

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**TOGETHER WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 19 2017

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## **INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units information, and the aggregate remaining funds of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise **NORA's** basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

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

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana

**Auditor's Responsibility**

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

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

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

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana

**Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units information, and the aggregate remaining funds of **NORA** as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana

**Other Matters, Continued**

*Other Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017 on our consideration of **NORA's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **NORA's** internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 23, 2017

## NEW ORLEANS REDEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

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This report offers readers of these financial statements an overview and analysis of the financial activities of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2016 in comparison to December 31, 2015. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in **NORA's** financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

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

### FINANCIAL HIGHLIGHTS

**NORA's** assets exceeded its liabilities by \$2,475,288 and \$1,652,901 for the years ended 2016 and 2015.

**NORA's** net position increased at December 31, 2016 by a net of \$822,387 after the effect of prior period adjustments of \$185,004. For 2015, net position decreased by \$52,940. The increase in net position for 2016 was primarily due to the effect of adjustments to accommodate other post employment and compensated absences obligation as well as property donation of \$740,737. The decrease in 2015 was due to adjustments made to accommodate other post employment and compensated absences payable. For the years ended December 31, 2016 and 2015, net revenues (expenses) were (\$174,726) and \$(606,970), respectively for the governmental activities. Similarly, net revenues (expenses) for the business type activities were \$812,109 in 2016 and \$123,955 in 2015.

At December 31, 2016 and 2015, **NORA's** governmental funds reported combined fund balance of \$138,366 and \$146,726, respectively which reflects a decrease in fund balance of \$8,360 in 2016 and \$372,789 in 2015.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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**Government-Wide Financial Statements**

The government-wide financial statements on pages 13 through 15 are designed to be similar to private-sector business. These statements combine **NORA's** current financial resources with capital assets and long-term obligations.

The Statement of Net Position on pages 13 and 14 present information on all of **NORA's** assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of **NORA** is improving or deteriorating.

Deferred inflows of resources at December 31, 2016 was \$41,594,560 and \$36,606,784 for December 31, 2015. The deferred inflows of resources represent the acquisition of funds applicable to future years.

The Statement of Activities on page 15, presents information showing how **NORA's** assets changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (i.e., earned but unused vacation leave result in cash flows for future periods). The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by **NORA's** grant revenues. This is intended to summarize information and simplify the user's analysis of cost of various governmental services.

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

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

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

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**Fund Financial Statements**

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

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

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. **NORA's** governmental funds on pages 16 through 20 are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed excluding certain timing differences between the budget basis and accounting principles generally accepted in the United States of America.

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

*Proprietary funds* on pages 22 through 24 provide the same type of information as the government-wide financial statements, only in more detail for the enterprise fund.

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found on pages 25 through 61 of the accompanying audit report.

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

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**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information which can be found on pages 65 through 69 and 71 of this report. A Schedule of Expenditures of Federal Awards can be found on page 70. The supplementary sections are included for additional information and analysis and do not constitute a part of the basic financial statements.

**Using This Annual Report**

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

**Financial Analysis of NORA as a Whole**

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

**STATEMENT OF NET POSITION COMPARATIVE DATA**

	<u>December 31,</u>		Amount of Change
	<u>2016</u>	<u>2015</u>	Increase (Decrease)
Current assets	\$71,035,076	\$ 75,713,319	\$(4,678,243)
Capital assets	342,590	358,756	(16,166)
Loans receivable	<u>14,776,335</u>	<u>10,272,219</u>	<u>4,504,116</u>
Total assets	<u>86,154,001</u>	<u>86,344,294</u>	<u>(190,293)</u>
Current liabilities	29,785,540	35,317,199	(5,531,659)
Noncurrent liabilities	<u>12,298,613</u>	<u>12,767,410</u>	<u>(468,797)</u>
Total liabilities	<u>42,084,153</u>	<u>48,084,609</u>	<u>(6,000,456)</u>
Deferred inflows of revenues	<u>41,594,560</u>	<u>36,606,784</u>	<u>4,987,776</u>
Net position:			
Net investment in capital assets	342,590	358,756	(16,166)
Unrestricted	<u>2,132,698</u>	<u>1,294,145</u>	<u>838,553</u>
Net position	<u>\$ 2,475,288</u>	<u>\$ 1,652,901</u>	<u>\$ 822,387</u>

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

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**NORA's** net position at December 31, 2016 and 2015 were \$2,475,288 and \$1,652,901. Of these amounts, \$342,590 represent the amount of investment in capital assets in 2016 and \$358,756 in 2015. The remaining \$2,132,698 for 2016 and \$1,294,145 for 2015 are unrestricted.

Current assets decreased from \$75,713,319 in 2015 to \$71,035,076 in 2016. The decrease in current assets relates primarily to the disposition of land and structures in **NORA's** inventory under the Road Home Disposition Program and the timely collection of grants receivable and program income. These properties are disposed of through various development mechanisms with the income returned to the appropriate governmental entity.

Capital assets decreased from \$358,756 (2015) to \$342,590 (2016) as a result of the impact of depreciation expense.

Loans receivable increased by \$4,504,116 from 2015 to 2016 as a result of additional loans origination for construction related activities.

Current liabilities decreased from \$35,317,199 in 2015 to \$29,785,540 in 2016. This change was due to **NORA's** acquisition and disposition activities which furthered the redevelopment of blighted and abandoned properties.

Also, at December 31, 2016, noncurrent liabilities decreased by \$468,797 primarily due to the net increase in unfunded post employment costs and loan payoffs.

**NORA's** major source of program revenues totaling \$4,877,079 and \$13,368,786 for the years ended December 31, 2016 and 2015, represent grants and/or subsidies from governmental entities. The decrease is primarily attributable to the level of construction related activities more specifically the phase-out of the NSP2 construction projects. Of the program revenues amount, \$4,877,079 and \$13,368,786 in 2016 and 2015, are included in the governmental fund. **NORA's** proprietary funds' revenue resulted from the fees and other income in the amount of \$843,838 in 2016 and \$294,369 in 2015. **NORA's** major source of general revenues came as a result of interest income on cash investments and program income.

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

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Program expenses for the governmental activities were \$10,541,400 in 2016 and \$14,547,445 in 2015 for the governmental funds. For the business-type activities expenses totaled \$31,729 for 2016 to \$170,414 in 2015.

The major components of program expenses for 2016 and 2015 were related to salaries and related fringe benefits, purchase or investment in the development of properties in New Orleans, property maintenance, and other contractual services related to property acquisition and redevelopment.

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

	<u>December 31,</u>		Amount of Change
	<u>2016</u>	<u>2015</u>	Increase (Decrease)
<b>Program Revenues:</b>			
Operating grants and contributions	\$ 4,877,079	\$ 13,368,786	\$(8,491,707)
Sales of inventory	-0-	294,369	(294,369)
Fees and other	<u>36,352</u>	<u>-0-</u>	<u>36,352</u>
	<u>4,913,431</u>	<u>13,663,155</u>	<u>(8,749,724)</u>
<b>General Revenues:</b>			
Interest income	6,058	41,646	(35,588)
Program income	5,522,500	382,946	5,139,554
Other income	<u>768,523</u>	<u>147,097</u>	<u>621,426</u>
	<u>6,297,081</u>	<u>571,689</u>	<u>5,725,392</u>
<b>Expenses:</b>			
General expenses	<u>10,573,129</u>	<u>14,717,859</u>	<u>(4,144,730)</u>
Change in net position	637,383	(483,015)	1,120,398
Net position, beginning of year, as restated	<u>1,837,905</u>	<u>2,135,916</u>	<u>(298,011)</u>
Net position, end of year	<u>\$ 2,475,288</u>	<u>\$ 1,652,901</u>	<u>\$ 822,387</u>

**Financial Analysis of NORA's Funds**

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

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

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**Financial Analysis of NORA's Funds, Continued**

At December 31, 2016 and 2015, NORA's governmental funds reported combined fund balance of \$138,366 and \$146,726).

**Major Governmental Funds:** The general fund is the chief operating fund of NORA. At December 31, 2016 and 2015, unassigned fund balance of the general fund was \$138,366 and \$146,726, respectively.

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

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

**Major Proprietary Funds:** Unrestricted net position at December 31, 2016 and 2015 amounted to \$2,759,763 and \$1,868,294, an increase of \$891,469 of the total net position, net investment in capital assets were \$60,431 (2016) and \$12,360 (2015).

**General Fund Budgetary Highlights**

The Blighted Properties Removal Program Fund's entitlement program grants' original budgets for the fiscal years 2016 and 2015 were \$1,244,024 and \$1,321,004, respectively.

In addition, NORA received blighted related program funding (City of New Orleans and State) Federal NSP2, and Construction Lending Extended funds to rehabilitate and redevelop blight properties.

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

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**Capital Asset and Debt Administration**

At December 31, 2016 and 2015, **NORA** had \$342,590 and \$358,756 in investment in capital assets consisting principally of land. See page 48 for detail composition of capital assets.

At December 31, 2016 and 2015 **NORA** had no debt.

**Economic Factors and Next Year's Budget and Rates**

**NORA's** budget for 2016 covers multiple years. Those sources include:

- o \$14.8 million in funding from the City of New Orleans for administrative and program delivery costs, acquisition, and redevelopment for blight reduction, management of disposition activities, redevelopment planning, and reuse of vacant blighted properties into active outdoor space.
- o \$2.5 million from the Neighborhood Stabilization 2 (NSP2) program. NSP2 is a 3 year grant that **NORA** secured with other partner agencies. **NORA** is the lead agency with primary responsibility for the consortium group. This grant is in its final year of Grant/Program income.
- o \$.7 million FEMA funding for a study, environmental assessment, design and permitting for a storm water mitigation/drainage upgrade project in the "Gentilly" area. The funding is for PHASE 1 of the proposed project.
- o \$3.4 million in funding has been established for Housing Construction Loan Fund through **NORA's** non-profit subsidiary, New Orleans Redevelopment Unlimited, Inc. (NORU), to financially assist developers in the Gentilly Woods and Pontchartrain Park neighborhoods in accelerating the redevelopment of vacant and blighted properties in these areas. The beneficiary area now includes the City's Housing Opportunity Zones (HOZ), and will be further expanded to include neighborhoods in New Orleans East, Gentilly and Algiers.
- o Resiliency Program Funding of \$.07M provided by LA OCD with D-CDBG funds for the purpose of enhancing community resiliency. Funds will use funds to support administrative costs and program elements related to its storm water mitigation project and to realize the opportunities that vacant land presents in increasing community resiliency. **NORA** will document these practices to share with other communities through the region.

Although **NORA** has a significant budget for 2016, there are still challenges that **NORA** must overcome. Primarily, all of the funding anticipated is on a cost reimbursement basis.

