

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

FINANCIAL STATEMENTS

For the Year Ended December 31, 2018



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Report



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downtown Development District of the City of New Orleans (the "District"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District'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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider internal control relevant to the District'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 District'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 governmental activities, each major fund, and aggregate remaining fund information of the District as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and page 32 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The nonmajor fund financial statements and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor fund financial statements and schedule of compensation, benefits and other payments to agency head 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 nonmajor fund financial statements and the schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

June 26, 2019



Management's Discussion and Analysis

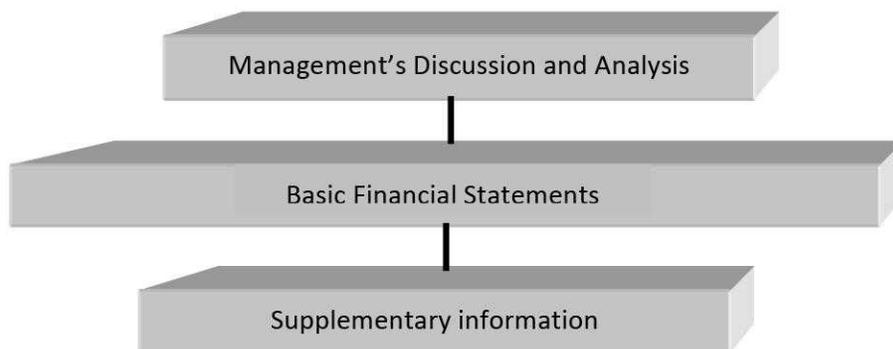
THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- Despite the fact that the liability for the District's series 2001 bonds, which were used for various capital improvements to the infrastructure in the vicinity of Canal Street and other areas of the District, was recorded on the District's government-wide financial statements while the resulting assets are included in the capital assets of the City of New Orleans; assets exceeded liabilities at the close of the most recent fiscal year by \$439,029 as outlined on the statement of net position. As of December 31, 2018, the District had a net position balance of \$439,029 as compared to a balance of \$1,269,268 as of December 31, 2017.
- The District's total net position decreased by \$830,239 during 2018, as compared to an increase of \$671,528 in the prior year. The decrease in 2018 net position was primarily related to an increase in capital assets, due to investments in Duncan Plaza and \$1,000,000 investment in the construction of the low barrier shelter for the homeless.
- Revenues increased by \$269,013 during 2018, mainly due to an increase in property tax revenue and interest earned.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,311,145 a decrease of \$1,514,785 from the prior year balance of \$4,825,930.

The following graphic illustrates the minimum requirements for the District established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.





THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

Notes to the Financial Statements

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

Financial Analysis of the District

Statement of Net Position				
As of December 31, 2018 and 2017				
	2018	2017 (as restated)	\$ Variance	% Variance
Assets:				
Current and other assets	\$ 4,233,412	\$ 5,255,177	\$ (1,021,765)	(19.4)%
Capital assets, net	453,670	108,226	345,444	319.2
Total assets	4,687,082	5,363,403	(676,321)	(12.6)
Liabilities:				
Current liabilities	1,373,053	849,135	523,918	61.7
Long-term liabilities	2,875,000	3,245,000	(370,000)	(11.4)
Total liabilities	4,248,053	4,094,135	153,918	3.8
Net position:				
Invested in capital assets, net	453,670	108,226	345,444	319.2
Reserved for debt service	231,071	231,071	0	0.0
Unrestricted	(245,712)	929,971	(1,147,229)	(123.4)
Total net position	\$ 439,029	\$ 1,269,268	\$ (830,239)	(65.4)%

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The District's total assets decreased by \$676,321 which was the result of investment in the low barrier shelter for the homeless, and a surplus in current year operations. Total liabilities increased by \$153,918 due to outstanding payments on the operation of the low barrier shelter which began operation in 2018 and decreases in the bonds payable.

Statement of Activities
For the years ended December 31, 2018 and 2017

	2018	2017	\$ Variance	% Variance
Revenues:				
Program revenues:				
Operating grants and contributions	\$ 190,446	\$ 171,004	\$ 19,442	11.4%
General revenues:				
Ad valorem taxes	7,436,948	7,212,367	224,581	3.1
Interest income	60,317	35,352	24,965	70.6
Gain on disposal of assets	75	50	25	50.0
Total revenues	7,687,786	7,418,773	269,013	3.6
Expenses				
Administration	1,197,522	1,044,673	152,849	14.6
Communication and events	688,820	653,262	35,558	5.4
Economic development	587,590	706,127	(118,537)	(16.8)
Public space operations	3,627,994	2,431,859	1,196,135	49.2
Public safety	2,319,887	1,754,345	565,542	32.2
Interest on long-term debt	96,212	156,979	(60,767)	(38.7)
Total expenses	8,518,025	6,747,245	1,770,780	26.2
Change in net position	(830,239)	671,528	(1,501,765)	(223.6)
Net position, beginning of year (as restated)	1,269,268	597,742	671,526	112.3
Net position, end of year	\$ 439,029	\$ 1,269,268	\$ (830,239)	(65.4)%

The largest source of revenue for the District was ad valorem (property) taxes. The largest source of internal revenues were the Downtown NOLA Awards and the Home for the Holidays events, which decreased by \$10,569 compared to 2017. The largest increase in internal revenues occurred in sponsorships/donations/grants up \$11,122.

