
CITY OF NEW ORLEANS, LOUISIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
DECEMBER 31, 2014
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

Prepared by the
Finance Department of the
City of New Orleans



A Professional Accounting Corporation

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CITY OF NEW ORLEANS, LOUISIANA

Comprehensive Annual Financial Report

December 31, 2014

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Comprehensive Annual Financial Report

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INTRODUCTORY SECTION

DEPARTMENT OF FINANCE
CITY OF NEW ORLEANS

MITCHELL J. LANDRIEU
MAYOR

NORMAN S. FOSTER
DIRECTOR OF FINANCE/CFO

June 29, 2015

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of New Orleans, Louisiana for the fiscal year ended December 31, 2014. The CAFR is provided to give detailed information about the financial position and activities of the City to citizens, City Council, City staff and other readers. City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. We believe the data, as presented, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City. These financial statements have been prepared by the City's Department of Finance, in accordance with generally accepted accounting principles (GAAP) for local governments.

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

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

THE REPORTING ENTITY AND ITS SERVICES

New Orleans, the largest city in Louisiana, was founded in 1718 and incorporated in 1805. The City's system of government is established by its Home Rule Charter which became effective in 1954. The Louisiana Constitution prohibits the state legislature from enacting any law affecting the structure, organization, or distribution of the powers and functions of any local subdivision which operates under a Home Rule Charter. The City's Home Rule Charter may be amended only by a vote of a majority of qualified voters in the City, voting at an election called by the City Council on its own initiative, or upon receipt of a petition of not less than ten thousand registered voters.

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

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is comprised of five Council members elected from five geographic districts and two members elected at large. All Council members are limited to four-year terms. Laws are enacted through Council ordinance. The Council adopts the City's annual capital and operating budgets. Ordinances of the Council may be vetoed by the Mayor. Vetoes may be overridden by a two-thirds vote of the Council.

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

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

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

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

- Audubon Commission
- Canal Street Development Corporation
- Downtown Development District
- French Market Corporation
- Louis Armstrong New Orleans International Airport
- Municipal Yacht Harbor Management Corporation
- New Orleans Building Corporation
- New Orleans Tourism Marketing Corporation
- Orleans Parish Communication District
- Orleans Parish Hospital Service District A
- Sewerage and Water Board of New Orleans

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

YEAR IN REVIEW AND MAJOR INITIATIVES

The City of New Orleans made significant progress in 2014. After taking office in 2010, Mayor Mitch Landrieu committed to enhance quality of life across the city while creating lasting reforms that will endure for generations. After years of decline, New Orleans is now one of the fastest growing cities in America, creating new jobs and becoming a hub of entrepreneurship. School performance continues to improve with 90 percent of our students attending charter schools and graduation rates up by nearly 20 percent. The City is continuing to aggressively attack blight and billions of dollars are being invested in housing, schools, hospitals, parks and playgrounds, roads, infrastructure, and vital hurricane protection. New Orleans has turned a corner in its recovery from Hurricane Katrina and is building back stronger and more resilient for the future.

KEY INFRASTRUCTURE IMPROVEMENTS

The Mayor's Committed Projects, prioritized to redevelop public facilities and infrastructure destroyed during Hurricane Katrina, serve as anchors for the community, stimulate private investment, enhance economic development, and elevate quality of life and safety for residents.

NEW ORLEANS AIRPORT

In early 2014, the City and the New Orleans Aviation Board unveiled the conceptual designs for the new world-class terminal of the Louis Armstrong New Orleans International Airport. The 650,000-square-foot terminal complex will feature two concourses with 30 gates, a consolidated checkpoint, seamless connections between concourses and 2,000 parking garage spaces. The new North Terminal will be constructed on the north side of the existing Louis Armstrong New Orleans International Airport (MSY) property, creating over 13,000 new construction jobs and significant opportunities for local businesses and disadvantaged business enterprises (DBEs) in the region. The \$826 Million development includes plans for a \$72 million power plant project, \$87 million for a flyover addition from I-10 to improve access to the airport, and \$17 million for an on-site hotel. The new airport terminal will begin service in 2018.

NEW ORLEANS EAST HOSPITAL

In August 2014, the City opened the \$130 million New Orleans East Hospital. The state-of-the-art hospital is a complete renovation of the existing six-story, 133,640-square-foot facility that was damaged during Hurricane Katrina and the development of a new three-story, 71,700-square-foot Patient Care Pavilion. The 80-bed hospital has created 150 new permanent jobs with 90 physicians on staff and provides primary and pediatric care, pharmacy services and surgical services. New Orleans East Hospital has earned The Joint Commission's Gold Seal of Approval® for accreditation by demonstrating compliance with The Joint Commission's national standards for health care quality and safety in hospitals.

CAPITAL PROJECTS

In 2014, the City completed twenty-three priority facilities with a total investment of over \$52.4 million. Since May 2010, the Administration completed 136 capital improvement projects across New Orleans totaling \$223 million. Highlights include New Orleans Juvenile Justice Center (Youth Study Center) in St. Bernard Area, NORDC Headquarters at Milne Boys Home in Milneburg, NOPD Fifth District Police Station in St. Claude, New Orleans Museum, New Orleans Museum of Art Storage Warehouse, Joseph Bartholomew Club House in Pontchartrain Park, NOFD Engine 39 in Lower Ninth Ward, Joe W. Brown

Park CDBG Enhancements (West Side) in Read Blvd. East, NOFD Engine 31 in Lake Catherine, and Gernon Brown Recreation Center in City Park.

PUBLIC WORKS

The City completed a total of 60 roadway projects in 2014, with a total funding investment of over \$14.9 million. This is double the number of projects completed in 2013. This work resulted in over 24 miles of newly paved streets and an additional 14 miles of bike lanes. Before Hurricane Katrina, New Orleans had fewer than five miles of designated bikeways. The City now has over 95 miles of bikeways and is on track to have over 100 miles of bikeways by summer 2015. Highlights of bikeway projects completed in 2014 include the bikeways on Esplanade Avenue, Robert E. Lee Boulevard, South Peters Street, and Bienville Street. The League of American Bicyclists recognized the City of New Orleans in 2014 as a Silver Bicycle Friendly Community and continues to work with a broad coalition of partners including the Regional Planning Commission, Louisiana Department of Transportation and Development, Bike Easy, and Entergy to make New Orleans more bicycle friendly.

ECONOMY

On April 3rd, 2014, Forbes Magazine named New Orleans #1 Brainpower City in the US. This recognition was a result of growth between 2007 and 2012 in the metro area's population of college graduates by approximately 44,000 or 25%, almost double the national average of 12.2%. More than nine years after Hurricane Katrina, New Orleans continues to grow in population. Between July of 2013 and July of 2014, the City's population increased by over 5,000 residents to 384,320, which represents a 1.4% increase from 2013.

In 2014 the City's economy showed healthy growth over 2013 with yearly average employment numbers growing by 4,800 or an increase of about 3%. This increase was accompanied by a reduction in the yearly average unemployment rate from 7.4% to 7.0%. The sectors of the economy experiencing the most gains during the year included accommodation and food services, health, and retail trade sectors. Job losses were most notable in the information and education sectors.

According to the Institute for Economic Development and Real Estate Research at the University of New Orleans, the advance of average home prices in Orleans Parish slowed significantly during 2014 across many neighborhoods, after a strong upward appreciation in 2013. Despite the slowdown, some areas like New Orleans East and the West Bank experienced an upward trend in home price appreciation.

The City enjoyed another remarkable year in terms of retail sales growth. It is estimated that the total value of taxable retail goods in the City surpassed the \$6.5 billion mark for the first time in history. This represents approximately a \$500 million increase from 2013 taxable retail sales. The rate of growth in sales of taxable goods for 2014 reached approximately 9%, almost at par with the remarkable 9.6% growth rate experienced in 2013. The City's robust retail development strategy remains a critical factor contributing to this growth. New retail options that opened in 2014 or currently under construction include Walmarts in New Orleans East and Gentilly, South Market District, The Outlet Collection at Riverwalk, Magnolia Marketplace, and Whole Foods Markets.

According to the University of New Orleans Hospitality and Research Center, approximately 9.5 million visitors came to New Orleans in 2014, making it the second highest tourist count on record only behind the 10.1 million visitors in 2004, the year before hurricane Katrina. The number of visitors to the New Orleans Metropolitan area has increased from approximately 7.1 million in 2007 to 9.5 million in 2014, which represents an annualized growth rate of approximately 4.2% per year. The growth in tourism

during the year was accompanied by strong hotel and motel rental revenues, which surpassed, for the second year in a row, the \$1 billion mark. Total visitor spending in the New Orleans metropolitan area during 2014 is estimated at approximately \$6.8 billion.

In 2014, New Orleans hosted the 2014 NBA All Star Weekend bringing more than \$106 million in economic impact and international publicity to the City, according to a study by the UNO Hospitality Research Center. In April, a crowd of 75,167 fans from all 50 states and 36 countries attended World Wrestling Entertainment's (WWE) pop-culture extravaganza, making it one of the highest-grossing entertainment event at the Mercedes-Benz Superdome. WWE officials reported that WrestleMania XXX generated a record-breaking \$142.2 million in economic impact for the City.

The Louis Armstrong New Orleans International Airport (MSY) surpassed 2004 Pre-Katrina passenger numbers. Based on year-end 2014 airport passenger data, the Airport served a total of 9,785,394 passengers, an increase of 6.3% as compared to last year. Prior to Hurricane Katrina, 9,733,178 passengers flew through the Airport in 2004. Building on five consecutive years of growth, the 2014 passenger numbers mark a significant milestone. The Airport currently has 13 airlines providing service to 45 non-stop destinations, including three international destinations. These numbers mark another significant milestone in Airport history with the highest number of non-stop destinations ever served. In 2014, the Airport expanded its service with the welcomed addition of four major airlines providing services to and from New Orleans including: Alaska Air, Vacation Express, Spirit Airlines, and Allegiant Air. With the addition of these airlines and additional destinations, MSY offers more non-stop flights now than ever.

The cruise business sector continued to grow in 2014. Passenger volumes increased by approximately 26,000 in 2014 to over 1 million passengers. Total port wide cargo increased significantly in 2014, with a change of over 6,731 million short tons, or over 22% from the previous year. The addition of new shipping services, an uptick in the national economy, strong export markets, primarily for chemical and agriculture products, together with new inbound customers such as Chiquita, contributed to record container volumes in 2014.

