)	(94,179,966)	(90,679,398)	(88,814,132)	(105,195,679)	(136,380,220)	(148,736,566)	(319,374,318)	(344,611,643)
Total net position	371,193,548	337,709,558	812,112,814	784,959,695	1,172,961,690	1,122,132,738	2,356,268,052	2,244,801,991
Total liabilities, deferred inflows of resources, and net position	\$ 749,347,763	\$ 730,825,360	\$ 1,215,633,983	\$ 1,223,529,575	\$ 1,592,090,476	\$ 1,530,072,538	\$ 3,557,072,222	\$ 3,484,427,473

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY DEPARTMENT
ENTERPRISE FUND

For the years ended December 31, 2019 and 2018

	Water System		Sewerage System		Drainage System		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Operating revenues:								
Sales of water and delinquent fees	\$ 113,339,213	\$ 90,287,081	\$ -	\$ -	\$ -	\$ -	\$ 113,339,213	\$ 90,287,081
Sewerage service charges	-	-	143,686,137	114,614,157	-	-	143,686,137	114,614,157
Plumbing inspection and license fees	293,773	319,127	288,283	329,205	-	-	582,056	648,332
Other revenues	3,011,749	1,912,736	1,051,920	834,260	1,287,446	2,940,207	5,351,115	5,687,203
Total operating revenues	116,644,735	92,518,944	145,026,340	115,777,622	1,287,446	2,940,207	262,958,521	211,236,773
Operating Expenses:								
Power and pumping	2,605,184	2,530,094	4,944,123	5,425,556	12,463,709	23,918,812	20,013,016	31,874,462
Treatment	9,639,792	9,294,004	10,048,430	13,664,971	-	-	19,688,222	22,958,975
Transmission and distribution	19,644,181	24,912,011	14,368,415	17,666,548	4,163,871	3,951,459	38,176,467	46,530,018
Customer accounts	2,703,346	2,607,756	2,703,342	2,607,781	25,098	27,739	5,431,786	5,243,276
Customer service	2,612,778	2,209,330	2,612,773	2,209,324	78,587	57,760	5,304,138	4,476,414
Administration and general	10,274,204	10,227,572	12,871,251	11,972,725	5,878,102	6,053,021	29,023,557	28,253,318
Payroll related expenses	20,223,874	18,691,737	20,123,106	18,604,235	13,491,336	12,120,609	53,838,316	49,416,581
Maintenance of general plant	14,069,152	15,533,798	8,050,655	8,061,802	5,023,033	5,217,885	27,142,840	28,813,485
Depreciation	12,643,499	12,349,399	26,518,870	26,744,088	24,993,861	24,407,703	64,156,230	63,501,190
Provision for doubtful accounts	15,171,065	7,584,815	18,036,645	13,355,926	98,485	1,476	33,306,195	20,942,217
Provision for claims	724,520	484,441	1,461,520	1,969,339	(116,680)	(9,656,464)	2,069,360	(7,202,684)
Total operating expenses	110,311,595	106,424,957	121,739,130	122,282,295	66,099,402	66,100,000	298,150,127	294,807,252
Operating income (loss)	6,333,140	(13,906,013)	23,287,210	(6,504,673)	(64,811,956)	(63,159,793)	(35,191,606)	(83,570,479)
Non-operating revenues (expenses):								
Three-mill tax	-	-	-	-	15,300,420	15,504,589	15,300,420	15,504,589
Six-mill tax	-	-	-	-	16,241,889	15,576,221	16,241,889	15,576,221
Nine-mill tax	-	-	-	-	24,345,982	23,570,261	24,345,982	23,570,261
Two-mill tax	-	-	-	-	35	553	35	553
Other taxes	264,768	264,567	330,217	329,965	-	-	594,985	594,532
Contributions from other local governments	6,516,802	-	9,300,681	-	20,021,658	-	35,839,141	-
Federal noncapital grants	-	78,769	48,716	45	-	-	48,716	78,814
Interest income	729,371	422,446	653,894	342,098	226,747	68,584	1,610,012	833,128
Bond issuance costs	-	-	(127,550)	-	-	-	(127,550)	-
Interest expense	(94,819)	(4,363)	(133,416)	(190,583)	-	(53,523)	(228,235)	(248,469)
Provision for grants	(5,429,166)	1,154,749	(1,244,310)	2,187,861	(557,352)	(158,969)	(7,230,828)	3,183,641
Total non-operating revenues (expenses)	1,986,956	1,916,168	8,828,232	2,669,386	75,579,379	54,507,716	86,394,567	59,093,270
Income (expenses) before capital contributions	8,320,096	(11,989,845)	32,115,442	(3,835,287)	10,767,423	(8,652,077)	51,202,961	(24,477,209)
Capital contributions	21,414,190	28,488,912	1,174,638	13,900,807	37,674,272	57,898,037	60,263,100	100,287,756
Change in net position	29,734,286	16,499,067	33,290,080	10,065,520	48,441,695	49,245,960	111,466,061	75,810,547
Net position, beginning of year	337,709,558	321,210,491	784,959,695	774,894,175	1,122,132,738	1,072,886,778	2,244,801,991	2,168,991,444
Transfer of Debt Service Assistance Fund loan payable	3,749,704	-	(6,136,961)	-	2,387,257	-	-	-
Net position, end of year	\$ 371,193,548	\$ 337,709,558	\$ 812,112,814	\$ 784,959,695	\$ 1,172,961,690	\$ 1,122,132,738	\$ 2,356,268,052	\$ 2,244,801,991

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT BY DEPARTMENT
As of December 31, 2019 and 2018

	2019			
	Water	Sewer	Drainage	Total
Real estate rights, non depreciable	\$ 3,065,632	\$ 1,949,159	\$ 8,772,766	\$ 13,787,557
Power and pumping stations - buildings	74,522,290	53,795,104	268,286,304	396,603,698
Power and pumping stations - machinery	163,976,123	67,311,682	135,701,030	366,988,835
Distribution systems	373,211,294	-	-	373,211,294
Sewerage collection	-	846,599,285	-	846,599,285
Canals and subsurface drainage	-	-	1,032,784,864	1,032,784,864
Treatment plants	-	207,077,447	-	207,077,447
Connections and meters	76,287,974	31,556,254	-	107,844,228
Power transmission	10,498,353	13,079,398	13,480,136	37,057,887
General plant and buildings	154,488,081	107,490,272	84,038,801	346,017,154
 Total property, plant and equipment in service	 856,049,747	 1,328,858,601	 1,543,063,901	 3,727,972,249
 Construction in progress	 166,376,238	 103,524,409	 417,370,963	 687,271,610
 Total property, plant and equipment	 1,022,425,985	 1,432,383,010	 1,960,434,864	 4,415,243,859
 Accumulated depreciation	 367,236,172	 334,562,985	 395,149,587	 1,096,948,744
 Net property, plant and equipment	 <u>\$ 655,189,813</u>	 <u>\$ 1,097,820,025</u>	 <u>\$ 1,565,285,277</u>	 <u>\$ 3,318,295,115</u>

	2018			
	Water	Sewer	Drainage	Total
Real estate rights, non depreciable	\$ 3,065,632	\$ 1,949,159	\$ 8,772,766	\$ 13,787,557
Power and pumping stations - buildings	74,522,290	53,795,104	268,286,304	396,603,698
Power and pumping stations - machinery	163,760,165	67,311,682	135,701,030	366,772,877
Distribution systems	362,282,823	-	-	362,282,823
Sewerage collection	-	742,695,414	-	742,695,414
Canals and subsurface drainage	-	-	916,810,550	916,810,550
Treatment plants	-	207,077,447	-	207,077,447
Connections and meters	75,358,211	31,556,254	-	106,914,465
Power transmission	10,727,059	13,079,397	13,555,173	37,361,629
General plant and buildings	142,007,198	107,490,272	84,038,828	333,536,298
 Total property, plant and equipment in service	 831,723,378	 1,224,954,729	 1,427,164,651	 3,483,842,758
 Construction in progress	 138,952,583	 171,539,027	 448,714,897	 759,206,507
 Total property, plant and equipment	 970,675,961	 1,396,493,756	 1,875,879,548	 4,243,049,265
 Accumulated depreciation	 355,653,499	 308,357,632	 370,176,057	 1,034,187,188
 Net property, plant and equipment	 <u>\$ 615,022,462</u>	 <u>\$ 1,088,136,124</u>	 <u>\$ 1,505,703,491</u>	 <u>\$ 3,208,862,077</u>

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF BONDS PAYABLE
For the year ended December 31, 2019

	<u>Annual Interest Rates</u>	<u>Interest Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Outstanding as of 12/31/2018</u>	<u>New Debt in 2019</u>	<u>Payments in 2019</u>	<u>Outstanding as of 12/31/2019</u>
Drainage System Bonds, 2014 (9-Mills)	4.53%	(6/1;12/1)	12/1/2014	6/1/2022	\$ 7,665,000	\$ -	\$ 1,815,000	\$ 5,850,000
					<u>7,665,000</u>	<u>-</u>	<u>1,815,000</u>	<u>5,850,000</u>
Sewer Revenue Bonds, 2011	0.95%	(5/1; 11/1)	12/1/2011	12/1/1932	6,475,000	-	435,000	6,040,000
Sewer Revenue Bonds, 2014	4.87%	(6/1;12/1)	12/1/2014	6/1/1944	110,440,000	-	11,075,000	99,365,000
Sewer Revenue Bonds, 2015	5.00%	(6/1;12/1)	12/17/2015	12/1/1945	100,000,000	-	-	100,000,000
Sewer Revenue Bonds, 2019	0.95%	(6/1;12/1)	11/20/2019	6/1/2040	<u>-</u>	<u>127,550</u>	<u>-</u>	<u>127,550</u>
					<u>216,915,000</u>	<u>127,550</u>	<u>11,510,000</u>	<u>205,532,550</u>
Water Revenue Bonds, 2014	5.00%	(6/1;12/1)	12/1/2014	6/1/1944	98,000,000	-	2,800,000	95,200,000
Water Revenue Bonds, 2015	4.98%	(6/1;12/1)	12/17/2015	2/1/2030	<u>99,300,000</u>	<u>-</u>	<u>775,000</u>	<u>98,525,000</u>
					<u>197,300,000</u>	<u>-</u>	<u>3,575,000</u>	<u>193,725,000</u>
TOTAL					<u>\$ 421,880,000</u>	<u>\$ 127,550</u>	<u>\$ 16,900,000</u>	<u>\$ 405,107,550</u>

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 DEBT SERVICE AND DEBT SERVICE RESERVE
 REQUIRED BY BOND RESOLUTION
 For the year ended December 31, 2019

	Debt Service Account				Debt Service Reserve Accounts		
	Water Revenue Bonds	Sewer Revenue Bonds	Drainage Revenue Bonds	Total	Water Revenue Bonds	Sewer Revenue Bonds	Total
Cash and investments at beginning of year	\$ 9,105,167	\$ 18,467,626	\$ 62,010	\$ 27,634,803	\$ 7,700,000	\$ 10,707,782	\$ 18,407,782
Cash receipts:							
Bond proceeds and accrued interest	-	127,550	-	127,550	-	-	-
Transfers from operating cash and debt service reserve	13,808,147	25,974,701	2,429,526	42,212,374	-	-	-
Excess debt service reserve fund applied to BANS 2006 Maturity	2,108	2,293	-	4,401	-	-	-
Total receipts	13,810,255	26,104,544	2,429,526	42,344,325	-	-	-
Cash disbursements:							
Principal and interest payments, cost of issuance and transfers	14,034,495	28,076,693	2,436,104	44,547,292	-	-	-
Total cash disbursements	14,034,495	28,076,693	2,436,104	44,547,292	-	-	-
Cash and investments at end of year	\$ 8,880,927	\$ 16,495,477	\$ 55,432	\$ 25,431,836	\$ 7,700,000	\$ 10,707,782	\$ 18,407,782

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CHANGES IN SELF-INSURANCE LIABILITIES BY DEPARTMENT
For the year ended December 31, 2019

	Beginning of Year	Current Year Claims and Estimate Change	Payments	End of Year
<u>WATER</u>				
Short-term:				
Workers' compensation	\$ 709,903	\$ 1,190,033	\$ 1,320,711	\$ 579,225
Health insurance	772,097	8,214,062	8,348,046	638,113
Total short-term	1,482,000	9,404,095	9,668,757	1,217,338
Long-term:				
Workers' compensation	252,479	6,443	-	258,922
General liability	4,099,055	(478,399)	-	3,620,656
Total long-term	4,351,534	(471,956)	-	3,879,578
Total	\$ 5,833,534	\$ 8,932,139	\$ 9,668,757	\$ 5,096,916
<u>SEWERAGE</u>				
Short-term:				
Workers' compensation	\$ 709,903	\$ 1,190,032	\$ 1,320,710	\$ 579,225
Health insurance	736,487	8,128,017	8,260,649	603,855
Total short-term	1,446,390	9,318,049	9,581,359	1,183,080
Long-term:				
Workers' compensation	252,479	6,443	-	258,922
General liability	4,419,576	258,601	-	4,678,177
Total long-term	4,672,055	265,044	-	4,937,099
Total	\$ 6,118,445	\$ 9,583,093	\$ 9,581,359	\$ 6,120,179
<u>DRAINAGE</u>				
Short-term:				
Workers' compensation	\$ 709,903	\$ 526,456	\$ 657,134	\$ 579,225
Health insurance	716,418	4,362,674	4,434,060	645,032
Total short-term	1,426,321	4,889,130	5,091,194	1,224,257
Long-term:				
Workers' compensation	252,479	6,443	-	258,922
General liability	34,791,963	(658,399)	-	34,133,564
Total long-term	35,044,442	(651,956)	-	34,392,486
Total	\$ 36,470,763	\$ 4,237,174	\$ 5,091,194	\$ 35,616,743
<u>TOTAL</u>				
Short-term:				
Workers' compensation	\$ 2,129,709	\$ 2,906,521	\$ 3,298,555	\$ 1,737,675
Health insurance	2,225,002	20,704,753	21,042,755	1,887,000
Total short-term	4,354,711	23,611,274	24,341,310	3,624,675
Long-term:				
Workers' compensation	757,437	19,329	-	776,766
General liability	43,310,594	(878,197)	-	42,432,397
Total long-term	44,068,031	(858,868)	-	43,209,163
Total	\$ 48,422,742	\$ 22,752,406	\$ 24,341,310	\$ 46,833,838

See accompanying independent auditors' report.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO THE EXECUTIVE DIRECTOR
For the year ended December 31, 2019**

Ghassan Korban, Executive Director

Purpose	Amount
Salary	\$ 273,544
Benefits-hospitalization	-
Benefits-life insurance	3,127
Benefits-retirement	16,072
Reimbursements	1,003
Conference travel	2,581
Relocation/Housing	3,923
Total	<u>\$ 300,250</u>

See accompanying independent auditors' report.

STATISTICAL SECTION



Of our 120 pumps, 51 run on an older frequency of electricity, 25 Hertz (Hz). We produce that power ourselves using steam turbine generators, frequency changers and Electro-Motive Diesel (EMD) generators. In all, we need about 52 megawatts (MW) of power to fully run the drainage system. We can produce more than 80 MW, giving us vital redundancy in our power supply.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SUMMARY OF STATISTICAL INFORMATION
December 31, 2019
(Unaudited)

This part of the Board's Comprehensive Annual Financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosure, and required supplementary information says about the Board's overall financial health.

Financial Trends:

These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.

Revenue Capacity:

These schedules contain information to help the reader assess the Board's most significant local revenue source, the property tax.

Debt Capacity:

These schedules present information to help the reader assess the affordability of the Board's current levels of outstanding debt and the Board's ability to issue additional debt in the future.

Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Unaudited - accrual basis of accounting)

	Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Business-type activities										
Net investment in capital assets	\$ 2,631,802,752	\$ 2,543,371,049	\$ 2,405,073,361	\$ 2,251,197,095	\$ 2,009,322,572	\$ 2,013,060,377	\$ 1,919,436,757	\$ 1,762,389,823	\$ 1,602,767,538	\$ 1,481,320,632
Restricted for debt service	43,839,618	46,042,585	46,606,340	47,217,981	46,199,659	30,846,959	33,405,265	35,186,883	33,137,542	32,774,880
Unrestricted	(319,374,318)	(344,611,643)	(282,688,257)	(69,993,128)	27,166,084	(114,602,287)	(175,395,265)	(135,165,032)	(97,925,662)	(82,369,095)
Total business-type activities net position	<u>\$ 2,356,268,052</u>	<u>\$ 2,244,801,991</u>	<u>\$ 2,168,991,444</u>	<u>\$ 2,228,421,948</u>	<u>\$ 2,082,688,315</u>	<u>\$ 1,929,305,049</u>	<u>\$ 1,777,446,757</u>	<u>\$ 1,662,411,674</u>	<u>\$ 1,537,979,418</u>	<u>\$ 1,431,726,417</u>

Source: Audited Comprehensive Annual Financial Reports

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CHANGES IN NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Unaudited - accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating revenues:										
Sales of water and delinquent fees	\$ 113,339,213	\$ 90,287,081	\$ 90,464,810	\$ 83,158,940	\$ 78,007,937	\$ 70,818,255	\$ 64,398,609	\$ 60,256,304	\$ 59,890,312	\$ 55,079,772
Sewerage service charges	143,686,137	114,614,157	111,063,719	104,795,184	95,636,966	86,553,262	78,535,785	71,407,835	70,358,076	69,534,779
Plumbing inspection and license fees	582,056	648,332	588,330	638,502	610,768	678,352	643,036	687,806	758,072	746,426
Other revenue	5,351,115	5,687,203	3,451,274	4,078,380	8,290,157	5,024,480	5,119,368	4,626,276	8,581,123	4,702,753
Total operating revenues	262,958,521	211,236,773	205,568,133	192,671,006	182,545,828	163,074,349	148,696,798	136,978,221	139,587,583	130,063,730
Operating Expenses:										
Power and pumping	20,013,016	31,874,462	36,549,229	13,499,216	13,139,255	13,227,389	12,572,620	11,951,746	11,787,614	12,606,851
Treatment	19,688,222	22,958,975	23,651,907	20,300,344	18,740,637	19,527,000	18,143,049	18,906,540	18,081,523	19,029,752
Transmission and distribution	38,176,467	46,530,018	36,409,559	37,174,706	35,878,137	27,186,606	23,323,900	26,019,713	27,216,035	15,915,561
Customer accounts	5,431,786	5,245,276	4,460,155	4,151,027	3,807,405	3,514,560	3,425,934	3,334,652	3,369,643	3,314,887
Customer service	5,304,138	4,476,414	4,217,543	4,271,555	3,973,344	3,717,925	3,464,197	3,332,300	3,320,100	3,386,338
Administration and general	29,023,557	28,253,318	24,343,704	18,506,107	16,848,253	16,976,430	17,333,945	15,879,736	16,054,154	16,060,032
Payroll related	53,838,316	49,416,581	38,126,322	43,990,879	36,349,834	32,488,264	34,928,822	33,980,859	34,770,439	33,616,025
Maintenance of general plant	27,142,840	28,813,485	26,100,182	23,979,309	27,148,505	28,178,593	27,647,127	24,480,560	25,185,237	30,725,060
Depreciation	64,156,230	63,501,190	59,450,076	52,060,674	51,661,651	50,157,869	43,648,267	39,011,955	34,772,279	35,216,611
Provision for doubtful accounts	33,306,195	20,942,217	14,326,711	3,413,404	2,468,117	1,940,782	2,052,096	1,676,511	867,460	4,855,325
Provision for claims	2,069,360	(7,202,684)	45,272,821	6,450,805	2,435,209	2,444,878	1,801,114	130,704	(4,660,454)	3,186,714
Total operating expenses	298,150,127	294,807,252	314,908,209	227,798,026	212,448,347	199,360,096	188,341,071	178,765,276	170,744,030	177,910,956
Operating loss	(35,191,606)	(83,570,479)	(109,340,076)	(35,127,020)	(29,902,519)	(36,285,747)	(39,644,273)	(41,727,055)	(31,156,447)	(47,847,226)
Non-operating revenues (expenses):										
Three-mill tax	15,300,420	15,504,589	15,309,309	16,043,825	14,139,193	13,481,526	13,175,711	12,497,723	11,129,376	10,378,060
Six-mill tax	16,241,889	15,576,221	16,229,098	16,215,799	14,290,667	13,626,539	13,317,505	12,630,977	11,242,927	10,498,580
Nine-mill tax	24,345,982	23,570,261	23,881,671	23,762,398	21,421,102	20,425,388	19,962,114	18,933,290	16,855,081	15,672,791
Two-mill tax	35	553	2,735	7,526	4,960	1,193	-	-	4,870	1,045
Other taxes	594,985	594,532	593,424	564,050	581,395	572,083	494,106	278,394	316,079	333,795
Contributions from other local governments (Note 17)	35,839,141	-	-	-	-	-	-	-	-	-
Operating and maintenance grants	48,716	78,814	845	24,738	2,405	1,502	2,054,492	7,624,526	11,479,664	9,367,940
Interest income	1,610,012	3,788,898	4,273,821	4,667,470	2,511,032	811,263	353,630	401,387	426,870	274,323
Bond issuance costs	(127,550)	-	-	-	(1,510,657)	(2,649,339)	-	-	-	-
Interest expense	(228,235)	(3,204,239)	(3,537,336)	(32,471)	(53,518)	-	(371,349)	(737,893)	(736,878)	(1,687,603)
Recovery (provision) for grants	(7,230,828)	3,183,641	(8,906,949)	-	-	-	-	-	-	-
Forgiveness of Community Disaster Loan	-	-	-	-	-	-	30,061,368	-	-	41,438,410
Total non-operating revenues (expenses)	86,394,567	59,093,270	47,846,618	61,253,335	51,386,579	46,270,155	79,047,577	51,628,404	50,717,989	86,277,341
Income (loss) before capital contributions	51,202,961	(24,477,209)	(61,493,458)	26,126,315	21,484,060	9,984,408	39,403,304	9,961,349	19,561,542	38,430,115
Capital contributions	60,263,100	100,287,756	96,336,075	119,607,318	131,899,206	141,873,884	114,317,636	114,530,907	115,575,107	48,959,148
Change in net position	111,466,061	75,810,547	34,842,617	145,733,633	153,383,266	151,858,292	153,720,940	124,432,256	135,136,649	87,389,263
Net position:										
Beginning of year	2,244,801,991	2,168,991,444	2,228,421,948	2,082,688,315	1,929,305,049	1,777,446,757	1,662,411,674	1,537,979,418	1,402,842,769	1,315,453,506
Change in accounting principle	-	-	(94,273,121)	-	-	-	(38,685,837)	-	-	-
Beginning of year, as restated	2,244,801,991	2,168,991,444	2,134,148,827	2,082,688,315	1,929,305,049	1,777,446,757	1,623,725,817	1,537,979,418	1,402,842,769	1,315,453,506
End of year	\$ 2,356,268,052	\$ 2,244,801,991	\$ 2,168,991,444	\$ 2,228,421,948	\$ 2,082,688,315	\$ 1,929,305,049	\$ 1,777,446,757	\$ 1,662,411,674	\$ 1,537,979,418	\$ 1,402,842,769

Source: Audited Comprehensive Annual Financial Reports - Information available for ten years

SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE AND EXPENSES BY SOURCE
ENTERPRISE FUND
Last Ten Years
(Unaudited)