There were increases in expenses in all Departments, except Economic Development and Debt Service. The variance in Administration was due to increases in Personnel Costs (\$47,098), Accounting Services (\$7,500), Insurance (\$8,040) and Legal Services (\$73,215). Economic Development decreased due to reduction in the amount of Façade Grants (\$-116,067). The increase

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

in the Communications Department was in Personnel Costs (\$28,005). The increase in Public Safety was a result of a reduction in expenditures for NOPD Detail Officers (\$-105,315), and additional expenditures for private security detail (\$287,046), Public Safety Rangers (\$110,326), Homeless Outreach Services (\$5,552) and Low Barrier Shelter Operations (\$259,319). The increase in Public Space operations primarily resulted from additional expenditures in Personnel Costs (\$46,700), Sidewalk Tree Maintenance/Replacement (\$22,380), Parks & Open Spaces (\$23,516), Sidewalk Cleaning (\$49,079) and Safety Cameras (\$6,012), and a reduction in Holiday Lightings (\$-35,786). District Wide Capital Improvements increased by (\$1,075,315) primarily due to the construction of the Low Barrier Shelter for Homeless.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2018 and 2017, the District had \$453,670 and \$108,226, respectively, invested in capital assets, net of accumulated depreciation consisting principally of investment in Duncan Plaza. See page 26 of the notes to the financial statements for a detail composition of capital assets.

Long-term Debt

At December 31, 2018, the District had total bond debt outstanding of \$3,240,000 compared with \$3,590,000 at December 31, 2017. Principal paid on the 2012 Series bonds during 2018 and 2017 was \$350,000 and \$345,000, respectively. See pages 26-28 of the notes to the financial statements for a description of outstanding long-term debt.

The portion of the District's net position that are invested in capital assets, less any related debt used to acquire those assets that are still outstanding was \$(14,641) as of December 31, 2018. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the District's net position represents resources that are restricted for debt service. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

General Fund Budgetary Highlights

The final budget and actual comparisons is on page 32. The final budget variance as compared to the actual balance was a decrease of (\$82,007).

Significant variances between the original budget and final budget included decreases in expenditures related to Public Space Operations of \$654,956, Public Safety of 159,809, and Economic Development of 95,483.

In total, actual operating expenditures were \$457,812 less than the final budget amounts.



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget

There are several uncertainties relative to the collection and reporting of ad valorem taxes to the District by the City of New Orleans. Of significant concern is the amount of adjustments and refunds processed by the City of New Orleans each year that are not reported to the District timely. The District will continue to budget property tax revenue with the latest information available from the City of New Orleans. The District has increased its budget for ad valorem taxes by \$245,000 over the 2018 final budget in 2019. Management expects sufficient revenues to allow for addressing its primary objectives.

In 2019, the District's work plan reflects an increase in spending of \$387,014. This amount includes increases in public safety rangers pay, increased use of private detail officers, parks & open spaces programming, increased sidewalk and public infrastructure cleaning operations, and legal services.

Significant Events

Downtown New Orleans saw strong and continued economic and real estate development activity throughout 2018. Total construction permits in 2018 increased year over year by thirty-five percent (35%) to \$567 million with the South Market District's ongoing conversion of surface parking lots to upscale residential and retail properties leading the way in new construction.

Primary real estate development activity was led by the creation of 552 new hotel rooms either delivered or under development at year-end, mostly the adaptive re-use of older Class B buildings. Multi family residential growth continued 2017's gain of 160 units with the addition of an additional 126 units in 2018.

New retail and restaurant openings in the District in 2018 included prominent brands such as Louis Vitton, Tory Burch, CVLTVRE, Gianna, Pythian Market, Auction House and Daily Grind.

The growth of new industry sectors Downtown continued in 2018 with the opening of local offices by DXC Technologies. The company has leased 10 floors on Poydras Street, in the busy CBD office corridor, and plans to hire 300 staffers by the end of 2018.

Tourism business continued its growth with the industry reporting 18.5 million visitors in 2018 spending \$9.1 billion in New Orleans. This represents the highest visitor spending in the City's history.