The City hosted 55 total feature film and television tax credit projects (each with local expenditures over \$300,000) in 2014. Local expenditures for these projects are estimated at \$514 million for the New Orleans Region. There were an estimated 193 smaller, non-tax credit projects for 2014 (with local expenditures under \$300,000 each). These projects range from student films and independent films to commercials and major network news and sports broadcasts. Some of the major productions included the latest in the Terminator and Jurassic Park franchises, the groundbreaking series American Horror Story, and NCIS: New Orleans, a rising ratings hit in the 2014 - 2015 season, and filmed entirely within the City and surrounding areas.

WORKFORCE DEVELOPMENT AND TRAINING

The City's Office of Workforce Development, through its JOB1 Business and Career Solutions Center, assisted over 2,800 new job seekers with employment and training services in 2014. The City's job creation efforts continued its focus on youth as well; employing 2,307 youth ages 14-21 through NOLA Youth Works and NORDC.

In an effort to connect local residents to jobs, the Office of Workforce Development collaborated with businesses to facilitate local hiring. The Office of Workforce Development partnered with Whole Foods Markets, the Outlet Collections at the Riverwalk, Circle Food Store, The New Orleans East Hospital, and Jack and Jake's to facilitate local hiring.

In September, the Office of Workforce Development was awarded a Workforce Innovation Fund grant from the U.S. Department of Labor. The \$5.8 million grant will fund a workforce training program an advanced manufacturing and energy sectors.

DISADVANTAGE BUSINEEES ENTERPRISE FOCUS (DBE)

Through the City's Office of Supplier Diversity, certified DBE firms were awarded approximately \$21.3 million in new business opportunities funded by the City of New Orleans, representing 37 percent of the total value of eligible contracts awarded by the City this year. The office also worked to increase the number of certified firms. It certified a total of 66 new firms in 2014 and initiated a "fast track to DBE certification" for firms certified as Service-Disabled Veteran Owned Small Businesses.

To help build capacity for these firms, the Office of Supplier Diversity partnered with Accion Louisiana and Sam's Club to offer a series of small business seminars that focused on business development targeting the food and beverage industry, the Hispanic community, and small businesses seeking techniques and tools to market and brand their goods and/or services. Over 250 small businesses participated in the series.

In the November 2014 election, New Orleans voters approved a Charter change that institutionalized the contracting reforms that Mayor Landrieu put in place and enshrined the City's disadvantaged business enterprise (DBE) program in the charter. The goal of the Charter is to level the playing field for small, local businesses and ensure that contracts are awarded based on expertise.

BLIGHT

After Mayor Landrieu took office in 2010, New Orleans faced the worst blight problem in the country with an estimated 40,000 blighted properties and no strategy to address the issue. To meet this challenge, the City launched an aggressive blight reduction strategy based on extensive public input, national best practices, and advice from national experts, that prioritizes data-driven decision-making, innovative new enforcement policies, and opportunities for reinvestment to grow an strengthen neighborhoods. In 2013, the Landrieu administration reached its four year goal of reducing the number of blighted units by 10,000. With this momentum, the City stepped up its enforcement efforts in 2014 by taking proactive steps to return blighted properties back to commerce quickly. The Landrieu Administration worked with New Orleans City Council to revise municipal code to allow the City to cite, notice and abate private properties with high grass, trash, debris and other refuse and charge delinquent owners for abatement actions. To expand the City's successful lot maintenance efforts, \$1.5 million was committed to put at-risk youth to work clearing overgrown lots. Over the course of the year, the City will complete 9,000 grass cuttings in targeted areas.

COMMITMENT TO PUBLIC SAFETY

In October 2014, Michael Harrison was named the new Superintendent of the New Orleans Police Department. Chief Harrison has committed to growing the NOPD by increasing manpower through an active recruitment campaign, continuing efforts to reduce violent crime and murder, increasing community policing, engaging with the public, continuing to comply with the U.S. Department of Justice's NOPD consent decree, and focusing on career development for officers to train the next generation of leaders within NOPD.

Public safety remains the City of New Orleans' top priority and the New Orleans Police Department is using every resource to address violent crime and reduce murder. To reduce overall crime, NOPD is

improving police presence by increasing the use of overtime, utilizing reserve officers and task forces in crime hot spots, and moving officers from behind desks and onto the streets.

In August 2014, the City celebrated the opening of the new NOPD Fifth District Police Station following the construction of a \$7.2 million state-of-the-art, fully resilient police station. The new 17,600 square-foot facility provides critical support to the St. Claude and Lower Ninth Ward communities and replaces an 11,200 square-foot building that flooded during Hurricane Katrina.

The City is also investing in new equipment for NOPD. In 2014, the City purchased 200 new police vehicles. That's in addition to the 100 new police vehicles purchased in 2013. Also in 2014, NOPD implemented the largest Body Worn Camera program in the country. Body Worn Cameras help improve transparency and accountability, eliminate disputes, protect officers and the community, and add to the effectiveness of investigations.

In 2014, NOPD trained three recruit classes. On the long-term issue of recruitment and retention, the City has committed 5 percent pay increases as of the end of 2014 to retain experienced officers and make salaries more competitive. Through this increase, the average police officer saw a pay increase of nearly \$2,200 per year. As part of the efforts to optimize police recruitment, application processing times were reduced by 33 percent during the year. In 2014, the pool of potential applicants increased after the elimination of the residency requirement and a new incentive for current officers, who can receive an additional \$1,000 for every recruit successfully mentored from the beginning of academy through to graduation, was introduced.

NOLA FOR LIFE

In 2014, the number of murders in New Orleans reached a 43-year historic low. At 150 – the lowest number of murders since 1971 – the downward trend represented the third consecutive year murders have declined and the lowest murder rate in over a decade with 39.6 victims per 100,000 people. 2014 results are indicative that NOLA FOR LIFE, the City's comprehensive murder reduction strategy is working. Launched in May 2012, NOLA FOR LIFE implements 35 initiatives to strategically reduce the number of murders in New Orleans. From prevention to intervention, to enforcement and rehabilitation, these initiatives are grouped in five main categories: Stop the Shooting, Invest in Prevention, Promote Jobs and Opportunity, Strengthen the NOPD and Get Involved and Rebuild Neighborhoods.

Enforcement continued as a primary focus for NOLA FOR LIFE in 2014 with key initiatives such as the Multi-Agency Gang Unit, hot-spot policing and community policing, all serving as catalysts to help reduce murder in New Orleans. Since launching in 2012, the NOPD-led Multi-Agency Gang Unit, through coordination with federal, state, and local law enforcement agencies, has indicted 106 individuals from 11 gangs across the city.

Additionally, group-member involved murders and group-member involved shootings were both down 8 percent over 2013, which City officials attribute to its Group Violence Reduction Strategy – a key NOLA FOR LIFE initiative.

In 2014, NOLA FOR LIFE conducted three call-ins, reaching 76 individuals associated with the groups and gangs responsible for the majority of violent crime. During the call-ins, participants hear from law enforcement, community members and social service providers and those who no longer wish to engage in violence are given the opportunity to make different choices for their life. For those who choose to stop the violence and accept support, there is a network of 15 service providers coordinated to provide jobs, education, housing, mental health and substance abuse treatment.

Last year, in response to President Obama's My Brother's Keeper Community Challenge, nearly 400 leaders from neighborhood organizations, social service agencies, the local business community, philanthropic, education and faith-based institutions joined Mayor Landrieu at the NOLA FOR LIFE Symposium. Citizens explored and set actionable goals to address the broader issues contributing to the homicide rate in New Orleans – race, equity, education, income inequality and the criminal justice system.

The NOLA FOR LIFE Mentoring Initiative provides guidance and support to 15 to 18-year-old males in New Orleans, who are most at risk of becoming involved in violence. In addition, the City of New Orleans Health Department and NOLA FOR LIFE, in partnership with the New Orleans-based Center for Restorative Approaches, launched a new project in 2014 to promote conflict resolution in schools. Recognized as a best practice by President Obama's Supportive School Discipline Initiative, the restorative approach has been shown to reduce suspension rates and improve school climate. Restorative approaches are an alternative discipline strategy that emphasizes the reparation of harm and relationship-building over punitive discipline.

RECREATION DEVELOPMENT

New Orleans saw a number of major achievements in recreation in 2014 including the openings of the New Orleans Recreation Development Commission (NORDC) Headquarters at Milne Boys Home in Milneberg and the Gernon Brown Recreation Center in City Park.

During 2014, NORDC offered 40 youth camps that served nearly 4,000 children. Twelve teen camps, offered in partnership with JOB1, the City's Office of Workforce Development, provided over 1,000 teens with recreational activities, exposure to a variety of careers and a weekly stipend. In total, 910 New Orleans teen camp participants took part in the City's NOLA Youth Works Summer Youth Employment Program. Over 1,000 NORDC Teen & Youth Camp participants attended the Essence Fest Empowerment Experience Teen Program.

The City of New Orleans partnered with the New Orleans No Kid Hungry campaign, local schools, the Second Harvest Food Bank, Volunteers of America, and Share Our Strength® to offer a summer meal program. At NORDC's camp sites, 63,256 free nutritious meals were served to youth ages 5-18.

The City, in conjunction with NORDC's summer camps, operated 12 pools during the summer of 2014, providing swimming lessons and water aerobics classes. NORDC, in partnership with the American Red Cross, provided 30,289 total hours of professional instruction to 4,824 participants in the aquatics program. NORDC also provided swim lessons to members of the New Orleans Fire Department, who support water rescues.

In 2014, NORDC set a new safety standard by investing in top-of-the-line, concussion-reducing, youth football helmets from the nationally renowned manufacturer Riddell. NORDC distributed 2,950 helmets at 31 playgrounds with football teams. All football head coaches received special training from Riddell on how to properly fit the new helmets. This unprecedented initiative for the youth of New Orleans was substantially underwritten by Chevron.

LOOKING FORWARD TO 2015

The New Orleans City Council unanimously approved the passage of the City's 2015 Capital and General Fund budgets, totaling \$265 million and \$536.7 million respectively.

Public safety will be one of the main priorities in 2015 with NOPD, NOFD, EMS, and the Coroner's Office all seeing increases over their 2014 budgets.

In 2015, NOPD's \$129.6 million budget will fund 5 recruit classes to put 150 new police officers on the streets. The capital budget will fund another 100 police cars bringing the total to 400 new cars purchased in the last three years. The 2015 budget also funds the first police pay raise in eight years, with a 5 percent across the board increase for officers, and \$12.3 million for the NOPD consent decree, an increase of \$1.6 million from 2014. NOPD will continue to purchase body cameras to increase transparency and accountability with the public.