Revenues	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Charges for service	\$ 125,360,977	\$ 131,006,460	\$ 132,351,945	\$ 143,577,430	\$ 158,049,869	\$ 174,255,671	\$ 188,592,626	\$ 202,116,859	\$ 205,549,570	\$ 257,607,406
Dedicated taxes	36,549,431	39,227,384	44,061,990	46,455,330	47,533,453	49,850,962	56,022,022	55,420,078	54,651,071	55,888,291
Two-mill tax	1,045	4,870	-	-	1,193	4,960	7,526	2,735	553	35
Interest on investments	274,323	426,870	401,387	353,630	811,263	2,511,046	4,667,470	4,273,821	3,788,898	1,610,012
Contributions from local governments	-	-	-	-	-	-	-	-	-	35,839,141
Other taxes and revenue	55,842,898	20,376,866	12,529,196	37,729,334	5,598,065	7,363,300	4,667,168	4,045,543	6,360,549	5,994,814
	<u>\$ 218,028,674</u>	<u>\$ 191,042,450</u>	<u>\$ 189,344,518</u>	<u>\$ 228,115,724</u>	<u>\$ 211,993,843</u>	<u>\$ 233,985,939</u>	<u>\$ 253,956,812</u>	<u>\$ 265,859,036</u>	<u>\$ 270,350,641</u>	<u>\$ 356,939,699</u>
Expenses	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Personnel services	\$ 72,725,464	\$ 73,834,142	\$ 74,358,288	\$ 75,998,997	\$ 76,009,536	\$ 81,094,850	\$ 88,422,754	\$ 85,643,784	\$ 107,582,424	\$ 112,931,852
Services and utilities	47,125,394	42,417,785	40,621,806	44,686,711	46,739,864	46,321,849	48,095,715	56,047,431	51,770,073	49,172,289
Materials and supplies	12,535,610	23,532,818	22,906,012	20,153,886	22,067,167	28,468,671	29,354,674	54,170,680	58,214,032	36,514,199
Depreciation and amortization	35,381,030	34,850,026	39,011,955	43,648,267	50,157,869	51,661,651	52,060,674	59,450,076	63,501,190	64,156,230
Provision for doubtful accounts	4,855,325	867,460	1,676,511	2,052,096	1,940,782	2,466,131	3,413,404	14,326,711	20,942,217	33,306,195
Provision for claims	3,186,714	(4,680,454)	130,704	1,801,114	2,444,878	2,435,209	6,450,805	45,272,821	(7,202,684)	2,069,360
Provision for grants	-	-	-	-	-	-	-	8,906,949	(3,183,641)	7,230,828
Bond issuance costs	-	-	-	-	2,649,339	1,510,657	-	-	-	127,550
Interest	1,687,603	736,878	737,893	371,349	-	53,518	32,471	3,537,336	3,204,239	228,235
	<u>\$ 177,497,140</u>	<u>\$ 171,558,655</u>	<u>\$ 179,443,169</u>	<u>\$ 188,712,420</u>	<u>\$ 202,009,435</u>	<u>\$ 214,012,536</u>	<u>\$ 227,830,497</u>	<u>\$ 327,355,788</u>	<u>\$ 294,827,850</u>	<u>\$ 305,736,738</u>

Source: Sewerage and Water Board of New Orleans.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited - amounts in thousands)

Fiscal Year	Net Assessed Value		Total Net Assessed Value	Total Estimated Actual Value (1)	Ratio of Total Net Assessed to Total Estimated Actual Value
	Real Estate	Personal Property			
2010	\$ 2,489,813	\$ 387,334	\$ 2,877,147	\$ 21,974,841	13.1%
2011	2,584,334	385,700	2,970,034	21,974,841	13.5%
2012	2,760,973	390,952	3,151,925	21,974,841	14.3%
2013	2,920,015	413,120	3,333,135	21,974,841	15.2%
2014	3,065,164	405,514	3,470,678	21,974,841	15.8%
2015	3,202,063	431,355	3,633,418	21,974,841	16.5%
2016	3,376,001	456,454	3,832,455	30,873,272	12.4%
2017	3,481,746	471,986	3,953,732	35,475,355	11.1%
2018	3,592,392	497,655	3,789,022	35,475,355	10.7%
2019	3,652,926	527,777	3,868,662	35,475,355	10.9%

(1) Last available information is 2017

Source: City of New Orleans

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(Unaudited)

Number of Mills
(Per \$1,000 of assessed value)

<u>Fiscal</u> <u>Year</u>	<u>City of</u> <u>New Orleans</u>	<u>Orleans</u> <u>Levee District</u> <u>Eastbank</u>	<u>Algiers</u> <u>Levee District</u>	<u>Sewerage &</u> <u>Water Board</u> <u>of</u> <u>New Orleans</u>	<u>Orleans</u> <u>Parish</u> <u>School Board</u>	<u>Audubon</u> <u>Park &</u> <u>Zoo</u>	<u>Total</u>
2010	64.31	11.67	12.76	16.43**	44.12	3.31	140.93
2011	72.05	11.67	12.76	16.43**	44.12	3.31	148.67
2012	72.05	11.67	12.76	16.43**	43.6	3.31	148.15
2013	72.05	11.67	12.36	16.43**	44.81	3.31	136.60
2014	72.05	11.67	12.76	16.43**	45.31	3.31	147.58
2015	71.95	11.67	12.56	16.43**	45.31	3.31	149.56
2016	74.45	12.28	6.21	16.43**	45.31	3.31	145.71
2017	60.98	12.28	12.56	16.43**	45.31	3.31	134.44
2018	60.98	12.28	12.56	16.43**	45.31	3.31	134.44
2019	60.98	12.28	12.56	16.43**	45.31	3.31	134.44

Source: City of New Orleans

**3 mills adopted in 1967 expires in 2046

**6 mills adopted in 1978 expires in 2027

**9 mills adopted in 1982 expires in 2032

SEWERAGE AND WATER BOARD OF NEW ORLEANS
TEN LARGEST TAXPAYERS
December 31, 2019 and Ten Years Ago
(Amount in thousands)
(Unaudited)

Name of Taxpayer	Type of Business	2019 Assessed Value (1)	Percentage of Total Assessed Value
Entergy Service	Electric & Gas Utilities	\$ 114,443	3.02%
Capital One Bank	Financial Institution	47,329	1.25%
Marriott Hotel	Hospitality	32,944	0.87%
Bellsouth	Telephone Utilities	31,241	0.82%
Whitney Bank Hancock Bank	Financial Institution	30,697	0.81%
Harrah's Entertainment	Hospitality & Gaming	26,582	0.70%
JP Morgan Chase Bank	Financial Institution	22,067	0.58%
Folgers Coffee	Coffee Roasting Plant	19,740	0.52%
International Rivercenter	Real Estate	18,105	0.48%
Sheraton Hotel	Hospitality	16,898	0.45%
		<u>\$ 360,046</u>	<u>9.50%</u>

Name of Taxpayer	Type of Business	2010 Assessed Value	Percentage of Total Assessed Value
Entergy Service	Electric & Gas Utilities	\$ 79,345	2.97%
Bellsouth Telecommunications	Telephone Utilities	54,414	2.04%
Harrah's Entertainment	Casino	41,733	1.56%
Capital One Bank	Financial Institution	26,719	1.00%
JP Morgan Chase Bank	Financial Institution	24,026	0.90%
Whitney National Bank	Financial Institution	22,663	0.85%
International Rivercenter	Shopping Mall; Hotel	17,466	0.65%
Marriott Hotel Properties	Hotel	14,191	0.53%
C S & M Associates	Commercial Real Estate	13,823	0.52%
Poydras Properties	Real Estate	13,313	0.50%
		<u>\$ 307,693</u>	<u>11.52%</u>

Source: City of New Orleans Department of Finance Bureau of the Treasury

(1) Last available information is 2018

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY TAX
LEVIES AND COLLECTIONS BY THE CITY OF NEW ORLEANS
Last Ten Fiscal Years
(Unaudited - Amounts in Thousands)

Fiscal Year	Total Levied (1)	Collected within		Collections in	Total Collections to Date (1)	
		Fiscal year of the Levy (1)		Subsequent	Percentage	
		Amount	Percent	Years (1)	Amount	of Levy
				Amount		
Real Estate Taxes:						
2010	309,800	291,078	93.96%	16,641	307,719	99.33%
2011	339,370	320,437	94.42%	16,394	336,831	99.25%
2012	362,262	342,248	94.48%	17,109	359,357	99.20%
2013	382,902	363,026	94.81%	16,730	379,756	99.18%
2014	393,304	375,815	95.55%	13,527	389,342	98.99%
2015	422,306	397,843	94.21%	20,637	418,480	99.09%
2016	457,800	442,153	96.58%	10,381	452,534	98.85%
2017	480,924	458,767	95.39%	15,233	474,000	98.56%
2018	497,718	481,642	96.77%	-	481,642	96.77%
2019	497,718	481,642	96.77%	-	481,642	96.77%
Personal Property Taxes:						
2010	74,530	68,508	91.92%	6,022	74,530	100.00%
2011	78,996	74,204	93.93%	4,637	78,841	99.80%
2012	81,685	78,275	95.83%	3,251	81,526	99.81%
2013	87,058	84,410	96.96%	981	85,391	98.09%
2014	84,620	81,926	96.82%	797	82,723	97.76%
2015	86,961	81,773	94.03%	2,961	84,734	97.44%
2016	92,428	88,797	96.07%	966	89,763	97.12%
2017	96,441	92,123	95.52%	242	92,365	95.77%
2018	101,280	94,862	93.66%	-	94,862	93.66%
2019	101,280	94,862	93.66%	-	94,862	93.66%

Source: City of New Orleans

(1) Last available information is 2018

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER AND SEWER RATES
Last Ten Fiscal Years
(Unaudited)

Year	Water					Sewer	
	Rate per 1,000 Gallons					Monthly Base Rate	Rate per 1,000 Gallons
	Monthly Base Rate	First 3,000 Gallons	Next 17,000 Gallons	Next 980,000 Gallons	All Gallons Over 1,000,000		
2010	\$ 3.90	\$ 2.59	\$ 4.42	\$ 3.48	\$ 2.92	\$ 11.60	\$ 4.04
2011	\$ 4.05	\$ 2.69	\$ 4.60	\$ 3.62	\$ 3.04	\$ 11.60	\$ 4.04
2012	\$ 4.05	\$ 2.69	\$ 4.60	\$ 3.62	\$ 3.04	\$ 11.60	\$ 4.04
2013	\$ 4.91	\$ 2.96	\$ 5.06	\$ 3.98	\$ 3.34	\$ 14.04	\$ 4.44
2014	\$ 4.91	\$ 3.26	\$ 5.57	\$ 4.38	\$ 3.67	\$ 14.04	\$ 4.88
2015	\$ 5.40	\$ 3.59	\$ 6.13	\$ 4.82	\$ 4.04	\$ 15.44	\$ 5.37
2016	\$ 5.94	\$ 3.95	\$ 6.74	\$ 5.30	\$ 4.44	\$ 16.98	\$ 5.91
2017	\$ 6.53	\$ 4.35	\$ 7.41	\$ 5.83	\$ 4.88	\$ 18.68	\$ 6.50
2018	\$ 7.18	\$ 4.79	\$ 8.15	\$ 6.41	\$ 5.37	\$ 20.55	\$ 5.13
2019	\$ 7.90	\$ 5.27	\$ 8.97	\$ 7.05	\$ 5.91	\$ 22.61	\$ 5.64

Note: Rates are based on 5/8" meter, which is the standard household meter size.

Source: Sewerage and Water Board of New Orleans.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Personal Income (1) (in thousands)	Population (2)	Revenue Bonds	Special Tax Bonds	LDHH Bonds	Special Community Disaster Loan Payable	Debt Service Assistance Fund Loan	Total Debt	Percentage of Personal Income	Debt per Capita
2010	\$ 15,260,613	347,907	\$ 208,422,155	\$ 20,290,000	\$ 632,842	\$ 25,166,747	\$ 77,460,393	\$ 331,972,137	4.60%	\$ 954
2011	15,260,613	360,740	194,330,103	18,990,000	1,503,834	25,166,747	77,465,247	317,455,931	4.81%	880
2012	15,346,678	369,250	186,832,906	17,630,000	1,998,636	25,166,747	73,776,967	305,405,256	5.03%	827
2013	15,888,893	378,715	172,192,129	16,205,000	3,865	-	69,917,529	258,318,523	6.15%	682
2014	16,437,492	378,715	292,068,863	14,870,042	3,865	-	41,317,444	348,260,214	4.72%	920
2015	18,032,254	389,617	504,808,633	12,750,000	-	-	61,653,139	579,211,772	3.11%	1,487
2016	14,094,612	391,495	488,835,158	11,100,000	-	-	57,230,725	557,165,883	2.53%	1,423
2017	14,094,612	393,292	488,835,158	9,410,000	-	-	52,604,006	550,849,164	2.56%	1,401
2018	14,094,612	393,292	451,932,050	7,665,000	-	-	47,756,909	507,353,959	2.78%	1,290
2019	14,094,612 (3)	390,144	399,257,550	5,850,000	-	-	42,695,640	447,803,190	3.15%	1,148

(1) Source: Bureau of Economic Analysis.

(2) Source: www.census.gov/popest.

(3) Most recent available is as of 2016

SEWERAGE AND WATER BOARD OF NEW ORLEANS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2019
(Unaudited)

	Net Outstanding Debt	Percentage Overlapping	Overlapping Debt
Direct debt:			
Sewerage and Water Board, net of debt service funds (tax bonds only)	\$ 6,167,550	100%	\$ 6,167,550
Overlapping debt:			
City of New Orleans	502,467,981	100%	502,467,981
Audubon Park Commission	7,100,000	100%	7,100,000
Orleans Parish School Board (1)	97,995,000	100%	97,995,000
Total overlapping debt	607,562,981	100%	607,562,981
Total direct and overlapping debt	\$ 613,730,531	100%	\$ 613,730,531

(1) The fiscal year of the Orleans Parish School Board is June 30th; The overlapping debt is based on June 30.

Source: Sewerage and Water Board of New Orleans.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE BONDS DEBT SERVICE COVERAGE
WATER REVENUE BONDS
Last Six Fiscal Years
(Unaudited)

Fiscal Year	Operating Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Services	Debt Services Requirements			Coverage
				Principal	Interest	Total	
2014	\$ 74,221,260	\$ 66,607,501	\$ 7,613,759	\$ -	\$ 2,829,414	\$ 2,829,414	2.69
2015	82,957,551	71,168,572	11,788,979	-	3,500,000	3,500,000	3.37
2016	88,366,278	75,002,591	13,363,687	325,000	7,646,525	7,971,525	1.68
2017	94,657,534	77,838,026	16,819,508	2,540,000	10,100,550	12,640,550	1.33
2018	103,514,199	80,839,797	22,674,402	3,360,000	9,973,550	13,333,550	1.70
2019	(1) 124,155,676	82,505,413	41,650,263	3,575,000	9,819,550	13,394,550	3.11

(1) See Note 19 to the financial statements

(2) Total operating expenses less depreciation, change in total OPEB liability, net pension liability and related amortization of deferred inflows and outflows of resources.

Source: Sewerage and Water Board of New Orleans.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE BONDS DEBT SERVICE COVERAGE
SEWER REVENUE BONDS
Last Six Fiscal Years
(Unaudited)

Fiscal Year	Operating Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Services	Debt Services Requirements			Coverage
				Principal	Interest	Total	
2014	\$ 88,756,831	\$ 45,943,518	\$ 42,813,313	\$ 13,695,000	\$ 5,445,799	\$ 19,140,799	2.24
2015	98,166,699	50,196,374	47,970,325	11,644,000	4,750,603	16,394,603	2.93
2016	108,241,219	57,142,277	51,098,942	12,852,000	10,463,838	23,315,838	2.19
2017	114,318,485	64,686,410	49,632,075	13,392,000	11,413,498	24,805,498	2.00
2018	118,029,837	81,270,955	36,758,882	12,356,000	10,783,057	23,139,057	1.59
2019	(1) 155,359,848	78,709,343	76,650,505	11,510,000	10,203,963	21,713,963	3.53

(1) See Note 19 to the financial statements

(2) Total operating expenses less depreciation, change in total OPEB liability, net pension liability and related amortization of deferred inflows and outflows of resources.

Source: Sewerage and Water Board of New Orleans.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM UNRESTRICTED CASH AND CASH EQUIVALENTS
DAYS OF OPERATING AND MAINTENANCE EXPENSE AT YEAR END
Last Six Fiscal Years
(unaudited)

Fiscal Year	Cash Balance	One Day O&M	Measurement
2014	\$ 32,497,474	\$ 188,711	172
2015	39,253,304	194,982	201
2016	38,383,800	205,487	187
2017	29,823,726	213,255	140
2018	38,771,396	221,479	175
2019	33,211,223	226,042	147

Source: Sewerage and Water Board of New Orleans.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM UNRESTRICTED CASH AND CASH EQUIVALENTS
DAYS OF OPERATING AND MAINTENANCE EXPENSE AT YEAR END
Last Six Fiscal Years
(unaudited)

<u>Fiscal Year</u>	<u>Cash Balance</u>	<u>One Day O&M</u>	<u>Measurement</u>
2014	\$ 26,736,696	\$ 130,990	204
2015	40,267,802	137,524	293
2016	62,584,566	156,554	400
2017	52,923,266	177,223	299
2018	30,935,972	222,660	139
2019	32,694,605	215,642	152

Source: Sewerage and Water Board of New Orleans.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Personal Income(2) (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (3)</u>
2010	354,850	\$ 15,260,613	\$ 35,507	8.50%
2011	343,829	\$ 13,264,235	\$ 38,578	7.30%
2012	369,250	\$ 15,346,678	\$ 41,562	5.50%
2013	378,715	\$ 15,888,893	\$ 41,955	4.20%
2014	378,715	\$ 16,437,492	\$ 43,403	7.50%
2015	389,617	\$ 18,032,254	\$ 46,282	6.00%
2016	391,495	\$ 14,094,612	\$ 36,792	5.40%
2017	393,292	\$ 14,094,612	\$ 35,838	5.41%
2018	393,292	\$ 14,094,612	\$ 35,838	3.09%
2019	390,144	\$ 14,094,612 (4)	\$ 36,127	4.50%

(1) www.census.gov/popest.

(2) Estimates- Bureau of Economic Analysis.

(3) U.S. Bureau of Labor Statistics. Unemployment rate for the New Orleans-Metairie-Kenner, LA metropolitan area.

(4) Most recent available is 2016.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NEW ORLEANS AREA PRINCIPAL EMPLOYERS
Last Ten Fiscal Years
(Unaudited)

Rank / Number of Employees

	2010	2011	2012	2013	2014	2015	2016	2017	2018	(1) 2019
Acme Truck Line Inc.		8 / 2,500			10 / 3,100	10 / 3,100	10 / 3,100	10 / 3,100	10 / 3,100	
Al Copeland Investments	7 / 2,000	9 / 2,200	9 / 2,000							
Boh Bros. Construction	9 / 1,500									
Capital One Bank N.A.	6 / 2,150		8 / 2,150							
Catholic Charities Archdiocese of New Orleans										7 / 5,000
Dow Chemical Company	8 / 2,000		10 / 2,000							
East Jefferson General Hospital			5 / 3,150							
Entergy										3 / 13,504
Harrah's New Orleans Casino	5 / 2,200	7 / 2,700	7 / 2,200	7 / 2,700						
Hilton Hotel & Resorts	10 / 1,400				4 / 5,000	4 / 5,000	4 / 5,000	4 / 5,000	4 / 5,000	2 / 16,380
Ingalls Shipbuilding					3 / 6,000	3 / 6,000	3 / 6,000	3 / 6,000	3 / 6,000	
Lockheed Martin Manned Space Systems	4 / 2,832		7 / 2,800							
Louisiana Children's Medical Center					7 / 4,500	7 / 4,500	7 / 4,500	7 / 4,500	7 / 4,500	4 / 6,100
LSU Health Sciences Center New Orleans		2 / 7,000	3 / 5,000	2 / 7,000	2 / 7,000	2 / 7,000	2 / 7,000	2 / 7,000	2 / 7,000	8 / 4,570
LSU Public Hospital					5 / 5,000	5 / 5,000	5 / 5,000	5 / 5,000	5 / 5,000	
NASA Michoud		10 / 2,000		9 / 2,000						
North Oaks Health System				7 / 2,700						
Northrup Grumman Avondale	2 / 5,400	3 / 6,000	2 / 5,400	3 / 6,000						
Ochsner Medical Institutions / Health System	1 / 9,107	1 / 9,800	1 / 9,100	1 / 9,100	1 / 9,800	1 / 9,800	1 / 9,800	1 / 9,800	1 / 9,800	1 / 19,000
Stewart Enterprises										9 / 4,250
Tidewater										6 / 5,510
Tulane University	3 / 4,410	4 / 5,000	4 / 4,400	4 / 5,000	6 / 4,700	6 / 4,700	6 / 4,700	6 / 4,700	6 / 4,700	5 / 6,030
University of New Orleans		6 / 3,114		6 / 3,114	9 / 3,100	9 / 3,100	9 / 3,100	9 / 3,100	9 / 3,100	
US Post Office		5 / 4,000	6 / 2,900	5 / 4,000	8 / 4,000	8 / 4,000	8 / 4,000	8 / 4,000	8 / 4,000	
Weiser Security Services										10 / 3,500
West Jefferson Medical Center				10 / 1,904						

(1) Source: Zippia, the Career Expert. (www.zippia.com). Employers with principal offices located in the New Orleans metropolitan area.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CAPITAL EXPENDITURES BY DEPARTMENT
ENTERPRISE FUND
Last Ten Fiscal Years
(Unaudited)

Year	Water	Sewer	Drainage	Total
2010	32,248,119	58,682,400	51,465,065	142,395,584
2011	20,374,785	53,662,611	66,821,905	140,859,301
2012	33,888,620	60,658,231	90,435,159	184,982,010
2013	37,552,122	63,172,589	79,811,759	180,536,470
2014	46,604,884	58,870,182	152,172,018	257,647,084
2015	42,638,486	56,387,080	152,172,018	251,197,584
2016	46,106,462	48,975,578	167,051,515	262,133,555
2017	89,887,813	85,066,607	151,533,673	326,488,093
2018	72,486,981	66,802,398	108,035,976	247,325,355
2019	51,750,024	35,889,254	84,555,316	172,194,594

¹ Includes contributed assets

Source: Sewerage and Water Board of New Orleans.

SEWERAGE & WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
DECEMBER 31, 2019
(Unaudited)

		Water Revenue Bonds		
		Series 2014	Series 2015	All Bonds Issues
2020	Principal	2,930,000	895,000	3,825,000
	Interest	4,760,000	4,888,550	9,648,550
2021	Principal	3,070,000	935,000	4,005,000
	Interest	4,613,500	4,852,750	9,466,250
2022	Principal	3,225,000	970,000	4,195,000
	Interest	4,460,000	4,815,350	9,275,350
2023	Principal	2,230,000	2,155,000	4,385,000
	Interest	4,298,750	4,786,250	9,085,000
2024	Principal	2,345,000	2,260,000	4,605,000
	Interest	4,187,250	4,678,500	8,865,750
2025	Principal	2,460,000	2,375,000	4,835,000
	Interest	4,070,000	4,565,500	8,635,500
2026	Principal	2,585,000	2,490,000	5,075,000
	Interest	3,947,000	4,446,750	8,393,750
2027	Principal	2,715,000	2,615,000	5,330,000
	Interest	3,817,750	4,322,250	8,140,000
2028	Principal	2,850,000	2,750,000	5,600,000
	Interest	3,682,000	4,191,500	7,873,500
2029	Principal	2,990,000	2,885,000	5,875,000
	Interest	3,539,500	4,054,000	7,593,500
2030	Principal	3,140,000	3,030,000	6,170,000
	Interest	3,390,000	3,909,750	7,299,750
2031	Principal	3,300,000	3,180,000	6,480,000
	Interest	3,233,000	3,758,250	6,991,250
2032	Principal	3,460,000	3,345,000	6,805,000
	Interest	3,068,000	3,599,250	6,667,250
2033	Principal	3,635,000	3,510,000	7,145,000
	Interest	2,895,000	3,432,000	6,327,000
2034	Principal	3,820,000	3,680,000	7,500,000
	Interest	2,713,250	3,256,500	5,969,750
2035	Principal	4,010,000	3,865,000	7,875,000
	Interest	2,522,250	3,072,500	5,594,750
2036	Principal	4,210,000	4,060,000	8,270,000
	Interest	2,321,750	2,879,250	5,201,000
2037	Principal	4,420,000	4,265,000	8,685,000
	Interest	2,111,250	2,676,250	4,787,500
2038	Principal	4,645,000	4,475,000	9,120,000
	Interest	1,890,250	2,463,000	4,353,250
2039	Principal	4,875,000	4,700,000	9,575,000
	Interest	1,658,000	2,239,250	3,897,250
2040	Principal	5,120,000	4,930,000	10,050,000
	Interest	1,414,250	2,004,250	3,418,500
2041	Principal	5,370,000	5,185,000	10,555,000
	Interest	1,158,250	1,757,750	2,916,000
2042	Principal	5,645,000	5,435,000	11,080,000
	Interest	889,750	1,498,500	2,388,250
2043	Principal	5,925,000	5,710,000	11,635,000
	Interest	607,500	1,226,750	1,834,250
2044	Principal	6,225,000	5,995,000	12,220,000
	Interest	311,250	941,250	1,252,500
2045	Principal	-	12,830,000	12,830,000
	Interest	-	641,500	641,500
Total Principal		95,200,000	98,525,000	193,725,000
Total Interest		71,559,500	84,957,400	156,516,900
Total Future Debt Payments		<u>\$ 166,759,500</u>	<u>\$ 183,482,400</u>	<u>\$ 350,241,900</u>

Source: Sewerage and Water Board of New Orleans.