**Requests for Information**

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

	<b><u>ASSETS</u></b>				
	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total Primary Unit</u></b>	<b><u>Component Units</u></b>	
Current assets:					
Cash (NOTE 4)	\$ 4,298,773	\$ 240,739	\$ 4,539,512	\$ 763,374	
Restricted cash (NOTE 5)	30,707,279	-0-	30,707,279	-0-	
Amounts receivable (NOTE 18)	75,623	3,256	78,879	11,612	
Accrued interest receivable	343,838	-0-	343,838	476	
Prepaid items and other assets (NOTE 20)	100,512	218,024	318,536	5,614	
Grants receivable (NOTE 9)		3,164,160	-0-	3,164,160	706,751
Loans receivable, net	354,378	-0-	354,378	71,465	
Investments (NOTE 22)	283,272	-0-	283,272	-0-	
Due from other funds, net	-0-	-0-	-0-	31,769	
Land, unimproved land and structures (NOTE 7)	<u>29,004,223</u>	<u>2,240,999</u>	<u>31,245,222</u>	<u>1,496,725</u>	
Total current assets	<u>68,332,058</u>	<u>2,703,018</u>	<u>71,035,076</u>	<u>3,087,786</u>	
Noncurrent assets:					
Capital assets, net (NOTE 6)	282,159	60,431	342,590	-0-	
Loans receivable, net (NOTE 24)	<u>14,383,260</u>	<u>393,075</u>	<u>14,776,335</u>	<u>437,017</u>	
Total noncurrent assets	<u>14,665,419</u>	<u>453,506</u>	<u>15,118,925</u>	<u>437,017</u>	
Total assets	<u>82,997,477</u>	<u>3,156,524</u>	<u>86,154,001</u>	<u>3,524,803</u>	

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

NEW ORLEANS REDEVELOPMENT AUTHORITY  
STATEMENT OF NET POSITION, CONTINUED  
DECEMBER 31, 2016

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Unit</u>	<u>Component Units</u>
Current liabilities:				
Amounts payable - vendors	\$ 1,494,610	\$ 1,684	\$ 1,496,294	\$ 705,429
Amounts payable - State of Louisiana	27,757,287	-0-	27,757,287	-0-
Accrued salaries, taxes and other withholdings payable	138,065	-0-	138,065	13,973
Deposits held for buyers (NOTE 16)	56,601	2,002	58,603	28,390
Compensated absences payable (NOTE 15)	144,076	-0-	144,076	-0-
Unfunded other post employment liability current position (NOTE 3)	191,215	-0-	191,215	-0-
Total current liabilities	<u>29,781,854</u>	<u>3,686</u>	<u>29,785,540</u>	<u>747,792</u>
Noncurrent liabilities:				
Unfunded other post employment liability (NOTE 3)	513,785	-0-	513,785	-0-
Revolving loans (NOTE 25)	11,784,828	-0-	11,784,828	1,503,961
Total noncurrent liabilities	<u>12,298,613</u>	<u>-0-</u>	<u>12,298,613</u>	<u>1,503,961</u>
Total liabilities	<u>42,080,467</u>	<u>3,686</u>	<u>42,084,153</u>	<u>2,251,753</u>
Deferred inflows of resources:				
Deferred grant funds and cost of assets (NOTE 27)	41,201,485	393,075	41,594,560	267,368
Net position:				
Net investment in capital assets	282,159	60,431	342,590	-0-
Unrestricted	(566,634)	2,699,332	2,132,698	961,682
Restricted (NOTE 28)	-0-	-0-	-0-	44,000
Total net position	<u>\$ (284,475)</u>	<u>\$2,759,763</u>	<u>\$ 2,475,288</u>	<u>\$1,005,682</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION		Total Primary Unit	Component Units
	Expenses	Charges for Services	Grants/ Contributions	Governmental Activities	Business Type Activities		
Governmental Activities:							
Blighted Properties Removal Program:							
Community Development Block Grant:							
Entitlement/Disaster/Target Zone	\$ 1,923,194	\$ -0-	\$ 886,851	\$ (712,936)	\$ -0-	\$ (712,936)	\$ -0-
Nonmajor governmental funds	735,529	-0-	735,529	6,517	-0-	6,517	-0-
Road Home Property Disposition	3,614,922	-0-	-0-	(3,100,679)	-0-	(3,100,679)	-0-
Louisiana Recovery Authority	2,046,036	-0-	1,590,054	(440,210)	-0-	(440,210)	-0-
Affordable Housing Pilot Program	282,715	-0-	-0-	(251,851)	-0-	(251,851)	-0-
General Fund	1,686,538	-0-	923,804	(1,686,538)	-0-	(1,686,538)	-0-
Neighborhood Stabilization Program 2	252,466	-0-	104	(219,361)	-0-	(219,361)	-0-
Total governmental activities	<u>\$10,541,400</u>	<u>\$ -0-</u>	<u>\$4,136,342</u>	<u>(6,405,058)</u>	<u>-0-</u>	<u>(6,405,058)</u>	<u>-0-</u>
Business-type Activities:							
Real Estate Acquisition and Land Banking Mechanism	\$ 31,729	\$ 36,352	\$ 740,737	\$ -0-	\$ 745,360	\$ 745,360	-0-
Total business-type activities	<u>\$ 31,729</u>	<u>\$ 36,352</u>	<u>\$ 740,737</u>	<u>-0-</u>	<u>745,360</u>	<u>745,360</u>	<u>-0-</u>
Component Unit:							
New Orleans Redevelopment Unlimited	\$ 2,086,463	\$ -0-	\$ 1,596,595	\$ -0-	\$ -0-	\$ -0-	\$ (487,868)
Total component unit	<u>\$2,084,463</u>	<u>\$ -0-</u>	<u>\$1,596,595</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(487,868)</u>
General Revenues:							
Interest income				6,058	-0-	6,058	435
Program income				5,522,500	-0-	5,522,500	-0-
Other revenue				701,774	66,749	768,523	353,488
Total general revenues				<u>6,230,332</u>	<u>66,749</u>	<u>6,297,081</u>	<u>353,923</u>
Changes in net position				<u>(174,726)</u>	<u>812,109</u>	<u>637,383</u>	<u>(133,945)</u>
Net position, beginning of year				(215,393)	1,868,294	1,652,901	1,161,627
Prior period adjustment (NOTE 8)				105,644	79,360	185,004	(22,000)
Net position, beginning of year, as restated				<u>(109,749)</u>	<u>1,947,654</u>	<u>1,837,905</u>	<u>1,139,627</u>
Net position, end of year				<u>\$ (284,475)</u>	<u>\$2,759,763</u>	<u>\$ 2,475,288</u>	<u>\$1,005,682</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

ASSETS

GOVERNMENTAL FUNDS

	<u>General Fund</u>	<u>Blighted Properties Program Fund</u>	<u>Road Home Property Disposition Fund</u>	<u>Louisiana Recovery Authority Fund</u>	<u>Neighborhood Stabilization Program 2 Fund</u>	<u>Affordable Housing Pilot Program Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Cash	\$1,117,492	\$2,274,685	\$ 42,811	\$ -0-	\$ 790,965	\$ 23,505	\$ 49,315	\$ 4,298,773
Restricted cash	-0-	-0-	30,707,279	-0-	-0-	-0-	-0-	30,707,279
Amounts receivable, net	1,210	-0-	-0-	-0-	34,352	2,921	37,140	75,623
Accrued interest receivable	144,365	199,473	-0-	-0-	-0-	-0-	-0-	343,838
Prepaid items and other assets	1,369	24,089	62,333	-0-	-0-	12,721	-0-	100,512
Grants receivable	-0-	1,183,524	-0-	1,563,167	-0-	-0-	259,648	3,006,339
Loans receivable, net	1,266,840	7,468,558	2,914,859	-0-	2,817,448	269,933	-0-	14,737,638
Due from other funds	1,816,599	-0-	-0-	-0-	232,848	-0-	-0-	2,049,447
Investments	283,272	-0-	-0-	-0-	-0-	-0-	-0-	283,272
Land, unimproved land and structures	-0-	176,050	27,467,557	-0-	-0-	1,249,616	111,000	29,004,223
Total assets	<u>\$4,631,147</u>	<u>\$11,326,379</u>	<u>\$61,194,839</u>	<u>\$1,563,167</u>	<u>\$3,875,613</u>	<u>\$1,558,696</u>	<u>\$457,103</u>	<u>\$84,606,944</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY  
BALANCE SHEET - GOVERNMENTAL FUNDS, CONTINUED  
DECEMBER 31, 2016

LIABILITIES AND FUND BALANCES (DEFICITS)

GOVERNMENTAL FUNDS

	<u>General Fund</u>	<u>Blighted Properties Program Fund</u>	<u>Road Home Property Disposition Fund</u>	<u>Louisiana Recovery Authority Fund</u>	<u>Neighborhood Stabilization Program 2 Fund</u>	<u>Affordable Housing Pilot Program Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Liabilities:								
Amounts payable - vendors	\$ 92,352	\$ 89,827	\$ 109,290	\$ 945,856	\$ 50,629	\$ 19,146	\$187,508	\$ 1,494,608
Amounts payable - State of Louisiana	2,680	176,050	27,467,557	-0-	-0-	-0-	111,000	27,757,287
Due to other funds	237,531	1,062,864	-0-	607,043	-0-	-0-	142,009	2,049,447
Salaries and related payroll taxes payable	58,008	33,220	41,479	-0-	3,702	1,307	349	138,065
Revolving loans	1,266,840	7,568,372	-0-	-0-	1,700,000	1,249,611	-0-	11,784,828
Deposits held for buyers	<u>30</u>	<u>-0-</u>	<u>50,790</u>	<u>-0-</u>	<u>-0-</u>	<u>5,781</u>	<u>-0-</u>	<u>56,601</u>
Total liabilities	<u>1,657,441</u>	<u>8,930,333</u>	<u>27,669,116</u>	<u>1,552,899</u>	<u>1,754,331</u>	<u>1,275,850</u>	<u>440,868</u>	<u>43,280,838</u>
Deferred inflows of resources:								
Deferred grant funds and cost of assets	<u>2,835,340</u>	<u>2,396,046</u>	<u>33,525,723</u>	<u>10,268</u>	<u>2,121,282</u>	<u>282,846</u>	<u>16,235</u>	<u>41,187,740</u>
Total deferred inflow of resources	<u>2,835,340</u>	<u>2,396,046</u>	<u>33,525,723</u>	<u>10,268</u>	<u>2,121,282</u>	<u>282,846</u>	<u>16,235</u>	<u>41,187,740</u>
Fund balances (deficits):								
Unassigned	<u>138,366</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>138,366</u>
Total fund balances (deficits)	<u>138,366</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>138,366</u>
Total liabilities and fund balances (deficits)	<u>\$4,631,147</u>	<u>\$11,326,379</u>	<u>\$61,194,839</u>	<u>\$1,563,167</u>	<u>\$3,875,613</u>	<u>\$1,558,696</u>	<u>\$457,103</u>	<u>\$84,606,944</u>

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**RECONCILIATION OF THE BALANCE SHEET**  
**OF THE GOVERNMENTAL FUNDS TO THE STATEMENT**  
**OF NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2016**