To comply with a court order and fully fund actuarial requests, \$10.1 million has been committed to fund the NOFD pension fund. Additional funding will also be available to pay for two NOFD recruit classes.

Recreation is also a top priority in 2015. With that in mind, the City added nearly \$1.6 million to NORDC's budget to expand programming across the city at newly restored and improved recreation facilities including five recreation centers, two pools, and three active playgrounds that will be coming online in 2015.

To combat blight, nearly \$900,000 has been committed to optimize the judgment, demolition, and Sheriff's sales process.

In 2015, the City is scheduled to begin construction on 20 projects for a total investment of \$78.6 million. Highlights include the new Sanchez Center and Natatorium in Lower Ninth Ward, the New Orleans Juvenile Justice Center (Juvenile Justice Complex) in the St. Bernard area, the New Orleans Coroner's Complex and EMS Headquarters in B.W. Cooper, the Rosenwald Center in B.W. Cooper, the Stallings St. Claude Community Center, the Carrollton Hollygrove Senior Center, the Milne Boys Home Gymnasium in Milneburg, the NOPD Police Stables in City Park, and renovations to NOPD's Third District Police Station in the Fairgrounds and the Latter Library in Uptown.

In 2015, the City is also scheduled to begin construction on over 60 roadway projects, with a total funding investment of over \$200 million.

FINANCIAL CONTROLS

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

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

BUDGETARY PROCEDURES

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

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

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

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

The Mayor's 2014 Budget was prepared using a process called Budgeting for Outcomes (BFO). BFO is designed to improve services and get a better return on investment of public dollars. BFO starts with a set of results that matter to citizens and encourage creative ways of achieving them within the resources available. In line with the Mayor's budgeting principles, BFO emphasizes accountability, innovation and teamwork. Like performance budgeting, BFO focuses on what the public receives, how much it costs and how outcomes will be measured. BFO starts with the results citizens want from their City government and works to align those priorities with the budget decision- making process.

CAPITAL BUDGET

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

BUDGETARY AND FINANCIAL REPORTING

The fund structure by which the financial transactions of the City of New Orleans are recorded is defined on Article VI Chapter 1 and 2 of the Home Rule Charter. All general governmental functions other than debt service and capital improvements are accounted for in the general fund. Encumbrances of the current year are recorded as obligations against budgetary appropriations. Appropriations neither encumbered nor expended lapse at the end of the fiscal year.

There were favorable variances in budgeted to actual on a budgetary basis in total revenues and total expenses.

RISK MANAGEMENT

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

ACKNOWLEDGMENTS

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

Respectfully submitted,



Norman Foster
Director of Finance

CITY OF NEW ORLEANS, LOUISIANA

Government Officials – Elected and Appointed

December 31, 2014

City Council

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

Executive Staff

Mayor	Mr. Mitchell J. Landrieu
First Deputy Mayor and Chief Administrative Officer	Mr. Andrew Kopplin
Deputy Mayor	Ms. Judy Reese Morse
Chief of Staff	Ms. Brooke Smith
Deputy Mayor of External Affairs	Ms. Emily Arata
Executive Director of Sewerage and Water Board	Mr. Cedric S. Grant
Deputy Mayor of Public Safety	Vacant
City Attorney	Ms. Sharonda Williams
Deputy Chief Administrative Officer	Ms. Ava L. Rogers
Acting Health Director	Ms. Charlotte Parent
Superintendent - Fire	Chief Timothy McConnell
Superintendent - Police	Chief Michael Harrison
Director of Finance	Mr. Norman S.J. Foster

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Orleans Parish Hospital Service District A, New Orleans Municipal Yacht Harbor Management Corporation, and the Downtown Development District, which represent 10% and 22% respectively, of the assets and revenues of the aggregate discretely presented component units; the Firefighters' Pension and Relief Fund of the City of New Orleans (old and new systems), the Police Pension Fund of the City of New Orleans, and the Employees' Retirement System of the City of New Orleans, which represent 83% of the assets and 61% of the additions and revenues of the aggregate remaining fund information; and the Board of Liquidation, City Debt, which is included in a major fund and 16% and 9% of assets and revenues of the governmental activities, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Orleans Parish Hospital Service District A, the Downtown Development District, the Firefighters' Pension and Relief Fund of the City of New Orleans (old and new systems), the Police Pension Fund of the City of New Orleans, the Employees' Retirement System of the City of New Orleans, and the Board of Liquidation, City Debt, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, and the budgetary comparison information, schedules of funding progress, and schedules required in accordance with GASB Statement No. 67 on pages 81 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements, affidavit of the City of New Orleans as tax collector, schedule of compensation paid to the City Council, schedule of compensation, benefits, and other payments to the Mayor, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements, affidavit of the City of New Orleans as tax collector, schedule of compensation paid to the City Council, and schedule of compensation, benefits, and other payments to the Mayor are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



New Orleans, Louisiana
June 29, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NEW ORLEANS

Management's Discussion and Analysis

December 31, 2014

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the City of New Orleans, Louisiana's (the City), financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the City's basic financial statements and the notes to the basic financial statements.

Financial Highlights

- The City's net position balance on the government-wide basis was approximately \$295.9 million at December 31, 2014.
- The government-wide statement of activities reported an increase in net position of \$112.5 million.
- 2014 general fund tax revenues increased by \$22.9 million, or 7.2%, compared to 2013.
- The general fund reported an excess of revenues and other financing sources over expenses and other financing uses of \$26.0 million for a total ending fund balance surplus at December 31, 2014 of \$43.0 million. The general fund's unassigned fund balance at December 31, 2014 is a surplus of \$10.6 million.
- Total governmental funds reported an excess of revenues and other financing sources over expenses and other financing uses of \$71.4 million.
- Total cash and investments of governmental funds amounted to \$281.1 million at December 31, 2014, an increase of \$53.3 million compared to December 31, 2013.
- Total bonded debt amounted to \$727.5 million, an increase of \$15.0 million over the beginning of the year total.

Overview of the Financial Statements

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

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

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

CITY OF NEW ORLEANS

Management's Discussion and Analysis

December 31, 2014

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

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

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

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

The City maintains 64 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for its seven major funds: the General Fund, the Department of Housing and Urban Development (HUD) grant fund, the Federal UDAG grant fund, the Federal Emergency Management Agency (FEMA) fund, the Debt Service Fund, the Capital Projects Fund, and the Louisiana Office of Community Development (LCD) grant fund. Data from the other governmental funds are combined under the heading "Nonmajor Governmental Funds."

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

CITY OF NEW ORLEANS

Management's Discussion and Analysis

December 31, 2014

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

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

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

Government-wide Financial Analysis

As noted previously, net position over time, may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$295.9 million at December 31, 2014.

Net Position

December 31, 2014 and 2013

(Amounts in thousands)

	Governmental Activities	
	2014	2013 (as restated)
Current and other assets	\$ 400,360	\$ 344,434
Capital assets	1,595,680	1,550,110
Total assets	<u>1,996,040</u>	<u>1,894,544</u>
Deferred loss on bond refunding	6,435	7,241
Total deferred outflows of resources	<u>6,435</u>	<u>7,241</u>
Long-term liabilities	1,586,000	1,595,255
Other liabilities	113,919	115,732
Total liabilities	<u>1,699,919</u>	<u>1,710,987</u>
Deferred revenue	6,687	7,386
Total deferred inflows of resources	<u>6,687</u>	<u>7,386</u>
Net position:		
Net investment in capital assets	936,247	894,662
Restricted	124,597	113,204
Unrestricted (deficit)	<u>(764,975)</u>	<u>(824,454)</u>
Total net position	<u>\$ 295,869</u>	<u>\$ 183,412</u>

CITY OF NEW ORLEANS

Management's Discussion and Analysis

December 31, 2014

The City's statement of net position reflects its net investment in capital assets in the amount of \$936.2 million at December 31, 2014. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided for by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Debt service funds have accumulated \$73.5 million at December 31, 2014 to provide for the servicing of annual interest and principal payments on bonds and are classified in restricted net position. The unrestricted net position (deficit) in the amount of \$765.0 million is due to the City's recording of long-term obligations including claims and judgments, liabilities, accrued annual and sick leave. The unrestricted deficit decreased by \$59.5 million, which is primarily due to the change in net position described below.

Governmental Activities

Total revenue decreased by \$26.4 million or 2.9% from \$905.2 million in 2013 to \$878.8 million in 2014. This decrease is primarily attributable to a decrease in operating grants and contributions of \$20.1 million and a decrease in capital grants and contributions of \$21.2 million as a result of a decrease in the amount of federal grants received in 2014. Sales tax revenues increased by \$16.7 million, or 9.5%, due to an increase in overall economic activity driven by the current strategy to increase the city's retail footprint.

Total expenses were \$766.4 million in 2014, an increase of \$15.5 million, or 2.1%, compared to \$750.9 million in 2013. General government expense increased \$12.1 million, or 4.9%, from \$248.7 million in 2013 to \$260.9 million in 2014. Economic development expense decreased \$4.2 million, or 33.3%, from \$12.7 million in 2013 to \$8.5 million in 2014 due to ending of several major grants.

CITY OF NEW ORLEANS
Management's Discussion and Analysis
December 31, 2014

A comparison of 2014 to 2013 is as follows (amounts are reported in thousands):

	<u>2014</u>	<u>2013 (as restated)</u>
Revenues:		
Program revenues:		
Charges for services	\$ 139,122	\$ 140,590
Operating grants and contributions	119,512	139,577
Capital grants and contributions	119,963	141,650
General revenues:		
Property taxes	209,059	204,335
Sales taxes	193,183	176,465
Other taxes	55,875	57,134
Investment earnings	16,851	15,231
Forgiveness of debt	2,600	1,027
Miscellaneous	22,649	29,189
Total revenues	<u>878,814</u>	<u>905,198</u>
Expenses:		
General government	260,852	248,597
Public safety	229,968	230,231
Public works	123,826	124,449
Health and human services	29,587	27,981
Culture and recreation	26,021	23,428
Urban development and housing	24,968	23,916
Economic development	8,488	12,766
Interest and fiscal changes	62,647	59,487
Total expenses	<u>766,357</u>	<u>750,855</u>
Change in net position	112,457	154,343
Net position, beginning as restated	183,412	29,069
Net position, ending	<u>\$ 295,869</u>	<u>\$ 183,412</u>

Financial Analysis of the Governmental Funds

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

At December 31, 2014, the City's governmental funds reported a combined fund balances of \$249.1 million, an increase of \$71.4 million in comparison with the prior year. Included in this amount is a deficit of \$19.7 million which constitutes unassigned fund balance. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$1.6 million), 2) restricted for particular purposes (\$152.8 million); 3) committed for particular purposes (\$86.3 million), or 4) assigned for particular purposes (\$27.9 million).