SEWERAGE & WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
DECEMBER 31, 2019
(Unaudited)

		Sewer Revenue Bonds				
		Series 2011	Series 2014	Series 2015	Series 2019	Total
2020	Principal	439,000	11,660,000	-		12,099,000
	Interest	26,421	4,574,075	5,000,000		9,600,496
2021	Principal	443,000	9,050,000	2,000,000	127,550	11,620,550
	Interest	24,446	4,056,325	4,950,000		9,030,771
2022	Principal	447,000	7,445,000	2,000,000		9,892,000
	Interest	22,452	3,643,950	4,850,000		8,516,402
2023	Principal	451,000	3,920,000	2,000,000		6,371,000
	Interest	20,440	3,359,825	4,750,000		8,130,265
2024	Principal	456,000	3,760,000	2,000,000		6,216,000
	Interest	18,412	3,167,825	4,650,000		7,836,237
2025	Principal	460,000	1,970,000	2,125,000		4,555,000
	Interest	16,360	3,024,575	4,546,875		7,587,810
2026	Principal	464,000	2,070,000	2,235,000		4,769,000
	Interest	14,290	2,923,575	4,437,875		7,375,740
2027	Principal	469,000	2,175,000	2,350,000		4,994,000
	Interest	12,202	2,817,450	4,323,250		7,152,902
2028	Principal	473,000	2,280,000	2,480,000		5,233,000
	Interest	10,090	2,706,075	4,202,500		6,918,665
2029	Principal	478,000	2,395,000	2,610,000		5,483,000
	Interest	7,962	2,589,200	4,075,250		6,672,412
2030	Principal	482,000	2,515,000	2,735,000		5,732,000
	Interest	5,812	2,475,881	3,941,625		6,423,318
2031	Principal	487,000	2,620,000	2,880,000		5,987,000
	Interest	3,642	2,366,762	3,801,250		6,171,654
2032	Principal	491,000	2,735,000	3,025,000		6,251,000
	Interest	1,450	2,252,969	3,653,625		5,908,044
2033	Principal		2,850,000	3,695,000		6,545,000
	Interest		2,134,287	3,485,625		5,619,912
2034	Principal		2,970,000	3,885,000		6,855,000
	Interest		2,010,613	3,296,125		5,306,738
2035	Principal		3,095,000	4,100,000		7,195,000
	Interest		1,870,125	3,096,500		4,966,625
2036	Principal		3,250,000	4,315,000		7,565,000
	Interest		1,711,500	2,886,125		4,597,625
2037	Principal		3,415,000	4,540,000		7,955,000
	Interest		1,544,875	2,664,750		4,209,625
2038	Principal		3,585,000	4,775,000		8,360,000
	Interest		1,369,875	2,431,875		3,801,750
2039	Principal		3,765,000	5,025,000		8,790,000
	Interest		1,186,125	2,186,875		3,373,000
2040	Principal		3,950,000	5,290,000		9,240,000
	Interest		993,250	1,929,000		2,922,250
2041	Principal		4,150,000	5,565,000		9,715,000
	Interest		790,750	1,657,625		2,448,375
2042	Principal		4,360,000	5,855,000		10,215,000
	Interest		578,000	1,372,125		1,950,125
2043	Principal		4,575,000	6,165,000		10,740,000
	Interest		354,625	1,071,625		1,426,250
2044	Principal		4,805,000	6,485,000		11,290,000
	Interest		120,125	755,375		875,500
2045	Principal		-	11,865,000		11,865,000
	Interest		-	296,625		296,625
Total Principal		6,040,000	99,365,000	100,000,000	127,550	205,532,550
Total Interest		183,979	54,622,637	84,312,500	-	139,119,116
Total Future Debt Payments		6,223,979	153,987,637	184,312,500	127,550	344,651,666

Source: Sewerage and Water Board of New Orleans.

SEWERAGE & WATER BOARD OF NEW ORLEANS

SCHEDULE OF FUTURE DEBT PAYMENTS

DECEMBER 31, 2019

(Unaudited)

		Drainage Special Tax Bonds	
		Series	All Bonds
		2014	Issues
2020	Principal	\$ 1,895,000	\$ 1,895,000
	Interest	140,950	140,950
2021	Principal	1,955,000	1,955,000
	Interest	84,100	84,100
2022	Principal	2,000,000	2,000,000
	Interest	45,000	45,000
Total Principal		5,850,000	5,850,000
Total Interest		270,050	270,050
Total Future Debt Payments		\$ 6,120,050	\$ 6,120,050

Source: Sewerage and Water Board of New Orleans.

SEWERAGE & WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
DECEMBER 31, 2019
(Unaudited)

		All Departments			
		Water	Sewer	Drainage	Total
2020	Principal	\$ 3,825,000	\$ 12,099,000	\$ 1,895,000	\$ 17,819,000
	Interest	9,648,550	9,600,496	140,950	19,389,996
2021	Principal	4,005,000	11,620,550	1,955,000	17,580,550
	Interest	9,466,250	9,030,771	84,100	18,581,121
2022	Principal	4,195,000	9,892,000	2,000,000	16,087,000
	Interest	9,275,350	8,516,402	45,000	17,836,752
2023	Principal	4,385,000	6,371,000	-	10,756,000
	Interest	9,085,000	8,130,265	-	17,215,265
2024	Principal	4,605,000	6,216,000	-	10,821,000
	Interest	8,865,750	7,836,237	-	16,701,987
2025	Principal	4,835,000	4,555,000	-	9,390,000
	Interest	8,635,500	7,587,810	-	16,223,310
2026	Principal	5,075,000	4,769,000	-	9,844,000
	Interest	8,393,750	7,375,740	-	15,769,490
2027	Principal	5,330,000	4,994,000	-	10,324,000
	Interest	8,140,000	7,152,902	-	15,292,902
2028	Principal	5,600,000	5,233,000	-	10,833,000
	Interest	7,873,500	6,918,665	-	14,792,165
2029	Principal	5,875,000	5,483,000	-	11,358,000
	Interest	7,593,500	6,672,412	-	14,265,912
2030	Principal	6,170,000	5,732,000	-	11,902,000
	Interest	7,299,750	6,423,318	-	13,723,068
2031	Principal	6,480,000	5,987,000	-	12,467,000
	Interest	6,991,250	6,171,654	-	13,162,904
2032	Principal	6,805,000	6,251,000	-	13,056,000
	Interest	6,667,250	5,908,044	-	12,575,294
2033	Principal	7,145,000	6,545,000	-	13,690,000
	Interest	6,327,000	5,619,912	-	11,946,912
2034	Principal	7,500,000	6,855,000	-	14,355,000
	Interest	5,969,750	5,306,738	-	11,276,488
2035	Principal	7,875,000	7,195,000	-	15,070,000
	Interest	5,594,750	4,966,625	-	10,561,375
2036	Principal	8,270,000	7,565,000	-	15,835,000
	Interest	5,201,000	4,597,625	-	9,798,625
2037	Principal	8,685,000	7,955,000	-	16,640,000
	Interest	4,787,500	4,209,625	-	8,997,125
2038	Principal	9,120,000	8,360,000	-	17,480,000
	Interest	4,353,250	3,801,750	-	8,155,000
2039	Principal	9,575,000	8,790,000	-	18,365,000
	Interest	3,897,250	3,373,000	-	7,270,250
2040	Principal	10,050,000	9,240,000	-	19,290,000
	Interest	3,418,500	2,922,250	-	6,340,750
2041	Principal	10,555,000	9,715,000	-	20,270,000
	Interest	2,916,000	2,448,375	-	5,364,375
2042	Principal	11,080,000	10,215,000	-	21,295,000
	Interest	2,388,250	1,950,125	-	4,338,375
2043	Principal	11,635,000	10,740,000	-	22,375,000
	Interest	1,834,250	1,426,250	-	3,260,500
2044	Principal	12,220,000	11,290,000	-	23,510,000
	Interest	1,252,500	875,500	-	2,128,000
2045	Principal	12,830,000	11,865,000	-	24,695,000
	Interest	641,500	296,625	-	938,125
Total Principal		193,725,000	205,532,550	5,850,000	405,107,550
Total Interest		156,516,900	139,119,116	270,050	295,906,066
Total Future Debt Payments		\$ 350,241,900	\$ 344,651,666	\$ 6,120,050	\$ 701,013,616

Source: Sewerage and Water Board of New Orleans.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY VALUE, NEW CONSTRUCTION AND BANK DEPOSITS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	New Commercial Construction (1)		New Residential Construction (1)		Bank deposits (2)	
	Number of units	Value (in thousands)	Number of units	Value (in thousands)	(in thousands)	
2010	349	\$ 549,906	1,102	\$ 160,331	\$	12,175,831
2011	365	266,981	1,047	161,875		10,024,118
2012						10,862,390
2013						15,738,913
2014						16,043,233
2015						11,211,760
2016						16,706,112
2017						16,701,964
2018						15,293,912
2019						16,120,898

(1) City of New Orleans (2011 latest year for which information is available).

(2) Summary of Deposits (as of June 30, 2019) - bank branches located in New Orleans, Federal Depository Insurance Corporation.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2019 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2019
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water:										
Water Lines [miles]	1,590	1,597	1,599	1,805	1,812	1,819	1,823	1,826	1,834	1,835
Water Manholes	29,957	30,150	30,194	30,297	30,402	30,463	30,508	30,586	30,650	30,862
Water Valves	29,366	29,611	29,521	29,629	29,730	29,791	29,831	29,940	29,990	30,316
Fire Hydrants	22,989	23,045	23,078	23,099	23,117	23,130	23,146	23,214	23,264	23,264
Sewer:										
Sewer Lines [miles]	1,518	1,519	1,520	1,536	1,547	1,561	1,568	1,585	1,602	1,605
Sewer Manholes	23,047	22,977	22,983	22,987	23,042	23,051	23,115	23,158	23,208	23,229

Source: Sewerage and Water Board of New Orleans.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NUMBER OF ACTIVE EMPLOYEES
Last Ten Fiscal Years
(Unaudited)

Year	Number of Active Employees
2019	1483
2018	1210
2017	1083
2016	1108
2015	1183
2014	1060
2013	1025
2012	991
2011	994
2010	974

Source: Sewerage and Water Board of New Orleans.

SUPPLEMENTAL SECTION



The treated water at our two water plants is pumped through more than 1,610 miles of mains to more than 100,000 service connections. It is delivered to approximately 300,000 people on the east bank of Orleans Parish and approximately 53,000 people on the west bank.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2019
ACTUAL CAPITAL EXPENDITURES

WATER DEPARTMENT

C.P.# **WATERWORKS**

110	Normal Extension & Replacement	S	4,271,269.62
112	Modifications to Oak St. Raw Water Intake Station		901,937.71
122	Sycamore and Claiborne Filter Rehabilitation		1,678,870.68
156	Advanced Water Treatment (Carrollton)		824,287.95
157	Advanced Water Treatment (Algiers)		4,453,184.93
159	Water Plant Security Improvements		216,400.20
175	Water Hurricane Recovery Bonds		26,642,808.87
180	FEMA Review of Change Orders - Water		(25,494,833.96)
TOTAL WATERWORKS			<u>13,493,926.00</u>

WATER DISTRIBUTION

214	Normal Extension & Replacement	242,955.16
239	Mains DPW Contracts	143,551.18
TOTAL WATER DISTRIBUTION		<u>386,506.34</u>

POWER PROJECTS AND GENERAL BUDGET

600	Water Share of Power Projects	15,163,132.72
700	Water Reserve for Emergencies	5,839,119.05
800	Water Share of General Budget Items	9,063,102.51
GENERAL BUDGET		<u>30,065,354.28</u>
TOTAL WATER DEPARTMENT		<u>S 43,945,786.62</u>

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2019
ACTUAL CAPITAL EXPENDITURES

SEWERAGE DEPARTMENT

<u>C.P.#</u>	<u>SEWERAGE SYSTEM</u>		
310	Ext & Replace - Gravity Mains EPA Consent Decree	\$	2,288,500.83
317	Ext & Replace - Gravity Mains EPA Consent Decree		4,424,197.85
318	Rehabilitation Gravity Sewer System		45,609.16
326	Ext. Rep to plumbing Stations EPA Consent Decree		401,304.81
339	Main in Streets Dept. Contracts		73,632.73
340	Sewerage Hurricane Recovery Bonds (FEMA		1,709,543.73
348	Normal Extensions & Replacements		5,474,198.68
368	Wetland Assimilation		(177,511.23)
375	Sewerage Hurricane Recovery Bonds		20,801,278.22
380	FEMA Review of Change Orders-Sewer		(24,869,730.24)
TOTAL SEWERAGE SYSTEM			<u>10,171,024.54</u>
 <u>POWER PROJECTS AND GENERAL BUDGET</u>			
600	Sewerage Share of Power Projects		6,128,891.49
800	Sewerage Share of General Budget Items		9,371,624.25
TOTAL GENERAL BUDGET			<u>15,500,515.74</u>
TOTAL SEWERAGE DEPARTMENT		\$	<u>25,671,540.28</u>

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2019
ACTUAL CAPITAL EXPENDITURES

DRAINAGE DEPARTMENT

<u>C.P.#</u>	<u>CANALS</u>		
418	Normal Extension & Replacements	S	13,152.34
439	Major Drainage Participation in DPW Projects		122,678.00
466	Louisiana Avenue Canal (SELA)		9,052,407.12
471	SELA Program Management		2,473,296.25
478	S. Claiborne-Lowerline to Monticello Street		(792,878.44)
480	FEMA Review of Change Orders-Drainage		(14,597,249.95)
496	Gen De Gaulle Drainage Canal SELA		1,044,725.20
497	Florida Ave. Canal - DPS#19 to Peoples Ave. (SELA-B)		1,700,739.69
498-00	Dwyer Intake Canal(St. Charles Canal to Dwyer DPS)(SELA)		78,423.50
	TOTAL DRAINAGE CANALS		<u>(904,706.29)</u>
	<u>PUMPING STATIONS</u>		
511	Normal Extension & Rep./Stations		5,838,889.97
535	DPS #6 Improvements		(56,769.63)
575	Drainage Hurricane Recovery Bonds		3,361,327.66
	TOTAL DRAINAGE PUMPING STATIONS		<u>9,143,448.00</u>
	<u>POWER PROJECTS AND GENERAL BUDGET</u>		
600	Drainage Share of Power Projects		23,985,070.94
800	Drainage Share of General Budget Items		4,155,975.75
	TOTAL GENERAL BUDGET		<u>28,141,046.69</u>
	TOTAL DRAINAGE DEPARTMENT	S	<u>36,379,788.40</u>

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2019
ACTUAL CAPITAL EXPENDITURES

POWER PROJECTS

<u>C.P.#</u>	<u>POWER PROJECTS</u>	<u>Water</u>	<u>Sewerage</u>	<u>Drainage</u>	<u>Total</u>
612	Furnish Generators for Drainage Facilities	\$ -	\$ -	\$ -	\$ -
613	Modification of Steam System	-	-	-	-
624	Extension and Replacements to Electrical System	5,749.64	4,758.61	4,278.75	14,787.00
676	Modification to Power Generating System (HMGP)	15,004,113.40	5,970,863.21	23,904,157.35	44,879,133.96
676-05	Hazard Mitigation Power Program	153,269.68	153,269.67	76,634.84	383,174.19
701	Water Reserve for Emergencies	5,839,119.05	-	-	5,839,119.05
TOTAL POWER PROJECTS		<u>\$ 21,002,251.77</u>	<u>\$ 6,128,891.49</u>	<u>\$ 23,985,070.94</u>	<u>\$ 51,116,214.20</u>

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2019
ACTUAL CAPITAL EXPENDITURES

<u>GENERAL BUDGET ITEMS</u>					
<u>C.P.#</u>	<u>General Budget Items</u>	<u>Water</u>	<u>Sewerage</u>	<u>Drainage</u>	<u>Total</u>
807	Improvements to Central Yard and St. Joseph St.	\$ 139,535.08	\$ 139,535.08	\$ 102,782.92	\$ 381,853.08
810	Major Equipment Purchases	9,259.33	9,259.34	9,259.33	27,778.00
812	Computer Systems Development	101,948.25	101,948.25	51,469.92	255,366.42
820	Overhead Charged to Capital	5,722,008.48	8,047,850.34	3,735,115.52	17,504,974.34
823	Purchase of Water Meters	292,823.29	292,823.26	-	585,646.55
824	Meter Boxes and Meter Parts	404,247.97	404,247.82	-	808,495.79
843	Minor Equipment Purchases	210,246.06	210,246.04	210,246.06	630,738.16
862	Fire Hydrants and Related Parts	2,176,607.50	159,287.50	-	2,335,895.00
875	Project Delivery Unit Expenses	6,426.55	6,426.62	6,426.55	19,279.72
879	Green Infrastructure	-	-	40,675.45	40,675.45
	TOTAL GENERAL BUDGET ITEMS	<u>\$ 9,063,102.51</u>	<u>\$ 9,371,624.25</u>	<u>\$ 4,155,975.75</u>	<u>\$ 22,590,702.51</u>

NOTE: These figures do not include proration of interest expense.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANALYSIS OF PUMPING AND POWER DEPARTMENT
POWER PURCHASED AND PRODUCED
NATURAL GAS AND FUEL OIL CONSUMED
TEN YEARS 2010 THROUGH 2019**

YEAR	ELECTRIC POWER PURCHASED		ESTIMATED ELECTRIC POWER GENERATED BY THE S&WB		NATURAL GAS & FUEL OIL USED TO GENERATE ELECTRIC POWER			
	KW-HRS	\$ AMOUNT	KW-HRS	\$ AMOUNT	NATURAL GAS		FUEL OIL	
					MCF	\$ AMOUNT	GALLONS	\$ AMOUNT
2010	70,609,461	\$ 6,653,752	39,090,720	\$ 9,719,013	1,332,770	\$ 9,669,414	12,883	\$ 49,600
2011	70,049,094	\$ 6,180,373	27,351,600	\$ 10,721,624	1,552,330	\$ 10,721,356	315	\$ 268
2012	63,873,900	\$ 5,941,992	44,819,460	\$ 9,180,160	1,605,720	\$ 9,174,678	1,459	\$ 5,482
2013	67,980,940	\$ 6,725,811	35,005,422	\$ 11,648,150	1,830,890	\$ 11,648,148	9	\$ 34
2014	68,632,618	\$ 7,052,078	32,407,296	\$ 12,442,213	1,643,347	\$ 12,442,282	9	\$ 69
2015	73,123,062	\$ 6,660,862	29,217,520	\$ 9,483,132	1,780,110	\$ 9,483,132	0	\$ -
2016	69,736,118	\$ 7,081,051	33,182,519	\$ 9,082,988	1,854,370	\$ 9,082,988	0	\$ -
2017	70,728,827	\$ 7,969,494	32,540,663	\$ 10,183,627	1,817,671	\$ 10,183,627	84,040	\$ 252,120
2018	72,722,564	\$ 7,985,028	34,262,650	\$ 10,476,819	1,896,920	\$ 10,476,819	0	\$ -
2019	68,196,018	\$ 6,748,151	44,466,400	\$ 8,466,612	1,668,810	\$ 8,466,612	992	\$ 2,976
TOTALS	695,652,602	\$ 68,998,592	352,344,250	\$ 101,404,338	16,982,938	\$ 101,349,055	99,707	\$ 310,548

SEWERAGE AND WATER BOARD OF NEW ORLEANS
POWER PURCHASED AND PRODUCED
NATURAL GAS AND FUEL OIL CONSUMED - 2019

	KW-HOURS	COST
ELECTRIC POWER PURCHASE	68,196,018	\$6,748,150.53
ELECTRIC AND STEAM POWER GENERATED BY THE S. & W.B.*	44,466,400	\$8,466,611.98
TOTAL	112,662,418	\$15,214,762.51

NOTE: *NATURAL GAS CONSUMED IN OPERATION WAS 16,688,100 CCF
AT A COST OF \$8,466,611.98. FUEL OIL CONSUMED WAS 992 GALLONS.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PAY WATER CONSUMPTION (IN GALLONS)
December 31, 2019

Month	Consumption
JANUARY	1,511,988,600
FEBRUARY	1,872,329,500
MARCH	1,373,259,400
APRIL	1,476,198,400
MAY	1,134,944,700
JUNE	2,411,917,000
JULY	1,248,450,400
AUGUST	1,342,550,800
SEPTEMBER	1,248,237,500
OCTOBER	1,510,572,900
NOVEMBER	778,119,700
DECEMBER	1,595,107,900
Total Customer Water Metered	17,503,676,800

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
MONTHLY WATER CHARGES COLLECTED - 2019**

<u>Months</u>		<u>Water Service Charges & Fees</u>		<u>Delinquent Fees</u>		<u>Total</u>
January	S	7,269,033.43	S	145,535.74	\$	7,414,569.17
February		6,261,339.99		136,460.51		6,397,800.50
March		6,835,909.29		98,609.24		6,934,518.53
April		8,024,726.33		182,468.61		8,207,194.94
May		8,128,278.17		148,477.84		8,276,756.01
June		7,547,372.02		150,561.76		7,697,933.78
July		9,662,101.14		194,163.07		9,856,264.21
August		8,483,471.41		190,224.48		8,673,695.89
September		8,246,458.60		171,489.98		8,417,948.58
October		10,133,619.77		192,929.64		10,326,549.41
November		9,064,554.85		213,661.54		9,278,216.39
December		8,126,347.71		141,735.87		8,268,083.58
	S	<u>97,783,212.71</u>	S	<u>1,966,318.28</u>	\$	<u>99,749,530.99</u>

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
MONTHLY SEWERAGE CHARGES COLLECTED - 2019**

<u>Months</u>		<u>Sewerage Service Charges</u>		<u>Delinquent Fees</u>		<u>Total</u>
January	S	10,283,063.57	S	183,074.00	\$	10,466,137.57
February		8,856,052.16		174,247.05		9,030,299.21
March		10,920,959.77		123,706.28		11,044,666.05
April		11,750,766.03		171,100.81		11,921,866.84
May		11,709,701.42		184,362.46		11,894,063.88
June		10,666,269.90		193,563.56		10,859,833.46
July		12,418,687.32		240,120.23		12,658,807.55
August		11,484,226.89		244,490.68		11,728,717.57
September		11,249,670.91		225,192.10		11,474,863.01
October		13,327,186.70		246,420.26		13,573,606.96
November		7,943,403.22		256,513.62		8,199,916.84
December		11,698,149.56		180,495.45		11,878,645.01
	S	<u>132,308,137.45</u>	S	<u>2,423,286.50</u>	\$	<u>134,731,423.95</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2019