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Total fund balance (deficit) governmental fund	\$ 138,366
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	282,159
Long-term liabilities including post employment benefits and other obligations are not due and payable in the current period and therefore not reported in the funds, net	<u>(705,000)</u>
Net position of governmental activities	<u>\$(284,475)</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	GOVERNMENTAL FUNDS							Total
	General Fund	Blighted Properties Program Fund	Road Home Property Disposition Fund	Louisiana Recovery Authority Fund	Neighborhood Stabilization Program 2 Fund	Affordable Housing Pilot Program Fund	Nonmajor Governmental Funds	
Revenues:								
Grants - State of Louisiana	\$ -0-	\$ -0-	\$ -0-	\$1,590,247	\$ -0-	\$ -0-	\$ -0-	\$ 1,590,247
Grants - City of New Orleans-Entitlement	-0-	890,530	-0-	-0-	-0-	-0-	-0-	890,530
Grants - City of New Orleans-CNAP	-0-	-0-	-0-	-0-	-0-	-0-	55,187	55,187
Grants - City of New Orleans-Chapter 66	-0-	-0-	-0-	-0-	-0-	-0-	31,344	31,344
Grants - City of New Orleans-NDRC	-0-	28	-0-	-0-	-0-	-0-	-0-	28
Grants - Federal	-0-	-0-	-0-	-0-	500	-0-	-0-	500
Grants -Non-Governmental	4,959	-0-	-0-	-0-	-0-	-0-	207,421	212,380
Grants - HMGP	-0-	-0-	-0-	-0-	-0-	-0-	279,137	279,137
Grants - HUD	-0-	-0-	-0-	-0-	-0-	-0-	163,416	163,416
Interest income	6,058	-0-	-0-	-0-	-0-	-0-	-0-	6,058
Program income	-0-	1,036,331	3,622,362	455,982	252,362	163,853	-0-	5,530,890
Other	582,399	12	-0-	-0-	-0-	3,997	-0-	586,408
Proceeds from insurance claim	-0-	-0-	-0-	-0-	-0-	115,366	-0-	115,366
Total revenues	<u>593,416</u>	<u>1,926,901</u>	<u>3,622,362</u>	<u>2,046,229</u>	<u>252,862</u>	<u>283,216</u>	<u>736,505</u>	<u>9,461,491</u>

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	GOVERNMENTAL FUNDS						
General Fund	Blighted Properties Program Fund	Road Home Property Disposition Fund	Louisiana Recovery Authority Fund	Neighborhood Stabilization Program 2 Fund	Affordable Housing Pilot Program Fund	Nonmajor Governmental Funds	Total
Expenditures:							
Operations:							
Personnel salaries and wages	\$ 832,491	\$ 657,581	\$1,027,584	\$ 32,188	\$ 67,350	\$ 62,987	\$ 2,885,349
Personnel services employee benefits	216,475	141,713	244,818	7,268	15,082	40,779	678,259
Purchased professional and technical services	87,322	50,362	343,754	92,406	46,844	5,969	939,329
Purchased property services	134,471	99,367	1,146,590	353,574	8,675	123,341	1,931,259
Insurance	4,288	30,620	116,488	5	278	27,863	179,690
Other purchased services	54,183	44,552	18,709	5,862	7,322	2,393	133,021
Supplies	41,624	4,092	3,393	-0-	-0-	239	49,348
Property	11,441	684	23,826	5	51	3,274	39,314
Programs	70,389	559,959	2,298	1,539,149	23,583	-0-	2,298,878
Other uses	72,896	106	-0-	-0-	34	3,995	77,031
Cost of sales	-0-	14,458	180,659	-0-	50,642	10,167	258,373
Total expenditures	<u>1,525,580</u>	<u>1,603,494</u>	<u>3,108,119</u>	<u>2,030,457</u>	<u>219,861</u>	<u>252,352</u>	<u>9,469,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(932,164)</u>	<u>323,407</u>	<u>514,243</u>	<u>15,772</u>	<u>33,001</u>	<u>30,864</u>	<u>(8,360)</u>
Other financing sources (uses):							
Operating transfer in	923,804	-0-	-0-	-0-	-0-	-0-	923,804
Operating transfers out	-0-	(323,407)	(514,243)	(15,772)	(33,001)	(30,864)	923,804
Total other financing sources (uses)	<u>923,804</u>	<u>(323,407)</u>	<u>(514,243)</u>	<u>(15,772)</u>	<u>(33,001)</u>	<u>(30,864)</u>	<u>-0-</u>
Changes in fund balances	(8,360)	-0-	-0-	-0-	-0-	-0-	(8,360)
Fund balances -beginning	<u>146,726</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>146,726</u>
Fund balances - ending	<u>\$ 138,366</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 138,366</u>

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,**  
**AND**  
**CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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Change in fund balances	\$ (8,360)
Long term liability for post employment benefits are not due and payable in the current period and therefore not reported in the funds	(127,000)
Capital assets depreciation expense	<u>(39,366)</u>
Change in net position for the governmental activities	<u><u>\$(174,726)</u></u>

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION--PROPRIETARY FUND**  
**DECEMBER 31, 2016**

---

**ASSETS**

	<u>Real Estate Acquisition and Land Banking Mechanism</u>
Assets:	
Cash	\$ 240,739
Amounts receivable	3,256
Prepaid and other assets	218,024
Loans receivable, net	393,075
Unimproved land and structures	2,240,999
Capital assets net	<u>60,431</u>
Total assets	<u>3,156,524</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

Liabilities:	
Amounts and other payable	1,684
Security deposits and deposits held for buyers	<u>2,002</u>
Total liabilities	<u>3,686</u>
Deferred Inflow of Resources:	
Grant funds and cost of assets	<u>393,075</u>
Total deferred inflow of resources	<u>393,075</u>
Net Position:	
Unrestricted net position	<u>2,759,763</u>
Total net position	<u>\$2,759,763</u>

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION-PROPRIETARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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	<u>Real Estate Acquisition and Land Banking Mechanism</u>
Operating Revenues:	
Property donation	\$ 740,737
Rental income	36,352
Other income	<u>66,749</u>
Total operating revenues	<u>843,838</u>
Operating Expenses:	
Administrative service	1,225
Program delivery	20,120
Depreciation expense	<u>10,384</u>
Total operating expenses	<u>31,729</u>
Operating income	<u>812,109</u>
Change in net position	812,109
Net position, beginning of year	<u>1,868,294</u>
Prior period adjustment	<u>79,360</u>
Net position, beginning of year, as restated	<u>1,947,654</u>
Net position, end of year	<u><u>\$2,759,763</u></u>

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF CASH FLOWS--PROPRIETARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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Cash Flows Provided by Operating Activities:	
Rental and other income	\$ 199,958
Payments to vendors	<u>(21,345)</u>
Net cash used by operating activities	<u>178,613</u>
 Cash Flows from Capital and Related Financing Activities:	
Payment from other fund	<u>8,545</u>
Cash provided by capital and related financing activities	<u>8,545</u>
 Increase in cash	187,158
 Cash, beginning of year	<u>53,581</u>
 Cash, end of year	<u>\$ 240,739</u>
 Operating income	\$ 812,109
 Reconciliation of operating income to net cash provided by operating activities:	
Depreciation expense	\$ 10,384
 Changes in assets and current liabilities:	
Increase in unimproved land inventory	(631,435)
Increase prepaid and other assets	(3,028)
Increase in amounts payable	1,609
Increase in amounts receivable	(3,014)
Decrease in due to other funds	(8,014)
Increase in security deposit	<u>2</u>
Net cash provided by operating activities	<u>\$ 178,613</u>

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - Background and General Data:

Background

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

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Background and General Data, Continued:

General

As of December 31, 2016, **NORA** was primarily engaged in the following programs:

- Blighted Properties Removal Program  
(Entitlement, Target Zone, Disaster, UDAG, Expanded Quick Take, Affordable Housing Pilot Program Katrina Cottages, Hazard Mitigation Grant Program, HUD Choice Neighborhood Initiative, Facade Renew, Collaborative Nuisance Abatement Program and Resiliency)
- Real Estate Acquisition and Land Banking Mechanism (REALM) and Neighborhood Housing Improvement Fund
- Louisiana Recovery Authority
- Road Home Property Disposition
- Neighborhood Stabilization Program (NSP2)
- General Fund
- Resilient Cities

**New Orleans Redevelopment Authority** under a contract with the City of New Orleans provides technical assistance in connection with the rehabilitation and/or demolition and removal of buildings and other improvements whose physical conditions render them detrimental to the safety and welfare of the public at large.

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Background and General Data, Continued:

General, Continued

A brief description of each program follows:

- Blighted Properties Removal Program

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

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

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

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

- Hazard Mitigation Grant Program (HMGP)

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Background and General Data, Continued:

General, Continued

- HUD - Choice Neighborhood Initiatives (HNI)

The HNI provides grants to transform distressed neighborhoods, public and assisted projects into viable and sustainable mixed-income neighborhoods by linking housing improvements with appropriate services such as, schools, public assets, transportation and access to jobs.

- Facade Renew

Facade Renew is aimed at stimulating public-private investments in high-quality improvements that enhance the appearance of retail storefronts, eliminate economic blight and address non-confirming design standards.

- City of New Orleans Nuisance Abatement Program

The City of New Orleans requested the assistance of **NORA** in its remediation efforts, in the form of Collaborative Nuisance Abatement Program (CNAP) including those properties deemed by the City to be in violation of Chapters 6, 26, and/or 66. The properties assigned to **NORA** are privately owned. **NORA** performs grass cutting, lot clearing, and debris removal services to bring the properties back into compliance. The program advances the City and **NORA's** shared goals of workforce development through hiring of local contractors and hard to employ individuals.

- Resiliency

The purpose of the Resiliency Program is to prevent or dramatically minimize business, housing, and infrastructure damage from future storm events. Activities under the Program shall include developing public-private implementation strategies for innovative flood risk mitigation projects.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Background and General Data, Continued:

General, Continued

- Real Estate Acquisition and Land Banking Mechanism (REALM) and Neighborhood Housing Improvement Fund

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

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

- Louisiana Recovery Authority

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

- Road Home Property Disposition

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies:

General, Continued

- Road Home Property Disposition

Pursuant to said mission, LLT has initiated transfer of properties through acts of donation, several pieces of damaged unimproved housing stock to **NORA** for sale.

- Neighborhood Stabilization Program (NSP2)

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

- Strategic Acquisition Fund

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

General Fund

The general fund is used by **NORA** to account for all financial activities or resources that are not budgeted for in other funds.

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies:

Resilient Cities

The Cities of Service Resilience grant is funded to help make cities more resilient through citizen engagement and impacting local volunteering programs and initiatives. The funds are focused on low-income communities with the goal of poverty alleviation.

