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**CITY OF NEW ORLEANS, LOUISIANA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2017**  
**(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

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Prepared by the  
Finance Department of the  
City of New Orleans



Postlethwaite & Netterville

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

**CITY OF NEW ORLEANS, LOUISIANA**

**Comprehensive Annual Financial Report**

**December 31, 2017**

**(With Independent Auditors' Report Thereon)**

**CITY OF NEW ORLEANS, LOUISIANA**

**Comprehensive Annual Financial Report**

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## **INTRODUCTORY SECTION**

# CITY OF NEW ORLEANS

Mitchell J. Landrieu  
Mayor

Beverly B. Garipey  
Director of Finance/CFO

June 29, 2018

The Honorable Mayor and City Council  
City of New Orleans, LA

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of New Orleans, Louisiana for the fiscal year ended December 31, 2017. The CAFR is provided to give detailed information about the financial position and activities of the City to citizens, City Council, City staff and other readers. City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. We believe the data, as presented, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City. These financial statements have been prepared by the City's Department of Finance, in accordance with generally accepted accounting principles (GAAP) for local governments.

The City's financial statements and related notes have been audited by the independent firm of Certified Public Accountants Postlethwaite & Netterville. This audit satisfies Section 6-108 of the City Charter, which requires an audit of all accounts of the City by an independent Certified Public Accountant. The City is required to undergo an annual single audit in conformance with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditors' reports on the internal control structure and compliance with applicable laws and regulations is issued in a separate report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report. It provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

## **THE REPORTING ENTITY AND ITS SERVICES**

New Orleans, the largest city in Louisiana, was founded in 1718 and incorporated in 1805. The City's system of government is established by its Home Rule Charter which became effective in 1954. The Louisiana Constitution prohibits the state legislature from enacting any law affecting the structure, organization, or distribution of the powers and functions of any local subdivision which operates under a Home Rule Charter. The City's Home Rule Charter may be amended

only by a vote of a majority of qualified voters in the City, voting at an election called by the City Council on its own initiative, or upon receipt of a petition of not less than ten thousand registered voters.

The City has a Mayor-Council form of government. The Mayor is elected for a four-year term and is limited to two consecutive terms. The Mayor appoints the Chief Administrative Officer, who is his principal assistant and budget officer for the City. The City has executive departments and numerous affiliated boards and commissions, and provides a full range of services including police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, and recreational activities and cultural events. The Council is the legislative body of the City government, and is comprised of five Council members elected from five geographic districts and two members elected at large. All Council members are limited to four-year terms. Laws are enacted through Council ordinance.

The Council adopts the City's annual capital and operating budgets. Ordinances of the Council may be vetoed by the Mayor. Vetoes may be overridden by a two-thirds vote of the Council.

The financial statements of the reporting entity include those of the City (the primary government) and its component units in conformity with GASB Statement No. 34. Component units are legally separate organizations for which the elected officials of the City are financially accountable, or the relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**Component Units** - In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units. Each blended and discretely presented component unit has a December 31 year end. Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices or websites.

**Blended Component Units** - For financial reporting purposes, the Board of Liquidation, City Debt is included (blended) in the operations and activities of the City because it handles all matters relating to the bonded debt of the City. Complete financial statements for this blended component unit may be obtained at the entity's administrative offices or website.

**Discretely Presented Component Units** - The financial statements of the City include all government activities, organization and functions for which the City is financially accountable, or the relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Based upon the foregoing criteria, the financial statements of the following associated organizations are included in the basic financial statements:

Audubon Commission  
Downtown Development District  
French Market Corporation  
Louis Armstrong New Orleans International Airport

Municipal Yacht Harbor Management Corporation  
New Orleans Building Corporation  
New Orleans Tourism Marketing Corporation  
Orleans Parish Communication District  
Orleans Parish Hospital Service District A  
Parking Facilities Corporation  
Sewerage and Water Board of New Orleans

Current Louisiana law provides for the creation of several districts and independently elected public officials for the provision of certain services at the parish level. Examples would include the Orleans Parish School Board, the New Orleans Assessor, the Orleans Parish Sheriff's Office and the Clerk of Court. These officials prepare their own budgets and operate independently of the City. The results of operations of those offices are not included in this report because there is a lack of financial accountability of these offices on the part of the City's elected officials.

## **YEAR IN REVIEW AND MAJOR INITIATIVES**

The City of New Orleans has turned the corner and is blazing a new difficult path forward. Everywhere you look progress is being made, but we still have more work to do. After taking office in 2010, Mayor Mitch Landrieu committed to enhance quality of life across the city. We are now attracting high-tech jobs and New Orleans has become a hub of entrepreneurship. School performance is up, and we're a leader in school reform with 90% of our students attending charter schools. We're attacking blight, and the real estate market is thriving. Billions of dollars are being invested in housing, schools, hospitals, parks and playgrounds, roads, and vital hurricane protection. This is a critical point in the history of our city and its recovery and there's a lot unfolding.

## **KEY INFRASTRUCTURE IMPROVEMENTS**

Improving New Orleans' aging infrastructure has been a major priority over the past seven years, and 2017 has been no different. During 2017, every neighborhood in the city began to feel the positive impacts of hundreds of millions of dollars in major capital infrastructure investment. The city worked harder than ever to build a strong foundation for the future and a more resilient infrastructure.

### **Joe Brown Park Bridge Opening**

In 2017, the \$1 million bridge located in Joe Brown Park was opened to vehicular and pedestrian traffic. The project included removing and replacing the existing bridge and the bridge water line. The previous bridge was composed of concrete precast slab units, was 68 feet in length, 24 feet in roadway width with two 4 ft. wide walkways on each side. The new bridge is a precast concrete arch bridge, 73'4" in length, 24 feet in roadway width, with two 8' wide walkways on each side.

During 2017, the City opened or completed the following projects:

- NORD Miline NOLA FOR LIVE CENTER
- Nix Library
- OC Haley Blvd. Revitalization Project
- Aubry St. Infrastructure Improvement Project
- Previewed New Water Towers at the Carrollton Water Plant
- Renovated NOPD Third District Police Station and Training Academy
- Reconstruction and opening of Wisner Blvd. Bridge

## **PUBLIC WORKS**

The Department of Public Works (DPW) completed 31 projects with a total funding investment of over \$92 million, resulting in more than 11 miles of newly paved streets and an additional 2.6 miles of bikeways. This work includes 13 roadway projects, two streetscape projects, two bridges, as well as 11 pedestrian paths and bikeway projects.

DPW cleaned 17,434 catch basins (approximately 26% of the total of 68,092 catch basins citywide) and repaired 1,427 catch basins citywide.

This year, crews began work on pedestrian intersection and school safety zone projects which includes adding signage, refreshing lane markings, creating bike lanes, and creating high-visibility crosswalks. More than 40 schools will have intersection and school zone striping refreshed.

### **French Quarter Infrastructure Improvement Project**

For the first time in nearly 100 years, DPW completed major repairs on the 100 – 400 blocks of Bourbon Street as part of the French Quarter Infrastructure Improvement Project. Work included removing and replacing the existing pavement, replacing and upsizing the existing drain lines, replacing the existing water lines, repairing the existing sewer lines, replacing the existing low pressure gas lines with high pressure gas lines, replacing and repairing the existing underground electrical conduit, installing new fiber optic conduits, and adding new streetlight foundations and security bollards.

### **DPW also completed the following work in 2017:**

- Filled more than 55,000 potholes
- Cleaned more than 102 miles of drain lines;
- Installed more than 3,800 new permanent traffic signs and more than 600 new permanent street name signs;
- Repaired more than 4,600 streetlight outages (approximately 99% of the City's streetlights are operational); and
- Installed more than 1,200 LED streetlights (over 43,000 of the City's streetlights are now LEDs representing 80% of the City's streetlight system).

## **ECONOMY**

The Mayor's Office of Economic Development and the New Orleans Business Alliance (NOLABA) continued to celebrate the attraction and retention of nationally-recognized retailers and the continued distinction of New Orleans as an incubator for economic innovation and growth.

In 2010, Mayor Landrieu, in partnership with business and civic leaders, formed the New Orleans Business Alliance (NOLABA) —the first public-private partnership for economic development—to employ the best practices in economic development to reposition New Orleans as the ideal intersection of commerce and culture.

Since 2010, \$7.8 billion has been invested in New Orleans. Unemployment has been nearly cut in half since its peak in 2010 and over seven years, the city's vibrant economy has created 20,000 new jobs and opened more than 140 new retail and restaurant openings. After years of decline, New Orleans is one the fastest growing cities in America. After decades of starts and stops, the final touches on the new \$1 billion airport are being made. The airport will continue to be a major economic engine for the city and region for decades to come. The City is redeveloping the World Trade Center into a new Four Seasons. The City will also start opening up and connecting the riverfront for the first time in generations. A new multi-million dollar ferry terminal at the base of Canal Street will soon break ground. Recently, Mayor Landrieu announced a new blockbuster deal with the Port and Public Belt that will open up a contiguous 3-mile stretch of the riverfront, from Poland Avenue to Spanish Plaza.

In 2017, Mayor Landrieu announced a new business model for economic development led by the New Orleans Business Alliance (NOLABA). Consolidating the Network for Economic Opportunity's programming into NOLABA, this new model will sustain economic opportunity investments and create a new way to provide economic and workforce development in New Orleans.

## **IMPROVING QUALITY OF LIFE**

Over the past seven years, the City has continued to create safe spaces for all New Orleanians to live, work and play. That's why the City has tripled funding for recreation, partnered with the private sector to create the New Orleans Recreation Development Commission and Foundation, and invested \$150 million to rebuild youth centers, playgrounds and libraries. In seven years, the City tripled the number of recreation centers from 4 to 12 and doubled the number of pools from 8 to 16. NORD now has increased the number of kid camps from 4 in 2010 to 41 in 2017, serving over 4,000 kids across the city. NORD has moved from 0 teen camps to 13 teen camps, serving over 1,000 local teens. Over the past four years, over 10,600 young people, ages 13 – 21, learned the value of a good day's work through our NOLA Youth Works Summer Job Program.

At the same time, the City has transformed the way healthcare services are delivered. The New Orleans area now boasts world-class clinical care through new and refurbished hospital facilities and expanded access through a network of neighborhood based community health centers. Billions of dollars have been invested in the development of the New Orleans' Biomedical Corridor, fostering enhanced research, healthcare delivery and the development of stable, high-paying jobs for healthcare professionals. In addition to high quality health care, health in New Orleans today is about the prevention of disease and promotion of health and wellness. A broad spectrum of partners from across the community are working together to improve population health by making healthy choices easier, creating environments that promote health, and addressing factors that impact health outcomes.

## **MAKING GOVERNMENT WORK**

When Mayor Landrieu entered office, the City faced a nearly \$100 million mid-year budget hole, about 20% of City Hall's overall budget. This budget deficit was closed through a series of smart expenditure cuts and the reorganization of City services. In 2011 and 2012, to keep the budget balanced, Mayor Landrieu again cut City spending, while also delivering better services and focusing on customer service.

When Mayor Landrieu took office, City Hall was only open four days a week. To improve customer service, the Administration launched the NOLA311 call center and the One Stop Shop for licenses and permits. To improve accountability, Mayor Landrieu created the Office of Performance and Accountability to implement a performance management system in which the City sets goals, tracks performance and gets better results through data-driven management. ResultsNOLA tracks performance across over 40 City departments and agencies. The City has overseen major reforms of the City's contracting process and led a sweeping consolidation of boards & commissions. In seven years, the Administration has righted the ship of government, going from a budget deficit to a budget surplus, and the highest credit rating in city history.

## **DBE FOCUS**

Through the City's Office of Supplier Diversity in 2017, contracts awarded to DBE firms represented 35.96 percent DBE participation for City contracts exceeding the 35 percent goal.

The Office of Supplier Diversity continued to partner with a number of community resource partners to host outreach sessions providing information and education to small business owners about DBE certification, accessing opportunities, and accessing business education resources.

In 2017, The Office of Supplier issued 100 new Disadvantaged Business Enterprise certifications to further promote equal opportunity for socially and economically disadvantaged businesses. The Office achieved their goal during 2017.

## **BLIGHT**

After Mayor Landrieu took office in 2010, New Orleans faced the worst blight problem in the country with an estimated 40,000 blighted properties and no strategy to address it. To address this challenge, the City launched an aggressive blight reduction strategy based on extensive public input, national best practices, and advice from national experts, that prioritizes data-driven decision-making, innovative new enforcement policies, and opportunities for reinvestment to grow and strengthen neighborhoods. In 2013, the Landrieu administration reached its four year goal of reducing the number of blighted units by 10,000. With this momentum, the City continued its enforcement efforts in 2015 by developing and implementing a recommendation tool that has dramatically streamlined the process of deciding on appropriate dispositions for properties adjudged guilty of blight. Code Enforcement initiated a new program to try to "nudge" property owners to bring their property into compliance before costly and resource-intensive work begins. The program sends property owners a letter and informs them that fees and fines may occur if they don't bring their property up to code. During 2017, 633 blighted properties were brought into compliance by property owners.

## **COMMITMENT TO PUBLIC SAFETY**

Making the city safe has been our number one priority. Over the past seven years, Mayor Landrieu has gone above and beyond to fight the urgent and growing threat of violent crime in our city: aggressively pursuing violent criminals, reforming and investing in the NOPD, and launching NOLA FOR LIFE, a comprehensive murder reduction strategy. Law enforcement cannot do it alone, so the NOLA FOR LIFE plan focuses on prevention and addressing the root of the problem with a holistic approach.

Since 2010, the City has launched 13 new NOPD recruit classes with a total of 334 recruits. The City has also provided NOPD a 15% pay raise across the board in order to improve recruitment and officer retention, plus an additional special pay raise of 5% to NOPD homicide detectives. Confidence in the police department is up. The Multi-Agency Gang Unit has carried out aggressive enforcement policies to get 134 indictments from 15 different violent gangs and groups. NOLA FOR LIFE initiatives have helped over 32,000 New Orleanians get assistance, whether it is finding a job or returning home after being released from prison. The City has launched Ceasefire New Orleans to focus on interrupting violence by mediating neighborhood disagreements. Ceasefire New Orleans also launched a wildly successful Midnight Basketball program, which on Saturday nights has brought in over 8,000 young people and spectators from off the street. The New Orleans Health Department is working with the Children's Bureau and other local partners including schools to connect high-risk kids to caseworkers and counseling that can help them work through their often serious problems. Though the City has come a long way in seven years, crime remains its city's toughest challenge.

## **LOOKING FORWARD TO 2018**

The New Orleans City Council approved the passage of the City's 2018 Capital and General Fund budgets, totaling \$691.5 million and \$646.3 million respectively.

NOPD: The NOPD will receive increased funding again in 2018 in order to hire another 150 police officers and will implement targeted pay increases to improve retention efforts. NOPD will have funding to operate the citywide network of security cameras linked to the real-time command center. Increased funds will also support the Fraternal Order of Police settlement as well as civilian social workers and civilian investigator for sexual assault cases.

Beyond NOPD, in 2012, the Mayor launched NOLA FOR LIFE, the City's comprehensive strategy to reduce murders across New Orleans. The strategy implements 35 initiatives across disciplines to improve public safety including the Group Violence Reduction, Multi-Agency Gang Unit, Workforce Re-entry Strategy, and Midnight Basketball program. These programs will continue in 2018.

The 2018 budget continues vital programs that support the utilization of Disadvantaged Business Enterprises (DBEs) in the procurement of goods and services by the City of New Orleans. Since 2010, the City has increased DBE participation each year from 16% to 48.2% in 2016 and reduced DBE certification processing time from 730 days down to 15 days.

Thanks to good fiscal management, the City is receiving record credit ratings. The City has also maintained a fund balance to provide for government services during emergencies and disasters. The 2018 budget proposes a rainy day fund, in addition to the fund balance, to further secure the City's ability to prepare for and react to unforeseen circumstances that may arise.

In 2018, we are also investing in our neighborhoods and fixing our streets. The City's Department of Public Works and Sewerage and Water Board of New Orleans are working together to implement a \$2.4 billion Capital Improvement Program, the most robust infrastructure improvement program that our region has seen in a generation. With more than 200 projects currently in the works, a record amount of street work is happening across the city; and once complete, every neighborhood will feel the positive impact. In addition to the Capital Improvement Plan, the 2018 operating budget will fund millions for street repairs, including \$3 million to fill 50,000 potholes and clean 4,500 catch basins. Additional funding will also support increased pedestrian safety.

The Mayor's goal to eliminate 10,000 blighted properties by 2014 was met and to date the City has eliminated 15,000 blighted units, but more work must be done. The 2018 budget will continue to support an aggressive blight reduction strategy.

The New Orleans Recreation Development Commission (NORDC) was established in 2011 as a public private partnership to enhance recreational opportunities throughout the City. The City, alongside private funding from the NORD Foundation, has nearly tripled the 2010 funding in order to provide full-year operating support for current programs and additional facilities schedule to open in 2018.

Lastly, the 2018 budget provides investments to provide year-round and summer job development opportunities to job seekers, including our City's youth, including increased funding for YouthForce NOLA.

## **FINANCIAL CONTROLS**

The City's administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## **BUDGETARY PROCEDURES**

The City's Charter requires the annual preparation of a balanced operating budget. It prohibits the Department of Finance from approving any expenditure under any portion of the annual operating budget unless sufficient revenues have been appropriated by the City Council to finance the proposed expenditure. The City Council is required to appropriate the necessary tax and other revenue measures to produce a balanced budget. In addition, no budgeted expenditures

may be made unless authorized by the Mayor or the Chief Administrative Officer through an allotment system.

The City monitors revenues and expenditures closely during the year. Transfers within the budget are adopted by the City Council when necessary to increase or curtail budgeted expenditures to ensure a balanced budget.

The City maintains budgetary controls at the departmental level by cost object classification and allocates appropriations on a quarterly basis. The City's Home Rule Charter specifies three cost object classifications: personal services, other operating expenses, and debt service. Although all expenditures are recorded at the individual line item level, they are summarized for reporting purposes in these three expenditure classifications.

Encumbrances are recorded via an online processing system. If sufficient funds are not available to cover a purchase, the requisition is rejected and returned to the originating department for appropriation or allotment changes, transfer of funds or cancellations. Appropriations may be amended through council action during the year and all unencumbered appropriations lapse at year end. Neither the City Charter nor state law, allow deficit spending. The Department of Finance is able to control all of the above through a computerized financial management system and the use of a departmental budget.

The Mayor's 2017 Budget was prepared using a process called Budgeting for Outcomes (BFO). BFO is designed to improve services and get a better return on investment of public dollars. BFO starts with a set of results that matter to citizens and encourage creative ways of achieving them within the resources available. In line with the Mayor's budgeting principles, BFO emphasizes accountability, innovation and teamwork. Like performance budgeting, BFO focuses on what the public receives, how much it costs, and how outcomes will be measured. BFO starts with the results citizens want from their City government and works to align those priorities with the budget decision-making process.

## **CAPITAL BUDGET**

The Mayor, on an annual basis, recommends to the City Council a capital improvement program for the next five years and a capital budget, by project, for the first year of the program. The City Council is obligated to approve a capital budget program and adopt a capital budget before it adopts the annual operating budget. The capital program and budget must show the amounts and sources of money for each project. The amounts budgeted constitute appropriations from the funds indicated when they become available. Expenditures for capital projects are made through the capital projects fund.

## **BUDGETARY AND FINANCIAL REPORTING**

The fund structure, by which the financial transactions of the City of New Orleans are recorded, is defined on Article VI Chapter 1 and 2 of the Home Rule Charter. All general governmental functions, other than debt service and capital improvements, are accounted for in the general

fund. Encumbrances of the current year are recorded as obligations against budgetary appropriations. Appropriations neither encumbered nor expended lapse at the end of the fiscal year.

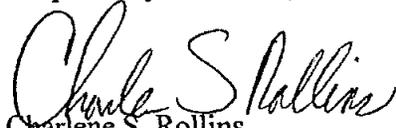
## **RISK MANAGEMENT**

The City is self-insured for its hospitalization benefit program, workers compensation, motor vehicle fleet, general liability, and police department excessive force losses. Premiums are charged to the City's various funds for the unemployment and worker's compensation programs and to employees and the City's various funds for the hospitalization program. In addition, the City's Risk Management Division works toward reducing the number of claims and lawsuits, shorten length of time in which a claim is processed or resolved, provides investigations and support services, and employs various risk control techniques.

## **ACKNOWLEDGMENTS**

The preparation of this report could not have been accomplished without the patience and dedication of the entire staff of the Finance Department; however, a special word of appreciation is due to the Bureau of Accounting staff who prepared this financial report while balancing day-to-day work, which must be done. I would also like to express my appreciation to all members of the Finance Department and the staff of other departments, boards, and agencies of the City who assisted and contributed to the preparation of this report. Finally, I would like to acknowledge the helpful suggestions and support received from the Mayor, CAO, and staff members of the City Council and Council Audit Committee. Their support is greatly appreciated.

Respectfully submitted,



Charlene S. Rollins  
Comptroller

**CITY OF NEW ORLEANS, LOUISIANA**

Government Officials – Elected and Appointed

December 31, 2017

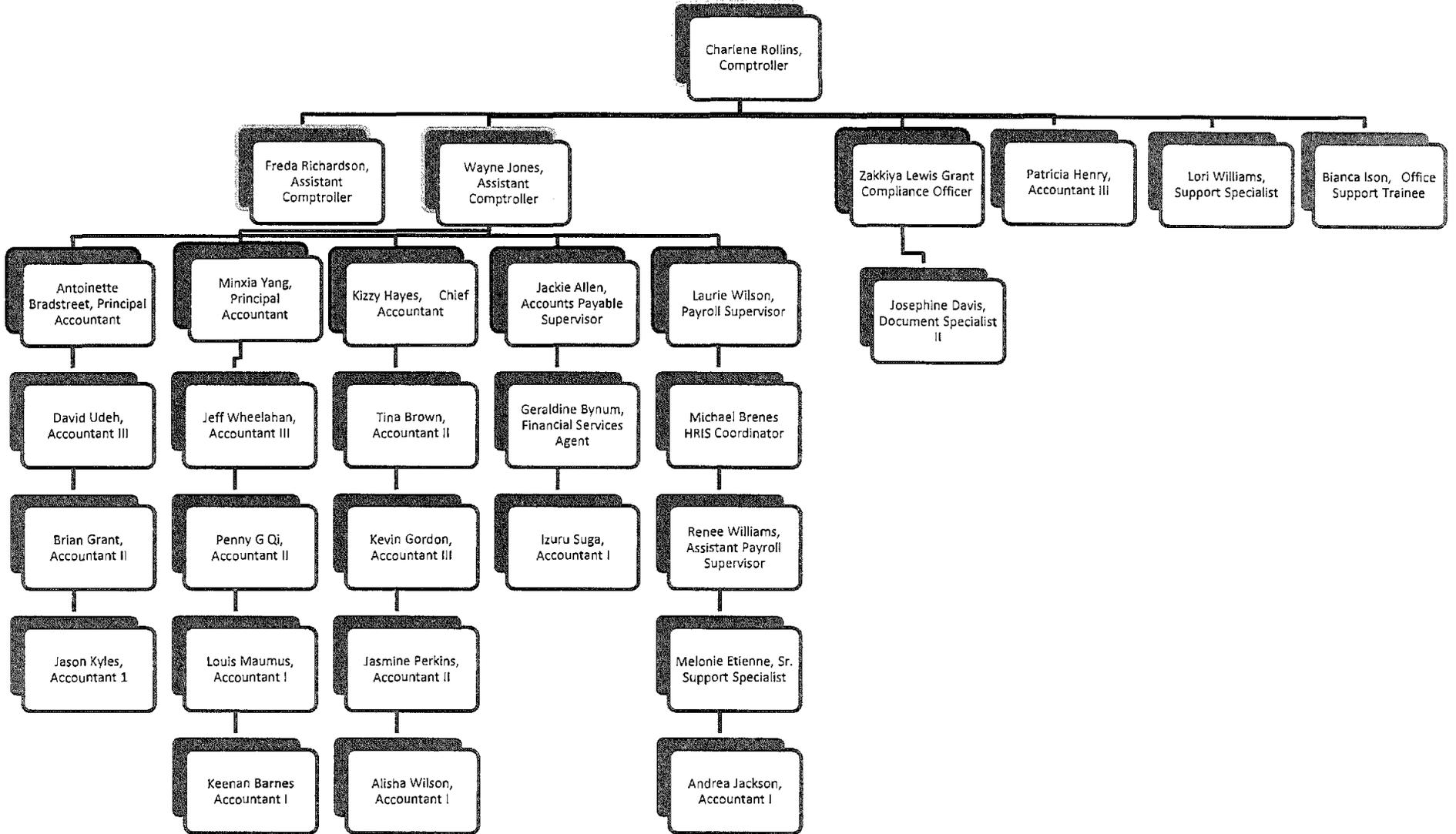
**City Council**

Councilmember-at-Large	Ms. Stacey Head
Councilmember-at-Large	Mr. Jason Rogers Williams
Councilmember – District A	Ms. Susan G. Guidry
Councilmember – District B	Ms. LaToya Cantrell
Councilmember – District C	Ms. Nadine M. Ramsey
Councilmember – District D	Mr. Jared C. Brossett
Councilmember – District E	Mr. James Austin Gray II

**Executive Staff**

Mayor	Mr. Mitchell J. Landrieu
Deputy Mayor, Chief Administrative Officer, and Chief Resilience Officer	Mr. Jeff Hebert
Deputy Mayor of Citywide Initiatives	Ms. Judy Reese Morse
Chief of Staff	Ms. Brooke Smith
Deputy Mayor of External Affairs	Mr. Ryan Berni
Executive Director of Sewerage and Water Board	Mr. Cedric S. Grant
City Attorney	Ms. Rebecca Dietz
Deputy Chief Administrative Officer – Operations	Mr. Scott Hutcheson
Health Director	Ms. Marsha Broussard
Superintendent - Fire	Chief Timothy McConnell
Superintendent - Police	Chief Michael Harrison
Director of Finance	Mr. Norman S.J. Foster

**CITY OF NEW ORLEANS, LOUISIANA**  
 New Orleans City Government Organizational Chart



## **FINANCIAL SECTION**

## **Independent Auditors' Report**

The Honorable Mayor and Members  
City Council of the City of New Orleans, Louisiana:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City'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 did not audit the financial statements of Sewerage and Water Board, the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Orleans Parish Hospital Service District A, New Orleans Municipal Yacht Harbor Management Corporation, New Orleans Building Corporation, and the Downtown Development District, which represent 68% and 78% respectively, of the assets and revenues of the aggregate discretely presented component units; the Employees' Retirement System of the City of New Orleans, which represent 78% of the assets and 45% of the additions and revenues of the aggregate remaining fund information; and the Board of Liquidation, City Debt, which is included in a major fund which represent 14% and 10% of assets and revenues of the governmental fund financial statements, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Orleans Parish Hospital Service District A, the Downtown Development District, the New Orleans Building Corporation, the Employees' Retirement System of the City of New Orleans, and the Board of Liquidation, City Debt, is based solely on the report of the other auditors. 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 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 unmodified and qualified audit opinions.

***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Qualified
General Fund	Unmodified
HUD Fund	Unmodified
FEMA Fund	Unmodified
Capital Projects Fund	Unmodified
Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

***Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units***

The financial statements of the Sewerage and Water Board (the Board) have not been audited. The Board's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 59% and 51% percent of the assets and revenues, respectively, of the City's aggregate discretely presented component units.

***Qualified Opinion***

In our opinion, based on our audits and the reports of other auditors, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the City of New Orleans, as of December 31, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Unmodified Opinions*

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 8 to the basic financial statements, actual contributions made by the City to the Firefighters' Pension and Relief Fund – Old System (Old System) are made based on amounts necessary to pay current expenses, and, in effect, is being funded on a “pay-as-you-go” basis. City contributions were used to fund benefit payments of the current period. Without adequate contributions, the Old System will not be able to pay benefit and other payments due in fiscal year 2018. The total pension liability of the Old System, based on the most recent actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017, exceeded the fund's fiduciary net position by \$137,916,000. Additionally, as discussed in Note 8 to the basic financial statements, the total pension liability of the Firefighters' Pension and Relief Fund – New System (New System), based on the most recent actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017, exceeded the New System's fiduciary net position by \$328,564,000. A significant portion of the New System's investments are long-term positions and are not liquid. This may have a negative impact on future cash flows. Additional employer contributions may be required to fund benefit payments and other plan deductions in upcoming years.

Our opinions are not modified with respect to these matters.

### *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 5 through 16, and the budgetary comparison information on pages 91 through 93, schedules required in accordance with GASB Statement Nos. 67 and 68 on pages 94 through 96, and schedules of funding progress in accordance with GASB Statement No. 45 on page 97 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 and other auditors 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements, affidavit of the City of New Orleans as tax collector, schedule of compensation paid to the City Council, schedule of compensation, benefits, and other payments to the Mayor, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements, affidavit of the City of New Orleans as tax collector, schedule of compensation paid to the City Council, and schedule of compensation, benefits, and other payments to the Mayor 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical 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 June 29, 2018, on our consideration of the City'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 City's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

New Orleans, Louisiana  
June 29, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# CITY OF NEW ORLEANS, LOUISIANA

## Management's Discussion and Analysis

December 31, 2017

### Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the City of New Orleans, Louisiana's (the City), financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the City's basic financial statements and the notes to the basic financial statements.

### Financial Highlights

- The City's net position deficit on the government-wide basis was approximately \$243.5 million at December 31, 2017.
- The government-wide statement of activities reported a decrease in net position of \$13.8 million.
- 2017 general fund tax revenues increased by \$32.2 million, or 8.7% compared to 2016.
- The general fund reported an excess of revenues and other financing sources over expenses and other financing uses of \$1.7 million for a total ending fund balance surplus at December 31, 2017 of \$75.7 million. The general fund's unassigned fund balance at December 31, 2017 is a deficit of \$20.2 million.
- Total governmental funds reported a deficit of revenues and other financing sources over expenses and other financing uses of \$74.2 million.
- Total cash and investments of governmental funds amounted to \$355 million at December 31, 2017, a decrease of \$21.8 million compared to December 31, 2016.
- Total bonded debt amounted to \$777 million, a decrease of \$50 million over the beginning of the year total.

### Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information to provide greater detail of data presented in the basic financial statements.

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

The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases

# CITY OF NEW ORLEANS, LOUISIANA

## Management's Discussion and Analysis

December 31, 2017

or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health and human services, culture and recreation, urban development and housing and economic development. All of the business-type activities of the City are undertaken through component units, which are presented separately.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 City can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of the 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 government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance provide a reconciliation between governmental funds and governmental activities.

The City maintains 67 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for its five major funds: the General Fund, the Department of Housing and Urban Development (HUD) grant fund, the Federal Emergency Management Agency (FEMA) fund, the Debt Service Fund, and the Capital Projects Fund. Data from the other governmental funds are combined under the heading "Nonmajor Governmental Funds."

**Proprietary Funds.** The City does not directly maintain proprietary funds. Proprietary activities are included within component units of the City.

# CITY OF NEW ORLEANS, LOUISIANA

## Management's Discussion and Analysis

December 31, 2017

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Basic 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.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information to demonstrate legal budgetary compliance for each major fund for which an annual budget is adopted and to provide information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

### Government-wide Financial Analysis

As noted previously, net position over time, may serve over time as a useful indicator of a government's financial position. The City's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately \$241.6 million at December 31, 2017.

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2017**

**Net Position**

December 31, 2017 and 2016

(Amounts in thousands)

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 468,914	\$ 477,257
Capital assets	1,598,300	1,580,554
Total assets	<u>2,067,214</u>	<u>2,057,811</u>
Deferred amounts related to net pension liability	258,902	254,776
Deferred loss on bond refunding	6,016	6,811
Total deferred outflows	<u>264,918</u>	<u>261,587</u>
Long-term liabilities	2,220,263	2,315,838
Other liabilities	247,957	116,062
Total liabilities	<u>2,468,220</u>	<u>2,431,900</u>
Deferred amounts related to net pension liability	86,268	106,722
Deferred gain on bond refunding	1,100	1,327
Unavailable revenue	18,165	7,274
Total deferred inflows	<u>105,533</u>	<u>45,852</u>
Net position:		
Net investment in capital assets	955,314	892,154
Restricted	76,485	115,038
Unrestricted (deficit)	(1,273,420)	(1,235,017)
Total Net position	<u>\$ (241,621)</u>	<u>\$ (227,825)</u>

The City's statement of net position reflects its net investment in capital assets in the amount of \$955.3 million at December 31, 2017. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided for by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The unrestricted deficit net position in the amount of \$1,274 million is due to the City's recording of long-term obligations including claims and judgments, liabilities, accrued annual and sick leave. The unrestricted deficit increased by \$38.4 million, which is primarily due to the change in net position described below.

**Governmental Activities**

Total revenue increased by \$58.7 million or 6.6% from \$894.1 million in 2016 to \$952.9 million in 2017. This increase is primarily attributable to an increase in capital grants and contributions of \$32.2 million

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2017**

and an increase of property taxes of \$17.1 million as a result of the continuation of the Adjudicated Property sale program and improved collection of ad valorem taxes and the addition of a French Quarter Sales tax.

Total expenses were \$966.7 million in 2017, an increase of \$167.1 million, or 20.6%, compared to \$801.5 million in 2016. General government expense increased \$143.7 million, or 60.5%, from \$237.7 million in 2016 to \$381.4 million in 2017 primarily due to an increase in mayoral priorities related to general governmental activities. Public Safety expense increased \$7.0 million, or 2.7%, from 264.9 million in 2016 to \$271.9 million in 2017 primarily due to an addition of 150 police officers and an increase in fire pension cost and additional personnel.

A comparison of 2017 to 2016 is as follows (amounts are reported in thousands):

	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 186,176	\$ 168,658
Operating grants and contributions	94,041	107,986
Capital grants and contributions	78,308	46,127
General revenues:		
Property taxes	265,555	248,493
Sales taxes	218,051	203,235
Other taxes	50,659	55,927
Unrestricted investment income	25,232	22,705
Legal settlement	-	-
Miscellaneous	34,832	40,994
Total revenues	952,854	894,125
Expenses:		
General government	381,449	237,698
Public safety	271,886	264,860
Public works	149,164	146,064
Health and human services	35,803	32,492
Culture and recreation	35,274	30,228
Urban development and housing	22,212	22,090
Economic development	10,295	7,434
Interest and fiscal changes	60,567	60,607
Total expenses	966,650	801,473
Change in net position	(13,796)	92,652
Net position beginning of year, as restated	(227,825)	(320,477)
Net position, ending	\$ (241,621)	\$ (227,825)

# CITY OF NEW ORLEANS, LOUISIANA

## Management's Discussion and Analysis

December 31, 2017

### Financial Analysis of the Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of the fund balance which has not yet been limited in use for a particular purpose by either an external party, the City itself, or group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At December 31, 2017, the City's governmental funds reported combined fund balances of \$270.9 million, a decrease of \$74.2 million in comparison with the prior year. Included in this amount is a fund balance deficit of \$58.4 million which constitutes unassigned fund balance. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$1.1 million), 2) restricted for particular purposes (\$115.0 million), 3) committed for particular purposes (\$160.6 million), or 4) assigned for particular purposes (\$52.6 million).

### General Fund

The general fund is the chief operating fund of the City. At December 31, 2017, the general fund's fund balance increased by \$1.7 million from \$74.0 million in 2016 to \$75.7 million in 2017. Key factors relative to this change are as follows:

- Expenditures increased in 2017 to \$683.0 million compared to \$654.7 million in 2016, an increase of \$28.3 million, which represents a 4.3% increase in expenditures. General government expenditures increased due to a supplemental appropriation.
- Debt service expenditures for the general fund increased by \$1.2 million or 3.7% compared to 2016.
- Total revenues and other financing sources (uses), net, for the general fund increased by \$31.6 million in 2017 or 4.8% compared to 2016.
- Taxes increased by \$32.2 million or 8.7% as compared to 2016. Increase is due primarily to enhanced collection efforts.
- Fines and fees revenues increased by \$3.9 million or 10.5% as compared to 2016.
- Miscellaneous revenues decreased from \$44.5 million in 2016 to \$34.5 million in 2017, a decrease of \$10 million.
- Other financing sources (uses), net, decreased by approximately \$7.6 million. This decrease is due to increased debt to pay judicial settlements.

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2017**

The accompanying table shows the amount (in thousands) of general fund revenues by source for 2017 and 2016.

<b>Revenues and Other Financing Sources</b>	<b>2017</b>	<b>% of</b>	<b>Increase (Decrease)</b>	<b>2016</b>	<b>% of</b>
	<b>Actual</b>	<b>Total</b>	<b>Over 2016</b>	<b>Actual</b>	<b>Total</b>
Taxes	403,032	58.86%	\$ 32,249	\$ 370,783	56.77%
Licenses and permits	71,220	10.40	5,399	65,821	10.08
Intergovernmental	32,772	4.79	9,384	23,388	3.58
Charges for services	90,434	13.21	(902)	91,336	13.98
Fines and forfeits	40,999	5.99	3,909	37,090	5.68
Interest income	1,675	0.24	390	1,285	0.20
Contributions, gifts, and donations	37	0.01	(1,255)	1,292	0.20
Legal settlement	—	—	-	-	—
Miscellaneous and other	34,471	5.03	(9,979)	44,450	6.81
Other financing sources (uses), net	10,092	1.48	(7,572)	17,664	2.70
	<u>\$ 684,732</u>	<u>100.0%</u>	<u>\$ 31,623</u>	<u>\$ 653,109</u>	<u>100.0%</u>

The accompanying table shows the amount (in thousands) of general fund expenditures by function for 2017 and 2016.

<b>Expenditures</b>	<b>2017</b>	<b>% of</b>	<b>Increase (Decrease)</b>	<b>2016</b>	<b>% of</b>	<b>% of</b>
	<b>Actual</b>	<b>Total</b>	<b>Over 2016</b>	<b>Actual</b>	<b>Total</b>	<b>Total</b>
General government	\$ 228,389	33.56%	\$ (11,870)	\$ 240,259	36.70%	58.43%
Public safety	286,964	42.17	26,449	260,515	39.79	15.23
Public works	84,293	12.39	6,689	77,604	11.85	4.49
Health and human services	20,473	3.01	1,645	18,828	2.88	8.71
Culture and Recreation	27,643	4.06	1,749	25,894	3.95	1.96
Debt service	32,789	4.82	1,157	31,632	4.83	3.54
	<u>\$ 680,551</u>	<u>100.0%</u>	<u>\$ 25,819</u>	<u>\$ 654,732</u>	<u>100.0%</u>	<u>100.0%</u>

**HUD Fund**

This special revenue fund is used to account for funding from the Department of Housing and Urban Development (HUD). Some of the major initiatives are Community Development Block Grants (CDBG), HOME Investment Partnership Act Program (HOME), Emergency Shelter Grant (ESG) Program, and Housing Opportunities for Persons with HIV/AIDS (HOPWA). Revenues decreased by \$7.3 million from \$22.6 million in 2016 to \$15.2 million in 2017, and expenditures increased \$1.0 million from \$20 million in 2016 to \$21 million in 2017. The decrease in revenue was due to the timing of when expenditures are incurred and reimbursements are requested. The increase in expenditures was due to an increase in CDBG activity attributable to additional Department of Public Works expenses and demolitions.

## CITY OF NEW ORLEANS, LOUISIANA

### Management's Discussion and Analysis

December 31, 2017

#### **FEMA Fund**

The FEMA Fund primarily accounts for grants received as a result of Hurricanes Katrina, Rita and Gustav from the Federal government. FEMA, as authorized by the Stafford Act, assists individuals, as well as state and local governments with response to and recovery from disasters. The FEMA grants are reimbursement basis grants where expenditures and related revenues have been accrued. The deficit in the FEMA fund at December 31, 2017 is primarily due to revenue that has been deferred and will be collected by the City in the future in addition to funds borrowed from the general fund to cover expenditures of the FEMA Fund. Revenue amounted to \$9.8 million in 2017 compared to \$21.6 million in 2016 while expenditures totaled \$17.5 million in 2017 compared to \$19.3 million in 2016. The decrease in expenditures is due to the City's continued closeout efforts with GOHSEP and FEMA. With significant progress made with the City's closeout process, final expenses have been submitted on over 80% of the City's projects with FEMA.

#### **Debt Service Funds**

The Debt Service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Total fund balance for the Debt Service Fund was \$71.0 million at December 31, 2017, which was a \$12.4 million decrease compared to the prior year balance of \$83.4 million. The decrease is attributable to 2017 debt payments.

#### **Capital Project Funds**

The Capital Project fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and repair and maintenance projects other than those accounted for in the component units. Expenditures for capital projects in 2017 totaled \$108.2 million, an increase of \$22.3 million compared to 2016. Revenues were \$55.7 million in 2017 compared to \$50.0 million in 2016. The increase in revenues and expenditures were due to more projects under construction in 2017.

#### **General Fund Budgetary Highlights**

Variances between the general fund amended budget and actual expenditures are delineated in the schedule below. The 2017 amended budgeted revenues and expenditures were increased primarily to reflect the recognition of additional millages voted on and approved by the city council during 2017.

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2017**

	2017		
	Budget	Actual on budgetary basis	Variance Positive (Negative)
Revenues			
Taxes	\$ 389,470	\$ 404,114	\$ 14,644
Licenses and permits	64,010	71,220	7,210
Intergovernmental	31,620	32,772	1,152
Charges for services	88,901	89,825	924
Fines and forfeits	54,324	40,998	(13,326)
Interest income	429	1,675	1,246
Contributions, gifts, and donations	690	37	(653)
Miscellaneous	31,604	34,473	2,869
Total Revenues	661,048	675,114	14,066
Expenditures	700,905	686,985	13,920
Other financing sources (uses), net	39,857	10,367	(29,490)
Change in fund balance	\$ -	\$ (1,504)	\$ (1,504)

**Capital Assets**

Capital assets at December 31, 2017 and 2016 are as follows (net of depreciation):

	2017	2016
Land	\$ 94,474	\$ 94,474
Construction in progress	317,299	304,888
Buildings, improvements, and equipment	383,569	368,277
Other	5,533	25,575
Infrastructure assets	797,425	810,020
	\$ 1,598,300	\$ 1,603,234

Hurricane Katrina and the related flooding caused physical damage to the City's capital assets. As a result, certain assets were destroyed and other assets, specifically buildings, require restoration efforts to restore their service utility. Some assets have been demolished and are being replaced. Buildings, improvements, equipment, other, and infrastructure assets have been reduced in value as a result of demolition, damage, or depreciation. Rebuilding efforts of the previous years have once again begun to increase and, as a result, the replacement and repair costs for these assets have led to an increase in construction in progress of \$12.4 million at December 31, 2017 compared to \$304.9 million at December 31, 2016. See Note 5 for detailed capital asset activity during 2017.