CARROLLTON TURBIDITIES

	River (NTU)					Effluent Settling Reservoirs (NTU)					Filters (NTU)				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Maximum	273	271	345	242	174	6.9	14	10	17	12	0.21	0.31	0.33	0.34	0.33
Minimum	7	13	6	8	12	1.0	0.9	1.0	0.7	0.8	0.07	0.07	0.04	0.05	0.04
Average	71	63	86	62	55	2.3	2.9	2.8	2.5	2.5	0.10	0.13	0.13	0.13	0.13

TABLE II

CARROLLTON ALKALINITIES PARTS PER MILLION

	River					Effluent Settling Reservoirs					Filters				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Maximum	160	201	161	164	147	160	205	152	152	142	190	230	188	184	162
Minimum	75	81	95	65	81	56	60	74	57	68	82	87	104	86	100
Average	116	130	124	117	118	105	118	113	105	107	128	146	139	131	136

TABLE II A

CARROLLTON HARDNESS PARTS PER MILLION

	NON-CARBONATE HARDNESS										TOTAL HARDNESS									
	RIVER					FILTERS					RIVER					FILTERS				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Maximum	90	86	79	68	72	81	102	132	75	87	233	272	211	229	198	245	304	245	235	224
Minimum	14	12	21	11	15	12	11	20	14	11	106	108	127	98	100	115	127	142	122	140
Average	43	40	42	37	37	51	48	49	45	46	159	169	166	154	155	178	197	189	176	182

TABLE III

CARROLLTON BACTERIAL CHARACTERISTICS TOTAL COLIFORM ANALYSIS

2019	River	Plant Tap	Distribution System
Maximum (Colonies / 100 ml)	1,260	1	9
Minimum (Colonies / 100 ml)	86	0	0
Average (colonies / 100 ml)	540	0	0
Number of Samples	240	365	1,897
Number of Samples Negative	0	364	1,890
Number of Samples Positive	240	1	7*

* None of these 7 total coliform positive samples was *E. coli* positive, and none resulted in a violation of the Total Coliform Rule.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-A

PRINCIPLE RESULTS OF OPERATION OF THE G3 CONVENTIONAL UNIT AT THE
CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2019

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Volume of Water Treated During Month (Millions of Gallons)	Volume of Water Treated (Millions of Gallons Per Day)	Total Pounds of Polymer Used at Intake During Month	Polymer Used at Intake (ppm)	Total Pounds of Polymer Used in Plant During Month	Polymer Used in Plant (ppm)	Total Pounds of Pure Iron (Fe) Used During Month	Pure Iron (Fe) (ppm)	Turbidity of River Water (NTU)	Alkalinity of River Water (ppm as CaCO ₃)	Turbidity of Unit Effluent (NTU)
January	Max		0.00									
	Min	0.00	0.00									
	Avg		0.00									
February	Max		0.00									
	Min	0.00	0.00									
	Avg		0.00									
March	Max		0.00									
	Min	0.00	0.00									
	Avg		0.00									
April	Max		0.00									
	Min	0.00	0.00									
	Avg		0.00									
May	Max		0.00									
	Min	0.00	0.00									
	Avg		0.00									
June	Max		83.00		0.00		5.17		5.59	88	134	3.8
	Min	1,477.38	45.88	0	0.00	56,784	4.36	64,213	4.94	22	112	0.9
	Avg		77.76		0.00		4.60		5.21	55	119	1.7
July	Max		85.54		0.00		9.17		10.41	39	134	4.3
	Min	2,439.88	72.00	0	0.00	75,268	2.96	85,327	3.35	15	112	0.8
	Avg		78.71		0.00		3.70		4.19	25	126	1.5
August	Max		82.00		0.00		3.28		3.74	36	138	1.8
	Min	2,392.00	73.29	0	0.00	60,614	2.53	68,891	2.88	12	123	0.8
	Avg		77.16		0.00		3.04		3.46	25	130	1.3
September	Max		85.58		0.00		2.94		3.36	71	147	2.8
	Min	2,385.78	74.29	0	0.00	51,294	2.43	58,272	2.78	22	123	1.2
	Avg		79.53		0.00		2.58		2.93	43	130	1.8
October	Max		84.29		0.00		3.72		4.23	174	143	3.7
	Min	2,486.21	77.04	0	0.00	65,981	2.47	74,884	2.81	17	119	1.1
	Avg		80.20		0.00		3.18		3.61	79	134	2.1
November	Max		86.83		0.00		4.21		4.77	101	144	4.0
	Min	2,452.53	78.17	0	0.00	74,031	3.28	83,991	3.72	33	126	1.2
	Avg		81.75		0.00		3.62		4.11	57	134	2.2
December	Max		94.13		0.00		4.90		5.56	107	145	4.9
	Min	2,514.54	77.71	0	0.00	91,038	3.92	103,146	4.43	32	112	1.1
	Avg		81.11		0.00		4.35		4.92	63	128	2.3
Annual	Total	16,148.32		0		475,011		538,725				
	Max	2,514.54	94.13	0	0.00	91,038	9.17	103,146	10.41	174	147	4.9
	Min	0.00	0.00	0	0.00	51,294	2.43	58,272	2.78	12	81	0.8
	Avg	1,345.69	79.55	0	0.00	67,859	3.53	76,961	4.00	55	118	1.8

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-B

PRINCIPLE RESULTS OF OPERATION OF THE G4 CONVENTIONAL UNIT AT THE
CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2019

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Volume of Water Treated During Month (Millions of Gallons)	Volume of Water Treated (Millions of Gallons Per Day)	Total Pounds of Polymer Used at Intake During Month	Polymer Used at Intake (ppm)	Total Pounds of Polymer Used in Plant During Month	Polymer Used in Plant (ppm)	Total Pounds of Pure Iron (Fe) Used During Month	Pure Iron (Fe) (ppm)	Turbidity of River Water (NTU)	Alkalinity of River Water (ppm as CaCO ₃)	Turbidity of Unit Effluent (NTU)
January	Max		85.13		0.00		5.32		5.90	70	120	5.1
	Min	2,472.79	75.96	0	0.00	105,014	4.86	116,326	5.39	26	100	1.6
	Avg		79.77		0.00		5.09		5.64	53	110	3.0
February	Max		82.63		0.00		5.33		5.90	68	115	4.1
	Min	2,245.75	76.88	0	0.00	95,180	4.91	105,493	5.44	34	92	1.3
	Avg		80.21		0.00		5.08		5.63	48	103	2.6
March	Max		82.96		0.00		5.46		5.86	109	99	6.7
	Min	2,477.28	76.38	0	0.00	105,369	4.93	116,262	5.32	44	81	1.1
	Avg		79.91		0.00		5.10		5.63	60	88	2.6
April	Max		86.71		0.00		5.60		6.21	143	112	9.3
	Min	2,358.03	68.83	0	0.00	99,603	4.53	110,343	5.02	38	92	1.1
	Avg		78.60		0.00		5.07		5.62	82	103	2.3
May	Max		82.50		0.00		5.43		6.02	148	118	4.3
	Min	2,430.42	73.08	0	0.00	100,538	2.47	113,176	4.99	37	98	1.0
	Avg		78.40		0.00		4.96		5.58	73	110	2.3
June	Max		81.25		0.00		6.34		7.04	88	134	7.0
	Min	887.51	24.88	0	0.00	33,986	4.46	37,688	4.95	22	112	1.9
	Avg		73.96		0.00		4.69		5.20	55	119	3.5
July	Max		0.00									
	Min	0.00	0.00									
	Avg		0.00									
August	Max		0.00									
	Min	0.00	0.00									
	Avg		0.00									
September	Max		0.00									
	Min	0.00	0.00									
	Avg		0.00									
October	Max		0.00									
	Min	0.00	0.00									
	Avg		0.00									
November	Max		0.00									
	Min	0.00	0.00									
	Avg		0.00									
December	Max		0.00									
	Min	0.00	0.00									
	Avg		0.00									
Annual	Total	12,871.78		0		539,689		599,290				
	Max	2,477.28	86.71	0	0.00	105,369	6.34	116,326	7.04	174	147	9.3
	Min	0.00	0.00	0	0.00	33,986	2.47	37,688	4.95	12	81	1.0
	Avg	1,072.65	78.97	0	0.00	89,948	5.03	99,882	5.58	55	118	2.6

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-C

PRINCIPLE RESULTS OF OPERATION OF THE L3 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2019

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Volume of Water Treated During Month (Millions of Gallons)	Volume of Water Treated (Millions of Gallons Per Day)	Total Pounds of Polymer Used at Intake During Month	Polymer Used at Intake (ppm)	Total Pounds of Polymer Used in Plant During Month	Polymer Used in Plant (ppm)	Total Pounds of Pure Iron (Fe) Used During Month	Pure Iron (Fe) (ppm)	Turbidity of River Water (NTU)	Alkalinity of River Water (ppm as CaCO ₃)	Turbidity of Unit Effluent (NTU)
January	Max	1,855.29	65.96	0	0.00	61,872	4.13	68,968	4.60	70	120	4.9
	Min		55.17		0.00		3.83		4.28	26	100	2.4
	Avg		59.85		0.00		4.00		4.46	53	110	3.2
February	Max	1,679.13	62.92	0	0.00	56,148	4.14	64,082	7.57	68	115	5.5
	Min		55.54		0.00		3.81		4.25	34	92	1.9
	Avg		59.97		0.00		4.01		4.58	48	103	3.1
March	Max	1,820.67	62.63	0	0.00	61,242	4.40	68,106	4.90	109	99	5.4
	Min		53.92		0.00		3.76		4.20	44	81	1.6
	Avg		58.73		0.00		4.03		4.49	60	88	3.1
April	Max	1,768.14	65.88	0	0.00	66,455	4.79	73,251	5.27	143	112	6.5
	Min		51.63		0.00		4.03		4.49	38	92	2.1
	Avg		58.94		0.00		4.51		4.97	82	103	3.9
May	Max	1,834.71	68.75	0	0.00	68,696	4.75	75,732	5.23	148	118	4.5
	Min		51.50		0.00		4.15		4.60	37	98	1.6
	Avg		59.18		0.00		4.49		4.95	73	110	2.4
June	Max	1,775.63	69.75	0	0.00	59,574	4.14	66,316	4.64	88	134	4.5
	Min		52.17		0.00		3.91		4.34	22	112	1.7
	Avg		59.19		0.00		4.02		4.48	55	119	2.9
July	Max	1,840.35	68.67	0	0.00	48,774	8.35	54,441	9.18	39	134	3.5
	Min		48.96		0.00		2.37		2.56	15	112	1.5
	Avg		59.37		0.00		3.15		3.51	25	126	2.2
August	Max	1,683.88	60.46	0	0.00	35,621	3.08	39,126	3.04	36	138	2.5
	Min		47.50		0.00		2.03		2.23	12	123	1.4
	Avg		54.32		0.00		2.54		2.79	25	130	1.8
September	Max	1,706.33	60.63	0	0.00	28,786	2.10	31,797	2.32	71	147	12.3
	Min		51.54		0.00		1.91		2.13	22	123	1.9
	Avg		56.88		0.00		2.02		2.23	43	130	3.0
October	Max	1,750.61	61.33	0	0.00	40,878	3.57	45,299	3.97	174	143	4.0
	Min		49.83		0.00		1.90		2.09	17	119	1.5
	Avg		56.47		0.00		2.79		3.10	79	134	2.8
November	Max	1,805.08	63.29	0	0.00	53,930	4.07	60,111	4.54	101	144	5.4
	Min		56.88		0.00		3.27		3.64	33	126	1.8
	Avg		60.17		0.00		3.58		3.99	57	134	3.3
December	Max	1,841.29	64.04	0	0.00	71,076	5.21	79,601	5.83	107	145	4.4
	Min		53.54		0.00		3.86		4.31	32	112	2.6
	Avg		59.40		0.00		4.63		5.19	63	128	3.4
Annual	Total	21,361.10		0		653,054		726,831				
	Max	1,855.29	69.75	0	0.00	71,076	8.35	79,601	9.18	174	147	12.3
	Min	1,679.13	47.50	0	0.00	28,786	1.90	31,797	2.09	12	81	1.4
	Avg	1,780.09	58.52	0	0.00	54,421	3.67	60,569	4.08	55	118	2.9

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-D

PRINCIPLE RESULTS OF OPERATION OF THE L4 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2019

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Volume of Water Treated During Month (Millions of Gallons)	Volume of Water Treated (Millions of Gallons Per Day)	Total Pounds of Polymer Used at Intake During Month	Polymer Used at Intake (ppm)	Total Pounds of Polymer Used in Plant During Month	Polymer Used in Plant (ppm)	Total Pounds of Pure Iron (Fe) Used During Month	Pure Iron (Fe) (ppm)	Turbidity of River Water (NTU)	Alkalinity of River Water (ppm as CaCO ₃)	Turbidity of Unit Effluent (NTU)
January	Max Min Avg	0.00										
February	Max Min Avg	0.00										
March	Max Min Avg	0.00										
April	Max Min Avg	0.00										
May	Max Min Avg	0.00										
June	Max Min Avg	0.00										
July	Max Min Avg	0.00										
August	Max Min Avg	0.00										
September	Max Min Avg	0.00										
October	Max Min Avg	0.00										
November	Max Min Avg	0.00										
December	Max Min Avg	0.00										
Annual	Total Max Min Avg	0.00 0.00 0.00 0.00										

*L4 Basin not in service for all of 2019

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-E

MONTHLY SUMMARY OF COMBINED OPERATION OF CONVENTIONAL UNITS AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2019

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Month		Volume of Water Treated During Month (Millions of Gallons)	Volume of Water Treated (Millions of Gallons Per Day)	Total Pounds of Polymer Used at Intake During Month	Total Pounds of Polymer Used in Plant During Month	Total Pounds of Fluoride (100%) Used During Month	Fluoride (ppm)	Total Pounds of Pure Iron (Fe) Used During Month	Total Pounds of Lime Used During Month	Lime (ppm)	Total Pounds of Chlorine Used During Month	Chlorine (ppm)	Total Pounds of Anhydrous Ammonia Used During Month	Ammonia (ppm)	Total Pounds of Polyphosphate Used During Month	Poly-phosphate (ppm)	Alkalinity of Filtered Water (ppm)	Estimated Volume of Filtered Water	
																		Total M.G.	M. G. D.
January	Max.		149.58				0.44			26.92		4.60		1.14		0.73	153		153
	Min.	4,328.08	135.25	0	166,885	15,384	0.39	185,294	862,399	17.66	161,498	4.27	40,050	1.02	25,132	0.65	106	4,355	134
	Avg.		139.62				0.42			23.90		4.47		1.11		0.70	129		140
February	Max.		145.54				0.44			27.09		4.55		1.21		0.72	135		147
	Min.	3,924.88	134.29	0	151,328	13,790	0.40	169,575	805,411	21.05	143,347	4.26	37,352	1.06	22,860	0.67	108	3,950	132
	Avg.		140.17				0.42			24.61		4.38		1.14		0.70	123		141
March	Max.		144.83				0.45			28.22		4.59		1.21		0.73	127		148
	Min.	4,297.95	130.96	0	166,611	14,691	0.38	184,369	884,273	14.92	157,666	4.14	42,067	1.11	25,096	0.66	102	4,242	131
	Avg.		138.64				0.42			24.69		4.40		1.17		0.70	112		137
April	Max.		149.63				0.45			28.17		5.23		1.38		0.79	142		148
	Min.	4,126.18	124.22	0	166,059	13,694	0.35	183,595	825,687	15.89	167,287	4.33	41,275	1.11	25,561	0.67	117	4,198	123
	Avg.		137.54				0.39			24.00		4.66		1.20		0.74	128		140
May	Max.		151.25				0.55			25.92		5.37		1.32		0.73	142		158
	Min.	4,265.13	128.79	0	169,233	15,035	0.35	188,908	779,948	17.79	176,172	4.65	42,219	1.13	25,105	0.68	117	4,042	97
	Avg.		137.58				0.45			21.95		4.96		1.19		0.71	128		130
June	Max.		147.75				0.56			28.37		5.52		1.32		0.73	140		133
	Min.	4,140.51	131.21	0	150,345	15,348	0.42	168,217	870,985	21.02	185,357	5.06	43,604	1.16	24,200	0.68	111	3,764	119
	Avg.		138.02				0.49			25.20		5.37		1.26		0.70	126		125
July	Max.		150.67				0.60			28.27		10.95				1.42	148		152
	Min.	4,280.22	124.96	0	124,042	18,380	0.44	139,768	725,727	14.84	198,441	5.19	45,523	1.17	26,032	0.68	129	4,182	120
	Avg.		138.07				0.53			20.20		5.56		1.28		0.73	136		135
August	Max.		140.63				0.58			28.05		13.60		1.44		0.74	149		144
	Min.	4,075.88	125.17	0	96,236	17,348	0.44	108,018	630,473	15.61	217,133	5.13	44,854	1.21	24,000	0.67	133	4,228	127
	Avg.		131.48				0.49			18.51		6.38		1.32		0.71	140		136
September	Max.		145.46				0.64			29.00		7.22		1.46		0.76	152		157
	Min.	4,092.11	130.00	0	80,080	17,077	0.44	90,069	756,350	16.13	210,148	5.80	47,572	1.29	24,171	0.69	136	4,146	129
	Avg.		136.40				0.49			22.12		6.15		1.39		0.71	143		138
October	Max.		143.67				0.52			20.32		6.16		1.48		0.76	161		148
	Min.	4,236.82	130.08	0	106,860	17,528	0.46	120,184	585,907	11.32	197,795	5.17	46,755	1.09	24,749	0.63	138	4,281	130
	Avg.		136.67				0.49			16.62		5.60		1.32		0.70	147		138
November	Max.		148.70				0.49			19.04		6.65		1.25		0.74	162		147
	Min.	4,257.61	138.08	0	127,961	16,784	0.43	144,103	515,137	9.70	175,580	4.57	42,337	1.11	24,599	0.65	142	4,264	139
	Avg.		141.92				0.47			14.52		4.95		1.19		0.69	150		142
December	Max.		158.17				0.51			20.06		5.11		1.27		0.73	162		163
	Min.	4,355.83	134.58	0	162,114	17,463	0.42	182,747	620,847	14.79	174,318	4.60	43,142	1.05	25,491	0.68	135	4,335	132
	Avg.		140.51				0.48			17.09		4.80		1.19		0.70	148		140
Annual	Total	50,381.19		0	1,667,753	192,523		1,864,845	8,863,144		2,164,742		516,749		296,997			49,986	
	Max.	4,355.83	158.17	0	169,233	18,380	0.64	188,908	884,273	29.00	217,133	13.60	47,572	1.48	26,032	1.42	162	4,355	163
	Min.	3,924.88	124.22	0	80,080	13,694	0.35	90,069	515,137	9.70	143,347	4.14	37,352	1.02	22,860	0.63	102	3,764	97
	Avg.	4,198.43	138.03	0	138,979	16,044	0.46	155,404	738,595	21.09	180,395	5.15	43,062	1.23	24,750	0.71	136	4,166	137

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE V

PRINCIPLE RESULTS OF OPERATION OF THE ALGIERS WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2019

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21		
Month		Low Lift Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polyelec- trolyte Used During Month	Polyelec- trolyte Parts Per Million	Total Pounds of Fluoride (100%) Used During Month	Fluoride Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	Total Pounds of Lime Used During Month	Lime Parts Per Million	Total Pounds of Anhydrous Ammonia Used During Month	Anhydrous Ammonia Parts Per Million	Total Pounds Chlorine Used During Month	Chlorine Parts Per Million	Total Pounds Polyphos- phate Used During Month	Polyphos- phate Parts Per Million	NTU Turbidity of Clarifier Effluent	PPM Clear Well Alkalinity of Filter Effluent	High Lift Pumpage		
																				Total M G D.	M G D.	
January	Max.		12.00		4.60		0.65		7.33		49.88		0.95		5.33		0.89		5.0	101		9.20
	Min.	287.29	9.00	11.287	4.53	1,370	0.51	14,850	5.86	98.095	19.41	2,136	0.80	4.34	1,600	0.50	0.2	64	251.17	7.69		
	Avg.		9.27		4.56		0.56		6.23		39.80		0.86		4.94		0.65	1.4	82		8.10	
February	Max.		14.00		4.59		0.57		6.71		55.00		0.90		5.25		0.89		3.4	81		11.48
	Min.	270.85	9.00	10,311	4.55	1,212	0.45	13,640	5.62	101.867	30.28	1,878	0.79	4.33	1,590	0.55	0.1	51	242.73	7.60		
	Avg.		9.67		4.57		0.54		6.01		45.12		0.83		4.58		0.71	0.8	65		8.67	
March	Max.		12.00		4.81		0.58		6.88		54.96		0.93		5.82		1.09		2.4	83		9.57
	Min.	301.90	9.00	11.517	4.53	1,336	0.49	15,290	5.48	108.090	31.67	2,250	0.84	4.97	1,950	0.62	0.1	36	263.25	6.81		
	Avg.		9.74		4.58		0.53		6.32		42.67		0.89		5.18		0.77	0.8	55		8.49	
April	Max.		12.00		4.57		0.62		9.84		63.62		1.27		5.57		0.89		2.4	70		11.00
	Min.	286.39	9.00	10,878	4.42	1,308	0.53	18,370	5.63	117.050	39.97	2,484	0.89	4.21	1,734	0.55	0.1	47	255.73	7.70		
	Avg.		9.55		4.56		0.55		7.73		48.87		1.04		5.32		0.73	0.9	60		8.52	
May	Max.		12.00		4.59		0.72		8.01		62.57		1.35		5.90		0.89		6.8	72		9.00
	Min.	306.55	9.00	11.670	4.53	1,648	0.60	17,930	5.86	159.279	39.97	3,349	1.21	4.297	1,932	0.50	0.3	53	242.86	6.78		
	Avg.		9.89		4.57		0.65		7.04		50.83		1.27		5.59		0.76	1.7	62		7.83	
June	Max.		12.00		5.09		0.80		7.33		77.11		1.45		6.51		1.03		5.6	111		9.87
	Min.	305.53	9.00	11.616	4.53	1,824	0.54	16,830	5.70	129.912	38.16	3,472	1.26	5.68	1,874	0.50	0.4	36	229.92	5.83		
	Avg.		10.18		4.58		0.72		6.67		51.05		1.28		6.13		0.74	1.3	76		7.66	
July	Max.		12.67		4.58		0.78		7.69		64.99		1.43		6.45		0.90		7.2	92		11.77
	Min.	337.47	8.67	12.776	4.50	2,036	0.64	19,085	6.03	150.191	41.01	3,815	1.31	5.95	1,916	0.50	0.5	52	296.33	8.73		
	Avg.		10.89		4.54		0.72		6.99		53.43		1.36		6.14		0.68	1.7	71		9.56	
August	Max.		13.50		4.59		0.77		7.43		75.06		1.51		6.96		0.91		32.0	75		10.53
	Min.	345.66	8.00	13,092	4.50	2,086	0.65	18,810	5.69	176.159	49.49	3,749	1.10	4.97	2,069	0.57	0.5	56	306.32	8.83		
	Avg.		11.15		4.54		0.72		6.50		61.03		1.30		5.94		0.73	0.8	66		9.88	
September	Max.		13.50		4.59		0.79		7.03		75.06		1.29		5.94		1.07		30.0	97		11.22
	Min.	336.65	8.50	12,769	4.50	1,980	0.59	18,150	5.37	186.592	48.91	3,381	1.03	5.24	2,067	0.60	1.1	58	302.14	9.18		
	Avg.		11.22		4.55		0.71		6.48		66.40		1.20		5.54		0.75	3.4	71		10.07	
October	Max.		12.00		4.91		0.76		7.92		76.53		1.33		6.18		0.95		6.0	100		10.91
	Min.	338.16	8.00	12,867	4.52	1,980	0.63	18,920	6.09	174.531	36.57	3,478	1.04	4.79	1,933	0.50	0.5	62	319.57	9.74		
	Avg.		10.91		4.56		0.70		6.71		61.70		1.23		5.66		0.69	2.8	78		10.31	
November	Max.		16.00		4.58		0.69		7.03		65.02		1.13		6.17		1.07		6.8	102		13.65
	Min.	353.77	9.38	13,414	4.50	1,736	0.45	19,360	5.62	147.157	37.95	2,958	0.90	4.51	2,067	0.50	0.3	75	319.30	9.63		
	Avg.		11.79		4.55		0.59		6.55		50.00		1.00		5.26		0.70	1.7	89		10.64	
December	Max.		15.00		4.79		0.57		7.15		77.69		1.06		5.82		1.07		4.8	113		11.85
	Min.	364.49	10.00	13,783	4.36	1,523	0.42	20,240	5.95	144.898	28.76	2,869	0.85	4.19	2,200	0.54	0.4	70	326.02	9.33		
	Avg.		11.76		4.54		0.51		6.69		47.59		0.95		4.76		0.73	1.5	88		10.52	
Annual	Total	3,834.71		145,980		20,039		211,475		1,693,821		35,819		174,540		22,932				3,355.34		
	Max.	364.49	16.00	13,783	5.09	2,086	0.80	20,240	9.84	186,592	77.69	3,815	1.51	17,308	6.96	2,200	1.09	32.0	113	326.02	13.65	
	Min.	270.85	8.00	10,311	4.36	1,212	0.42	13,640	5.37	98,095	19.41	1,878	0.79	10,377	4.19	1,590	0.50	0.1	36	229.92	5.83	
	Avg.	319.56	10.51	12,165	4.56	1,670	0.63	17,623	6.61	141,152	52.96	2,985	1.12	14,545	5.46	1,911	0.72	1.8	72	279.61	9.19	