The extraordinary pace of redevelopment in virtually every corner of Downtown has sharpened the focus on the Charity Neighborhood surrounding the former Charity Hospital and including the former Veteran Administration Medical Center (VAMC). In 2018, after several incomplete attempts by the State of Louisiana to transfer the former Charity Hospital to private control in order to affect its redevelopment, the LSU Real Estate Facilities Foundation, after seeking public input, awarded development rights to a team headed by local developer Joseph Stebbins. The development team



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

is currently completing due diligence and expects to begin construction of a mixed-use project late in 2019. The roughly one million square foot former hospital will host office and teaching space for Tulane University, mixed-income residential, retail and other uses.

Increasing clarity and confidence in the future of the former Charity Hospital has allowed the DDD to partner with other interested parties, including the Greater New Orleans Foundation (GNOF) to begin planning for the future of the Charity Neighborhood surround the hospital. This work builds on the DDD's work on Duncan Plaza and its concept plans for the re-use of the former Veterans Affairs Medical Center — work completed by the DDD in 2017. A strategic planning effort completed in summer of 2018 lays out concepts for redeveloping this neighborhood as the most environmentally sustainable neighborhood in New Orleans, rich with parks & open space, offering residential options across the full spectrum of cost, and providing an abundance of employment opportunities in industries such as academic medicine and information technology.

The DDD continued its efforts to enhance the quality of life Downtown, led by its parks & open space initiatives. The DDD took full control of programming Duncan Plaza with a variety of activities, ranging from movies to cultural festivals, that have reintroduced the park to new users for the first time in a generation.

The DDD accelerated plans to develop what has been dubbed Legacy Park, a joint venture with the International High School of New Orleans (IHSNO), and the Orleans Parish School Board, with additional partnerships with the American Society of Landscape Architects – Louisiana (ASLA-LA) and others. Due to the withdrawal of its previous implementation partner, Trust for Public Land, from Louisiana, the DDD has signed a cooperative endeavor agreement with the Groundwork New Orleans to manage the development of the park. Legacy Park will provide outdoor teaching and recreation space for IHSNO and Downtown's first playground for young children, responding to a growing demand for amenities that cater to families with children, a growing Downtown demographic.

Legacy Park will be an important stepping stone, a proving ground for the coalition of funders and community partners that will make Duncan Plaza possible. It is a down payment on the DDD's commitment to a comprehensive parks & open space strategy for Downtown. Duncan Plaza and Legacy Park will be the first steps in a multi-year initiative to plan & build a system of parks & open space Downtown to serve the needs of Downtown residents, the Downtown workforce, citywide residents, and visitors. Anticipated elements of the system include playgrounds, dog runs, water features, pocket parks, storm water retention, park-like features in the right of way, and private green space.

In 2018 city's new 100 bed low barrier homeless shelter, a project initiated by the DDD in 2014, began operation. The City, with DDD involvement, selected the non-profit Start Corp. to operate the facility. Start has extensive experience operating facilities and programs to transition homeless individuals to housing. The City, DDD, and the New Orleans Ernest N. Morial Convention Center



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

have committed respectively up to \$750,000, \$500,000, and \$250,000 annually for five (5) years to fund shelter operations.

Building on its success with the low barrier shelter, the DDD continued its leadership role in efforts to start Louisiana's first assisted outpatient treatment (AOT) program to serve the severely mentally ill, many of whom find themselves on the streets of Downtown. In 2018, the DDD funded a pilot program administered by Judge Kern Reese of Orleans Parish Civil District Court and Metropolitan Human Services District (MHSD). This pilot led to the City of New Orleans committing funding to continue AOT as a critical element of New Orleans' plan to address homelessness and anti-social behavior on public streets.

As part of its continued effort to provide enhanced public safety services in keeping Downtown safe, the DDD partnered with the New Orleans Police & Justice Foundation in the SafeCam Platinum program. SafeCam Platinum is an exciting new program that allows residents and businesses to install public-facing security cameras and share the footage directly with the City's Real-Time Crime Center (RTCC). In its first year, the DDD has supported the installation of 36 cameras in 10 locations, and the program is expected to grow during the current year.

Contacting the District's Management

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



Financial Statements

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2018

Assets

Current Assets

Unrestricted:

Cash and cash equivalents	\$ 3,356,558
Ad valorem taxes receivable, net	492,574
Other receivables	38,220
Prepaid expense	114,989
Total unrestricted current assets	4,002,341

Restricted:

Cash and cash equivalents	231,071
Total restricted current assets	231,071

Total current assets	4,233,412
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Noncurrent Assets

Capital assets, net of accumulated depreciation	453,670
Total noncurrent assets	453,670

Total Assets	\$ 4,687,082
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Liabilities and Net Position

Current Liabilities

Accounts payable and current liabilities	\$ 922,267
Compensated absences payable	85,786
Bonds payable, current portion	365,000
Total Current Liabilities	1,373,053