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2017**

**Debt Administration**

Outstanding general obligation bonds at December 31, 2017 totaled \$550.9 million, all of which are considered to be net, direct-tax supported debt.

	<b>Outstanding Debt</b>	
	<b>2017</b>	<b>2016</b>
General obligation bonds	\$ 550,864	\$ 577,562
Accreted GO 1991 refunding bonds	20,445	38,964
Limited tax bonds	14,825	18,353
Taxable limited tax bonds	185,290	186,200
Revenue bonds	5,280	5,905
<b>Total bonds</b>	<b>776,704</b>	<b>826,984</b>
Notes payable (vehicle and equipment loans)	12,365	6,260
Capital leases	1,591	4,650
Go Zone Notes	35,494	64,854
Section 108 HUD loans	870	3,615
<b>Total outstanding debt</b>	<b>\$ 827,024</b>	<b>\$ 906,393</b>

The following is a summary of debt transactions:

Balance at January 1, 2017	\$ 906,393
New issues	19,200
Forgiven	(0)
Payments	<u>(98,569)</u>
Balance at December 31, 2015	<u>\$ 827,024</u>

The Louisiana Legislature, in Act 1 of 1994, increased the City's general obligation bond debt limit to an amount equal to the greater of (i) \$500,000,000 or (ii) 35% of total assessed valuation of the City. Under Act 1, based on the most recent assessed valuations, the City's debt limit is \$1.4 billion as of December 31, 2017. At December 31, 2017, the City's legal debt margin adjusted for outstanding principal of \$550.9 million and past and future accretion of \$20.1 million on the City's outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$71.0 million to service this debt was \$900 million. As of December 31, 2017, Moody's general obligation bond rating for the City was "A3", Fitch general obligation bond rating was "A+", and Standard & Poor's general obligation bond rating was "AA-". See Note 6 for detailed long-term debt activity for 2017.

# CITY OF NEW ORLEANS, LOUISIANA

## Management's Discussion and Analysis

December 31, 2017

### Economic Factors and Next Year's Budgets and Rates

The General Fund's amended budgeted revenues and other financing sources exceeded the adopted budgeted revenues and other financing sources by approximately \$39.9 million and final budgeted expenditures and other financial uses exceeded original budgeted expenditures and financial uses by approximately \$38.5 million. The City anticipates an increase in 2018 expenditures to address the Mayor's Budget Priorities as a result of the community meetings held in every council district during July and August of 2017 and address the issues that are most important to the citizens. The areas were defined as Public Safety & Preparedness, Children and Families, Economic Development & Opportunities, Sustainable & Resilient Communities and Open, Effective & Innovative Government.

The City's General Fund recurring revenues are forecasted for FY 2018 as \$625 million. General Fund revenues are forecast to grow modestly between 2019 and 2021.

The following table presents an adopted budget comparison for 2018, 2017, and 2016 (amounts in thousands):

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues and other financing sources	\$ 646,301	\$ 614,915	\$ 619,616
Expenditures	\$ 646,301	\$ 614,915	\$ 619,616

According to the Bureau of Labor Statistics, Gross Domestic Product in 2017 grew by 1.3 percent to a rate of 4.1 percent. The United States labor market saw robust growth at an average rate of about 169,000 jobs per month in 2017. The unemployment held steady at 4.1 percent for the last quarter of 2017. From December 2016 to December 2017, the Consumer Price Index rose 2.1 percent.

Partnerships between the City, State and Federal Government and the business community have been critical to the City's economic success. The City's economic development efforts have been effective in attracting new businesses and new jobs. Highlights over the past 7 years include: Introducing a comprehensive strategy to connect disadvantaged job seekers and businesses to new opportunities, unveiling an economic opportunity strategy and the Network for Economic opportunity. Since 2010, the city has created over 20,000 new jobs and opened more than 140 new retail and restaurant openings. The city's African-American male under-employment rate decreased from 52 percent to 48 percent. Mayor Landrieu created a robust Office of Supplier Diversity to track and enforce compliance with the city's goal for DBE participation. The city launched BuildNOLA, which prepares businesses for sustainable growth by focusing on increased revenue, new contracting opportunities, and job creation. Since its launch, the program has created 74 new jobs and generated over \$5 million in public and private contracts to graduates. The City raised the minimum wage for all city employees through the Great Places to Work Initiative. The City has raised the minimum wage for city employees to \$10.10 and for contractors to \$10.50. Over the last seven years, unemployment has been nearly cut in half since its peak in 2010.

From the beginning of the Landrieu Administration, we have been committed to creating a city that every resident of New Orleans could benefit from. Through a number of initiatives including BuildNOLA,

# **CITY OF NEW ORLEANS, LOUISIANA**

## **Management's Discussion and Analysis**

**December 31, 2017**

STRIVENOLA and the Disparity Study launched in 2017, we have been able to create pathways to prosperity and connect the people of New Orleans to real opportunities. As we approach the City's 300th birthday, we stand confident in the legacy of our work and are thankful for the countless partners and residents who helped New Orleans stand and be all that she is today.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information may be addressed to the Office of the Director of Finance, City of New Orleans, 1300 Perdido Street, Room 3E06, New Orleans, Louisiana 70112.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF NEW ORLEANS, LOUISIANA**  
Statement of Net Position  
December 31, 2017  
(Amounts in Thousands)

<b>Assets</b>	<b>Primary Governmental Activities</b>	<b>Component Units</b>
Cash and cash equivalents	\$ 114,090	\$ 116,570
Investments	241,274	82,747
Receivables (net of allowance for uncollectibles):		
Taxes	26,554	11,345
Accounts	16,358	66,488
Interest	132	925
Grantee loans	299	81,420
Other	-	18,525
Due from component units	13,328	-
Due from other governments	56,863	746
Other assets	16	23,545
Restricted cash and investments	-	873,901
Capital assets (net of accumulated depreciation)	1,598,300	4,497,865
Total assets	<u>2,067,214</u>	<u>5,774,077</u>
<b>Deferred Outflows of Resources</b>		
Deferred amounts related to net pension liability	258,902	32,919
Deferred loss on bond refunding	6,016	17,318
Total deferred outflows of resources	<u>264,918</u>	<u>50,237</u>
<b>Liabilities</b>		
Accounts payable	108,505	115,937
Retainages payable	2,269	11,059
Accrued expenses	1,982	56,654
Taxes payable	5,942	-
Accrued interest payable	6,056	31,151
Due to component units	20,306	-
Due to other governments	3,279	14,068
Liabilities payable from restricted assets	-	48,800
Long-term liabilities due within one year	99,618	56,212
Long-term liabilities due in more than one year	2,220,263	2,317,889
Total liabilities	<u>2,468,220</u>	<u>2,651,770</u>
<b>Deferred Inflows of Resources</b>		
Deferred amounts related to net pension liability	86,268	5,007
Deferred gain on bond refunding	1,100	-
Unavailable revenue	18,165	-
Total deferred inflows of resources	<u>105,533</u>	<u>5,007</u>
<b>Net Position</b>		
Net investment in capital assets	955,314	3,043,040
Restricted for debt service	71,036	209,801
Restricted for capital improvement	5,449	146,577
Restricted for operating reserve	-	14,169
Unrestricted (deficit)	(1,273,420)	(246,050)
Total net position (deficit)	<u>\$ (241,621)</u>	<u>\$ 3,167,537</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA  
Statement of Activities  
Year ended December 31, 2017  
(Amounts in thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue and changes in net position	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary governmental activities	Component units
Primary government:						
Governmental activities:						
General government	\$ 381,449	\$ 68,411	\$ 20,083	\$ 15,005	\$ (277,950)	\$ -
Public safety	271,886	37,486	13,132	9,780	(211,488)	-
Public works	149,164	58,570	3,111	48,957	(38,526)	-
Health and human services	35,803	16,652	27,001	3,572	11,422	-
Culture and recreation	35,274	964	3,150	994	(30,166)	-
Urban development and housing	22,212	4,023	22,879	-	4,690	-
Economic development	10,295	70	4,685	-	(5,540)	-
Interest and fiscal charges	60,567	-	-	-	(60,567)	-
Total primary government	<u>\$ 966,650</u>	<u>\$ 186,176</u>	<u>\$ 94,041</u>	<u>\$ 78,308</u>	<u>(608,125)</u>	<u>-</u>
Component units:						
Audubon Commission	\$ 61,246	\$ 41,276	\$ -	\$ 13,079	-	(6,891)
Louis Armstrong New Orleans International Airport	80,161	78,486	-	29,780	-	28,105
Sewerage and Water Board	198,717	202,985	2	105,311	-	109,581
Other nonmajor component units	137,450	101,775	269	-	-	(35,406)
Total component units	<u>\$ 477,574</u>	<u>\$ 424,522</u>	<u>\$ 271</u>	<u>\$ 148,170</u>	<u>-</u>	<u>95,389</u>
General revenues:						
Taxes:						
Property taxes					265,555	75,735
Sales taxes					218,051	-
Utility taxes					10,215	-
Culture and recreation taxes					158	-
Parking taxes					1,359	-
Franchise fees					35,615	-
Beverage taxes					3,312	-
Unrestricted investment income					25,232	6,759
Passenger facility charges					-	41,484
Miscellaneous					34,834	(3,171)
Total general revenues					<u>594,331</u>	<u>120,807</u>
Change in net position					(13,794)	216,196
Net position (deficit) – beginning of year					(201,870)	2,951,341
Prior period adjustments (note 16)					(25,957)	-
Net position (deficit) – beginning of year					<u>(227,827)</u>	<u>2,951,341</u>
Net position (deficit) – end of year					<u>\$ (241,621)</u>	<u>\$ 3,167,537</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA  
 Balance Sheet — Governmental Funds  
 December 31, 2017  
 (Amounts in thousands)

	General	HUD	FEMA	Debt Service	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 57,757	\$ -	\$ -	\$ 1,456	\$ 8,191	\$ 46,686	\$ 114,090
Investments	774	-	-	74,736	157,640	8,124	241,274
Receivables (net of allowance):							
Sales taxes	19,077	-	-	-	-	-	19,077
Property taxes	2,078	-	-	1,315	-	187	3,580
Franchise taxes	3,897	-	-	-	-	-	3,897
Accounts	14,213	-	25	-	370	1,750	16,358
Accrued interest	132	-	-	-	-	-	132
Grantee loans	-	-	-	-	-	299	299
Due from other funds	31,596	-	7	-	-	173	31,776
Due from other governments	6,337	10,747	7,818	-	26,505	5,456	56,863
Due from component units	6,513	-	-	-	6,815	-	13,328
Other assets	4	-	-	-	-	12	16
Total assets	<u>\$ 142,378</u>	<u>\$ 10,747</u>	<u>\$ 7,850</u>	<u>\$ 77,507</u>	<u>\$ 199,521</u>	<u>\$ 62,687</u>	<u>\$ 500,690</u>
<b>Liabilities</b>							
Accounts payable	\$ 47,328	\$ 4,756	\$ 2,652	\$ -	\$ 35,190	\$ 18,579	\$ 108,505
Retainages payable	-	-	-	-	2,269	-	2,269
Accrued expenses	-	13	26	-	-	1,943	1,982
Due to other funds	1	7,694	9,966	-	7,415	6,700	31,776
Due to other governments	1,297	1,295	-	-	-	687	3,279
Due to component units	5,541	-	14,728	-	37	-	20,306
Total liabilities	<u>54,167</u>	<u>13,758</u>	<u>27,372</u>	<u>-</u>	<u>44,911</u>	<u>27,909</u>	<u>168,117</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	12,524	8,611	115	6,471	31,280	2,695	61,696
Total deferred inflows of resources	<u>12,524</u>	<u>8,611</u>	<u>115</u>	<u>6,471</u>	<u>31,280</u>	<u>2,695</u>	<u>61,696</u>
<b>Fund Balances</b>							
Fund balances:							
Nonspendable	-	-	-	-	-	1,086	1,086
Restricted	31,646	535	-	71,036	5,449	6,368	115,034
Committed	12,338	-	-	-	117,881	30,402	160,621
Assigned	51,861	-	-	-	-	715	52,576
Unassigned	(20,158)	(12,157)	(19,637)	-	-	(6,488)	(58,440)
Total fund balances	<u>75,687</u>	<u>(11,622)</u>	<u>(19,637)</u>	<u>71,036</u>	<u>123,330</u>	<u>32,083</u>	<u>270,877</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 142,378</u>	<u>\$ 10,747</u>	<u>\$ 7,850</u>	<u>\$ 77,507</u>	<u>\$ 199,521</u>	<u>\$ 62,687</u>	<u>\$ 500,690</u>

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Reconciliation of Balance Sheet — Governmental Funds to the  
 Statement of Net Position  
 December 31, 2017  
 (Amounts in thousands)

Total fund balances -- governmental funds	\$	270,877
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 funds		1,598,300
Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds		43,531
The deferred gain and loss on bond refundings is not an available resource and, therefore, is not reported in the funds		4,916
Interest expense is accrued at year-end in the government-wide financial statements, but is recorded only if due and payable on the governmental fund financial statements		(6,056)
Net pension liability balances in accordance with GASB Statement No. 68:		
Deferred outflows of resources		258,902
Deferred inflows of resources		(86,268)
Net pension liability		(918,609)
Taxes payable		(5,942)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Long-term liabilities consist of:		
Bonds payable		(802,606)
Loans payable		(48,729)
Capital leases payable		(1,591)
Annual and sick leave		(46,519)
Claims payable		(407,894)
Other long-term liabilities		(93,933)
Total net position (deficit) -- governmental activities	\$	<u>(241,621)</u>

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year ended December 31, 2017  
(Amounts in thousands)

	General	HUD	FEMA	Debt Service	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 403,032	\$ -	\$ -	\$ 83,407	\$ -	\$ 15,343	\$ 501,782
Licenses and permits	71,220	-	-	-	-	-	71,220
Intergovernmental	32,772	14,789	9,762	958	55,713	30,803	144,797
Charges for services	90,434	-	-	-	-	48	90,482
Program income	-	451	55	-	-	432	938
Fines and forfeits	40,999	-	-	-	-	5,464	46,463
Interest income	1,675	-	-	1,028	34	64	2,801
Contributions, gifts and donations	37	-	-	-	-	6,805	6,842
Miscellaneous	34,471	-	-	-	-	2,178	36,649
Total revenues	<u>674,640</u>	<u>15,240</u>	<u>9,817</u>	<u>85,393</u>	<u>55,747</u>	<u>61,137</u>	<u>901,974</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	228,389	1,731	15,949	580	-	16,835	263,484
Public safety	286,964	-	292	-	-	9,082	296,338
Public works	84,293	1,313	-	-	92	2,248	87,946
Health and human services	20,473	-	-	-	-	15,330	35,803
Culture and recreation	27,643	-	-	-	-	6,622	34,265
Urban development and housing	-	17,973	1,236	-	-	3,003	22,212
Economic development and assistance	-	-	-	-	-	10,295	10,295
Capital outlays	2,444	-	-	-	108,156	220	110,820
<b>Debt service:</b>							
Principal	23,158	-	-	50,629	-	400	74,187
Interest and fiscal charges	9,631	-	-	50,262	-	40	59,933
Bond issuance costs	-	-	-	98	-	-	98
Total expenditures	<u>682,995</u>	<u>21,017</u>	<u>17,477</u>	<u>101,569</u>	<u>108,248</u>	<u>64,075</u>	<u>995,381</u>
Excess (deficiency) of revenue over expenditures	(8,355)	(5,777)	(7,660)	(16,176)	(52,501)	(2,938)	(93,407)
<b>Other financing sources (uses):</b>							
Transfers in	92	-	-	3,852	-	500	4,444
Transfers out	-	-	-	-	(92)	(4,352)	(4,444)
Proceeds from issuance of bonds	10,000	-	-	-	9,200	-	19,200
Total other financing sources (uses)	<u>10,092</u>	<u>-</u>	<u>-</u>	<u>3,852</u>	<u>9,108</u>	<u>(3,852)</u>	<u>19,200</u>
Net change in fund balances	1,737	(5,777)	(7,660)	(12,324)	(43,393)	(6,790)	(74,207)
Fund balances – beginning of year	73,985	(5,845)	(11,977)	83,360	169,935	38,903	348,361
Prior period adjustments	(35)	-	-	-	(3,212)	(30)	(3,277)
Fund balances – beginning of year, as restated	<u>73,950</u>	<u>(5,845)</u>	<u>(11,977)</u>	<u>83,360</u>	<u>166,723</u>	<u>38,873</u>	<u>345,084</u>
Fund balances – end of year	<u>\$ 75,687</u>	<u>\$ (11,622)</u>	<u>\$ (19,637)</u>	<u>\$ 71,036</u>	<u>\$ 123,330</u>	<u>\$ 32,083</u>	<u>\$ 270,877</u>

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds to the  
 Statement of Activities  
 Year ended December 31, 2017  
 (Amounts in thousands)

Net change in fund balances – total governmental funds	\$ (74,207)
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 costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This represents the amount that capital outlays exceeded depreciation and loss on disposals in the current period.	17,746
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This represents the change in deferred revenue.	25,003
The decrease in taxes payable related to current year refunds due to taxpayers does not consume current resources in the governmental funds, but decreases tax revenue in the statement of activities.	3,474
The issuance of long-term debt (e.g., bonds and certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Change in interest payable	57
Amortization of deferred loss on bond refunding	(568)
Bond and note principal payments	74,187
Issuance of bonds and note payable	(19,200)
Amortization of bond discount and premium	22,398
Compensated absences are recorded in the governmental funds when paid, but are recorded in the statement of activities when earned. This represents the amount compensated absences earned exceeded amounts paid in the current period.	(2,516)
Legal claims and judgments are recorded in the governmental funds when paid, but are recorded in the statement of activities when incurred. This represents the amount claims paid and changes in estimates to claims exceed new claims incurred in the current period.	(87,088)
Changes in estimates related to municipal landfill closure costs do not consume current financial resources in the governmental funds, but are expensed in the statement of activities.	238
Other post retirement benefits contributions are recorded as expenditures when paid by the governmental funds. This is the amount that the annual other post retirement benefit costs exceeded the other post retirement benefit contributions.	41
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68	<u>26,641</u>
Change in net position of governmental activities	<u>\$ (13,794)</u>

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
Statement of Fiduciary Net Position  
December 31, 2017  
(Amounts in thousands)

	<b>Assets</b>	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
Cash		\$ 1,199	\$ 58,878
Investments			
Cash equivalents		57,792	-
Fixed income securities		90,079	-
Equities		207,384	-
Investment in corporations, partnerships, and limited liability corporations		17,290	-
Investment in hedge funds and private equity funds		26,251	-
Investment in real estate		14,451	-
Other		20,380	18,235
Receivables:			
Accounts		-	108
Accrued interest		94	-
Contribution		3,476	-
Other		2,475	-
Total assets		<u>440,871</u>	<u>77,221</u>
	<b>Liabilities and Net Position</b>		
Liabilities:			
Accounts payable		174	-
Other payables and accruals		724	77,221
Total liabilities		<u>898</u>	<u>77,221</u>
Net position held in trust for pension benefits		<u>\$ 439,973</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
Statement of Changes in Fiduciary Net Position  
Year ended December 31, 2017  
(Amounts in thousands)

	<b>Pension Trust Funds</b>
<b>Additions:</b>	
Contributions:	
Employer	\$ 74,205
Members	10,688
Fire insurance rebate	1,675
Other	1,311
Total contributions	87,879
Investment income:	
Net appreciation in fair value of investments	42,811
Interest and dividends	5,585
Other investment income	10
Total investment income	48,406
Investment expense	(1,760)
Net investment income	46,646
Total additions	134,525
<b>Deductions:</b>	
Pension benefits	83,274
Refunds of member contributions	1,467
Death benefits	475
Administrative expenses	1,340
DROP withdrawal	10,328
PLOP withdrawal	3,247
Transfers to other plans	1,167
Total deductions	101,298
Change in net position	33,227
Net position held in trust for pension benefits – beginning of year	406,746
Net position held in trust for pension benefits – end of year	\$ 439,973

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA  
Combining Statement of Net Position  
Component Units  
December 31, 2017  
(Amounts in thousands)

Assets	Audubon Commission	Louis Armstrong New Orleans International Airport	(Unaudited) Sewerage and Water Board	Nonmajor Component Units	Total
<b>Current assets:</b>					
Cash and cash equivalents	\$ 459	\$ 12,896	\$ 30,077	\$ 73,138	\$ 116,570
Investments	-	80,706	-	2,041	82,747
Receivables (net of allowances for uncollectibles):					
Property taxes	-	-	10,841	504	11,345
Accounts	444	7,765	40,773	17,506	66,488
Accrued interest	-	841	-	84	925
Grants	-	-	81,420	-	81,420
Other	-	-	4,256	14,269	18,525
Due from other governments	-	52	-	694	746
Inventory of supplies	1,320	-	4,980	-	6,300
Prepaid expenses and deposits	725	435	1,516	3,197	5,873
Other assets	-	-	-	717	717
Total current assets	<u>2,948</u>	<u>102,695</u>	<u>173,863</u>	<u>112,150</u>	<u>391,656</u>
<b>Restricted cash and investments:</b>					
Customer deposits	-	-	14,301	3,009	17,310
Future debt service account	-	-	46,606	231	46,837
Capital improvements	3,694	-	115,148	-	118,842
Health insurance reserve	-	-	2,108	-	2,108
Receivables	500	29,270	-	-	29,770
Other	-	649,250	3,922	5,862	659,034
Total restricted assets	<u>4,194</u>	<u>678,520</u>	<u>182,085</u>	<u>9,102</u>	<u>873,901</u>
<b>Capital assets (net of accumulated depreciation)</b>	<u>151,274</u>	<u>1,054,049</u>	<u>3,068,566</u>	<u>223,976</u>	<u>4,497,865</u>
<b>Other assets</b>	<u>7,989</u>	<u>1,343</u>	<u>-</u>	<u>1,323</u>	<u>10,655</u>
<b>Total assets</b>	<u>166,405</u>	<u>1,836,607</u>	<u>3,424,514</u>	<u>346,551</u>	<u>5,774,077</u>
<b>Deferred Outflows of Resources</b>					
Deferred amounts related to net pension liability	-	4,002	16,905	12,012	32,919
Unamortized loss on advance refunding	76	14,260	2,982	-	17,318
Total deferred outflows of resources	<u>76</u>	<u>18,262</u>	<u>19,887</u>	<u>12,012</u>	<u>50,237</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 166,481</u>	<u>\$ 1,854,869</u>	<u>\$ 3,444,401</u>	<u>\$ 358,563</u>	<u>\$ 5,824,314</u>

(Continued)

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Net Position  
Component Units  
December 31, 2017  
(Amounts in thousands)

	Audubon Commission	Louis Armstrong New Orleans International Airport	(Unaudited) Sewerage and Water Board	Nonmajor Component Units	Total
<b>Liabilities</b>					
Current liabilities (payable from current assets):					
Accounts payable	\$ 6,671	\$ 22,761	\$ 76,038	\$ 10,467	\$ 115,937
Retainages payable	-	-	11,059	-	11,059
Other payables and accruals	-	2,050	25,549	29,055	56,654
Due to other governments	-	3,758	5,320	4,990	14,068
Capital lease payable	104	-	-	-	104
Loans payable	-	-	18,083	-	18,083
Total current liabilities (payable from current assets)	<u>6,775</u>	<u>28,569</u>	<u>136,049</u>	<u>44,512</u>	<u>215,905</u>
Current liabilities (payable from restricted assets):					
Retainages payable	-	-	2,228	-	2,228
Capital projects payable	1,328	45,194	-	-	46,522
Accrued interest	588	28,159	2,069	335	31,151
Limited tax bonds	3,185	-	-	-	3,185
Loans payable, current portion	1,469	-	-	-	1,469
Bonds payable, current portion	-	12,615	17,461	3,295	33,371
Deposits and other	-	-	-	50	50
Total current liabilities (payable from restricted assets)	<u>6,570</u>	<u>85,968</u>	<u>21,758</u>	<u>3,680</u>	<u>117,976</u>
Total current liabilities	<u>13,345</u>	<u>114,537</u>	<u>157,807</u>	<u>48,192</u>	<u>333,881</u>
Long-term liabilities:					
Claims payable	-	-	1,551	-	1,551
Customer deposits	-	-	12,240	-	12,240
Other postretirement benefits liability	-	-	77,649	-	77,649
Limited tax bonds (net of current portion)	11,267	-	-	-	11,267
Revenue bonds (net of current portion and unamortized discounts)	-	-	462,165	35,399	497,564
Refunding bonds (net of current portion and unamortized loss on advance refunding)	-	1,231,294	-	-	1,231,294
Loans payable	12,379	516	47,761	-	60,656
Net pension liability	-	14,838	86,639	18,035	119,512
Other	2,616	-	199,833	103,707	306,156
Total long-term liabilities	<u>26,262</u>	<u>1,246,648</u>	<u>887,838</u>	<u>157,141</u>	<u>2,317,889</u>
Total liabilities	<u>39,607</u>	<u>1,361,185</u>	<u>1,045,645</u>	<u>205,333</u>	<u>2,651,770</u>
<b>Deferred Inflows of Resources</b>					
Deferred amounts related to net pension liability	-	1,733	2,396	878	5,007
Total deferred inflows of resources	<u>-</u>	<u>1,733</u>	<u>2,396</u>	<u>878</u>	<u>5,007</u>
<b>Net position</b>					
Net investment in capital assets	125,224	166,411	2,645,684	105,721	3,043,040
Restricted for bond debt service	-	161,393	46,606	1,802	209,801
Restricted for capital improvements	-	89,833	56,744	-	146,577
Restricted for operating reserve	-	11,930	-	2,239	14,169
Unrestricted (deficit)	1,650	62,384	(352,674)	42,590	(246,050)
Total net position	<u>126,874</u>	<u>491,951</u>	<u>2,396,360</u>	<u>152,352</u>	<u>3,167,537</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 166,481</u>	<u>\$ 1,854,869</u>	<u>\$ 3,444,401</u>	<u>\$ 358,563</u>	<u>\$ 5,824,314</u>

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Activities  
 Component Units  
 December 31, 2017  
 (Amounts in thousands)

	Program revenues				Net (expense) revenue and changes in net position				
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Audubon Commission	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Component units:									
Audubon Commission	\$ 61,246	\$ 41,276	\$ -	\$ 13,079	\$ (6,891)	\$ -	\$ -	\$ -	\$ (6,891)
Louis Armstrong New Orleans International Airport	80,161	78,486	-	29,780	-	28,105	-	-	28,105
Sewerage and Water Board	198,717	202,985	2	105,311	-	-	109,581	-	109,581
Other nonmajor component units	137,450	101,775	269	-	-	-	-	(35,406)	(35,406)
<b>Total component units</b>	<b>\$ 477,574</b>	<b>\$ 424,522</b>	<b>\$ 271</b>	<b>\$ 148,170</b>	<b>(6,891)</b>	<b>28,105</b>	<b>109,581</b>	<b>(35,406)</b>	<b>95,389</b>
General revenues:									
Interest revenue					-	2,316	4,274	169	6,759
Property taxes					11,319	-	57,204	7,212	75,735
Passenger and customer facility charges					-	41,484	-	-	41,484
Other					3,931	(20,154)	(3,813)	16,865	(3,171)
<b>Total general revenues</b>					<b>15,250</b>	<b>23,646</b>	<b>57,665</b>	<b>24,246</b>	<b>120,807</b>
<b>Changes in net position</b>					<b>8,359</b>	<b>51,751</b>	<b>167,246</b>	<b>(11,160)</b>	<b>216,196</b>
Net position – beginning of year					118,515	440,200	2,229,114	163,512	2,951,341
Net position – beginning					118,515	440,200	2,229,114	163,512	2,951,341
Net position – ending					<b>\$ 126,874</b>	<b>\$ 491,951</b>	<b>\$ 2,396,360</b>	<b>\$ 152,352</b>	<b>\$ 3,167,537</b>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

**(1) Summary of Significant Accounting Policies**

The basic financial statements of the City of New Orleans, Louisiana (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The most significant accounting and reporting policies of the City are described in the following notes to the basic financial statements.

The City was incorporated in 1805. The City's system of government was established by its Home Rule Charter, which became effective in 1954 and was amended effective January 1, 1996. The City operates under a Mayor-Council form of government and provides the following types of services as authorized by its charter: public safety, health and human services, public works, water and sewerage, urban development and housing, economic development, culture and recreation, airport, and general government services. Education and welfare are administered by other governmental entities.

***Basis of Presentation – Financial Reporting Entity***

The accompanying financial statements include financial statements for the City and certain legally separate organizations in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. Organizations are included if the City is financially accountable for them and the relationship creates a financial benefit or burden for the City. An organization may also be included if the nature and significance of their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The City is financially accountable for an organization if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization. An organization can provide a financial benefit to, or impose a financial burden on, the City in a variety of ways. The benefit or burden may result from legal entitlements or obligations, or it may be less formalized and exist because of decisions made by the City or agreements between the City and a component unit.

***Component Units***

In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units. Each blended and discretely presented component unit has a December 31 year-end.

Complete financial statements of the following individual discretely presented component units can be obtained from their administrative offices:

Audubon Commission  
6500 Magazine Street  
New Orleans, Louisiana, 70118

Downtown Development District  
201 St. Charles Avenue, Suite 3912  
New Orleans, Louisiana 70170

Parking Facilities Corporation  
400 Poydras Tower  
New Orleans, LA 70130

French Market Corporation  
1008 N. Peters Street, 3 floor  
New Orleans, Louisiana 70116

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Louis Armstrong New Orleans International Airport  
New Orleans Aviation Board  
P.O. Box 20007  
New Orleans, Louisiana 70141

New Orleans Municipal Yacht Harbor  
Management Corporation  
401 North Roadway  
New Orleans, Louisiana 70124

New Orleans Building Corporation  
1340 Poydras Street, Suite 1000  
New Orleans, Louisiana 70112

New Orleans Tourism Marketing Corporation  
2020 St. Charles Avenue  
New Orleans, Louisiana 70130

Orleans Parish Communication District  
118 City Park Avenue  
New Orleans, Louisiana 70119

Orleans Parish Hospital Service District A  
5620 Read Boulevard  
New Orleans, Louisiana 70127

Sewerage and Water Board  
625 St. Joseph Street  
New Orleans, Louisiana 70165

***Blended Component Units***

Blended component units, although legally separate entities, are, in substance, part of the City's operations, as they provide services exclusively or almost exclusively for the City. The following is a description of those legally separate component units for which the City is financially accountable that are blended with the primary government because they are, in substance, part of the government's operations. Blended means the data from these units are combined with data of the primary government.

***Board of Liquidation, City Debt (The Board)*** – The Board is a separate legal entity and is included (blended) in the operations of the debt service fund and governmental activities of the City because it handles all matters relating to the bonded debt of the City.

In addition, the following component units are reported as pension trust funds:

***Employees' Retirement System of the City of New Orleans (NOMERS)*** – NOMERS is a separate legal entity established by City ordinance to provide pension benefits for substantially all City employees, except police officers and fire fighters. NOMERS is presented as a pension trust fund because NOMERS serves the employees of the City. The net position of NOMERS is held for the sole benefit of the participants and is not available for appropriation.

***Firefighters' Pension and Relief Fund (FPRF)*** – FPRF is a separate legal entity established by State law to provide pension benefits for City firefighters. FPRF is presented as a pension trust fund. The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. The net position of FPRF is held for the sole benefit of the participants and is not available for appropriation.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

*Police Pension Fund* – The Police Pension Fund (old plan) for the police department of the City of New Orleans was for pensioning all officers, members, and employees of the police department, their widows, children, and widowed mothers. The board of trustees administers, manages, operates, and controls the police pension fund of the City of New Orleans. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees’ Retirement System (State of Louisiana) (MPERS).

***Discretely Presented Component Units***

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the City.

The following are the City’s discretely presented component units:

**Discretely Presented Component Units**

**Brief Description of Activities, Relationship to City, and Key Inclusion Criteria**

***Louis Armstrong New Orleans International Airport (the Airport)***

Local government corporation established in 1943 by the City to provide for the operation and maintenance of the Airport. The Board consists of nine members appointed by the Mayor of the City with approval of the City Council. The City of Kenner, Louisiana and the Parish of St. Charles, Louisiana each have input as to the selection of one board member. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

***Downtown Development District***

Local government corporation created by Act 498 of 1974 and amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature, effective January 1, 1975. The District is a special taxing district designated “the Core Area Development District of the City of New Orleans,” later renamed the Downtown Development District of the City of New Orleans, comprising all the territory within prescribed boundaries. The Board of Directors is composed of 11 members for governance of the District. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<i>Sewerage and Water Board</i>	<p>A local government corporation created by the City through 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 accordance with 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 board is composed of 11 members, including the Mayor of the City as the President of the Board, two members of the Board of Liquidation, City Debt, and eight citizens, as designated by the State statutes. The terms of office are staggered from one year to four years, as designated by State statutes. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.</p>
<i>Audubon Commission (the Commission)</i>	<p>The Commission was created by the Louisiana Legislature to manage and operate its facilities consisting of nine museums and parks dedicated to celebrating the wonders of nature, with goals of fostering education, research, wildlife conservation, family entertainment, and positive economic impact. The Commission has a 24-member board appointed by the Mayor. Each member serves a six-year term, with four members' terms expiring each year. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.</p>
<i>New Orleans Municipal Yacht Harbor Management Corporation</i>	<p>Local corporation formed by the City to operate the Municipal Yacht Harbor in the manner comparable to that of a private business enterprise; to provide a safe and secure environment for recreational boating; to ensure that the cost associated with providing services to the general public are financed or recovered through user fee and charge; and to place an emphasis on generating a sufficient amount of net operating revenues to be used for maintenance and capital improvement projects. The Municipal Yacht Harbor is administered by a Board of Directors consisting of 11 members, 9 of which are appointed by the Mayor, subject to City Council approval, and are voting members. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.</p>

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<i>New Orleans Tourism Marketing Corporation</i>	A local government corporation created by the City on January 1, 1990. Its objectives and purposes are to continuously stimulate the hospitality and tourism industry of the City of New Orleans through regional, national, and international advertising and marketing of the City of New Orleans as a tourist and convention site and a vacation destination; to stimulate economic development in the City of New Orleans through the marketing and solicitation of conventions and trade shows throughout the U.S. and the World; and to advance, promote, and maintain tourism and trade in the City of New Orleans through marketing activities directed at the discretionary tourist or traveler through advertising, direct mailing, or other means. A 15-member Board of Directors is appointed in various ways. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.
<i>French Market Corporation</i>	Local government corporation formed January 1, 1972 by the City to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans. These properties include five buildings and the Farmers Market. The French Market is a nonprofit corporation that is owned by the City and administered by a board of directors consisting of 12 members appointed by the Mayor. On March 17, 2014, the Upper Pontalba Building Corporation (the Upper Pontalba), a Louisiana Public Benefit Corporation, organized on July 14, 1988 merged into the French Market Corporation. Prior to the merger, the Upper Pontalba's operational purpose was to renovate and operate the Upper Pontalba Building, a four-story residential and commercial (64 unit space facility) located in the French Quarter. As a result of the approved and certified merger, the Market and the Upper Pontalba became one corporation, which the Market was the surviving corporation and the Upper Pontalba ceased to exist. As the surviving corporation, the Market possessed all the rights, privileges and franchises it previously possessed, as well as, those possessed by the Upper Pontalba. Additionally, all property and assets and debts of the Upper Pontalba transferred to and vested in the Market. The Market is responsible for all liabilities and obligations of the Upper Pontalba. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

**Discretely Presented Component Units**

**Brief Description of Activities, Relationship to City, and Key Inclusion Criteria**

*New Orleans Building Corporation*

Nonprofit, public benefit corporation, incorporated in the State of Louisiana on May 4, 2000 for the purpose of owning, leasing, developing and operating properties owned by the City of New Orleans or by the Corporation. The organization's board of directors is comprised of the Mayor of the City, three Council members of the City of New Orleans, and three appointed positions. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

*Orleans Parish Communication District*

The Orleans Parish Communication District, comprising of Orleans Parish, was created effective July 13, 1982, pursuant to Act No. 155 of the 1982 Regular Session of the Louisiana Legislature. The district was created for the purpose of establishing a local emergency telephone service; to establish a primary emergency telephone number; to provide for the governing body of the District; and to authorize the governing authority of such district to levy an emergency telephone tax. This act was amended by Act No. 1029 in 1999 to provide for the creation of multi-parish communications districts; to provide information relative to the rate of the emergency telephone service charge on landline phones; and to authorize the levy of an emergency telephone service charge on certain wireless communications systems. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

**Discretely Presented Component Units**

**Brief Description of Activities, Relationship to City, and Key Inclusion Criteria**

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*Parking Facilities Corporation*

Parking Facilities Corporation was created effective September of 2001. The purpose of the Parking Facilities Corporation is to construct, own, and operate the long-term parking garage at the Louis Armstrong International Airport. The Board consists of five members: One appointed by the Mayor, one appointed by the President of the New Orleans Building Corporation, one appointed by the City Council, one appointed by the New Orleans Tourism Marketing Corporation, and one appointed by the President of CEO of the Operator of the Garage. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

*Orleans Parish Hospital Service District A*

Louisiana hospital service district was created and made effective July 5, 2006, pursuant to Act No. 830 of the 2006 Regular Session of the Louisiana Legislature. The district was created for the purpose of studying the feasibility of building or acquiring and operating hospital facilities within the District. The district is divided into two areas: (a) Orleans Parish east of the Industrial Canal and (b) all of Orleans Parish except the geographical areas of the Industrial Canal and the area of Orleans Parish bounded by Earhart Boulevard, Carrollton Avenue, Loyola Avenue, and Iberville Street. The two areas of the district are governed by separate governing boards consisting of thirteen commissioners each. The Chief Executive Officer of Orleans Parish appoints seven members of each board. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

*Related and Jointly Governed Organizations*

Related organizations and jointly governed organizations provide services within the City that are administered by separate boards or commissions, for which the City is not financially accountable, and such organizations are, therefore, not reported as component units of the City even though the Mayor and/or the City Council may appoint a voting majority of an organization's board.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

***Related Organizations***

For the following organizations, the Mayor and/or the City Council appoints a voting majority of the members of the respective boards.

Housing Authority of New Orleans  
Finance Authority of New Orleans  
New Orleans Redevelopment Authority  
Public Belt Railroad Commission  
Regional Transit Authority

***Jointly Governed Organizations***

The City is a participant in other jointly governed organizations. The Mayor and/or the City Council appoints members of the boards for the following organizations. Such appointments represent less than a voting majority of the respective boards. There is no ongoing financial interest or ongoing financial responsibility for these entities.

New Orleans Regional Loan Corporation  
New Orleans City Park Improvement Association  
New Orleans Exhibition Hall Authority  
Regional Planning Commission

**Basis of Presentation – Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. Activity for the City and its discretely presented component units are reported separately in the government-wide financial statements. All fiduciary activities are reported only in the fund financial statements. The effect of interfund activity has been eliminated in these statements.

Governmental activities are supported in part by property taxes, sales taxes, franchise taxes, charges for services, and grant revenues from the federal government and the State of Louisiana.

The statement of activities reports the change in the City's net position from January 1, 2017 to December 31, 2017. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. 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 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 in the statement of activities.

# CITY OF NEW ORLEANS, LOUISIANA

## Notes to Basic Financial Statements

December 31, 2017

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The identification of major funds is determined by the City each year under the methods outlined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – of State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – of State and Local Governments: Omnibus GASB Statements*.

### Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources, and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds:

- (a) **General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.
- (b) **HUD Fund** – This special revenue fund is used to account for funding from the Department of Housing and Urban Development (HUD). Some of the major initiatives are Community Development Block Grants (CDBG), HOME Investment Partnership Act Program (HOME), Emergency Shelter Grant (ESG) Program, and Housing Opportunities for Persons with HIV/AIDS (HOPWA).
- (c) **FEMA Fund** – This special revenue fund accounts for grants received from the Federal Emergency Management Agency (FEMA) for hurricane relief efforts.
- (d) **Debt Service Fund** – The debt service fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds, limited tax bonds, and revenue bonds, including debt principal, interest, and related costs.
- (e) **Capital Projects Fund** – The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).

### Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. These include the following:

- (a) **Pension Trust Funds** – account for the accumulation of resources for pension benefit payments to qualified employees.
- (b) **Agency Funds** – are custodial in nature and do not involve measurement of results of operations.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

**Basis of Accounting-Measurement Focus**

*Government-Wide Financial Statements (GWFS)*

The statement of net position and the statement of activities include all the financial activities of the City, except for the fiduciary funds, and its component units.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

*Fund Financial Statements*

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their reported fund balances are considered a measure of “available spendable resources.” Governmental fund statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period. Under the modified accrual basis of accounting, revenues are recorded when considered both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers amounts collected within sixty days after year-end to be available and recognizes them as revenues of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to principal and interest on long-term debt, claims, judgments, landfill post-closing costs, and compensated absences are recognized when matured (i.e., due and payable).

The following types of revenues are susceptible to accrual under the modified accrual basis of accounting: delinquent property taxes (including penalty and interest); services billed to other funds; sales tax; franchise fees; investment earnings; and grants. Intergovernmental revenues from reimbursable grants and capital projects are recognized when all eligibility requirements have been met and amounts are considered available. Non-current portions of certain long-term receivables, primarily property taxes and special assessments, are reported on the balance sheet of governmental funds in spite of their spending measurement focus. Special reporting treatments are used to indicate that they should not be considered “available spendable resources,” since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become available.

Licenses and permits, certain charges for services, fines, and forfeitures, and miscellaneous other revenues are recorded as revenues when received in cash because they are generally not measurable or available until actually received.

*Pension Trust and Agency Funds*

Pension trust funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Their revenues are recognized when earned, and their expenses are recognized

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

when incurred. Agency funds use the accrual basis of accounting, but do not involve the measurement of operations.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

*Cash and Cash Equivalents*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments*

Investments are carried at fair value in the financial statements. Unrealized gains and losses on investments are reflected in the Statement of Activities.

*Accounts Receivable*

Property tax receivables of \$21,675,000 and grantee loan receivables of \$7,447,000 are shown net of an allowance of uncollectible amounts of \$17,910,000 and \$7,148,000, respectively. An allowance for estimated uncollectible accounts receivable is established at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

*Capital Assets*

Capital assets (i.e., land, buildings, equipment, and improvements other than buildings), which include the City's infrastructure, and construction in progress are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets are recorded at their fair value on the date donated. An item is classified as an asset if the initial individual cost is \$5,000 or greater. Capital assets of the City are reported in the government-wide financial statements but not in the governmental fund financial statements. Assets subject to depreciation are depreciated using the straight-line method over estimated useful lives. Additions and improvements that significantly extend the useful life of an asset are capitalized. Repairs and maintenance costs are expensed as incurred.