CITY OF NEW ORLEANS

Management's Discussion and Analysis

December 31, 2014

General Fund

The general fund is the chief operating fund of the City. At December 31, 2014, the general fund's fund balance increased by \$26.0 million from \$17.0 million in 2013 to \$43.0 million in 2014. Key factors relative to this change are as follows:

- Expenditures increased in 2014 to \$536.3 million compared to \$512.4 million in 2013, an increase of \$23.9 million, which represents a 4.7% increase in expenditures.
- General government expenditures increased by \$16.6 million, or 10.2%, due to an increase in allocations to the Orleans Parish Sheriff's Office in relation to the US Department of Justice consent decree. Higher benefit costs and recreation related expenditures also contributed to the increase.
- Debt service expenditures for the general fund increased by \$3.6 million or 14.2% compared to 2013 as a result of the repayment and settlement of HUD 108 loans.
- Total revenues and other financing sources (uses), net, for the general fund increased by \$23.7 million or 4.4% compared to 2013.
- Taxes increased by \$22.9 million or 7.2% as compared to 2013 as a result of an expanding tax base and improving economic conditions.
- Fines and forfeits revenue decreased by \$4.0 million, or 12.0% compared to 2013, driven by a decline in parking fines and traffic ticket issuance.
- Miscellaneous revenues increased by \$7.4 million, or 29.1%, due in part to the timing of payments from the State related to casino support.

The accompanying table shows the amount (in thousands) of general fund revenues by source for 2014 and 2013.

Revenues and Other Financing Sources	2014	% of	Increase	2013	% of
	Actual	Total	(Decrease) Over 2013	Actual	Total
Taxes	\$ 339,483	60.37%	\$ 22,905	\$ 316,578	58.77%
Licenses and permits	62,428	11.10	(535)	62,963	11.69
Intergovernmental	21,856	3.89	(2,448)	24,304	4.51
Charges for services	81,339	14.46	2,343	78,996	14.66
Fines and forfeits	28,979	5.15	(3,968)	32,947	6.12
Interest income	129	0.02	105	24	0.00
Contributions, gifts, and donations	1,143	0.20	529	614	0.11
Miscellaneous and other	32,639	5.80	7,360	25,279	4.69
Other financing sources (uses), net	(5,626)	(0.99)	(2,598)	(3,028)	(0.56)
	<u>\$ 562,370</u>	<u>100.0%</u>	<u>\$ 23,693</u>	<u>\$ 538,677</u>	<u>100.0%</u>

CITY OF NEW ORLEANS
Management's Discussion and Analysis
December 31, 2014

The accompanying table shows the amount (in thousands) of general fund expenditures by source for 2014 and 2013.

Expenditures	2014 Actual	% of Total	Increase (Decrease) Over 2013	2013 Actual	% of Total
General government	\$ 179,512	33.47%	\$ 16,588	\$ 162,924	31.80%
Public safety	222,525	41.49	2,061	220,464	43.03
Public works	65,981	12.30	2,436	63,545	12.40
Health and human services	16,124	3.01	1,131	14,993	2.93
Other	22,866	4.26	(1,900)	24,766	4.83
Debt service	29,334	5.47	3,641	25,693	5.01
	<u>\$ 536,342</u>	<u>100.0%</u>	<u>\$ 23,957</u>	<u>\$ 512,385</u>	<u>100.0%</u>

HUD Fund

This special revenue fund is used to account for funding from the Department of Housing and Urban Development (HUD). Some of the major initiatives are Community Development Block Grants (CDBG), HOME Investment Partnership Act Program (HOME), Emergency Shelter Grant (ESG) Program, and Housing Opportunities for Persons with HIV/AIDS (HOPWA). Revenues decreased \$6.5 million from \$20.8 million in 2013 to \$14.3 million in 2014, and expenditures increased \$2.8 million from \$19.9 million in 2013 to \$22.7 million in 2014. The decrease in revenues was due to the delay in the receipt of the annual formula grant funding. Access to the funding occurred 9 to 12 months after the awarding of the grant funds. The increase in expenditures is due to expenditures incurred as a result of the new Hurricane Sandy grant.

Federal UDAG Fund

The Federal UDAG special revenue fund accounts for grants received from HUD for the purpose of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Expenditures increased \$5.2 million from \$239 thousand in 2013 to \$5.5 million in 2014. Revenues were \$6.2 million in 2014 compared to \$1.5 million in 2013. The change in revenues and expenditures are due to the receipt of the payment on the Louisiana Artworks grantee loan receivable. The receivable was fully reserved in prior years. The proceeds were then used to pay debt service on the Louisiana Artworks and Palace of the East HUD loans.

CITY OF NEW ORLEANS

Management's Discussion and Analysis

December 31, 2014

FEMA Fund

The FEMA Fund primarily accounts for grants received as a result of Hurricanes Katrina, Rita and Gustav from the Federal government. FEMA, as authorized by the Stafford Act, assists individuals, as well as, state and local governments with response to and recovery from disasters. The FEMA grants are reimbursement basis grants where expenditures and related revenues have been accrued. The deficit in the FEMA fund at December 31, 2014 is primarily due to revenue that has been deferred and will be collected by the City in the future, in addition to funds borrowed from the general fund to cover expenditures of the FEMA Fund. Revenue amounted to \$26.5 million in 2014 compared to \$20.9 million in 2013 while expenditures totaled \$17.7 million in 2014 compared to \$18.6 million in 2013. The increase in revenues is due to the increase in reimbursement related activities in order to begin on grant closeout efforts with GOHSEP and FEMA.

Debt Service Funds

The Debt Service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Total fund balance for the Debt Service Fund was \$73.5 million at December 31, 2014, which was a \$4.2 million decrease compared to the prior year balance of \$77.8 million. The decrease is due primarily to 2014 debt service payments.

Capital Project Funds

The Capital Projects fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and repair and maintenance projects other than those accounted for in the component units. Expenditures for capital projects in 2014 totaled \$133.9 million, a decrease of \$10.6 million compared to 2013. The decrease in expenditures in the capital projects fund is due to the completion of several projects during 2013.

Louisiana Office of Community Development Fund

The Louisiana Office of Community Development (LCD) fund primarily accounts for grants received from the Louisiana Office of Community Development. The primary purpose of this fund is to purchase properties for the site of the new Charity/Tulane/Veterans Administration (VA) Hospital Complex.

Revenues decreased \$6.9 million from \$39.0 million in 2013 to \$32.2 million in 2014, and expenditures increased \$12.0 million from \$22.6 million in 2013 to \$34.7 million in 2014. The decrease in revenue is due to a timing issue relative to reimbursement of funding from the State. The increase in expenditures in the LCD fund is due to the ongoing completion of various phases of the capital and operating projects resulting.

CITY OF NEW ORLEANS

Management's Discussion and Analysis

December 31, 2014

General Fund Budgetary Highlights

Variances between general fund amended budget and actual expenditures are delineated in the schedule below. The 2014 actual revenues are higher than the amended budget as a result of stronger than expected revenues, particularly in tax revenue and charges and services. Actual expenditures were lower than the amended budget due to lower police and miscellaneous operating expenditures.

	2014		Variance Positive (Negative)
	Budget	Actual on budgetary basis	
Revenues			
Taxes	\$ 330,981	\$ 339,130	\$ 8,149
Licenses and permits	55,925	62,447	6,522
Intergovernmental	25,016	21,881	(3,135)
Charges for services	74,444	81,406	6,962
Fines and forfeits	32,801	28,368	(4,433)
Interest income	60	129	69
Contributions, gifts, and donations	3,585	1,141	(2,444)
Miscellaneous	39,692	33,217	(6,475)
Total Revenues	562,504	567,719	5,215
Expenditures	565,599	541,607	23,992
Other financing sources (uses), net	3,095	(2,123)	(5,218)
Change in fund balance	\$ -	\$ 23,989	\$ 23,989

Capital Assets

Capital assets at December 31, 2014 and 2013 are as follows (net of depreciation):

	2014	2013
Land	\$ 94,474	\$ 94,474
Construction in progress	509,752	447,135
Buildings, improvements, and equipment	307,544	273,155
Other	8,955	10,310
Infrastructure assets	674,955	725,036
	<u>\$ 1,595,680</u>	<u>\$ 1,550,110</u>

CITY OF NEW ORLEANS

Management's Discussion and Analysis

December 31, 2014

Hurricane Katrina and the related flooding caused physical damage to the City's capital assets. As a result, certain assets were destroyed and other assets, specifically buildings, require restoration efforts to restore their service utility. Some assets have been demolished and are being replaced. Buildings, improvements, equipment, other, and infrastructure assets have been reduced in value as a result of demolition, damage, or depreciation. Rebuilding efforts are ongoing and, as a result, the replacement and repair costs for these assets have led to an increase in construction in progress of \$447.1 million at December 31, 2013 to \$509.8 million at December 31, 2014. See Note 5 for detailed capital asset activity during 2014.

Debt Administration

Outstanding general obligation bonds at December 31, 2014 totaled \$507.1 million, all of which are considered to be net, direct-tax supported debt. There are no special assessment bonds outstanding. During 2014, the City issued \$40.0 million of Taxable Public Improvement Bonds.