Noncurrent Liabilities

Bonds payable, noncurrent portion	2,875,000
Total Noncurrent Liabilities	2,875,000

Total Liabilities	4,248,053
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Net Position

Net investment in capital assets	453,670
Restricted for debt service	231,071
Unrestricted	(245,712)
Total Net Position	439,029

Total Liabilities and Net Position	\$ 4,687,082
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The accompanying notes are an integral part of this financial statement.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Change in Net
Governmental Activities					
Administration	\$ 1,197,522	\$ -	\$ 28,050	\$ -	\$ (1,169,472)
Communication and events	688,820	-	84,618	-	(604,202)
Economic development	587,590	-	-	-	(587,590)
Public space operations	3,627,994	-	75,078	-	(3,552,916)
Public safety	2,319,887	-	2,700	-	(2,317,187)
Interest on long-term debt	96,212	-	-	-	(96,212)
Total Governmental Activities	\$ 8,518,025	\$ -	\$ 190,446	\$ -	(8,327,579)
General Revenues					
Ad valorem taxes					7,436,948
Interest income					60,317
Gain on disposal of assets					75
Total General Revenues					7,497,340
Change in Net Position					(830,239)
Net Position - Beginning of year (as restated)					1,269,268
Net Position - End of year					\$ 439,029

The accompanying notes are an integral part of this financial statement.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2018

	General Fund	Debt Service	Nonmajor Governmental Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,216,887	\$ -	\$ 4,869	\$ 1,221,756
Cash and cash equivalents held by the Board of Liquidation, unrestricted	2,134,802	-	-	2,134,802
Cash and cash equivalents held by the Board of Liquidation, restricted	-	231,071	-	231,071
Ad valorem taxes, net of allowance	492,574	-	-	492,574
Other receivables	38,220	-	-	38,220
Prepaid expenses	114,989	-	-	114,989
Total Assets	\$ 3,997,472	\$ 231,071	\$ 4,869	\$ 4,233,412
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 922,267	\$ -	\$ -	\$ 922,267
Total Liabilities	922,267	-	-	922,267
Fund Balances				
Nonspendable	114,989	-	-	114,989
Restricted for debt service	-	231,071	-	231,071
Unassigned	2,960,216	-	4,869	2,965,085
Total Fund Balances	3,075,205	231,071	4,869	3,311,145
Total Liabilities and Fund Balances	\$ 3,997,472	\$ 231,071	\$ 4,869	\$ 4,233,412

The accompanying notes are an integral part of this financial statement.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2018**

Total Fund Balances at December 31, 2018 - Governmental Funds		\$ 3,311,145
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.		
Cost of capital assets	978,572	
Less accumulated depreciation	(524,902)	
		453,670
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.		
Compensated absences	(85,786)	
Bonds payable	(3,240,000)	
		(3,325,786)
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 439,029

The accompanying notes are an integral part of this financial statement.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes - net	\$ 7,436,948	\$ -	\$ -	\$ 7,436,948
Interest income	60,317	-	-	60,317
Other	186,232	-	5,000	191,232
Total Revenues	7,683,497	-	5,000	7,688,497
Expenditures				
Current:				
Administration	1,181,203	-	244	1,181,447
Communication and events	680,840	-	5,000	685,840
Public space operations	3,616,972	-	-	3,616,972
Public safety	2,309,851	-	-	2,309,851
Economic development	585,048	-	-	585,048
Capital outlays	377,912	-	-	377,912
Debt service:				
Principal payments	-	350,000	-	350,000
Interest on long-term debt	-	96,212	-	96,212
Total Expenditures	8,751,826	446,212	5,244	9,203,282
Deficiency of Revenues Over Expenditures	(1,068,329)	(446,212)	(244)	(1,514,785)
Other Financing Sources (Uses)				
Operating transfer in	-	446,212	-	446,212
Operating transfer out	(446,212)	-	-	(446,212)
Total Other Financing Sources (Uses)	(446,212)	446,212	-	-
NET CHANGE IN FUND BALANCES	(1,514,541)	-	(244)	(1,514,785)
Fund Balances – Beginning of year (as restated)	4,589,746	231,071	5,113	4,825,930
Fund Balances – End of year	\$ 3,075,205	\$ 231,071	\$ 4,869	\$ 3,311,145

The accompanying notes are an integral part of this financial statement.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Total net change in fund balances - governmental funds **\$ (1,514,785)**

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

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

Capital outlays capitalized	377,912	
Depreciation expense	(31,761)	
	346,151	346,151

In the Statement of Activities, the gain on the disposal of capital assets is reported, whereas in the governmental funds, the value received from the trade-in is not a current financial resource. **75**

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the long-term debt consumes the current financial resources of governmental funds. These transactions have no effect on net position.