Financial Reporting Entity

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

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

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Summary of Significant Accounting Policies:**

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

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

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Summary of Significant Accounting Policies, Continued:**

**Financial Reporting Entity, Continued**

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

**Estimates**

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

**Basis of Presentation**

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

**Government-Wide and Fund Financial Statements**

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Summary of Significant Accounting Policies, Continued:**

**Government-Wide and Fund Financial Statements, Continued**

**NORA's** statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who use or directly benefit from services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items are properly included among program revenues or reported instead as general revenues.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

**NORA** reports the following major governmental funds:

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Summary of Significant Accounting Policies, Continued:**

**Government-Wide and Fund Financial Statements, Continued**

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

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

*The Louisiana Recovery Program* provides pass-through funding to other community based entities to facilitate address and rehabilitation projects in various communities within the City of New Orleans. In addition, these funds will also be utilized for a construction loan fund for contractor's restoring housing stock in the New Orleans area.

*The Neighborhood Stabilization Program* provides funding to consortium members in conjunction with existing resources and programs to address the challenges of blight and vacancy throughout the City of New Orleans.

*The Affordable Housing Pilot Program* provides home ownership opportunities for eligible participants.

**NORA** reports the following major proprietary fund:

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Summary of Significant Accounting Policies, Continued:**

Government-Wide and Fund Financial Statements, Continued

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

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

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

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

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

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

Loans Receivable

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

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

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

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

**NORA** records the earned portion on a straight-line basis as amortization in the statement of activities. Management has recorded no allowance for doubtful accounts at December 31, 2016 other than as further discussed in NOTE 14.

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Capital Assets

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

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

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

Land, Unimproved Land and Structures

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Compensated Absences

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

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

Financial Instruments

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

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

Long-term Obligations

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued:

Budgetary Data

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

Prepaid Items and Other Assets

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

Net Position

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

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Other Post-retirement Benefits:**

In 2016, **NORA** provided benefit premiums to the State of Louisiana, Office of Group Benefits totaling \$12,660 for a retired employee. **NORA** will continue to provide health care and life insurance benefits for the retired employee.

As further discussed in NOTE 11, **NORA** in February of 2008 terminated its participation in the defined benefit plan operated by Louisiana State Employees' Retirement System (LASERS) for all current employees except for the one retired employee who is grand-fathered into the LASERS plan. The termination included the refunding of all prior contributions made to the plan by current employees. **NORA's** contributions made to the plan during its years of participation, do not carryover with its termination.

**Plan Description**

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

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Other Post-retirement Benefits, Continued:**

**Funding Policy**

During 2016, **NORA** recognized the cost of providing these benefits (**NORA's** portion of premiums) as an expense when the benefit premiums were due and thus financed the cost of postemployment benefits on a pay-as-you-go basis. It implemented Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB Statement 45). In 2016 **NORA's** portion of health care, and life insurance benefit premiums for its retired employee totaled \$12,660. **NORA** began the planning process of establishing a trust whose assets will be dedicated to providing other postemployment benefits to the retired employee and her beneficiary and which is legally protected from creditors. It is the intent of **NORA**, once the trust is established, to contribute its portion of postemployment benefits to the trust on a regular basis.

**Required Contribution Rates**

As determined by the Office of Group Benefits and approved by the Louisiana Legislature in 2007, the employer paid 70% of the premium cost for postemployment benefits for retired employees and their families, and the retirees paid 30% of the premium cost; monthly premium cost for retired employees ranged from \$163 for a single retiree in the HMO plan to \$534 for a family in the PPO plan.

**NORA's** annual medical and life postemployment benefits cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement Number 45. **NORA's** annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of thirty (30) years for health and life insurance. The total annual required contributions for 2016 was \$705,000, none of which was funded because the trust had not been established.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Other Post-retirement Benefits, Continued:

Annual Other Postemployment Benefits Cost and Net  
Postemployment Benefits Liability, Continued

The following table shows **NORA**'s annual other postemployment benefits cost, percentage of that cost contributed, and the net unfunded other postemployment benefits liability:

<u>Fiscal Year Ended</u>	<u>Annual Postemployment Benefits Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Unfunded Other Postemployment Benefits Liability</u>
12/31/16	<u>\$12,660</u>	<u>100%</u>	<u>\$143,000</u>

Funded Status and Funding Progress

In 2016, **NORA** made no contributions to other postemployment benefits plan trust since such a trust had not been established; the plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of December 31, 2016, the most recent actuarial valuation, the actuarial accrued liability was \$143,000, which is defined as that portion, as determined by a particular actuarial cost method, of the actuarial present value of other postemployment plan benefits and expenses which is not provided by normal cost (i.e., the cost of the actuarial present value of other postemployment for the *retired* employee from her hire date through her date of retirement). Since the plan was not funded in 2016, the entire actuarial accrued liability of \$143,000 was unfunded.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Other Post-retirement Benefits, Continued:**

**Actuarial Methods and Assumptions**

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

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

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

NEW ORLEANS REDEVELOPMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 3 - Other Post-retirement Benefits, Continued:

Actuarial Cost Method

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

Actuarial Value of Plan Assets

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

Turnover Rate

The standard turnover assumptions as defined by GASB 45 paragraph 35b is used.

Retirement Rate

The beneficiary retired prior to December 31, 2016.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Other Post-retirement Benefits. Continued:

Healthcare Cost Trend Rates

The expected rate of increase in healthcare insurance premiums is based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services as published in *National Health Care Expenditures Projections: 2012 to 2022*, Table 2: National Health Expenditures Amounts, and Annual Percent Change: Selected Calendar Years 2017-2022, released in January, 2014 by the Center for Medicare and Medicaid Services.

The healthcare cost rates are set forth below:

<u>Calendar Year</u>	<u>Health</u>	<u>Pharmacy</u>	<u>Dental</u>
2017	5.800%	5.900%	4.300%
2018	6.200%	5.900%	5.800%
2019	6.500%	6.300%	6.600%
2020	6.600%	6.600%	6.500%
2021	6.500%	6.600%	6.300%
2022	6.500%	6.700%	6.900%

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Other Post-retirement Benefits, Continued:**

Investment Return Assumption (Discount Rate) and Inflation Rate

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on investments that are expected to be used to finance the payment of benefits. Since it is anticipated that the annual required contribution will be funded, a 5.5% annual investment return is assumed in the actuarial valuation. This is a conservative estimate of the expected long-term return of a balanced and conservative investment portfolio. An explicit rate of inflation is not included in either the investment return or the healthcare cost trend, but, rather, is implicitly included and is presumed to be the same for each.

Amortization Method and Period

The level dollar closed amortization method has been used. An amortization period of 30 years has been used for the medical benefits and 10 years for the life insurance benefits.

**NOTE 4 - Cash:**

At December 31, 2016 the carrying amount of **NORA**'s deposits was \$4,539,512 and the cumulative bank balance was \$4,539,512. The cumulative collected bank balance is covered by federal depository insurance. Custodial credit risk, is the risk that in the event of a failure by the financial institution, **NORA**'s deposits may not be returned to it. **NORA** has no deposit policy for custodial credit risk; however, at December 31, 2016, none of **NORA**'s bank balances were exposed to custodial risk. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent. These securities are held by the fiscal agent bank in the name of **NORA**.

**NOTE 5 - Restricted Cash:**

Restricted cash at December 31, 2016 of \$30,707,279 represents program income funds held for the benefit of operational cost in connection with the land assembly program through the State of Louisiana between the City of New Orleans, **NORA**, and the State of Louisiana.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 6 - Capital Assets, Net:**

As of December 31, 2016, capital assets consisted of the following:

	Balance January 1, <u>2016</u>	<u>Addition</u>	<u>Other</u>	Balance December 31, <u>2016</u>
Land	\$ 240,110	\$ -0-	\$ -0-	\$ 240,110
Equipment	271,972	21,956	2,232	296,160
Leasehold improvements	67,474	-0-	-0-	67,474
Vehicles	<u>-0-</u>	<u>-0-</u>	<u>116,240</u>	<u>116,240</u>
Sub-total	579,556	21,956	118,472	719,984
Less: accumulated depreciation	<u>(220,800)</u>	<u>(49,750)</u>	<u>(106,844)</u>	<u>(377,394)</u>
Total	<u>\$ 358,756</u>	<u>\$(27,794)</u>	<u>\$ 11,628</u>	<u>\$ 342,590</u>

**NOTE 7 - Land, Unimproved Land and Structures:**

At December 31, 2016, **NORA's** land, unimproved land and structures consisted of costs associated with the acquisition of property by expropriation and held for resale and/or donation in accordance with **NORA's** goal to rehabilitate, clear, and redevelop slum and blighted areas.

At December 31, 2016, land, unimproved land and structures by activity follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Balance, January 1	\$32,569,313	\$1,597,204	\$34,166,517
Net change	<u>(3,565,090)</u>	<u>643,795</u>	<u>(2,921,295)</u>
Balance, December 31	<u>\$29,004,223</u>	<u>\$2,240,999</u>	<u>\$31,245,222</u>

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 8 - Adjustments to Beginning Net Position and Other:**

Adjustments to beginning net position is to reflect the net impact of prior year's real properties adjustments for a net total of \$185,004.

During 2015, **NORA** began a review of balance sheet account balances for the implementation of a new accounting software package. With this effort, **NORA** completed a de-recognition of account balances for a net total of \$759,720. In 2003, **NORA** converted Balance Sheet opening account balances into Quick Books. Balance sheet account balances were converted at a summary level without a way to research transaction details. In **NORA's** 2003 annual audit, the Non-Major Enterprise Funds and the Special Revenue Funds were combined to be reported within the one Fund. **NORA's** Non-Major Enterprise Funds previously reported activities of a contract with the Housing Authority of New Orleans (HANO) to administer their Section 8 program in May 1992 through September 1999. This contract has cancelled and been expired for more than fifteen (15) years. **NORA's** Special Revenue Funds previously reported activities of a contract with the City of New Orleans ending prior to 1995 for a Community Development Rehabilitation Program Year 2012.

After review of audited financials for the period of 1995 through 2014 **NORA** de-recognized the value of the old stale accounts to accommodate future federal program projects.

At December 31, 2016, the balance of \$759,720 after the application of current year transaction was \$617,382.