Outstanding Debt		
	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 507,081	\$ 489,463
Accreted GO 1991 refunding bonds	70,528	83,739
Limited tax bonds	17,510	19,550
Taxable limited tax bonds	195,885	195,885
Revenue bonds	<u>7,070</u>	<u>7,610</u>
Total bonds	798,074	796,247
Certificates of indebtedness	-	13,340
Notes payable (vehicle and equipment loans)	13,907	2,782
Capital leases	10,314	12,933
Go Zone Notes	67,938	74,706
Section 108 HUD loans	<u>8,640</u>	<u>17,998</u>
Total outstanding debt	<u>\$ 898,873</u>	<u>\$ 918,006</u>

The following is a summary of debt transactions:

Balance at January 1, 2014	\$ 918,006
New issues	40,000
Forgiven	(2,600)
Payments	<u>(56,533)</u>
Balance at December 31, 2014	<u>\$ 898,873</u>

CITY OF NEW ORLEANS

Management's Discussion and Analysis

December 31, 2014

The Louisiana Legislature, in Act 1 of 1994, increased the City's general obligation bond debt limit to an amount equal to the greater of (i) \$500,000,000 or (ii) 35% of total assessed valuation of the City. Under Act 1, based on the most recent assessed valuations, the City's debt limit is \$1.3 billion as of December 31, 2014. At December 31, 2014, the City's legal debt margin adjusted for outstanding principal of \$507.1 million and past and future accretion of \$84.6 million on the City's outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$40.1 million to service this debt was \$775.1 million. As of December 31, 2014, Moody's general obligation bond rating for the City was "A3", Fitch general obligation bond rating was "A-", and Standard & Poor's general obligation bond rating was "BBB+".

See Note 6 for detailed long-term debt activity for 2014.

Economic Factors and Next Year's Budgets and Rates

The General Fund's amended budgeted revenues and other financing sources exceeded the adopted budgeted revenues and other financing sources by approximately \$36.4 million, and final budgeted expenditures and other financing uses exceeded original budgeted expenditures and other financing uses by approximately \$36.4 million. The budget change was primarily the result of higher tax revenue as result of a growing tax base and good economic conditions. An increase in intergovernmental revenue due to the State's supplemental pay for public safety employees also contributed to the change. The remaining increase was the result of several small revenue increases in charges and fees and miscellaneous reimbursements and contributions.

In 2015 budgeted revenues and expenditures are higher as a result of a projected increase in sales tax and property tax.

The following table presents an adopted budget comparison for 2015, 2014, and 2013 (amounts in thousands):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues and other financing sources	\$ 570,907	\$ 530,803	\$ 503,480
Expenditures and other financing uses	570,907	530,803	503,480

The US economy showed strong momentum in the second and third quarters of 2014 after a weather-related drop in activity to start the year. In 2014, gross domestic product grew by 2.4%, slightly higher than the 1.8% growth experienced during the previous year. 2014 will be remembered for the best hiring stretch since the late 1990s boom, record auto sales and a swift plunge in gasoline prices. All three helped soften a year marred by still-meager wage gains and a slowdown in home sales. Employers added 2.7 million jobs over the past year, the country's best year of hiring since 1999. By the end of the year job openings were running near a 13-year high. The unemployment rate fell to 5.6% in December from 6.7% a year earlier. In October, the US Federal Reserve called time on its bond-buying program known as QE3, halting a monetary policy introduced nearly six years ago to steer the US economy through the financial crisis.

CITY OF NEW ORLEANS

Management's Discussion and Analysis

December 31, 2014

In 2014, the City of New Orleans enjoyed another remarkable year. More than nine years after Hurricane Katrina, New Orleans continues to grow in population. Between July of 2013 and July of 2014, the City's population increased by over 5,000 residents to 384,320, which represents a 1.4% increase from 2013. The economy continues to outpace the rate of growth of the national economy. It is estimated that the total value of taxable retail goods sales in the city surpassed the \$6.5 billion mark for the first time in history. This represents approximately a \$500 million increase, or 9%, from 2013 taxable retail sales. During 2014, the City's employment also showed healthy growth with yearly average employment numbers growing by 4,800 or an increase of about 3%, when compared to 2013. This increase was accompanied by a reduction in the yearly average unemployment rate from 7.4% to 7.0%. The sectors of the economy experiencing the most gains during the year included accommodation and food services, health and retail trade sectors.

After a remarkable year in terms of property value appreciation during 2013, the rate of growth in home prices lessened in 2014. Despite the slowdown, some areas like New Orleans East and the West Bank experienced an upward trend in home price appreciation.

The tourism industry continues to expand with approximately 9.5 million visitors coming to New Orleans in 2014, making it the second highest tourist count on record only behind the 10.1 million visitors in 2004, the year before hurricane Katrina. The growth in tourism during the year was accompanied by strong hotel and motel rental revenues, which surpassed, for the second year in a row, the \$1 billion mark. 2014 passenger data shows the Louis Armstrong New Orleans International Airport served a total of 9,785,394 passengers, an increase of 6.3% as compared the previous year. This is the fifth year of consecutive growth. The cruise business sector also continued to expand in 2014. Passenger volumes increased by approximately 26,000 in 2014 to over 1 million passengers.

In 2014, New Orleans hosted a number of events including the 2014 NBA All Star and WrestleMania XXX, with overall economic impact surpassing the \$200 million mark, according to The University of New Orleans' Hospitality Research Center.

The City also hosted 55 total feature film and television tax credit projects (each with local expenditures over \$300,000) during the year. Local expenditures for these projects are estimated at \$514 million for the New Orleans Region.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF NEW ORLEANS, LOUISIANA

Statement of Net Position

December 31, 2014

(Amounts in thousands)

Assets	Primary government Governmental activities	Component units
Cash and cash equivalents	\$ 91,036	121,383
Investments	190,025	58,245
Receivables (net of allowance for uncollectibles):		
Taxes	32,593	8,660
Accounts	14,605	31,297
Interest	—	42
Grantee loans	658	44,246
Other	—	12,020
Due from component units	14,890	—
Due from other governments	56,538	2,743
Other assets	15	40,181
Restricted cash and investments	—	304,698
Capital assets (net of accumulated depreciation)	<u>1,595,680</u>	<u>3,207,656</u>
Total assets	<u>1,996,040</u>	<u>3,831,171</u>
Deferred Outflows of Resources		
Deferred loss on bond refunding	<u>6,435</u>	<u>22,601</u>
Total deferred outflows of resources	<u>6,435</u>	<u>22,601</u>
Liabilities		
Accounts payable	76,891	58,988
Retainages payable	3,658	7,946
Accrued expenses	676	36,352
Taxes payable	6,337	—
Accrued interest payable	6,654	14,016
Due to component units	7,146	—
Due to other governments	12,557	31,722
Liabilities payable from restricted assets	—	18,844
Long-term liabilities due within one year	104,932	51,651
Long-term liabilities due in more than one year	<u>1,481,068</u>	<u>996,165</u>
Total liabilities	<u>1,699,919</u>	<u>1,215,684</u>
Deferred Inflows of Resources		
Unavailable revenue	<u>6,687</u>	<u>4,890</u>
Total deferred inflows of resources	<u>6,687</u>	<u>4,890</u>
Net Position		
Net investment in capital assets	936,247	2,482,767
Restricted for debt service	73,516	79,715
Restricted for capital improvement	51,081	127,076
Restricted for operating reserve	—	15,479
Unrestricted (deficit)	<u>(764,975)</u>	<u>(71,839)</u>
Total net position	<u>\$ 295,869</u>	<u>2,633,198</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Balance Sheet — Governmental Funds

Year ended December 31, 2014

(Amounts in thousands)

Assets	General	HUD	Federal UDAG	FEMA	Debt Service	Capital Projects	Louisiana Office of Community Development	Nonmajor Governmental	Total Governmental Funds
Cash and cash equivalents	\$ 24,006	3	12,775	—	326	29,203	1,269	23,454	91,036
Investments	768	—	—	—	74,526	103,615	—	11,116	190,025
Receivables (net of allowance for uncollectibles):									
Sales taxes	17,642	—	—	—	—	—	—	—	17,642
Property taxes	4,835	—	—	—	2,970	—	—	451	8,256
Franchise taxes	6,695	—	—	—	—	—	—	—	6,695
Accounts	11,649	153	—	—	—	10	446	2,347	14,605
Grantee loans	—	—	658	—	—	—	—	—	658
Due from other funds	18,337	—	—	3,934	—	—	—	1,306	23,577
Due from other governments	1,812	6,810	—	8,729	—	27,285	6,088	5,814	56,538
Due from component units	4,423	—	—	—	—	10,467	—	—	14,890
Advances to other funds	2	—	—	—	—	—	—	—	2
Other assets	3	—	—	—	—	—	—	12	15
Total assets	\$ 90,172	6,966	13,433	12,663	77,822	170,580	7,803	44,500	423,939
Liabilities									
Accounts payable	\$ 30,650	5,352	67	1,208	—	26,297	6,547	6,770	76,891
Retainages payable	—	—	—	—	—	3,658	—	—	3,658
Accrued expenses	—	132	3	147	17	—	136	241	676
Due to other funds	55	12,394	—	3,495	—	3,939	—	3,694	23,577
Due to other governments	1,254	—	—	8,462	—	—	2,153	688	12,557
Due to component units	7,087	—	—	—	—	59	—	—	7,146
Advances from other funds	—	—	—	—	—	—	—	2	2
Total liabilities	\$ 39,046	17,878	70	13,312	17	33,953	8,836	11,395	124,507
Deferred Inflows of Resources									
Unavailable revenue	\$ 8,142	6,396	—	2,087	4,289	23,141	4,079	2,235	50,369
Total deferred inflows of resources	\$ 8,142	6,396	—	2,087	4,289	23,141	4,079	2,235	50,369
Fund Balances									
Fund balances:									
Nonspendable	—	—	658	—	—	—	—	974	1,632
Restricted	—	—	12,705	—	73,516	51,081	—	15,504	152,806
Committed	26,399	—	—	—	—	62,405	—	19,192	107,996
Assigned	5,970	—	—	—	—	—	—	315	6,285
Unassigned	10,615	(17,308)	—	(2,736)	—	—	(5,112)	(5,115)	(19,656)
Total fund balances	\$ 42,984	(17,308)	13,363	(2,736)	73,516	113,486	(5,112)	30,870	249,063
Total liabilities, deferred inflows of resources, and fund balances	\$ 90,172	6,966	13,433	12,663	77,822	170,580	7,803	44,500	423,939

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Reconciliation of Balance Sheet — Governmental Funds to the
Statement of Net Position

December 31, 2014

(Amounts in thousands)

Total fund balances – governmental funds	\$ 249,063
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,595,680
Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds	43,682
The deferred loss on bond refunding is not an available resource and, therefore, is not reported in the funds	6,435
Interest expense is accrued at year-end in the government-wide financial statements, but is recorded only if due and payable on the governmental fund financial statements	(6,658)
Taxes payable	(6,337)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Long-term liabilities consist of:	
Bonds payable	(824,327)
Loans payable	(90,484)
Capital leases payable	(10,314)
Annual and sick leave	(46,454)
Claims payable	(394,048)
Net pension obligation	(149,843)
Other long-term liabilities	<u>(70,526)</u>
Total net position – governmental activities	<u>\$ 295,869</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
 Year ended December 31, 2014
 (Amounts in thousands)