Principal portion of debt service payments		350,000
--	--	----------------

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

Change in compensated absences		(11,680)
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Change in net position of governmental activities **\$ (830,239)**

The accompanying notes are an integral part of this financial statement.



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

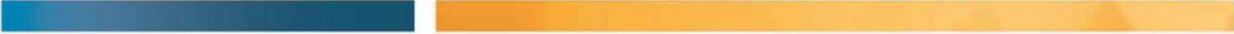
Act 307 of the State of Louisiana Legislature effective July 10, 1978, changed the name of the District to The Downtown Development District of the City of New Orleans.

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

The Reporting Entity

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

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



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Unit

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

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

Basic Financial Statements – Government-Wide Statements

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

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

Basic Financial Statements – Fund Financial Statements

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



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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

Basis of Accounting

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

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

Budget and Budgetary Accounting

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

- The Board of Commissioners of the District shall prepare, or cause to be prepared, a plan or plans specifying the public improvements, facilities and services proposed to be furnished, constructed or acquired for the District.
- Any plan shall include: (a) an estimate of the annual and aggregate cost of acquiring, constructing, or providing the services, improvements, or facilities set forth therein; (b) the proportion of tax to be levied on the taxable real property within the District which is to be set aside and dedicated to pay the cost of furnishing specified services, and the proportion of such tax to be set aside and dedicated to pay the cost of capital improvements or pay the cost of debt service on any bonds to be issued to pay the cost of capital improvements; and (c) an estimate of the aggregate number of mills required to be levied in each year on the taxable real property within the District to provide the funds required for implementation of the plan.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget and Budgetary Accounting (Continued)

- After completion, the plan shall be submitted to the Planning Commission of the City of New Orleans for review. The Planning Commission must submit the plan to the City Council within thirty (30) days of receipt thereof, together with its written comments and recommendations.
- The City Council may by a majority of its members accept or reject the plan based upon its consistency with the City's overall plan. If accepted, the plan may be implemented.
- Upon acceptance, the plan budget and the appropriated funds for its implementation are incorporated by the City of New Orleans into its normal budget process. Under this process, appropriations for the District's "Service" operations (operating budget) expire at year end, except for amounts the City has encumbered on behalf of the District. Such amounts are carried forward until they are cleared. Appropriations for capital outlays (capital budget) continue in force until the project is completed or cancelled normally and the City Council passes an ordinance of resolution to close.

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

Cash and Cash Equivalents

Cash and cash equivalents include all short-term, highly liquid investments (including certificates of deposit) with original maturity dates of three months or less when purchased.

Investments

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

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated uncollectible amounts were determined to be property tax receivable balances over five years old based on historical experience rates. The allowance for uncollectible ad valorem taxes receivable was \$260,206 at December 31, 2018.

Prepaid Expenses

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

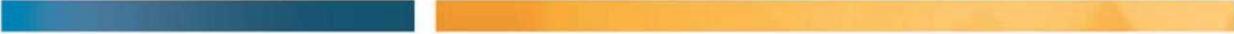
Capital Assets

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

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

<u>Assets</u>	<u>Estimated Useful Lives</u>
Public Works	5-7 years
Motor Vehicles	5 years
Computer Equipment	3-5 years
Office Equipment	7 years
Office Furniture and Fixtures	7 years
Promotional Equipment	5 years
Computer Software	3 years

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



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Long-term Debt

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

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

Compensated Absences

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

Use of Estimates

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

Employee Benefits

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

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

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

The District did not have any committed or assigned amounts as of December 31, 2018.

Other Financing Sources (Uses)

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

New Accounting Pronouncements

The District’s management is currently evaluating the impact of the following pronouncements issued by the GASB, which will be implemented in future years.



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In June 2017, the GASB issued Statement No. 87 - Leases. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. GASB No. 87 will be effective for the December 31, 2021 year.

In April 2018, the GASB issued Statement No. 88 - Certain Disclosures Related to Debt. The primary objective of this Statement is to improve the information that is disclosed in notes to government 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. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. GASB No. 88 will be effective for the December 31, 2019 year.

NOTE 2 – PROPERTY TAXES

On November 17, 1975, the City obtained approval in a referendum for an additional 6 1/2 mills ad valorem tax on property within the District for the calendar years 1976 and 1977.

On October 1, 1977, the City obtained approval in a referendum to authorize the Council of the City of New Orleans to levy provisions of the Louisiana Constitution of 1974 and Subsection 1.1 of Louisiana Act No. 124 of 1977 upon all taxable real property for ten years for special improvements, facilities, services and the issuance of bonds as provided in the said Act, and to ratify the establishment of the District.