**NOTE 9 - Grants Receivable:**

At December 31, 2016, grants receivable consisted of the following:

<u>PROGRAM</u>	<u>AMOUNT</u>
Blighted Properties Program	\$1,207,769
Nonmajor Governmental Program	266,416
Louisiana Recovery Authority	1,566,976
Affordable Housing Pilot Program	2,180
Neighborhood Stabilization Program	6,004
Road Home Property Disposition	59,807
General Fund	<u>55,008</u>
	<u>\$3,164,160</u>

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 10 - Leases:**

**NORA** leases equipment, and commercial office space under operating leases. On December 31, 2009, **NORA** executed a ten (10) year lease agreement for commercial office space effective July 1, 2012. The lease provides for a purchase option in the seventh year at the appraised value of the building. The lease expires on July 1, 2022 and subject to annual appropriations. Total cost of such leases was \$199,698 for the year ended December 31, 2016. The future minimum lease payments for leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017 - 2022	<u>\$1,055,095</u>
Total	<u>\$1,055,095</u>

**NOTE 11 - Retirement System:**

**Plan Description**

Currently, **NORA** participates in a defined contribution plan administered by a third-party administrator (Fox-Everett). The qualified, IRS 457(b), salary deferral plan was established May 1, 2008, for eligible employees of **NORA**. Plan provisions and contribution requirements are established or amended by **NORA's** Board of Commissioners. This plan provides that the employee may voluntarily contribute to the **NORA** plan, and **NORA** will match employee contributions up to 5% of the employees' annual salary. The **NORA** plan includes thirty-eight (38) participants. For the year ended 2016, actual contributions by plan participants were \$149,621 with a \$101,822 match from **NORA**. Participants of the plan vest after two years of service. The 457(b) plan replaced the multi-employer defined benefit pension retirement plan operated by the State of Louisiana.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 11 - Retirement System, Continued:**

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

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

**NOTE 12 - Risk Management:**

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

**NOTE 13 - Concentration of Credit Risk:**

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

**NOTE 14 - Contingencies:**

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 14 - Contingencies:, Continued

**NORA** is named in various suits. It is Counsel's opinion at December 31, 2016 and June 23, 2017, that outcomes of these outstanding matters will not have an adverse effect on the financial condition of **NORA**.

Further, **NORA** sent on March 6, 2017 a notice of final default and termination to a developer in connection with a development agreement. On June 12, 2017 **NORA** instituted legal proceedings.

NOTE 15 - Compensated Absences Payable:

An analysis of compensated absences payable follows:

	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Beginning	\$156,199	\$ 6,498	\$162,697
Net change	(12,123)	(6,498)	(18,621)
Ending	<u>\$144,076</u>	<u>\$ -0-</u>	<u>\$144,076</u>

NOTE 16 - Deposits Held for Buyers:

At December 31, 2016, **NORA** held deposits in the amount of \$58,603 on behalf of potential buyers participating in its REALM and Road Home Disposition Program (Lot Next Door) programs.

NOTE 17 - Per Diem for Board of Commissioners:

During the year ended December 31, 2016, no board member received per diem in his/her capacity as a Commissioner.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 18 - Amounts Receivable**

At December 31, 2016, amounts receivable consisted of the following:

	<u>General Fund</u>	<u>Affordable Housing Program</u>	<u>Neighborhood Stabilization Program 2</u>	<u>Nonmajor Governmental Funds</u>	<u>Real Estate Acquisition and Land Banking</u>	<u>Total</u>
Other	<u>\$1,210</u>	<u>\$2,921</u>	<u>\$34,352</u>	<u>\$37,140</u>	<u>\$3,256</u>	<u>\$78,879</u>
Total	<u>\$1,210</u>	<u>\$2,921</u>	<u>\$34,352</u>	<u>\$37,140</u>	<u>\$3,256</u>	<u>\$78,879</u>

**NOTE 19 - Grants - Other:**

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

In a letter dated July 22, 2014, the Ford Foundation approved a modification that waived the repayment term and also extended the grant award period through April 30, 2018.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 20 - Prepaid Items and Other Assets:

At December 31, 2016, prepaid items and other assets consisted of prepaid insurance of \$100,512 and \$218,024 deposits on unimproved land and structures.

NOTE 21 - Investments:

At December 31, 2016 investments consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
Certificate of Deposit	2.02%	1/13/17	<u>\$283,372</u>	<u>\$283,272</u>
Total			<u>\$283,272</u>	<u>\$283,272</u>

NOTE 22 - Rent Reserve:

At December 31, 2016, **NORA** had and continues to maintain a reserve for its office rent equal to six (6) months pursuant to its executed lease agreement.

NOTE 23 - Subsequent Events:

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 23 - Subsequent Events, Continued:**

**NORA's** major sources of funding for 2016 consist primarily of the following:

*City of New Orleans* \$14.8M

Funding for administrative and program delivery costs, acquisition and redevelopment for blight reduction, management of disposition activities, redevelopment planning and reuse of vacant blighted properties into active outdoor space.

*Hazard Mitigation Grant Program*

(through City of New Orleans) \$ .7M

FEMA funding for a study, environmental assessment, design and permitting for a storm water mitigation/drainage upgrade project in the "Gentilly" Area. The funding is for PHASE 1 of the proposed project. Based upon the results of the study and required assessments, an additional \$13.5M in funding will be approved.

*National Disaster Resilience Communities* \$6.1M

Funding through a portion of the \$143 million National Disaster Resilience Competition award to the City of New Orleans, **NORA** will establish the Resilience Retrofit Program to fund improvements to manage storm water and prevent flooding on previously developed properties owned by low to moderate income homeowners within the Gentilly Resilience District. **NORA** will design and implement this program to support neighborhood revitalization and resilience.

*Facade Renew* \$1.6M

Facade Renew is a two-pronged initiative that will support the revitalization of commercial corridors throughout the City by stimulating public-private investments in high-quality improvements that enhance the appearance of retail storefronts, eliminate economic blight and address non-confirming design standards. All monies will be distributed by **NORA** functioning either as matching grants or direct corridor investment.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 23 - Subsequent Events, Continued:**

*Residential Construction Lending Program* \$3.9M  
**NORA** established a Housing Construction Loan Fund through its non-profit subsidiary, New Orleans Redevelopment Unlimited, Inc., (NORU), to financially assist developers in the Gentilly Woods and Pontchartrain Park neighborhoods in accelerating the redevelopment of vacant and blighted properties in these areas. The beneficiary area now includes the city's Housing Opportunity Zones (HOZ), and will be further expanded to include neighborhoods in New Orleans East, Gentilly and Algiers.

**NOTE 24 - Loans Receivable, Net:**

At December 31, 2016, forgivable and unforgivable loans receivable were as follows:

**Non-forgivable Loans**

Pontchartrain Park	
Community Development; 4% interest	\$ 477,000
Tulane Land Holdings (Crescent Club)	
5% interest due in full on November 18, 2036	750,000
St. Claude/St. Roch Revitalization LLC;	
1% interest due and payable beginning	
December 10, 2010 with principal	
due on May 1, 2018	1,295,000
GCHP-MLK Leverage Lender, LLC	
0% principal and interest payments due from	
March 31, 2011 through March 31, 2047	1,700,000
GCHP-MLK Leverage Lender, LLC	
0.5% interest due March 2011 until the	
option date. Beginning on the option date,	
interest will accrue at the prime rate plus	
1% adjusted monthly	2,000,000

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 24 - Loans Receivable, Net, Continued:

**Non-forgivable Loans, Continued**

Reconcile New Orleans	
Interest accrues at 2.5% per annum; interest payments commence one year following receipt of temporary or final certificate of occupancy	
entire principal is payable on maturity	\$ 299,281
 The Good Work Network - Franz Building, LLC	
Interest accrues at 2.5% per annum, payable in monthly installments commence one year following receipt of temporary or final certificate of occupancy	147,398
 OC Haley Development, LLC	
2.5% interest	49,000
 OC Haley Development, LLC	
February 11, 2013 for \$72,000; rest earlier of March 31, 2017 or sale of property	82,000
 Providence Community Housing	
0% interest; principal due upon sale of each property	39,840
 BBC Leveraged Lender, LLC (Broad Refresh)	
2.5% interest per annum from April 4, 2013 until April 9, 2038	480,000
 GCE Leverage Lender HUB NOLA	
Interest accrues at 1.0% per annum due monthly in arrears beginning on the 10 <sup>th</sup> day of the first calendar month immediately following the completion date and continuing monthly on the 10 <sup>th</sup> day of each calendar month thereafter until the loan is paid in full	150,000

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 24 - Loans Receivable, Net, Continued:**

**Non-forgivable Loans, Continued**

MBS Parent, LLC Alembic Myrtle Banks Interest accrues at 2.50% per annum from date of disbursement, thereafter interest is payable monthly in arrears on the 15 <sup>th</sup> day of each month. Principal is amortized over a 13-year period and payments commence beginning on May 17, 2020	\$ 500,000
1436 Oretha Castle Haley, LLC (Broad Refresh) interest accrues 2.5% per annum; interest payment commence one year following receipt of temporary or final certificate of occupancy entire principal is payable on maturity	<u>765,076</u>
Total non-forgivable loans	<u>8,734,595</u>

**Forgivable Loans**

Forgivable Loan - Reconcile New Orleans Interest accrues at 2.5% per annum; entire amount of note is forgiven provided project is completed and no defaults.	44,538
Forgivable Loan - BCC Leveraged Lender, LLC (Broad Refresh) 2.5% interest per annum from April 9, 2013 until April 9, 2028	420,000
Forgivable Loan - South Broad Community Health Center (Community Green) 1% interest to accrue from April 10, 2012 until April 1, 2019 one month after initial payment	600,000
Forgivable Loan - The Good Work Network Franz Building, LLC interest accrues at 2.5% per annum; provided entire amount of note is forgiven provided project is completed and no defaults	139,000

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 24 - Loans Receivable, Net, Continued:

**Forgivable Loans, Continued**

Forgivable Loan - MBS Parent, LLC

Interest accrues at 2.5% per annum; entire amount of note is forgiven provided project is completed and no defaults \$ 250,000

Alternative Housing and Neighborhood Stabilization Programs (home buyer assistance) mortgage with varying amounts executed in 2016 and expiring on varying dates through July 29, 2031

1,387,381

St. Claude/St. Roch

Interest accrues at 1% per annum. Entire amount of note is forgiven upon completion of a project and no deposit 205,000

Total forgivable loans 3,045,919

Credit sales 3,350,199

Total loans 15,130,713

Less: current loans ( 354,378)

Total loan receivable \$14,776,335

NOTE 25 - Revolving Loans:

Revolving loans at December 31, 2016, represents funds provided to **NORA** for revolving loans to entities aimed at the rehabilitation and redevelopment within the City of New Orleans.

NOTE 26 - Related Party Transactions:

NORU paid management fees in the amount of \$17,761 to **NORA** for the year ended December 31, 2016. Further reimbursable costs totaling \$51,200 were incurred by **NORA** on NORU's behalf.