	General	HUD	Federal UDAG	FEMA	Debt Service	Capital Projects	Louisiana Office of Community Development	Nonmajor Governmental	Total Governmental Funds
Revenues:									
Taxes	339,483	—	—	—	77,170	—	—	7,551	424,204
Licenses and permits	62,428	—	—	—	—	—	—	—	62,428
Intergovernmental	21,856	14,230	—	26,431	1,004	108,906	32,144	20,135	224,706
Charges for services	81,339	—	—	—	—	—	—	12	81,351
Program income	—	51	6,207	65	—	—	—	218	6,541
Fines and forfeits	28,979	—	—	—	—	—	29	3,595	32,603
Interest income	129	—	26	—	261	—	—	1	417
Contributions, gifts and donations	1,143	—	—	—	—	—	—	2,945	4,088
Miscellaneous	32,639	—	—	—	—	261	—	17,016	49,916
Total revenues	567,996	14,281	6,233	26,496	78,435	109,167	32,173	51,473	886,254
Expenditures:									
Current:									
General government	179,512	—	—	16,348	488	—	32,377	4,287	233,012
Public safety	222,525	—	—	289	—	—	909	3,131	226,854
Public works	65,981	—	—	394	—	—	—	808	67,183
Health and human services	16,124	—	—	329	—	—	—	13,134	29,587
Culture and recreation	20,954	1,181	—	108	—	—	451	1,972	24,666
Urban development and housing	(16)	21,509	1,004	250	—	—	943	1,278	24,968
Economic development and assistance	—	—	—	—	—	—	—	8,488	8,488
Capital outlays	1,928	—	—	—	—	133,852	—	—	135,780
Debt service:									
Principal	25,290	—	4,328	—	25,862	—	—	340	55,820
Interest and fiscal charges	4,044	—	126	—	56,152	—	—	64	60,386
Bond issuance costs	—	—	—	—	765	—	—	—	765
Total expenditures	536,342	22,690	5,458	17,718	83,267	133,852	34,680	33,502	867,509
Excess (deficiency) of revenue over expenditures	31,654	(8,409)	775	8,778	(4,832)	(24,685)	(2,507)	17,971	18,745
Other financing sources (uses):									
Transfers in	4,886	—	—	7,755	—	51,015	—	2,757	66,413
Transfers out	(10,512)	—	(1,314)	—	(39,593)	(3,264)	—	(11,730)	(66,413)
Proceeds from issuance of notes payable	—	—	—	—	—	12,500	—	—	12,500
Proceeds from issuance of bonds	—	—	—	—	40,000	—	—	—	40,000
Premium on bonds issued	—	—	—	—	182	—	—	—	182
Total other financing sources (uses)	(5,626)	—	(1,314)	7,755	589	60,251	—	(8,973)	52,682
Net change in fund balances	26,028	(8,409)	(539)	16,533	(4,243)	35,566	(2,507)	8,998	71,427
Fund balances – beginning of year	16,956	(8,899)	13,902	(19,269)	77,759	79,046	(2,426)	21,957	179,026
Prior period adjustments	—	—	—	—	—	(1,126)	(179)	(85)	(1,390)
Fund balances – beginning of year, as restated	16,956	(8,899)	13,902	(19,269)	77,759	77,920	(2,605)	21,872	177,636
Fund balances – end of year	42,984	(17,308)	13,363	(2,736)	73,516	113,486	(5,112)	30,870	249,063

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities

Year ended December 31, 2014

(Amounts in thousands)

Net change in fund balances – total governmental funds	\$ 71,427
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This represents the amount that capital outlays exceeded depreciation and loss on disposals in the current period.	45,570
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This represents the change in deferred revenue.	(8,810)
The decrease in taxes payable related to current year refunds due to taxpayers does not consume current resources in the governmental funds, but decreases tax revenue in the statement of activities.	(915)
The issuance of long-term debt (e.g., bonds and certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Change in interest payable	(664)
Amortization of deferred loss on bond refunding	(806)
Bond and note principal payments	55,820
Issuance of bonds and note payable	(52,500)
Premium on bonds issued	(182)
Amortization of bond discount and premium	16,434
Compensated absences are recorded in the governmental funds when paid, but are recorded in the statement of activities when earned. This represents the amount compensated absences earned exceeded amounts paid in the current period.	(5,063)
Legal claims and judgments are recorded in the governmental funds when paid, but are recorded in the statement of activities when incurred. This represents the amount claims paid and changes in estimates to claims exceed new claims incurred in the current period.	5,520
Changes in estimates related to municipal landfill closure costs do not consume current financial resources in the governmental funds, but are expensed in the statement of activities.	(2,368)
Other post retirement benefits contributions are recorded as expenditures when paid by the governmental funds. This is the amount that the annual other post retirement benefit costs exceeded the other post retirement benefit contributions.	(2,076)
Pension and contributions are recorded as expenditures when paid by the governmental funds. Pension expense is recorded based on the annual pension cost in the statement of activities. This is the amount that the annual pension cost exceeded pension contributions.	(8,930)
Change in net position of governmental activities	<u>\$ 112,457</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Statement of Fiduciary Net Position

December 31, 2014

(Amounts in thousands)

Assets	Pension Trust Funds	Agency Funds
Cash	\$ 4,224	39,027
Investments		
Cash equivalents	45,659	—
Fixed income securities	94,244	—
Equities	232,137	—
Mutual Funds	5,241	—
Notes receivable	8,330	—
Investment in corporations, partnerships, and limited liability corporations	16,105	—
Investment in hedge funds and private equity funds	36,641	—
Investment in real estate	48,235	17,965
Other	5,792	—
Receivables:		
Accounts	—	2,113
Accrued interest	7,569	—
Contribution	644	—
Other	631	—
Other assets	236	—
Total assets	<u>505,688</u>	<u>59,105</u>
Liabilities and Net Position		
Liabilities:		
Accounts payable	670	1
Line of credit	40,844	—
Other payables and accruals	6,313	59,104
Notes payable	7,521	—
Total liabilities	<u>55,348</u>	<u>59,105</u>
Net position held in trust for pension benefits	<u>\$ 450,340</u>	<u>—</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Statement of Changes in Fiduciary Net Position
Year ended December 31, 2014
(Amounts in thousands)

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 54,526
Members	8,233
Fire insurance rebate	1,492
Other	3,953
Total contributions	68,204
Other income:	
Other - City of New Orleans	134
Total other income	134
Investment income:	
Net appreciation in fair value of investments	10,607
Interest and dividends	5,574
Other investment income	1,965
Total investment income	18,146
Investment expense	(6,696)
Net investment income	11,450
Total additions	79,788
Deductions:	
Pension benefits	76,296
Refunds of member contributions	1,213
Death benefits	479
Administrative expenses	1,560
DROP withdrawal	11,127
PLOP withdrawal	13,905
Transfers to other plans	1,504
Total deductions	106,084
Change in net position	(26,296)
Net position held in trust for pension benefits – beginning of year	476,636
Net position held in trust for pension benefits – end of year	\$ 450,340

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Position

Component Units

December 31, 2014

(Amounts in thousands)

Assets	Audubon Commission	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Current assets:					
Cash and cash equivalents	\$ 1,226	7,714	61,128	51,315	121,383
Investments	—	58,245	—	—	58,245
Receivables (net of allowances for uncollectibles):					
Property taxes	—	—	8,131	529	8,660
Accounts	239	4,839	16,351	9,868	31,297
Accrued interest	—	—	—	42	42
Grants	—	—	44,246	—	44,246
Other	—	—	6,402	5,618	12,020
Due from other governments	—	44	—	2,699	2,743
Inventory of supplies	1,339	—	5,467	—	6,806
Prepaid expenses and deposits	1,274	323	903	1,872	4,372
Other assets	—	—	—	2,576	2,576
Total current assets	<u>4,078</u>	<u>71,165</u>	<u>142,628</u>	<u>74,519</u>	<u>292,390</u>
Restricted cash and investments:					
Customer deposits	—	—	10,702	3,924	14,626
Current debt service account	—	23,242	30,847	—	54,089
Future debt service account	307	32,835	—	263	33,405
Operation and maintenance account	—	8,136	—	—	8,136
Capital improvements	425	80,069	93,403	—	173,897
Health insurance reserve	—	—	1,977	—	1,977
Receivables	4,157	6,863	—	—	11,020
Other	—	6,927	—	621	7,548
Total restricted assets	<u>4,889</u>	<u>158,072</u>	<u>136,929</u>	<u>4,808</u>	<u>304,698</u>
Capital assets (net of accumulated depreciation)	<u>141,275</u>	<u>526,604</u>	<u>2,319,999</u>	<u>219,778</u>	<u>3,207,656</u>
Other assets	<u>8,337</u>	<u>4,083</u>	<u>51</u>	<u>13,956</u>	<u>26,427</u>
Total assets	<u>158,579</u>	<u>759,924</u>	<u>2,599,607</u>	<u>313,061</u>	<u>3,831,171</u>
Deferred Outflows of Resources					
Unamortized loss on advance refunding	<u>379</u>	<u>17,915</u>	<u>4,307</u>	<u>—</u>	<u>22,601</u>
Total deferred outflows of resources	<u>379</u>	<u>17,915</u>	<u>4,307</u>	<u>—</u>	<u>22,601</u>
Total assets and deferred outflows of resources	<u>\$ 158,958</u>	<u>777,839</u>	<u>2,603,914</u>	<u>313,061</u>	<u>3,853,772</u>

See accompanying notes to basic financial statements.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Position

Component Units

December 31, 2014

(Amounts in thousands)