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

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – PROPERTY TAXES (Continued)

In accordance with the State Constitution, the District will maintain its mills on real property at 21.32 mills. Collection has been suspended at 14.76 mills for the year ended December 31, 2018. The District levied 14.76 mills on real property within its area for 2018. Taxes on real property are levied on January 1 and payable on January 1. Billings are delinquent February 1 and are subject to lien and the assessment of penalties and interest. Property taxes levied for 2018, collected during 2018, or expected to be collected in 2018 are recognized as revenue in 2018. Taxes levied for 2019, but collected in 2018, are reflected as unearned revenue.

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

Certain property owners made tax payments under protest, which had not been resolved as of December 31, 2018, in the amount of \$747,808. As of December 31, 2018, these funds are held in escrow by the City of New Orleans.

NOTE 3 – LEVY OF TAX ASSESSMENT

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

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of December 31, 2018:

	Amount
Demand deposits	\$ 1,127,141
Money market accounts	2,460,188
Cash on hand	300
Total cash and cash equivalents	\$ 3,587,629

Restricted Cash and Cash Equivalents

At December 31, 2018, the Board of Liquidation, as fiscal agent of the District, held on their behalf cash and money market accounts in the amount of \$2,365,873. Of this amount, \$231,071 was restricted for debt service obligations.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Under state law, all deposits are to be secured by federal depository insurance or the pledge of securities held by the pledging bank's agent in the District's name. As of December 31, 2018, demand deposits and money market account bank balances of \$1,389,320 were entirely secured by federal deposit insurance of \$250,000 and pledged securities held by a financial institution in the name of the District of \$2,202,502. Cash and money market accounts held by the Board of Liquidation in the amount of \$2,365,873 were fully covered by pledged securities held by financial institutions in the name of the Board of Liquidation, acting as fiscal agent for the District.

NOTE 5 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018 for the primary government are as follows:

	January 1, 2018	Additions	Deletions	December 31, 2018
Office furniture	\$ 149,141	\$ 699	\$ -	\$ 149,840
Computer equipment	128,267	21,761	-	150,028
Leasehold improvements	198,217	-	-	198,217
Office equipment	32,314	-	-	32,314
Motor vehicles	65,555	81	-	65,636
Public works property	27,873	3,704	-	31,577
Green Space Improvements	-	350,961	-	350,961
Subtotal	601,367	377,206	-	978,573
Less: Accumulated depreciation	(493,141)	(31,761)	-	(524,903)
Total	\$ 108,226	\$ 345,445	\$ -	\$ 453,670

Depreciation expense was charged to functions as follows:

Function	Amount
Administration	\$ 5,181
Communications and events	2,980
Economic development	2,542
Public space operations	11,022
Public safety	10,036
Total	\$ 31,761

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt obligation transactions for the year ended December 31, 2018:

	January 1, 2018	Additions	Payments	Retirements	December 31, 2018	Current Portion
DDD Limited Tax Bonds Series 2012	\$ 3,590,000	\$ -	\$ (350,000)	\$ -	\$ 3,240,000	\$ 365,000
Total	\$ 3,590,000	\$ -	\$ (350,000)	\$ -	\$ 3,240,000	\$ 365,000

Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Total interest expense incurred for the year ended December 31, 2018 was \$96,212.

Bonds

On June 13, 2012, the District issued \$5,485,000 of Limited Tax Refunding Bonds, Series 2012 for the purpose of refunding the Limited Tax Bonds, Series 2001. The bonds mature December 1, 2026 and bear a fixed interest rate of 2.68%. At December 31, 2018, \$3,240,000 of the bonds was outstanding.

Interest rates on the Series 2001 bonds ranged from 4.2% to 6.6%, whereas the interest rate on the Series 2012 bonds is fixed at 2.68%. The refunding resulted in a reduction of debt service payments in the amount of \$1,114,502 through the maturity of the bonds in December 2026.

Payment of principal and interest on the Series 2012 bonds will be solely from and secured by an irrevocable pledge and dedication of the proceeds derived from the levy and collection of taxes upon all taxable real property located within the boundaries of the District. At December 31, 2018, the Board of Liquidation, City Debt has \$231,071 on the Series 2012 bonds held in escrow for the payment of future debt service in connection with the bonds issued.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize principal and interest on bonds outstanding at December 31, 2018 are as follows:

Year Ending	Principal Payments	Interest Payments	Total
2019	\$ 365,000	\$ 86,832	\$ 451,832
2020	370,000	77,050	447,050
2021	385,000	67,134	452,134
2022	400,000	56,816	456,816
2023	410,000	46,096	456,096
Thereafter	1,310,000	70,886	1,380,886
Totals	\$ 3,240,000	\$ 404,814	\$ 3,644,814

NOTE 7 – COMPENSATED ABSENCES

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

Compensated absence activity for the year ended December 31, 2018 was as follows:

	Amount
Beginning Balance	\$ 74,893
Additions	147,817
Reductions	(136,924)
Ending Balance	\$ 85,786

NOTE 8 – INTERFUND TRANSFERS

Transfers are used to move funds from the general fund to the debt service fund to maintain necessary balances with bond covenants. During 2018, the general fund transferred out \$446,212 to the debt service fund to satisfy debt covenants.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 – EMPLOYEE RETIREMENT PLAN AND WHOLE LIFE INSURANCE

Retirement Plan

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

Effective January 1, 2012, the District contributes 3% of eligible employees' salaries, regardless of any contribution from employees. The District also matches 3% of employee voluntary contributions, limited to 3% of the employee's salary. All full-time employees twenty-one years of age and over are eligible to participate in the plan. The plan's effective date was January 1, 1993. All contributions made to the plan are the property of the plan and the participating employees. Management of the plan's assets includes the ability to establish and amend plan provisions and any costs related to its operations, and is the sole responsibility of the Trustee(s) and the Administrator of the Downtown Development District Employee Retirement Trust - Federal EIN 72-1241070. The District's contribution to the plan in 2018 was \$76,058 which was paid to American United Life for deposit with designated fund agencies who are to manage the investment of the plan's assets.

Life Insurance

In conjunction with the development of the above retirement plan, but not a part of that plan, the District, in 1993, established an additional benefit in the form of whole life insurance policies for each of its employees. The amount of insurance provided to each employee is \$200,000. The insurance policies are purchased in the name of and owned by each employee. Monthly premiums are paid by the District to Lincoln National Life. Premiums paid in 2018 by the District for these employee policies totaled \$24,075.

NOTE 10 – COMMITMENTS

Operating Leases

The District leases office space at 201 St. Charles Avenue. The lease commenced in April 2006 and expires in March 2021. Future minimum rental payments are as follows:

Year Ending	Amount
2019	144,362
2020	144,362
2021	36,091
Total	\$ 324,815

Total expenditures for rental of office space were \$161,818 during the year ended December 31, 2018.



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 10 – COMMITMENTS (Continued)

Cooperative Endeavor Agreement – City of New Orleans

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

NOTE 11 – RISK MANAGEMENT

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

NOTE 12 – CONTINGENCIES

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

NOTE 13 – LITIGATION - AD VALOREM TAX WITHHELD

As of December 31, 2018, the City of New Orleans has withheld more than \$398,786 of property taxes collected on behalf of the District, and made use of the funds for the purpose of funding various State retirement systems. The State Attorney General has opined and the State Supreme Court has ruled that proceeds from the District's ad valorem tax can only be used for public improvements, facilities and services, and debt service on bonds of the City issued for capital improvements and facilities within the District. The DDD has filed suit against the City, which it is currently in settlement negotiations with, but Management is not able to determine what the outcome of litigation will be or when the City will remit funds to the District. Accordingly, a receivable has not been recorded as of December 31, 2018.

NOTE 14 – REVENUE CONCENTRATION

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

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 15 – PER DIEM PAID TO BOARD OF COMMISSIONERS

The Board of Commissioners in the capacity as board members received no per diem amounts for the year ended December 31, 2018.

NOTE 16 – TAX ABATEMENTS

The City of New Orleans (the City) negotiates property tax abatement agreements on behalf of the City and its component units. Each agreement was negotiated for a variety of economic development purposes, including business relocation, retention, and expansion. The District, through the City, has tax abatement agreements with twenty commercial entities participating in the Restoration Tax Abatement (RTA) program as of December 31, 2018.

The RTA projects have property assessed at \$503,475,215 with exempt taxes attributable to the District of \$489,821 for the year ended December 31, 2018 and \$1,236,547 throughout the duration of the agreements. The tax abatements are provided through discounted rates applied to the District’s 14.76 mills over the five year RTA contract period.

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

NOTE 17 – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2018 the District noted old outstanding payable balances that were no longer the obligation of the District. Management felt it prudent to adjust prior year’s fund balance and net position to reflect this adjustment.

These transactions had the following impact on the beginning net position at January 1, 2018:

Net Position – January 1, 2018	\$ 1,240,814
Prior Period Adjustments:	
Change in accounts payable	28,454
Net Position – as restated	\$ 1,269,268

These transactions had the following impact on the beginning fund balance at January 1, 2018:

Net Position – January 1, 2018	\$ 4,561,292
Prior Period Adjustments:	
Change in accounts payable	28,454
Net Position – as restated	\$ 4,589,746