Further, in 2016 **NORA** and NORU executed a contract for a construction project totaling \$1,580,295.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 27 - Deferred Inflow of Resources:**

At December 31, 2016 deferred inflow of resources represent grant funds and acquisitions that **NORA** must satisfy grant conditions prior to the recognition of revenue:

<u>Program/Funded By</u>	
Blighted Properties Program	\$ 2,396,046
Road Home Program	33,533,163
AHPP - Katrina Cottages	283,347
Neighborhood Stabilization Program 2	2,121,678
Louisiana Recovery Authority	10,268
General Fund	2,840,748
Other	<u>409,310</u>
Total	<u><u>\$41,594,560</u></u>

**NOTE 28 - Restricted Net Assets:**

Further, real property donated by **NORA** to its related party NORU is subject to specific future use and/or disposition pursuant to the requirements of CBDG funded activities.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 29 - Promissory Notes:**

At December 31, 2016 **NORA** has executed, various promissory notes and Acts of Credit sale totaling \$3,338,234 at varying interest rates. These loans are subject to a waiver at the point of sale under the following conditions:

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

## **SUPPLEMENTARY INFORMATION**



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

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

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

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

**Other Matters**

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

We have audited the financial statements of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2016, and have issued our report dated June 23, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by *the Uniform Guidance*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule I is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

The supplementary information Schedule of Compensation, Benefits and Other Payments to Executive Director (Schedule II) 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information Schedule II is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 23, 2017

NEW ORLEANS REDEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE--GENERAL FUND--  
BUDGETED AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Private grant revenue	\$ 4,959	\$ 4,959	\$ -0-
General revenues	20,614	20,614	-0-
Other financing sources	<u>567,843</u>	<u>567,843</u>	<u>-0-</u>
Total revenues	<u>593,416</u>	<u>593,416</u>	<u>-0-</u>
<u>Expenditures</u>			
Personnel salaries and waves	832,491	832,491	-0-
Personnel services employee benefits	216,475	216,475	-0-
Purchased professional and technical services	85,754	85,754	-0-
Purchased property services	134,471	134,471	-0-
Insurance	4,288	4,288	-0-
Other purchased services	54,183	54,183	-0-
Supplies and material	41,624	41,624	-0-
Property	11,441	11,441	-0-
Programs	70,389	70,389	-0-
Other uses	<u>10,435</u>	<u>15,998</u>	<u>(5,563)</u>
Total expenditures	<u>1,461,550</u>	<u>1,467,113</u>	<u>(5,563)</u>
Operating income	<u>(868,134)</u>	<u>(873,697)</u>	<u>(5,563)</u>
Other Financing Sources (uses):			
Operating transfer in	923,804	923,804	-0-
Operating transfer (out)	<u>(58,467)</u>	<u>(58,467)</u>	<u>-0-</u>
Total other financing source (uses)	<u>865,337</u>	<u>865,337</u>	<u>-0-</u>
Change in fund balance	<u>(2,797)</u>	<u>(8,360)</u>	<u>-0-</u>
Fund balance (deficit), beginning of year	<u>146,726</u>	<u>146,726</u>	<u>-0-</u>
Fund balance (deficit), end of year	<u>\$ 143,929</u>	<u>\$ 138,366</u>	<u>\$ -0-</u>

See Independent Auditors' Report and Supplemental Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCE**  
**BUDGETED AND ACTUAL**  
**BLIGHTED PROPERTIES REMOVAL PROGRAM FUND**  
**ENTITLEMENT/TARGET ZONE**  
**(NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(UNAUDITED)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
	<u>Budget</u>	<u>Final</u>		<u>Favorable</u>
				<u>(Unfavorable)</u>
<u>Revenues</u>				
Grants	\$1,000,000	\$1,000,000	\$ 329,373	\$ (670,627)
Program income	<u>244,024</u>	<u>726,846</u>	<u>949,063</u>	<u>222,217</u>
Total revenues	<u>1,244,024</u>	<u>1,726,846</u>	<u>1,278,436</u>	<u>(448,410)</u>
<u>Expenditures</u>				
Personnel salaries and wages	474,136	956,958	863,458	93,500
Contractual services	519,714	519,714	182,967	336,747
Equipment and property	245,674	245,674	227,989	17,685
Supplies and materials	<u>4,500</u>	<u>4,500</u>	<u>4,022</u>	<u>478</u>
Total expenditures	<u>1,244,024</u>	<u>1,726,846</u>	<u>1,278,436</u>	<u>448,410</u>
Net change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	-0-	\$ <u>-0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			\$ <u>-0-</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCE**  
**BUDGETED AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT - LOUISIANA RECOVERY AUTHORITY**  
**(NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(UNAUDITED)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
	<u>Budget</u>			<u>Favorable</u>
				<u>(Unfavorable)</u>
<u>Revenues</u>				
Grants	\$2,280,000	\$2,280,000	\$1,506,021	\$ (773,979)
Program income	<u>1,638,926</u>	<u>1,638,926</u>	<u>540,206</u>	<u>(1,098,720)</u>
Total revenues	<u>3,918,926</u>	<u>3,918,926</u>	<u>2,046,227</u>	<u>(1,872,699)</u>
<u>Expenditures</u>				
Construction lending program	2,280,000	2,280,000	1,506,021	773,979
Facade renew program	<u>1,638,926</u>	<u>1,638,926</u>	<u>540,206</u>	<u>1,098,720</u>
Total expenditures	<u>3,918,926</u>	<u>3,918,926</u>	<u>2,046,227</u>	<u>1,872,699</u>
Net change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	-0-	\$ <u>-0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			\$ <u>-0-</u>	

See Independent Auditors' Report on Supplementary Information.

EXHIBIT D

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCE**  
**BUDGETED AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT - DISASTER COMMERCIAL CORRIDOR**  
**CITY OF NEW ORLEANS**  
**(NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(UNAUDITED)**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u>		
<u>Revenues</u>				
Grants	\$2,543,417	\$2,543,417	\$ 561,186	\$(1,982,231)
Program income	<u>2,045,691</u>	<u>2,045,691</u>	<u>87,269</u>	<u>(1,958,422)</u>
Total revenues	<u>4,589,108</u>	<u>4,589,108</u>	<u>648,455</u>	<u>(3,940,653)</u>
<u>Expenditures</u>				
Delivery and administrative cost	876,050	876,050	301,415	574,635
Gentilly Woods Corridor	639,173	639,173	347,040	292,133
Oretha Castle Haley Corridor	2,003,120	2,003,120	-0-	2,033,120
St. Claude Corridor	<u>1,040,765</u>	<u>1,040,765</u>	<u>-0-</u>	<u>1,040,765</u>
Total expenditures	<u>4,589,108</u>	<u>4,589,108</u>	<u>648,455</u>	<u>3,940,653</u>
Change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	-0-	\$ <u>-0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			\$ <u>-0-</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE - BUDGETED AND ACTUAL  
COMMUNITY DEVELOPMENT BLOCK GRANT - ROAD HOME PROPERTY DISPOSITION  
CITY OF NEW ORLEANS  
(NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final</u>		
<u>Revenues</u>				
Program income	\$9,616,186	\$9,616,186	\$3,622,363	\$(5,993,823)
Total revenues	<u>9,616,186</u>	<u>9,616,186</u>	<u>3,622,363</u>	<u>(5,993,823)</u>
<u>Expenditures</u>				
Land assembly	4,660,950	4,660,950	3,543,453	1,117,497
Strategic acquisition fund	<u>4,955,236</u>	<u>4,955,236</u>	<u>78,910</u>	<u>4,876,326</u>
Total expenditures	<u>9,616,186</u>	<u>9,616,186</u>	<u>3,622,363</u>	<u>5,993,823</u>
Net change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	-0-	\$ <u>-0-</u>
Fund balance, beginning of year			-0-	
Fund balance, end of year			\$ <u>-0-</u>	

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE I**

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Program Grantor/Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>		
Neighborhood Stabilization Program 2	14.256	
Neighborhood Stabilization Program 2 - Program Income	14.256	252,862
Neighborhood Initiative Grant	14.251	<u>163,416</u>
Sub-total		<u>416,278</u>
<b><u>Pass Through CDBG Funds as Subgrantee of the State of Louisiana:</u></b>		
Blighted Properties Program CDBG - State LRA	14.228	1,472,042
PRC - Operation Comeback		33,979
Facade Renew	14.228	<u>540,206</u>
Sub-total pass through funds		<u>2,046,227</u>
<b><u>Pass Through CDBG Funds as Subgrantee of the City of New Orleans:</u></b>		
Blighted Properties Program - Entitlement	14.218	1,292,230
Blighted Properties Program - Disaster	14.218	634,671
Blighted Properties Program - Collaborative Nuisance Abatement Program	14.218	<u>86,531</u>
Sub-total pass through funds		<u>2,013,432</u>
<b><u>Pass Through CDBG Funds as Subgrantee of the State of Louisiana/City of New Orleans:</u></b>		
Land Assembly - 4 Party CEA	14.228	3,543,453
Strategic Acquisition Fund	14.228	<u>78,910</u>
Sub-total pass through funds		<u>3,622,363</u>
<b><u>PROGRAMS FUNDED BY FEDERAL EMERGENCY MANAGEMENT ASSOCIATION</u></b>		
<b><u>Pass Through Funds as Subgrantee of State of Louisiana:</u></b>		
Hazard Mitigation Program	97.039	279,138
Alternative Housing Pilot Program Income	97.087	<u>283,216</u>
Sub-total pass through funds		<u>562,354</u>
Total all programs		<u>\$8,660,654</u>

**NOTE: Basis of Presentation**

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

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

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO EXECUTIVE DIRECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2016

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**Executive Director Name:** Jeffrey P. Hebert (01/01/2016 to 08/13/2016)  
Brenda M. Breaux (08/14/2016 to 12/31/2016)

<u>Purpose</u>	<u>Jeffrey P. Hebert</u>	<u>Brenda M. Breaux</u>	<u>Amount</u>
Salary	\$128,862	\$71,561	\$200,423
Benefits - insurance	3,828	4,704	8,532
Benefits - retirement	15,732	5,399	21,131
Cell phone	291	175	466
Memberships	106		106
Registration fee and conference travel	10,190	2,860	13,050
Per diem/meals while traveling	441	21	461
Local meetings	<u>1,011</u>	<u>288</u>	<u>1,300</u>
	<u>\$160,461</u>	<u>\$85,008</u>	<u>\$245,469</u>

See Independent Auditors' Report on Supplementary Information.



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Joseph A. Akanji, CPA

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, the business type activities, each major fund, the aggregate discretely presented component unit information, and the aggregate remaining funds of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise **NORA's** basic financial statements, and have issued our report thereon dated June 23, 2017.

**Internal Control Over Financial Reporting**

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

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

**Internal Control Over Financial Reporting, Continued**

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Summary Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over a financial reporting one (1) of which we consider to be a material weakness and the other a significant deficiency.

*A deficiency in internal control* over financial reporting exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

*A significant deficiency* over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2016-002 to be a significant deficiency in internal control over financial reporting.

*A material weakness* over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of **NORA's** financial statements will not be prevented, or detected and corrected in a timely basis. We consider the deficiency described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2016-001 to be a material weakness.

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

**Compliance and Other Matters**

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

**NORA's Response to Findings**

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

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

**Purpose of this Report**

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

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 23, 2017



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

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

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

We have audited New Orleans Redevelopment Authority's (NORA's) compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of NORA's major federal programs for the year ended December 31, 2016. NORA's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, **NORA** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with *the Uniform Guidance* and which are described in the accompanying Summary of Schedule of Findings and Questioned Costs as items 2016-003, 2016-004 and 2016-005. Our opinion on each major federal program is not modified with respect to these matters.