	Audubon Commission	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Liabilities					
Current liabilities (payable from current assets):					
Accounts payable	\$ 6,929	4,995	35,923	11,141	58,988
Retainages payable	—	—	7,946	—	7,946
Other payables and accruals	—	1,582	21,474	13,296	36,352
Due to other governments	—	2,996	24,506	4,220	31,722
Capital lease payable	194	10,909	—	—	11,103
Loans payable	—	—	4,226	—	4,226
Total current liabilities (payable from current assets)	7,123	20,482	94,075	28,657	150,337
Current liabilities (payable from restricted assets):					
Retainages payable	—	—	124	—	124
Capital projects payable	3,213	4,681	—	—	7,894
Accounts payable	—	—	10,806	—	10,806
Accrued interest	1,745	9,731	2,482	58	14,016
Limited tax bonds	3,145	—	—	—	3,145
Loans payable, current portion	2,032	1,930	—	—	3,962
Bonds payable, current portion	—	14,210	13,259	1,746	29,215
Deposits and other	—	—	—	20	20
Total current liabilities (payable from restricted assets)	10,135	30,552	26,671	1,824	69,182
Total current liabilities	17,258	51,034	120,746	30,481	219,519
Long-term liabilities:					
Claims payable	—	—	2,594	—	2,594
Capital lease payable	514	—	—	—	514
Customer deposits	—	—	10,702	—	10,702
Other postretirement benefits liability	—	—	61,209	—	61,209
Limited tax bonds (net of current portion)	21,412	—	—	—	21,412
Revenue bonds (net of current portion and unamortized discounts)	—	—	293,680	7,640	301,320
Refunding bonds (net of current portion and unamortized loss on advance refunding)	—	308,931	—	—	308,931
Loans payable	13,337	28,152	61,653	—	103,142
Other	7,074	—	84,531	94,736	186,341
Total long-term liabilities	42,337	337,083	514,369	102,376	996,165
Total liabilities	59,595	388,117	635,115	132,857	1,215,684
Deferred Inflows of Resources					
Deferred revenue	—	—	—	4,890	4,890
Total deferred inflows of resources	—	—	—	4,890	4,890
Net position					
Net investment in capital assets	100,373	245,478	2,013,060	123,856	2,482,767
Restricted for bond debt service	—	47,044	30,847	1,824	79,715
Restricted for capital improvements	—	58,566	68,510	—	127,076
Restricted for operating reserve	—	11,546	—	3,933	15,479
Unrestricted (deficit)	(1,010)	27,088	(143,618)	45,701	(71,839)
Total net position	\$ 99,363	389,722	1,968,799	175,314	2,633,198

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Activities

Component Units

Year ended December 31, 2014

(Amounts in thousands)

	Program revenues			Net (expense) revenue and changes in net position				
	Charges for services	Operating grants and contributions	Capital grants and contributions	Audubon Commission	Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Component units:								
Audubon Commission	\$ 58,858	—	17,695	(2,360)	—	—	—	(2,360)
Louis Armstrong New Orleans International Airport	103,921	—	12,302	—	(18,763)	—	—	(18,763)
Sewerage and Water Board	198,552	2	141,874	—	—	101,373	—	101,373
Other nonmajor component units	78,283	17,024	8,414	—	—	—	(9,825)	(9,825)
Total component units	\$ 439,614	17,026	180,285	(2,360)	(18,763)	101,373	(9,825)	70,425
General revenues:								
Interest revenue				—	97	811	219	1,127
Property taxes				9,574	—	53,131	6,122	68,827
Passenger and customer facility charges				—	31,475	—	—	31,475
Bond issuance cost				—	—	(2,649)	—	(2,649)
Other				4,280	(1,925)	—	16,897	19,252
Total general revenues				13,854	29,647	51,293	23,238	118,032
Changes in net position				11,494	10,884	152,666	13,413	188,457
Net position – beginning of year				87,869	378,838	1,816,133	152,871	2,435,711
Prior period adjustments				—	—	—	9,030	9,030
Net position – beginning, as restated				87,869	378,838	1,816,133	161,901	2,444,741
Net position – ending				\$ 99,363	389,722	1,968,799	175,314	2,633,198

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

(1) Summary of Significant Accounting Policies

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

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

Basis of Presentation – Financial Reporting Entity

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

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

Component Units

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

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

Audubon Commission
6500 Magazine Street
New Orleans, Louisiana, 70118

Canal Street Development Corporation
111 Canal Street, Suite 400
New Orleans, Louisiana 70112

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

Downtown Development District7
201 St. Charles Avenue, Suite 3912
New Orleans, Louisiana 70170

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

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

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

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

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

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

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

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

Blended Component Units

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

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

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

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

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

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

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

Discretely Presented Component Units

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

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

Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<i>Louis Armstrong New Orleans International Airport (the Airport)</i>	Local government corporation established in 1943 by the City to provide for the operation and maintenance of the Airport. The Board consists of nine members appointed by the Mayor of the City with approval of the City Council. The City of Kenner, Louisiana and the Parish of St. Charles, Louisiana each have input as to the selection of one board member. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.
<i>Downtown Development District</i>	Local government corporation created by Act 498 of 1974 and amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature, effective January 1, 1975. The District is a special taxing district designated "the Core Area Development District of the City of New Orleans," later renamed the Downtown Development District of the City of New Orleans, comprising all the territory within prescribed boundaries. The Board of Directors is composed of 11 members for governance of the District. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

CITY OF NEW ORLEANS
Notes to Basic Financial Statements
December 31, 2014

Discretely Presented Component Units

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

Sewerage and Water Board

A local government corporation created by the City through Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain, and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In accordance with Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The board is composed of 11 members, including the Mayor of the City as the President of the Board, two members of the Board of Liquidation, City Debt and eight citizens, as designated by the State statutes. The terms of office are staggered from one year to four years, as designated by State statutes. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

Audubon Commission (the Commission)

The Commission was created by the Louisiana Legislature to manage and operate its facilities consisting of nine museums and parks dedicated to celebrating the wonders of nature, with goals of fostering education, research, wildlife conservation, family entertainment, and positive economic impact. The Commission has a 24-member board appointed by the Mayor. Each member serves a six-year term, with four members' terms expiring each year. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

New Orleans Municipal Yacht Harbor Management Corporation

Local corporation formed by the City to operate the Municipal Yacht Harbor in the manner comparable to that of a private business enterprise; to provide a safe and secure environment for recreational boating; to ensure that the cost associated with providing services to the general public are financed or recovered through user fee and charge; and to place an emphasis on generating a sufficient amount of net operating revenues to be used for maintenance and capital improvement projects. The Municipal Yacht Harbor is owned by the mayor of the City of New Orleans and administered by a Board of Directors consisting of 11 members, 9 of which are appointed by the Mayor, subject to City Council approval, and are voting members. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

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

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<i>Canal Street Development Corporation</i>	Nonprofit, public benefit corporation incorporated on August 8, 1989 under the Internal Revenue Code Section 501(c)(3) for the sole and exclusive purpose of stimulating business development in the Central Business District and the adaptive reuse and development of Canal Street for commercial purposes. This objective is currently being met through renovations and the leasing of donated real estate and economic development endeavors. The corporation's board of directors is comprised of three Councilmen from the City Council and eight other board members who are appointed by the Mayor of the City. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<i>New Orleans Building Corporation</i>	Nonprofit, public benefit corporation, incorporated in the State of Louisiana on May 4, 2000 under the Internal Revenue Code Section 501(c)(3) for the purpose of owning, leasing, developing and operating properties owned by the City of New Orleans or by the Corporation. The organization's board of directors is comprised of the Mayor of the City, three Council members of the City of New Orleans, and three appointed positions. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<i>Orleans Parish Communication District</i>	The Orleans Parish Communication District, comprising of Orleans Parish, was created effective July 13, 1982, pursuant to Act No. 155 of the 1982 Regular Session of the Louisiana Legislature. The district was created for the purpose of establishing a local emergency telephone service; to establish a primary emergency telephone number; to provide for the governing body of the District; and to authorize the governing authority of such district to levy an emergency telephone tax. This act was amended by Act No. 1029 in 1999 to provide for the creation of multi-parish communications districts; to provide information relative to the rate of the emergency telephone service charge on landline phones; and to authorize the levy of an emergency telephone service charge on certain wireless communications systems. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

Discretely Presented Component Units

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

Orleans Parish Hospital Service District A

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

Related and Jointly Governed Organizations

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

Related Organizations

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

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

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

Jointly Governed Organizations

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

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

Basis of Presentation – Government-Wide and Fund Financial Statements

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

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

The statement of activities reports the change in the City's net position from January 1, 2014 to December 31, 2014. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

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

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

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

Governmental Funds

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

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

Fiduciary Fund Types

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

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

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

Basis of Accounting-Measurement Focus

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

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

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

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

CITY OF NEW ORLEANS
Notes to Basic Financial Statements
December 31, 2014

Pension Trust and Agency Funds

Pension trust funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Their revenues are recognized when earned, and their expenses are recognized when incurred. Agency funds use the accrual basis of accounting, but do not involve the measurement of operations.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value (generally based on quoted market prices) except for the position in the Louisiana Asset Management Pool (LAMP). LAMP operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the LAMP qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State of Louisiana, although it is not registered with the SEC.

Accounts Receivable

Property tax receivables of \$26,267,000 and grantee loan receivables of \$20,366,000 are shown net of an allowance of uncollectible amounts of \$18,011,000 and \$19,708,000, respectively.

Capital Assets

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

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

Additions and improvements that significantly extend the useful life of an asset are capitalized. Repairs and maintenance costs are expensed as incurred.

The City reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment in the carrying value of capital assets. If facts or circumstances support the possibility of impairment, management follows guidance in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment will be made to the carrying value of the capital assets. No impairment was recorded in 2014.

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

Annual and Sick Leave

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

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

Litigation

Claims and judgments are recognized in the governmental funds as expenditures when due and payable. Therefore, claims and judgments that are due and payable would be expected to be liquidated with expendable available financial resources. To the extent that claims and judgments mature prior to December 31, and are payable from current financial resources, they are accrued at December 31, 2014. Other liabilities not expected to mature as of December 31, 2014 are reported as liabilities in the government-wide financial statements. Estimates of claims and judgment liabilities (both incurred and reported and incurred but not reported) are made through a case-by-case review of all claims and the application of historical experience to the outstanding claims.

Net Position

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

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

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

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

Net Position Flow Assumption

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

Fund Balance

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

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

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Notes to Basic Financial Statements

December 31, 2014

Fund Balance Flow Assumption

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

(2) Deposits and Investments

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

At December 31, 2014, the carrying amount of the City's deposits was \$134,287,000, including \$91,036,000 reported in the governmental funds and \$43,251,000 reported in the fiduciary funds.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it under state law. At December 31, 2014, the City's bank balances totaled \$139,372,000. These bank deposits were completely secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City's name at December 31, 2014.

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

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

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

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

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

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

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

The City invests monies with the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LAMP is a 2a7- like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 52 as of December 31, 2014.
- Foreign currency risk: Not applicable to 2a7 -like pools.