The City reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment in the carrying value of capital assets. If facts or circumstances support the possibility of impairment, management follows guidance in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment will be made to the carrying value of the capital assets. No impairment was recorded in 2017.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

The estimated useful lives (in years) of all depreciable assets are as follows:

Buildings and improvements	20 – 40
Equipment and vehicles	5 – 10
Infrastructure	25 – 50
Other	5 – 15

Fully depreciated capital assets are included in the capital asset accounts until their disposal. The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement, and any resulting gain or loss is recorded in the financial statements.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred loss on bond refunding reported in the government-wide statement of net position results from the difference in the 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. See Note 8 for more information regarding deferred outflows of resources related to the net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred gain on bond refunding reported in the government-wide statement of net position results from the difference in the 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. The City received prepayments of property taxes levied for the subsequent year. These amounts are deferred and will be recognized as revenue in the subsequent year. In addition, the City has a type of deferred inflows which arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. See Note 8 for more information regarding deferred inflows of resources related to the net pension liability.

***Annual and Sick Leave***

All full-time classified employees of the City hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 may accrue a maximum of 45 days of annual leave and an unlimited number of days of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon his or her current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued leave to additional days of service.

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For governmental funds, annual and sick leave expenditures are recorded when due and payable. All vacation and sick leave is accrued when earned at the government-wide level.

***Litigation***

Claims and judgments are recognized in the governmental funds as expenditures when due and payable. Therefore, claims and judgments that are due and payable would be expected to be liquidated with expendable available financial resources. To the extent that claims and judgments mature prior to December 31, 2017, and are payable from current financial resources, they are accrued at December 31, 2017. Other liabilities not expected to mature as of December 31, 2017 are reported as liabilities in the government-wide financial statements. Estimates of claims and judgment liabilities (both incurred and reported and incurred but not reported) are made through a case-by-case review of all claims and the application of historical experience to the outstanding claims.

***Net Position***

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets, increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

Restricted net position is when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. Liabilities and deferred inflows related to restricted assets include liabilities and deferred inflows to be liquidated with restricted assets and arising from the same resource flow that results in restricted assets. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

***Net Position Flow Assumption***

Sometimes the City 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 in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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***Fund Balance***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). In the governmental fund financial statements, fund balances are classified as follows:

- (a) Non-Spendable Fund Balance - amounts that cannot be spent either because they are in a non-spendable form (such as prepaid expenses) or because they are legally or contractually required to be maintained intact.
- (b) Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- (c) Committed Fund Balance - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority by a vote of the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. Committed fund balance includes amounts set aside for budget stabilization in the City's annual adopted operating budget. The General Fund will have two fund balance goals: an unreserved fund balance account and an emergency reserve account. The target level for the unreserved fund balance is two percent of the expenditures in the adopted budget. The target level for the emergency reserve account is eight percent of the expenditures in the adopted budget. The emergency reserve will only be used for natural disasters, revenue shortfalls as recognized by the Revenue Estimating Conference, and other major emergencies that disrupt revenue sources or require substantial unanticipated expenses to address. Once the unreserved fund balance account is funded at its target level, any additional unanticipated General Fund revenue will be used to fund the emergency reserve account, at a rate of two percentage points per year until it reaches its target level. If drawn upon, the emergency reserve account will be replenished in subsequent years.
- (d) Assigned Fund Balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governmental body delegates the authority such as the City and its management. All encumbered contracts or outstanding obligations made by the City at year-end that are not part of restricted or committed fund balance will be shown as assigned fund balance.
- (e) Unassigned Fund Balance - all amounts not included in other spendable classifications.

***Fund Balance Flow Assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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**(2) Deposits and Investments**

**Deposits.** The City's deposits are subject to and maintained in accordance with the State of Louisiana's Constitutional Revised Statutes (Revised Statutes). Under the Revised Statutes, all deposits exceeding the amount insured by the FDIC are to be fully collateralized with specific approved securities designated therein valued at 102% of the deposits. The eligible collateral pledged are held in custody by any Federal Reserve Bank, or branch thereof or an independent third party with whom the City has a current custodial agreement. All collateral held must be clearly marked, indicating evidence of ownership (safekeeping receipt). Deposits collateralized under the Revised Statutes are considered collateralized with securities held by the pledging financial institutions trust department or agent in the "City's name."

At December 31, 2017, the carrying amount of the City's deposits was \$174,167,000, including \$114,090,000 reported in the governmental funds and \$60,077,000 reported in the fiduciary funds.

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. At December 31, 2017, the City's bank balances totaled \$174,445,000. The City has not experienced any losses resulting from bank failure and does not believe it is exposed to any significant credit risk relating to its cash balances. These bank deposits were completely secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City's name at December 31, 2017.

**Investments.** The City's investment policy states its primary objectives, in priority order, of investment activities shall be:

Safety: Safety/security of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

Liquidity: The City investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

Return on Investments: The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with investment risks constraints and the cash flow characteristics of the portfolio. Return on investments shall be secondary to the safety and liquidity objectives described above. The core of investments is limited to qualified, relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed.

The City's investment policy applies to all investment activities of the City under the control of the Director of Finance, including management of certain investments related to governmental and agency funds. All deposits and investments shall be made with a qualified public depository or dealer. Broker/Dealers are selected by their credit worthiness and must be authorized to provide investment services in the state of Louisiana. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

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The City's policy also requires, to the extent possible, diversification of its investments by security type and institution. With the exception of U.S. Treasury securities, bank certificates of deposit (as limited by R.S.39:1242d), and authorized pools, no more than 25% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. This diversification is required in order that potential losses on individual securities do not exceed the income of the remainder of the portfolio. Deviation from expectations will be reported in a timely manner and appropriate action taken to control adverse risks.

The City invests monies with the Louisiana Asset Management Pool (LAMP). LAMP is considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local Louisiana 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 LA-R.S. 33.2955.

The following facts are relevant for LAMP:

- Credit risk: LAMP is rated AAA 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 disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 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.
- Foreign currency risk: Not applicable.

LAMP values its investments at fair value based on quoted market values. 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 value of the pool shares which approximates net asset value (NAV).

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value, which is based on available market values. The Local Government Investment Pool is a "2a7-like" pool in accordance with GASB Statement No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value.

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**Interest Rate Risk** – Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for investments under the control of the City by limiting the maximum maturity of investments in accordance with their investment policy. As stated in its investment policy, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, cash will not be invested in securities maturing more than three years from the date of purchase. At December 31, 2017, the governmental and fiduciary funds, investment balances and maturities for those investments were as follows (amounts in thousands):

	Investment maturity in years		
	Total	Less than one year	1-5
LAMP	\$ 27,135	\$ 27,135	\$ -
Money market	133,995	133,995	-
U.S. Agency Securities	59,844	43,527	16,317
U.S. Treasury Bills	38,538	38,538	-
Total investments	<u>\$ 259,512</u>	<u>\$ 243,195</u>	<u>\$ 16,317</u>

At December 31, 2017, the Municipal Employees’ Pension Trust Fund’s investment balances and maturities for those investments subject to interest rate risk were as follows (amounts in thousands):

	Investment maturity in years					
	Total	Less than one year	Less than one year	1 – 5	6 – 10	More than 10
Corporate Bonds	\$ 6	\$ 1	\$ -	\$ -	\$ -	\$ 5

At December 31, 2017, the Firefighters’ Pension Trust Fund’s investment balances do not consist of investments subject to interest rate risk.

**Credit Quality Risk** – Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the City. The City does not have a policy statement concerning credit quality risk in its investment policy. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not assigned credit quality ratings. Credit quality ratings are reported on obligations of U.S. government agencies not explicitly guaranteed by the U.S. government. LAMP has been rated AAA by Standard & Poor’s Corporation.

The following table provides information on the credit ratings associated with the Municipal Employees’ Pension Trust Fund’s investments in debt securities at December 31, 2017 (amounts in thousands):

Asset Category	Rating	Market Value
Corporate Bonds	Not rated	\$ 6
Short Term Investment Fund	Not rated	15,759
		<u>\$ 15,765</u>

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The Firefighters' pension trust fund's investment policy allows for investment in publicly-traded debt securities rated at or above Baa by Moody's and BBB by Standard and Poor's at time of purchase. At December 31, 2017, \$253,477 of the New System's corporate bonds were short-term investment funds which are not rated. At December 31, 2017, no debt securities were held by the Old System.

**Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the City's name. The investments of the City, including the pension funds owned at December 31, 2017 were not subject to custodial credit risk.

The City has no formal investment policy regarding custodial credit risk.

**Concentration of Credit Risk** – The City's investment policy does not allow for more than 25% of the total investment portfolio to be invested in a single security type with the exception of U.S. Treasury securities, bank certificates of deposit, and authorized pools. As of December 31, 2017, the City was in compliance with this policy. All of the City's governmental fund investments are issued or explicitly guaranteed by the U.S. government or are held in LAMP and are not subject to concentration of credit risk.

The Municipal Employees' pension trust fund's investment policy mandates the maximum limits on position held with each assets class. As of December 31, 2017, the Municipal Employees' pension trust fund investments were in compliance with this policy.

The Firefighter's Pension and Relief Fund's investment policy states that no more than 25% of the equity portfolio market value may be invested in any single industry at the time of purchase. In addition, no more than 5% of total fund assets at market may be invested in any one issuer's securities. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At December 31, 2017, the New System held investments in Austin Falconhead L.P. and Americus Real Estate Fund I, Ltd. which represented 14.5% and 15.0% of the New System's net position, respectively. The Firefighter's pension trust fund was in compliance with the concentration of risk investment policy during the year ended December 31, 2017.

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(3) Fair Value Measurements

To the extent available, the City's investments are recorded at fair value as of December 31, 2017. 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.

Debt and equity securities classified in Level 1 of the fair value Hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investments classified in Level 3 of the fair value hierarchy are valued using unobservable inputs and are not directly corroborated with market data. The Firefighters' Pension Trust Fund's Level 3 investments consist primarily of real estate, either directly held or through a limited liability corporation or partnership investment. They are valued using independent appraisals or other market data.

A summary of the City's investments along with the Fair value hierarchy levels of each type of investment is as follows as of December 31, 2017:

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	<u>Total</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by Fair Value Level:				
Fixed income securities:				
Core fixed income	\$ 68,012	\$ 46,766	\$ 21,246	\$ -
Corporate bonds - domestic	260	-	260	-
Foreign fixed income	21,813	21,813	-	-
U.S. agency securities	59,844	-	59,844	-
U.S. treasury bonds	38,538	-	38,538	-
Total fixed income securities	<u>188,467</u>	<u>68,579</u>	<u>119,888</u>	<u>-</u>
Equity Securities:				
Domestic equities	67,272	36,656	30,616	-
Real estate equities	20,380	-	20,380	-
International equities	140,174	395	119,720	20,059
Total domestic equities	<u>227,826</u>	<u>37,051</u>	<u>170,716</u>	<u>20,059</u>
Total equity securities	<u>227,826</u>	<u>37,051</u>	<u>170,716</u>	<u>20,059</u>
Alternative Investments:				
Investments in partnerships	6,188	-	-	6,188
Investments in real estate	3,201	-	-	3,201
Total alternative investments	<u>9,389</u>	<u>-</u>	<u>-</u>	<u>9,389</u>
Cash equivalents	<u>33,763</u>	<u>13,906</u>	<u>19,857</u>	
Total Investments at Fair Value Level	<u>\$ 459,445</u>	<u>\$ 119,536</u>	<u>\$ 310,461</u>	<u>\$ 29,448</u>
Investments measured at the net asset value (NAV):				
Money market funds	\$ 159,495			
LAMP	27,135			
Alternative investments:				
Private equity funds	27,204			
Hedge funds	10,244			
Limited liability corporations				
Other	172			
Partnerships	9,444			
Total alternative investments	<u>47,064</u>			
Total Investments at NAV	<u>\$ 233,694</u>			
Total Investments at Fair Value	<u>\$ 693,139</u>			

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The unfunded commitments and redemption terms for investments measured at net asset value (NAV) per share (or its equivalent) as of December 31, 2017 are presented in the following table:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Investments measured at NAV				
Money market funds	\$ 159,495	\$ -	Daily	Same day
LAMP	27,135	-	N/A	N/A
Alternative investments:				
Private equity funds	27,204	-	N/A	N/A
Hedge funds	10,244	9,957	Quarterly	30-90 days
Limited liability corporations				
Other	<u>172</u>	<u>171</u>	N/A	N/A
Total limited liability corporations	172	171		
Partnerships	<u>9,444</u>	<u>42</u>	N/A	N/A
Total alternative investment	<u>47,064</u>	<u>10,170</u>		
Total investment measured at NAV	<u>\$ 233,694</u>	<u>\$ 10,170</u>		

**Money market funds**

Cash equivalent investments consist of money market funds. These funds are used as a source of liquidity to meet capital commitments, settle trades, or pay normal investment related expenses. The fair value of these fund has been determined using NAV per share (or equivalent) of the investments. Units are valued at \$1 per share and redemption of units can be made on a same day basis.

**Private equity funds**

**Municipal Employees' Pension Trust Fund (NOMERS Fund)**

Private equity is an asset class consisting of equity securities and debt in operating companies that are not publicly traded on a stock exchange. This asset class includes investments in various private equity funds. The fair values of the investments in this asset class have been determined using NAV per share or equivalent of the private equity capital. A summary of significant positions in this category include:

- a) Mesirov Financial Private Equity Partnership Fund V, L.P. - The fund invests in limited liability companies and other partnerships. The investments are typically illiquid and cannot be redeemed. Although a secondary market exists for these underlying investments, it is not active and individual transactions are typically not observable.

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- b) Cyprum Investors, IV L.P. - The purpose of this fund is to invest in securities, principally of privately held companies and to manage and supervise such investments.
- c) Partners Group Private Equity, LLC - The objective of this fund is to seek attractive long-term capital appreciation by investing in a diversified portfolio of private equity investments. To achieve its objective, the Fund invests substantially all of its assets in limited liability companies.

#### Hedge funds

##### Firefighters' Pension Trust Fund (NOPP Fund)

Hedge fund investments consist of one fund. The NOPP Fund has invested in the Whalehaven Fund, Ltd. (the company). The company was formed as a feeder fund of the Whalehaven Capital Fund Limited (the master) and invests substantially all of its net assets in the master. The primary objective of the company is to seek a high level of short to medium term capital appreciation primarily through investing in debt and equity securities and other types of private equity transactions. The fair value of the investments in these funds has been determined using NAV per share (or equivalent) of the investments. Unit valuation is quarterly and redemption of units requires advance notice of 90 days.

##### Municipal Employees' Pension Trust Fund

The hedge fund category of investments includes securities in a variety of strategies including real estate, fund of funds, derivatives and others. Securities in this category are not traded on stock exchanges and do not have quoted market prices. Fair value is determined and reported by the respective investment manager to the Plan's trustee on a recurring basis. The Plan's investment advisor reviews the reported values on a recurring basis and provides analysis to the Plan's board. A summary of significant positions in this category include:

- a) York Credit Opportunity Fund (York) - This fund's investment objective is to achieve superior risk-adjusted returns over time primarily through investment opportunities that are generated by the various phases of the credit cycles. York attempts to realize this by investing principally in securities of companies undergoing reorganization pursuant to Chapter 11 of the United States Bankruptcy Code and other companies under other stages of balance sheet restructuring.
- b) Millennium International, LTD (Millennium)-This fund is engaged in in the business of trading equities, fixed income products, options, futures and other financial instruments.
- c) Sunnymeth-Ocean Partners (Ocean) - This fund seeks capital appreciation principally through the purchase and sale of equity securities as well as puts and calls.

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**Investments in limited liability corporations**

**Firefighters' Pension Trust Fund**

Investments in limited liability corporations consist of two funds:

- a) The NOPP Fund has invested in the Wilton Private Equity Fund, LLC (the corporation). The corporation is a Delaware limited liability corporation that invests in closed-end private investment funds that target investments in leveraged buyouts, mezzanine financings, distressed debt, natural resources and venture capital.
- b) The NOPP Fund has invested in Endgame Entertainment Fund, LLC (the corporation), a Delaware limited liability corporation that was created to enable its investors to participate in entertainment investment opportunities across a variety of sectors at various stages of funding.

The fair value of the investments in these funds has been determined using NAV per share (or equivalent) of the investments. Investments in four of the limited liability corporations are not eligible for redemptions; however, distributions from each fund will be received as the underlying investments of the limited liability corporations are liquidated. It is expected that the underlying assets of the funds will be liquidated between one to two years from the year ended December 31, 2017. One of the limited liability corporation investments is an entertainment corporation. Unit valuation for this investment is monthly and redemption of units requires advance notice of 10 days. Investment in one of the limited liability corporations invests in real estate. Unit valuation for this investment is quarterly and redemption of units requires advance notice of 90 days.

**Investments in partnerships**

**Firefighters' Pension Trust Fund**

Investments in partnerships consist of eight funds:

- a) The Firefighter's pension trust fund has invested in the Americus Real Estate Fund I, Ltd. The partnership earns revenues predominately from leasing commercial real estate in Austin, Texas.
- b) The Firefighter's pension trust fund has invested in Lakewood Restoration Partners L.T.D. The partnership was formed for the purpose of acquiring, operating and developing the former Lakewood Country Club and certain surrounding real estate for residential and commercial purposes.
- c) The Firefighter's pension trust fund has invested in Greenspring Associates Global Partners II, L.P. (the partnership), which is 90% owned by the Fund.
- d) The Firefighter's pension trust fund has invested in Louisiana Fund I, L.P. The partnership was formed to invest in early stage companies that are located primarily in Louisiana.
- e) The Firefighter's pension trust fund has invested in Murphree Venture Partners VI. The partnership was formed to invest in the debt and equity securities in various private and public companies.

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- f) The Firefighter's pension trust fund has invested in Greenspring Associates Crossover Ventures I, L.P. (the partnership). The partnership was formed to capture returns associated with investing in small companies, venture backed private companies and mature investment funds.
- g) The Firefighter's pension trust fund has invested in Austin Falconhead L.P. The partnership owns and operates Falconhead Golf Club in Texas.

The fair value of the investments a) through f) above in these funds has been determined using NAV per share (or equivalent) of the investments. These investments are not eligible for redemptions; however, distributions from each partnership will be received as the underlying investments of the partnerships are liquidated. The fair value of investment g) has determined using an appraisal.

#### (4) Tax Revenues

At December 31, 2017, the total sales tax levied in the City is 10%, of which 5% is state sales tax, 1.5% is levied by the Orleans Parish School Board (the School Board), and 1% is dedicated for transportation and is levied by the Regional Transit Authority (RTA). The remaining 2.5% is used to fund the general operations of the City. The City administers and collects the entire 5% of local sales tax. The School Board's portion of the sales tax is accounted for in the Orleans Parish School Board sales tax clearing fund, and the RTA's portion of the sales tax is accounted for in the RTA sales tax clearing fund, both of which are agency funds.

The City levies a tax on real and personal property. Portions of these property taxes are dedicated for fire and police protection services and the public library system. Taxes on real and personal property are levied on January 1 of the assessment year based upon the assessed value as of the prior August 15. However, before the tax can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are due and payable on January 1, the date on which an enforceable lien attaches on the property, and are delinquent on February 1.

The assessed value of property in the City for each year is determined by an elected Board of Assessors. It is then certified by the Louisiana Tax Commission as complying with the Louisiana Constitution of 1974. The City is permitted by the Louisiana statutes to levy taxes up to \$42.51 per \$1,000 of assessed valuation for the general fund (including library). The Board of Liquidation is permitted to levy taxes in unlimited amounts for the payment of principal and interest on general obligation bonds of the City.

Property tax levies per \$1,000 of assessed valuation accounted for within the funds of the City (primary government only) for the year ended December 31, 2017 are as follows:

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

General:	
General governmental services	\$ 13.91
Dedicated for fire and police	6.40
Public library	5.64
Fire and police, without applying homestead exemption	10.47
Parkways and parks and recreation department	3.00
Street and traffic control device maintenance	1.90
Act 44	1.19
Special revenue:	
Neighborhood housing improvement fund	0.91
New Orleans economic development fund	0.91
Capital improvement and infrastructure	1.82
Debt service	25.50
	\$ 71.65
	71.65

Property taxes levied on January 1, 2017, collected during 2017, or expected to be collected within the first 60 days of 2018, are recognized as revenues in the statement of revenues, expenditures, and changes in fund balances – governmental funds. The entire estimated collectible amount of the tax levy for the fiscal year is recorded as revenue in the government-wide financial statements. Property taxes paid under protest are held in escrow until resolution of the dispute. Amounts collected for other governmental entities are accounted for in the agency funds.

**(5) Grantee Loans**

The City has received certain grant awards or loans from the HUD for the purposes of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Fifteen individual loans are outstanding at December 31, 2017 totaling \$7,447,000, which bear interest at rates ranging from 0.1% to 7.0%. These loans are receivable over a 10- to 30-year period. Once loan repayments are received and the project is accepted by HUD, the City may use the amounts received for other allowable economic development activities specified in the grant agreement. The City has recorded \$7,148,000 in allowance for bad debt on these loans.

The City received a Section 108 loan from HUD to allow/provide loans to the private sector for economic development. At December 31, 2017, there were two outstanding loans which bear interest at rates of 2% to 7.87% and are receivable over 15 to 30 years.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

**(6) Capital Assets**

A summary of changes in capital assets of governmental activities (amounts in thousands) is as follows:

	<u>Restated Balance January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance December 31, 2017</u>
Nondepreciable capital assets:					
Land	\$ 94,474	\$ -	\$ -	\$ -	\$ 94,474
Construction in progress	267,733	105,591	-	(56,025)	317,299
Total nondepreciable capital assets	<u>362,207</u>	<u>105,591</u>	<u>-</u>	<u>(56,025)</u>	<u>411,773</u>
Depreciable capital assets:					
Infrastructure	2,766,960	38,599	-	-	2,805,559
Buildings and improvements	542,875	16,649	-	-	559,524
Equipment and vehicles	110,449	5,803	(840)	-	115,412
Other	40,492	-	-	-	40,492
Total depreciable capital assets	<u>3,460,776</u>	<u>61,051</u>	<u>(840)</u>	<u>-</u>	<u>3,520,987</u>
Less accumulated depreciation for:					
Infrastructure	1,946,966	61,168	-	-	2,008,134
Buildings and improvements	170,107	26,273	-	-	196,380
Equipment and vehicles	91,406	4,377	(796)	-	94,987
Other	33,950	1,009	-	-	34,959
Total accumulated depreciation	<u>2,242,429</u>	<u>92,827</u>	<u>(796)</u>	<u>-</u>	<u>2,334,460</u>
Total depreciable capital assets, net	<u>1,218,347</u>	<u>(31,776)</u>	<u>(44)</u>	<u>-</u>	<u>1,186,527</u>
Total	<u>\$ 1,580,554</u>	<u>\$ 73,815</u>	<u>\$ (44)</u>	<u>\$ (56,025)</u>	<u>\$ 1,598,300</u>

Depreciation expense was charged to functions/programs of the primary government as follows (amounts in thousands):

General government	\$ 28,599
Public safety	2,189
Public works	61,030
Culture and recreation	1,009
Total depreciation expense	<u>\$ 92,827</u>

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

**(7) Long-Term Debt**

***Debt Service Fund***

The City's debt service fund includes the Board, City Debt (the Board of Liquidation), an autonomous, self-perpetuating board created under the State of Louisiana Constitution of 1974. All property taxes levied by the City and dedicated to the payment of outstanding general obligation bonds are collected by the City and, as required by law, paid over to the Board of Liquidation as collected.

The Board of Liquidation annually determines the amount of property tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City and all such bonds proposed to be issued by the City during such year. The annual determination of the necessary tax millage to service bonds of the City is adopted by resolution of the Board of Liquidation, which is submitted to the City Council. The millage recommended by the Board of Liquidation is then levied by the City Council. The millages for the various limited bonds of the City were established at the time the bonds were issued based upon approval of the voters and are subject to change based on property values. Administrative expenditures paid in connection with the operations of the Board of Liquidation are recorded in the City's Debt Service fund.

***Bond Transactions***

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Bonds payable, excluding unamortized premium of \$26,094,000 and unamortized discount of \$194,000, at December 31, 2017 comprise the following (all bonds are serial bonds) (amounts in thousands):

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

<u>Description</u>	<u>Original issue</u>	<u>Range of average interest rates</u>	<u>Amount outstanding</u>	<u>Due in one year</u>
General obligation bonds:				
2007-2016 Public Improvement Bonds, due in annual installments ranging from \$2,675 to \$10,475 through December 2046	\$ 330,000	2.7 – 8.4%	\$ 239,675	\$ 5,205
1991 General Obligation Refunding Bonds, due in annual installments ranging from \$3,839 to \$9,964 commencing September 2004 through September 2018	98,886	6.7 - 7.1%	3,839	3,839
1998 General Obligation Refunding Bonds, due in annual installments ranging from \$210 to \$13,080 through December 2021	106,520	3.7 - 5.5%	40,835	3,675
2012 General Obligation Refunding Bonds, due in annual installments ranging from \$750 to \$20,700 through December 2033	167,840	2.0 – 5.0%	149,815	4,315
2015 General Obligation Refunding Bonds, due in annual installments ranging from \$750 to \$7,855 through December 2034	75,440	3.0 – 5.0%	62,490	6,910
2016 General Obligation Refunding Bonds, due in annual installments ranging from \$915 to \$3,735 through December 2036	55,125	2.0-3.5%	54,210	915
Limited Tax Bonds:				
2012 Taxable Limited Tax Bonds, due in annual installments of \$9,775 to \$16,275 commencing September 2015 through September 2030	195,885	1.4-5.0%	166,110	10,305
2016 Taxable Limited Tax Bonds, due in annual installments of \$820 to \$1,135 commencing September 2017 through September 2026	10,000	2.6%	9,180	935

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

<u>Description</u>	<u>Original issue</u>	<u>Range of average interest rates</u>	<u>Amount outstanding</u>	<u>Due in one year</u>
2015A Limited Tax Refunding Bonds, due in annual installments of \$205 to 2,680 through September 2021	15,528	1.80%	10,409	2,526
2015B Taxable Limited Tax Bonds, due in annual installments of \$1,022 to \$1,136 through September 2021	6,489	2.30%	4,416	1,072
2017 Taxable Limited Tax Bonds, due in annual installments of \$620 to \$1,300 commencing September 2018 through September 2027	10,000	3.26%	10,000	620
Revenue Bonds:				
2004 Variable Rate Revenue Bonds, due in annual installments from \$355 to \$865 through august 2024	11,500	Variable	5,280	655
Total Bonds			<u>756,259</u>	<u>40,972</u>
Accreted bond discount at December 31, 2017			20,445	-
Premium and discount on bond issuance, net			25,900	3,717
			<u>\$ 802,604</u>	<u>\$ 44,689</u>

In November 2004, the City received approval from taxpayers to issue \$260,000,000 in General Obligation Bonds. The City issued \$75,000,000 in December 2007, \$40,000,000 in January 2010, \$40,000,000 in March 2013, \$40,000,000 in January 2014, and \$65,000,000 in April 2015 of these authorized General Obligation Bonds. There are no remaining unissued authorized General Obligation Bonds at December 31, 2017.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

The payment requirements for all bonds outstanding, including accretion on the 1991 General Obligation Refunding Bonds of \$20,445,000 (included in interest payments) as of December 31, 2017, are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2018	\$43,027	\$55,993
2019	63,104	33,080
2020	64,427	30,467
2021	67,236	27,722
2022	34,650	24,836
2023-2027	186,850	101,492
2028-2032	140,720	60,354
2033-2037	72,700	31,504
2038-2042	58,325	14,556
2043-2046	25,220	2,407
	<u>\$756,259</u>	<u>\$382,411</u>

The City's legal debt limit for General Obligation Bonds is \$1,445,296,000. At December 31, 2017, the City's legal debt margin adjusted for outstanding principal of \$550,864,000 and past and future accretion of \$21,606,000 on the City's outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$67,416,000 to service this debt was \$940,242,000.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of money through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. At December 31, 2017, management believes it is in compliance with all financial related covenants.

***Taxable Bonds, Series 2017***

In 2017, the City issued \$10,000,000 of Taxable bonds, Series 2017 for the purpose of funding capital improvements. Interest on the bonds is due semiannually at a rate of 3.26% commencing September 2018. Principal payments are due annually, commencing September 1, 2018 and maturing on September 1, 2027.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

***Debt Service Assistance Program***

The City entered into a cooperative endeavor agreement with the State of Louisiana to provide for the issuance of general obligation bonds of the State of Louisiana (GO Zone Series) to fund the debt service assistance loan program, which will make scheduled debt service payments on behalf of the City for certain issues of outstanding debt. At issuance, the loans were payable beginning in 5 years in equal installments over 15 years commencing in 2012. Interest was deferred during the initial 5-year period and then accrues at a rate of 4.64% during the repayment period. The loan balance at December 31, 2017 is \$35,494,000.

The requirements to amortize the debt service assistance loan are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2018	\$ 3,267	\$ 1,647
2019	3,419	1,495
2020	3,577	1,337
2021	3,743	1,171
2022	3,917	997
2023-2026	17,571	2,084
	<u>\$ 35,494</u>	<u>\$ 8,731</u>

***Vehicle Notes Payable***

In 2014, the City entered into a loan agreement. The loan proceeds of \$12,500,000 were restricted for equipment purchases. At issuance, the loan was payable over 4 years beginning in 2015 and accrues interest at a rate of 2.24%. In 2017, the City entered into two loan agreements. The loan proceeds of \$5,000,000 and \$4,200,000 were restricted for vehicle purchases. The loans are payable over 10 years and 4 years, respectively, beginning in 2018 and accrue interest at a fixed rate of 2.66% and 1.93%, respectively. The requirements to amortize the loans are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2018	\$ 4,628	\$ 285
2019	1,495	182
2020	1,527	150
2021	1,559	118
2022	492	84
2023-2027	2,664	215
	<u>\$ 12,365</u>	<u>\$ 1,034</u>

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

***HUD Section 108 Loans***

The City has entered into contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, with the Secretary of HUD as guarantor. Portions of these funds were used to fund grantee loans referred to in Note 4. The loans consist of notes bearing interest at either fixed interest rates ranging from 5% to 8% or variable interest rates based upon the London Interbank Offered Rate (LIBOR). As of December 31, 2017, \$870,000 is recorded as a liability in the government-wide financial statements.

The requirements to amortize the Section 108 loans are as follows (amounts in thousands):

Year ending December 31:	<u>Principal</u>	<u>Interest</u>
2018	\$ 430	\$ 28
2019	440	15
	<u>\$ 870</u>	<u>\$ 43</u>

**Capital Leases**

On October 15, 2000, the City entered into an agreement with a vendor to purchase heating, ventilation, and air cooling (HVAC) equipment under a 20-year capital lease. The City entered into two similar subsequent agreements with this vendor on June 1, 2001 and July 21, 2003 primarily for the purpose of purchasing additional HVAC equipment and traffic lights, respectively. The original net present value of these capital leases were \$9,625,000, \$17,919,000, and \$6,887,000 with corresponding interest rates of 7.8%, 7.1%, and 9.3%, respectively. Under terms of the agreement, title to this equipment is transferred to the City at the end of the lease. Future payments for the capital leases are as follows (amounts in thousands):

Year ending December 31:	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,590	\$ 42
	<u>\$ 1,590</u>	<u>\$ 42</u>

***Compensated Absences***

The City has recorded \$46,519,000 in accrued annual and sick leave in accordance with its pay-out policies. During the year active employees earned and used \$23,726,000 and \$18,470,000, respectively in sick and vacation leave benefits. The entire annual and sick liability is recorded in the government wide statements, and no liability is recorded in the governmental funds.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

*Changes in Long-Term Liabilities*

Long-term liability activity for the year ended December 31, 2017 was as follows (amounts in thousands):

	<u>January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2017</u>	<u>Due in one year</u>
Claims and judgments (note 12)	\$ 320,806	\$ 190,109	\$(103,053)	\$ 407,862	\$ 37,795
Landfill closing costs (note 12)	4,400	-	(238)	4,162	114
Accrued annual and sick leave	44,002	23,726	(21,209)	46,519	5,000
Revenue bonds	5,905	-	(625)	5,280	655
General obligation bonds (a)	616,526	-	(45,217)	571,309	26,914
Limited tax bonds	204,553	10,000	(14,438)	200,115	15,458
Premium on bonds payable	30,000	-	(3,905)	26,095	3,742
Discount on bonds payable	(218)	-	25	(193)	(24)
Debt service assistance program	64,855	-	(29,361)	35,494	3,267
Notes payable	6,260	9,200	(3,095)	12,365	4,628
HUD Section 108 loan	3,615	-	(2,745)	870	430
Capital leases	4,651	-	(3,060)	1,591	1,591
Net pension liability (note 7)	920,671	93,576	(95,638)	918,609	-
Post-employment benefit (note 7)	89,812	5,205	(5,246)	89,771	-
	<u>\$ 2,315,838</u>	<u>\$ 331,816</u>	<u>\$(327,805)</u>	<u>\$ 2,319,849</u>	<u>\$ 99,570</u>

(a) Additions and deletions include amounts related to accretion of 1991 Refunding Series of \$2,808 and \$(21,326), respectively.

The long-term liabilities will be repaid from the General Fund, except for HUD Section 108 loans, which will be repaid from the American Can non-major fund, and the General Obligation, Limited Tax Bonds, Taxable Limited Tax Refunding Bonds and a portion of the Debt Service Assistance Loan Program, which will be repaid from the Debt Service Fund. The Board of Liquidation handles all the General Obligation bonded debt of the City and the Limited Tax Bonds and results of its operations are reported in the debt service fund. At December 31, 2017, the debt service fund had \$71,036,000 in fund balance reserved for debt service.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

(8) Pension Plans and Postretirement Healthcare Benefits

Pension Plans

At December 31, 2017, the City sponsors and administers four separate single-employer, contributory defined benefit pension plans, namely: (1) Firefighters' Pension and Relief Fund – Old System (Old System); (2) Firefighters' Pension and Relief Fund – New System (New System); (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees' Retirement System (State of Louisiana) (MPERS). The Police Plan of the City will remain responsible for the payment of certain benefits due to differences in length of service and age requirements for the participants who were not transferred to the MPERS plan. MPERS is the only cost-sharing, multiple-employer retirement plan in which employees of the City participate. The Employees' Plan covers all City employees other than firefighters and police.

All four plans use the accrual basis of accounting for changes in net position. Within this context, interest income is recognized when earned, as are employer and employee contributions, except in the case of the Police Plan, which recognizes employer contributions when due from the City. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

Employees' Retirement System of the City of New Orleans  
1300 Perdido Street, Suite 1E12, New Orleans, Louisiana 70112  
(504) 658-1850

Police Pension Fund of the City of New Orleans  
715 S. Broad, Room B23, New Orleans, Louisiana 70119  
(504) 826-2900

Firefighters' Pension and Relief Fund of the  
City of New Orleans (Old and New Systems)  
3520 General DeGaulle Drive, New Orleans, Louisiana 70114  
(504) 366-8102

Municipal Police Employees' Retirement System  
7722 Office Park Boulevard, Baton Rouge, Louisiana 70809  
(800) 443-4248  
lampers.org

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Plan Descriptions:

*Employees' Plan, Firefighters' Pension and Relief Fund – Old and New System*

Each plan is a defined benefit pension plan established by the State of Louisiana statute, which provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana.

At December 31, 2016, the New System and Old System's membership consisted of:

	<u>New System</u>	<u>Old System</u>
Inactive members or beneficiaries receiving benefits	734	228
Inactive members entitled to but not yet receiving benefits	78	-
Active members	<u>505</u>	<u>-</u>
Total participants as of December 31, 2016	<u>1,317</u>	<u>228</u>

*Municipal Police Employees' Retirement System (MPERS)*

On March 6, 1983, an agreement was signed among the City, the Police Pension Funds of the City of New Orleans, and the MPERS, which provided for the merger of the Police Pension Plans with the MPERS. As of that date, all members of the Police Pension Plans, active and retired, became members of the MPERS. Those members covered by the system who did not meet the age and service requirements of the MPERS will be paid by the Police Pension Fund of the City until they reach age 50 or 55, depending on the length of active service.

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Employees become eligible for retirement under the MPERS plan at age 50 and after 20 years of active continuous service. An employee who is age 55 becomes eligible for retirement benefits after 16 years of active continuous service. The Plan also provides death and disability benefits. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

**Funding Policy:**

The employer contributions for the Employees' Plan and the Firefighters' Pension and Relief Fund (New System) are based on actuarially determined amounts. The employer contribution for the Police Pension Fund is based on amounts necessary to cover administrative costs and payments of pensions and benefits, as certified by the board of trustees of the Fund. The employer contribution for the Firefighters' Pension and Relief Fund (Old System) is based on amounts necessary to pay current expenses, and, in effect, is being funded on a "pay-as-you-go" basis. As a result of the merger contract with the MPERS to transfer all active policemen who were participating in the City's Police Pension Fund to MPERS, there were no active participants in the plan and therefore the only contributions by employees to the plan related to retirees' contributions for the purchase of military service credit.

Employees covered under the Employees' Plan contribute 6% of their earnable compensation to the plan.

Effective January 1, 2014, employees covered under the Firefighters' Pension and Relief Fund of the City of New Orleans (New System) contribute 10% of their salary. There are no active employees in the Old System, thus no employee contributions are required.

	<u>City</u>	<u>Employee</u>
Firefighters Pension and Relief Fund		
Old System	Actuarially determined contributions plus budget allocations determined by the City	N/A
New System	Actuarially determined contributions plus budget allocations determined by the City	10.00%
Employees' Plan	Actuarially determined contributions plus budget allocations determined by the City	6% of earnable compensation
Municipal Police Employees' Retirement System	31.75 - 34.25%	7.50 - 10.00%

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

The contributions made by the City to the plans during 2017 were as follows:

	2017
Firefighters Pension and Relief Fund	
Old System	\$ 11,688,000
New System	35,346,000
Employees' Plan	22,773,000
Municipal Police Employees' Retirement System	28,689,000

The Firefighters' pension fund receives fire insurance taxes of 2% of the fire insurance premiums written in the City of New Orleans. In 2017, the amount of \$1,674,755 received as a result of this tax was divided between the New System and Old System.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

The following schedule lists the City's proportionate share of the Net Pension Liability allocated by each of the pension plans at measurement dates. The City uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2017 in accordance with GASB Statement 68. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Employees' Plan	MPERS
Proportion (amount) of net pension liability	\$ 193,049,000	\$ 212,525,000
Proportion (%) of net pension liability	82.1959%	24.3430%
Increase/(decrease) from prior measurement date	(1.0847%)	1.6452%

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

	Firefighters' Pension New System	Firefighters' Pension Old System
	<u>2017</u>	<u>2017</u>
<b>Total pension liability</b>		
Service cost	\$ 6,328,000	\$ -
Interest on total pension liability	28,033,000	5,723,000
Effect of plan changes	(18,913,000)	-
Effect of economic/demographic gains or (losses)	44,771,000	(4,199,000)
Effect of assumption changes or inputs	251,000	(2,589,000)
Benefit payments	<u>(39,880,000)</u>	<u>(17,978,000)</u>
<b>Net change in total pension liability</b>	20,590,000	(19,043,000)
<b>Total pension liability, beginning</b>	393,707,000	169,293,000
<b>Total pension liability, ending</b>	<u>\$ 414,297,000</u>	<u>\$ 150,250,000</u>
<b>Plan Fiduciary Net Position</b>		
Employer contributions	\$ 32,279,000	\$ 12,121,000
Employee contributions	2,730,000	-
Investment income net of investment expenses	(1,518,000)	(207,000)
Benefit payments	(39,880,000)	(17,978,000)
Administrative expenses	<u>(880,000)</u>	<u>(424,000)</u>
<b>Net change in plan fiduciary net position</b>	(7,269,000)	(6,488,000)
<b>Plan fiduciary net position, beginning</b>	50,267,000	15,003,000
<b>Plan fiduciary net position, ending</b>	<u>\$ 42,998,000</u>	<u>\$ 8,515,000</u>
<b>City's net pension liability, ending</b>	<u>\$ 371,299,000</u>	<u>\$ 141,735,000</u>

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. For Firefighters' Pension and Relief Trust Old System and Firefighters' Pension and Relief Trust New System, the actuarial assumptions used in the December 31, 2016 valuations were based on results of an experience study for the period from January 1, 2016 to December 31, 2016. For Employees Retirement System, the actuarial assumptions used in the December 31, 2017 valuations were based on results of an experience study for the period from January 1, 2017 to December 31, 2017. The required Schedule of Net Position located in the required supplementary information following the Notes to the Basis Financial Statements presents multi-year trend information regarding whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability. The total pension liability as of December 31, 2017 or December 31, 2016 is based on actuarial valuations for the same period, updated using general accepted actuarial procedures.