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

**NORA's Response to Findings**

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

**Report on Internal Control Over Compliance**

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

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in NORA's internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the following paragraphs, we identified deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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

**Report on Internal Control Over Compliance, Continued**

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

*A significant deficiency* in internal control over compliance is a deficiency or a combination of control 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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2016-007 to be a significant deficiency.

*A material weakness* in internal control over compliance in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2016-006 to be a material weakness, as defined above.

**NORA's Response to Findings**

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

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

**Purpose of this Report**

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

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 23, 2017

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**I - Summary of Auditors' Results**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency (ies) identified? Yes

Noncompliance material to financial  
statements noted?

No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? Yes
- Significant deficiency (ies) identified? Yes

Type of auditor's report issued on compliance  
for major programs:

Unmodified

Any audit findings disclosed that are  
required to be reported in accordance  
with *the Uniform Guidance*?

Yes

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section I - Summary of Auditors' Results, Continued**

***Federal Awards, Continued***

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Blighted Properties Program Community Development Block Grant (Land Assembly, Construction Lending Extended and Facade Renew)
14.218	Blighted Properties Program Community Development Block Grant (Entitlement, Target Zone, Disaster)
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section II - Financial Statement Findings and Questioned Costs**

**Reference Number**

2016-001

**Federal Award Program**

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

**Criteria**

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

**Condition**

NORA has completed its implementation to a new general ledger software system. This is a part of NORA's transition towards the implementation of a financial reporting system that ensures the timely preparation and submission of financial statements to include budget to actual reports for review and analysis by management and the board. Our review of the current design and operation of NORA's internal control over financial reporting revealed the following significant conditions:

- Documentation of the components of internal control over the financial reporting processes to include alignment with the new software system.
- Failure to perform timely reconciliations and analysis of significant general ledger accounts.
- Accounting for all financial transactions.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2016-001

**Questioned Costs**

None.

**Context**

Total amount of federal awards expended for the year ended December 31, 2016 were \$8,660,654.

**Effect or Potential Effect**

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

**Cause**

Significant growth in the operation of **NORA** to include the transitional challenges encountered during the new software system conversion in 2016.

**Recommendation**

Management of **NORA** should continue the assessment of its operations aimed at the re-design, and documentation of required processes and procedures to ensure the implementation of an effective and efficient design and operation of its internal control over financial reporting. The assessment should also consider the need to perform account analysis no later than on a quarterly basis to reduce the impact of resource commitment needed for year end closing. Such a system should facilitate a timely and complete monthly and year end closing process. Further, the process should help minimize the number of adjustments required to fairly state account balances at year end.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2016-001

**Management's Response and Planned Corrective Action**

Management will revise its financial policies and procedures to establish internal control objectives and work flows that align with current operations. The revised policies and procedures will address receiving, processing, reviewing, approving and monitoring functions.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section II - Financial Statements Findings and Questioned Costs, Continued**

**Reference Numbers**

2016-002

**Federal Award Program**

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

**Criteria**

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

**Condition**

Our testing of selected internal control attributes for the test month of September 2016 (month judgementally selected), revealed the following conditions:

- In an instance of forty-nine (49) cash disbursements selected for testing, we noted where three (3) invoices totaling \$658.39 were the result of a duplicate payment to a vendor. Currently, **NORA** has been reimbursed by the vendor.
- In three (3) credit card transactions selected for testing, we noted no evidence to support cancellation via the use of a "paid" stamp on the supporting documents to prevent further use.
- For five (5) of five (5) reconciling items judgementally selected from **NORA's** December 2016 bank account reconciliations, we noted where funds selected received and deposited revealed the deposit validations outside the policy window dictated by **NORA**.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2016-002

**Questioned Costs**

None.

**Context**

Total expenditures of federal awards for the year ended December 31, 2016 were \$8,660,654.

**Effect or Potential Effect**

The potential for the misappropriation of assets.

**Cause**

Level of oversight in connection with the monthly processing of its financial transactions.

**Recommendation**

Management should revisit with the level of oversight afforded in the financial reporting processes to ensure its completeness in executed transactions.

Further, instances impacting compliance with established policy should be adequately documented to provide an audit trail.

**Management's Response and Planned Corrective Action**

Management will revise its financial policies and procedures to establish internal control objectives and work flows that align with current operations. The revised policies and procedures will address receiving, processing, reviewing, approving and monitoring functions.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

2016-003

**Federal Award Program**

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

**Criteria**

The Davis Bacon Act requires that:

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2016-003

**Condition**

Based on our review of twenty-nine (29) certified payroll records submitted by NORA's contractors and/or subcontractors, we were unable to determine in thirteen (13) instances whether the "Statements of Certification" and related payroll records were received within the required seven (7) days of the payroll date for all contractors and subcontractors. We also noted that in ten (10) instances where the certified time sheets were submitted greater the required seven (7) days.

**Questioned Costs**

None.

**Context**

Total federal awards expended for the Blighted Properties Program - Disaster and Facade Renew for the year ended December 31, 2016 were \$1,070,596.

**Effect or Potential Effect**

Potential noncompliance with the requirements of the Davis Bacon Act.

**Cause**

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2016-003

**Recommendation**

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

**Management's Response and Planned Corrective Action**

Management will continue to enforce and strengthen its monitoring of prime and subcontractors to ensure compliance with Davis Bacon policies.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2016-004

**Federal Award Program**

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

**Criteria**

Article I under scope of services and Exhibit "F" of the Cooperative Endeavor Agreement (CEA) executed between the City of New Orleans and NORA defines NORA's performance measures and projected outcomes for the Entitlement award.

**Condition**

For the year ended December 31, 2016, NORA's actual goals did not meet the projected goals for its entitlement program as described in the referenced CEA. Actual for the interim nuisance abatement activity was 1,892 to a projected goal of 2,420. Also, actual inspections performed were 55 to a projected goal of 60.

**Questioned Costs**

None.

**Context**

Total expenditures for the entitlement program were \$1,292,230 for the year ended December 31, 2016.

**Effect or Potential Effect**

Noncompliance with the requirements of its executed CEA.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2016-004

**Cause**

Lack of an effective monitoring system.

**Recommendation**

Management should revisit with its current practice as it relates to internal monitoring process for reporting projections to actual. Such a process should be aimed at the timely identification of challenges to allow for re-alignment in processes to achieve and timely report all goals.

**Management's Response and Planned Corrective Action**

Management will implement an enhanced reporting and monitoring process to increase the efficiency and accuracy of data shared between departments to meet performance goals.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2016-005

**Federal Award Program**

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

**Criteria**

21 CFR requires that contractors debarred, suspended, or proposed for debarment should be excluded from receiving contracts.

**Condition**

Our review of twenty-one (21) vendors for compliance with the requirements for debarment and suspension revealed seven (7) instances where we were unable to verify documented evidence of verification through the "SAM" website of compliance with the referenced CFR in order to contract with NORA. Further, we noted no written procedures to ensure compliance and consistency in application with the requirements of 21 CFR.

**Questioned Costs**

None.

**Context**

Total expenditure of federal awards for the year ended December 31, 2016 were \$8,660,654.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2016-005

**Effect or Potential Effect**

Noncompliance with the requirements of 21 CFR regarding procurement, debarment and suspension.

**Cause**

Lack of an established written procedure to ensure consistency in application of the requirements of 21 CFR regarding procurement, debarment and suspension.

**Recommendation**

Management should develop a written policy and procedure to ensure compliance with its procurement, debarment and suspension of vendors prior to a contractual relationship.

**Management's Response and Planned Corrective Action**

Management will revise its procurement policies and procedure to ensure all vendors receiving grant awards are not debarred or suspended from federal funds.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2016-006

**Federal Award Program**

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

**Criteria**

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

**Condition**

NORA has completed its implementation to a new general ledger software system. This is a part of NORA's transition towards the implementation of a financial reporting system that ensures the timely preparation and submission of financial statements to include budget to actual reports for review and analysis by management and the board. Our review of the current design and operation of NORA's internal control over financial reporting revealed the following significant conditions:

- Documentation of the components of internal control over the financial reporting processes to include alignment with the new software system.
- Failure to perform timely reconciliations and analysis of significant general ledger accounts.
- Accounting for all financial transactions.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2016-006

**Questioned Costs**

None.

**Context**

Total amount of federal awards expended for the year ended December 31, 2016 were \$8,660,654.

**Effect or Potential Effect**

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

**Cause**

Significant growth in the operation of **NORA** to include the transitional challenges encountered during the new software system conversion in 2016.

**Recommendation**

Management of **NORA** should continue the assessment of its operations aimed at the re-design, and documentation of required processes and procedures to ensure the implementation of an effective and efficient design and operation of its internal control over financial reporting. The assessment should also consider the need to perform account analysis no later than on a quarterly basis to reduce the impact of resource commitment needed for year end closing. Such a system should facilitate a timely and complete monthly and year end closing process. Further, the process should help minimize the number of adjustments required to fairly state account balances at year end.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2016-006

**Management's Response and Planned Corrective Action**

Management will revise its financial policies and procedures to establish internal control objectives and work flows that align with current operations. The revised policies and procedures will address receiving, processing, reviewing, approving and monitoring functions.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Numbers**

2016-007

**Federal Award Program**

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

**Criteria**

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

**Condition**

Our testing of selected internal control attributes for the test month of September 2016 (month judgementally selected), revealed the following conditions:

- In an instance of forty-nine (49) cash disbursements selected for testing, we noted where three (3) invoices totaling \$658.39 were the result of a duplicate payment to a vendor. Currently, **NORA** has been reimbursed by the vendor.
- In three (3) credit card transactions selected for testing, we noted no evidence to support cancellation of paid supporting documents.
- For five (5) of five (5) funds selected for which **NORA** received and deposited collections, we noted where the deposit validations were outside the policy window dictated by **NORA**.

This condition is similar to prior year findings reference numbers 2014-003 and 2014-012.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS. CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2016-007

**Questioned Costs**

None.

**Context**

Total expenditures of federal awards for the year ended December 31, 2016 were \$8,660,654.

**Effect or Potential Effect**

The potential for the misappropriation of assets.

**Cause**

Level of oversight in connection with the monthly processing of its financial transactions.

**Recommendation**

Management should revisit with the level of oversight afforded in the financial reporting processes to ensure its completeness in executed transactions.

Further, instances impacting compliance with established policy should be adequately documented to provide an audit trail.

**Management's Response and Planned Corrective Action**

Management will revisit with its current monthly financial reporting processes with aim towards addressing the referenced conditions.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Reference Number**

2015-001 and 2015-005

**Federal Award Program**

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

**Criteria**

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

**Condition**

Effective January 1, 2016, NORA migrated to a new general ledger software system as a part of its transition towards the implementation of a financial reporting system that ensures the timely preparation and submission of financial statements to include budget to actual reports for review and analysis by management and the board. Nevertheless, the current design and operation of NORA's internal control over financial reporting revealed the following significant conditions:

- Documentation of the components of internal control over the financial reporting processes to include alignment with the new software system.
- Failure to perform timely reconciliations and analysis of significant general ledger accounts other than cash.
- Accounting for all financial transactions.