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VI-A

MONTHLY SUMMARY OF CARROLLTON WATER PURIFICATION PLANT FILTER OPERATIONS FOR THE YEAR ENDING: December 2019

1	2	3		4		5		6		7		8		9		10		11	
Month		Total Million Gallons Water Filtered During Month		Total Number of Runs		Length of Runs in Hours		Million Gallons of Water Filtered Per Run		Million Gallons Per Day Per Filter		Total Amount in Million Gallons of Wash Water Used		Million Gallons of Wash Water Used Per Run		Percentage of Wash Water Used Per Run		Million Gallons Filtered Per Acre Per Day	
		Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
January	Max.					268	259	40.595	6.995							15.15	2.29		
	Min.	1.409.230	2.574.485	78	62	67	127	0.730	2.616	2.891	5.630	23.600	37.200	0.307	0.600	0.68	0.86	87.994	93.424
	Avg.					150	177	18.067	41.524							1.57	1.44		
February	Max.					361	267	39.420	70.518							12.71	2.43		
	Min.	1,398.765	2,594.431	59	68	48	137	2.360	24.292	3.143	5.753	17.700	40.200	0.300	0.591	0.76	1.19	95.675	95.465
	Avg.					181	164	23.704	39.310							1.27	1.50		
March	Max.					315	196	54.690	56.842							33.04	1.77		
	Min.	1,538.923	2,880.090	80	70	20	138	0.920	29.996	3.445	9.243	25.900	11.286	0.324	0.531	0.59	0.92	104.879	153.378
	Avg.					136	161	19.237	62.004							1.43	0.86		
April	Max.					427	422	65.830	97.166							19.48	1.93		
	Min.	1,701.226	2,590.199	77	56	48	16	0.150	0.312	3.302	5.468	22.800	33.600	0.300	0.600	0.45	0.62	102.775	90.736
	Avg.					157	203	21.661	46.254							1.37	1.30		
May	Max.					359	263	61.300	59.416							15.56	2.36		
	Min.	1,558.233	2,382.087	76	60	29	138	0.198	25.344	3.154	4.996	23.100	36.000	0.304	0.600	0.50	1.00	108.682	82.913
	Avg.					160	191	21.033	39.701							1.47	1.51		
June	Max.					287	195	46.896	42.430							16.21	2.86		
	Min.	1,775.573	2,308.391	78	78	42	93	0.340	20.425	2.185	4.612	32.500	45.600	0.427	0.585	0.86	1.38	69.379	76.532
	Avg.					240	154	23.362	29.595							1.85	1.98		
July	Max.					214	226	39.980	49.515							8.27	7.48		
	Min.	1,884.473	2,129.374	86	66	63	145	0.346	7.987	3.904	4.666	24.600	41.400	0.286	0.591	0.73	1.19	118.840	77.428
	Avg.					130	173	21.147	33.637							1.35	5.91		
August	Max.					259	195	41.880	44.332							11.65	5.40		
	Min.	1,822.172	2,285.058	74	77	120	58	0.248	12.071	3.209	5.092	25.500	52.200	0.331	0.200	0.77	1.47	97.676	84.496
	Avg.					177	153	23.665	32.467							1.43	2.00		
September	Max.					335	192	49.220	42.167							9.76	8.83		
	Min.	1,724.272	2,490.819	72	74	118	66	0.248	8.112	3.032	5.018	24.320	53.000	0.337	0.213	0.61	1.70	92.306	83.269
	Avg.					180	161	22.743	33.660							1.36	2.13		
October	Max.					215	185	37.020	42.624							11.83	5.66		
	Min.	1,702.580	2,158.288	77	76	143	91	0.348	11.300	4.419	4.634	28.206	48.600	0.352	0.225	0.95	1.50	134.512	76.897
	Avg.					131	147	24.120	28.399							1.55	2.25		
November	Max.					215	233	41.880	46.425							11.08	2.65		
	Min.	1,873.075	2,540.966	83	78	119	119	0.298	23.220	3.896	5.176	27.094	48.000	0.330	0.189	0.79	1.33	118.609	85.890
	Avg.					139	151	21.569	32.576							1.43	1.89		
December	Max.					224	184	41.880	42.167							9.37	2.68		
	Min.	1,742.556	2,502.033	83	76	143	118	0.338	21.821	3.053	5.106	26.275	44.400	0.317	0.177	0.75	1.39	92.930	84.732
	Avg.					165	155	22.184	32.921							1.49	1.77		
Annual	Total	20,131.078	29,436.221	923	841							301.595	491.486					1,224.257	1,085.160
	Max.	1,884.473	2,880.090	86	78	427	422	65.830	97.166	4.419	9.243	32.500	53.000	0.427	0.600	33.04	8.83	134.512	153.378
	Min.	1,398.765	2,129.374	59	56	20	16	0.150	0.312	2.185	4.612	17.700	11.286	0.286	0.177	0.45	0.62	69.379	76.532
	Avg.	1,677.590	2,453.018	77	70	162	166	21.874	37.671	3.303	5.450	25.133	40.957	0.326	0.425	1.46	2.05	102.021	90.430

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VI-B

MONTHLY SUMMARY OF ALGIERS FILTER OPERATIONS FOR THE YEAR ENDING: December 31, 2019

1	2	3	4	5	6	7	8	9	10
Month		Total Million Gallons Water Filtered During Month of Runs	Total Number of Runs	Length of Runs in Hours	Million Gallons of Water Filtered Per Run	Million Gallons Per Day Per Filter	Total Amount in Million Gallons of Wash Water Used	Million Gallons of Wash Water Used Per Run	Percentage of Wash Water Used Per Run
January	Max.	291.77	57	191	10.549	0.74	6.25	0.110	5.50
	Min.			143	1.991				1.04
	Avg.			167	5.119				2.14
February	Max.	242.44	48	167	10.218	0.73	4.63	0.103	5.10
	Min.			167	2.020				1.01
	Avg.			167	5.050				2.04
March	Max.	246.09	48	191	10.046	0.74	4.87	0.101	5.82
	Min.			143	1.742				1.01
	Avg.			167	5.127				1.98
April	Max.	259.80	54	191	11.790	0.69	6.35	0.118	6.24
	Min.			167	1.884				1.00
	Avg.			168	4.811				2.44
May	Max.	290.05	57	167	10.291	0.77	6.12	0.107	14.62
	Min.			47	0.735				1.04
	Avg.			159	5.089				2.11
June	Max.	260.66	48	191	9.441	0.77	5.04	0.105	10.26
	Min.			167	1.023				1.11
	Avg.			169	5.430				1.93
July	Max.	331.28	57	167	9.260	0.84	7.61	0.134	7.15
	Min.			143	1.868				1.44
	Avg.			166	5.812				2.30
August	Max.	294.00	51	167	9.171	0.83	6.93	0.136	6.91
	Min.			167	1.965				1.48
	Avg.			167	5.765				2.36
September	Max.	328.42	51	167	9.056	0.88	6.61	0.130	6.90
	Min.			143	1.878				1.43
	Avg.			165	6.082				2.01
October	Max.	324.98	57	167	9.154	0.86	7.15	0.125	19.04
	Min.			23	0.659				1.37
	Avg.			159	5.701				2.20
November	Max.	308.14	48	167	9.031	0.92	5.16	0.107	5.63
	Min.			167	1.910				1.19
	Avg.			167	6.420				1.67
December	Max.	355.54	54	167	9.653	0.95	6.45	0.120	7.36
	Min.			167	1.623				1.24
	Avg.			167	6.584				1.81
Annual	Total	3533.16	630.00	5732.00	203.95	9.72	73.17	1.40	139.88
	Max.	355.54	57	191.00	11.79	0.95	7.61	0.136	19.04
	Min.	242.44	48	23.00	0.66	0.69	4.63	0.101	1.00
	Avg.	294.43	52.50	165.67	5.58	0.81	6.10	0.12	2.08

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2019

TABLE VII

FIVE YEAR ANALYSIS COMPOSITE DATA (2015 - 2019) FOR NEW ORLEANS DRINKING WATER PURIFICATION SYSTEM

PARAMETER	MISSISSIPPI RIVER (Before Purification)			FINISHED WATER (After Purification)		
	MAX	MIN	AVG	MAX	MIN	AVG
Total Alkalinity (ppm as CaCO ₃)	201	65	121	210	80	134
Total Hardness (ppm as CaCO ₃)	272	100	161	300	116	183
Noncarbonate Hardness (ppm as CaCO ₃)	90	12	40	104	14	48
Calcium Hardness (ppm as CaCO ₃)	167	40	103	200	88	126
Magnesium Hardness (ppm as CaCO ₃)	118	22	52	151	14	57
Nephelometric Turbidity (NTU)	345	6.2	67	0.28	0.02	0.11
pH	8.22	6.88	7.69	9.41	7.76	8.89
Chloride (ppm)	50	14	28	58	19	31
Fluoride (ppm)	0.34	0.11	0.20	0.95	0.26	0.71
Total Dissolved Solids (ppm)	330	143	254	374	192	273
Total Suspended Solids (ppm)	199	19	65	-----	-----	-----
Free Chlorine Residual (ppm as Cl ₂)	-----	-----	-----	0.6	0.0	0.1
Total Chlorine Residual (ppm as Cl ₂)	-----	-----	-----	5.0	0.5	3.3
Ammonia (ppm as N)	-----	-----	-----	0.41	0.02	0.15
Nitrate + Nitrite (ppm as N) *	-----	-----	-----	2.3	1.0	1.6
Sulfate (ppm) *	-----	-----	-----	48.0	34.6	41.3
Conductivity (µS/cm)	685	238	444	700	244	494
Temperature (°F)	88	39	66	91	52	74
Aluminum (ppm) *	-----	-----	-----	0.01	0.00	0.01
Antimony (ppm) *	-----	-----	-----	0.000	0.000	0.000
Arsenic (ppm) *	-----	-----	-----	0.001	0.000	0.000
Barium (ppm) *	-----	-----	-----	0.059	0.036	0.045
Beryllium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Cadmium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Chromium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Copper (ppm) *	-----	-----	-----	0.2	0.0	0.0
Iron (ppm) *	-----	-----	-----	0.00	0.00	0.00
Lead (ppm) *	-----	-----	-----	0.026	0.000	0.004
Manganese (ppm) *	-----	-----	-----	0.00	0.00	0.00
Mercury (ppm) *	-----	-----	-----	0.000	0.000	0.000
Nickel (ppm) *	-----	-----	-----	0.0	0.0	0.0
Selenium (ppm) *	-----	-----	-----	0.001	0.000	0.000
Silver (ppm) *	-----	-----	-----	0.00	0.00	0.00
Thallium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Zinc (ppm) *	-----	-----	-----	0.00	0.00	0.00
Potassium (ppm) *	-----	-----	-----	4.0	2.6	3.1
Sodium (ppm) *	-----	-----	-----	34.0	17.5	23.7
Cyanide (ppm) *	-----	-----	-----	0.00	0.00	0.00
Haloacetic Acids (HAA5) (ppb) *	-----	-----	-----	59.0	5.4	23.5
Total Organic Carbon (ppm) *	4.9	2.8	3.7	4.2	1.7	2.8
Total Trihalomethanes (ppb)	2.0	0.0	0.0	56.9	6.4	23.1
1,2-Dichloroethane (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
Chloroform (ppb)	2.0	0.0	0.0	43.4	5.0	15.9
Carbon Tetrachloride (ppb)	0.0	0.0	0.0	4.0	0.0	0.0
Bromodichloromethane (ppb)	0.0	0.0	0.0	19.1	0.4	5.9
Tetrachloroethene (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
BTX (Benzene, Toluene & Xylenes) (ppb)	7.4	0.0	0.0	1.1	0.0	0.0
Total Coliforms (CFUs/100 ml)	6800	28	610	200	0	0
E. coli (CFUs/100 ml)	-----	-----	-----	0	0	0

The results for constituents indicated with asterisks are from the Louisiana Department of Health or an LDH certified contract laboratory.

All other results are from testing by the S&WB Water Quality Laboratory.

Lead and Copper results are from 2016 and 2019 Lead and Copper Rule compliance testing.

Concerning the chemical results, the S&WB Laboratory does not meet the higher criteria required by DHH to be classified as a "DHH-OPH *Certified* Chemical Laboratory/Drinking Water;" therefore, any results reported by this laboratory for chemical drinking water parameters which are required to be analyzed in a certified laboratory are officially deemed invalid.

The S&WB Laboratory is certified by DHH for Total Coliform and *E. coli* testing.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2019

TABLE VIII

2019 CARROLLTON OPERATION

CHEMICAL	CHEMICAL COST	CHEMICAL COST PER MILLION GALLONS
Lime	\$813,858.20	\$16.15
Ferric Coagulant	\$1,379,985.40	\$27.39
Chlorine & Sodium Hypochlorite	\$1,500,166.21	\$29.78
Sodium Polyphosphate	\$300,515.08	\$5.96
Polyelectrolyte	\$700,551.99	\$13.91
Fluoride	\$176,127.03	\$3.50
Ammonia	\$299,714.18	\$5.95
Carbon	\$0.00	\$0.00
TOTAL CHEMICALS	\$5,170,918.08	\$102.64

TOTAL COST PER MILLION GALLONS

YEAR	TOTAL WATER TREATED IN MILLION GALLONS	OPERATING COST	TOTAL COST PER MILLION GALLONS
2019	50,381.19	\$10,328,116	\$205.00
2018	51,211.51	\$9,850,754	\$192.35
2017	50,714.68	\$8,208,239	\$161.85
2016	48,042.56	\$7,974,759	\$165.99
2015	47,616.37	\$8,238,282	\$173.01

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2019

TABLE IX

ALGIERS OPERATION

CHEMICAL	CHEMICAL COST	CHEMICAL COST PER MILLION GALLONS
Lime	\$177,207.55	\$46.21
Ferric Coagulant	\$156,491.50	\$40.81
Sodium Hypochlorite	\$96,764.98	\$25.23
Sodium Polyphosphate	\$34,398.00	\$8.97
Polyelectrolyte	\$64,504.75	\$16.82
Fluoride (100%)	\$18,332.38	\$4.78
Ammonia	\$25,431.49	\$6.63
Carbon	\$0.00	\$0.00
TOTAL CHEMICALS	\$573,130.65	\$149.46

Purification Plant Operating Cost: \$ 2,221,586.89
 Total Water Treated in 2019: 3,834,710,000 Gallons

TOTAL COST PER MILLION GALLONS

YEAR	TOTAL WATER TREATED IN MILLION GALLONS	OPERATING COST	TOTAL COST PER MILLION GALLONS
2019	3,834.71	\$2,221,586.89	\$579.34
2018	3,762.72	\$2,209,590.79	\$587.23
2017	3,756.67	\$1,646,337.91	\$438.24
2016	3,684.57	\$1,952,339.00	\$529.87
2015	3,807.99	\$1,835,436.00	\$482.00

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2019

TABLE X

**SLUDGE REMOVED FROM THE "G" BASINS PRIMARY TREATMENT UNITS
DORR MONORAKE CONVENTIONAL SYSTEM
2019**

Total Million Gallons Water Treated	29,020.09
Total Tons Dry Sludge Deposited in Basins Including Suspended and Dissolved Solids Removed and Reacting Chemicals	10,017
Total Million Gallons Wet Sludge Withdrawn from Basins	730.57
Average Percent solids in Wet Sludge	0.33
Total Million Gallons Water Used in Withdrawing Sludge	729.57
Percent of Total Water Treated Used in Withdrawing Wet Sludge	2.52

TABLE X-A

**SLUDGE REMOVED FROM THE "L" BASINS PRIMARY TREATMENT UNITS
DORR MONORAKE CONVENTIONAL SYSTEM
2019**

Total Million Gallons Water Treated	21,361.10
Total Tons Dry Sludge Deposited in Basins Including Suspended and Dissolved Solids Removed and Reacting Chemicals	8,594
Total Million Gallons Wet Sludge Withdrawn from Basins	278.79
Average Percent solids in Wet Sludge	0.73
Total Million Gallons Water Used in Withdrawing Sludge	277.93
Percent of Total Water Treated Used in Withdrawing Wet Sludge	1.31

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2019

TABLE XI
2019 ANALYSIS DATA FOR NEW ORLEANS CARROLLTON
DRINKING WATER PURIFICATION SYSTEM

PARAMETER	MISSISSIPPI RIVER (Before Purification)			FINISHED WATER (After Purification)		
	MAX	MIN	AVG	MAX	MIN	AVG
Total Alkalinity (ppm as CaCO ₃)	147	81	118	163	100	135
Total Hardness (ppm as CaCO ₃)	198	100	155	220	142	182
Noncarbonate Hardness (ppm as CaCO ₃)	72	15	37	86	27	47
Calcium Hardness (ppm as CaCO ₃)	132	70	100	157	97	127
Magnesium Hardness (ppm as CaCO ₃)	100	25	25	86	26	56
Nephelometric Turbidity (NTU)	174	12	55	0.20	0.04	0.11
pH	8.20	6.88	7.62	9.41	8.21	8.88
Chloride (ppm)	33	16	24	39	20	28
Fluoride (ppm)	0.34	0.11	0.18	0.95	0.49	0.68
Free Chlorine Residual (ppm as Cl ₂)	-----	-----	-----	0.5	0.1	0.1
Total Chlorine Residual (ppm as Cl ₂)	-----	-----	-----	4.7	0.7	3.3
Ammonia (ppm as N)	-----	-----	-----	0.33	0.05	0.15
Nitrate + Nitrite (ppm as N) *	-----	-----	-----	1.3	1.0	1.2
Conductivity (µS/cm)	615	302	457	666	331	504
Temperature (°F)	86	44	65	85	59	73
Aluminum (ppm) *	-----	-----	-----	0.014	0.009	0.011
Antimony (ppm) *	-----	-----	-----	0.000	0.000	0.000
Arsenic (ppm) *	-----	-----	-----	0.001	0.000	0.000
Barium (ppm) *	-----	-----	-----	0.059	0.036	0.044
Beryllium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Cadmium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Chromium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Copper (ppm) *	-----	-----	-----	0.2	0.0	0.0
Iron (ppm) *	-----	-----	-----	0.00	0.00	0.00
Lead (ppm) *	-----	-----	-----	0.026	0.000	0.004
Manganese (ppm) *	-----	-----	-----	0.00	0.00	0.00
Mercury (ppm) *	-----	-----	-----	0.000	0.000	0.000
Nickel (ppm) *	-----	-----	-----	0.002	0.000	0.001
Potassium (ppm) *	-----	-----	-----	4.0	2.6	3.1
Selenium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Silver (ppm) *	-----	-----	-----	0.00	0.00	0.00
Thallium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Zinc (ppm) *	-----	-----	-----	0.00	0.00	0.00
Sodium (ppm) *	-----	-----	-----	31.0	18.3	22.6
Cyanide (ppm) *	-----	-----	-----	0.00	0.00	0.00
Haloacetic Acids (HAA5) (ppb) *	-----	-----	-----	59.0	11.9	27.5
Total Organic Carbon (ppm) *	4.1	2.8	3.5	4.2	1.7	2.8
Total Trihalomethanes (ppb)	2.0	0.0	0.0	56.9	6.4	23.0
1,2-Dichloroethane (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
Chloroform (ppb)	2.0	0.0	0.0	43.4	5.0	17.3
Carbon Tetrachloride (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
Bromodichloromethane (ppb)	0.0	0.0	0.0	11.2	1.0	4.9
Tetrachloroethene (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
BTX (Benzene, Toluene & Xylenes) (ppb)	7.4	0.0	0.0	1.1	0.0	0.0
Total Coliforms (CFUs/100 ml)	1260	86	540	9	0	0
E. coli (CFUs/100 ml)	-----	-----	-----	0	0	0

The results for constituents indicated with asterisks are from the Louisiana Department of Health or an LDH certified contract laboratory.

All other results are from testing by the S&WB Water Quality Laboratory.

Lead and Copper results are from 2019 Lead and Copper Rule compliance testing.

Concerning the chemical results, the S&WB Laboratory does not meet the higher criteria required by DHH to be classified as a "DHH-OPH *Certified* Chemical Laboratory/Drinking Water;" therefore, any results reported by this laboratory for chemical drinking water parameters which are required to be analyzed in a certified laboratory are officially deemed invalid.