For the year ended December 31, 2017, the City will recognize a Pension Expense (Revenue) of (\$1,216,000), \$16,787,000, \$28,533,000, and \$23,818,000 for the Old System, New System, Employees' Plan, and MPERS, respectively, in payroll related expense on the statements of revenues, expenses, and changes in net position.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources:

Deferred outflows of resources

Difference between expected and actual experience	\$ 87,304,000
Changes in assumptions	69,869,000
Net difference between projected and actual earning on pension plan investments	22,377,000
Changes in proportion and difference between employer contributions and proportionate share of contributions	15,423,000
Employer contributions subsequent to measurement date	60,610,000
Total deferred outflows	<u>\$ 255,583,000</u>

Deferred inflows of resources

Difference between expected and actual experience	\$ 27,010,000
Changes in assumptions	53,741,000
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,197,000
Total deferred inflows.	<u>\$ 82,948,000</u>

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

Details of the deferred outflows of resources and deferred inflows of resources related to pension plans at December 31, 2017 are as follows:

	<u>Old System</u>	<u>New System</u>	<u>Employees' Plan</u>	<u>MPERS</u>
<u>Deferred outflows of resources:</u>				
Difference between expected and actual experience	\$ -	\$ 38,591,000	\$ 47,322,000	\$ 1,391,000
Changes of assumptions	-	54,746,000	-	15,123,000
Net difference between projected and actual earnings on pension plan investments	1,254,000	15,139,000	(3,319,000)	9,303,000
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	-	118,000	15,305,000
Employer contributions subsequent to the measurement date	11,689,000	35,346,000	-	13,575,000
Total deferred outflows	<u>\$ 12,943,000</u>	<u>\$ 143,822,000</u>	<u>\$ 44,121,000</u>	<u>\$ 54,697,000</u>
<u>Deferred inflows of resources:</u>				
Difference between expected and actual experience	\$ -	\$ 21,537,000	\$ 3,840,000	\$ 1,633,000
Changes of assumptions	-	53,741,000	-	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	-	2,197,000	-
Total deferred inflows	<u>\$ -</u>	<u>\$ 75,278,000</u>	<u>\$ 6,037,000</u>	<u>\$ 1,633,000</u>

The \$60,610,000 of deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ended December 31, 2018.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Old System</u>	<u>New System</u>	<u>Employee's Plan</u>	<u>MPERS</u>
2018	\$ 315,000	\$ 6,744,000	\$ 10,634,000	\$ 14,852,000
2019	315,000	6,744,000	8,637,000	17,557,000
2020	405,000	4,533,000	1,866,000	12,067,000
2021	219,000	2,313,000	2,475,000	(4,987,000)
2022	-	6,432,000	7,687,000	-
2023	-	6,432,000	5,553,000	-
2024	-	-	1,232,000	-
	<u>\$ 1,254,000</u>	<u>\$ 33,198,000</u>	<u>\$ 38,084,000</u>	<u>\$ 39,489,000</u>

**Actuarial Assumptions:**

The total pension liability was determined by as of December 31, 2017, using the following actuarial assumptions:

	<u>Old System</u>	<u>New System</u>
<b>Valuation date</b>	December 31, 2016	December 31, 2016
<b>Actuary cost method</b>	Entry age normal	Entry age normal
<b>Actuarial assumption:</b>		
<b>Expected remaining service live</b>	6 years	6 years
<b>Investment rate of return</b>	3.83%, net of investment expense	7.50%, net of investment expense
<b>Inflation rate</b>	2.5%	2.5%
<b>Mortality</b>	1994 Uninsured Pensioner Table for active and retired; 1994 Uninsured Pensioner Table set forward 5 years for disabled annuitants.	1994 Uninsured Pensioner Table for active and retired; 1994 Uninsured Pensioner Table set forward 5 years for disabled annuitants.
<b>Salary increases</b>	N/A	5.00%
<b>Cost of living adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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**Notes to Basic Financial Statements**

**December 31, 2017**

The long-term expected rate of return on Pension Trust Fund 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 development 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. The resulting long-term expected rate of return is 8.07% for the Employees' Retirement System, 8.30% for the Firefighters' New System, 2.50% for the Firefighters' Old System, and 8.19% for the Municipal Police Employees' Retirement System for the year ended December 31, 2017.

	Employees' System	MPERS
<b>Valuation date</b>	December 31, 2017	June 30, 2017
<b>Actuary cost method</b>	Entry age normal	Entry age normal cost
<b>Actuarial assumption:</b>		
<b>Expected remaining service life</b>	8 years	4 years
<b>Investment rate of return</b>	7.50%, net of investment expense	7.325%, net of investment expense
<b>Inflation rate</b>	2.5%	2.875%
<b>Mortality</b>	RP 2000 Group Annuity Mortality Table	RP 2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables  RP2000 Disabled Lives Table  RP2000 Employee Table
<b>Salary increases</b>	5.00%	4.25% - 9.75%
<b>Cost of living adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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**December 31, 2017**

The estimated long-term real rates of return for each major asset class based on the trust funds' target asset allocation as of December 31, 2017 are as follows:

Asset Class	Employees' Retirement System	
	Target Asset Allocation	Long-term expected portfolio real rate of return
Cash equivalents	2.00%	N/A
Equity securities	58.0%	4.49%
Fixed income	25.0%	0.73%
Real estate	5.0%	0.23%
Other alternative investments	10.0%	0.62%
Totals	100%	6.07%
Inflation		2.50%
Expected arithmetic nominal rate		8.57%

Asset Class	Firefighters' New System	
	Target Asset Allocation	Long-term expected portfolio real rate of return
Equity securities	45.00%	3.47%
Bonds	10.00%	0.30%
Alternative investments	45.00%	2.03%
Totals	100%	5.80%
Inflation		2.50%
Expected arithmetic nominal rate		8.30%

Asset Class	Firefighters' Old System	
	Target Asset Allocation	Long-term expected portfolio real rate of return
Cash and cash equivalents	100%	0.00%
Totals	100%	0.00%
Inflation		2.50%
Expected arithmetic nominal rate		2.50%

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**Notes to Basic Financial Statements**

**December 31, 2017**

	MPERS	
Asset Class	Target Asset Allocation	Long-term expected portfolio real rate of return
Equity	53.00%	3.66%
Fixed income	21.00%	0.52%
Alternative	20.00%	1.10%
Other	6.00%	0.16%
Totals	100%	5.44%
Inflation		2.75%
Expected arithmetic nominal rate		8.19%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.5% for the Employees' Retirement System, 7.5% for the Firefighters' New System, 3.83% for the Firefighters' Old System, and 7.325% for the Municipal Police Employees' Retirement System for 2017. 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 rate and the member rate. Based on those assumptions, the Employees' Retirement System pension trust funds' 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.

The Firefighters' New System's fiduciary net position was not projected to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the New System was blended with a municipal bond rate (3.83%) and applied to all projected benefit payments to determine the total pension liability. The fiduciary net position is projected to be fully depleted by year 2043. The Firefighters' Old System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate for the Old System was determined using a municipal bond rate (3.83%) and applied to all projected future benefit payments of current plan members.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

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

The following table presents the net pension liability of the City as of December 31, 2017, calculated using the discount rate, as well as what the net pension 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 rate.

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
<u>Old Plan</u>			
Rates	2.83%	3.83%	4.83%
City Share of NPL	\$ 152,170,000	\$ 141,735,000	\$ 134,797,000
<u>New Plan</u>			
Rates	6.50%	7.50%	8.50%
City Share of NPL	\$ 407,230,000	\$ 371,299,000	\$ 340,578,000
<u>Employees' Plan</u>			
Rates	6.50%	7.50%	8.50%
City Share of NPL	\$ 247,884,000	\$ 193,049,000	\$ 151,799,000
<u>MPERS</u>			
Rates	6.325%	7.325%	8.325%
City Share of NPL	\$ 293,624,000	\$ 212,525,000	\$ 144,489,000

*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 year ended December 31, 2017, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expenses, was 15.02% for the Employees' Retirement System, (3.10)% for the Firefighters' New System, and (1.05)% for the Firefighters' Old System.

**Payables to the Pension Plan**

The City recorded accrued liabilities to each of the plans for the year ended December 31, 2017 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts payables. The balance due to each for the plans at December 31, 2017 is as follows:

	<u>2017</u>
Firefighters Pension and Relief Fund	
Old System	\$ -
New System	-
Employees' Plan	-
Municipal Police Employees' Retirement System	\$ 2,327,000

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

**Total Net Pension Liability of Employees' Retirement System of the City of New Orleans and Related Net Pension Liability for Discretely Presented Component Units**

The City is the sponsor of the Employees' Retirement System of the City of New Orleans, which the City allows the employees of its component units and other city organizations and agencies to participate in the System. At December 31, 2017, the net pension liability for each discretely presented component units are as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense</u>
Louis Armstrong New Orleans	\$ 14,839,000	\$ 4,002,000	\$1,733,000	\$2,097,000
International Airport				
New Orleans Municipal Yacht Harbor				
Management Corporation	358,000	117,000	42,000	53,000
Canal Street Development Corporation	649,000	211,000	76,000	97,000
Orleans Parish Communication District	11,228,000	3,656,000	1,320,000	1,678,000
French Market Corporation	3,635,000	1,184,000	427,000	543,000

**Firefighters' Pension and Relief Fund Investment Receivable**

On March 31, 2008, the FPRF invested \$15 million in the Series N shares of the FIA Leveraged Fund ("Leverage Fund"), an open ended investment fund registered in the Cayman Islands. In 2011, the Leverage Fund filed for bankruptcy protection. In October, 2012, the bankruptcy court issued an order for the appointment of a U.S. Trustee to investigate the assets of the fund and manage the liquidation of the fund in the Southern District of New York.

As of December 31, 2014, the entire investment was written off. The FPRF has also filed lawsuits against several of the Leverage Fund's third-party service providers in which counsel projects recovery of an indeterminable amount.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

**Postretirement Healthcare Benefits**

**Plan Description**

The City of New Orleans' medical benefits are provided through a self-insured comprehensive health benefit program and are made available to employees upon retirement. Full details are contained in the official plan documents. Medical benefits are provided to employees upon actual retirement (that is, at the end of the DROP period, if applicable) according to the retirement eligibility provisions of the System by which the employee is covered. Most City employees are covered by one of three primary systems: the Employees' Retirement System of the City of New Orleans (NOMERS), the Louisiana State Municipal Police Retirement System (MPERS), and the New Orleans Firefighters' Pension and Relief Fund (FPRF). The maximum DROP period is five years in NOMERS and FPRF and three years in MPERS. Retirement (DROP entry) eligibility is as follows: in NOMERS, the earliest of 30 years of service at any age; age 60 and 10 years of service; age 65 and 5 years of service; or, satisfaction of the "Rule of 80" (age plus service equals or exceeds 80); in MPERS, the earlier of 25 years of service and age 50 and 20 years of service (in MPERS, DROP entry requires age 55 and 12 years of service or 20 years of service and eligibility to retire); in FPRF, age 50 and 12 years of service. However, because of the "back-loaded" benefit formula in the FPRF plan relative to years of service, the retirement assumption used for that plan was the earliest of age 50 and 30 years of service, age 55 and 25 years of service, and age 60 and 12 years of service.

**Contribution Rates**

Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy**

Until 2007, the City recognized the cost of providing post-employment medical benefits (the City's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the City's portion of health care funding cost for retired employees totaled \$5,246,000 and \$999,000, respectively.

Effective January 1, 2007, the City implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

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**Notes to Basic Financial Statements**

**December 31, 2017**

**Annual Required Contribution**

The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

Normal Cost	\$ 1,834
30-year UAL amortization amount	5,621
Annual required contribution (ARC)	<u>\$ 7,455</u>

**Net Post-employment Benefit Obligation (Asset)**

The table below shows the City's net OPEB obligation for fiscal year ending December 31, 2017:

Beginning Net OPEB Obligation 1/1/2017	\$ 89,812,000
Annual required contribution	7,455,000
Interest on Net OPEB Obligation	3,592,000
ARC Adjustment	<u>(5,842,000)</u>
OPEB Cost	5,205,000
Contribution	-
Current year retiree premium	<u>(5,246,000)</u>
Change in Net OPEB Obligation	<u>(41,000)</u>
Ending Net OPEB Obligation 12/31/2017	<u>\$ 89,771,000</u>

The following table shows the City's annual other post-employment benefits cost, percentage of the cost contributed, and the net unfunded other post-employment benefits obligation (asset):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2017	\$ 5,205,000	100.79%	\$ 89,771,000
December 31, 2016	\$ 15,115,000	6.61%	\$ 89,812,000
December 31, 2015	\$ 14,728,000	6.28%	\$ 75,696,000

**Funded Status and Funding Progress**

In 2017 and 2016, the City made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2017 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2017 was \$101,089,000 which is defined as that portion, as determined by a particular actuarial cost

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

method (the City of New Orleans uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

Actuarial Accrued Liability (AAL)	\$ 101,089,000
Actuarial Value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 101,089,000</u>
Funded Ratio (AVP/AAL)	0%
Covered Payroll (active plan members)	\$ 261,183,506
UAAL as a percentage of covered payroll	38.70%

The required schedule of funding progress following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

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

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

**Actuarial Cost Method**

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

**CITY OF NEW ORLEANS, LOUISIANA**

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**Actuarial Value of Plan Assets**

There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

**Turnover Rate**

An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

**Post-employment Benefit Plan Eligibility Requirements**

It is assumed that entitlement to benefits will commence at the end of the DROP period, as described above under the heading "Plan Description". In addition, an additional delay of one year after earliest retirement eligibility was included for NOMERS employees and a further two years' delay where eligibility was under the "Rule of 80". Medical benefits are provided to employees upon actual retirement.

**Investment Return Assumption (Discount Rate)**

GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**Health Care Cost Trend Rate**

The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

**Mortality Rate**

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

**Method of Determining Value of Benefits**

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer rates provided are "unblended" rates for active and retired as required by GASB 45 for valuation purposes. The retiree medical plan was amended in 2010 to provide that only Medicare Part D Prescription Drug coverage is covered by the employer after age 65 for current and future retirees.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

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**Inflation Rate**

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

**Projected Salary Increases**

This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

**Post-retirement Benefit Increases**

The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

**Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.**

OPEB Costs and Contributions

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
OPEB Cost	\$ 14,728,000	\$ 15,115,000	\$ 5,205,000
Contribution	-	-	-
Retiree premium	<u>925,000</u>	<u>999,000</u>	<u>5,246,200</u>
Total contribution and premium	<u>925,000</u>	<u>999,000</u>	<u>5,246,200</u>
Change in net OPEB obligation	\$ <u><u>13,803,000</u></u>	\$ <u><u>14,116,000</u></u>	\$ <u><u>(41,000)</u></u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	6.28%	6.61%	100.79%

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

(9) Individual Fund Disclosures

*Deficit Fund Equity*

At December 31, 2017, the HUD and FEMA funds had deficit fund balances in the amounts of approximately \$11,679,000 and \$19,637,000, respectively. The deficit fund balances in both the HUD and FEMA funds are a result of accrued expenditures for which no revenue has been recognized. The City plans to fund these deficits with future revenues. The City is currently pursuing obtaining FEMA approval for projects that have been completed by the City and increases in funding for projects that have already been approved by FEMA. If the City is not able to obtain increased funding, the deficit will be funded by the general fund.

At December 31, 2017, the following special revenue nonmajor funds had deficit balances:

<u>Special Revenue Nonmajor Fund</u>	<u>Deficit Amount</u>
Mayoral Fellows Program	\$ 1,000
French Quarter Development District	497,000
Plant-a-Tree Campaign	306,000
Louisiana Office of Community Development	5,166,000
FDJ Office of Justice Program	115,000
Federal Department of Health	4,128,000
Louisiana Commission on Law Enforcement	443,000
Department of Health and Human Resources	5,000
Louisiana Department of Public Safety	75,000
Department of Labor	618,000
Private Grants	1,613,000
Federal Department of Homeland Security	50,000
Federal Department of Social Service	14,000
Louisiana Military Department	67,000
Federal Transportation Authority	340,000
FHWA Federal Highway Commission	26,000

The deficit fund balances in these special revenue non-major funds result from accrued expenditures for which no revenue has been recognized. The City plans to fund these deficits with future revenues or the general fund and the City has assigned fund balance in the general fund to cover these deficits.

*Interfund Receivables and Payables*

Interfund balances resulted from the time lag between the dates (1) when interfund services are provided or reimbursable expenditures occur and (2) payments between funds are made. For example, the General Fund originally incurred expenditures that were ultimately recorded in the FEMA grant and reimbursed by the federal government. The interfund balances between the General Fund and Nonmajor Funds result from timing differences in the payment for services and reimbursement from the federal government. The interfund balances are not expected to be repaid within the year.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

Individual fund interfund receivables and payables at December 31, 2017 were as follows (amounts in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	FEMA Fund	\$ 9,966
	HUD Fund	7,608
	Capital Projects	7,416
	Nonmajor Funds	6,605
FEMA Fund	Nonmajor Funds	7
Nonmajor Funds	HUD Fund	87
	General Fund	1
	Nonmajor Funds	86
		<u>\$ 31,776</u>

***Fund Transfers***

Individual fund transfers for the year ended December 31, 2017 were as follows (amounts in thousands):

	<u>Transfers-in</u>	<u>Transfers-out</u>
General	\$ 92	\$ -
Capital projects	-	(92)
Debt service fund	3,852	-
Nonmajor funds	500	(4,352)
Total	<u>\$ 4,444</u>	<u>\$ (4,444)</u>

Transfers are used to (1) move revenues from the fund that statute or the budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

*Charges to Component Units for Support Services*

Charges for support services paid by the Airport to the general fund during fiscal year 2017 amounted to \$5,633,000 primarily for overhead reimbursement and fire protection.

The City does not charge the Downtown Development District, French Market Corporation, the Municipal Yacht Harbor Management Corporation, or Canal Street Development Corporation for any support services provided to them. In addition, the City does not charge rent to the Audubon Commission for the land which is owned by the City on which the golf course operates.

**(10) Fund Balance**

Fund balances for the City's governmental funds consisted of the following as of December 31, 2017:

Non-Spendable Fund Balance – The non-spendable fund balance on the special revenue funds is made up of long-term grantee loan receivables and trust accounts.

Restricted Fund Balance – The restricted fund balance on the special revenue funds is made up of balances restricted for purposes as designated in the grant agreements. The restricted fund balance on the debt service fund is made up of balances restricted for future debt service. The restricted fund balance in the capital projects fund includes unspent proceeds from bond issuances, grants, and donations that are restricted for capital improvements.

Committed Fund Balance – The committed fund balance on the general fund is made up of funds designated by the City Council to be used to fund future litigation costs and public libraries. The committed fund balance on the special revenue funds consists of unrestricted donations and grants committed for various projects by the City Council. The committed fund balance on the capital projects fund is made up of funds designated by the City Council to be used for capital improvements.

Assigned Fund Balance – The assigned fund balance on the special revenue funds are unrestricted donations and other funds assigned by the Council or management for various projects. The assigned fund balance on the general fund is made up of funds designated by the City Council or management to be used to fund future litigation costs, public libraries, and to cover deficits of other funds.

Unassigned Fund Balance – The unassigned fund balance includes all amounts not included in other spendable classifications.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

**(11) Summary of Sales Tax Collections Remitted to Other Taxing Authorities**

Act 711 of the Louisiana Legislative Session amended LRS 24:513 B to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during 2017 (amounts in thousands).

	<u>Total</u> <u>Collections</u>	<u>Collection</u> <u>Cost</u>	<u>December 2017</u> <u>Payment</u> <u>Distributed</u> <u>in 2018</u>	<u>December 2016</u> <u>Payment</u> <u>Distributed</u> <u>in 2017</u>	<u>Final</u> <u>Distribution</u>
Orleans Parish School Board	\$ 126,927	\$ (2,031)	\$ (10,767)	\$ 9,408	\$ 123,537
Regional Transit Authority	79,535	(1,273)	(6,793)	6,071	77,540
	<u>\$ 206,462</u>	<u>\$ (3,304)</u>	<u>\$ (17,560)</u>	<u>\$ 15,479</u>	<u>\$ 201,077</u>

**(12) Interest Income**

Interest earned on investments held by the City's capital projects fund, certain special revenue funds (Sidewalk Paving and Repairing, Traffic Court Judicial Expense, Department of Safety and Permits – Demolition, Vieux Carre' Commission, and Municipal Court Judicial Expense) and certain agency funds (Clearing and Deposit) is recorded as revenue of the General Fund. The amount of interest revenue recorded by the General Fund on investments of the capital projects fund for the year ended December 31, 2017 was approximately \$2,767,000.

**(13) Commitments and Contingencies**

***Operating Lease Agreements***

The City has commitments under several operating lease agreements for equipment and facilities. These lease agreements are primarily for copier and data processing equipment and for land and buildings. Future minimum lease payments under these leases for the next five years are as follows (amounts in thousands):

Year ending December 31:	
2018	\$ 2,997
2019	1,574
2020	1,280
2021	232
2022	68

Annual lease expense for operating lease agreements was approximately \$5,677,000 in 2017.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

*Claims and Judgments*

The City is a defendant in a number of claims and lawsuits alleging, among other things, personal injury, police brutality, wrongful death, over-collection of property taxes, and improperly designed drainage systems. The City is self-insured for such cases as described below.

*Self-Insurance*

The City is self-insured for its motor vehicle fleet, and general liability and police department excessive force, workers' compensation, hospitalization, and unemployment losses and claims. The City's claims are financed on a "pay-as-you-go" basis for its motor vehicle fleet, general liability, and police department excessive force losses. Premiums are charged by the General Fund to the City's various funds for the unemployment and worker's compensation self-insurance programs and to employees and the City's various funds for the hospitalization self-insurance programs. Paid claims in excess of such premiums, if any, are funded by the General Fund.

As of December 31, 2017, the City has determined, through an analysis of historical experience, the adequacy of the liability necessary to cover all losses and claims, both incurred and reported and incurred but not reported (IBNR), under its self-insurance programs. The City does not discount its claims liabilities. The liabilities of \$216,000 for motor vehicle fleet, \$286,838,000 for general liability and police department excessive force losses, \$115,287,000 for workers' compensation, and \$5,554,000 for hospitalization and unemployment have been accrued in the government-wide financial statements in the total amount of \$407,894,000.

In 1981, a class action lawsuit was filed by the New Orleans Firefighters Union and individual employees of the New Orleans Fire Department principally concerning the City's implementation of the New Orleans Civil Service Commission's annual leave policy which limited the amount of unused annual leave that could be accrued and carried over into subsequent years. The case has been in litigation since 1981. The estimated reserve for the case is \$60 million at December 31, 2017.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

Changes to the City's claims liability amounts in fiscal 2017 and 2016 are as follows (amounts in thousands):

	<u>Beginning of fiscal year liability</u>	<u>Claims and changes in estimates</u>	<u>Benefit payments, claims, and adjustments</u>	<u>Balance at fiscal year-end</u>	<u>Due in one year</u>
General liability and police liability:					
2016	\$ 282,854	\$ 42,890	\$ (123,558)	\$ 202,186	\$ 11,953
2017	202,186	102,552	(17,900)	286,838	8,319
Workers' compensation:					
2016	114,873	22,428	(23,945)	113,356	22,216
2017	113,356	25,638	(23,707)	115,287	23,707
Motor vehicle fleet:					
2016	221	515	(438)	298	298
2017	298	160	(242)	216	216
Hospitalization and unemployment:					
2016	4,849	59,312	(59,195)	4,966	4,966
2017	4,966	61,792	(61,204)	5,554	5,553
Total:					
2016	402,797	125,145	(207,136)	320,806	41,162
2017	320,729	190,142	(103,053)	407,895	37,795

***Federal Financial Assistance Questioned Costs***

The City receives federal financial assistance directly from federal agencies or passed through from other government agencies. Audits of the City's federal award programs periodically disclosed certain items or transactions as questioned costs. The ultimate resolution or determination as to whether the costs will be disallowed under the affected grants will be made by the various funding sources and cannot be determined at this time. The City believes disallowances, if any, will be immaterial to its financial position and operations.

# CITY OF NEW ORLEANS, LOUISIANA

## Notes to Basic Financial Statements

December 31, 2017

### *Landfill Closing Costs*

The City owns two closed landfill sites located in the eastern portion of the City (Recovery I Landfill and Gentilly Landfill). State and federal laws require the City to cap the landfill and to monitor and maintain the site for 30 subsequent years. The Gentilly Landfill, which was closed in 1995, was reopened in 2005 under an agreement with a third party vendor. The agreement requires the vendor to pay a 3% royalty fee to the City and a fee equal to 50 cents per cubic yard of waste disposed at the site to be put in to trust to fund the future landfill post closure costs until such time that this liability becomes fully funded, as certified by the Louisiana Department of Environmental Quality (LDEQ). The City does not record this liability on its' books, as the third party vendor is contributing to the trust in accordance with the agreement. The Recovery I site was closed in June 2003 upon obtainment of the Closure Certificate from LDEQ. In 2013, the LDEQ approved a revised closure date for the Recovery I site of April 2013.

Through the time of closure, in the government-wide financial statements, the City recognized a portion of the closure and postclosure care costs in each operating period although actual payouts will not occur until this landfill is capped and closed, respectively. The amount recognized each year to date was based on the landfills' capacities used as of the balance sheet date. As of December 31, 2017, the City has estimated its liability at \$4,162,000.

These amounts are based on what it would cost to perform all closure and post closure care beginning in 2013 for a 30 year period, adjusted for annual cost increases of 3%. Actual cost may be higher due to inflation, changes in technology, or changes in regulations, and may need to be covered by charges from future tax revenue. Current funding of these costs comes from the General Fund.

### *Arbitrage*

The City has issued tax-exempt bonds that are subject to arbitrage regulations of the Internal Revenue Service, which impose restrictions on the use of proceeds from tax-exempt bonds. If certain of these restrictions are not complied with, the bonds could lose their tax-exempt status retroactive to the date of original issuance and also result in the City being subject to arbitrage rebates. The City believes it is in compliance with the arbitrage regulations with respect to all of its tax-exempt bond issues.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

*Consent Decrees*

On July 24, 2012, in a joint motion the United States of America and the City of New Orleans filed an entry of decree. The purpose of the consent decree is to remedy an alleged pattern or practice of conduct by the NOPD that subjects individuals to excessive force in violation of the Fourth Amendment. The Consent Decree contains detailed provisions concerning changes in NOPD policies and practices related to: (1) the use of force; (2) investigatory stops and detentions, searches, and arrests; (3) custodial interrogations; (4) photographic lineups; (5) bias-free policing; (6) community engagement; (7) recruitment; (8) training; (9) officer assistance and support; (10) performance evaluations and promotions; (11) supervision; (12) the secondary employment system, also known as the paid detail system; (13) misconduct complaint intake, investigation, and adjudication; and (14) transparency and oversight. The cost to continue this Consent Decree over a remaining three year period is estimated to be \$18,254,000.

This litigation was filed against Orleans Parish Sheriff's Office (OPSO) in 2012 to address allegedly unconstitutional conditions at the Orleans Parish Prison (OPP). The City was named as third-party defendant to this litigation solely because it has a statutory obligation to fund the OPSO and OPP. The OPSO agreed to a consent judgment in 2012 that provided for the implementation of various reforms at OPP, many of them operational. These reforms are currently being implemented with the assistance of various federal monitors and an independent compliance director. The Consent Decree does not technically cast the City in judgment, and, thus, does not create a clearly ascertainable monetary liability. Rather, the cost of implementing Consent Decree reforms has been reflected in the Sheriff's overall budgetary allocation since 2013. The Sheriff's budget does not expressly delineate a percentage directly attributable to Consent Decree costs. Nevertheless, it is not anticipated that subsequent OPSO budgets will contain significant additional increases related to Consent Decree compliance.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

**(14) Summary of Ad Valorem Tax Collections Remitted to Other Taxing Authorities**

Act 711 of the Louisiana Legislative Session amended LRS 24:513 B to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. The following table includes a list of ad valorem taxes to be collected by other City taxing jurisdictions (amounts in thousands):

	<b>2017 Taxes Levied</b>	<b>Less Non-Cash Adjustments to Tax Rolls</b>	<b>Net Taxes Levied</b>
Board of Liquidation	\$ 93,176	\$ (1,354)	\$ 91,822
Sewerage & Water Board	59,247	(797)	58,450
Orleans School Board	165,560	(2,396)	163,164
Orleans Levee Board West Bank	2,820	(31)	2,789
Orleans Levee Board East Bank	42,113	(611)	41,502
Law Enforcement District	10,231	(149)	10,082
Audubon Zoological Garden	1,169	(18)	1,151
Aquarium of the Americas	10,925	(161)	10,764
Downtown Development District	7,687	(32)	7,655
Touro Bouligny	390	(3)	387
Garden District	935	(13)	922
Total	<u>\$ 394,253</u>	<u>\$ (5,565)</u>	<u>\$ 388,688</u>

Uncollected taxes are a result of properties that will be sold in the subsequent year or properties that were put up for sale but not purchased and will be put up for sale again in the subsequent year.

Listed on the following page is a summary of ad valorem tax activity related to other City taxing jurisdictions during 2017 (amounts in thousands).

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

	A 2016 Due From/ (Due To)	2017 Tax Collected in 2017	2018 Tax Collected in 2017	Prior Years Tax Collected in 2017	B Total Tax Collected in 2017	C 2017 Payments to Boards	A-B+C 2017 Due From/ (Due To)
Board of Liquidation	\$ (3,195)	83,718	\$ 5,415	\$ 2,344	\$ 91,477	\$ 87,175	\$ (7,497)
Sewerage & Water Board	(2,382)	53,846	3,447	1,769	59,061	55,633	(5,810)
Orleans Parish School Board	(692)	149,254	9,622	5,064	163,940	156,025	(8,607)
Orleans Levee Board West Bank	(954)	2,540	67	89	2,697	2,626	(1,025)
Orleans Levee Board East Bank	(664)	37,832	2,542	1,058	41,433	39,442	(2,655)
Law Enforcement District	(366)	9,193	595	257	10,044	9,573	(837)
Audubon Zoological Garden	(40)	1,051	68	30	1,149	1,094	(95)
Aquarium of the Americas	(376)	9,816	635	284	10,735	10,225	(886)
Downtown Development District	(253)	6,963	307	219	7,489	7,273	(469)
New Orleans Regional Business Park	(6)	-	-	1	1	2	(5)
Touro Bouligny	(33)	355	30	1	387	368	(52)
Garden District	(65)	853	133	5	990	878	(177)
Total	\$ (9,026)	\$ 355,421	\$ 22,861	\$ 11,121	\$ 389,403	\$ 370,314	\$ (28,115)

The amount of taxes collected through tax sales for other taxing authorities in 2017 totaled \$1,169,754

The amount of interest on late ad valorem tax payments that was collected and disbursed to other taxing authorities during 2017 totaled \$1,438,880

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

**(15) Restoration Tax Abatement Program**

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, 2017, the government participated in the Restoration Tax Abatement Program.

Under the RTAP, as authorized by *Article 7, Section 21(II) 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.

Taxes abated for the fiscal year ended December 31, 2017 as well as future abatement estimates for active abatement agreements as of December 31, 2017 is as follows:

<b>Taxing Body</b>	<b>Millage Rate</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
Downtown Development District	14.76	\$ 458,000	\$ 409,000	\$ 350,000	\$ 208,000	\$ -	\$ 1,425,000
Sewerage & Water Board	11.77	646,000	489,000	382,000	199,000	11,000	1,727,000
Audobon Zoo	0.32	18,000	13,000	10,000	5,000	-	46,000
Audobon Aquarium	2.99	164,000	124,000	97,000	51,000	3,000	439,000
School Board	45.31	2,487,000	1,881,000	1,469,000	767,000	42,000	6,646,000
Levee Board (East)	12.28	674,000	510,000	398,000	208,000	11,000	1,801,000
Law Enforcement District	2.8	154,000	116,000	91,000	47,000	3,000	411,000
City of New Orleans	71.65	3,933,000	2,975,000	2,323,000	1,214,000	66,000	10,511,000
		<u>\$ 8,534,000</u>	<u>\$ 6,517,000</u>	<u>\$ 5,120,000</u>	<u>\$ 2,699,000</u>	<u>\$ 136,000</u>	<u>\$ 23,006,000</u>

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2017**

**(16) Restatement**

During 2017, the City identified several adjustments which impacted prior year financial statements which arose from the understatement of expenses. A summary of the impact of these adjustments is as follows.

The impact on governmental fund balance was as follows:

Fund balance, as previously reported, December 31, 2016	\$ 348,361
Prior period adjustments	
General fund related to understatement of expenditures	(35)
Capital projects fund related to understatement of expenditures	(3,212)
Nonmajor governmental funds related to understatement of expenditures	(171)
Nonmajor governmental funds related to understatement of revenue	141
	<u>(3,277)</u>
	<u>\$ 345,084</u>

The impact on net position was as follows:

Net position (deficit), as previously reported, December 31, 2016	\$ (201,870)
Prior period adjustment	
Related to understatement of capital assets	(22,680)
Related to understatement of revenue	141
Related to understatement of expenses	(3,418)
	<u>(25,957)</u>
Net position (deficit), as restated, December 31, 2016	<u>\$ (227,827)</u>

**(17) New Pronouncements**

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* in June 2015. This statement will supersede GASB No. 45. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The City is currently assessing the impact of this pronouncement on the financial statements and expects the impact to be significant.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Required Supplementary Information

Year ended December 31, 2017

(Unaudited)

Required Supplementary Information includes budgetary comparisons for the General Fund and the Schedules of Funding Progress.

**(1) Budgetary Data**

The procedures used by the City in establishing the general fund budgetary data are as follows:

- Not later than November 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted, after proper official public notification, to obtain taxpayer comments.
- Not later than December 1, the budget is legally enacted through passage of an ordinance.
- The City's budget ordinance is structured such that revenues are budgeted by source, and expenditures are budgeted by department and by principal object classification within a department. The City's charter provides that expenditures may not legally exceed appropriations either at a departmental level or at the principal object classification within a department.
- The Mayor's office is allowed to authorize the transfer of budgeted amounts from one budget activity to another within a principal object classification within the same department. Budgetary transfers between principal object classifications of the same department or between departments must be approved by the City Council. Throughout the year, several amendments to the budget were made by the City Council.
- The City utilizes formal budgetary integration as a management control device during the year for the general and capital projects funds. Formal budgetary integration is not employed for the debt service and special revenue funds because effective budgetary control is alternatively achieved through other provisions.
- Unencumbered appropriations lapse at year-end. Current year transactions, which are directly related to a prior year's budget, are not rebudgeted in the current year.
- The City adopts an ordinance subsequent to year end to agree the final budgeted expenditures to actual expenditures.

**(2) Schedules of Funding Progress**

The Firefighters' Pension and Relief Fund (New System) uses the aggregate actuarial cost method; therefore, a schedule of funding progress is not required when this method is used in determining funding requirements because this method does not separately identify an actuarial accrued liability.

**CITY OF NEW ORLEANS, LOUISIANA**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget (Non-GAAP Budgetary Basis) and Actual – General Fund  
Year ended December 31, 2017  
(Amounts in thousands)

	<u>Original budget</u>	<u>Revised budget</u>	<u>Actual on budgetary basis</u>	<u>Variance favorable (unfavorable)</u>
<b>Revenues:</b>				
Taxes	\$ 389,470	\$ 389,470	\$ 404,114	\$ 14,644
Licenses and permits	64,010	64,010	71,220	7,210
Intergovernmental	23,281	31,620	32,772	1,152
Charges for services	88,901	88,901	89,825	924
Fines and forfeits	54,324	54,324	40,998	(13,326)
Interest income	429	429	1,675	1,246
Contributions, gifts, and donations	294	690	37	(653)
Miscellaneous	29,428	31,604	34,473	2,869
Total revenues	<u>650,137</u>	<u>661,048</u>	<u>675,114</u>	<u>14,066</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	221,743	248,574	231,642	16,932
Public safety	277,382	280,031	286,089	(6,058)
Public works	81,181	90,336	86,372	3,964
Health and human services	19,968	20,489	20,728	(239)
Culture and recreation	29,146	29,421	27,523	1,898
<b>Debt service:</b>				
Principal and interest	32,054	32,054	34,631	(2,577)
Total expenditures	<u>661,474</u>	<u>700,905</u>	<u>686,985</u>	<u>13,920</u>
Excess (deficiency) of revenues over expenditures	<u>(11,337)</u>	<u>(39,857)</u>	<u>(11,871)</u>	<u>27,986</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	3,437	3,437	92	(3,345)
Operating transfers out	-	-	-	-
Proceeds from Note Payable	-	10,000	10,000	-
Appropriations from prior year budgetary fund balance	7,900	26,420	-	(26,420)
Reduction in prior year's outstanding encumbrances	-	-	296	296
Other	-	-	(21)	(21)
Total other financing sources (uses)	<u>11,337</u>	<u>39,857</u>	<u>10,367</u>	<u>(29,490)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>(1,504)</u>	<u>\$ (1,504)</u>
Fund balances, beginning of year			61,831	
Fund balances – budgetary basis, end of year			<u>\$ 60,327</u>	

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Budget to GAAP Reconciliation  
 (Unaudited)

The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual presents comparisons of the legally adopted original budget and final budget (non-GAAP basis) with actual data on a budgetary basis. In the general fund, accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with GAAP. A reconciliation of this basis and timing differences is presented below (amounts in thousands):

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (1,504)
Adjustments:	
To adjust revenues and expenditures for accruals and deferrals	<u>3,241</u>
Net change in fund balance	<u><u>\$ 1,737</u></u>

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS**  
 Required Supplementary Information Under GASB Statement No. 67 and 68  
 Year ended December 31, 2017  
 (Amounts in Thousands)

**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 (millions)	Net Position as a Percentage of payroll
<b>Employees' Retirement System:</b>						
2014	\$ 540,176	\$ 370,750	\$ 169,426	68.64%	\$ 97,244	174.23%
2015	562,686	339,099	223,587	60.26%	105,692	211.55%
2016	606,005	353,610	252,395	58.35%	115,505	218.51%
2017	629,766	391,827	234,865	62.22%	120,809	194.41%
<b>Firefighters' Pension and Relief Fund (New System):</b>						
2014	\$ 502,316	\$ 65,377	\$ 436,939	13.02%	\$ 26,985	1619.19%
2015	393,707	50,268	343,439	12.77%	27,089	1267.82%
2016	414,297	42,998	371,299	10.38%	27,149	1367.63%
<b>Firefighters' Pension and Relief Fund (Old System):</b>						
2014	\$ 176,689	\$ 15,260	\$ 161,429	8.64%	\$ -	N/A
2015	169,294	15,003	154,291	8.86%	-	N/A
2016	150,250	8,515	141,735	5.67%	-	N/A

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

**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
<b>Employees' Retirement System:</b>					
2014	\$ 20,871	\$ 21,926	\$ 1,055	\$ 97,244	22.55%
2015	22,713	24,011	1,298	105,692	22.72%
2016	26,858	27,599	741	115,505	23.89%
2017	28,015	27,170	(845)	120,809	22.49%
<b>Firefighters' Pension and Relief Fund (New System):</b>					
2014	\$ 36,182	\$ 20,649	\$ (15,533)	\$ 26,985	76.52%
2015	31,993	30,501	(1,492)	27,089	112.60%
2016	33,640	32,279	(1,361)	27,149	118.90%
<b>Firefighters' Pension and Relief Fund (Old System):</b>					
2014	\$ 18,841	\$ 17,173	\$ (1,668)	\$ -	N/A
2015	17,404	18,066	662	-	N/A
2016	-	12,121	12,121	-	N/A

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

(Continued)

**CITY OF NEW ORLEANS**  
 Required Supplementary Information Under GASB Statement No. 67 and 68  
 For the year ended December 31, 2017  
 (Amounts in Thousands)

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**

	Firefighters' Pension and Relief Fund					
	New System 2016	New System 2015	New System 2014	Old System 2016	Old System 2015	Old System 2014
<b>Total pension liability</b>						
Service cost	\$ 6,328	\$ 6,183	\$ 5,865	\$ -	\$ -	\$ -
Interest on total pension liability	28,033	25,109	31,786	5,723	6,202	11,143
Effect of plan changes	(18,913)	(18,530)	(16,072)	-	3,065	12,642
Effect of economic/demographic gains or (losses)	44,771	-	-	(4,199)	-	-
Effect of assumption changes or inputs	251	(80,611)	95,806	(2,589)	1,457	24,968
Benefit payments	(39,880)	(40,760)	(38,889)	(17,978)	(18,120)	(20,641)
<b>Net change in total pension liability</b>	<b>20,590</b>	<b>(108,609)</b>	<b>78,496</b>	<b>(19,043)</b>	<b>(7,396)</b>	<b>28,112</b>
<b>Total pension liability, beginning</b>	<b>393,707</b>	<b>502,316</b>	<b>423,820</b>	<b>169,293</b>	<b>176,689</b>	<b>148,577</b>
<b>Total pension liability, ending (a)</b>	<b>\$ 414,297</b>	<b>\$ 393,707</b>	<b>\$ 502,316</b>	<b>\$ 150,250</b>	<b>\$ 169,293</b>	<b>\$ 176,689</b>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ 32,279	\$ 30,411	\$ 20,649	\$ 12,121	\$ 18,066	\$ 17,173
Employee contributions	2,730	2,577	2,039	-	-	-
Investment income net of investment expenses	(1,518)	(6,516)	(5,328)	890	200	1,623
Benefit payments	(39,880)	(40,760)	(38,890)	(17,978)	(18,120)	(20,641)
Administrative expenses	(880)	(822)	(601)	(424)	(404)	(575)
<b>Net change in plan fiduciary net position</b>	<b>(7,269)</b>	<b>(15,110)</b>	<b>(22,131)</b>	<b>(5,391)</b>	<b>(258)</b>	<b>(2,420)</b>
<b>Plan fiduciary net position, beginning</b>	<b>50,267</b>	<b>65,377</b>	<b>87,508</b>	<b>15,002</b>	<b>15,260</b>	<b>17,680</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ 42,998</b>	<b>\$ 50,267</b>	<b>\$ 65,377</b>	<b>\$ 9,611</b>	<b>\$ 15,002</b>	<b>\$ 15,260</b>
<b>City's net pension liability, ending = (a) - (b)</b>	<b>\$ 371,299</b>	<b>\$ 343,440</b>	<b>\$ 436,939</b>	<b>\$ 140,639</b>	<b>\$ 154,291</b>	<b>\$ 161,429</b>
Plan fiduciary net position as a % of total pension liability	10.38%	12.77%	13.02%	6.40%	8.86%	8.64%
Covered payroll	\$ 27,149	\$ 27,089	\$ 26,985	\$ -	\$ -	\$ -
City's net pension liability as a % of covered payroll	1367.63%	1267.82%	1619.19%	N/A	N/A	N/A

Valuation date: December 31, 2016.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method:	Entry age normal
Asset valuation method:	Actual market value (effective January 1, 2016)
Cost of living raises for retirees and beneficiaries:	New System and Old System - The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Salary increases:	New System - 5.00%; Old System - N/A
Investment rate of return:	New System - 7.50% net of investment expenses; Old System - 7.5% net of investment expenses; rate was 3.7 for 2015
Retirement rates:	Employees are assumed to retire after the earliest of: first, attainment of age 50 and 30 years of service; second, the later of age 55 and completion of 25 years of service; third, attainment of age 60 and completion of 12 years of service.