**Required Supplementary
Information (Part II)**

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance
Operating Revenues				
Internal sources (events, state, federal, etc.)	\$ 232,280	\$ 218,822	\$ 186,232	\$ (32,590)
Ad valorem taxes - net	7,571,824	7,557,452	7,436,948	(120,504)
Total revenues	7,804,104	7,776,274	7,623,180	(153,094)
Expenditures				
Administration	1,060,606	1,122,331	1,181,203	(58,872)
Communication and events	662,449	672,474	680,840	(8,366)
Public space operations	5,138,337	4,483,381	3,994,884	488,497
Public safety	2,376,880	2,217,071	2,309,851	(92,780)
Economic development	809,864	714,381	585,048	129,333
Total expenditures	10,048,136	9,209,638	8,751,826	457,812
Net Operating Income	(2,244,032)	(1,433,364)	(1,128,646)	304,718
Non-Operating Revenue				
Interest	300	830	60,317	59,487
Total non-operating revenue	300	830	60,317	59,487
Excess (deficit) of revenue over expenditures before other financing uses	(2,243,732)	(1,432,534)	(1,068,329)	364,205
Operating transfers out	-	-	(446,212)	(446,212)
Net change in fund balance	(2,243,732)	(1,432,534)	(1,514,541)	(82,007)
Fund Balance – Beginning of year (as restated)	4,589,746	4,589,746	4,589,746	-
Fund Balance – End of year	\$ 2,346,014	\$ 3,157,212	\$ 3,075,205	\$ (82,007)

See independent auditors' report.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NONMAJOR GOVERNMENTAL FUND
BALANCE SHEET - SPECIAL REVENUE FUND
AS OF DECEMBER 31, 2018

	Downtown Development Unlimited
<hr/>	
Assets	
Cash and cash equivalents	\$ 4,869
<hr/>	
Total Assets	\$ 4,869
<hr/> <hr/>	
Fund Balance	
Unassigned	\$ 4,869
<hr/>	
Total Fund Balance	\$ 4,869
<hr/> <hr/>	

See independent auditors' report.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NONMAJOR GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Downtown Development Unlimited
<hr/>	
Revenues	
Other	\$ 5,000
<hr/>	
Total Revenues	5,000
<hr/>	
Expenditures	
Current:	
Administration	244
Communication and events	5,000
<hr/>	
Total Expenditures	5,244
<hr/>	
Deficiency of Revenues Over Expenditures	(244)
Other Financing Sources (Uses)	
Operating transfer in	-
Operating transfer out	-
<hr/>	
Total Other Financing Sources (Uses)	-
<hr/>	
NET CHANGE IN FUND BALANCE	(244)
Fund Balance – Beginning of year	5,113
<hr/>	
Fund Balance – End of year	\$ 4,869
<hr/> <hr/>	

See independent auditors' report.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2018**

Agency Head Name: Kurt M. Weigle, President & CEO

Purpose	Amount
Salary	\$ 208,635
Benefits - Health Insurance	11,986
Benefits - Retirement	12,133
Benefits - Parking	900
Mileage Reimbursement	447
Parking Reimbursements	-
Cell Phone	1,312
Meals & Entertainment	71
Travel	-
Registration Fees	-
Conference Travel	-
Professional Development	-
Other	-
Total	\$ 235,484

See independent auditors' report.



**Reports Required By
*Government Auditing
Standards***



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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downtown Development District of the City of New Orleans (the District), a component unit of the City of New Orleans, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 26, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Cary Riggs & Ingram, L.L.C.

June 26, 2019



**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section II: Financial Statement Findings

None noted.

Section III: Compliance Findings

None noted.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Members of the Board of Commissioners
and Finance Committee of the Downtown
Development District of the City of New Orleans
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Members of the Board of Commissioners and Finance Committee of the Downtown Development District of the City of New Orleans (the "District") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period January 1, 2018 through December 31, 2018. The District is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Board or Finance Committee

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

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: No exceptions were found as a result of applying the procedure.

Payroll and Personnel

1. 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.

Results: No exceptions were found as a result of applying the procedure.

2. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #1 above, obtain attendance records and leave documentation for the pay period, and:

- 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.)

Results: CRI notes that there is no formal documentation of daily attendance for salaried employees. No exceptions noted for hourly employees.

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

Results: CRI notes that there is no formal documentation of daily attendance approval for salaried employees. No exceptions noted for hourly employees.

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

Results: No exceptions were found as a result of applying the procedure.

3. 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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: No exceptions were found as a result of applying the procedure. No termination payments were made during the fiscal period.

4. 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.

Results: No exceptions were found as a result of applying the procedure.

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 procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, 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.

Cary Riggs & Ingram, L.L.C.

June 26, 2019

June 28, 2019
Louisiana Legislative Auditor

1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures
Downtown Development District of the City of New Orleans

Dear Sirs:

District Development District of the City of New Orleans has updated our policies and procedures in regards to the comments for documenting daily attendance for all employees and made appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints. These changes will be effective July 1, 2019.

Sincerely,



Anthony G. Carter
Director of Finance and Administration