The S&WB Laboratory is certified by DHH for Total Coliform and *E. coli* testing.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2019

TABLE XII

EXTRACTS FROM TABLES IV-E AND V

**20 Year Period, 2000 to 2019 Inclusive
Maximum, Minimum, and Average Amount of
Water Treated Per Day
(M.G. per 24 Hours)**

YEAR	CARROLLTON			ALGIERS		
	MAX.	MIN.	AVG.	MAX.	MIN.	AVG.
2000	152.50	126.71	128.10	18.83	7.58	12.13
2001	153.93	107.75	126.70	15.76	6.00	10.90
2002	128.67	87.00	106.63	14.00	6.66	9.80
2003	144.26	90.75	115.35	13.16	8.00	10.06
2004	145.83	102.92	122.57	13.16	8.00	10.15
2005	144.00	0.00	115.47	22.67	7.00	10.20
2006	165.63	115.33	139.73	18.34	8.00	11.67
2007	144.75	124.00	134.06	16.00	10.00	12.13
2008	143.50	114.08	133.88	13.58	6.92	10.38
2009	147.92	129.83	138.17	14.00	8.00	10.78
2010	156.50	125.33	137.10	15.67	8.00	11.25
2011	150.83	127.17	139.37	16.83	10.00	11.73
2012	163.29	117.96	137.65	15.50	10.00	11.58
2013	141.83	120.00	131.08	15.25	10.00	11.27
2014	157.30	122.08	132.57	15.58	9.00	10.43
2015	144.71	118.33	130.47	13.92	8.83	10.09
2016	213.83	120.46	131.62	17.25	8.00	9.66
2017	149.19	125.13	138.94	14.00	8.00	10.29
2018	168.70	118.21	138.62	13.53	7.41	9.37
2019	162.83	97.08	136.95	13.65	5.83	9.19

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2019

TABLE XIII

**Monthly Temperature (Degrees Farenheit) of the
Mississippi River Water at the Carrollton Plant**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
January	41	43	48	47	42	43	47	47	41	46
February	41	43	48	47	40	45	46	49	45	45
March	48	51	57	49	46	45	54	55	55	50
April	62	61	69	57	59	61	62	63	58	59
May	71	68	74	66	69	70	70	69	71	69
June	81	80	81	76	79	79	79	77	82	78
July	85	84	85	81	83	84	86	83	86	82
August	86	87	87	83	84	85	85	85	86	85
September	83	80	82	83	83	83	84	80	83	84
October	72	72	72	76	72	74	75	77	73	75
November	61	62	60	62	59	65	66	61	56	54
December	50	50	55	48	49	54	53	52	47	48
Maximum	89	90	89	86	86	87	87	87	88	86
Minimum	37	40	46	45	37	39	42	44	40	44
Average	65	65	68	65	64	66	67	67	65	65
<div style="text-align: center;"> <u>Ten Year Period</u> Maximum: 90 Minimum: 37 Average: 66 </div>										

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2019

TABLE XIV
Monthly Temperature (Degrees Farenheit) of the
Tap Water at the Carrollton Plant

	2015	2016	2017	2018	2019
January	62	57	64	59	65
February	62	59	64	62	68
March	66	66	67	69	69
April	73	72	72	71	72
May	76	77	76	78	75
June	80	83	80	83	76
July	83	88	82	86	80
August	82	87	84	85	82
September	80	86	83	83	80
October	76	81	81	79	77
November	70	74	72	69	69
December	64	66	65	65	66
Maxiumum	86	91	88	89	85
Minimum	55	52	59	53	59
Average	73	75	74	74	73
<div><div><div>Five Year Period</div><div>Maximum: 91</div><div>Minimum: 44</div><div>Average: 74</div></div></div>					

SEWER AND WATER BOARD OF NEW ORLEANS

December 31, 2019

New Orleans East Bank Sewerage Treatment Plant 2019 Yearly Summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019
Plant EF Flow (MGD)													
Average	100.919	112.3	94.3	109.483	109.839	85.99	115.584	99.345	70.957	96.652	107.6	88.187	99
Maximum	187.3	174.9	154.1	203.2	181.4	140.1	179.5	173.4	23.6	166.4	183.4	159	203
INFLUENT BOD (mg/L)													
Average	106.2	138	111.5	103.3	81.9	74.4	55.1	66.6	87.4	74.9	84.8	88.6	89
Maximum	175	200	186	148	183	129	98	121	160	105	105	134	200
INFLUENT TSS (mg/L)													
Average	161.4	225	154.1	169.3	130.5	112.6	97.8	103.8	96.4	101.2	94.5	99.4	129
Maximum	382	384	292	406	272	234	193	174	155	129	131	163	406
INFLUENT BOD (lbs/day)													
Average	89,942	121,511	89,900	89,710	68,546	48,478	48,335	57,197	61,949	56,932	63,043	63,154	71,558
Maximum	204,622	196,032	176,955	221,224	135,681	91,093	101,786	92,336	105,684	82,952	81,875	95,806	221,224
INFLUENT TSS (lbs/day)													
Average	170,242	202,380	178,529	175,929	126,315	75,359	88,167	90,957	137,153	90,198	101,455	110,248	128,911
Maximum	380,012	411,849	318,281	632,512	204,378	170,382	222,078	150,812	854,969	183,040	262,165	209,249	854,969
EFFLUENT BOD (mg/L)													
Average	21.9	23.2	20.5	22	18.7	20.7	22.3	19.9	19.3	20.4	26.1	23	21.5
Weekly Maximum	31	32	36	31	38	36	39	24	32	26	35	40	40.0
EFFLUENT TSS (mg/L)													
Average	18.6	18.4	15.8	14.9	12.2	15	23.7	22.6	17	16.1	17.5	15.6	17.3
Weekly Maximum	46	40	29	39	23	28	51	31	23	28	25	23	51.0
EFFLUENT BOD (lbs/day)													
Average	18,555	21,752	16,042	19,972	16,226	14,699	21,288	16,221	11,219	16,430	23,146	16,815	17,697
Weekly Maximum	39,052	39,098	28,600	48,539	3,112	26,281	40,487	26,031	18,760	29,724	34,202	27,847	48,539
EFFLUENT TSS (lbs/day)													
Average	16,184	17,884	12,687	14,838	11,127	10,770	24,030	18,769	9,979	13,504	15,474	11,510	14,730
Weekly Maximum	57,776	51,053	26,464	63,100	28,602	22,200	58,995	34,882	18,760	35,930	26,002	25,521	63,100
EFFLUENT CL2 (mg/L)													
Average	0.5	0.5	0.5	0.49	0.49	0.46	0.43	0.44	0.32	0.33	0.32	0.36	0.43
Maximum	0.5	0.5	0.5	0.5	0.5	0.5	0.54	0.5	0.59	0.53	0.47	0.5	0.59
EFFLUENT COLIFORM (col/100-ml)													
Average (Geo)	2.49	2.24	2.17	2.40	3.29	3.97	4.84	17.06	12.36	7.54	4.94	3.35	5.55
Weekly Maximum (Geo)	4.18	2.53	2.56	2.73	5.95	7.51	14.49	38.33	39.46	14.79	6.38	6.44	39.46
EFFLUENT pH (su)													
Minimum	6.8	6.75	6.82	6.85	6.75	6.74	6.75	6.80	6.95	6.93	6.98	6.98	6.74
Maximum	6.96	6.97	6.92	6.91	6.89	6.84	7.04	7.06	7.08	7.19	7.11	7.08	7.19
DISPOSED SLUDGE (dry tons)													
Average per day	24.04	24.71	27.95	28.30	26.91	26.19	26.00	25.50	25.18	23	23	22	25.25
Total	745.37	642.38	866.45	848.87	834.31	785.64	701.93	688.51	755.30	658.60	702.21	686.54	8,916
ELECTRICITY (kwhr)													
Average per day	69,495	75,807	70,175	73,547	74,335	66,267	60,606	73,794	66,547	70,723	60,107	66,173	68,965
Total (kwhr)	2,223,832	2,046,800	2,245,600	2,206,400	2,304,400	1,988,000	1,878,800	2,287,600	1,996,400	2,192,400	1,803,200	1,985,203	25,158,635
RAINFALL (inches) East Bank													
TOTAL	3.58	6.17	2.69	8.58	6.66	2.7	10.42	4.49	1.45	3.26	0.29	1.19	51.48

Precipitation (inch)
Southern Regional Climate Center-Monthly

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2019

New Orleans West Bank Sewerage Treatment Plant 2019 Yearly Summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019
Plant Ef Flow (MGD)													
Average	10.7	10.126	8.426	10.637	12.98	9.836	14.913	15.953	9.619	10.61	10.018	9.71	11.13
Maximum	22.9	18.820	15.900	23.49	34.63	19.4	30.2	27.760	25.20	28.19	26.00	19.62	34.63
Plant INF Flow (MGD)													
Average	11.77	13.080	10.333	12.079	12.955	8.992	13.75	15.420	7.891	12.754	11.245	13.23	11.96
Maximum	23.2	25.220	16.900	30.31	36.08	14.4	27.4	28.460	10.16	25.7	15.00	25.40	36.08
INFLUENT BOD (mg/L)													
Average	85.8	101.9	95.5	105.9	86.9	108	92.7	76.2	87.8	75.1	79.9	81.9	89.80
Maximum	179	190	151	265	169	205	169	119	153	106	114	113	265
INFLUENT TSS (mg/L)													
Average	132.9	148.5	127.5	128.4	101.5	122.9	101.5	86	94.6	89.1	76.6	83.3	107.73
Maximum	292	318	182	472	165	200	189	146	151	126	97	141	472
INFLUENT BOD (lbs/day)													
Average	8,635	11,709	7,916	10,407	9,035	8,087	10,489	10,243	5,834	7,765	7,273	8,597	8,832
Maximum	34,634	27,097	13,366	41,863	24,674	14,417	26,301	18,020	10,846	19,642	10,183	23,278	41,863
INFLUENT TSS (lbs/day)													
Average	13,170	17,120	10,659	12,848	10,614	9,208	12,260	11,499	6,251	9,355	6,995	8,628	10,717
Maximum	56,499	45,351	16,443	49,950	28,586	20,011	34,047	17,219	11,609	25,437	9,373	29,046	56,499
EFFLUENT BOD (mg/L)													
Average	10.2	14.2	16.9	13.7	8.1	6.2	6.6	7.8	5.3	6.6	8.3	10.2	9.51
Weekly Maximum	16	19	24	32	15	8	11	13	7	8	14	13	32
EFFLUENT TSS (mg/L)													
Average	17	20.2	17.3	17.5	15.5	11.2	11.9	11.8	7.2	8.8	9.9	11.8	13.34
Weekly Maximum	32	30	22	35	39	20	23	22	10	13	15	16	39
EFFLUENT BOD (lbs/day)													
Average	899	1,256	1,158	1,237	904	520	854	1,091	595	568	637	805	877.01
Weekly Maximum	3,056	2,825	2,122	5,935	3,466	1,133	2,294	2,084	1,471	1,735	1,039	1,241	5,935
EFFLUENT TSS (lbs/day)													
Average	1,562	1,847	1,231	1,572	1,906	957	1,684	1,778	426	793	767	937	1,288.43
Weekly Maximum	5,730	4,552	2,652	6,492	11,264	2,589	5,275	5,093	1,051	2,819	1,126	1,481	11,264
EFFLUENT CL2 (mg/L)													
Average	1.24	1.23	1.23	1.14	1.15	1.21	1.01	1.08	1.12	0.84	0.82	0.79	1.07
Maximum	1.4	1.4	1.5	1.4	1.4	1.4	1.4	1.4	1.45	1.29	1.2	1.6	1.60
EFFLUENT COLIFORM (col/100-ml)													
Average (Geo)	2.9	2.38	2.56	3.26	3.11	2.43	8.5	4.55	2.38	2.38	3.14	2.72	3.36
Weekly Maximum (Geo)	5.18	3.87	3.74	8.45	4.86	2.83	17.6	12.56	5.04	3.03	8.09	3.06	17.60
EFFLUENT pH (su)													
Minimum	7.69	7.47	7.33	7.25	7.18	7.04	7.49	7.89	7.76	7.53	7.78	7.65	7.04
Maximum	7.95	7.68	7.91	7.46	7.52	7.21	8.16	8.4	8.72	8.19	8.06	7.99	8.72
DISPOSED SLUDGE (dry tons)													
Average per day	7.12	2.51	6.39	4.28	2.46	5.55	6.44	6.27	6.91	5.37	4.15	3.43	5
Total	163.81	57.68	166.14	72.69	61.61	149.79	122.32	125.41	117.47	112.74	74.64	85.65	1,310
ELECTRICITY (kwhr)													
Average per day	10,339	9,807	8,873	9,641	9,619	11,103	11,116	10,062	16,524	16,622	10,426	10,485	11,218
Total (kwhr)	289,500	294,197	266,185	327,793	288,565	299,770	344,606	311,922	495,710	515,293	312,771	325,038	4,071,350
RAINFALL (inches) West Bank													
TOTAL	3.08	3.97	1.14	6.84	7.39	3.84	9.30	6.00	0.35	7.30	1.30	1.79	52.30

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2019 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2019
SEWER TABULATION NUMBER 1
SEWER LINES AND MANHOLES IN THE SYSTEM AS OF DECEMBER 31, 2019

SEWER LINES DISCARDED AND INSTALLED IN 2019

ORIGINAL CONSTRUCTION (FEET)	DESTROYED OR ABANDONED IN 2019 (FEET)	BUILT IN 2019 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2019 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2019 (MILES)
8,460,007.2	68,877.8	85,556.2	8,476,685.6	1,605.433

SEWER MANHOLES REMOVED AND INSTALLED IN 2019

ORIGINAL CONSTRUCTION	REMOVED IN 2019	BUILT IN 2019	REMAINING IN THE SYSTEM AS OF 12/31/2019
23,208	34	55	23,229

DETAILS OF SEWER LINES AND SEWER MANHOLES INSTALLED (CONSTRUCTED) IN 2019

ITEMS	BOARD FUNDED	BY OTHERS	TOTAL FEET	TOTAL MILES
6" PVC	15,102.5	531.5	15,634.0	2.960
8" PVC	54,707.1	1,699.1	56,406.2	10.680
10" PVC	0.0	3,123.0	3,123.0	0.590
12" PVC	0.0	4,537.7	4,537.7	0.860
15" PVC	0.0	3,041.0	3,041.0	0.570
18" PVC	0.0	2,406.0	2,406.0	0.460
21" PVC	0.0	29.0	29.0	0.000
27" PVC	292.3		292.3	0.055
TOTAL SEWER LINES CONSTRUCTED IN 2019	70,101.9	15,367.3	85,469.2	16.2
SEWER MANHOLES CONSTRUCTED IN 2019	BOARD FUNDED	BY OTHERS	TOTAL MANHOLES BUILT IN 2019	
	44	11	55	

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2019 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2019

SEWER TABULATION NUMBER 2

LENGTH OF SEWER LINES OF EACH SIZE AND MATERIAL DISCARDED, BUILT, AND NOW REMAINING IN THE SYSTEM

SIZE & MATERIAL OF SEWER	TOTAL LENGTH IN SYSTEM AS OF 12/31/2018	DESTROYED OR ABANDONED IN 2019	BUILT IN 2019	NOW REMAINING IN THE SYSTEM AS OF 12/31/2019
72" Steel	29,182.4			
68" Steel	9,061.9			
66" Steel	28,979.7			
66" Concrete	13,740.7			
60" Steel	2,577.7			
60" Concrete	722.8			
57" Concrete	1,766.8			
54" Steel	44,014.5			
54" Concrete	7,030.4			
51" Concrete	755.9			
50" Steel	135.0			
48" Steel	21,147.2			
48" Concrete	10,127.6			
48" Fiberglass Reinforced	10,900.2			
48" P.V.C.	3,663.4			
45" Concrete	3,048.4			
42" Steel	3,580.2			
42" Concrete	19,121.2			
39" Brick	832.8			
39" Concrete	3,871.8			
36" Vitrified Clay	1,894.9			
36" Cast Iron	431.0			
36" Steel	332.6			
36" Prestressed Concrete	11,273.0			
36" Reinforced Concrete	9,312.7			
36" P.V.C.	10,604.0			
33" Brick	3,080.9			
33" Vitrified Clay	562.3			
33" Reinforced Concrete	1,381.4			
30" Brick	2,763.0			
30" Vitrified Clay	7,538.5			
30" Cast Iron	4,305.9			
30" Steel	3,535.2			
30" Prestressed Concrete	484.0			
30" Reinforced Concrete	33,920.5			
30" Fiberglass Reinforced	16,400.0			
30" P.V.C.	996.0			
27" Vitrified Clay	24,428.4	292.3	0.0	24,136.1
27" Reinforced Concrete	13,336.4			
27" P.V.C.	4,634.0		292.3	4,926.3
24" Vitrified Clay	31,572.2			
24" Cast Iron	16,269.2			
24" Ductile Iron	619.0			

SIZE & MATERIAL OF SEWER	TOTAL LENGTH IN SYSTEM AS OF 12/31/2018	DESTROYED OR ABANDONED IN 2019	BUILT IN 2019	NOW REMAINING IN THE SYSTEM AS OF 12/31/2019
24" Steel	87.0			
24" Reinforced Concrete	26,537.0			
24" Asbestos Cement	4,924.2			
24" P.V.C.	5,949.6			
21" Reinforced Concrete	10,609.1	29.0	0.0	10,580.1
21" P.V.C.	5,844.4		29.0	5,873.4
20" Ductile Iron Pipe	1,991.4			
18" P.V.C.	34,676.5	0.0	2,456.0	37,132.5
16" Steel	120.0			
16" Cast Iron				
16" Asbestos Cement	28,460.9			
16" Plastic	1,913.1			
16" P.V.C. C-900				
15" Vitrified Clay	96,418.8	1,866.0	0.0	94,552.8
15" P.V.C.	16,781.7	0.0	3,041.0	19,822.7
15" Plastic Truss	1,331.6			
12" Vitrified Clay	107,688.6	4,285.5	0.0	103,403.1
12" P.V.C.	78,973.5	0.0	4,537.7	83,511.2
10" Vitrified Clay	147,715.6	2,006.5	0.0	145,709.1
10" Steel	130.0			
10" Concrete	45,348.4	1,116.5	0.0	44,231.9
10" Asbestos Cement	4,356.2			
10" P.V.C.	142,331.5	0.0	3,123.0	145,454.5
10" Plastic Truss	4,677.5			
8" Terra Cotta	308,618.4	1,439.0	0.0	307,179.4
8" Vitrified Clay	3,912,629.0	53,085.0	0.0	3,859,544.0
8" Cast Iron	32,036.2			
8" Ductile Iron	2,233.0			
8" Concrete	265,663.9	2,468.0	0.0	263,195.9
8" Asbestos Cement	2,777.9	435.0	0.0	2,342.9
8" P.V.C.	1,058,074.3	37.0	56,443.2	1,114,480.5
8" Plastic Truss	61,911.8	642.0	0.0	61,269.8
8" Plastic	689,939.1	1,176.0	0.0	688,763.1
6" Terra Cotta	8,730.9			
6" Vitrified Clay	75,347.4			
6" Cast Iron	4,204.4			
6" Asbestos Cement	4,493.9			
6" P.V.C.	479,207.3	0.0	15,634.0	494,841.3
6" Plastic Truss	1,763.3			
6" Plastic	364,867.8			
4" Cast Iron	874.2			
4" Ductile Iron	180.4			
4" P.V.C.	5,525.7			
4" Plastic	126.0			
Total Linear Feet	8,460,007.2	68,877.8	85,556.2	8,476,685.6
Total Miles	1,602.274	13.050	16.204	1,605.433

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2019 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2019
WATER TABULATION NUMBER 1
WATER LINES, MANHOLES, VALVES, AND FIRE HYDRANTS IN THE SYSTEM AS OF DECEMBER 31, 2019

WATER LINES DISCARDED AND INSTALLED IN 2019

ORIGINAL CONSTRUCTION (FEET)	DESTROYED OR ABANDONED IN 2019 (FEET)	BUILT IN 2019 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2019 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2019 (MILES)
9,683,294.6	102,535.7	109,295.5	9,690,054.4	1,835.238

WATER MANHOLES REMOVED AND INSTALLED IN 2019

ORIGINAL CONSTRUCTION	REMOVED IN 2019	BUILT IN 2019	REMAINING IN THE SYSTEM AS OF 12/31/2019
30,650	67	279	30,862

WATER VALVES REMOVED AND INSTALLED IN 2019

ORIGINAL CONSTRUCTION	REMOVED IN 2019	INSTALLED IN 2019	REMAINING IN THE SYSTEM AS OF 12/31/2019
29,990	142	468	30,316

FIRE HYDRANTS REMOVED AND INSTALLED IN 2019

ORIGINAL CONSTRUCTION	REMOVED IN 2019	INSTALLED IN 2019	REMAINING IN THE SYSTEM AS OF 12/31/2019
23,264	270	270	23,264

DETAILS OF WATER LINES, MANHOLES, VALVES, AND FIRE HYDRANTS INSTALLED (CONSTRUCTED) IN 2019

ITEMS	BOARD FUNDED	BY OTHERS	TOTAL FEET	TOTAL MILES
2" P.V.C	2,024.8	6.0	2,030.8	0.385
4" P.V.C	733.7	125.0	858.7	0.163
6" P.V.C	3,251.5	448.0	3,699.5	0.700
8" P.V.C	75,213.4	2,072.6	77,286.0	14.638
12" P.V.C	9,616.2	238.4	9,854.6	1.866
16" P.V.C	617.0	0.0	617.0	0.117
20" P.V.C	1,960.0	0.0	1,960.0	0.371
36" P.V.C	660.5	0.0	660.5	0.125
12" PLASTIC	12.0	0.0	12.0	0.002
4" DUCTILE IRON	480.8	0.0	480.8	0.091
6" DUCTILE IRON	352.9	247.8	600.7	0.114
8" DUCTILE IRON	5,934.3	83.0	6,017.3	1.140
12" DUCTILE IRON	4,949.0	0.0	4,949.0	0.937
16" DUCTILE IRON	142.0	0.0	142.0	0.027
20" DUCTILE IRON	30.0	0.0	30.0	0.006
36" DUCTILE IRON	14.0	0.0	14.0	0.003
48" DUCTILE IRON	12.0	0.0	12.0	0.002
16" STEEL	70.0	0.0	70.0	0.013
TOTAL WATER LINES CONSTRUCTED IN 2019	106,074.1	3,220.8	109,294.9	20.700
WATER MANHOLES CONSTRUCTED IN 2019	BOARD FUNDED	BY OTHERS	TOTAL MANHOLES BUILT IN 2019	
	245	34	279	
WATER VALVES INSTALLED IN 2019	BOARD FUNDED	BY OTHERS	TOTAL WATER VALVES INSTALLED IN 2019	
	447	21	268	
FIRE HYDRANTS INSTALLED IN 2019	BOARD FUNDED	BY OTHERS	TOTAL FIRE HYDRANTS INSTALLED IN 2019	
	266	4	270	

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2019 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2019
WATER TABULATION NUMBER 2

LENGTH OF WATER LINES OF EACH SIZE AND MATERIAL, NUMBER OF VALVES OF EACH SIZE, BOTH GATE AND CHECK,
ORIGINALLY INSTALLED, THE QUANTITIES DISCARDED OR BUILT, AND THE QUANTITIES NOW REMAINING IN THE DISTRIBUTION SYSTEM

WATER LINES				
SIZE	MATERIAL	TOTAL LENGTH IN SYSTEM AS OF 12/31/2018	DESTROYED OR ABANDONED IN 2019	NOW REMAINING IN THE SYSTEM AS OF 12/31/2019
54"	Concrete Pipe	7,535.1		
50"	Steel Pipe	88,374.0		
48"	Cast Iron Pipe	12,759.3	12.0	12,747.3
48"	Steel Pipe	36,637.1		
48"	Concrete Pipe	4,982.9		
48"	Ductile Iron Pipe		12.0	12.0
43"	Cast Iron Pipe	11,170.1		
42"	Cast Iron Pipe	4,349.6		
42"	Concrete Pipe	9,361.9		
36"	Cast Iron Pipe	4,523.3	14.0	4,509.3
36"	Steel Pipe	16,922.0		
36"	Concrete Pipe	37,374.7		
36"	Ductile Iron Pipe		14.0	14.0
36"	P.V.C. Pipe		660.5	660.5
36"	Prestressed Concrete	675.0		
30"	Cast Iron Pipe	59,740.1		
30"	Ductile Iron Pipe	296.0		
30"	Steel Pipe	19,863.1		
30"	Concrete Pipe	71,216.4		
30"	Prestressed Concrete	36,654.4		
30"	Reinforced Concrete	3,919.6		
30"	P.V.C. Pipe	3,716.1		
24"	Cast Iron Pipe	30,090.0		
24"	P.V.C. Pipe	1,372.0		
24"	Ductile Iron Pipe	140.0		
24"	Concrete Pipe	4,062.5		
20"	P.V.C. Pipe	12,320.5		1,960.0
20"	Cast Iron Pipe	85,767.9		
20"	Ductile Iron Pipe	10,441.4		30.0
20"	Concrete Pipe	18,755.8		
20"	Prestressed Concrete	212.5		
20"	Asbestos Cement	12,688.0		
18"	Reinforced Concrete	970.5		
16"	Steel Pipe			70.6
16"	Cast Iron Pipe	112,441.7	90.0	112,351.7
16"	Ductile Iron Pipe	6,702.7		142.0
16"	Concrete Pipe	5,681.6		
16"	Asbestos Cement	63,245.6		
16"	P.V.C. Pipe	14,649.0		617.0
15"	Reinforced Concrete	1,069.3		
12"	Plastic Pipe			12.0
12"	Cast Iron Pipe	836,515.7	16,377.0	820,138.7
12"	Ductile Iron Pipe	22,587.1	740.0	4,949.0
12"	Steel Pipe	1,272.9		
12"	Asbestos Cement	357,603.6	2,460.6	355,143.0
12"	P.V.C. Pipe	259,531.7		9,854.6
10"	Cast Iron Pipe	10,271.7	192.0	10,079.7
10"	Ductile Iron Pipe	670.0		
10"	Asbestos Cement	12,763.6		
10"	P.V.C. Pipe	7,896.0		
8"	Cast Iron Pipe	108,455.2	8,364.0	100,091.2
8"	Ductile Iron Pipe	46,790.3	23.0	6,017.3
8"	Asbestos Cement	693,077.5	572.0	692,505.5
8"	P.V.C. Pipe	928,031.6	2,143.0	77,286.0
8"	Plastic Pipe	318,036.5		
6"	Cast Iron Pipe	2,430,930.7	51,741.0	2,379,189.7
6"	Ductile Iron Pipe	25,961.6	1,492.0	600.7
6"	Asbestos Cement	1,034,080.7	13,304.0	1,020,776.7
6"	P.V.C. Pipe	316,051.5	358.4	3,699.5
6"	Plastic Pipe	121,385.5	48.7	
4"	Cast Iron Pipe	1,166,342.5	4,322.0	1,162,020.5
4"	Ductile Iron Pipe	6,638.1		480.8
4"	Asbestos Cement	22,250.8		
4"	P.V.C. Pipe	28,282.4	256.0	858.7
4"	Plastic Pipe	3,833.1		
3"	Galvanized Steel	3,361.7		
2"	Cast Iron Pipe	7,909.9		
2"	Galvanized Steel	9,620.0		
2"	P.V.C. Pipe	87,114.4		2,030.8
1"	Galvanized Steel	5,346.6		
Total Linear Feet		9,683,294.6	102,535.7	109,295.5
Total Miles		1,833.957	19.420	20.700