Notes to Schedules: The schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS**  
 Required Supplementary Information Under GASB Statement No. 67 and 68  
 For the year ended December 31, 2017  
 (Amounts in Thousands)

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	Municipal Police Employees' Retirement System			
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Employer's proportion of the net pension liability	24.3430%	22.6979%	22.3598%	21.9733%
Employer's proportionate share of the net pension liability	\$ 212,525	\$ 212,743	\$ 175,166	\$ 137,467
Employer's covered-employee payroll	N/A	N/A	N/A	\$ 56,923
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	241.50%
Plan fiduciary net position as a percentage of the total pension liability	70.08%	66.04%	70.73%	75.10%

**SCHEDULE OF CONTRIBUTIONS**

	Municipal Police Employees' Retirement System			
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Actuarially required contribution	\$ 23,073	\$ 18,757	\$ 18,840	\$ 22,884
Contributions in relation to the actuarially required contribution	<u>(23,089)</u>	<u>(18,776)</u>	<u>(22,814)</u>	<u>(21,729)</u>
Contribution deficiency (excess)	<u>\$ (16)</u>	<u>\$ (19)</u>	<u>\$ (3,974)</u>	<u>\$ 1,155</u>
Employers' covered employee payroll	N/A	N/A	N/A	\$ 56,923
Contributions as a percentage of of covered-employee payroll	N/A	N/A	N/A	38.17%

**Notes to Schedules:** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS**  
 Required Supplementary Information Under GASB Statement No. 45  
 Year ended December 31, 2017  
 (Amounts in thousands)

**SCHEDULE OF FUNDING PROGRESS**

Fiscal Year Ended December 31	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Payroll ((b-a) / c)
2008	1/1/2008	\$ -	\$ 426,450	\$ 426,450	0.0%	\$ 226,764	188.1%
2009	1/1/2009	-	347,191	347,191	0.0%	226,214	153.5%
2010	1/1/2010	-	140,035	140,035	0.0%	218,032	64.2%
2011	1/1/2011	-	162,047	162,047	0.0%	219,251	73.9%
2012	1/1/2012	-	168,529	168,529	0.0%	225,509	74.7%
2013	1/1/2013	-	149,750	149,750	0.0%	216,764	69.1%
2014	1/1/2014	-	155,739	155,740	0.0%	223,331	69.7%
2015	1/1/2015	-	191,722	240,689	0.0%	240,689	79.7%
2016	1/1/2016	-	199,391	199,391	0.0%	248,186	80.3%
2017	1/1/2017	-	101,089	101,089	0.0%	261,184	38.7%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended December 31	Annual Required Contributions	Amount Contributed	Percentage Contributed
2008	\$ 33,394	\$ 19,224	57.6%
2009	27,099	10,781	39.8%
2010	11,508	7,702	66.9%
2011	13,392	9,085	67.8%
2012	13,927	9,812	70.5%
2013	11,105	7,783	70.1%
2014	11,549	8,406	72.8%
2015	15,831	925	5.8%
2016	16,465	999	6.1%
2017	7,455	5,246	70.4%

**Notes to Schedules:** Schedule is intended to show information for 10 years.

See accompanying independent auditors' report.

## **COMBINING FINANCIAL STATEMENTS**

**NON-MAJOR GOVERNMENTAL FUNDS**

## CITY OF NEW ORLEANS, LOUISIANA

### Combining Financial Statements

### Non-major Governmental Funds

December 31, 2017

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. Significant special revenue funds are as follows.

- *New Orleans Economic Development* – Used to account for funds allocated to programs designed to alleviate economic development problems, improve quality of life, and provide jobs for the citizens of New Orleans.
- *Neighborhood Housing Improvement* – Used to account for funds allocated to programs which repair and renovate housing in low-income areas.
- *Environmental Improvement* – Used to account for funds received from fines, fees, costs, and penalties and allocated to programs designed to improve health, housing, and environmental conditions in the City.
- *American Can* – Used to account for repayment of the Section 108 loan received from the U.S. Department of Housing and Urban development (HUD) for the benefit of the American Can Project.
- *Sex Offender Proprietary Fund* – Used to account for funds collected by the New Orleans Police Department as a result of annual registration of criminals, annual updates for registration information, criminal penalties for failure to register, and related matters. Expenditures from the fund are for equipment and supplies necessary for its operation and continuation.
- *Sidewalk Paving and Repairing* – Used to account for funds dedicated to maintaining sidewalks.
- *Adopt-a-Pothole/Streets* – Used to account for funds donated to repair damaged City streets.
- *Mayor's Office of Tourism and Arts* – Used to account for programs and initiatives specifically directed toward supporting and advancing arts organizations.
- *Mayoral Fellows Program* – Used to account for funds to offer post-baccalaureate students the opportunity to serve in the New Orleans city government while helping to create a cadre of potential leaders for the community.
- *Music and Entertainment Commission* – Used to account for funds allocated for programs designed to attract music and entertainment to the City
- *New Orleans Police Department Crime Prevention* – Used to account for donations earmarked to assist the Police Department in their crime fighting efforts.
- *Asset Seizure* – Used to account for property confiscated from drug dealers by the police department to be used for crime fighting measures.

## CITY OF NEW ORLEANS, LOUISIANA

### Combining Financial Statements

### Non-major Governmental Funds

December 31, 2017

- *New Orleans Recreation Foundation* – the New Orleans Recreation Development (NORD) Foundation Fund is established in the department of finance, under section 6-207 of the City Charter, to receive periodic philanthropic contributions from the NORD Foundation.
- *New Orleans Recreation Department* – Used to account for donations designated to assist in the purchase of playground equipment.
- *New Orleans Film Commission Trust* – Used to account for funds received for the spending budget of the New Orleans Film Commission from various sources, such as the New Orleans Tourism Marketing Corporation, as well as grant funds, donations, and other monetary contributions from private individual corporations, and other institutions and entities in the private sector to support the programs and activities of the Commission.
- *Vieux Carre Residential* – This fund receives payments from individuals or businesses who wish to encourage residential uses in the Vieux Carré. The funds shall be used only for public purposes which help to retain or increase residential uses within the boundaries of the Vieux Carré National Register Historic District.
- *Public Library Donations* – Used to account for donations to enhance the City's library system.
- *Plant-a-Tree Campaign* – Used to account for funds allocated to programs designed for planting and beautifying trees, plants, and flowers throughout the City.
- *Capital Improvements and Infrastructure* – Used to account for funds allocated for the improvements of infrastructures within the City.
- *Delgado Albania Plantation Commission* – Used to account for funds generated from the operation of a sugar cane plantation.
- *Edward Wisner* – Used to account for approximately 53,500 acres of land and water bottoms in Jefferson, St. John the Baptist and Lafourche Parishes, Louisiana from the estate of Edward Wisner to the City of New Orleans, Louisiana as Trustee, for a 100 year charitable trust. The beneficiaries of the trust include the City of New Orleans, Louisiana as beneficiary for several charitable purposes, Charity Hospital, of New Orleans, Louisiana, Tulane University, and The Salvation Army. Specific portions of the land or the income from the land were also set aside for the establishment and maintenance of specified structures for certain other organizations operating within the City of New Orleans, Louisiana. This trust was created by an Act of Donation dated August 4, 1914.
- *LaHache Music* – Used to account for funds to promote the history of New Orleans musicians and facilitate the development of new musicians and composers.
- *Simon Hersheim* – Used to account for funds for the purpose of purchasing books for the Public Library.

## CITY OF NEW ORLEANS, LOUISIANA

### Combining Financial Statements

### Non-major Governmental Funds

December 31, 2017

- *Kiwanis Club Lee Circle Sprinkler System* – Used to maintain and improve the sprinkler system for the beautification and benefit of Lee Circle.
- *Ella West Freeman Foundation* – Used to account for funds to establish and facilitate programs aimed at education, performing and applied arts, community improvement and governmental oversight, and human service organizations with an emphasis on capital projects for established agencies.
- *Isaac Delgado Memorial* – Used to account for funds which will benefit Delgado Community College.
- *John McDonogh School* – Used to account for funds to promote education throughout through the City of New Orleans.
- *Lafayette Cemetery No. 1 Under the Wiley of Lilly Violet* – a bequest to the City to maintain Lafayette Cemetery No. 1.
- *Mahalia Zimmerman* – a bequest to the City to maintain Ms. Zimmerman’s tomb.
- *Mrs. Otto Joachim* – Used to account for funds to promote the study of orchestra music and violinists.
- *Sickles Legacy* – Used to account for funds designated to establish a city dispensary for gratuitous dispensing of medicine and medical advice for the poor.
- *Helen Adler Levy Library* – Used to account for funds for the purpose of the establishment and maintenance of the Helen Adler Levy Memorial Room at the New Orleans Public Library.
- *Housing and Environment Improvements* – Used to improve health, housing and environmental conditions in the City.
- *Indigent Defender* – Used to account for revenues collected for specified traffic violations. These funds are maintained by the Orleans Parish Public Defenders Office.
- *Environmental Disaster Mitigation Revolving Fund* - All revenues collected by the Department of Finance from public or private entities as a result of damage to the environment shall be placed in the fund. Expenditures from the fund shall be used to purchase materials, compensate personnel, obtain services, or offset expenses that may have resulted from said damage.
- *French Quarter Development District* – Used to account for funds collected to fund enhanced security in the French Quarter.
- *Utilities* – All revenues derived from utility settlements and corresponding expenditures.
- *French Quarter Improvement* – All revenues collected by the Department of Finance from the New Orleans Convention and Visitors Bureau shall be only for the repairs, improvements and services within the French Quarter Management District in the following categories: public

**CITY OF NEW ORLEANS, LOUISIANA**

Combining Financial Statements

Non-major Governmental Funds

December 31, 2017

safety and law enforcement; quality of life enforcement measures, and violation identification; ticketing and court measures relative to ordinance compliance; sanitation; infrastructure repair of improvements and lighting.

- *Coroner's Office* – Designated for the receipt and accounting of the contributions to the City of New Orleans for funds paid to the Coroner's Office for the fee imposed by the court for defraying the operational expenses of the Coroner's Office.
- *Ad Valorem Property Tax Enforcement Fund* – All revenues collected from property tax enforcement programs such as adjudicated sales and homestead exemption verification activities shall be deposited into this fund. Expenditures from the fund shall be used to fund additional costs related to the specific ad valorem property tax enforcement programs, to administer these programs, and to enhance technology used in ad valorem tax enforcement.
- *Miscellaneous Donations* – Used to account for donations designated to specific City departments.

CITY OF NEW ORLEANS, LOUISIANA  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2017  
 (Amounts in thousands)

Exhibit C-1

	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Sex Offender Proprietary Fund	Sidewalk Paving and Repairing	Adopt-a- Pothole Program	Mayor's Office of Tourism and Arts	Mayoral Fellows Program	Music and Entertainment Commission	New Orleans Police Department Crime Prevention
<b>Assets</b>											
Cash	\$ 3,285	\$ 3,077	\$ 546	\$ 926	\$ 416	\$ -	\$ -	\$ 563	\$ -	\$ 105	\$ 1
Investments	1,070	1,902	161	-	-	2	-	-	-	118	-
Property taxes receivable	46	46	2	-	-	-	-	-	-	-	-
Accounts receivable (net, where applicable, of allowances for uncollectibles)	-	-	43	-	-	-	-	92	-	3	-
Grantee loans receivable	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 4,401</b>	<b>\$ 5,025</b>	<b>\$ 752</b>	<b>\$ 926</b>	<b>\$ 416</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ 655</b>	<b>\$ -</b>	<b>\$ 226</b>	<b>\$ 1</b>
<b>Deferred Outflows of Resources</b>											
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 4,401</b>	<b>\$ 5,025</b>	<b>\$ 752</b>	<b>\$ 926</b>	<b>\$ 416</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ 655</b>	<b>\$ -</b>	<b>\$ 226</b>	<b>\$ 1</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>											
<b>Liabilities:</b>											
Accounts payable	\$ 346	\$ 418	\$ -	\$ -	\$ 13	\$ -	\$ -	\$ 11	\$ -	\$ 5	\$ -
Accrued liabilities	1	2	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	1	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-
Prepaid Taxes	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>347</b>	<b>420</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>1</b>	<b>5</b>	<b>-</b>
<b>Deferred inflows of resources:</b>											
Unavailable revenue	231	231	-	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>231</b>	<b>231</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	3,824	4,374	751	926	-	-	-	644	-	220	1
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	(1)	-	1	-	403	2	-	-	(1)	1	-
<b>Total fund balances</b>	<b>3,823</b>	<b>4,374</b>	<b>752</b>	<b>926</b>	<b>403</b>	<b>2</b>	<b>-</b>	<b>644</b>	<b>(1)</b>	<b>221</b>	<b>1</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 4,401</b>	<b>\$ 5,025</b>	<b>\$ 752</b>	<b>\$ 926</b>	<b>\$ 416</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ 655</b>	<b>\$ -</b>	<b>\$ 226</b>	<b>\$ 1</b>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2017  
 (Amounts in thousands)

Exhibit C-1

	Asset Seizure	New Orleans Recreation Foundation	New Orleans Recreation Department	New Orleans Film Commission	Vieux Carre' Restoration	Public Library Donations	Plant- a-Tree Campaign	Capital Improvement and Infrastructure	Delgado- Albania Plantation Commission	Edward Wisner	LaHache Music
<b>Assets</b>											
Cash	\$ 914	\$ 245	\$ 52	\$ 120	\$ 1	\$ 825	\$ -	\$ 8,466	\$ 137	\$ 2,226	\$ -
Investments	-	-	-	160	-	42	-	281	1,029	2,553	-
Property taxes receivable	-	-	-	-	-	-	-	93	-	-	-
Accounts receivable (net, where applicable, of allowances for uncollectibles)	-	1	-	-	-	-	-	-	28	166	-
Grantee loans receivable	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	12	-	-
<b>Total assets</b>	<b>\$ 914</b>	<b>\$ 246</b>	<b>\$ 52</b>	<b>\$ 280</b>	<b>\$ 1</b>	<b>\$ 867</b>	<b>\$ -</b>	<b>\$ 8,840</b>	<b>\$ 1,206</b>	<b>\$ 4,945</b>	<b>\$ -</b>
<b>Deferred Outflows of Resources</b>											
	-	-	-	-	-	-	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 914</b>	<b>\$ 246</b>	<b>\$ 52</b>	<b>\$ 280</b>	<b>\$ 1</b>	<b>\$ 867</b>	<b>\$ -</b>	<b>\$ 8,840</b>	<b>\$ 1,206</b>	<b>\$ 4,945</b>	<b>\$ -</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>											
<b>Liabilities:</b>											
Accounts payable	\$ 5	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ 121	\$ 151	\$ -	\$ 2,735	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	185	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-
Prepaid Taxes	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>5</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>306</b>	<b>151</b>	<b>-</b>	<b>2,735</b>	<b>-</b>
<b>Deferred inflows of resources:</b>											
Unavailable revenue	-	-	-	-	-	-	-	461	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>461</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>											
Nonspendable	-	-	52	-	-	867	-	-	-	-	-
Restricted	-	244	-	-	1	-	-	-	-	2,210	-
Committed	909	-	-	280	-	-	(306)	8,229	1,206	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(1)	-	-	-
<b>Total fund balances</b>	<b>909</b>	<b>244</b>	<b>52</b>	<b>280</b>	<b>1</b>	<b>867</b>	<b>(306)</b>	<b>8,228</b>	<b>1,206</b>	<b>2,210</b>	<b>-</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 914</b>	<b>\$ 246</b>	<b>\$ 52</b>	<b>\$ 280</b>	<b>\$ 1</b>	<b>\$ 867</b>	<b>\$ -</b>	<b>\$ 8,840</b>	<b>\$ 1,206</b>	<b>\$ 4,945</b>	<b>\$ -</b>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA  
Consolidating Balance Sheet  
Non-major Governmental Funds  
December 31, 2017  
(Amounts in thousands)

Exhibit C-1

	Simon Hersheim	Kiwanis Club Lee Circle Sprinkler System	Ella West Freeman Foundation	Isaac Delgado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lilly Violet	Mahalia Zimmerman Tomb	Mrs. Otto Joachim	Sickles Legacy	Helen Adler Levy Library	Housing and Environment Improvement	Indigent Defender
<b>Assets</b>												
Cash	\$ 2	\$ 5	\$ 4	\$ 337	\$ -	\$ 19	\$ 3	\$ 1	\$ 1	\$ 1	\$ 8,451	\$ 75
Investments	80	-	4	217	6	2	-	-	313	21	-	-
Property taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable (net, where applicable, of allowances for uncollectibles)	-	-	-	-	-	-	-	-	-	-	386	265
Grantee loans receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 82</b>	<b>\$ 5</b>	<b>\$ 8</b>	<b>\$ 554</b>	<b>\$ 6</b>	<b>\$ 21</b>	<b>\$ 3</b>	<b>\$ 1</b>	<b>\$ 314</b>	<b>\$ 22</b>	<b>\$ 8,837</b>	<b>\$ 340</b>
<b>Deferred Outflows of Resources</b>												
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 82</b>	<b>\$ 5</b>	<b>\$ 8</b>	<b>\$ 554</b>	<b>\$ 6</b>	<b>\$ 21</b>	<b>\$ 3</b>	<b>\$ 1</b>	<b>\$ 314</b>	<b>\$ 22</b>	<b>\$ 8,837</b>	<b>\$ 340</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>												
<b>Liabilities:</b>												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 407	\$ 75
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	3	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Taxes	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>410</b>	<b>75</b>
<b>Deferred inflows of resources:</b>												
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	82	5	8	554	7	21	3	1	314	22	-	-
Committed	-	-	-	-	-	-	-	-	-	-	8,427	265
Assigned	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(1)	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>82</b>	<b>5</b>	<b>8</b>	<b>554</b>	<b>6</b>	<b>21</b>	<b>3</b>	<b>1</b>	<b>314</b>	<b>22</b>	<b>8,427</b>	<b>265</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 82</b>	<b>\$ 5</b>	<b>\$ 8</b>	<b>\$ 554</b>	<b>\$ 6</b>	<b>\$ 21</b>	<b>\$ 3</b>	<b>\$ 1</b>	<b>\$ 314</b>	<b>\$ 22</b>	<b>\$ 8,837</b>	<b>\$ 340</b>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2017  
 (Amounts in thousands)

Exhibit C-1

	French Quarter		French Quarter		Coroner's Office	Ad Valorem Property Tax	Miscellaneous Donations	Other	Grant Recipient Funds	Total
	Disaster Mitigation	Development District	Utilities	Improvement						
<b>Assets</b>										
Cash	\$ 320	\$ 1,297	\$ 901	\$ 1,306	\$ 105	\$ 708	\$ 715	\$ 11	\$ 10,519	\$ 46,686
Investments	-	-	-	-	-	-	-	163	-	8,124
Property taxes receivable	-	-	-	-	-	-	-	-	-	187
Accounts receivable (net, where applicable, of allowances for uncollectibles)	-	-	-	681	1	22	-	-	62	1,750
Grantee loans receivable	-	-	-	-	-	-	-	-	299	299
Due from other funds	-	-	-	-	-	-	-	-	173	173
Due from other governments	-	-	-	-	-	-	-	-	5,456	5,456
Other assets	-	-	-	-	-	-	-	-	-	12
<b>Total assets</b>	<u>\$ 320</u>	<u>\$ 1,297</u>	<u>\$ 901</u>	<u>\$ 1,987</u>	<u>\$ 106</u>	<u>\$ 730</u>	<u>\$ 715</u>	<u>\$ 174</u>	<u>\$ 16,509</u>	<u>\$ 62,687</u>
<b>Deferred Outflows of Resources</b>										
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 320</u>	<u>\$ 1,297</u>	<u>\$ 901</u>	<u>\$ 1,987</u>	<u>\$ 106</u>	<u>\$ 730</u>	<u>\$ 715</u>	<u>\$ 174</u>	<u>\$ 16,509</u>	<u>\$ 62,687</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>										
<b>Liabilities:</b>										
Accounts payable	\$ -	\$ 1,794	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ 12,490	18,579
Accrued liabilities	-	-	-	-	-	-	-	-	1,937	1,943
Due to other funds	-	-	-	-	-	-	-	-	6,514	6,700
Due to other governments	-	-	-	-	-	-	-	-	687	687
Advances from other funds	-	-	-	-	-	-	-	-	-	-
Prepaid Taxes	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>1,794</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,628</u>	<u>27,909</u>
<b>Deferred inflows of resources:</b>										
Unavailable revenue	-	-	-	-	-	-	-	-	1,772	2,695
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,772</u>	<u>2,695</u>
<b>Fund balances:</b>										
Nonspendable	-	-	-	-	-	-	-	167	-	1,086
Restricted	-	-	901	1,988	-	-	-	7	-	6,368
Committed	320	(497)	-	-	100	729	-	-	-	30,402
Assigned	-	-	-	-	-	-	715	-	-	715
Unassigned	-	-	-	(1)	-	1	-	-	(6,891)	(6,488)
<b>Total fund balances</b>	<u>320</u>	<u>(497)</u>	<u>901</u>	<u>1,987</u>	<u>100</u>	<u>730</u>	<u>715</u>	<u>174</u>	<u>(6,891)</u>	<u>32,083</u>
<b>Total liabilities, deferred inflows, and fund balances</b>	<u>\$ 320</u>	<u>\$ 1,297</u>	<u>\$ 901</u>	<u>\$ 1,987</u>	<u>\$ 106</u>	<u>\$ 730</u>	<u>\$ 715</u>	<u>\$ 174</u>	<u>\$ 16,509</u>	<u>\$ 62,687</u>

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
December 31, 2017  
(Amounts in thousands)

Exhibit C-2

	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Sex Offender Proprietary Fund	Sidewalk Paving and Repairing	Adopt-a- Pothole Program	Mayor's Office of Tourism and Arts
Revenues:								
Taxes	\$ 3,133	\$ 3,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charge for services	-	-	-	-	-	-	-	-
Program income	-	70	-	-	-	-	-	-
Fines and forfeits	-	-	200	-	-	-	-	-
Fees	-	-	-	-	-	-	-	-
Interest income	-	-	-	14	-	-	-	-
Contributions, gifts, and donations	-	-	-	-	-	-	-	236
Miscellaneous	-	-	-	-	24	2	-	-
Total revenues	<u>3,133</u>	<u>3,203</u>	<u>200</u>	<u>14</u>	<u>24</u>	<u>2</u>	<u>-</u>	<u>236</u>
Expenditures:								
General government	-	-	-	-	-	-	-	93
Public safety	-	-	-	-	25	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and human services	-	-	13	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban development and housing	-	-	-	-	-	-	-	-
Economic development and assistance	3,132	2,482	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	400	-	-	-	-
Interest	-	-	-	40	-	-	-	-
Total expenditures	<u>3,132</u>	<u>2,482</u>	<u>13</u>	<u>440</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>93</u>
Excess (deficiency) of revenue over expenditures	1	721	187	(426)	(1)	2	-	143
Other financing sources (uses):								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1	721	187	(426)	(1)	2	-	143
Fund balances – beginning of year	3,822	3,653	438	1,352	404	-	-	501
Prior period adjustments	-	-	127	-	-	-	-	-
Fund balances – beginning of year, as restated	<u>3,822</u>	<u>3,653</u>	<u>565</u>	<u>1,352</u>	<u>404</u>	<u>-</u>	<u>-</u>	<u>501</u>
Fund balances (deficit) – end of year	<u>\$ 3,823</u>	<u>\$ 4,374</u>	<u>\$ 752</u>	<u>\$ 926</u>	<u>\$ 403</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 644</u>

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 December 31, 2017  
 (Amounts in thousands)

Exhibit C-2

	Mayoral Fellows Program	Music and Entertainment Commission	New Orleans Police Department - Crime Prevention	Asset Seizure	New Orleans Recreation Foundation	New Orleans Recreation Department	New Orleans Film Commission	Vieux Carre' Restoration
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charge for services	-	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Fees	-	-	-	-	-	-	-	-
Interest income	-	1	-	-	-	-	2	-
Contributions, gifts, and donations	1,561	101	-	-	501	-	100	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>1,561</u>	<u>102</u>	<u>-</u>	<u>-</u>	<u>501</u>	<u>-</u>	<u>102</u>	<u>-</u>
<b>Expenditures:</b>								
General government	535	123	-	-	-	-	97	-
Public safety	-	-	-	473	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	51	-	-	-
Urban development and housing	-	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	205	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>535</u>	<u>123</u>	<u>-</u>	<u>473</u>	<u>256</u>	<u>-</u>	<u>97</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	1,026	(21)	-	(473)	245	-	5	-
<b>Other financing sources (uses):</b>								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>1,026</u>	<u>(21)</u>	<u>-</u>	<u>(473)</u>	<u>245</u>	<u>-</u>	<u>5</u>	<u>-</u>
Fund balances – beginning of year	(1,027)	242	1	1,382	(1)	52	275	1
Prior period adjustments	-	-	-	-	-	-	-	-
Fund balances – beginning of year, as restated	(1,027)	242	1	1,382	(1)	52	275	1
<b>Fund balances (deficit) – end of year</b>	<u>\$ (1)</u>	<u>\$ 221</u>	<u>\$ 1</u>	<u>\$ 909</u>	<u>\$ 244</u>	<u>\$ 52</u>	<u>\$ 280</u>	<u>\$ 1</u>

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 December 31, 2017  
 (Amounts in thousands)

Exhibit C-2

	Public Library Donations	Plant- A-Tree Campaign	Capital Improvement and Infrastructure	Delgado- Albania Plantation Commission	Edward Wisner	LaHache Music	Simon Hersheim	Kiwanis Club Lee Circle Sprinkler System
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ 6,268	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charge for services	-	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Fees	-	-	-	-	-	-	-	-
Interest income	-	-	3	11	25	-	1	-
Contributions, gifts, and donations	-	181	-	-	2,125	-	-	-
Miscellaneous	130	-	-	193	-	-	-	-
<b>Total revenues</b>	<b>130</b>	<b>181</b>	<b>6,271</b>	<b>204</b>	<b>2,150</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>Expenditures:</b>								
General government	-	-	1,200	1,500	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Culture and recreation	130	379	-	-	6,062	-	-	-
Urban development and housing	-	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>130</b>	<b>379</b>	<b>1,200</b>	<b>1,500</b>	<b>6,062</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenue over expenditures	-	(198)	5,071	(1,296)	(3,912)	-	1	-
<b>Other financing sources (uses):</b>								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	(3,852)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(3,852)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(198)</b>	<b>1,219</b>	<b>(1,296)</b>	<b>(3,912)</b>	<b>-</b>	<b>1</b>	<b>-</b>
Fund balances – beginning of year	866	(110)	7,012	2,502	6,122	-	81	5
Prior period adjustments	1	2	(3)	-	-	-	-	-
Fund balances – beginning of year, as restated	867	(108)	7,009	2,502	6,122	-	81	5
<b>Fund balances (deficit) – end of year</b>	<b>\$ 867</b>	<b>\$ (306)</b>	<b>\$ 8,228</b>	<b>\$ 1,206</b>	<b>\$ 2,210</b>	<b>\$ -</b>	<b>\$ 82</b>	<b>\$ 5</b>

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 December 31, 2017  
 (Amounts in thousands)

Exhibit C-2

	Ella West Freeman Foundation	Isaac Delgado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lilly Violet	Mahalia Zimmerman Tomb	Mrs. Otto Joachim	Sickles Legacy	Helen Adler Levy Library
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charge for services	-	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Fees	-	-	-	-	-	-	-	-
Interest income	-	2	-	-	-	-	3	-
Contributions, gifts, and donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>
<b>Expenditures:</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban development and housing	-	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	-	2	-	-	-	-	3	-
<b>Other financing sources (uses):</b>								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>
Fund balances – beginning of year	8	552	6	21	3	1	311	24
Prior period adjustments	-	-	-	-	-	-	-	(2)
Fund balances – beginning of year, as restated	<u>8</u>	<u>552</u>	<u>6</u>	<u>21</u>	<u>3</u>	<u>1</u>	<u>311</u>	<u>22</u>
Fund balances (deficit) – end of year	<u>\$ 8</u>	<u>\$ 554</u>	<u>\$ 6</u>	<u>\$ 21</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 314</u>	<u>\$ 22</u>

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 December 31, 2017  
 (Amounts in thousands)

Exhibit C-2

	Housing and Environment Improvement	Indigent Defender	Disaster Mitigation	French Quarter Development District	Utilities	French Quarter Improvement	Coroner's Office	Ad Valorem Property Tax
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ 2,809	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charge for services	-	-	-	-	-	-	-	-
Program income	12	-	-	-	-	-	-	-
Fines and forfeits	3,991	1,235	-	-	-	-	25	-
Fees	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-
Contributions, gifts, and donations	-	-	-	2,000	-	-	-	-
Miscellaneous	19	-	-	-	-	1,604	-	206
Total revenues	<u>4,022</u>	<u>1,235</u>	<u>-</u>	<u>4,809</u>	<u>-</u>	<u>1,604</u>	<u>25</u>	<u>206</u>
<b>Expenditures:</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	1,019	-	5,927	-	-	-	132
Public works	-	-	-	-	-	322	-	-
Health and human services	-	-	-	-	-	-	70	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban development and housing	2,114	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>2,114</u>	<u>1,019</u>	<u>-</u>	<u>5,927</u>	<u>-</u>	<u>322</u>	<u>70</u>	<u>132</u>
Excess (deficiency) of revenue over expenditures	1,908	216	-	(1,118)	-	1,282	(45)	74
<b>Other financing sources (uses):</b>								
Operating transfers in	-	-	-	500	-	-	-	-
Operating transfers out	-	-	-	-	-	(500)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>1,908</u>	<u>216</u>	<u>-</u>	<u>(618)</u>	<u>-</u>	<u>782</u>	<u>(45)</u>	<u>74</u>
Fund balances – beginning of year	6,508	49	320	121	901	1,205	145	656
Prior period adjustments	11	-	-	-	-	-	-	-
Fund balances – beginning of year, as restated	<u>6,519</u>	<u>49</u>	<u>320</u>	<u>121</u>	<u>901</u>	<u>1,205</u>	<u>145</u>	<u>656</u>
Fund balances (deficit) – end of year	<u>\$ 8,427</u>	<u>\$ 265</u>	<u>\$ 320</u>	<u>\$ (497)</u>	<u>\$ 901</u>	<u>\$ 1,987</u>	<u>\$ 100</u>	<u>\$ 730</u>

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
December 31, 2017  
(Amounts in thousands)

Exhibit C-2

	Miscellaneous Donations	Other	Grant Recipient Funds	Total
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 15,343
Intergovernmental	-	-	30,803	30,803
Charge for services	-	-	48	48
Program income	-	-	350	432
Fines and forfeits	-	-	13	5,464
Fees	-	-	-	-
Interest income	-	2	-	64
Contributions, gifts, and donations	-	-	-	6,805
Miscellaneous	-	-	-	2,178
Total revenues	<u>-</u>	<u>2</u>	<u>31,214</u>	<u>61,137</u>
<b>Expenditures:</b>				
General government	-	-	13,287	16,835
Public safety	-	-	1,506	9,082
Public works	-	-	1,926	2,248
Health and human services	10	-	15,237	15,330
Culture and recreation	-	-	-	6,622
Urban development and housing	-	-	889	3,003
Economic development and assistance	-	-	4,681	10,295
Capital outlays	-	-	15	220
Debt service				
Principal	-	-	-	400
Interest	-	-	-	40
Total expenditures	<u>10</u>	<u>-</u>	<u>37,541</u>	<u>64,075</u>
Excess (deficiency) of revenue over expenditures	(10)	2	(6,327)	(2,938)
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	500
Operating transfers out	-	-	-	(4,352)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,852)</u>
Net change in fund balance	<u>(10)</u>	<u>2</u>	<u>(6,327)</u>	<u>(6,790)</u>
Fund balances – beginning of year	725	172	(398)	38,903
Prior period adjustments	-	-	(166)	(30)
Fund balances – beginning of year, as restated	<u>725</u>	<u>172</u>	<u>(564)</u>	<u>38,873</u>
Fund balances (deficit) – end of year	<u>\$ 715</u>	<u>\$ 174</u>	<u>\$ (6,891)</u>	<u>\$ 32,083</u>

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA  
 Consolidating Balance Sheet  
 Non-major Grant Recipient Funds  
 December 31, 2017  
 (Amounts in thousands)

Exhibit C-3

	Federal Department of Interior	Federal UDAG	Louisiana Office of Community Development	Federal Justice Administration	FDJ Office of Justice Program	Federal Department of Health	Department of Defense	Federal Department of Commerce
<b>Assets</b>								
Cash	\$ 1	\$ 3,893	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ -
Accounts Receivable	-	7	-	-	-	-	-	-
Grantee Loans	-	299	-	-	-	-	-	-
Due from other funds	-	-	86	-	-	60	-	-
Due from other governments	-	-	436	128	89	4,223	-	-
Total assets	<u>1</u>	<u>4,199</u>	<u>522</u>	<u>128</u>	<u>89</u>	<u>4,283</u>	<u>25</u>	<u>-</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	-	110	589	13	85	4,403	-	-
Accrued liability	-	-	1,917	-	2	8	-	-
Due to other funds	-	-	3,182	99	117	2,329	-	-
Due to other governments	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>110</u>	<u>5,688</u>	<u>112</u>	<u>204</u>	<u>6,740</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>								
Unavailable revenues	-	-	-	-	-	1,671	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,671</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	1	4,089	(5,166)	16	(115)	(4,128)	25	-
Total fund balances	<u>1</u>	<u>4,089</u>	<u>(5,166)</u>	<u>16</u>	<u>(115)</u>	<u>(4,128)</u>	<u>25</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1</u>	<u>\$ 4,199</u>	<u>\$ 522</u>	<u>\$ 128</u>	<u>\$ 89</u>	<u>\$ 4,283</u>	<u>\$ 25</u>	<u>\$ -</u>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA  
 Consolidating Balance Sheet  
 Non-major Grant Recipient Funds  
 December 31, 2017  
 (Amounts in thousands)

Exhibit C-3

	Department of Economic Development	Federal Department of Energy	Federal Department of Agriculture	LHS LA Highway Safety Commission	Louisiana Commission on Law Enforcement	Department of Health and Human Resources	Environmental Protection Agency	Louisiana Department of Public Safety
<b>Assets</b>								
Cash	\$ 19	\$ 75	\$ 978	\$ 26	\$ -	\$ -	\$ 180	\$ -
Accounts Receivable	-	-	-	-	-	-	-	-
Grantee Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	60	120	-	-
Total assets	<u>19</u>	<u>75</u>	<u>978</u>	<u>26</u>	<u>60</u>	<u>120</u>	<u>180</u>	<u>-</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	-	-	-	-	7	91	-	-
Accrued liability	-	-	-	-	3	1	-	4
Due to other funds	-	-	-	-	99	52	-	71
Due to other governments	-	4	-	-	394	-	-	-
Total liabilities	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>503</u>	<u>144</u>	<u>-</u>	<u>75</u>
<b>Deferred Inflows of Resources</b>								
Unavailable revenues	-	-	-	-	-	17	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	19	71	978	26	(443)	(41)	180	(75)
Total fund balances	<u>19</u>	<u>71</u>	<u>978</u>	<u>26</u>	<u>(443)</u>	<u>(41)</u>	<u>180</u>	<u>(75)</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 19</u>	<u>\$ 75</u>	<u>\$ 978</u>	<u>\$ 26</u>	<u>\$ 60</u>	<u>\$ 120</u>	<u>\$ 180</u>	<u>\$ -</u>

(Continued)

See accompanying independent  
auditors' report.

CITY OF NEW ORLEANS, LOUISIANA  
 Consolidating Balance Sheet  
 Non-major Grant Recipient Funds  
 December 31, 2017  
 (Amounts in thousands)

Exhibit C-3

	Louisiana Department of Education	Louisiana Department of Agriculture and Forestry	Department of Culture, Recreation, and Tourism	Department of Labor	Department of Natural Resources	Traffic Court	Private Grants	Federal Department of Homeland Security
<b>Assets</b>								
Cash	\$ 5	\$ 109	\$ 2	\$ -	\$ 112	\$ 289	\$ 4,615	\$ -
Accounts Receivable	-	-	-	-	-	-	55	-
Grantee Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	27	-
Due from other governments	-	-	-	379	-	-	10	-
Total assets	<u>5</u>	<u>109</u>	<u>2</u>	<u>379</u>	<u>112</u>	<u>289</u>	<u>4,707</u>	<u>-</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>								
Liabilities:								
Accounts payable	-	-	-	810	3	-	6,254	-
Accrued liability	-	-	-	2	-	-	-	-
Due to other funds	-	-	-	101	-	-	66	50
Due to other governments	-	-	-	-	-	289	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>913</u>	<u>3</u>	<u>289</u>	<u>6,320</u>	<u>50</u>
Deferred Inflows of Resources								
Unavailable revenues	-	-	-	84	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>84</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	5	109	2	(618)	109	-	(1,613)	(50)
Total fund balances	<u>5</u>	<u>109</u>	<u>2</u>	<u>(618)</u>	<u>109</u>	<u>-</u>	<u>(1,613)</u>	<u>(50)</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5</u>	<u>\$ 109</u>	<u>\$ 2</u>	<u>\$ 379</u>	<u>\$ 112</u>	<u>\$ 289</u>	<u>\$ 4,707</u>	<u>\$ -</u>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA  
Consolidating Balance Sheet  
Non-major Grant Recipient Funds  
December 31, 2017  
(Amounts in thousands)

Exhibit C-3

	Federal Department of Social Service	Louisiana Military Department	Federal American Recovery Act	Federal Transportation Authority	FHWA Federal Highway Commission	National Endowments for the Arts	Total
<b>Assets</b>							
Cash	\$ -	\$ -	\$ 190	\$ -	\$ -	\$ -	\$ 10,519
Accounts Receivable	-	-	-	-	-	-	62
Grantee Loans	-	-	-	-	-	-	299
Due from other funds	-	-	-	-	-	-	173
Due from other governments	-	-	-	-	11	-	5,456
Total assets	<u>-</u>	<u>-</u>	<u>190</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>16,509</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	-	-	15	86	24	-	12,490
Accrued liability	-	-	-	-	-	-	1,937
Due to other funds	14	67	-	254	13	-	6,514
Due to other governments	-	-	-	-	-	-	687
Total liabilities	<u>14</u>	<u>67</u>	<u>15</u>	<u>340</u>	<u>37</u>	<u>-</u>	<u>21,628</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenues	-	-	-	-	-	-	1,772
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,772</u>
<b>Fund balances:</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(14)	(67)	175	(340)	(26)	-	(6,891)
Total fund balances	<u>(14)</u>	<u>(67)</u>	<u>175</u>	<u>(340)</u>	<u>(26)</u>	<u>-</u>	<u>(6,891)</u>
 Total liabilities, deferred inflows, and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 16,509</u>

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-major Grant Recipient Funds  
 (Amounts in thousands)

Exhibit C-4

	Federal Department of Interior	Federal UDAG	Louisiana Office of Community Development	Federal Justice Administration	FDJ Office of Justice Program	Federal Department of Health	Department of Defense	Federal Department of Commerce
Revenues:								
Intergovernmental	\$ -	\$ -	\$ 5,832	\$ 1,191	\$ 619	\$ 9,593	\$ -	\$ -
Program income	-	8	58	-	-	284	-	-
Fines and forfeits	-	-	48	-	-	-	-	-
Interest income	-	13	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>21</u>	<u>5,938</u>	<u>1,191</u>	<u>619</u>	<u>9,877</u>	<u>-</u>	<u>-</u>
Expenditures:								
General government	-	-	3,682	73	162	25	-	-
Public safety	-	-	-	839	219	-	-	-
Public works	-	67	-	-	-	-	-	-
Health and human services	-	-	-	257	211	13,124	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban Development	-	65	775	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>132</u>	<u>4,457</u>	<u>1,169</u>	<u>592</u>	<u>13,149</u>	<u>-</u>	<u>-</u>
(Deficiency) excess of revenues over expenditures	<u>-</u>	<u>(111)</u>	<u>1,481</u>	<u>22</u>	<u>27</u>	<u>(3,272)</u>	<u>-</u>	<u>-</u>
Other financing uses:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(111)</u>	<u>1,481</u>	<u>22</u>	<u>27</u>	<u>(3,272)</u>	<u>-</u>	<u>-</u>
Fund balances – beginning of year	<u>1</u>	<u>4,366</u>	<u>(6,647)</u>	<u>(6)</u>	<u>(142)</u>	<u>(856)</u>	<u>25</u>	<u>-</u>
Prior period adjustments	<u>-</u>	<u>(166)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances – beginning of year, as restated	<u>1</u>	<u>4,200</u>	<u>(6,647)</u>	<u>(6)</u>	<u>(142)</u>	<u>(856)</u>	<u>25</u>	<u>-</u>
Fund balances (deficit) – end of year	<u>\$ 1</u>	<u>\$ 4,089</u>	<u>\$ (5,166)</u>	<u>\$ 16</u>	<u>\$ (115)</u>	<u>\$ (4,128)</u>	<u>\$ 25</u>	<u>\$ -</u>

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-major Grant Recipient Funds  
(Amounts in thousands)

Exhibit C-4

	<b>Department of Economic Development</b>	<b>Federal Energy Grant</b>	<b>Federal Department of Agriculture</b>	<b>Louisiana Commission on Law Enforcement</b>	<b>Department of Health and Human Resources</b>	<b>Environmental Protection Agency</b>	<b>Louisiana Department of Public Safety</b>
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ 284	\$ 716	\$ 890	\$ 115
Program income	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>284</u>	<u>716</u>	<u>890</u>	<u>115</u>
Expenditures:							
General government	-	-	-	52	47	907	-
Public safety	-	-	-	226	-	-	106
Public works	-	-	-	-	-	-	-
Health and human services	-	-	-	21	807	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban Development	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>299</u>	<u>854</u>	<u>907</u>	<u>106</u>
(Deficiency) excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(138)</u>	<u>(17)</u>	<u>9</u>
Other financing uses:							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(138)</u>	<u>(17)</u>	<u>9</u>
Fund balances – beginning of year	<u>19</u>	<u>71</u>	<u>978</u>	<u>(428)</u>	<u>97</u>	<u>197</u>	<u>(84)</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances – beginning of year, as restated	<u>19</u>	<u>71</u>	<u>978</u>	<u>(428)</u>	<u>97</u>	<u>197</u>	<u>(84)</u>
Fund balances (deficit) – end of year	<u>\$ 19</u>	<u>\$ 71</u>	<u>\$ 978</u>	<u>\$ (443)</u>	<u>\$ (41)</u>	<u>\$ 180</u>	<u>\$ (75)</u>

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-major Grant Recipient Funds  
(Amounts in thousands)

Exhibit C-4

	Louisiana Department of Education	Louisiana Department of Agriculture and Forestry	Department of Culture, Recreation and Tourism	LA Highway Safety Commission	Department of Labor	Department of Natural Resources	Traffic Court
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ 26	\$ 4,976	\$ 17	\$ -
Program income	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>4,976</u>	<u>17</u>	<u>-</u>
Expenditures:							
General government	-	-	-	-	203	29	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban Development	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	4,661	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,864</u>	<u>29</u>	<u>-</u>
(Deficiency) excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>112</u>	<u>(12)</u>	<u>-</u>
Other financing uses:							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>112</u>	<u>(12)</u>	<u>-</u>
Fund balances – beginning of year	<u>5</u>	<u>109</u>	<u>2</u>	<u>-</u>	<u>(730)</u>	<u>121</u>	<u>-</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances – beginning of year, as restated	<u>5</u>	<u>109</u>	<u>2</u>	<u>-</u>	<u>(730)</u>	<u>121</u>	<u>-</u>
Fund balances (deficit) – end of year	<u>\$ 5</u>	<u>\$ 109</u>	<u>\$ 2</u>	<u>\$ 26</u>	<u>\$ (618)</u>	<u>\$ 109</u>	<u>\$ -</u>

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-major Grant Recipient Funds  
(Amounts in thousands)

Exhibit C-4

	<u>Private Grants</u>	<u>Federal Department of Homeland Security</u>	<u>Federal Department of Social Service</u>	<u>Louisiana Military Department</u>	<u>Federal American Recovery Act</u>	<u>Federal Transportation Authority</u>	<u>FHWA Federal Highway Commission</u>
<b>Revenues:</b>							
Intergovernmental	\$ 6,226	\$ 50	\$ 195	\$ 45	\$ -	\$ -	\$ 28
Program income	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Total revenues	<u>6,226</u>	<u>50</u>	<u>195</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>28</u>
<b>Expenditures:</b>							
General government	7,577	51	-	140	118	221	-
Public safety	116	-	-	-	-	-	-
Public works	1,859	-	-	-	-	-	-
Health and human services	763	-	-	-	-	-	54
Culture and recreation	-	-	-	-	-	-	-
Urban Development	-	-	49	-	-	-	-
Economic development and assistance	20	-	-	-	-	-	-
Capital outlays	15	-	-	-	-	-	-
Total expenditures	<u>10,350</u>	<u>51</u>	<u>49</u>	<u>140</u>	<u>118</u>	<u>221</u>	<u>54</u>
(Deficiency) excess of revenues over expenditures	<u>(4,124)</u>	<u>(1)</u>	<u>146</u>	<u>(95)</u>	<u>(118)</u>	<u>(221)</u>	<u>(26)</u>
<b>Other financing uses:</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(4,124)</u>	<u>(1)</u>	<u>146</u>	<u>(95)</u>	<u>(118)</u>	<u>(221)</u>	<u>(26)</u>
Fund balances – beginning of year	<u>2,511</u>	<u>(49)</u>	<u>(160)</u>	<u>28</u>	<u>293</u>	<u>(119)</u>	<u>-</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances – beginning of year, as restated	<u>2,511</u>	<u>(49)</u>	<u>(160)</u>	<u>28</u>	<u>293</u>	<u>(119)</u>	<u>-</u>
Fund balances (deficit) – end of year	<u>\$ (1,613)</u>	<u>\$ (50)</u>	<u>\$ (14)</u>	<u>\$ (67)</u>	<u>\$ 175</u>	<u>\$ (340)</u>	<u>\$ (26)</u>

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-major Grant Recipient Funds  
(Amounts in thousands)

Exhibit C-4

	<b>National Endowments for the Arts</b>	<b>Total</b>
	<u>Arts</u>	<u>Total</u>
Revenues:		
Intergovernmental	\$ -	\$ 30,803
Program income	-	350
Fines and forfeits	-	48
Interest income	-	13
Total revenues	<u>-</u>	<u>31,214</u>
Expenditures:		
General government	-	13,287
Public safety	-	1,506
Public works	-	1,926
Health and human services	-	15,237
Culture and recreation	-	-
Urban Development	-	889
Economic development and assistance	-	4,681
Capital outlays	-	15
Total expenditures	<u>-</u>	<u>37,541</u>
(Deficiency) excess of revenues over expenditures	<u>-</u>	<u>(6,327)</u>
Other financing uses:		
Transfers in	-	-
Transfers out	-	-
Total other financing uses	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(6,327)</u>
Fund balances – beginning of year	<u>-</u>	<u>(398)</u>
Prior period adjustments	<u>-</u>	<u>(166)</u>
Fund balances – beginning of year, as restated	<u>-</u>	<u>(564)</u>
Fund balances (deficit) – end of year	<u>\$ -</u>	<u>\$ (6,891)</u>

See accompanying independent auditors' report.