This condition is similar to prior year findings reference numbers 2014-001 and 2014-014.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Reference Number, Continued**

2015-001

**Questioned Costs**

None.

**Context**

Total amount of federal awards expended for the year ended December 31, 2015 were \$13,556,728.

**Effect or Potential Effect**

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

**Cause**

Significant growth in the operation of NORA.

**Recommendation**

Management of NORA should continue the assessment of its operations aimed at the re-design, and documentation of required processes and procedures to ensure the implementation of an effective and efficient design and operation of its internal control over financial reporting. The assessment should also consider the need to perform account analysis no later than on a quarterly basis to reduce the impact of resource commitment needed for year end closing. In addition, the re-assessment should include the establishment of the audit trail needed to ensure the timely and accurate production of documents, account analysis, etc. Such a system should facilitate a timely and complete monthly and year end closing process. Further, the process should help minimize the number of adjustments required to fairly state account balances at year end.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Reference Number, Continued**

2015-001 and 2015-005

**Current Status**

See current year's finding reference number 2016-001.

Management developed a comprehensive monthly closeout schedule to facilitate a timely and complete monthly closeout process. Management will take further action to revise its departmental monthly closeout procedures to include account analysis.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Reference Number**

2015-002 and 2015-006

**Federal Award Program**

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

**Criteria**

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

**Condition**

Our testing of selected internal control attributes revealed the following conditions:

- For three (3) of four (4) journal entries selected for the month of November 2015 (month judgementally selected for testing), we noted the lack of documented evidence of supervisory review and approval beyond the level of the preparer.
- In thirty (30) of one hundred and eleven (111) cash disbursements selected for testing, we noted no evidence to support cancellation of paid supporting documents.
- For nine (9) of ten (10) funds selected for which **NORA** received and deposited collections, we noted where the deposit validations were outside the policy window dictated by **NORA**. The deposit dates ranged from four (4) to fifteen (15) days from date of receipt.

This condition is similar to prior year finding reference numbers 2014-003 and 2014-012.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Reference Number, Continued**

2015-002 and 2015-006

**Questioned Costs**

None.

**Context**

Total expenditures of federal awards for the year ended December 31, 2015 were \$13,556,728.

**Effect or Potential Effect**

The potential for the misappropriation of assets.

**Cause**

Level of oversight in connection with the monthly processing of its financial transactions.

**Recommendation**

Management should revisit with the level of oversight afforded in the financial reporting processes to ensure its completeness in executed transactions.

Further, instances impacting compliance with established policy should be adequately documented to provide an audit trail.

**Current Status**

See current year's finding reference number 2016-002.

Management has migrated to a new financial management system and will document multiple workflows that validate, approve and process transactions on both user and supervisory levels. Management has also implemented processes to stamp invoices as paid.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Reference Number**

2015-003

**Federal Award Program**

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

**Criteria**

The Davis Bacon Act requires that:

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

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Reference Number, Continued**

2015-003

**Condition**

Based on our review of sixteen (16) certified payroll records submitted by NORA's contractors and/or subcontractors, we were unable to determine whether the "Statements of Certification" and related payroll records were received within the required seven (7) days of the payroll date for all contractors and subcontractors.

**Questioned Costs**

None.

**Context**

Total federal awards expended for the Blighted Properties Program - Disaster for the year ended December 31, 2015 were \$1,160,444.

**Effect or Potential Effect**

Potential noncompliance with the requirements of the Davis Bacon Act.

**Cause**

Lack of effective monitoring and oversight to ensure completeness of files and compliance with the requirements of the Davis Bacon Act.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Reference Number, Continued**

2015-003

**Recommendation**

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

**Current Status**

Unresolved.

See current year's finding reference number 2016-004.

Management will document and implement a policy to ensure compliance and enhancement to monitoring of all Davis Bacon contractors and subcontractors.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Reference Number**

2015-004

**Federal Award Program**

Blighted Properties Program - Entitlement, Land Assembly and NSP2 (see Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to the performance reporting and contract compliance requirements of the executed CEA and/or grant award.

**Condition**

The required monthly cost reports provided to us for the reference programs did not agree to the income or expense line items as recorded on the applicable general ledger. The test period by program were: November 2015 for (Land Assembly), December 31, 2015 (year to date) for the Entitlement Program, and the quarter ended December 31, 2015 for the NSP 2 Program.

Further, we noted that the timing in executed CEA's continues to impact NORA's ability to comply with the monthly reporting timeline of the 20<sup>th</sup>.

This condition is similar to a prior year finding reference numbers 2014-007, 2014-009, 2014-010 and 2014-013.

**Questioned Costs**

None.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Reference Number, Continued**

2015-004

**Context**

Total expenditures of Federal Awards for the year ended December 31, 2015 were \$13,556,728.

**Effect or Potential Effect**

Potential noncompliance with contract requirements.

**Cause**

Timing in the preparation of cost reports and NORA's month and year end closing activities.

**Recommendation**

Management should revisit with its monthly reporting to ensure completeness in submitted reports.

Further, management should consider a re-negotiation of the monthly reporting requirements to ensure future compliance.

**Current Status**

Partially resolved.

Management will take steps to minimize the number of adjustments required to state account balances and will re-negotiate terms for performance reporting and contract compliance requirements of the executed CEA and/or grant award.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section V - Status of Prior Year's Other Findings/Reviews**

The Department of Housing and Urban Development's Office of Inspector General on April 8, 2011, issued its report (2011-A0-1004) resulting from an audit of the Neighborhood Stabilization Program 2 awarded to **NORA**.

**Reference Number**

HUD 2010-17

**Condition**

"The Authority did not always use its NSP2 funds in accordance with Federal regulations. Specifically, **NORA** did not always (1) comply with NSP2 regulations and/or its written policies and procedures under its NSP2 ongoing activities, (2) comply with procurement regulations when obligating NSP2 funds, (3) provide its NSP2 quarterly performance reports to HUD with accurate information, or (4) ensure that its NSP2 expenditures were eligible and supported for 16 of 21 NSP2 expenditures. These conditions occurred because the Authority (1) did not have adequate controls and/or policies and procedures to effectively administer its NSP2 funds, (2) did not follow its own policies and procedures, and (3) was not always aware of its responsibilities as a HUD grantee under NSP2. As a result, it could not provide reasonable assurance that it had adequately fulfilled the requirements of its agreement with HUD, with respect to its ongoing activities and reports to HUD, and the Authority and one of its consortium members improperly procured eight contracts. In addition, the Authority expended \$178,148 in questioned costs. Further, given the nature of the deficiencies identified, at least \$8,101,539 of the remaining funds is at risk of being misspent."

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section V - Status of Prior Year's Other Findings/Reviews, Continued**

**Reference Number, Continued**

HUD 2010-17

**Recommended**

“We recommended that HUD’s Director of Community Planning and Development require the Authority to—

- 1G.      Revise its cost allocation plan, within sixty (60) days of the report issuance date, and submit the revised plan to HUD for review and approval. The revised cost allocation plan should include additional information/documentation, but is not limited to—
- A brief description of programs and funding sources, including amounts;
  - A list of expenses associated with costs for each program and funding source;
  - A clear identification of the method used to distribute the costs to each program and/or funding source;
  - A schedule showing the allocation of each program and funding source; and
  - Documentation such as (1) an organization chart which is sufficiently detailed to show operations and (2) a certification that the plan was prepared in accordance with OMB Circular A-87, contains only allowable costs, and was prepared in a manner that treats similar costs consistently among the various Federal awards and between Federal and non-Federal awards/activities.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Section V - Status of Prior Year's Other Findings/Reviews, Continued**

**Reference Number, Continued**

HUD 2010-17

**Recommended, Continued**

- 1N. Support the cost reasonableness of Environ, it should then support or repay any amounts it cannot support to the U.S. Treasury from non-Federal funds \$344 in unsupported costs identified due to the lack of invoice documentation.
- Should the Authority support the cost reasonableness of this contract, it should then support or repay any amounts it cannot support to the U.S. Treasury from non-Federal funds \$344 in unsupported costs identified due to the lack of invoice documentation.
- 1O. Support the cost reasonableness of the Trumpet Group, LLC contract or repay any amounts it cannot support to the U.S. Treasury from non-Federal funds the \$39,648 disbursed during the scope of our review. In addition—
- Should the Authority support the cost reasonableness of this contract, it should then support or repay any amounts it cannot support to the U.S. Treasury from non-Federal funds \$35,997 in unsupported costs identified due to the lack of invoice documentation.
- 1P. Support the cost reasonableness of the Terry Phillis consultant contract or repay any amounts that it cannot support to the U.S. Treasury from non-Federal funds the \$4,957 disbursed during the scope of our review.

**Current Status**

A letter dated September 26, 2013 resulting from an on-site monitoring suggests that all final corrective actions have been taken and completed.

Management has through various communications dated June 30, 2016, July 5, 2016 and recently on March 30, 2017, submitted a formal request for clearance of the referenced findings.

## NEW ORLEANS REDEVELOPMENT AUTHORITY

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### EXIT CONFERENCE

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

### NEW ORLEANS REDEVELOPMENT AUTHORITY

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

### BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

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Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA	-- Partner
Kesha Briscoe	-- Staff Accountant
Clyde Hunter, CPA	-- Staff Accountant

\*Primary responsible party for the corrective action plans



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

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

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

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

Management of **New Orleans Redevelopment Authority (NORA)** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements of **NORA** as of and for the year ended December 31, 2016 in accordance with auditing standards generally accepted in the United States of America, we considered **NORA's** internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **NORA's** internal control. Accordingly, we do not express an opinion on the effectiveness of **NORA's** internal control.

We previously reported on **NORA's** internal control in our report dated June 23, 2017. This letter does not affect our report dated June 23, 2017 on the financial statements or internal control of **NORA**.

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

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

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**(CONTINUED)**

*Current Year's Other Matters*  
**2016**

None reported for the year ended December 31, 2016.

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

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*Prior Year's Other Matters*  
**2015**

Our discussion of prior year's other matter follow:

**Reference Number**  
OM 2015-001

**Criteria**

Accounting for credit sales transactions and reversions.

**Condition**

Currently, the accounting for transactions involving the transfer of property in accordance with **NORA's** rehabilitation program with conditions for release are not being accounted for on a timely basis upon successful completion of required conditions.

**Cause**

Lack of an established procedure to ensure the timely and complete accounting for all property transactions.

**Effect or Potential Effect**

Untimely accounting for credit sales transactions and reversions.

**Recommendation**

Management should revise its current practice to require the timely and complete accounting for all property transactions involving negotiated "credit" instruments, reversions, etc.

**Current Status**

Resolved.

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

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**(CONTINUED)**

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

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

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

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

June 23, 2017