VALVES				
SIZE	EXISTING IN SYSTEM AS OF 12/31/2018	REMOVED IN 2019	INSTALLED IN 2019	REMAINING IN SYSTEM AS OF 12/31/2019
48"	16			
42"	4			
36"	18			
30"	66			
24"	39			
20"	133		3	136
16"	193	2	1	192
14"	3			
12"	2,326	20	51	2,357
10"	72			
8"	6,866	54	204	7,016
6"	13,097	63	154	13,188
4"	7,263	2	85	7,346
Total	30,096	141	498	30,453

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Table of Rainfall of New Orleans

December 31, 2019

YEAR No.	YEAR	JANUARY			FEBRUARY			MARCH			APRIL			MAY			JUNE			JULY			AUGUST			SEPTEMBER			OCTOBER			NOVEMBER			DECEMBER			ANNUAL	MONTHLY	EXCES S OR DEF.
		AMO UNT	AL TO DATE	E	AMO UNT	AL TO DATE	E	AMO UNT	AL TO DATE	E	AMO UNT	AL TO DATE	E	AMO UNT	AL TO DATE	E	AMO UNT	AL TO DATE	E	AMO UNT	AL TO DATE	E	AMO UNT	AL TO DATE	E	AMO UNT	AL TO DATE	E	AMO UNT	AL TO DATE	E	AMO UNT	AL TO DATE	E						
117	2010	1.75	5.91	7.66	2.74	10.40	2.97	13.37	6.12	19.49	7.24	26.73	5.62	32.35	9.58	41.93	2.26	44.19	0.39	44.58	2.32	46.90	1.58	48.49	4.04	-10.72														
	total	535.36	536.82	1076.45	589.59	1666.04	561.82	2234.81	563.24	2798.09	655.15	3461.28	757.87	4219.15	592.32	4911.47	655.74	5567.19	376.29	5945.47	425.10	6373.64	556.23	6927.21																
	avg.	4.58	4.61	9.20	5.04	14.24	4.80	19.10	4.81	23.92	5.60	29.58	6.48	36.06	5.92	41.98	5.60	47.58	3.23	50.82	3.63	54.48	4.75	59.21																
118	2011	2.99	1.59	4.59	6.49	11.08	0.27	11.35	0.90	12.25	4.18	16.42	11.48	27.91	1.57	29.48	9.99	39.47	0.14	39.61	1.66	41.27	0.78	42.04	3.50	-17.02														
	total	538.35	540.42	1081.04	596.08	1677.12	562.09	2246.17	564.13	2810.34	659.33	3477.71	769.35	4247.06	693.89	4940.95	665.73	5606.66	378.43	5985.08	426.76	6414.91	557.00	6969.26																
	avg.	4.56	4.58	9.16	5.05	14.21	4.76	19.04	4.78	23.82	5.59	29.47	6.52	35.99	5.88	41.87	5.64	47.51	3.21	50.72	3.62	54.36	4.72	59.06																
119	2012	1.74	3.38	5.12	6.16	11.28	8.14	19.42	2.45	21.87	4.84	26.71	12.89	39.60	17.79	57.39	3.83	61.22	0.15	61.36	2.13	63.50	2.30	66.80	5.48	6.68														
	total	540.09	543.79	1086.16	602.24	1688.39	570.23	2265.58	566.58	2832.21	664.17	3504.42	782.25	4286.66	711.68	4996.34	669.55	5667.88	378.57	6046.45	428.90	6478.40	559.30	7035.06																
	avg.	4.54	4.57	9.13	5.06	14.19	4.79	19.04	4.76	23.80	5.58	29.45	6.57	36.02	5.98	42.00	5.63	47.63	3.18	50.81	3.60	54.44	4.70	59.12																
120	2013	5.14	6.82	11.96	0.55	12.51	12.51	25.01	4.51	29.52	4.55	34.08	4.43	38.51	4.58	43.09	5.44	48.53	2.19	50.72	2.81	53.53	4.48	58.01	4.83	-1.10														
	total	545.24	550.61	1098.12	602.78	1700.30	582.74	2290.60	571.09	2861.73	668.72	3538.49	786.68	4325.17	716.26	5041.43	674.99	5716.41	380.76	6097.17	431.71	6531.94	563.78	7093.07																
	avg.	4.54	4.59	9.15	5.02	14.17	4.86	19.09	4.76	23.85	5.57	29.49	6.56	36.04	5.97	42.01	5.62	47.54	3.17	50.81	3.60	54.43	4.70	59.11																
121	2014	2.72	6.54	9.26	6.44	15.70	2.19	17.89	7.68	25.57	6.41	31.98	6.49	38.47	4.74	43.21	4.20	47.41	1.94	49.35	1.47	50.82	3.70	54.52	4.54	-4.55														
	total	547.96	557.15	1107.37	609.22	1716.60	584.93	2308.48	578.78	2887.30	675.13	3570.47	793.17	4363.64	721.00	5084.64	679.19	5763.82	382.71	6146.52	433.17	6582.76	567.49	7147.60																
	avg.	4.53	4.60	9.15	5.03	14.19	4.83	19.08	4.78	23.86	5.58	29.51	6.56	36.06	5.96	42.02	5.61	47.63	3.16	50.80	3.58	54.40	4.69	59.07																
122	2015	4.76	1.65	6.41	4.21	10.62	11.29	21.91	6.86	28.78	2.75	31.53	4.32	35.85	2.59	38.45	4.15	42.60	5.21	47.81	5.52	53.33	6.76	60.09	5.01	1.01														
	total	552.72	558.80	1113.79	613.43	1727.22	596.22	2330.40	585.64	2916.08	677.88	3602.00	797.50	4399.50	723.59	5123.09	683.34	5806.41	387.92	6194.33	438.69	6636.08	574.25	7207.68																
	avg.	4.53	4.58	9.13	5.03	14.16	4.89	19.10	4.80	23.90	5.56	29.52	6.54	36.06	5.98	41.99	5.60	47.59	3.18	50.77	3.60	54.39	4.71	59.08																
123	2016	4.67	2.48	7.15	6.99	14.14	11.73	25.87	5.62	31.49	8.16	39.65	4.34	43.99	7.63	51.62	3.58	55.20	0.02	55.22	3.92	59.14	4.70	63.84	5.32	4.72														
	total	557.39	561.28	1118.67	620.42	1739.09	607.95	2356.27	591.26	2947.53	686.04	3633.57	801.84	4443.49	731.22	5174.71	686.92	5861.63	387.94	6249.57	442.61	6692.19	578.95	7271.13																
	avg.	4.53	4.56	9.09	5.04	14.14	4.94	19.16	4.81	23.96	5.58	29.54	6.52	36.13	5.94	42.07	5.58	47.66	3.15	50.81	3.60	54.41	4.71	59.11																
124	2017	5.21	1.70	6.91	4.46	11.37	5.50	16.87	10.56	27.43	10.84	38.27	6.79	45.06	14.13	59.19	1.47	60.66	7.16	67.82	0.22	68.04	5.01	73.05	6.09	13.82														
	total	562.60	562.98	1125.58	624.88	1750.46	613.45	2363.91	601.82	2965.73	696.89	3662.61	808.63	4471.24	745.35	5216.59	688.39	5904.98	395.10	6300.08	442.83	6742.91	583.96	7344.18																
	avg.	4.54	4.54	9.08	5.04	14.12	4.95	19.06	4.85	23.92	5.62	29.54	6.52	36.06	6.01	42.07	5.55	47.62	3.19	50.81	3.57	54.38	4.71	59.23																
125	2018	3.52	2.74	6.26	3.83	10.09	5.22	15.31	3.58	18.89	5.60	24.49	6.79	31.28	7.52	38.80	5.90	44.60	6.28	50.88	5.85	56.73	4.67	61.40	5.12	2.29														
	total	566.12	565.72	1131.84	628.71	1760.55	618.67	2379.22	605.40	2984.62	702.48	3657.10	815.42	4502.52	752.87	5255.39	694.19	5949.58	401.38	6350.96	448.69	6799.64	588.63	7388.27																
	avg.	4.53	4.53	9.05	5.03	14.08	4.95	19.03	4.84	23.88	5.62	29.50	6.52	36.02	6.02	42.04	5.55	47.60	3.21	50.81	3.59	54.40	4.71	59.11																
126	2019	2.78	4.73	7.51	1.65	9.16	8.36	17.52	8.26	25.78	3.23	29.01	13.52	42.53	6.9	49.43	0.62	50.05	7.67	57.72	1.00	58.72	2.75	61.47	5.12	2.35														
	total	568.90	570.45	1139.35	630.36	1769.71	627.03	2396.74	613.66	3010.40	705.71	3716.11	828.94	4545.05	759.77	5304.82	694.81	5999.63	409.05	6408.68	449.68	6858.36	591.38	7449.74																
	avg.	4.52	4.53	9.04	5.00	14.05	4.98	19.02	4.87	23.89	5.60	29.49	6.58	36.07	6.03	42.10	5.51	47.62	3.25	50.86	3.57	54.43	4.69	59.12																

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2019
COST OF OPERATIONS IDENTIFICATION PROGRAM
BENCHMARKING 2019

ADMINISTRATIVE OFFICER:

HUMAN RESOURCES:

Cost to Hire an Employee	\$	287.66
Employee Turnover Rate		18.79%

RISK MANAGEMENT:

Insurance Cost per Employee:

Workers' Compensation	\$	3,469,856
Auto Liability	\$	110,297
General Liability	\$	2,730,371

GENERAL SUPERINTENDENT:

ENGINEERING:

Total Capital Program Design and Construction Contracts Cost Growth		10.0%
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ENVIRONMENTAL:

Cost of Typical Industry Sampling Event	\$	1,893.78
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FACILITIES MAINTENANCE:

Cost to set 5/8" water meter	\$	124.50
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SUPPORT SERVICES:

Average Annual Maintenance Cost	\$	1,294.21
Per Piece of Equipment		20-25%

CHIEF CUSTOMER SERVICE OFFICER:

**CUSTOMER REVENUE MANAGEMENT/CUSTOMER
METER ASSURANCE/CUSTOMER EXPERIENCE:**

Cost to Read a Meter	\$	2.37
Cost to Render a Bill (Less Meter Reading)	\$	0.86
Cost to Manage a Customer by Phone	\$	3.11
Cost to Manage a Customer by Mail	\$	11.97
Cost to Manage a Walk-in Customer	\$	2.90
Cost to Process a Mail-in Payment	\$	1.09
Cost to Process a Walk-in Payment	\$	2.69

CHIEF FINANCIAL OFFICER:

OFFICE OF CONTROLLER:

Cost to Process a Miscellaneous Invoice	\$	44.37
Cost to Process a Vendor Invoice	\$	13.56
Cost to Process a Paycheck	\$	3.39

OFFICE OF PROCUREMENT:

Cost to Process a Sundry Purchase Order	\$	58.56
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THANK YOU!



We thank you for your time and interest in our 2019 CAFR. We thank our customers. We thank our men and women who serve to fulfill our mission of providing safe drinking water to everyone in New Orleans; removing waste water for safe return to the environment; draining away storm water; providing water for fire protection; providing information about products and services; and doing all of this continuously at a reasonable cost to the community.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

SINGLE AUDIT REPORTS

DECEMBER 31, 2019

SEWERAGE AND WATER BOARD OF NEW ORLEANS

SINGLE AUDIT REPORTS

DECEMBER 31, 2019

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Single Audit Reports

December 31, 2019

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**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 Members of the Board
Sewerage and Water Board of New Orleans:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Sewerage and Water Board of New Orleans (the "Board"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated August 18, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, 2019-003, and 2019-004 that we consider to be material weaknesses.

Compliance and Other Matters

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

The Board's Response to Findings

The Board's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

New Orleans, Louisiana
August 18, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Members of the Board
Sewerage and Water Board of New Orleans:

Report on Compliance for Each Major Federal Program

We have audited the Sewerage and Water Board of New Orleans' (the "Board") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended December 31, 2019. The Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. 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; and the audit requirements of Title 2 U.S. *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 the Board'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 the major federal program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board'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 the Board's internal control over compliance.

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 material weakness in internal control over compliance* is a deficiency, or 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, 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

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.

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

We have audited the financial statements of the Board as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated August 18, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards 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 and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Postlethwaite & Netterville

New Orleans, Louisiana
August 18, 2020

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program Title/Grant Name	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. Environmental Protection Agency:			
Pass-through program from:			
Louisiana Department of Environmental Quality			
Capitalization Grants for Clear Water			
State Revolving Funds	66.458	N/A	\$ 127,550
Total U.S. Environmental Protection Agency			127,550
U.S. Department of Homeland Security:			
Pass-through program from:			
State of Louisiana, Office of Homeland			
Security and Emergency Preparedness			
Disaster Grants - Public Assistance	97.036	1792-DR-LA, 1603-DR-LA- 0411, & various others	7,014,436
Hazard Mitigation Grant Program	97.039	1792-022-0002, 1603-071- 0039, & various others	15,449,565
Total U.S. Department of Homeland Security			22,464,001
Total Federal Awards Expended			\$ 22,591,551

See accompanying notes to the schedule of expenditures of federal awards.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Sewerage and Water Board of New Orleans (the "Board") under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Example Entity.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Board has elected not to use the 10% de minimus cost rate allowed under the Uniform Guidance.

(3) Relationship to Basic Financial Statements

Federal awards are included in the statement of net position and the statement of revenues, expenses and changes in net position as follows:

Capital contributions	S	22,464,001
Bonds payable		127,550
	S	<u>22,591,551</u>

(4) Bonds Payable to Pass-Through Entity Under Federal Program

The Board entered into an agreement with the Louisiana Department of Environmental Quality (LDEQ) whereby the LDEQ loaned the Board \$9,000,000 to fund sewer main replacements, point repairs, replacement of associated service connections and laterals, sewer line rehabilitation by cured in-place pipe lining and manhole rehabilitation. The loan was advanced in incremental amounts as project costs were incurred. The indebtedness to the LDEQ is evidenced through the Sewerage Service Subordinate Revenue Bonds, Series 2011. Annual principal payments are due beginning November 1, 2013 and continuing through November 1, 2032. Interest on the bonds is incurred at the rate of 0.45%, and the LDEQ administrative fee rate is 0.5%. Interest and administrative fee payments began on May 1, 2012 and are due semi-annually thereafter. As of December 31, 2019, \$6,040,000 is included in bonds payable on the financial statements. This is not a federal loan or loan guarantee program, and as a result, the outstanding liability is not included on the Schedule.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

(4) Bonds Payable to Pass-Through Entity Under Federal Program (continued)

The Board entered into an agreement with the Louisiana Department of Environmental Quality (LDEQ) whereby the LDEQ has committed to loan the Board up to \$10,000,000 to fund the rehabilitation of existing sanitary sewers, replacement of sanitary sewer service connections, excavation mainline sewer point repairs, full length mainline replacements, and manhole rehabilitation. The loan proceeds are provided to the Board in incremental amounts as project costs are incurred. The indebtedness to the LDEQ is evidenced through the Sewerage Service Revenue Bond, Series 2019. Annual principal payments are due beginning June 1, 2021 and continuing through June 1, 2040. Interest on the bonds is incurred at the rate of 0.45%, and the LDEQ administrative fee rate is 0.5%. Interest and administrative fee payments begin on June 1, 2020 and are due semi-annually thereafter. As of December 31, 2019, \$127,550 is included in bonds payable on the financial statements. This is not a federal loan or loan guarantee program, and as a result, only drawdowns on this bond during 2019 are included as federal expenditures on the Schedule for the year ended December 31, 2019.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

(1) Summary of Independent Auditors' Results

Financial Statements

- (a) The type of report issued on the basic financial statements: **Unmodified**
- (b) Internal control over financial reporting:
Material weakness(es) identified: **Yes**
Significant deficiency(ies) identified: **None reported**
- (c) Noncompliance which is material to the basic financial statements: **No**

Federal Awards

- (d) Internal control over major federal programs:
Material weakness(es) identified: **No**
Significant deficiency(ies) identified: **None reported**
- (e) Type of auditor's report issued on compliance for major federal programs: **Unmodified**
- (f) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?
No
- (g) Identification of major federal program:
CFDA No. 97.039 – Hazard Mitigation Grant
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
- (i) Auditee qualified as a low-risk auditee under the Uniform Guidance: **No**

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

(2) Findings relating to the basic financial statements reported in accordance with Government Auditing Standards

2019-001 Accounting and Financial Reporting

- Criteria: The Sewerage and Water Board should have systems of internal accounting control which ensures the financial statements and schedule of expenditures of federal awards are presented in accordance with U.S. generally accepted accounting principles on a timely basis.
- Condition: The Sewerage and Water Board does not have adequate policies, procedures, and related internal controls to prepare accurate and complete financial statements on a timely basis.
- Context/Cause: During our audit, we noted that the Sewerage and Water Board does not prepare certain account reconciliations and analysis of certain accounts on an on-going basis throughout the year. Certain reconciliations and analyses on significant accounts were not prepared until well after year-end. The resulting reconciliations and analyses when completed resulted in significant adjustments to its accounting records.
- Effect: The Sewerage and Water Board recorded material adjustments significantly after year-end to several major accounts for the financial statements to ensure the financial statements were presented in accordance with U.S. generally accepted accounting principles. The major accounts that required material adjustments included cash; grants receivable, miscellaneous accounts receivable; property, plant, and equipment; accounts payable; accrued salaries payable; accrued sick and annual leave; operating revenues; and operating expenses.
- Recommendations: The Sewerage and Water Board should evaluate its accounting and financial reporting function. Specifically, the Sewerage and Water Board should consider the following:
- Ensure adequate resources (both number and skill set) are dedicated to the accounting and reporting function.
 - Develop and implement policies, procedures, and related controls over account reconciliations and preparation of the financial statements and the schedule of expenditures of federal awards to ensure that accounts are reconciled timely. This process should include timely review of account reconciliations and analyses by someone other than the preparer to verify that there are no errors or significant unidentified variances.
 - Major accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least monthly.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

(2) Findings relating to the basic financial statements reported in accordance with Government Auditing Standards (continued)

2019-001 Accounting and Financial Reporting (continued)

- All remaining accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least quarterly. This includes reviewing asset and liability accounts that did not change since the prior period to determine if adjustments are required.
- Ensure that financial data from newer information technology (IT) systems (customer accounts and payroll) is properly transferred to the general ledger system in the correct account and correct general ledger accounts. Reconciliations should be performed at least monthly so that issues are identified and addressed with IT vendors more timely during the year to prevent or reduce the amount of time and research needed to resolve these issues during the audit.
- Adjustments identified as a result of these account reconciliations should be recorded on a timely basis.

Views of responsible
officials and planned

corrective actions: Management concurred with the finding and outlined a corrective action (See page 19).

2019-002 Customer Accounts, Receivable and Revenue

Criteria: The Board should have adequate internal controls in place to ensure customer accounts are billed correctly, recorded correctly in the accounting records, collection is appropriately pursued, and an adequate allowance for doubtful accounts is recorded in the financial statements.

Condition: The Board implemented a new customer billing system in October 2016 which substantially changed the billing processing environment from a once-daily batch update process to a real-time continuous update process. Following this conversion, the Board continued to work through various billing issues which included an increased in estimated bills, a high number of disputed billings, and late billings, which resulted in an increase in the adjustments required to customer accounts including invoice corrections. These conditions lead to the deterioration of collections from customers which adversely affected the Board's cash reserve position. Because of billing issues, the Board implemented a moratorium in November 2017 on its policy of shutting off water service for customers who did not pay their water bills. The Board resumed this policy in August 2018.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

2019-002 Customer Accounts, Receivable and Revenue (continued)

Beginning under new management in mid-2018, significant effort and resources were expended to improve the reliability of customer billings, resolve customer billing disputes, and accelerate collection efforts. These efforts included conclusions that a) significant adjustments were required for the years ended 2017, 2018, and 2019 to increase the allowance for doubtful accounts; and 2) under billing of certain accounts had also occurred in 2017 and 2018. The new management team also hired a third-party consultant to assess the billing system processes. One of the findings in the report of the consultant was that a significant percentage of system meters could not be read due to reasons such as damaged glass faces and capital expenditures would need to be made to make such meters readable and allow for accurate consumption measurements.

In addition, the Louisiana Legislative Auditor's Office (the LLA) conducted a performance audit of to the Board's customer billing system and issued the report titled "Implementation of New Billing System and Oversight of Billing Process" dated March 19, 2020. The LLA identified certain deficiencies including problems with implementation of the new billing system, including inadequate training of employees, timeliness of meter readings, and inaccurate calculation and tracking of free water consumption to ensure that customers eligible for free water will billed for consumption in excess of free water thresholds.

The Board continues to rely on the billing system IT vendor to investigate and resolve variances between data in the billing system and amounts recorded in the general ledger. The Board also continues to rely on the vendor to create custom reports out of the billing system for data analysis.

Context/Cause: (a) The Board balanced the new billing system to the old billing system at the time of cutover to the new system but did not perform monthly reconciliations throughout 2017, 2018, and 2019 to balance the new billing system to the general ledger. The reconciliations were performed after year-end. (b) In 2017, customer accounts receivable balances were not properly reconciled to the customer billing system resulting in significant adjustments. (c) The Board did not prepare timely and accurate bills when old customers moved out and did not aggressively pursue collection, which caused an increase in receivable reserves/write-offs, and billings were not started on a timely basis when new customers moved in, which delayed collection. (d) Timely reviews of customer billing to identify unusual invoice amounts and consumption to ensure completeness and accuracy of billing and payment activities were not being performed. (e) The Board is relying heavily on its external contractors to both generate billing reports and to review and reconcile such reports to its accounting records. Due to the numerous billing issues described above, the Board delayed its normal account collection procedures (which includes service cut-off) related to delinquent accounts, which resulted in slow collection of outstanding balances. Under the direction of new management of the Board in late 2018, significant effort and resources were

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

2019-002 Customer Accounts, Receivable and Revenue (continued)

expended. These efforts included: a) the hiring of a third-party consulting firm in order to assess the billing system and identify needed improvements; b) the hiring of external contractors to generate, review and reconcile billing reports to its accounting records; c) emphasis on resolving open customer disputes, d) identifying under billings that may have occurred and issuing corrected invoices; and e) re-instituting collection efforts in order to accelerate collections of amounts properly owed to the Board.