## **FIDUCIARY FUNDS**

# CITY OF NEW ORLEANS, LOUISIANA

## Combining Financial Statements

Fiduciary Funds  
December 31, 2017

Pension trust funds are used to account for the accumulation of resources to be used for retirement annuities and death and disability benefits for employees covered by the various plans. Resources are contributed by employees at fixed rates by laws and by the City at amounts determined by actuarial studies.

Agency funds are used to account for all monies held by the City in a custodial capacity. Such monies are recorded as assets and equally offset by liabilities. These funds do not measure revenues, expenditures, or expenses. The City's agency funds are as follows:

- *Clearing Fund* – Used to account for money being held pending payment thereof to other funds as provided by law.
- *Deposit Fund* – Used to account for money deposited under any ordinance or contract in connection with the exercise of any right or privilege for the purpose of guaranteeing performance of any obligation.
- *Escrow Fund* – Used to account for money paid to or deposited with any officer, department, or board under protest or held subject to the proper determination of the rights of the City.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Fiduciary Net Position  
Pension Trust Funds  
December 31, 2017  
(Amounts in thousands)

Assets	Firefighters'		Police old system	Employees' retirement system	Total
	Old system	New system			
Current assets:					
Cash	\$ 144	\$ 757	\$ 90	\$ 208	\$ 1,199
Investments:					
Cash equivalents	3,381	20,633		33,778	57,792
Fixed income securities	-	253	-	89,826	90,079
Equities	-	3	-	207,381	207,384
Mutual funds	-	-	-	-	-
Investment in corporations, partnerships, and limited liability	-	15,804	1,486	-	17,290
Investment in hedge funds and private equity funds	-	-	-	26,251	26,251
Investment in real estate	-	3,201	-	11,250	14,451
Other	-	-	-	20,380	20,380
Receivables:					
Accrued interest	4	-	-	90	94
Contribution	-	88	-	3,388	3,476
Due (to)/from Old/New System	311	(311)	-	-	-
Notes receivable	-	-	-	-	-
Other	-	2,456	19	-	2,475
Total assets	<u>\$ 3,840</u>	<u>\$ 42,884</u>	<u>\$ 1,595</u>	<u>\$ 392,552</u>	<u>\$ 440,871</u>
<b>Liabilities and Net Position</b>					
Current liabilities:					
Accounts payable	\$ 21	\$ 149	\$ 4	\$ -	\$ 174
Other payables and accruals	-	-	-	724	724
Total liabilities	<u>21</u>	<u>149</u>	<u>4</u>	<u>724</u>	<u>898</u>
Net position:					
Restricted for:					
Pension benefits	<u>3,819</u>	<u>42,735</u>	<u>1,591</u>	<u>391,828</u>	<u>439,973</u>
Total net position held in trust for pension benefits	<u>3,819</u>	<u>42,735</u>	<u>1,591</u>	<u>391,828</u>	<u>439,973</u>
Total liabilities and net position	<u>\$ 3,840</u>	<u>\$ 42,884</u>	<u>\$ 1,595</u>	<u>\$ 392,552</u>	<u>\$ 440,871</u>

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
Year ended December 31, 2017  
(Amounts in thousands)

	Firefighters'		Police old system	Employees' retirement system	Total
	Old system	New system			
Additions:					
Contributions:					
Employer	\$ 11,688	\$ 35,346	\$ -	\$ 27,171	\$ 74,205
Members	-	3,011	-	7,677	10,688
Fire insurance rebate	692	983	-	-	1,675
Other	-	344	238	729	1,311
Total contributions	<u>12,380</u>	<u>39,684</u>	<u>238</u>	<u>35,577</u>	<u>87,879</u>
Investment income:					
Net appreciation (depreciation) in fair value of investments	-	(4,894)	8	47,697	42,811
Interest and dividends	43	429	-	5,113	5,585
Other investment income	-	1	1	8	10
Less investment expense	(2)	(846)	-	(912)	(1,760)
Net investment income (loss)	<u>41</u>	<u>(5,310)</u>	<u>9</u>	<u>51,906</u>	<u>46,646</u>
Total additions	<u>12,421</u>	<u>34,374</u>	<u>247</u>	<u>87,483</u>	<u>134,525</u>
Deductions:					
Pension benefits	15,605	24,191	42	43,436	83,274
Refund of member contributions	-	50	1	1,416	1,467
Death benefits	48	27	-	400	475
Administrative expenses	331	557	115	337	1,340
DROP withdrawal	610	6,998	-	2,720	10,328
PLOP withdrawal	523	2,724	-	-	3,247
Transfers	-	90	121	956	1,167
Total deductions	<u>17,117</u>	<u>34,637</u>	<u>279</u>	<u>49,265</u>	<u>101,298</u>
Net increase (decrease)	(4,696)	(263)	(32)	38,218	33,227
Net position held in trust for pension benefits – beginning of year					
	<u>8,515</u>	<u>42,998</u>	<u>1,623</u>	<u>353,610</u>	<u>406,746</u>
Net position held in trust for pension benefits – end of year					
	<u>\$ 3,819</u>	<u>\$ 42,735</u>	<u>\$ 1,591</u>	<u>\$ 391,828</u>	<u>\$ 439,973</u>

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year ended December 31, 2017**  
**(Amounts in thousands)**

	<b>Balance January 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2017</b>
Clearing fund:				
Assets:				
Cash	\$ 24,676	\$ 1,851,290	\$ 1,831,177	\$ 44,789
Investments	-	-	-	\$ -
Investments	-	-	-	\$ -
Accounts receivable	439	57	432	\$ 64
	<u>\$ 25,115</u>	<u>\$ 1,851,347</u>	<u>\$ 1,831,609</u>	<u>\$ 44,853</u>
Liabilities:				
Other payables and accruals	\$ 25,115	\$ 2,585,237	\$ 2,571,818	\$ 38,534
	<u>\$ 25,115</u>	<u>\$ 2,585,237</u>	<u>\$ 2,571,818</u>	<u>\$ 38,534</u>
Deposit fund:				
Assets:				
Cash	\$ 850	\$ 6,415	\$ 6,084	\$ 1,181
Investments	881	9	1	889
Accounts receivable	81	-	37	44
	<u>\$ 1,812</u>	<u>\$ 6,424</u>	<u>\$ 6,122</u>	<u>\$ 2,114</u>
Liabilities:				
Accounts payable	\$ -	\$ 4	\$ -	\$ 4
Other payables and accruals	1,812	3,693	3,395	2,110
	<u>\$ 1,812</u>	<u>\$ 3,697</u>	<u>\$ 3,395</u>	<u>\$ 2,114</u>

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year ended December 31, 2017  
(Amounts in thousands)

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
Escrow fund				
Assets:				
Cash	\$ 14,691	\$ 76,754	\$ 75,374	\$ 16,071
Investments	17,178	195	28	17,345
Accounts Receivable	13	-	13	-
	<u>\$ 31,882</u>	<u>\$ 76,949</u>	<u>\$ 75,415</u>	<u>\$ 33,416</u>
Liabilities:				
Other payables and accruals	\$ 31,882	\$ 80,258	\$ 78,723	\$ 33,417
	<u>\$ 31,882</u>	<u>\$ 80,258</u>	<u>\$ 78,723</u>	<u>\$ 33,417</u>
Total all agency funds:				
Assets:				
Cash	\$ 40,217	\$ 1,931,295	\$ 1,912,634	\$ 58,878
Investments	18,059	205	29	18,235
Accounts receivable	533	57	482	108
	<u>\$ 58,809</u>	<u>\$ 1,931,557</u>	<u>\$ 1,913,145</u>	<u>\$ 77,221</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Other payables and accruals	58,809	2,669,188	2,650,776	77,221
	<u>\$ 58,809</u>	<u>\$ 2,669,188</u>	<u>\$ 2,650,776</u>	<u>\$ 77,221</u>

See accompanying independent auditors' report.

## **NON-MAJOR COMPONENT UNITS**

CITY OF NEW ORLEANS, LOUISIANA  
Combining Statement of Net Position  
Non-major Component Units  
December 31, 2017  
(Amounts in thousands)

	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	New Orleans Building Corporation	Parking Facilities Corporation	Parish Hospital District for the Parish of Orleans District A	Total
<b>Assets and Deferred Outflows of Resources</b>									
<b>Current assets:</b>									
Cash	\$ 4,297	\$ 4,305	\$ 5,296	\$ 3,423	\$ 14,367	\$ 36,739	\$ 3,575	\$ 1,136	\$ 73,138
Investments	-	2,041	-	-	-	-	-	-	2,041
Receivables (net of allowances):									
Property taxes	504	-	-	-	-	-	-	-	504
Accounts	-	5,934	953	4	366	1,435	180	8,634	17,506
Accrued interest	-	-	-	-	-	84	-	-	84
Other	104	209	-	-	-	13,956	-	-	14,269
Due from other governments	-	-	391	-	-	303	-	-	694
Prepaid expenses and deposits	119	1,335	272	84	259	87	-	1,041	3,197
Other assets	-	-	-	10	-	-	-	707	717
<b>Total current assets</b>	<b>5,024</b>	<b>13,824</b>	<b>6,912</b>	<b>3,521</b>	<b>14,992</b>	<b>52,604</b>	<b>3,755</b>	<b>11,518</b>	<b>112,150</b>
<b>Restricted cash and investments:</b>									
Customer deposits	-	-	-	-	-	2,239	770	-	3,009
Future debt service account	231	-	-	-	-	-	-	-	231
Other	-	-	-	-	-	-	2,426	3,436	5,862
<b>Total restricted assets</b>	<b>231</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,239</b>	<b>3,196</b>	<b>3,436</b>	<b>9,102</b>
<b>Property, plant, and equipment – at cost, less accumulated depreciation</b>	<b>108</b>	<b>-</b>	<b>16,886</b>	<b>7</b>	<b>18,875</b>	<b>47,739</b>	<b>23,110</b>	<b>117,251</b>	<b>223,976</b>
<b>Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1,295</b>	<b>27</b>	<b>1,323</b>
<b>Total assets</b>	<b>5,363</b>	<b>13,824</b>	<b>23,798</b>	<b>3,529</b>	<b>33,867</b>	<b>102,582</b>	<b>31,356</b>	<b>132,232</b>	<b>346,551</b>
<b>Deferred outflows of resources:</b>									
Deferred amounts related to net pension liability	-	-	10,166	-	1,846	-	-	-	12,012
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>10,166</b>	<b>-</b>	<b>1,846</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,012</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 5,363</b>	<b>\$ 13,824</b>	<b>\$ 33,964</b>	<b>\$ 3,529</b>	<b>\$ 35,713</b>	<b>\$ 102,582</b>	<b>\$ 31,356</b>	<b>\$ 132,232</b>	<b>\$ 358,563</b>

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA  
Combining Statement of Net Position  
Non-major Component Units  
December 31, 2017  
(Amounts in thousands)

Liabilities, Deferred Inflows, and Net Position	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	New Orleans Building Corporation	Parking Facilities Corporation	Parish Hospital District for the Parish of Orleans District A	Total
Current liabilities (payable from current assets):									
Accounts payable	\$ 458	\$ 4,449	\$ 733	\$ 7	\$ 1,008	\$ 668	\$ 212	\$ 2,932	\$ 10,467
Other payables and accruals	75	-	430	162	491	156	2,704	25,037	29,055
Due to other governments	-	3,580	-	-	1,410	-	-	-	4,990
Total current liabilities (payable from current assets)	<u>533</u>	<u>8,029</u>	<u>1,163</u>	<u>169</u>	<u>2,909</u>	<u>824</u>	<u>2,916</u>	<u>27,969</u>	<u>44,512</u>
Current liabilities (payable from restricted assets):									
Accrued interest	-	-	25	-	-	-	310	-	335
Bonds payable, current portion	345	-	860	805	-	-	1,285	-	3,295
Deposits and other	-	-	-	20	30	-	-	-	50
Total current liabilities (payable from restricted assets)	<u>345</u>	<u>-</u>	<u>885</u>	<u>825</u>	<u>30</u>	<u>-</u>	<u>1,595</u>	<u>-</u>	<u>3,680</u>
Total current liabilities	<u>878</u>	<u>8,029</u>	<u>2,048</u>	<u>994</u>	<u>2,939</u>	<u>824</u>	<u>4,511</u>	<u>27,969</u>	<u>48,192</u>
Long-term liabilities:									
Revenue bonds (net of current portion)	3,245	-	905	-	-	-	31,175	74	35,399
Net pension liability	-	-	13,592	-	4,443	-	-	-	18,035
Other	-	108	883	-	305	9,031	-	93,380	103,707
Total long-term liabilities	<u>3,245</u>	<u>108</u>	<u>15,380</u>	<u>-</u>	<u>4,748</u>	<u>9,031</u>	<u>31,175</u>	<u>93,454</u>	<u>157,141</u>
Total liabilities	<u>4,123</u>	<u>8,137</u>	<u>17,428</u>	<u>994</u>	<u>7,687</u>	<u>9,855</u>	<u>35,686</u>	<u>121,423</u>	<u>205,333</u>
Deferred inflows of resources									
Deferred amounts related to net pension liability	-	-	617	-	261	-	-	-	878
Unavailable revenue	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>617</u>	<u>-</u>	<u>261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>878</u>
Net position:									
Net investment in capital assets	108	-	15,121	7	18,875	47,739	-	23,871	105,721
Restricted for bond debt service	231	-	936	635	-	-	-	-	1,802
Operations reserve	-	-	-	-	-	2,239	-	-	2,239
Unrestricted	901	5,687	(138)	1,893	8,890	42,749	(4,330)	(13,062)	42,590
Total net position	<u>1,240</u>	<u>5,687</u>	<u>15,919</u>	<u>2,535</u>	<u>27,765</u>	<u>92,727</u>	<u>(4,330)</u>	<u>10,809</u>	<u>152,352</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 5,363</u>	<u>\$ 13,824</u>	<u>\$ 33,964</u>	<u>\$ 3,529</u>	<u>\$ 35,713</u>	<u>\$ 102,582</u>	<u>\$ 31,356</u>	<u>\$ 132,232</u>	<u>\$ 358,563</u>

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Combining Statement of Activities  
 Non-major Component Units  
 Year ended December 31, 2017  
 (Amounts in thousands)

	Program Revenues			Net (expense) revenue and changes in net position									Total
	Expenses	Charges for services	Operating Grants	Capital Grants	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	New Orleans Building Corporation	Parking Facilities Corporation	Parish Hospital District for the Parish of Orleans District A	
Component units:													
Downtown Development District	\$ 6,747	\$ -	\$ 172	\$ -	\$ (6,575)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,575)
New Orleans Tourism Marketing Corporation	23,079	-	-	-	-	(23,079)	-	-	-	-	-	-	(23,079)
Orleans Parish Communication District	16,892	6,029	-	-	-	-	(10,863)	-	-	-	-	-	(10,863)
Municipal Yacht Harbor Management Corporation	748	741	-	-	-	-	-	(7)	-	-	-	-	(7)
French Market Corporation	10,809	11,027	-	-	-	-	-	-	218	-	-	-	218
New Orleans Building Corporation	4,582	20,263	-	-	-	-	-	-	-	15,681	-	-	15,681
Parking Facilities Corporation	11,043	11,396	-	-	-	-	-	-	-	-	353	-	353
Parish Hospital District for the Parish of Orleans	63,550	52,319	97	-	-	-	-	-	-	-	-	(11,134)	(11,134)
<b>Total component units</b>	<b>\$ 137,450</b>	<b>\$ 101,775</b>	<b>\$ 269</b>	<b>\$ -</b>	<b>(6,575)</b>	<b>(23,079)</b>	<b>(10,863)</b>	<b>(7)</b>	<b>218</b>	<b>15,681</b>	<b>353</b>	<b>(11,134)</b>	<b>(35,406)</b>
General revenue (expense):													
Interest revenue					35		32	2	15	71	-	14	169
Property taxes					7,212	-	-	-	-	-	-	-	7,212
Other					-	21,255	9,429	-	-	(14,388)	52	517	16,865
<b>Total general revenues (expense)</b>					<b>7,247</b>	<b>21,255</b>	<b>9,461</b>	<b>2</b>	<b>15</b>	<b>(14,317)</b>	<b>52</b>	<b>531</b>	<b>24,246</b>
Changes in net position					672	(1,824)	(1,402)	(5)	233	1,364	405	(10,603)	(11,160)
Net position – beginning					568	7,511	17,321	2,540	27,532	91,363	(4,735)	21,412	163,512
Prior period adjustments					-	-	-	-	-	-	-	-	-
Net position – beginning, as restated					568	7,511	17,321	2,540	27,532	91,363	(4,735)	21,412	163,512
Net position – ending					<b>\$ 1,240</b>	<b>\$ 5,687</b>	<b>\$ 15,919</b>	<b>\$ 2,535</b>	<b>\$ 27,765</b>	<b>\$ 92,727</b>	<b>\$ (4,330)</b>	<b>\$ 10,809</b>	<b>\$ 152,352</b>

See accompanying independent auditors' report.

**AFFIDAVIT OF THE CITY OF NEW ORLEANS  
AS TAX COLLECTOR**

**CITY OF NEW ORLEANS**  
**(As Ex-officio Orleans Parish Tax Collector)**  
**NEW ORLEANS, LOUISIANA**

**TAX COLLECTOR AGENCY FUND**  
**Affidavit**

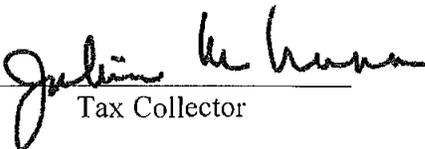
For the year ended December 31, 2017

AFFIDAVIT (Required by R.S. 24:513(B))  
STATE OF LOUISIANA  
PARISH OF ORLEANS

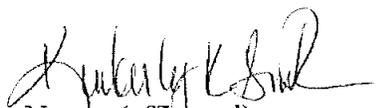
I, Julius Nunn, Tax Collector for the Parish of Orleans, do solemnly swear that the information reflected in the Summary of Ad Valorem Tax Collections Remitted to Other Taxing Authorities, included in the footnotes of the City of New Orleans "Basic Financial Statement," is true and correctly reflects all taxes collected and distributed to my office during the period January 1, 2017 to December 31, 2017 and that the cash available for the settlement of the unsettled collections amounted to \$28,115,000 as of December 31, 2017.

The amount of taxes collected through tax sales for other taxing authorities in 2017 totaled \$1,169,754.

The amount of interest on late ad valorem tax payments taxed and disbursed to other taxing authorities during 2017 totaled \$1,438,880.

  
\_\_\_\_\_  
Tax Collector

Sworn to and subscribed before me, this  
26, day of June, 2017

  
Notary (affix seal)



**SCHEDULE OF COMPENSATION PAID TO CITY COUNCIL**

**CITY OF NEW ORLEANS, LOUISIANA**

Schedule of Compensation Paid to City Council

Year ended December 31, 2017

<u>New Orleans City Council</u>	<u>Compensation</u>
Stacy S. Head, Councilmember-at-Large	\$ 92,926
Jason R. Williams, Councilmember-at-Large	92,926
Susan G. Guidry, Councilmember - District A	92,926
Latoya W. Cantrell, Councilmember - District B	92,926
Nadine M. Ramsey, Councilmember - District C	92,926
Jared C. Brossett, Councilmember - District D	92,926
James A. Gray II, Councilmember - District E	92,926
See accompanying independent auditors' report.	

**SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO THE MAYOR**

**CITY OF NEW ORLEANS, LOUISIANA**

Schedule of Compensation, Benefits, and other Payments to the Mayor

Year Ended December 31, 2017

**Mayor Mitchell J. Landrieu**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 164,933
Benefits - retirement	35,461
Benefits - Social Security, Medicare, Workers' Compensation	10,578
Vehicle provided by government	9,742
Other-Meetings	137
Travel	16,668
Registration fees	800
Conference travel	17,786
Cell phone	464
Fuel	2,209

See accompanying independent auditors' report.

**STATISTICAL SECTION**

(unaudited)

## City of New Orleans, Louisiana

### Statistical Section

**This part of the City of New Orleans, Louisiana's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.**

#### Contents

##### Financial Trends

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

- Table 1 Net Position by Component
- Table 2 Changes in Net Position
- Table 3 Fund Balances
- Table 4 Schedule of Changes in Fund Balance

##### Revenue Capacity

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

- Table 5 Assessed Value and Estimated Actual Value of Taxable Property  
Sources: Orleans Parish School Board, Orleans Levee District, SWB and BOL CAFR
- Table 6 Property Tax Rates
- Table 7 Principal Property Taxpayers
- Table 8 Property Tax Levies and Collections

**These schedules contain information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt.**

- Table 9 Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita
- Table 10 Direct and Overlapping Debt
- Table 11 Legal Debt Margin Information

##### Demographic and Economic Information

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

- Table 12 Demographic and Economic Statistics
- Table 13 Employers by Industry

##### Operating Information

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

- Table 14 City of New Orleans Employees by Department or Component Unit
- Table 15 City of New Orleans Capital Asset Statistics
- Table 16 Operating Indicators by Function

**Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.**

CITY OF NEW ORLEANS, LOUISIANA

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(expressed in thousands)

(unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Governmental activities</b>											
Net investment in capital assets	\$ 645,610	\$ 641,132	\$ 641,513	\$ 741,516	\$ 826,219	\$ 890,521	\$ 894,662	\$ 929,620	\$ 933,606	\$ 914,834	\$ 955,314
Restricted	97,506	92,584	85,692	60,839	59,140	81,294	113,204	124,597	113,437	114,897	76,485
Unrestricted	(668,120)	(843,364)	(929,327)	(744,250)	(777,932)	(943,237)	(823,058)	(1,354,303)	(1,344,840)	(1,231,601)	(1,273,420)
Total governmental activities net assets	<u>\$ 74,996</u>	<u>\$ (109,648)</u>	<u>\$ (202,122)</u>	<u>\$ 58,105</u>	<u>\$ 107,427</u>	<u>\$ 28,578</u>	<u>\$ 184,808</u>	<u>\$ (300,086)</u>	<u>\$ (297,797)</u>	<u>\$ (201,870)</u>	<u>\$ (241,621)</u>
<b>Primary government</b>											
Invested in capital assets, net of related debt	\$ 645,610	\$ 641,132	\$ 641,513	\$ 741,516	\$ 826,219	\$ 890,521	\$ 894,662	\$ 936,247	\$ 933,606	\$ 914,834	\$ 955,314
Restricted	97,506	92,584	85,692	60,839	59,140	81,294	113,204	124,597	113,437	114,897	76,485
Unrestricted	(668,120)	(843,364)	(929,327)	(744,250)	(777,932)	(943,237)	(823,058)	(764,975)	(1,344,840)	(1,231,601)	(1,273,420)
Total primary government net assets	<u>\$ 74,996</u>	<u>\$ (109,648)</u>	<u>\$ (202,122)</u>	<u>\$ 58,105</u>	<u>\$ 107,427</u>	<u>\$ 28,578</u>	<u>\$ 184,808</u>	<u>\$ 295,869</u>	<u>\$ (297,797)</u>	<u>\$ (201,870)</u>	<u>\$ (241,621)</u>

Source : City of New Orleans Bureau of Accounting

CITY OF NEW ORLEANS, LOUISIANA

CHANGES IN NET ASSETS  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(expressed in thousands)

(unaudited)

Expenses	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:											
General government	\$ 203,620	\$ 316,237	\$ 302,394	\$ 321,303	\$ 242,417	\$ 382,386	\$ 247,118	\$ 260,852	\$ 311,617	\$ 234,282	\$ 381,449
Public Safety	252,474	204,749	214,899	224,915	236,058	233,745	230,231	229,968	295,707	264,860	271,886
Public Works	143,211	135,507	136,344	124,952	126,080	134,130	124,136	123,826	141,746	146,064	149,164
Health and Human Services	18,438	19,973	20,682	19,084	21,678	26,805	27,981	29,587	31,806	32,492	35,803
Culture and recreation	12,600	21,710	25,392	23,577	21,575	24,576	23,403	26,021	27,500	30,228	35,274
Urban development and housing	21,157	49,507	47,544	40,114	32,682	33,538	23,891	24,968	28,539	22,090	22,212
Economic development	6,606	17,102	24,321	10,329	8,680	8,793	12,731	8,488	7,933	7,434	10,295
Interest and fiscal charges	60,267	73,152	73,590	76,276	69,621	66,996	60,546	62,647	61,926	60,607	60,567
Total primary government expenses	718,373	837,937	845,166	840,550	758,791	910,969	750,037	766,357	906,774	798,057	966,650
Program Revenues											
Governmental Activities:											
Charges for Services:											
General government	51,749	69,937	71,578	46,153	69,191	73,770	70,692	67,016	71,912	74,010	68,411
Public Safety	20,133	29,321	28,336	17,602	37,947	36,845	22,331	19,113	28,826	29,501	37,486
Public Works	14,284	18,075	25,373	32,218	36,753	36,756	37,015	34,571	41,570	46,353	58,570
Health and Human Services	301	6,690	8,535	9,862	9,873	7,967	8,003	14,792	13,856	14,692	16,652
Culture and recreation	-	638	310	235	309	861	814	1,025	1,033	898	964
Urban development and housing	138	-	-	-	60	-	1,735	2,605	3,304	3,204	4,023
Economic development	4,229	170	116	890	-	2,007	-	-	-	-	70
Operating grants and contributions	134,097	105,041	143,482	170,164	142,497	143,964	139,577	119,512	125,122	107,845	94,041
Capital grants and contributions	53,237	37,301	51,230	111,859	75,728	90,434	141,650	119,963	54,091	46,127	78,308
Total primary government program revenues	278,168	267,173	328,960	388,983	372,358	392,604	421,817	378,597	339,714	322,630	358,525
Net Revenue (Expense)											
Total primary government	(440,205)	(570,764)	(516,206)	(451,567)	(386,433)	(518,365)	(328,220)	(387,760)	(567,060)	(475,427)	(608,125)
General Revenues											
Governmental Activities:											
Property Taxes	142,480	155,767	145,956	175,863	187,199	180,318	204,335	209,059	212,507	248,493	265,555
Sales Taxes	134,114	137,581	133,868	147,453	153,955	163,128	176,465	193,183	204,293	203,235	218,051
Other Taxes	44,324	42,191	45,332	49,567	45,787	46,953	57,134	55,875	53,616	55,927	50,659
Investment Earnings	19,580	18,251	32,791	5,301	(770)	13,470	15,231	16,851	19,724	22,705	25,232
Insurance Proceeds	5,257	5,866	-	-	-	-	-	-	-	-	-
Miscellaneous	29,890	51,115	65,785	67,695	47,296	29,674	29,199	22,649	79,209	40,994	34,834
Gain (loss) on impairment	-	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sales of capital assets	-	(24,651)	-	-	-	-	-	-	-	-	-
Forgiveness of Debt	-	-	-	265,915	2,288	5,973	2,086	-	-	-	-
Transfers in/out	-	-	-	-	-	-	-	-	-	-	-
Special Items	-	-	-	-	-	-	-	2,600	-	-	-
Total general revenues, transfers, and special items	375,645	386,120	423,732	711,794	435,755	439,516	484,450	500,217	569,349	571,354	594,331
Change in Net Assets	\$ (64,560)	\$ (184,644)	\$ (92,474)	\$ 260,227	\$ 49,322	\$ (78,849)	\$ 156,230	\$ 112,457	\$ 2,289	\$ 95,927	\$ (13,794)

Source : City of New Orleans Bureau of Accounting

CITY OF NEW ORLEANS, LOUISIANA

Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(expressed in thousands)

(unaudited)

General Fund	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Reserved	\$ 16,526	\$ 7,229	\$ 680	\$ 530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:											
Designated for subsequent year	40,083	17,016	15,933	13,619	-	-	-	-	-	-	-
Undesignated	41,011	35,334	(8,677)	(25,210)	-	-	-	-	-	-	-
No spendable											
Restricted	-	-	-	-	-	-	-	-	250	250	31,646
Committed	-	-	-	-	13,934	10,661	6,036	4,735	2,080	4,769	12,338
Assigned	-	-	-	-	-	-	-	27,634	38,196	47,899	51,861
Unassigned	-	-	-	-	(17,344)	(19,997)	10,926	10,615	35,047	21,067	(20,158)
<b>Total general fund</b>	<b>97,620</b>	<b>59,579</b>	<b>7,936</b>	<b>(11,061)</b>	<b>(3,410)</b>	<b>(9,336)</b>	<b>16,962</b>	<b>42,984</b>	<b>75,573</b>	<b>73,985</b>	<b>75,687</b>
<b>All Other Governmental Funds</b>											
Reserved	158,297	186,871	130,974	149,398	-	-	-	-	-	-	-
Unreserved reported in:											
HUD	-	(267)	(385)	(7,493)	-	-	-	-	-	-	-
Federal UDAG	-	-	-	-	-	-	-	-	-	-	-
FEMA	(16,363)	(31,777)	(49,882)	(55,328)	-	-	-	-	-	-	-
CDL	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Capital Projects	180,116	61,103	66,185	55,119	-	-	-	-	-	-	-
Louisiana Office of Community Development	-	-	(1,169)	(14,190)	-	-	-	-	-	-	-
Non-major Governmental	34,636	28,692	17,582	20,231	-	-	-	-	-	-	-
No spendable	-	-	-	-	6,886	5,368	2,407	1,632	1,636	1,083	1,086
Restricted	-	-	-	-	122,991	146,778	137,113	152,806	139,243	125,103	83,388
Committed	-	-	-	-	17,891	25,402	58,882	81,597	133,220	167,272	148,283
Assigned	-	-	-	-	4,022	3,164	225	315	308	725	715
Unassigned	-	-	-	-	(78,511)	(64,424)	(36,557)	(30,271)	(37,176)	(19,807)	(38,282)
<b>Total all other government funds</b>	<b>\$ 356,686</b>	<b>\$ 244,622</b>	<b>\$ 163,305</b>	<b>\$ 147,737</b>	<b>\$ 73,279</b>	<b>\$ 116,288</b>	<b>\$ 162,070</b>	<b>\$ 206,079</b>	<b>\$ 237,231</b>	<b>\$ 274,376</b>	<b>\$ 195,190</b>

Source : City of New Orleans Bureau of Accounting

CITY OF NEW ORLEANS, LOUISIANA

Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(expressed in thousands)

(unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>											
Taxes	\$ 298,620	\$ 301,076	\$ 305,240	\$ 333,849	\$ 360,944	\$ 372,012	\$ 396,973	\$ 424,204	\$ 446,239	\$ 472,836	\$ 501,782
Licenses and permits	55,490	60,335	54,136	58,117	57,219	56,612	62,963	62,428	60,597	65,821	71,220
Intergovernmental	171,369	162,810	237,485	261,670	212,684	273,457	265,594	224,706	177,624	152,413	144,797
Charges for services	35,080	44,751	48,189	50,417	72,171	74,164	78,996	81,351	85,753	91,491	90,482
Program income	66	68	1,182	145	4,898	82	1,942	6,541	620	1,640	938
Fines and forfeits	12,325	18,867	26,619	33,565	38,824	37,766	35,977	32,603	44,701	41,444	46,463
Interest income	19,580	12,769	4,906	1,203	684	461	300	417	540	1,882	2,801
Contributions, gifts, donations	3,164	3,112	3,249	3,860	2,742	3,092	3,687	4,088	4,737	7,087	6,842
Miscellaneous and other	48,229	29,241	34,801	67,233	41,808	33,295	28,367	49,916	85,081	46,891	36,649
<b>Total Revenues</b>	<b>643,923</b>	<b>633,029</b>	<b>715,807</b>	<b>810,059</b>	<b>791,974</b>	<b>850,941</b>	<b>874,799</b>	<b>886,254</b>	<b>905,892</b>	<b>881,505</b>	<b>901,974</b>
<b>EXPENDITURES</b>											
General government	188,003	209,705	231,838	245,451	226,518	238,166	207,631	233,012	264,663	276,604	263,484
Public safety	209,423	200,430	210,363	220,734	235,946	229,457	226,831	226,854	250,164	270,897	296,338
Public works	79,397	75,834	77,851	65,730	64,811	75,217	65,903	67,183	78,728	84,132	87,946
Health and human services	17,844	19,973	20,682	19,084	21,678	26,785	27,981	29,587	31,806	32,492	35,803
Culture and recreation	13,425	20,078	23,784	22,047	20,048	23,027	22,016	24,666	26,193	29,121	34,265
Urban development and housing	22,529	49,507	47,544	40,114	33,439	35,424	23,891	24,968	28,539	22,090	22,212
Economic development and assistance	8,935	17,102	24,321	10,329	9,243	8,793	12,731	8,488	7,933	7,434	10,295
Capital projects	57,154	128,993	151,878	140,928	142,715	96,535	152,947	135,780	108,485	85,905	110,820
Debt service:											-
Principal	40,951	42,168	45,072	53,019	56,775	46,198	47,103	55,820	47,745	50,831	74,187
Interest and fiscal charges	58,423	66,591	66,495	69,374	63,536	63,205	57,004	61,151	68,808	62,590	60,031
<b>Total Expenditures</b>	<b>696,084</b>	<b>830,381</b>	<b>899,828</b>	<b>886,810</b>	<b>874,709</b>	<b>842,807</b>	<b>844,038</b>	<b>867,509</b>	<b>913,064</b>	<b>922,096</b>	<b>995,381</b>
Revenue over (under) expenditures	(52,161)	(197,352)	(184,021)	(76,751)	(82,735)	8,134	30,761	18,745	(7,172)	(40,591)	(93,407)
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	93,956	10,161	26,844	72,319	21,048	28,219	55,067	66,413	76,726	82,409	4,444
Transfers in from component unit	-	-	42,269	40,726	-	-	-	-	-	-	-
Transfers out	(93,956)	(15,325)	(26,844)	(72,319)	(21,048)	(28,219)	(55,067)	(66,413)	(76,726)	(82,409)	(4,444)
Issuance of notes payable	32,748	34,373	8,458	975	-	3,500	-	12,500	-	-	19,200
Issuance of Go Zone Notes	-	12,345	334	485	-	-	-	-	-	-	-
Issuance of long-term debt	75,147	-	-	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	15,995	363,725	40,000	40,000	162,457	135,125	-
Premium/Discount on issuance of long-term debt	-	-	-	-	-	25,800	263	182	9,617	6,007	-
Debt service assistance loan	23,549	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	4,925	5,866	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	(319,178)	-	-	(99,488)	(60,679)	-
Federal subsidy - Build America Bonds	-	-	-	-	-	-	1,012	-	-	-	-
Other, net	(769)	(173)	-	-	(67)	1,102	44	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>135,600</b>	<b>47,247</b>	<b>51,061</b>	<b>42,186</b>	<b>15,928</b>	<b>74,949</b>	<b>41,319</b>	<b>52,682</b>	<b>72,586</b>	<b>80,453</b>	<b>19,200</b>
<b>Special Items</b>											
Termination of interest rate swap	-	-	-	-	-	46,000	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 83,439</b>	<b>\$ (150,105)</b>	<b>\$ (132,960)</b>	<b>\$ (34,565)</b>	<b>\$ (66,807)</b>	<b>\$ 37,083</b>	<b>\$ 72,080</b>	<b>\$ 71,427</b>	<b>\$ 65,414</b>	<b>\$ 39,862</b>	<b>\$ (74,207)</b>
GASB 44 debt service disclosure	9.14%	15.51%	14.92%	16.41%	16.44%	14.74%	15.06%	15.99%	14.49%	13.56%	15.17%

Source : City of New Orleans Bureau of Accounting

CITY OF NEW ORLEANS, LOUISIANA

Assessed Value and Estimated Actual Value of Taxable Property

(unaudited)

Year	Real Estate		Personal Property		Public Service Corporations	Exemption (\$)	Estimated Actual Value (\$) *	Assessed Value (\$)	Net Assessed Value (\$)
	Estimated Fair Markey Value (\$)	Total Assessed Value (\$)	Estimated Fair Markey Value (\$)	Total Assessed Value(\$)	Total Assessed Value (\$)				
2007	14,818,041,813	1,650,948,720	2,295,983,639	344,397,546	139,643,310	288,851,693	17,114,025,452	2,134,989,576	1,846,137,883
2008	20,949,402,557	2,297,502,715	2,630,333,393	394,550,009	144,942,530	292,878,255	23,579,735,950	2,836,995,254	2,544,116,999
2009	21,896,630,780	2,349,536,358	2,697,334,439	404,600,166	152,439,600	317,247,040	24,593,965,219	2,906,576,124	2,589,329,084
2010	23,242,887,037	2,489,801,675	2,582,226,767	387,334,015	163,911,580	362,665,406	25,825,113,804	3,041,047,270	2,678,381,864
2011	24,141,372,133	2,586,081,540	2,571,333,133	385,699,970	167,557,410	372,613,310	26,712,705,266	3,139,338,920	2,766,725,610
2012	25,689,720,400	2,760,973,210	2,606,348,213	390,952,232	183,003,600	385,256,805	28,296,068,613	3,334,929,042	2,949,672,237
2013	27,066,642,133	2,920,015,480	2,754,134,933	413,120,240	193,722,510	437,893,609	29,820,777,066	3,526,858,230	3,088,964,621
2014	27,715,785,033	2,992,593,440	2,703,429,532	405,514,430	181,055,280	448,696,881	30,419,214,565	3,579,163,150	3,130,466,269
2015	29,274,057,167	3,188,376,880	2,875,702,200	431,355,330	170,541,020	458,941,272	32,149,759,367	3,790,273,230	3,331,331,958
2016	28,607,113,989	3,376,000,510	2,266,157,700	456,453,540	169,105,350	468,352,645	30,873,271,689	4,001,559,400	3,533,206,755
2017	32,308,258,367	3,481,746,390	3,167,096,334	471,985,530	175,685,210	475,463,500	35,475,354,701	4,129,417,130	3,653,953,630

\* Estimated Actual value does not include the Fair Market Value for Public Service Corporations

Source: Louisiana Tax Commission Report (2008-2017)