Effect: Collection of customer account balances remains below pre-billing system implementation rates. Thus, the allowance for doubtful account increased substantially on a year-over-year basis from 2018 to 2019. In addition, the Board continues to rely on external contractors to assist with certain functions related to billing and accounts receivable. Furthermore, the Board may not be in compliance with State laws and regulations for providing free water to various government entities in excess of the free water threshold.

Recommendations: The Board should evaluate and take appropriate action on the findings of the billing system assessment, specifically the need to replace or repair damaged meter glass faces to allow for the accurate reading of water consumption and, thus, improve the accuracy of billings. The Board should also develop procedures to ensure that unusual customer consumption and billings are reviewed timely and that collection efforts are improved. The Board may need to provide additional training or increase its staffing to reduce its dependency on third-party consultants and contractors. The Board should also reconcile the billing system to the general ledger system on a monthly basis. In addition, the Board should review relevant State laws and regulations to ensure compliance with those laws and regulations.

Views of responsible
officials and planned

corrective actions: Management concurred with the finding and outlined a corrective action (See page 19).

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

2019-003 Reconciliation of Construction in Progress (CIP)

Criteria:	The Sewerage and Water Board has a significant number of construction projects in progress. The Board should have systems of internal accounting control, which provide for proper accounting and financial reporting of capital assets, including the proper recording of the completion of construction projects.
Condition:	The Sewerage and Water Board did not have adequate policies, procedures, and internal controls in place to ensure that all construction projects that were substantially complete were closed out and transferred to depreciable assets on a timely basis.
Context:	During our audit, we noted that numerous projects that were complete and in-service had not been transferred to depreciable assets and depreciation expense for 2019 had not been recorded on these projects.
Cause:	The Board's present accounting system does not allow for open projects to be transferred to depreciable assets until all funding is finalized, which in many cases may occur significantly after the project is placed in-service. The Board does not have adequate processes and controls in place to ensure timely identification of when projects are placed in-service. The Board did not perform sufficient procedures to determine the projects that were completed, but had not been closed out from construction work-in-progress to the plant ledger.
Effect:	Significant adjustments were required and were made by the Board to transfer in-service assets from CIP to depreciable assets and to record 2019 depreciation expense on such assets.
Recommendations:	The Board should improve policies, procedures, and related internal controls to ensure that capital assets are properly classified. These controls should include maintaining accurate and complete CIP listings and appropriate review of depreciable asset and CIP balances to ensure proper accounting and financial reporting.
Views of responsible officials and planned corrective actions:	Management concurred with the finding and outlined a corrective action (See page 19).

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

2019-004 Pension Trust Fund Accounting and Financial Reporting

Criteria:	The Sewerage and Water Board should have systems of internal accounting control which ensures the pension trust fund is presented in accordance with U.S. generally accepted accounting principles on a timely basis.
Condition:	The Sewerage and Water Board does not have adequate policies, procedures, and related internal controls to prepare accurate and complete financial statements of the pension trust fund on a timely basis.
Context/Cause:	During our audit, we noted that certain significant accounts were not properly or periodically reconciled, and as a result, significant audit adjustments were required to true-up account balances including investments, revenues, and expenses. Internal controls were not in place to prevent or timely detect material misstatements. In addition, supporting schedules provided during the audit for certain accounts required revisions once reconciled to the general ledger.
Effect:	The Sewerage and Water Board recorded material adjustments after year-end to several major accounts for the pension trust fund to ensure the financial statements were presented in accordance with U.S. generally accepted accounting principles.
Recommendations:	<p>The Sewerage and Water Board should evaluate its accounting and financial reporting function for the pension trust fund. Specifically, the Sewerage and Water Board should consider the following:</p> <ul style="list-style-type: none">• Ensure adequate resources (both number and skill set) are dedicated to the accounting and reporting function.• Develop and implement policies, procedures, and related controls over account reconciliations and preparation of the pension fund financial statements to ensure that all accounts are reconciled timely throughout the year. This process should include timely review of account reconciliations and analyses by someone other than the preparer to verify that there are no errors or significant unidentified variances.• Major accounts of the pension trust fund should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least monthly. All remaining accounts of the pension trust fund should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least quarterly.

Views of responsible
officials and planned

corrective actions: Management concurred with the finding and outlined a corrective action (See page 19).

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings

Year ended December 31, 2019

Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

2018-001 Accounting and Financial Reporting

Criteria: The Sewerage and Water Board should have systems of internal accounting control which ensures the financial statements are presented in accordance with U.S. generally accepted accounting principles on a timely basis.

Condition: The Sewerage and Water Board does not have adequate policies, procedures, and related internal controls to prepare accurate and complete financial statements on a timely basis.

Recommendations: The Sewerage and Water Board should evaluate its accounting and financial reporting function. Specifically, the Sewerage and Water Board should consider the following:

- Ensure adequate resources (both number and skill set) are dedicated to the accounting and reporting function.
- Develop and implement policies, procedures, and related controls over account reconciliations and preparation of the financial statements to ensure that accounts are reconciled timely. This process should include timely review of account reconciliations and analyses by someone other than the preparer to verify that there are no errors or significant unidentified variances.
- Major accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least monthly.
- All accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least quarterly.
- Adjustments identified as a result of these account reconciliations should be recorded on a timely basis.

Status: Not resolved. See repeat finding 2019-001.

2018-002 Customer Accounts, Receivable and Revenue

Criteria: The Board should have adequate internal controls in place to ensure customer accounts are billed correctly, recorded correctly in the accounting records, collection is appropriately pursued, and an adequate allowance for doubtful accounts is recorded in the financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings

Year ended December 31, 2019

Findings relating to the basic financial statements reported in accordance with Government Auditing Standards (continued)

2018-002 Customer Accounts, Receivable and Revenue (continued)

Condition: The Board implemented a new customer billing system in October 2016 which substantially changed the billing processing environment from a once-daily batch update process to a real-time continuous update process. Following this conversion and throughout 2018, customer billings were not always being sent on a timely basis, a high number of disputed billings occurred, and collection of customer accounts deteriorated. These conditions also adversely affected the Board's cash reserve position. Beginning under new management in mid-2018, significant effort and resources were expended to improve the reliability of customer billings, resolve customer billing disputes, and accelerate collection efforts. These efforts included conclusions that a) significant adjustments were required for both the 2017 and 2018 fiscal years to increase the allowance for doubtful accounts; and 2) under billing of certain accounts had also occurred. The new management team also hired a third-party consultant to assess the billing system processes. One of the findings in the report of the consultant was that a significant percentage of system meters could not be read due to reasons such as damaged glass faces and capital expenditures would need to be made to make such meters readable and allow for accurate consumption measurements.

Recommendations: The Board should evaluate and take appropriate action on the findings of the billing system assessment, specifically the need to replace or repair damaged meter glass faces to allow for the accurate reading of water consumption and, thus, improve the accuracy of billings. The Board should also develop procedures to ensure that unusual customer consumption and billings are reviewed timely and that collection efforts are improved. The Board may need to provide additional training or increase its staffing to reduce its dependency on third-party consultants and contractors. The Board should also reconcile the billing system to the general ledger system on a monthly basis.

Status: Not resolved. See repeat finding 2019-002.

2018-003 Reconciliation of Construction in Progress (CIP)

Criteria: The Sewerage and Water Board has a significant number of construction projects in progress. The Board should have systems of internal accounting control, which provide for proper accounting and financial reporting of capital assets, including the proper recording of the completion of construction projects.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings

Year ended December 31, 2019

Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards* (continued)

2018-003 Reconciliation of Construction in Progress (CIP) (continued)

Condition:	The Sewerage and Water Board did not have adequate policies, procedures, and internal controls in place to ensure that all construction projects that were substantially complete were closed out and transferred to depreciable assets on a timely basis.
Recommendations:	The Board should improve policies, procedures, and related internal controls to ensure that capital assets are properly classified. These controls should include maintaining accurate and complete CIP listings and appropriate review of depreciable asset and CIP balances to ensure proper accounting and financial reporting.
Status:	Not resolved. See repeat finding 2019-003.



"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board *OF NEW ORLEANS*

625 ST. JOSEPH STREET
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52-WATER
www.swbno.org

August 18, 2020

RE: Corrective Action Plan for Findings in 2019 Audit

This letter is intended to document the Corrective Action Plan for findings **2019-001, 2019-002, 2019-003 and 2019-004** contained in the 2019 Audit.

2019-001 Accounting and Financial Reporting

- Criteria: The Sewerage and Water Board should have systems of internal accounting control which ensures the financial statements and schedule of expenditures of federal awards are presented in accordance with U.S. generally accepted accounting principles on a timely basis.
- Condition: The Sewerage and Water Board does not have adequate policies, procedures, and related internal controls to prepare accurate and complete financial statements on a timely basis.
- Context/Cause: During our audit, we noted that the Sewerage and Water Board does not prepare certain account reconciliations and analysis of certain accounts on an on-going basis throughout the year. Certain reconciliations and analyses on significant accounts were not prepared until well after year-end. The resulting reconciliations and analyses when completed resulted in significant adjustments to its accounting records.
- Effect: The Sewerage and Water Board recorded material adjustments significantly after year-end to several major accounts for the financial statements to ensure the financial statements were presented in accordance with U.S. generally accepted accounting principles. The major accounts that required material adjustments included cash; grants receivable, miscellaneous accounts receivable; property, plant, and equipment; accounts payable; accrued salaries payable; accrued sick and annual leave; operating revenues; and operating expenses.
- Recommendations: The Sewerage and Water Board should evaluate its accounting and financial reporting function. Specifically, the Sewerage and Water Board should consider the following:
- Ensure adequate resources (both number and skill set) are dedicated to the accounting and reporting function.

- Develop and implement policies, procedures, and related controls over account reconciliations and preparation of the financial statements and the schedule of expenditures of federal awards to ensure that accounts are reconciled timely. This process should include timely review of account reconciliations and analyses by someone other than the preparer to verify that there are no errors or significant unidentified variances.
- Major accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least monthly.
- All remaining accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least quarterly. This includes reviewing asset and liability accounts that did not change since the prior period to determine if adjustments are required.
- Ensure that financial data from newer information technology (IT) systems (customer accounts and payroll) is properly transferred to the general ledger system in the correct account and correct general ledger accounts. Reconciliations should be performed at least monthly so that issues are identified and addressed with IT vendors more timely during the year to prevent or reduce the amount of time and research needed to resolve these issues during the audit.
- Adjustments identified as a result of these account reconciliations should be recorded on a timely basis.

Corrective
Action Plan:

Management concurred with the findings and will continue to make improvements to the preparation and review of the financial statements and the schedule of expenditures of federal awards. We will continue to have supervisors in place with appropriate skills and knowledge to review the reconciliations and follow up on any unresolved differences in a timely manner. We have implemented a procedure that all non-standard entries to the accounts are reviewed and approved by an accounting supervisor. Financial controls have been modified so that account reconciliations are routinely conducted and reviewed by someone other than the preparer and variances corrected timely. We will continue to limit the number of accounting staff with authority to record journal entries to ensure that the review process improves.

Manual processes will remain necessary until we are able to eliminate the existing 25+ year old financial system. Through the Request for Proposal (RFP) process, we intend on replacing this legacy system, as funding permits. We are still working on the process of implementing a software system that will perform invoice tracking and reconciliation. In the meantime, we have instituted a process to allow our vendors to submit invoices directly to the Finance Department for tracking purposes. The Finance Administrator, is responsible for ensuring that this is accomplished.

2019 -002 Customer Accounts, Receivable and Revenue

Criteria: The Board should have adequate internal controls in place to ensure customer accounts are billed correctly, recorded correctly in the accounting records, collection is appropriately pursued, and an adequate allowance for doubtful accounts is recorded in the financial statements.

Condition: The Board implemented a new customer billing system in October 2016 which substantially changed the billing processing environment from a once-daily batch update process to a real-time continuous update process. Following this conversion, the Board continued to work through various billing issues which included an increase in estimated bills, a high number of disputed billings, and late billings, which resulted in an increase in the adjustments required to customer accounts including corrections. These conditions lead to the deterioration of collections from customers which adversely affected the Board's cash reserve position. Because of billing issues, the Board implemented a moratorium in November 2017 on its policy of shutting off water service for customers who did not pay their water bills. The Board resumed this policy in August 2018.

Beginning under new management in mid-2018, significant effort and resources were expended to improve the reliability of customer billings, resolve customer billing disputes, and accelerate collection efforts. These efforts included conclusions that a) significant adjustments were required for the years ended 2017, 2018, and 2019 to increase the allowance for doubtful accounts; and b) under billing of certain accounts had also occurred in 2017 and 2018. The new management team also hired a third-party consultant to assess the billing system processes. One of the findings in the report of the consultant was that a significant percentage of system meters could not be read due to reasons such as damaged glass faces and capital expenditures would need to be made to make such meters readable and allow for accurate consumption measurements.

In addition, the Louisiana Legislative Auditor's Office (the LLA) conducted a performance audit of the Board's customer billing system and issued the report titled "Implementation of New Billing System and Oversight of Billing Process" dated March 19, 2020. The LLA identified certain deficiencies including problems with implementation of the new billing system, including inadequate training of employees, timeliness of meter readings, and inaccurate calculation and tracking of free water consumption to ensure that customers eligible for free water will be billed for consumption in excess of free water thresholds.

The Board continues to rely on the billing system IT vendor to investigate and resolve variances between data in the billing system and amounts recorded in the general ledger. The Board also continues to rely on the vendor to create custom reports out of the billing system for data analysis.

Context/Cause: (a) The Board balanced the new billing system to the old billing system at the time of cutover to the new system but did not perform monthly reconciliations throughout 2017, 2018 and 2019 to balance the new billing system to the general ledger. (b) In 2017, customer accounts receivable balances were not properly reconciled to the customer billing system resulting in significant adjustments. (c) The Board did not prepare timely and accurate bills when old customers moved out

and did not aggressively pursue collection, which caused an increase in receivable reserves/write-offs, and billings were not started on a timely basis when new customers moved in, which delayed collection. (d) Timely reviews of customer billing to identify unusual billing amounts and consumption to ensure completeness and accuracy of billing and payment activities were not being performed. (e) The Board is relying heavily on its external contractors to both generate billing reports and to review and reconcile such reports to its accounting records. Due to the numerous billing issues described above, the Board delayed its normal account collection procedures (which includes service cut-off) related to delinquent accounts, which resulted in slow collection of outstanding balances. Under the direction of new management of the Board in late 2018, significant effort and resources were expended. These efforts included: a) the hiring of a third-party consulting firm in order to assess the billing system and identify needed improvements; b) the hiring of external contractors to generate, review and reconcile billing reports to its accounting records; c) emphasis on resolving open customer disputes, d) identifying under billings that may have occurred and issuing corrected billings; and e) re-instituting collection efforts in order to accelerate collections of amounts properly owed to the Board.

Effect: Collection of customer account balances remains below pre-billing system implementation rates. Thus, the allowance for doubtful accounts increased substantially on a year-over-year basis from 2018 to 2019. In addition, the Board continues to rely on external contractors to assist with certain functions related to billing and accounts receivable. Furthermore, the Board may not be in compliance with State laws and regulations for providing free water to various government entities in excess of the free water threshold.

Recommendations: The Board should evaluate and take appropriate action on the findings of the billing system assessment, specifically the need to replace or repair damaged meter glass faces to allow for the accurate reading of water consumption and, thus, improve the accuracy of billings. The Board should also develop procedures to ensure that unusual customer consumption and billings are reviewed timely and that collection efforts are improved. The Board may need to provide additional training or increase its staffing to reduce its dependency on third-party consultants and contractors. The Board should also reconcile the billing system to the general ledger system on a monthly basis. In addition, the Board should review relevant State laws and regulations to ensure compliance with those laws and regulations.

Corrective Action Plan: Management concurred with these findings and has already implemented significant changes as noted in the context/cause discussion. The backlog of customer investigations filed prior to June 22, 2018 was eliminated, and the number of transfer accounts was reduced from a high of over 12,000 to less than 400 on any given day, with the average transfer time now at approximately 2 weeks. Additional tools have been identified including the ability to run monthly billing reports that are reconciled to the general ledger. These billing details can be reviewed for various dollar amounts, usage, estimates versus actuals, number of customers billed, etc. High customer consumption and billings are flagged and reviewed by a team and routing sequencing has been improved to reduced opportunities for reading input errors. Monthly billing statistics are provided to the leadership and are collections are showing signs of improvement as we utilize all of the tools in the collections tool

box. As a part of a longer term strategy, a Chief of Customer Service was recruited and hired to focus solely on all aspects of customer service delivery as a part of the executive team in 2020. Free water service places undue financial burden on this utility. We are working with our customers, our state legislators, and other stakeholders to reach an equitable solution to laws and processes that, in some cases, were enacted 40 years ago. Meanwhile, we have designated an internal team with the responsibility of researching these special, statutorily mandated accounts to ensure they are paying what they owe under the law. The Chief Financial Officer is currently responsible for ensuring that this is accomplished.

2019-003-Reconciliation of Construction in Progress (CIP)

Criteria:	The Sewerage and Water Board has a significant number of construction projects in progress. The Board should have systems of internal accounting control, which provide for proper accounting and financial reporting of capital assets, including the proper recording of the completion of construction projects.
Condition:	The Sewerage and Water Board did not have adequate policies, procedures, and internal controls in place to ensure that all construction projects that were substantially complete were closed out and transferred to depreciable assets on a timely basis.
Context:	During our audit, we noted that numerous projects that were complete and in-service had not been transferred to depreciable assets and depreciation expense for 2018 had not been recorded on these projects.
Context/Cause:	The Board's present accounting system does not allow for open projects to be transferred to depreciable assets until all funding is finalized, which in many cases may occur significantly after the project is placed in-service. The Board does not have adequate processes and controls in place to ensure timely identification of when projects are placed in-service. The Board did not perform sufficient procedures to determine the projects that were completed, but had not been closed out from construction work-in-progress to the plant ledger.
Effect:	Significant adjustments were required and were made by the Board to transfer in-service assets from CIP to depreciable assets and to record 2018 depreciation expense on such assets.
Recommendations:	The Board should improve policies, procedures, and related internal controls to ensure that capital assets are properly classified. These controls should include maintaining accurate and complete CIP listings and appropriate review of depreciable asset and CIP balances to ensure proper accounting and financial reporting.
Corrective Action Plan:	Management concurred with these findings and will implement additional processes to ensure that assets are properly classified in CIP and Plant in service. Accounting will meet with Engineers and the Project Delivery Unit quarterly to get status updates on all projects that have three months of inactivity. If necessary, any projects with six months of no activity will continue to be closed on a quarterly basis. Projects that are completed, but not finalized, will be manually closed and transferred to a

depreciable asset in Plant in Service. However, due to the limitations of the existing legacy financial system, tracking will be done manually in a separate database. The changes needed to accomplish these recommendations will be implemented no later than December 31, 2020. The Finance Administrator is responsible for ensuring that this is accomplished.

2019-004 Pension Trust Fund Accounting and Financial Reporting

Criteria:	The Sewerage and Water Board should have systems of internal accounting control which ensures the pension trust fund is presented in accordance with U.S. generally accepted accounting principles on a timely basis.
Condition:	The Sewerage and Water Board does not have adequate policies, procedures, and related internal controls to prepare accurate and complete financial statements of the pension trust fund on a timely basis.
Context/Cause:	During our audit, we noted that certain significant accounts were not properly or periodically reconciled, and as a result, significant audit adjustments were required to true-up account balances including investments, revenues, and expenses. Internal controls were not in place to prevent or timely detect material misstatements. In addition, supporting schedules provided during the audit for certain accounts required revisions once reconciled to the general ledger.
Effect:	The Sewerage and Water Board recorded material adjustments after year-end to several major accounts for the pension trust fund to ensure the financial statements were presented in accordance with U.S. generally accepted accounting principles.
Recommendations:	<p>The Sewerage and Water Board should evaluate its accounting and financial reporting function for the pension trust fund. Specifically, the Sewerage and Water Board should consider the following:</p> <ul style="list-style-type: none">• Ensure adequate resources (both number and skill set) are dedicated to the accounting and reporting function.• Develop and implement policies, procedures, and related controls over account reconciliations and preparation of the pension fund financial statements to ensure that all accounts are reconciled timely throughout the year. This process should include timely review of account reconciliations and analyses by someone other than the preparer to verify that there are no errors or significant unidentified variances.• Major accounts of the pension trust fund should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least monthly. All remaining accounts of the pension trust fund should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least quarterly.

Corrective
Action Plan

Management concurred with these findings and will evaluate its accounting and financial reporting processes of the Pension Trust Fund. We will have adequate staff with the proper skill set to ensure that policies and procedures are set in place for accurate account reconciliations on a monthly basis of the major accounts of the Pension Fund and the remaining accounts will be reconciled quarterly to also ensure that the Pension Fund financial statements are accurate. The Finance Administrator and/or the Chief Financial Officer will be responsible to ensure that this is accomplished.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ghassan Korban", with a stylized, cursive script.

Ghassan Korban
Executive Director

SEWERAGE AND WATER BOARD OF NEW ORLEANS

REPORT ON STATEWIDE

AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL

AREAS

FOR THE YEAR ENDED DECEMBER 31, 2019

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the Sewerage and Water Board of New Orleans
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by the Sewerage and Water Board of New Orleans (the Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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

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

Postlethwaite & Netterville

New Orleans, Louisiana
August 18, 2020

SEWERAGE AND WATER BOARD OF NEW ORLEANS
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2019

Schedule A

Written Policies and Procedures

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2019

Schedule A

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

No exceptions noted.

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

Exception identified: No written policies regarding (4) the requirement that all employees including elected officials annually attest through signature verification that they have read the Entity's ethics policy.

Management's response: The Board will update its written policies to include that employees annually attest through signature verification that they have read the ethics policy.

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

No exceptions noted.

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

No exceptions noted.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2019

Schedule A

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedures outlined in c) were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Bank Reconciliations

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

A listing of bank accounts was provided and included a total of 30 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and 4 other) and obtained the bank reconciliations for certain months, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Collections

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

A listing of deposit sites was provided and included a total of 3 deposit sites. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 3 deposit sites and performed the procedures below.

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

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 5 collection locations. No exceptions were noted as a result of performing this procedure.

From the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

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

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 postings to each other and to the deposit.

No exceptions noted.

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- 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.

No exceptions noted.

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

The Entity stated that all employees who have access to cash are bonded and/or covered under the Entity's insurance policy.

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

We selected two deposit dates for each of the 5 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

For 2 of the 10 deposits selected for testing, deposits were made within 2 and 7 days of collection.

Management's response: *Management is in agreement and will more closely adhere to its policies and procedures going forward.*

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

No exceptions noted.

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

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

From each of the listing provided, we selected 5 disbursements and performed the procedures below.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

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

Management represented that the Entity does not have credit cards, debit cards, fuel cards, or P-cards, and as a result these procedures are not applicable.

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

These procedures are not applicable to the Entity.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

These procedures are not applicable to the Entity.

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

These procedures are not applicable to the Entity.

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

These procedures are not applicable to the Sewerage and Water Board.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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Contracts

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

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Payroll and Personnel

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

19. Obtain 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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Ethics

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

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

For 3 out of the 5 employees, evidence of employee/official completed one hour of ethics training during the fiscal period was unable to be obtained.

Management’s response: *Management is in agreement and will more closely adhere to its policies and procedures in the future.*

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

For all 5 employees/officials selected for our procedures, signature verification evidencing that the employee/official had read the Entity’s ethics policy during the fiscal period could not be obtained.

Management’s response: *Management is in agreement with the exceptions identified. Acknowledgements of policies are currently kept on file by the department manager for their direct reports. PowerDMS has not been implemented yet for tracking of policy acknowledgements due to the COVID pandemic and coordination of training with all board employees. Management is working to get everyone trained on the PowerDMS software and signing capability prior to the end of the year for implementation next year.*

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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Other

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

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.