**CITY OF NEW ORLEANS, LOUISIANA**  
**Property Tax rates - Direct and Overlapping Governments**  
(unaudited)

Property tax rates:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City alimony	13.91	15.1	15.1	15.1	15.1	15.1	15.1	11.72	11.72	11.72	16.1
Interest and redemption city bond	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	23.8	23.8	31.7
Special tax dedicated to maintenance of double platoon Fire Department and triple platoon Police Department	4.27	4.27	4.27	4.27	4.27	4.27	4.27	3.11	3.11	3.11	4.27
Special tax (additional) for increase in pay to officers and members of Police and Fire Department	2.13	2.13	2.13	2.13	2.13	2.13	2.13	1.55	1.55	1.55	2.13
Special tax, Police without Homestead Exemption: Police protection,	5.26	5.26	5.26	5.26	5.26	5.26	5.26	3.98	3.98	3.98	5.26
Special tax, Fire without Homestead Exemption: Additional millages for fire protection	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	3.94	3.94	5.21
Special tax for establishing and maintaining a zoological garden in Audubon Park	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.44
Special tax to establish and maintains an aquarium by the Audubon Commission	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	4.11
Special dedicated tax to operate the Public Library	5.64	5.64	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	4.32
Capital Improvements & Infrastructure Trust Fund	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	2.5
Special tax, Neighborhood Housing Improvement	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	1.25
Special tax, New Orleans Economic Development Fund	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	1.25
Special tax, Parkways and Park and Recreation Department	3	3	3	3	3	3	3	2.18	2.18	2.18	3
Special tax, Street and Traffic Control Device Maintenance	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.38	1.38	1.38	1.9
Special tax for maintenance, operations and extension of the drainage system		16.43	16.43	16.43	16.43	16.43	16.43	16.43	16.03	16.43	22.59
<b>Total direct property tax rates</b>	<b>73.77</b>	<b>91.39</b>	<b>88.89</b>	<b>88.89</b>	<b>88.89</b>	<b>88.89</b>	<b>88.89</b>	<b>81.15</b>	<b>77.78</b>	<b>78.18</b>	<b>106.03</b>
Special tax to provide funds for Board of funds for Board of Assessors											
Special tax, Law Enforcement District of Orleans Parish	2.8	2.8	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.9	3.5
Special tax for Orleans Parish School Board, for support, maintenance and construction of Public Schools of the City of New Orleans as levied by said Board annually,	45.31	45.31	45.31	45.31	44.81	43.60	44.12	44.12	38.47	38.47	52.90
<b>Sub Total overlapping property tax rates</b>	<b>48.11</b>	<b>48.11</b>	<b>48.11</b>	<b>48.11</b>	<b>47.71</b>	<b>46.5</b>	<b>47.02</b>	<b>47.02</b>	<b>41.37</b>	<b>41.37</b>	<b>56.4</b>
Orleans Levee Board											12.76
Orleans Levee District (Eastbank)	12.28	12.28	11.67	11.67	11.67	11.67	11.67	11.67	10.95	9.65	
Algiers Levee District (Westbank)	12.56	6.21	12.56	12.56	12.36	12.76	12.76	12.76	9.28	9.28	
<b>Total Overlapping property tax rates</b>											
Eastbank	60.39	60.39	59.78	59.78	59.38	58.17	58.69	58.69	52.32	51.02	69.16
Westbank	60.67	54.32	60.67	60.67	60.07	59.26	59.78	59.78	50.65	50.65	69.16
<b>Total Eastbank</b>	<b>134.16</b>	<b>151.78</b>	<b>148.67</b>	<b>148.67</b>	<b>148.27</b>	<b>147.06</b>	<b>147.58</b>	<b>139.84</b>	<b>130.1</b>	<b>129.2</b>	<b>175.19</b>
<b>Total Westbank</b>	<b>134.44</b>	<b>145.71</b>	<b>149.56</b>	<b>149.56</b>	<b>148.96</b>	<b>148.15</b>	<b>148.67</b>	<b>140.93</b>	<b>128.43</b>	<b>128.83</b>	<b>175.19</b>

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

## CITY OF NEW ORLEANS, LOUISIANA

Principal Property Taxpayers  
And 10 Years Before  
(Amounts in thousands)

(Unaudited)

Name of Taxpayer	Type of business	2017		
		Taxable Assessed Value	Rank	Percentage of total assessed value
Entergy	Electric and gas utilities	110,910	1	3.04%
Capital One Bank	Financial institution	45,919	2	1.26%
Marriott Hotel	Hospitality	36,113	3	0.99%
BellSouth	Telephone Utilities	35,178	4	0.96%
Harrah's Entertainment	Hospitality and gaming	28,363	5	0.78%
Whitney Bank/Hancock Bank	Financial institution	25,224	6	0.69%
Folger Coffee	Coffee Roasting Plant	19,637	7	0.54%
J P Morgan Chase Bank	Financial institution	18,352	8	0.50%
International Rivercenter	Real Estate	18,105	9	0.50%
Sheraton Hotel	Hospitality	16,639	10	0.46%

Name of Taxpayer	Type of business	2007		
		Taxable Assessed Value	Rank	Percentage of total assessed value
Energy Services	Electric and gas utilities	60,220	1	3.65
BellSouth Telecommunications	Telephone utilities	58,436	2	3.55
Hibernia National Bank	Financial institution	49,568	3	3.01
Harrah's Entertainment	Hospitality and gaming	21,178	4	1.65
Whitney National Bank	Financial institution	23,583	5	1.43
CS&M Association (Sheraton)	Real Estate	20,725	6	1.26
International River Center	Real Estate	19,058	7	1.16
Marriott Hotel Properties	Hospitality	15,271	8	0.93
J P Morgan Chase Bank	Financial institution	13,385	9	0.81
SHC New Orleans (Hyatt)	Hospitality	11,247	10	0.68

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

## CITY OF NEW ORLEANS, LOUISIANA

**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
 (amounts in thousands)

(unaudited)

Fiscal Year	Total levied	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent		Amount	Percentage of Levy
<b>Real estate taxes:</b>						
2007	250,462	225,743	90.13%	21,675	247,418	98.78%
2008	269,746	243,204	90.16%	23,438	266,642	98.85%
2009	275,869	257,219	93.24%	15,219	272,438	98.76%
2010	309,800	291,078	93.96%	14,598	305,676	98.67%
2011	339,370	320,437	94.42%	13,717	334,154	98.46%
2012	362,262	342,248	94.48%	13,528	355,776	98.21%
2013	382,902	363,026	94.81%	8,642	374,260	97.74%
2014	393,304	375,815	95.55%	0	375,815	95.6%
2015	422,306	397,843	94.21%	11,168	409,011	96.9%
2016	457,800	442,153	96.58%	13,137	455,290	99.5%
2017	480,924	458,767	95.39%	7,711	466,478	97.0%
<b>Personal property taxes:</b>						
2007	82,046	74,258	90.51%	3,709	77,967	95.03%
2008	67,548	59,645	88.30%	4,429	64,074	94.86%
2009	69,935	63,118	90.25%	3,444	66,562	95.18%
2010	74,530	68,508	91.92%	2,242	70,750	94.93%
2011	78,996	74,204	93.93%	1,653	75,857	96.03%
2012	81,685	78,275	95.83%	1,550	79,825	97.72%
2013	87,058	84,410	96.96%	365	84,775	97.38%
2014	84,620	81,926	96.82%	0	81,926	96.82%
2015	86,961	81,773	94.03%	1,002	82,775	95.19%
2016	92,428	88,797	96.07%	744	89,541	96.88%
2017	96,441	92,123	95.52%	827	92,950	96.38%

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

CITY OF NEW ORLEANS, LOUISIANA

Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt per Capita

Last Ten Fiscal Years  
(amount in thousands)  
(unaudited)

<u>Fiscal year</u>	<u>Population*</u>	Assessed value real estate and personal <u>property</u>	General obligation <u>bonded debt</u>	Ratio of bonded debt to assessed <u>value</u>	Bonded debt per capita (1)
2007	288	2,134,782	538,514	25.23	1,870
2008	312	2,844,876	523,955	18.42	1,679
2009	327	2,921,471	508,019	17.39	1,554
2010	343	3,041,047	529,219	17.40	1,543
2011	356	3,139,338	509,544	16.23	1,431
2012	369	3,334,929	470,077	14.10	1,274
2013	379	3,526,858	489,463	13.88	1,291
2014	384	3,579,163	507,081	14.17	1,321
2015	390	3,790,273	536,326	14.15	1,375
2016	391	3,832,454	577,562	15.07	1,477
2017	393	3,953,732	550,864	13.93	1,402

Source: United States Census Bureau / Louisiana Tax Commission Report / City of New Orleans Bureau of Accounts

(1) Bonded debt per capita not in thousands.

Note: Bonded debt does not include the effects of accretion on deep discount bonds.

**CITY OF NEW ORLEANS, LOUISIANA**

**Computation of Direct and Overlapping Debt  
Last Ten Fiscal Years  
(expressed in thousands)**

(unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>City of New Orleans:</b>											
General Obligation, limited tax, and revenue bonds**	718,699	696,565	672,664	685,609	673,279	695,587	712,508	734,035	761,663	799,115	766,349
Sewerage and Water Board	23,835	22,710	21,525	20,290	18,990	17,630	16,205	14,365	12,750	11,100	9,410
Audubon Commission	50,170	52,806	51,813	48,775	49,316	28,343	26,035	23,005	19,860	16,615	13,590
Total direct City debt	<u>792,704</u>	<u>772,081</u>	<u>746,002</u>	<u>754,674</u>	<u>741,585</u>	<u>741,560</u>	<u>754,748</u>	<u>771,405</u>	<u>794,273</u>	<u>826,830</u>	<u>789,349</u>
<b>Overlapping Debt: * (1)</b>											
Orleans Parish School Board	216,868	195,363	170,898	155,411	120,130	183,796	168,939	153,803	140,575	130,670	120,295
Southeast Louisiana Flood Protection Authority East	60,045	54,530	48,665	3,745	3,120	0	0	0	0	0	0
Total overlapping debt	<u>276,913</u>	<u>249,893</u>	<u>219,563</u>	<u>159,156</u>	<u>123,250</u>	<u>183,796</u>	<u>168,939</u>	<u>153,803</u>	<u>140,575</u>	<u>130,670</u>	<u>120,295</u>
Total direct and overlapping debt	<u><u>1,069,617</u></u>	<u><u>1,021,974</u></u>	<u><u>965,565</u></u>	<u><u>913,830</u></u>	<u><u>864,835</u></u>	<u><u>925,356</u></u>	<u><u>923,687</u></u>	<u><u>925,208</u></u>	<u><u>934,848</u></u>	<u><u>957,500</u></u>	<u><u>909,644</u></u>

\* The percentage of overlapping debt for both School Board and Levee District are @ 100%

\*\* Bonded debt does not include the effects of accretion on deep discount bonds.

Sources: Orleans Parish School Board, Orleans Levee District, SWB and BOL CAFR

(1) The fiscal year for both the School Board and Levee Districts are June 30. The overlapping debt stated is for June 30 of that year.

## CITY OF NEW ORLEANS, LOUISIANA

Computation of Legal Debt Margin  
Last Ten Years

(amount in thousands)

(unaudited)

Fiscal year	Assessed value real estate and personal property (\$)	Debt Limitation 35% of total assessed value*	Amount of debt applicable to debt limitation **		Less Assets in debt service fund available for retirement of General Obligation Bds.	Legal debt margin
			General Obligation Bonds ***	Effects of Accretion Deep Discount Bonds		
2007	2,134,990	992,948	538,514	217,541	47,764	284,657
2008	2,836,995	992,948	523,955	200,040	36,922	305,875
2009	2,906,576	1,020,858	508,019	181,946	32,802	363,695
2010	3,041,047	1,098,156	529,219	163,361	30,188	435,764
2011	3,139,339	1,168,903	509,544	144,316	29,859	544,902
2012	3,334,929	1,232,669	470,077	124,844	30,826	668,574
2013	3,526,858	1,252,707	489,463	104,912	36,481	694,813
2014	3,579,163	1,326,596	507,081	84,608	40,149	775,056
2015	3,790,273	1,341,359	536,326	55,645	45,825	795,213
2016	3,832,454	1,383,806	577,562	38,964	33,016	800,296
2017	3,953,732	1,431,517	550,864	20,445	44,417	904,625
2018****	4,090,048					

Sources: Louisiana Tax Commission Report and Board of Liquidation CAFR

\* Per Act 4 of 1916 of the Legislature of the State of Louisiana as amended by Act 576 of 1966, as amended by Act 420 of 1978, as amended by Act 159 of 1984, as amended by Act 1 of 1994.

\*\* Excludes revenue bonds

\*\*\* Excludes the effects of accretion on deep discount bonds

\*\*\*\* Debt limit calculation for 2016 was based on the 2017 assessment, which was available by the end of FY 2016.

## CITY OF NEW ORLEANS, LOUISIANA

Demographic and Economic Statistics  
Last Ten Years

(unaudited)

<u>Fiscal year</u>	<u>Population* (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2007	288	54,180	5.1
2008	312	47,514	6.0
2009	327	41,518	7.9
2010	343	40,849	8.7
2011	356	41,771	8.7
2012	369	43,421	8.0
2013	379	43,403	7.4
2014	384	46,084	7.0
2015	390	46,684	4.6
2016	391	**	5.1
2017	393	**	4.7

Source:

\* BLS 2000, 2010 Census and Projections

\*\* 2017 Per Capita Personal Income information had not been released by the Bureau of Economic Research  
by the release of this report

(1) Amount in thousands

(2) Bureau of Economic Analysis, Local Area Personal Income

(3) United States Department of Labor, Bureau of Labor Statistics (Not Seasonally Adjusted Average Yearly Rate)

## CITY OF NEW ORLEANS, LOUISIANA

Employees by Industry  
Last Ten Fiscal Years

(unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 *</u>
Agriculture, forestry, fishing and hunting	60	58	26	22	32	39	66	86	68	607
Mining	3,659	3,819	3,618	3,253	2,867	2,391	2,431	2,589	2,144	6,637
Utilities	1,102	1,173	1,163	918	906	921	920	933	962	3,984
Construction	5,448	4,793	5,285	5,388	5,419	5,357	5,653	6,031	4,935	33,835
Manufacturing	7,795	7,642	5,929	4,959	4,536	4,031	4,048	4,187	4,114	30,500
Wholesale trade	4,485	4,415	4,002	3,881	3,896	3,750	3,547	3,845	3,835	22,084
Retail trade	11,342	12,614	12,284	12,057	12,428	12,926	13,595	14,965	15,792	65,649
Transportation and warehousing	8,639	8,412	7,885	7,827	8,259	8,448	8,625	9,049	9,191	27,781
Information	3,571	4,846	3,033	3,644	3,724	4,700	4,449	3,442	4,646	9,559
Finance and insurance	6,078	5,932	5,546	5,475	5,468	5,409	5,100	5,570	5,993	18,467
Real estate and rental and leasing	2,293	2,266	2,222	2,241	2,460	2,587	2,695	2,963	3,028	9,078
Professional and technical services	13,222	13,663	13,815	14,410	14,709	14,671	16,004	15,990	16,040	33,369
Management of companies and enterprises	3,334	3,374	3,404	3,335	3,396	3,348	3,015	2,609	2,760	7,785
Administrative and waste services	10,975	9,921	9,248	9,338	9,439	9,864	10,026	10,846	12,157	34,430
Educational services	18,496	19,582	20,530	20,829	20,997	21,303	22,357	21,950	23,026	44,803
Health care and social assistance	17,421	19,865	20,858	20,796	21,171	21,239	20,759	22,867	24,231	75,837
Arts, entertainment, and recreation	6,189	6,833	4,696	4,955	4,975	5,056	5,608	5,722	6,215	13,283
Accommodation and food services	23,847	25,146	27,300	28,949	31,410	33,162	33,725	35,214	37,988	73,868
Other services, except public administration	5,099	5,196	5,046	5,082	5,277	5,509	5,497	5,495	6,051	15,634
Public administration	11,681	12,003	12,222	12,796	12,308	12,154	12,053	11,965	12,094	25,482
Total	165,383	172,045	168,587	170,413	173,677	176,865	180,173	186,318	195,270	552,672

Source: Louisiana Workforce Commission

\* Information includes the New Orleans Regional Metropolitan Area:  
Jefferson, Orleans, Plaquemines, St. Bernard St. Charles, St James  
St John the Baptist and St. Tammany Parishes.

## CITY OF NEW ORLEANS, LOUISIANA

Full Time City Employees by Department  
Four Fiscal Years

	(unaudited)												
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Aviation	200	116	111	114	111	117	114	186	164	161	170	148	163
Chief Administrative Office	166	59	61	65	61	76	89	96	99	96	98	95	110
City Council	69	41	49	59	49	62	63	63	63	63	71	65	64
City Planning	24	9	10	16	10	21	20	22	22	20	16	22	20
Civil Service	37	12	14	18	14	21	23	19	18	17	22	23	25
Neighborhood One/NHIF	114	47	42	62	42	100	102	104	110	106	101	103	108
Coroner's Office	25	10	11	12	1	15	14	15	14	15	17	19	19
Criminal District Court/Clerk	90	52	78	88	78	89	89	90	87	81	67	74	73
Finance	173	59	69	84	69	90	90	125	114	115	110	110	111
Fire	770	751	687	685	687	731	750	753	711	662	635	601	584
French Market	41	13	18	25	18	31	31	40	40	47	55	54	53
Health	322	191	164	189	164	219	218	202	219	227	239	184	178
Historic Districts	8	6	6	9	6	9	10	8	8	9	9	9	9
Inspector General						28	23	34	34	34	31	27	31
Juvenile Court	59	30	28	27	28	25	47	44	46	40	31	29	28
Law	97	49	54	52	54	69	62	62	60	59	60	68	67
Library	221	19	81	88	81	128	150	162	192	191	190	184	193
Mayor's Office	98	67	75	110	75	119	131	168	165	177	186	190	190
Recreation	222	21	33	42	33	108	109	132	127	147	176	101	139
Mosquito Control	36	38	33	36	33	2	32	28	32	26	31	22	30
Municipal Court	82	53	55	57	55	96	56	46	46	48	63	49	46
Museum of Art	44	10	22	18	22	16	14	12	11	9	9	10	6
Parks and Parkways	218	100	85	124	124	124	124	124	124	124	124	124	122
Police	2,261	1,867	1,649	1,680	1,649	1,839	1,725	1,591	1,498	1,432	1,419	1,511	1,471
Police Secondary Employment						0	0	0	0	9	9	11	10
Property Management	142	89	73	72	73	74	72	69	68	65	59	70	68
Public Works	273	62	95	128	95	138	129	124	115	124	123	188	208
Rivergate Development Corp.	4	4	2	3	2	2	4	4	4	4	4	4	4
Safety and Permits	104	61	61	65	61	96	95	81	82	84	81	83	91
Sanitation	77	35	33	23	33	28	27	26	24	31	33	42	54
Sewer and Water Board	1,208	1,183	948	884	948	963	985	999	991	1,024	1,060	1,183	1,108
Traffic Court	120	43	53	65	53	83	88	86	72	69	69	61	53
Vieux Carre	8	2	2	4	2	4	4	5	5	4	4	5	6
Welfare	63	14	20	26	20	31	36	44	41	37	38	32	33
Workforce Investment Act	7	6	7	8	7	7	6	6	5	7	4	6	7
Yacht Harbor	19	4	4	2	4	2	3	4	4	4	4	4	4
Audubon Park	4	4	3	1	3	-	-	-	-	-	-	-	-
	7,406	5,127	4,736	4,941	4,765	5,563	5,535	5,574	5,415	5,368	5,418	5,511	5,486

Source : City of New Orleans Department of Civil Service and City of New Orleans Accounting Department

## CITY OF NEW ORLEANS, LOUISIANA

Capital Asset Statistics by Function  
Last Ten Fiscal Years

(unaudited)

Function:	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Fire and Emergency Services:</b>											
Number of Stations:											
Police	8	8	8	8	8	8	8	8	8	8	8
Fire	30	30	30	30	30	30	30	30	32	32	32
<b>Recreation (1)</b>											
Active Playground (1)	*	*	*	*	*	*	30	33	33	36	38
Passive Playground (2)	*	*	*	*	*	*	71	72	72	69	20
Recreation Centers (3)	*	*	*	*	*	*	10	10	10	12	12
Stadiums	*	*	*	*	*	*	8	8	8	8	5
Pools (3)	*	*	*	*	*	*	14	15	15	16	18
Tennis Locations (3)	*	*	*	*	*	*	10	10	10	9	8
Dog Run	*	*	*	*	*	*	1	1	1	1	1
<b>Roads:</b>											
Miles of roads maintained	*	*	*	*	*	1,652	1,652	1,652	1,652	1,652	1,547

Sources: City of New Orleans Police, Fire, Recreation, Recreation, and Public Works Departments.

(1) Location where paid staff delivers programs

(2) No paid staff to provide structured programs

(3) Includes at least one facility that is not operational

\* Information not available for these years.

CITY OF NEW ORLEANS, LOUISIANA

Operating Indicators by Function  
Last Ten Fiscal Years

(unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police Department:</b>										
Response to Phone Emergencies	189,436	163,135	215,336	311,949	228,482	280,696	191,719	181,290	*	*
911 Responses	433,926	416,665	427,833	481,902	565,888	642,653	589,317	585,662	*	*
Field Operations Bureau Investigations clearance rate for crimes against persons	*	*	*	43%	41%	40%	40%	34%	37%	41%
Field Operations Bureau Investigations clearance rate for crimes against property	*	*	*	13%	15%	13%	14%	16%	17%	18%
Number of Driving While Intoxicated (DWI) arrests	*	*	*	1,624	1,232	1,392	1,473	1,214	*	*
<b>Fire Department:</b>										
Response to Phone Emergencies	32,436	31,828	31,460	27,755	26,890	29,811	25,409	26,056	*	*
911 Responses	9,712	8,581	8,027	8,544	8,695	9,542	8,316	8,701	*	*
Number of commercial and industrial structures inspected	*	*	*	2,854	3,395	3,872	4,872	5,817	7,180	*
Percent of response times under 6 minutes 20 seconds	*	*	*	79%	73%	74%	74%	71%	69%	67%
<b>EMS:</b>										
Response to Phone Emergencies	37,324	28,306	26,373	25,823	23,041	26,716	21,118	25,420	*	*
911 Responses	31,224	40,048	45,825	50,597	56,740	70,690	60,181	64,529	63,975	67,532
Percent of Emergency Medical Service responses for acute cases within 12 minutes*	*	*	*	81%	77%	76%	80%	74%	72%	66%
<b>Law</b>										
Number of public records requests completed	*	*	*	573	563	1047	891	1,080	1,249	1,669
Number of tax and public nuisance cases filed before the ABO Board	*	*	*	227	324	268	224	122	159	172
<b>Sanitation</b>										
Garbage Tonnage Collected	221,564	192,626	179,068	164,238	173,333	164,556	180,728	*	*	*
Number of illegal dumping sites cleared	*	*	*	1,013	972	2,135	2,832	1,916	1,951	*
Number of tons of recyclable material collected	*	*	*	3,627	6,138	6,650	7,317	7,300	7,102	7,220
<b>Public Works</b>										
Number of potholes filled	*	*	*	53,309	60,401	31,263	25,168	78,054	116,593	71,290
Number of catch basins cleaned	*	*	*	3,339	5,364	2,839	3,178	7,611	7,382	19,131
Number of streetlight outages restored	*	*	*	10,925	12,500	19,356	3,687	9,180	10,879	5,078
Number of parking citations	*	*	*	302,653	290,214	315,778	257,274	338,477	320,925	332,740
Number of tows	*	*	*	12,499	11,093	14,480	17,578	17,055	13,403	10,731
Number of boots	*	*	*	4,399	6,702	7,489	7,632	11,833	10,517	10,924
<b>Capital Projects</b>										
Percent of projects delivered on schedule	*	*	*	79%	80%	79%	79%	82%	78%	81%
<b>Property Management</b>										
Number of work order requests completed	*	*	*	2,551	2,855	3,691	3,774	2,915	3,377	3,590
Percent of work orders/service requests completed within 30 days	*	*	*	68%	83%	91%	92%	94%	93%	98%
<b>Code Enforcement</b>										
Number of Code Enforcement inspections	*	*	*	23,523	11,931	15,193	16,539	14,280	*	*
Number of properties brought to hearing	*	*	*	4,701	3,261	3,111	4,010	3,365	2,069	1,628
Number of blighted properties brought into compliance	*	*	*	946	642	836	1,041	887	*	633
Number of blighted units demolished	*	*	*	2,030	1,234	329	212	180	185	265
<b>New Orleans Recreation Development Commission</b>										
Number of youth athletic program registrants	*	*	*	8,113	7,998	7,561	7,876	*	*	*
Number of cultural events offered	*	*	*	45	76	57	103	*	*	*
<b>Parks &amp; Parkways</b>										
Number of acres mowed	*	*	*	19,681	19,485	19,795	18,801	20,800	23,200	25,188
Number of emergency tree service requests completed	*	*	*	629	1,061	915	447	598	600	649
<b>Library</b>										
Number of items circulated (checked-out)	*	*	*	880,638	1,141,002	1,067,472	1,143,210	1,182,500	1,148,435	1,200,432
<b>Information Technology &amp; Innovation</b>										
Call abandonment rate for the Service Desk	*	*	*	25%	16%	9%	13.20%	7.90%	6.71%	9.23%
Percent of critical ITI projects delivered on schedule	*	*	*	53%	70%	67%	61%	58%	67%	67%
<b>Equipment Maintenance Division</b>										
Number of gallons of fuel dispensed	*	*	*	1,903,872	1,786,898	1,676,255	1,600,663	1,604,600	1,594,261	1,532,877

Sources: Orleans Parish Communication District and Office of Performance and Accountability

\* Information not available.

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**CITY OF NEW ORLEANS**

**SINGLE AUDIT REPORT**

**DECEMBER 31, 2017**

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Postlethwaite & Netterville

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**CITY OF NEW ORLEANS**

**SINGLE AUDIT REPORT**

**DECEMBER 31, 2017**

**CITY OF NEW ORLEANS**  
**New Orleans, Louisiana**

Single Audit Report

December 31, 2017

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

The Honorable Mayor and Members  
City Council of the City of 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2018.

Our report includes a reference to other auditors who audited the financial statements of the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Downtown Development District, the Orleans Parish Hospital Service District A, the Employees' Retirement System of the City of New Orleans, New Orleans Building Corporation, and the Board of Liquidation, City Debt, as described in our report on the City's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. In addition, this report does not include the results of our testing of internal control over financial reporting or compliance and other matters that are reported on separately by us: Sewerage and Water Board of New Orleans, Louis Armstrong New Orleans International Airport, Firefighters' Pension and Relief Fund of the City of New Orleans, and Police Pension Fund of the City of the New Orleans.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, indexed as 2017-001, 2017-003, and 2017-004 to be material weaknesses.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs, indexed as 2017-002 and 2017-005 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-006.

### **City's Response to Findings**

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

### **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  
June 29, 2018

**INDEPENDENT AUDITOR'S 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**

The Honorable Mayor and Members  
City Council of the City of New Orleans, Louisiana:

**Report on Compliance for Each Major Federal Program**

We have audited the City of New Orleans' (the City) 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 City's major federal programs for the year ended December 31, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the New Orleans Tourism Marketing Corporation, Orleans Parish Communication District, Audubon Commission, French Market Corporation, Downtown Development District, Orleans Parish Hospital Service District A, New Orleans Building Corporation, Board of Liquidation, City Debt, and Sewerage and Water Board of New Orleans, which are not included in the City's schedule of expenditures of federal awards during the year ended December 31, 2017. Our audit, described below, did not include the operations of these component units because the component units engaged other auditors to perform an audit of compliance.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City'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 City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion of Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-007 and 2017-008. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control over Compliance**

Management of the City 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 City'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 City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.



Postlethwaite & Netterville

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2017-007 to be a significant deficiency.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 29, 2018, which contained unmodified opinions on the financial statements of the governmental activities, each major fund, and aggregate remaining fund information, and a qualified opinion on the aggregate discretely presented component units. 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 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 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  
June 29, 2018

**CITY OF NEW ORLEANS**  
New Orleans, Louisiana

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS- THROUGH ENTITY'S NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL ACTIVITY
<b><u>U.S. Department of Agriculture</u></b>				
<b><u>Pass-Through Awards</u></b>				
State of Louisiana				
Department of Social Services:				
Special Supplemental Nutrition Program for Women, Infants and Children - Administrative Costs	10,557	CFMS733855	\$ -	\$ 717,136
Special Supplemental Nutrition Program for Women, Infants and Children - Food Issuance	10,557	N/A	-	3,526,091
Total Special Supplemental Nutrition Program			-	4,243,227
Department of Labor:				
State Administrative Matching Grants for the				
Supplemental Nutrition Assistance Program	10,561	LWDBLAJET16, LWDLAJET17	150,103	295,810
Subtotal - Awards from Pass-Through Entities			150,103	4,539,037
Total U.S. Department of Agriculture			150,103	4,539,037
<b><u>U.S. Department of Commerce</u></b>				
<b><u>Pass-Through Awards</u></b>				
State of Louisiana				
Department of Natural Resources:				
Coastal Zone Management Administration	11,419	2515-06-07, 2515-07-07, 2515-08-06, 2515-10-02, 2515-13-05, 2516-12-05	-	28,716
Subtotal - Awards from Pass-Through Entities			-	28,716
Total U.S. Department of Commerce			-	28,716
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b><u>Direct Awards</u></b>				
Community Development Block Grant/ Entitlement Grants	14,218	VARIOUS	1,426,710	10,672,742
Emergency Solutions Grants Program	14,231	VARIOUS	942,872	1,064,440
Home Investment Partnerships Program	14,239	VARIOUS	5,264,009	6,189,115
Housing Opportunities for Persons with AIDS ARRA - Federal American Recovery Act	14,241	VARIOUS	2,425,919	4,201,968
Continuum Care Program	14,267	LA0054L6H031508, LA0054L6H031609	257,794	572,378
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster				
Hurricane Sandy Community Development Block Grant				
Disaster Recovery Grants	14,269	B-13-MS-22-0001	-	449,099
National Disaster Resilience Competition	14,272	B-13-MS-22-0002	-	425,113
Total CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster			-	874,212
Subtotal - Direct Awards			10,317,304	23,574,855
<b><u>Pass-Through Awards</u></b>				
State of Louisiana				
Office of Community Development				
Disaster Community Development Block Grant	14,228	CFMS 661158, CFMS 702122, CFMS 710424, CFMS 719799, CFMS 732761 & Various others	6,206,609	12,824,135
Emergency Solutions Grants Program	14,231	LHA1134103, SESG15-17	-	49,149
Subtotal - Awards from Pass-Through Entities			6,206,609	12,873,284
Total U.S. Department of Housing and Urban Development			16,523,914	36,448,139

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

**CITY OF NEW ORLEANS**  
**New Orleans, Louisiana**

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS- THROUGH ENTITY'S NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL ACTIVITY
<u>U.S. Department of Justice</u>				
<u>Direct Awards</u>				
Community-Based Violence Prevention Program	16.123	2015-PB-FX-K006	-	98,006
OVW Technical Assistance Initiative	16.526	2015-WE-AX-K002	-	86,510
Supervised Visitation and Safe Havens for Children	16.527	2013FLAXK015	105,809	116,049
National Institute of Justice Research, Evaluation, & Development Project Grants	16.560	2014DNBXK069	-	33,876
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2013WEAX0017	-	54,497
Project Safe Neighborhoods	16.609	2014GPBX0019	-	28,550
ARRA - Public Safety Partnership and Community Policing	16.710	2014ULWX0033,	-	805,598
		2015ULWX0018		
		2014DJBX1112,		
		2015DJBX0660,		
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2013DEBXK029,	-	210,636
		2016DJBX0251		
Criminal and Juvenile Justice and Mental Health Collaboration	16.745	2016MOBX0016	-	18,278
		2013RVBX0006,		
		2015CZBX0028		
Second Chance Act Reentry Initiative	16.812	2012NYFXK008,	-	72,819
National Forum on Youth Violence Program	16.819	2013MOBX0028	-	37,964
National Sexual Assault Kit Initiative	16.833	2015AKBXK013	-	199,414
Equitable Sharing Program	16.922	15-5042-0-2-752	-	209,083
Subtotal - Direct Awards			105,809	1,971,280
<u>Pass-Through Awards</u>				
State of Louisiana				
Commission on Law Enforcement:				
Crime Victim Assistance	16.575	2015-VA-GX-0003, 2016- VA-GX-0074	-	106,873
ARRA - Violence Against Women Formula Grants	16.588	2016-WF-AX-0041	-	80,102
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-MU-BX-1078, 2015- MU-BX-0471, 2016-MU-BX- 0059	-	47,184
		2016-CD-BX-0020		
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2016-CD-BX-0020	-	13,948
Subtotal - Awards from Pass-Through Entities			-	248,107
<b>Total U.S. Department of Justice</b>			105,809	2,219,387

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

**CITY OF NEW ORLEANS**  
**New Orleans, Louisiana**

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS- THROUGH ENTITY'S NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL ACTIVITY
<b><u>U.S. Department of Labor</u></b>				
<b><u>Direct Awards</u></b>				
Workforce Innovation Fund	17.283	IF-26350-14-60-A-22	605,958	1,212,353
Subtotal - Direct Awards			605,958	1,212,353
<b><u>Pass-Through Awards</u></b>				
State of Louisiana				
Department of Labor:				
WIA/WIOA Cluster				
WIA/WIOA Adult Programs	17.258	AA-102250-00- 50/2000126796/2000190374	564,889	1,330,278
WIA/WIOA Youth Activities	17.259	AA-102250-00- 50/2000126796/2000190374	282,665	1,187,960
WIA/WIOA Dislocated Worker Formula Grants	17.278	2000126796, 2000190374, I.WIOA121D17	270,500	596,095
Total WIA/WIOA Cluster			1,118,053	3,114,337
Subtotal - Awards from Pass-Through Entities			1,118,053	3,114,337
Total U.S. Department of Labor			1,724,011	4,326,690
<b><u>U.S. Department of Transportation</u></b>				
<b><u>Direct Awards</u></b>				
ARRA - Airport Improvement Program - New Orleans Aviation Board	20.106	VARIOUS	-	28,932,281
Public Transportation Research, Technical Assistance, and Training	20.514	LA-26-7010-00	-	220,535
Subtotal - Direct Awards			-	29,152,816
<b><u>Pass-Through Awards</u></b>				
State of Louisiana				
Department of Transportation:				
State and Community Highway Safety Grants				
State and Community Highway Safety Grants	20.600	others H.006568, H.010576, H.006567, H.009308, H.007259, H.004712, H.007265	-	574,051
Highway Planning and Construction Department of LA Highway Safety Grants	20.205	2016-30-36, 2017-30-42, 2018-30-42	-	5,880,367
State and Community Highway Safety Grants	20.600	50155018, H012249	-	105,941
Alcohol Open Container Requirements	20.607		-	91,092
Minimum Penalties for Repeat Offenders for Driving While Intoxicated			-	27,115
Subtotal - Awards from Pass-Through Entities			-	6,678,566
Total U.S. Department of Transportation			-	35,831,382

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

**CITY OF NEW ORLEANS**  
**New Orleans, Louisiana**

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS- THROUGH ENTITY'S NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL ACTIVITY
<b><u>U.S. Environmental Protection Agency</u></b>				
<b><u>Direct Awards</u></b>				
ARRA - New Orleans Brownsfield Project - Site Assessment and Brownfields Assessment and Cleanup	66,818	BF96661901-0, BL996933010	-	907,433
Subtotal - Direct Awards			-	907,433
<b>Total U.S. Environmental Protection Agency</b>			-	907,433
<b><u>U.S. Department of Energy</u></b>				
<b><u>Direct Awards</u></b>				
Energy Efficiency and Conservation Grant	81,128	DE-EE0000732	-	117,758
Subtotal - Direct Awards			-	117,758
<b>Total U.S. Department of Energy</b>			-	117,758
<b><u>U.S. Department of Health and Human Services</u></b>				
<b><u>Direct Awards</u></b>				
Consolidated Health Centers - Healthcare for the Homeless	93,224	5H80CS0037-15-00, 6H80CS0037-16-09	131,459	2,500,995
Center for Disease Control and Prevention-Asthma, Diabetes and Obesity		2H89HA00035-22-00, 6H89HA00035-23-01		
HIV Emergency Relief Project Grant - Ryan White Program	93,914	5H49MC00099-16-01, 5H49MC00099-17-01	4,140,361	8,616,083
Healthy Start Initiative - Great Expectations Program	93,926	179SM063337-01	612	1,480,027
Substance Abuse and Mental Health Services	93,243		366,621	578,322
Subtotal - Direct Awards			4,639,053	13,175,427
<b><u>Pass-Through Awards</u></b>				
State of Louisiana Department of Health and Hospitals:				
Injury Prevention and Control Research and State Community Based Programs	93,136	200217616	-	28,420
Hospital Preparedness Program (HPP) & Public Health Emergency Preparedness	93,074	CFMS #115080, 2000211907 CFMS#732939, CFMS#732343	-	2,494
Public Health Emergency Preparedness	93,069		-	16,208
Affordable Care Act Maternal, Infants, & Early Childhood Home Visiting Program	93,505	2000169104	-	6,967
National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93,008	1 HITEP150032-01-00	-	17,542
Non-ACA/PPHF-Building of the Public Health System to Improve Population Health through National Nonprofit Organization	93,424	6NU380T000172-04-02	-	3,350
Conference of Radiation Control: Environmental Public Health & Emergency Response	93,070	UE1EH000969	-	24,938
Department of Labor: Temporary Assistance for Needy Families	93,558	2000128926, LWDASTEP16	159,774	240,692
Louisiana Hospital Association: National Bioterrorism Hospital Preparedness Program	93,889	EMS-HSS-16-17	-	9,988
Subtotal - Awards from Pass-Through Entities			159,774	350,599
<b>Total U.S. Department of Health and Human Services</b>			4,798,827	13,526,026

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

**CITY OF NEW ORLEANS**  
**New Orleans, Louisiana**

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA or OTHER NUMBER	PASS- THROUGH ENTITY'S NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL ACTIVITY
<b>U.S. Department of Homeland Security</b>				
<b>Direct Awards</b>				
Assistance to Firefighters Grant	97.044	VARIOUS	-	65,435
Subtotal - Direct Awards			-	65,435
<b>Pass-Through Awards</b>				
State of Louisiana				
Governor's Office of Homeland Security:				
Flood Mitigation Assistance	97.029	FMA-PJ-06-LA-2013-004	-	60,629
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	071-55000 & VARIOUS OTHERS 1603DR-LA-00175, 16030710006, 1603X0710043, 1603- 0710020, 1603-0710036, 4080-071-002, 1603X-071- 0034, FEMA 1603-DR-LA- 0432, FEMA 1603-DR-LA- 0429, 1603-DR-LA-0433 &	-	54,255,854
Hazard Mitigation Grant	97.039	EMT-2016-EP-00003-S01	4,157,047	8,322,076
Emergency Management Performance Grant	97.042	2010EOMX0020	-	50,417
Emergency Operations Center	97.052	EMW2014SS007SS01, EMW2015SS0043S01, EMW2017SS0058S01	-	33,118
Homeland Security Grant Program	97.067	SRLPJ06LA2010007, SRLPJ06LA2012009	-	92,554
Severe Repetitive Loss Program	97.110		175,245	234,466
Subtotal - Awards from Pass-Through Entities			4,332,292	63,049,114
<b>Total U.S. Department of Homeland Security</b>			4,332,292	63,114,549
<b>Total Expenditures of Federal Awards</b>			<b>\$ 27,634,956</b>	<b>\$ 161,059,117</b>

See Independent Auditors' Report and the Notes to the Schedule of Expenditures of Federal Awards.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2017

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of the federal awards of the City of New Orleans (the City). 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 City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**(2) Summary of Significant Accounting Policies**

Grant expenditures in the Schedule are generally recognized under the accrual basis of accounting when the related liability is incurred, if measurable. Vacation and sick leave are recognized when paid. Current grant expenditures include direct expenditures and expenditures of federal awards passed through other governmental agencies. Expenditures are recognized following the cost principles contained in the Uniform Guidance.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The preparation of the Schedule in conformity with accounting principles generally accepted in the United States of America requires management to make certain assumptions that affect the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

**(3) De Minimus Cost Rate**

During the year ended December 31, 2017, the City did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

**(4) Ineligible, Disallowed, and Questioned Costs**

The City is subject to audit by federal agencies or their designees for compliance with contractual and programmatic requirements with regard to federal programs administered by the City. The determination of whether any instances of noncompliance that will ultimately result in the remittance of any ineligible or disallowed costs cannot be presently determined. Accordingly, no provision or adjustment has been made to the Schedule of Expenditures of Federal Awards. When applicable, the repayment of any remaining ineligible and disallowed costs shall be funded from non-federal funds.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2017

**(5) Housing and Urban Development Section 108 Loans**

The City has entered into contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, with the Secretary of United States Department of Housing and Urban Development (HUD) as guarantor. The City received these loans in order to fund its commitments to Jazzland and American Can. During the years prior to and as of December 31, 2005, \$25,300,000 was disbursed to Jazzland and \$5,000,000 was disbursed to the American Can Project.

As of December 31, 2017, the balance due to HUD by the City in the amount of \$870,000 is recorded as a payable in the City's financial statements but is not reflected in the Schedule of Expenditures of Federal Awards. Pursuant to the requirements of Uniform Guidance, loans, the proceeds of which were received and expended in prior years, are not considered federal awards expended when the laws, regulations, and the provisions of contracts of grant agreements pertaining to such loans impose no continuing compliance requirements other than to repay the loan. As such, the balance due HUD of \$870,000 is not included in the Schedule of Expenditures of Federal Awards.

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(1) **Summary of Independent Auditors' Results**

- (a) The type of report issued on the basic financial statements: **Unmodified opinions for governmental activities, each major fund, and aggregate remaining fund information; Qualified opinion for the aggregate discretely presented component units**
- (b) Significant deficiencies in internal control were disclosed by the audit of the basic financial statements: **Yes**; Material weaknesses: **Yes**
- (c) Noncompliance which is material to the basic financial statements: **No**
- (d) Significant deficiencies in internal control over major program: **Yes**; Material weaknesses: **No**
- (e) The type of report issued on compliance for major program: **Unmodified Opinion**
- (f) Did the audit disclose any audit findings which the independent auditor is required to report in accordance with 2 CFR 200.516(a)? **Yes**
- (g) Major programs:
  - CFDA No. 14.239 – HOME Investments Partnerships Program
  - CFDA No. 14.241 – Housing Opportunities for Persons with AIDS
  - CFDA No. 17.258, 17.259, 17.278 – Workforce Innovation and Opportunity Act cluster
  - CFDA No. 97.036 – Disaster Grants - Public Assistance (Presidentially Declared Disasters)
  - CFDA No. 20.205 – Highway Planning and Construction
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee under the Uniform Guidance: **No**

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(2) Findings relating to the financial statements that are required to be reported in accordance with Government Auditing Standards

2017-001 Information Technology

Criteria: General controls are policies and procedures that relate to many applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. General controls commonly include controls over data center and network operations; system software acquisition and maintenance; access security; and application system acquisition, development, and maintenance.

Condition: While the City did improve its documentation of policies, procedures and related controls, we continued to note conditions that indicate weaknesses in the City's information technology general controls relating to access security.

Context: We noted the following conditions during our audit:

- Certain employees have user access rights that allow them to approve the same transaction that they initiate.
- Non-IT personnel have administrative access in the general ledger and revenue collection purchasing systems.
- It was noted that for the Mainframe, developers have access to production. In addition, an employee who migrates changes to production also has developer capabilities.
- Mainframe security settings only require a minimum password length of 4 characters. BuySpeed requires a password between 5 and 8 characters and does not enforce any complexity or expiration on passwords. Per discussion with the City, the current version of BuySpeed does not allow for more enhanced password settings.
- In testing performed for a sample terminated employees, it was noted that several terminated employees were still active in Great Plains, the Active Directory, or BuySpeed.

Cause: The City does not have adequate documented policies, procedures, and related controls for Information Technology (IT) general controls.

Effect: Failure to ensure adequate general controls are in place and operating effectively could impact proper operation of, and appropriate access to, information systems.

Identification of a repeat finding: This is a repeat finding from the previous audit, 2016-001.

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(2) Findings relating to the financial statements that are required to be reported in accordance with Government Auditing Standards (continued)

2017-001 Information Technology (continued)

Recommendation: The City should formalize and document IT policies and procedures, including the following:

- Evaluate upgrading to supported versions of in-scope software and evaluate additional controls that could be implemented to mitigate the risk involved in utilizing unsupported financial software.
- User access for terminated employees should be deleted or disabled for all systems.
- Mainframe security settings should be changed to a minimum of 8 characters in order to match current best practices. BuySpeed password limitations should be reviewed to determine if other mitigating controls can be put in place due to the program's current limitations.
- Developers should not have access to production. When unable due to the nature of the system or lack of resourced, mitigating controls should be in place to compensate for the lack of access controls.
- Management should review administrative access and access to post journal entries in Great Plains to verify access is restricted to authorized personnel. In addition, such access should be reviewed by management on a periodic basis to confirm for appropriateness.
- Management should evaluate the current list of Administrators for all systems and determine if a business requirement exists for end users to have elevated privileges. If no business need exists, user access should be changed to reflect a minimum need requirement and Administrator level access should be changed to non-end users in IT for segregation of duty purposes.

Management's  
Response:

Management concurred with the finding and outlined a corrective action (see pages 25-27).

**CITY OF NEW ORLEANS, LOUISIANA**

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

**(2) Findings relating to the financial statements that are required to be reported in accordance with Government Auditing Standards (continued)**

**2017-002 Accounts Payable**

Criteria: The City should have systems of internal accounting control, which provide for preparation of the financial statements in accordance with U.S. generally accepted accounting principles.

Condition: The City did not have adequate process and controls in place to ensure expenditures were reported timely in the proper period.

Context: While the City devoted significant resources to adjusting accounts payable during 2017 and 2018, we observed unrecorded invoices during our testing, and the City identified invoices in 2017 that should have been recorded in accounts payable in 2016.

Cause: The City Departments do not communicate the status of outstanding invoices to accounting for proper recording in a timely manner.

Effect: The City recorded significant adjustments to properly reflect accounts payable after year-end.

Identification of a repeat finding: This is a repeat finding from the previous audit, 2016-002.

Recommendation: The City should implement procedures and controls to ensure accounts payable is properly reported on a timely basis at year-end.

Management's Response: Management concurred with the finding and outlined a corrective action (see pages 25-27).

**2017-003 Capital Assets**

Criteria: The City has a significant amount of capital assets, including construction-in-progress (CIP) and infrastructure. The City should have systems of internal accounting control, which provide for proper accounting and financial reporting for capital assets.

Condition: The City did not have adequate policies, procedures, and internal controls in place to ensure capital assets were fairly stated in its financial statements on a timely basis.

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(2) Findings relating to the financial statements that are required to be reported in accordance with Government Auditing Standards (continued)

2017-003 Capital Assets (continued)

Context: During testwork, we noted the following weaknesses in the internal control structure over the capital asset accounting function:

- The City does not perform a timely review of all projects in CIP; therefore, projects are not closed out timely and transferred to a depreciable asset.
- The City identified additional projects in CIP that should have been closed to property in prior years.
- Certain CIP balances represented noncapitalizable projects that had to be expensed.

Cause: The City has not performed procedures to ensure capital assets are properly and timely recorded in the financial statements.

Effect: Material adjustments were posted by the City to the capital asset balances.

Identification of a repeat finding: This is not a repeat finding.

Recommendation: The City should develop and implement policies and procedures, and related internal controls to ensure capital assets are fairly stated and properly reported in the financial statements. These City controls should include maintaining accurate and complete capital asset listings and appropriate reviews of depreciable assets and CIP balances by project during the year to ensure proper accounting and financial reporting.

Management's Response: Management concurred with the finding and outlined a corrective action (see pages 25-27).

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(2) Findings relating to the financial statements that are required to be reported in accordance with Government Auditing Standards (continued)

2017-004 Reporting Litigation and Claims

Criteria:	The City should have systems of internal accounting control which provides for proper accrual of the City's estimated liability for litigation and claims.
Condition:	The City does not have adequate controls in place to ensure litigation and claims are properly recorded in the financial statements.
Context:	The City Attorney's Office provides detailed listings of its litigation and claims in addition to written summaries of large cases to support the City's accrual and disclosure. During our audit, we noted that the case listings required significant adjustments based on the written summaries provided by the City Attorney's Office. In addition, a legal representation letter obtained from an outside attorney included significant litigation that was not included on the case listings or in the written summaries of large cases provided by the City Attorney's Office.
Cause:	The litigation and claims listings are not updated on a timely basis to properly record or disclose litigation and claims.
Effect:	The City recorded significant adjustments to properly accrue the litigation and claims liability in accordance with U.S. generally accepted accounting principles.
Identification of a repeat finding:	This is not a repeat finding.
Recommendation:	The City should implement procedures for the timely preparation and review of the litigation and claims records, including comparing the written summaries of large cases to the litigation and claims listings to ensure that the listings are updated with the most current information.
Management's Response:	Management concurred with the finding and outlined a corrective action (see pages 25-27).

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(2) Findings relating to the financial statements that are required to be reported in accordance with Government Auditing Standards (continued)

2017-005 Preparation of the Schedule of Expenditures of Federal Awards

Criteria:	The City should have systems of internal accounting control over financial reporting to provide reasonable assurance that expenditures reported in the Schedule of Expenditures of Federal Awards (SEFA) are accurate, complete, and prepared in a timely manner.
Condition:	The City does not have adequate policies, procedures, and related internal controls to prepare an accurate and complete SEFA on a timely basis and to ensure that expenditures are reported accurately, timely, and in the proper accounting period.
Context:	The City allocates numerous resources to ensure the timely reporting of expenditures; however, we noted that adjustments to record and accrue unpaid invoices subsequent to year-end were necessitated resulting in adjustments to the federal expenditures reported in the SEFA. In addition, we noted expenditures that were not yet obligated (approved) by the grantor that should not be included on the SEFA until the projects are obligated. We also noted expenditures that were paid from non-federal sources of funding that were included on the SEFA.
Cause:	The City's procedures for recording accounts payable do not include sufficient review of subsequent disbursements and unpaid invoices to determine that all accounts payable, have been communicated and transmitted to the accounting department to be properly recorded in a timely manner. In addition, the City's procedures for preparing the SEFA do not include sufficient review of expenditures to exclude all amounts that will not be reimbursed with federal funds or are not yet obligated by the grantor.
Effect:	The City recorded adjustments after year-end that delayed the accurate and timely completion of the SEFA.
Identification of a repeat finding:	This is not a repeat finding.
Recommendation:	We recommend that the City strength internal controls over financial reporting to ensure the accuracy, completeness, and timeliness of recording expenditures report in the SEFA.
Management's Response:	Management concurred with the finding and outlined a corrective action (see pages 25-27).

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(2) Findings relating to the financial statements that are required to be reported in accordance with Government Auditing Standards (continued)

2017-006 Underfunded Retirement Plan

Criteria: The Firefighters' Pension and Relief Fund (the Fund) was created as a single employer plan, for the purpose of providing retirement allowances and other benefits for firefighters of the City of New Orleans. The Fund consists of two systems, the Old System and the New System. The Old System covers firefighters who were employed before January 1, 1968. The New System covers firefighters who were employed after December 31, 1967 or Old System members who have given written application to the Board to elect coverage under the New System.

Condition: As of December 31, 2017 (using the December 31, 2016 actuarial valuation rolled forward to December 31, 2017), the Fund was significantly underfunded. The plan fiduciary net position as a percentage of the total pension liability at December 31, 2017 was 5.7% for the Old System and 10.4% for the New System and the net pension liability at December 31, 2017 was approximately \$141,735,000 for the Old System and \$371,299,000 for the New System based on the most recent actuarial valuation.

Cause: The underfunded pension liability is a result of various factors including losses on certain investments, employer contributions that were less than the actuarially determined contributions, and deductions from the plan (including retirement benefits) exceeding additions to the plan (including contributions). The estimated pension liability and is based on certain actuarial assumptions.

Effect: The assets held in trust are deficient of the amount needed to pay the pension benefits over the long term.

Identification of a repeat finding: This is not a repeat finding.

Recommendation: The City should develop a plan to ensure that the Firefighters' Pension and Relief Fund is adequately funded to pay future benefits. Additional contributions to the Fund from the general fund, benefit changes, or both may be required.

Management's Response: Management concurred with the finding and outlined a corrective action (see pages 25-27).

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

**(3) Findings and Questioned Costs for Federal Awards**

**2017-007 Earmarking**

**Federal Program and Specific Federal Award Identification Number:**

- **14.218 – Community Development Block Grant**

Criteria:	Earmarking requirements of the Community Development Block Grant require (a) not less than seventy percent (70%) of the funds must be used over a period of up to 3 years for activities that benefit low- and moderate-income persons; (b) not more than twenty percent (20%) of the total CDBG grant, plus twenty percent (20%) of program income received during the year may be obligated during the year for activities that qualify as planning and administration; and (c) the amount of CDBG funds obligated during the year for public services must not exceed fifteen (15%) of the grant amount received for that year plus fifteen percent (15%) of the program income received during the preceding program year.
Condition/Context:	During the testing of earmarking compliance, we reviewed the Integrated Disbursement and Information Report, in which indicated that only sixty-five percent (65%) of funds used were to benefit low- and moderate-income persons, which is below the seventy percent (70%) earmarking requirement.
Statistically Valid Sample:	N/A
Cause:	The City did not adhere to budgets set forth to meet the minimum seventy percent (70%) requirement.
Questioned Costs:	For the purposes of this finding, we have not questioned any costs.
Identification of a repeat finding:	This is a repeat finding from the previous audit, 2016-004.
Recommendation:	We recommend the City strengthen internal controls over grant program budgeting to ensure that earmarking requirements are met in accordance with Uniform Guidance Compliance Supplement.
Management's Response:	Management concurred with the finding and outlined a corrective action (see pages 25-27).

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(3) **Findings and Questioned Costs for Federal Awards (continued)**

**2017-008 Reporting**

**Federal Program and Specific Federal Award Identification Number:**

- 17.258, 17.259, 17.278 – WIA/WIOA Adult Program, Youth Activities, Dislocated Worker Formula Grants

Criteria:	Reporting requirements of the WIA/WIOA Cluster Grants require that the Local Grant Recipient electronically report accrued expenditures and obligations on a monthly basis for all programs. As specified in the Louisiana Workforce Commission WIA Expenditure Report Guidance, prior month reports are due no later than the 15 <sup>th</sup> working day of the current month.
Condition/Context:	During the testing of reporting compliance, we reviewed the email submission of the month expenditure reports, in which indicated that four of the reports tested were submitted on the 16 <sup>th</sup> working day of the current month, which is greater than the 15 <sup>th</sup> working day reporting requirement.
Statistically Valid Sample:	N/A
Cause:	The City did not adhere to the time deadline requirement of submission of monthly reports no later than the 15 <sup>th</sup> working day of the current month.
Questioned Costs:	For the purposes of this finding, we have not questioned any costs.
Identification of a repeat finding:	This is not a repeat finding.
Recommendation:	We recommend the City strengthen internal controls over grant program personnel oversight to ensure that reporting requirements are met in accordance with the grant agreement.
Management's Response:	Management concurred with the finding and outlined a corrective action (see pages 25-27).

**CITY OF NEW ORLEANS, LOUISIANA**

Summary Schedule of Prior Audit Findings

Year ended December 31, 2017

**Findings relating to the financial statements that are required to be reported in accordance with Government Auditing Standards**

**2016-001 Information Technology**

Criteria: General controls are policies and procedures that relate to many applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. General controls commonly include controls over data center and network operations; system software acquisition and maintenance; access security; and application system acquisition, development, and maintenance.

Recommendation: The City should formalize and document IT policies and procedures, including the following:

- Certain employees have user access rights that allow them to approve the same transaction that they initiate.
- It was noted that for the Mainframe, developers have access to production. In addition, an employee who migrates changes to production also has developer capabilities.
- An account lockout setting for invalid login attempts to Great Plains is not enforced. Mainframe security settings only require a minimum password length of 4 characters. BuySpeed requires a password between 5 and 8 characters and does not enforce any complexity or expiration on passwords. Per discussion with the City, the current version of BuySpeed does not allow for more enhanced password settings.
- In testing performed for terminated employees, it was noted that one terminated employee was still active in Great Plains. Several terminated employees were active in the Active Directory.
- Non-IT personnel have administrative access in the general ledger and revenue collection purchasing systems.

Status: Not resolved. See repeat Finding 2017-001.

**2016-002 Accounts Payable**

Criteria: The City should have systems of internal accounting control, which provide for preparation of the financial statements in accordance with U.S. generally accepted accounting principles.

Recommendation: The City should implement procedures and controls to ensure accounts payable is properly reported on a timely basis at year-end.

Status: Not resolved. See repeat Finding 2017-002.

CITY OF NEW ORLEANS, LOUISIANA

Summary Schedule of Prior Audit Findings

Year ended December 31, 2017

**Findings and Questioned Costs for Federal Awards**

**2016-003 Cash Management**

**Federal Program and Specific Federal Award Identification Number:**

- 14.228 – Disaster Community Development Block Grant
- 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Criteria: According to the grant agreement with the State of Louisiana, the City should have systems of internal control over cash management to provide reasonable assurance that advances received are disbursed to vendors within seventy-two (72) hours of receipt.

Recommendation: We recommend that the City strengthen controls over cash management to ensure that reimbursement requests drawn in advance are disbursed to vendors within seventy-two (72) hours of receipt.

Status: Resolved.

**2016-004 Earmarking**

**Federal Program and Specific Federal Award Identification Number:**

- 14.218 – Community Development Block Grant

Criteria: Earmarking requirements of the Community Development Block Grant require (a) not less than seventy percent (70%) of the funds must be used over a period of up to 3 years for activities that benefit low- and moderate-income persons; (b) not more than twenty percent (20%) of the total CDBG grant, plus twenty percent (20%) of program income received during the year may be obligated during the year for activities that qualify as planning and administration; and (c) the amount of CDBG funds obligated during the year for public services must not exceed fifteen (15%) of the grant amount received for that year plus fifteen percent (15%) of the program income received during the preceding program year.

Recommendation: We recommend the City strengthen internal controls over grant program budgeting to ensure that earmarking requirements are met in accordance with Uniform Guidance Compliance Supplement.

Status: Not resolved. See repeat Finding 2017-007.

# CITY OF NEW ORLEANS

Mitchell J. Landrieu  
Mayor

Beverly B. Gariepy  
Director of Finance/CFO

June 29, 2018

Postlethwaite & Netterville, APAC  
One Galleria Blvd. Ste. 2100  
Metairie, Louisiana 70001

## **Responses to 2017 Financial Statement Audit Findings**

### **2017-001 information Technology**

While we maintain that most of the finding will be eliminated through implementation of the City's recently procured enterprise resource planning system (ERP), the City's Office of Information Technology & Innovation (ITI) has made progress towards mitigating risks in the interim:

- We are aware of the mainframe operating deficiencies and are moving forward with retirement of the system. In early 2017, we retired the mainframe Public Safety applications and the associated staff which operated from the mainframe, leaving only the financial applications in production. Once the ERP is implemented, ITI should be able to retire the Mainframe System.
- ITI continues to monitor and document access control of the Finance applications. ITI and Finance have developed a review process whereby ITI proactively reviews any changes in access controls with Finance to ensure access is appropriate. This process was implemented in the 4<sup>th</sup> quarter of 2016 and is performed as needed. While ITI has not had any need to review access controls since this process began, we do create regular reports that we review to determine if access control has changed.
- ITI performs weekly vulnerability scans to legacy systems to prevent any type of malicious data loss. Neither the server nor database platforms can be upgraded until we implement the aforementioned ERP system.
- Disaster Recovery has been tested periodically in 2017 and we have created a separate backup facility at Venyu in Baton Rouge.
- IT Policies and Procedures have been completed in the form of the WISP (Written Information Security Plan).

### **2017-002 Accounts Payable**

The City of New Orleans departments are required to submit invoices for payment on a timely basis before the year-end close. Additionally, the accounting department sent out requests to all departments asking them to provide a listing of unpaid invoices from the previous year. To further obtain third party verification, the City has sent out several confirmations to vendors requesting they itemize any outstanding invoices that a department may not have submitted for payment. The accounting department will then use the results from these confirmations to properly record payables.

Although the departments are required to submit invoices for payment on a timely basis. The process to track and pay invoices is manual, and the City does not currently have a centralized electronic system to accumulate invoices prior to the departmental submission for payment. In response to the lack of an electronic system, the City has begun the implementation of an enterprise resource planning system. It is expected the new ERP system will include the necessary controls and industry best practices to facilitate timely and accurate recording of accounts payables.

#### **2017-003 Capital Assets**

In July-2017, The City began an extensive process of researching Building Improvements and Infrastructure projects with remaining balances in CIP, creating a new database specifically designed for tracing to the Fixed Assets register. It greatly improved the way current year transfers were reported in Fixed Assets. For the amounts that are the remaining balances of the projects submitted at the 90% substantial completion mark, the process involves tracing assets "upstream" to the Fixed Asset register and identifying discrepancies between the assets and the corresponding records. Conversely, the City has been applying "downstream" testing - tracing a sample of assets appearing on asset listings back "downstream" to the actual asset transactions themselves, in order to identify any discrepancies. In the current year, the City was able to identify and transfer \$15M in prior year assets. We hope to satisfactorily complete more by year end. The new ERP will provide a greater ability to properly transfer assets at the "push of a button", rendering the manual systems of tracing CIP and entering Fixed Assets obsolete and interactively allowing for the research of CIP balances."

#### **2017-004 Reporting Litigation and Claims**

The City has worked to improve its policies and procedures in an effort to ensure the timely preparation and review of its litigation and claims records. This includes communicating to relevant personnel the importance of fully complying with policies currently in place to ensure that litigation and claims listings are updated with the most current information. Each attorney receives detailed instructions on reviewing and reporting cases with possible exposure exceeding \$50,000. Changes and reports are due by November 30th, and updated prior to December 31st of the audited year. From January 1st until reports are requested, and during the audit period ending in June of the following year, attorneys are advised to report any changes in assessed liability and such changes are then reported to the auditor. We note, however, there can be delay in reporting from the time a matter is actually settled, until actual receipt of a signed judgment from the Court. Additionally, attorneys may anticipate an appeal on a judgment and may not report a matter until the time for appeal delays has lapsed. The City will continue working to improve its policies and procedures in order to timely review and report its claims.

#### **2017-005 Preparation of the Schedule of Expenditures of Federal Awards**

The City of New Orleans Departments are required to submit invoices for payment on a timely basis before the year-end close. Additionally, the accounting department sent out requests to all departments asking them to provide a listing of unpaid invoices from the previous year. To further obtain third party verification, the City has sent out several confirmations to vendors requesting they itemize any outstanding invoices that a department may not have submitted for payment. The accounting department will then use the results from these confirmations to properly record payables.

Although the departments are required to submit invoices for payment on a timely basis. The process to track and pay invoices is manual, and the City does not currently have a centralized electronic system to accumulate invoices prior to the departmental submission for payment. In response to the lack of an electronic system, the City has begun the implementation of an enterprise resource planning system. It is expected the new ERP system will include the necessary controls and industry best practices to facilitate timely and accurate recording of accounts payables.

**2017-006 Underfunded Retirement Plan**

The City will work with the plan's governing body and current stakeholders to make decisions and take the necessary steps to place the Firefighter's Pension and Relief Fund on the path to a more sustainable course going forward.

**2017-007 Earmarking**

**14.218 – Community Development Block Grant**

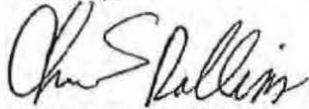
The City will advertise a Notice of Funding Availability (NOFA) for CDBG projects that will focus on housing projects that benefit low-and-moderate income persons. The NOFA will be advertised no later than December 31, 2018.

**2017-008 Reporting**

**17.258, 17.259, 17.278 – WIA/WIOA Adult Program, Youth Activities, Dislocated Worker Formula Grants**

The grant program personnel will work with accounting to strengthen internal controls over program oversight to ensure that all reports are submitted in accordance with the grant agreement.

Sincerely,



Charlene S. Rollins  
Comptroller



The Honorable Mayor and Members  
City Council of the City of New Orleans, Louisiana:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City) as of and for the year ended December 31, 2017, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2018. In planning and performing our audit of the financial statements of the City, we considered internal control as a basis for designing our auditing procedures 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

### **2017 Comments**

#### **2017-1 Purchase Order Approval**

*Observation:* In our testing of the City's disbursements from the Great Plains software for 2017, we noted 14 instances out of 60 disbursements in which purchase orders were not approved until after the purchase was made.

*Recommendation:* The City should implement processes and procedures to ensure that purchase orders are approved in accordance with the City's purchasing procedures before a purchase is made.

*Management's Response:* The City will continue our efforts to tighten up controls to ensure purchase orders are approved in accordance with our Policies. The City has begun the implementation of a new accounting system. The new system will facilitate the management and control of the purchase order approval process.

#### **2017-2 Supporting Documentation for Account Balances**

*Observation:* The City provided supporting documentation for account balances as requested by the auditors. However, documentation for certain accounts did not agree to the account balances per the trial balance, and as a result, revised schedules were provided by the City.

*Recommendation:* The City should implement processes and procedures to ensure that supporting documentation agrees to account balances per the trial balance.

2017-2 Supporting Documentation for Account Balances (continued)

*Management's Response:* The City will implement processes and procedures to ensure that supporting documentation agrees to account balances per the trial balances going forward. Additionally, the City has begun the implementation of a new accounting system. The City anticipates the new accounting system will aid in the ability to provide adequate supporting documentation for account balances per the trial balances and eliminate the need to revise schedules once submitted to the auditors.

2017-3 Capital Assets

*Observation:* The City does not perform a complete inventory of its non-street assets, including buildings and other infrastructure that are included in their capital asset listing. The City's detail property records do not always include sufficient information to specifically identify property items.

*Recommendation:* The City should perform a complete inventory of its non-street assets included in the capital assets listing and provide detailed descriptions for each of the items.

*Management's Response:* The City does track new additions to Fixed Assets. The City has begun the implementation of a new accounting system which contains a fixed asset module.

2017-4 Timeliness of Deposits

*Observation:* The City receives cash and checks at multiple locations. At some locations, cash is not deposited daily. This practice opens the City to the threat of a loss or theft of cash while it is on the premises. In addition, the date that check payments are received is tracked by the check date and not the actual date of receipt causing potential errors in reconciling cash balances.

*Recommendation:* The City should implement policies and procedures to require daily deposits of cash and checks received. In addition, the City should implement policies and procedures to properly track when payments are received.

*Management's Response:* The City will review current policies related to the receipt and deposit of cash and checks to strengthen internal controls associated with the collection of cash and minimize the risk of loss or theft of cash while it is on premises. Additionally, the City is in the process of performing a review of the need to deploy our current automated cash collection system currently centralized and functioning in the department of Treasury to decentralized areas within the city which frequently collect cash. The results of this analysis and subsequent actions along with the implementation of a new ERP system will allow the city to properly track payments when they are received.

#### 2017-5 Authorization for Overtime

*Observation:* The City does not obtain approval for excess overtime prior to occurrence in accordance with Civil Service Rule IV, Section 9.7 (a). The rule states that requests for exemptions should be requested when an employee or department is projected to exceed the weekly overtime limits. The City requested exemption in November 2017 for employees that had exceeded the limits in 2017.

*Recommendation:* The City should implement policies and procedures to track employee overtime to ensure that the proper approval is obtained for all employees that may exceed the overtime limits in advance of meeting the limits.

*Management's Response:* Effective July 1, 2016 departments anticipating exceeding the overtime threshold may request approval of a projection of overtime. (Civil Service Rule IV, Section 9.7 (c)) Administration will work with departments who anticipate exceeding the overtime limitation and request approval by Civil Service.

#### 2017-6 Approval of Credit Card Purchases

*Observation:* In our testing, we noted instances where purchases made with credit cards did not follow the purchase order process, and therefore, were only approved by the card holder.

*Recommendation:* We recommend that the City implement controls and procedures to ensure credit card transactions are reviewed for reasonableness and approved by someone other than the card holder.

*Management's Response:* The City will work to add another level of approval to credit card purchases.

#### 2017-7 List of AFIN Check Approvers

*Observation:* The City does not maintain an updated listing of employees who are authorized to approve AFIN check request forms.

*Recommendation:* We recommend that the City implement controls and procedures to ensure that the listing of AFIN check approvers is current and communicated to the accounts payable department timely.

*Management's Response:* The City will keep a current list of AFIN approvers and communicate it to the accounts payable department.

### 2017-8 Requests for Reimbursement

*Observation:* Many of the federal awards administered by the City operate on a cost reimbursement basis. During the course of our audit procedures, particularly as it relates to the major federal programs tested, we noted that reimbursements were not consistently being requested from the federal awarding agencies in a timely manner, thus potentially placing a strain on the City's cash position pending receipt of reimbursements.

*Recommendation:* We recommend that the City implement controls and procedures to ensure reimbursement requests for all federal awards administered by the City are prepared and submitted to the federal awarding agencies on a timely basis to minimize the strain on the City's cash position.

*Management's Response:* The City is continually working to strengthen its reimbursement processes to ensure eligible expenses are consistently submitted in a timelier manner, checks and balances are in place to ensure that expenses are reconciled prior to submission to the State to minimize questioned costs.

### 2017-9 Supporting Documentation for Expense Reimbursements and Credit Cards Purchases

*Observation:* Per the City's Financial Policies and Procedures Manual, "payment will not be made unless proper documentation is secured." During our testing of expense transactions, we noted that a number of transactions on credit card statements and expense reimbursements selected for testing that lacked detailed supporting documentation. In addition, several items lacked documentation of the business purpose for the expenses.

*Recommendation:* Employees should be required to provide itemized receipts for all purchases made before the employee is reimbursed or the credit card statement is paid. In addition, the business purpose of transactions should be documented on the supporting documentation for the transactions. Without proper supporting documentation, transactions may be improperly categorized, recorded, or paid.

*Management's Response:* The City will revisit and work to improve current practices correlated to employee reimbursements and credit card payments. Also, the City will partner with credit card holders and City staff on required documentation to adequately support reimbursement and credit card purchases going forward.

2017-10 Payroll – Approval of Time Entry

*Observation:* The City implemented a payroll software that uses biometrics to track time worked by employees. The payroll system has a function that allows for approval of time entry, and we noted through review of payroll records that many departments approve time entry in the payroll software. However, the City does not require the review and approval of time entry by a supervisor or a member of management before an employee is paid, and we noted instances in which review and approval of time entry was not documented in the payroll software.

*Recommendation:* The City should implement and enforce policies and procedures that require the timely review and approval of time entry, including the use of annual and sick leave, entered into the payroll software.

*Management's Response:* The City will review current practices related to the level of approval required by supervisors or management prior to an employee being paid to ensure we are consistent with internal policies. Additionally, the payroll department will identify departments with employee records without appropriate levels of and work with the department to obtain the necessary approvals consistent with the City's policy prior to employees being paid.

Status of Prior Year Comments

2016-1 Purchase Order Approval

*Recommendation:* The City should implement processes and procedures to ensure that purchase orders are approved in accordance with the City's purchasing procedures before a purchase is made.

*Status:* Not Resolved. See repeat comment 2017-1.

2016-2 Reporting Litigation and Claims

*Recommendation:* The City should implement processes and procedures to ensure that the listing of litigation provided reflects the proper estimated reserve for all outstanding cases and unpaid settlements, including litigation not handled by the City Attorney's Office.

*Status:* Not Resolved. See finding 2017-004 in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards* dated June 30, 2018.

#### 2016-3 Trial Balance

*Recommendation:* The City should implement processes and procedures to ensure that all manual adjustments are posted to the general ledger so that the trial balance properly includes all of the City's financial transactions.

*Status:* Resolved.

#### 2016-4 Supporting Documentation for Account Balances

*Recommendation:* The City should implement processes and procedures to ensure that supporting documentation agrees to account balances per the trial balance.

*Status:* Not Resolved. See repeat comment 2017-2.

#### 2016-5 Capital Assets

*Recommendation:* The City should perform a complete inventory of its non-street assets included in the capital assets listing and provide detailed descriptions for each of the items and implement procedures to review construction in progress balances to determine that all completed projects are reclassified out of CIP on a timely basis.

*Status:* Not Resolved. See repeat comment 2017-3.

#### 2016-6 Timeliness of Deposits

*Recommendation:* The City should implement policies and procedures to require daily deposits of cash and checks received. In addition, the City should implement policies and procedures to properly track when payments are received.

*Status:* Not Resolved. See repeat comment 2017-4.

#### 2016-7 Authorization for Overtime

*Recommendation:* The City should implement policies and procedures to track employee overtime to ensure that the proper approval is obtained for all employees that may exceed the overtime limits in advance of meeting the limits.

*Status:* Not Resolved. See repeat comment 2017-5.

2016-8 Approval of Credit Card Purchases

*Recommendation:* We recommend that the City implement controls and procedures to ensure credit card transactions are reviewed for reasonableness and approved by someone other than the card holder.

*Status:* Not Resolved. See repeat comment 2017-6.

2016-9 List of AFIN Check Approvers

*Recommendation:* We recommend that the City implement controls and procedures to ensure that the listing of AFIN check approvers is current and communicated to the accounts payable department timely.

*Management's Response:* Not Resolved. See repeat comment 2017-7.

2016-10 Requests for Reimbursement

*Recommendation:* We recommend that the City implement controls and procedures to ensure reimbursement requests for all federal awards administered by the City are prepared and submitted to the federal awarding agencies on a timely basis to minimize the strain on the City's cash position.

*Status:* Not Resolved. See repeat comment 2017-8

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

The City's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, members of City Council, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite & Netterville*

New Orleans, Louisiana  
June 29, 2018

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

To the Honorable Mayor, City Council and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by City of New Orleans (the City) 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, 2017 through December 31, 2017. The City's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain the City's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the City does not have any written policies and procedures), as applicable:

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

**We performed the procedures above and noted no exceptions.**

- 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.

**We performed the procedures above and noted the following exception:**

- **No written policy on (2) how vendors are added to the vendor list.**

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

**We performed the procedures above and noted no exceptions.**

- d) *Receipts*, including receiving, recording, and preparing deposits

**We performed the procedures above and noted no exceptions.**

*Written Policies and Procedures (continued)*

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

**We performed the procedures above and noted no exceptions.**

- 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

**We performed the procedures above and noted no exceptions.**

- 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, and (5) monitoring card usage

**We performed the procedures above and noted no exceptions.**

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

**We performed the procedures above and noted no exceptions.**

- 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 City's ethics policy.

**We performed the procedures above and noted no exceptions.**

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

**We performed the procedures above and noted no exceptions.**

- 2. Obtain and inspect the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

**We performed the procedures above and noted no exceptions.**

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the City's prior audit (GAAP-basis).

***Board (or Finance Committee, if applicable)***

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- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

**We performed the procedures above and noted that the monthly City Council board minutes do not include or reference monthly budget-to-actual comparisons.**

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**We performed the procedures above and noted no exceptions.**

***Bank Reconciliations***

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- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

**We performed the procedures above and noted no exceptions.**

- 4. Using the listing provided by management, select all of the City's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

**We performed the procedures above and noted no exceptions.**

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

**We performed the procedures above and noted the following exceptions:**

- **Of the 12 bank accounts' bank reconciliations tested, none showed evidence of being reviewed by management.**
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**We performed the procedures above and noted no exceptions.**

## *Collections*

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

**We performed the procedures above and noted no exceptions.**

6. Using the listing provided by management, select all of the City's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each cash collection location selected:
  - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**We performed the procedures above and noted the following exceptions:**

- **Of the 9 collection locations tested, 4 locations did not have written policies for collections (2, 3). Written policies for five agencies tested do not specify whether each person responsible for collecting cash is not required to share the same cash register or drawer with another employee (3). It was noted that the City has an entity-wide policy under which all employees collecting cash are bonded (1).**
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the City has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**We performed the procedures above and noted the following exceptions:**

- **Of the 9 collection locations tested, 4 locations did not have written policies for collections/formal process to reconcile cash collections.**
- a) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
    - Using City collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

**We performed the procedures above and noted the following exception:**

- **We tested a total of 45 cash collections from the 9 collection locations tested. Of the 45 total cash collections tested, 11 collections were not deposited within one day of collection.**

*Collections (continued)*

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- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**We performed the procedures above and noted no exceptions.**

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the City has a process specifically defined (identified as such by the City) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

**We performed the procedures above and noted the following exceptions:**

- **Of the 9 collection locations tested, 4 locations did not have written policies to ensure completeness of all collections.**

*Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)*

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8. Obtain a listing of City disbursements from management or, alternately, obtain the general ledger and sort/filter for City disbursements. Obtain management's representation that the listing or general ledger population is complete.

**We performed the procedures above and noted no exceptions.**

9. Using the disbursement population from #8 above, select 25 disbursements (or select disbursements constituting at least one-third of the dollar disbursement population if the City had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

**We performed the procedures above and noted the following exception:**

- **Of the 25 disbursements tested, 7 disbursements were not initiated using a requisition/purchase order.**

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

**We performed the procedures above and noted the following exception:**

- **Of the 25 disbursements tested, 7 disbursements did not show evidence of approval by a person who did not initiate the purchase.**

*Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)  
(continued)*

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- c) Payments for purchases were not processed without a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**We performed the procedures above and noted the following exception:**

- **Of the 25 disbursements tested, 18 disbursements did not have a signature or initial of the approver on the invoice.**

10. Using City documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the City's purchasing/disbursement system.

**We performed the procedures above and noted the following exception:**

- **Four users with "ALL" access to the AFIN accounting system have ability to process payments as well as to set up vendors.**

11. Using City documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**We performed the procedures above and noted no exceptions.**

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, inspect City documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**We performed the procedures above and noted no exceptions.**

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**We performed the procedures above and noted the following exception:**

- **We noted that the City's authorized check signor/authorized user does not maintain control of signed checks until mailed.**

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

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

**We performed the procedures above and noted no exceptions.**

***Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)***

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15. Using the listing prepared by management, select 10 cards (or at least one-third of the cards if the City has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

**We performed the procedures above and noted the following exceptions:**

- **The ten monthly credit card statements selected for testing did not show evidence of review or approval.**

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

**No finance charges and/or late fees were assessed on the ten monthly credit card statements tested.**

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

**We performed the procedures above and noted the following exceptions:**

- **Of the 69 transactions tested, 3 transactions were not supported by an original itemized receipt.**

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

**We performed the procedures above and noted the following exceptions:**

- **Of the 69 transactions tested, 68 transactions did not have separate written documentation supporting business/public purpose.**

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**We performed the procedures above and noted no exceptions.**

***Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)***

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- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the City's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

**We performed the procedures above and noted the following exceptions:**

- **Of the 69 transactions tested, 3 transactions were not supported by an itemized receipt and could not be compared to the City's written policy and procedures.**

- c) For each transaction, compare the City's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**We performed the procedures above and noted the following exceptions:**

- **Of the 69 transactions tested, 68 transactions did not have separate written documentation supporting business/public purpose.**

***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

**We performed the procedures above and noted no exceptions.**

18. Obtain the City's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**We performed the procedures above and noted no exceptions.**

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the City does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

**We performed the procedures above and noted no exceptions.**

***Travel and Expense Reimbursement (continued)***

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b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.

**We performed the procedures above and noted no exceptions.**

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

**We performed the procedures above and noted no exceptions.**

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

**We performed the procedures above and noted the following exceptions:**

- **Of the 3 transactions tested, 1 transaction did not have a Travel Authorization Form approved by the Deputy Mayor.**

c) Compare the City's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**We performed the procedures above and noted no exceptions.**

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**We performed the procedures above and noted no exceptions.**

***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

**We performed the procedures above and noted no exceptions.**

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

**We performed the procedures above and noted no exceptions.**

***Contracts (continued)***

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- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

**Of the five contracts selected for testing, four of the contracts were subject to the Louisiana Public Bid Law or Procurement Code.**

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the City complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

**We performed the procedures above for the four contracts subject to the Louisiana Public Bid Law or Procurement Code and noted no exceptions.**

- If no, obtain supporting contract documentation and report whether the City solicited quotes as a best practice.

**We performed the procedures above for the one contract not subject to the Louisiana Public Bid Law or Procurement Code and noted no exceptions.**

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**One of the five contracts selected for testing was amended. The scope was expanded for changes in circumstances and the contract term was extended. The original contract contemplated and provided for written amendment. We noted no exceptions.**

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

**We performed the procedures above and noted no exceptions.**

- e) Obtain/inspect contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

**We noted that the above procedure is not applicable.**

***Payroll and Personnel***

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**We performed the procedures above and noted no exceptions.**

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**We performed the procedures above and noted no exceptions.**

23. Obtain attendance and leave records and select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees/officials (or select one-third of employees/officials if the City had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

**We performed the procedures above and noted no exceptions.**

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

**We performed the procedures above and noted the following exceptions:**

- **Of the 25 transactions tested, 2 transactions were not approved by supervisors.**

- c) Report whether there is written documentation that the City maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**We performed the procedures above and noted no exceptions.**

***Payroll and Personnel (continued)***

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24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**We performed the procedures above and noted no exceptions.**

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**We performed the procedures above and noted the following exception:**

- **1 of the 55 payroll tax payments for payroll withholdings during the year was remitted late.**
- **1 of the 26 payments made to the Louisiana Municipal Police Employees Retirement Plan was made later than required by the plan.**
- **1 of the 12 monthly reports submitted to the Louisiana Municipal Police Employee Retirement Plan was made later than required by the plan.**

***Ethics***

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26. Using the five selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the City maintained documentation to demonstrate that required ethics training was completed.

**We performed the procedures above and noted the following exception:**

- **Of the 5 selected employees/officials, we were unable to obtain ethics compliance documentation from management for 1 of the selected employees/officials.**

27. Inquire of management whether any alleged ethics violations were reported to the City during the fiscal period. If applicable, inspect documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the City's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**We performed the procedures above noting no alleged ethics violations were reported to the City during the fiscal period.**

*Debt Service*

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28. If debt was issued during the fiscal period, obtain supporting documentation from the City, and report whether State Bond Commission approval was obtained.

**We performed the procedures above and noted no exceptions.**

29. If the City had outstanding debt during the fiscal period, obtain supporting documentation from the City and report whether the City made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

**We performed the procedures above and noted no exceptions.**

30. If the City had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

**We performed the procedures above and noted no exceptions.**

*Other*

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31. Inquire of management whether the City had any misappropriations of public funds or assets. If so, obtain/inspect supporting documentation and report whether the City reported the misappropriation to the legislative auditor and the district attorney of the parish in which the City is domiciled.

**We performed the procedures above and noted no exceptions.**

32. Observe and report whether the City has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**We performed the procedures above and noted the following exception:**

- **We performed the procedures above and noted that the notice required by R.S. 24:523.1 is not posted on the premise of the main campus.**

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

**We performed the procedures above and noted no exceptions.**

***Corrective Action***

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34. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

**Written Policies and Procedures**

**AUP1b)** The City will work the Purchasing Department to develop and document all of its significant business processes and ensure they are accurate, complete, and current at all times. Management will also ensure the policies and procedures will be updated for changes during the ERP implementation.

**Board (or Finance Committee, if applicable)**

**AUP 2b)** Audit Results will be reviewed with City Council Board members who in turn, will authorize their respective administrative staff to include and clearly outline the required documentation in the minutes of all upcoming meetings during the fiscal period.

**Bank Reconciliations**

**AUP 4b)** Accounting Management reviews all reconciling items on monthly bases. A consolidated bank reconciliation is forwarded to management who in turn reviews all reconciling items and provide direction regarding resolution. Moving forward as part of the monthly review process Management will incorporate the drafting of a formal documentation that provides evidence of what's been reviewed as well as the disposition of the reconciling items.

**Collections**

**AUP 6a)** The City will work with the various cash location and management to develop written policy for collections

**AUP 6b)** The City will work with the various cash location and management to develop written policy for collections as well as a formal process detailing the cash reconciliation process.

**AUP6c)** The City will work with management to develop a plan of action to ensure that collections are deposited within one day of collection.

**AUP 7)** The City will work with Management to develop written policy regarding the completeness of all cash collections.

**Disbursements**

**AUP 9a)** The City will work with Management and continue to emphasize the importance of and reinforcing policy to ensure that each and every disbursement is initiated by a purchase order. Our efforts will further be assisted with the ERP implementation.

**AUP 9b)** The City will work with Management to ensure that all disbursements are approved by the proper personnel. Our efforts will further be assisted with the ERP implementation.

**AUP 9c)** The City will work with Management that all invoices related to disbursement are signed by the respective approver. Our efforts will further be assisted with the ERP implementation

**AUP10)** The City will work with management to revisit user access and security in AFIN and make any necessary adjustments to minimize risk associated with the user access.

**AUP13)** The City will update procedures to ensure the signor maintains the appropriate levels of control and use of his or her signature until checks are mailed.

**Credit Card/Debit cards/Fuel Cards/P-Cards**

**AUP15a)** The City will revisit and work to improve current practices correlated to employee reimbursements and credit card payments. Also, the City will partner with credit card holders and City staff on required documentation to adequately support reimbursement and credit card purchases going forward.

**AUP16a)** The City will revisit and work to improve current practices correlated to employee reimbursements and credit card payments. Also, the City will partner with credit card holders and City staff on required documentation to adequately support reimbursement and credit card purchases going forward.

**AUP16b)** The City will revisit and work to improve current practices correlated to employee reimbursements and credit card payments. Also, the City will partner with credit card holders and City staff on required documentation to adequately support reimbursement and credit card purchases going forward.

**AUP16c)** The City will revisit and work to improve current practices correlated to employee reimbursements and credit card payments. Also, the City will partner with credit card holders and City staff on required documentation to adequately support reimbursement and credit card purchases going forward.

**Travel and Expense Reimbursement**

**AUP19b)** The City will revisit and work to improve current practices correlated to employee reimbursements and credit card payments. Also, the City will partner with credit card holders and City staff on required documentation to adequately support reimbursement and credit card purchases going forward.

**Payroll and Personnel**

**AUP23b)** The City will review current practices related to the documentation of daily attendance including recording use and approval of leave required by supervisors or management to ensure we are consistent with internal policies and accurately recorded use of leave.

**AUP25)** The City will strengthen controls to ensure payroll withholdings and reports are timely and consistent with the requirements of the applicable agencies.

**Other**

**AUP32)** The City will take the necessary actions to ensure that the notice required by R.S. 24:523.1 is posted at City Hall.



Postlethwaite & Netterville

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  
June 29, 2018