CITY OF NEW ORLEANS

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

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

At December 31, 2014, the City’s market value of investments was as follows (amounts in thousands):

	<u>Governmental</u>	<u>Agency</u>	<u>Pension Trust</u>	<u>Total</u>
LAMP	\$ 9,687	\$ 17,965	\$ -	\$ 27,652
Money market	132,906	-	-	132,906
U.S. Agency securities	38,894	-	94,241	133,135
U.S. Treasury Bills	8,538	-	-	8,538
Corporate bonds	-	-	3	3
Stock and mutual funds	-	-	237,378	237,378
Real estate and real estate funds	-	-	48,235	48,235
Invested in corporations, partnerships, and limited liability corporations	-	-	16,105	16,105
Invested in hedge funds, private equity funds, and fund of funds	-	-	36,641	36,641
Notes receivable	-	-	8,330	8,330
Other	-	-	5,792	5,792
Cash equivalents	-	-	45,659	45,659
Total investments	<u>\$ 190,025</u>	<u>\$ 17,965</u>	<u>\$ 492,384</u>	<u>\$ 700,374</u>

Interest Rate Risk – Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for investments under the control of the City by limiting the maximum maturity of investments in accordance with their investment policy. As stated in its investment policy, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, cash will not be invested in securities maturing more than three years from the date of purchase.

At December 31, 2014, the governmental and fiduciary funds, investment balances and maturities for those investments were as follows (amounts in thousands):

	<u>Investment maturity in years</u>	
	<u>Total</u>	<u>Less than one year</u>
LAMP	\$ 27,652	\$ 27,652
Money market	132,906	132,906
U.S. Agency Securities	38,894	38,894
U.S. Treasury Bills	8,538	8,538
Total investments	<u>\$ 207,990</u>	<u>\$ 207,990</u>

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At December 31, 2014, the Firefighters' Pension Trust Fund's investment balances and maturities for those investments subject to interest rate risk were as follows (amounts in thousands):

	Investment maturity in years			
	Total	Less than one year	1 – 5	More than 10
Corporate bonds	\$ 3	\$ 3	\$ -	\$ -
Notes receivable	\$ 8,330	\$ 6,360	\$ 1,500	\$ 470

At December 31, 2014, the Municipal Employees' Pension Trust Fund's investment balances and maturities for those investments subject to interest rate risk were as follows (amounts in thousands):

	Investment maturity in years				
	Total	Less than one year	1 – 5	6 – 10	More than 10
Mortgage Backed Securities	\$ 525	\$ -	\$ 268	\$ 257	\$ -
Commercial Mortgage Backed Securities	2,027	1,012	-	-	1,015
CMO/REMIC	200	-	-	200	-
Government Bonds	7,666	1,962	2,999	1,668	1,037
	<u>\$ 10,418</u>	<u>\$ 2,974</u>	<u>\$ 3,267</u>	<u>\$ 2,125</u>	<u>\$ 2,052</u>

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

The following table provides information on the credit ratings associated with the Municipal Employees' Pension Trust Fund's investments in debt securities at December 31, 2014 (amounts in thousands):

Asset Category	Rating	Market Value
CMO/REMIC	AA+	\$ 200
Commercial Mortgage Backed Securities	AAA	1,033
Commercial Mortgage Backed Securities	AA+	622
Commercial Mortgage Backed Securities	BBB	229
Commercial Mortgage Backed Securities	No rating	143
Government Bonds	AAA	84
Government Bonds	AA+	7,105
Government Bonds	Not rated	477
Mortgage Backed Securities	AA+	525
Short Term Investment Fund	Not rated	16,345
		<u>\$ 26,763</u>

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Notes to Basic Financial Statements

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The Firefighters' pension trust fund's investment policy allows for investment in publicly-traded debt securities rated at or above Baa by Moody's and BBB by Standard and Poor's at time of purchase. At December 31, 2014, \$5,434,102 of the New System's cash equivalents were rated AAA by Moody's, and \$103,760 was not rated. At December 31, 2014, \$18,621,741 of the Old System's cash equivalents were rated AAA by Moody's.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the City's name. The investments of the City and Municipal Employees' pension trust fund's investments owned at December 31, 2014 were not subject to custodial credit risk.

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

At December 31, 2014, the Firefighters' Pension and Relief Fund's (New System) cash collateral held under the securities lending program in the amount of \$395,672 that is exposed to custodial credit risk since the collateral is not in the name of the fund.

Concentration of Credit Risk – The City's investment policy does not allow for more than 25% of the total investment portfolio to be invested in a single security type with the exception of U.S. Treasury securities, bank certificates of deposit, and authorized pools. As of December 31, 2014, the City was in compliance with this policy. All of the City's governmental fund investments are issued or explicitly guaranteed by the U.S. government or are held in LAMP and are not subject to concentration of credit risk.

The Municipal Employees' pension trust fund's investment policy mandates the maximum limits on position held with each assets class as follows: equities (40%-65%), fixed income (15%-25%), real estate (0%-10%), alternative investments (10%-30%), and cash equivalents (0%-10%). As of December 31, 2014, all Municipal Employees' pension trust fund investments were in compliance with this policy.

The Firefighter's Pension and Relief Fund's investment policy states that no more than 25% of the equity portfolio market value may be invested in any single industry at the time of purchase. In addition, no more than 5% of total fund assets at market may be invested in any one issuer's securities (exclusive of issues of the U.S. Treasury or other federal agencies). The Firefighter's Pension and Relief Fund was in compliance with the concentration of risk investment policy during the year ended December 31, 2014.

Securities Lending Transactions – The Board of Trustees of the Firefighter's Pension and Relief Fund authorized the fund to enter into a securities lending program. These agreements consist of the loan of stock and bonds with a simultaneous agreement to reacquire the same loaned security in the future plus a contract rate of interest. The Fund requires the dealer to transfer cash or collateral of no less than 100% of the market value of the securities underlying the securities lending agreements. At December 31, 2014, the fair value of the securities on loan is \$385,413. The underlying collateral for these securities is \$395,672.

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In cases of security loans in which the collateral received by the fund is cash, the fund is able to reinvest the cash under the agreement with the dealer. When this occurs the collateral is reported as an asset with a corresponding liability. If the fund receives collateral other than cash, it may not reinvest the collateral. When this occurs, the fund does not record the collateral on the financial statements. In both cases, the loaned securities continue to be reported as an asset on the balance sheet. The cash collateral was invested in cash equivalents and fixed income securities at December 31, 2014. The maturities of these investments match the maturities of the securities loans.

At year end, the fund has no credit risk exposure to borrowers because the amounts the borrowers owe the Fund exceed the amounts the Fund owes the borrowers. The fund cannot pledge or sell collateral securities received unless the borrower defaults.

(3) Tax Revenues

At December 31, 2014, the total sales tax levied in the City is 9%, of which 4% is state sales tax, 1.5% is levied by the Orleans Parish School Board (the School Board), and 1% is dedicated for transportation and is levied by the Regional Transit Authority (RTA). The remaining 2.5% is used to fund the general operations of the City. The City administers and collects the entire 5% of local sales tax. The School Board's portion of the sales tax is accounted for in the Orleans Parish School Board sales tax clearing fund, and the RTA's portion of the sales tax is accounted for in the RTA sales tax clearing fund, both of which are agency funds.

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

The assessed value of property in the City for each year is determined by an elected Board of Assessors. It is then certified by the Louisiana Tax Commission as complying with the Louisiana Constitution of 1974. The City is permitted by the Louisiana statutes to levy taxes up to \$40.01 per \$1,000 of assessed valuation for the general fund (including library). The Board of Liquidation is permitted to levy taxes in unlimited amounts for the payment of principal and interest on general obligation bonds of the City.

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

Property tax levies per \$1,000 of assessed valuation accounted for within the funds of the City (primary government only) for the year ended December 31, 2014 are as follows:

General:	
General governmental services	\$ 13.91
Dedicated for fire and police	6.40
Public library	3.14
Fire and police, without applying homestead exemption	10.47
Parkways and parks and recreation department	3.00
Street and traffic control device maintenance	1.90
Act 44	1.19
Special revenue:	
Neighborhood housing improvement fund	0.91
New Orleans economic development fund	0.91
Capital improvement and infrastructure	1.82
Debt service	25.50
	<u>\$ 69.15</u>

Property taxes levied on January 1, 2014, collected during 2014, or expected to be collected within the first 60 days of 2015, are recognized as revenues in the statement of revenues, expenditures, and changes in fund balances – governmental funds. The entire estimated collectible amount of the tax levy for the fiscal year is recorded as revenue in the government-wide financial statements. Property taxes paid under protest are held in escrow until resolution of the dispute. Amounts collected for other governmental entities are accounted for in the agency funds.

(4) Grantee Loans

The City's grantee loan balances at December 31, 2014 are as follows (amounts in thousands):

	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
UDAG	\$ 7,821	\$ (7,163)	\$ 658
HUD	12,545	(12,545)	-
Total grantee loans	<u>\$ 20,366</u>	<u>\$ (19,708)</u>	<u>\$ 658</u>

(a) *UDAG*

The City has received certain grant awards or loans from the HUD for the purposes of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Fifteen individual loans are outstanding at December 31, 2014 totaling \$7,821,000, which bear interest at rates ranging from 0.1% to 7.0%. These loans are receivable over a 10- to 30-year period. Once loan repayments are received and the project is accepted by HUD, the City may use the amounts received for other allowable economic development activities specified in the grant agreement. The City has recorded \$7,163,000 in allowance for bad debt on these loans.

CITY OF NEW ORLEANS
Notes to Basic Financial Statements
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(b) HUD Section 108

The City received a Section 108 loan from HUD to allow/provide loans to the private sector for economic development. At December 31, 2014, there were two outstanding loans which bear interest at rates of 2% to 7.87% and are receivable over 15 to 30 years.

During 1998, HUD agreed to loan to the City \$24,375,000 for the development of the Jazzland Theme Park. These funds were subsequently loaned to Jazzland, Inc. (Jazzland) and were due from Jazzland in bi-annual installments plus 7.87% interest. During 2001, Jazzland failed to remit to the City a required payment and was in default on its loan as of December 31, 2001. On February 28, 2002, Jazzland filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. As a result, the City wrote off its remaining receivable from Jazzland. In 2002, Six Flags Theme Park, Inc. assumed management of Jazzland, and the theme park was renamed "Six Flags New Orleans." Six Flags had agreed to make monthly lease payments of \$116,667 to the Industrial Development Board (IDB), which in turn, would transfer the money to the City. The lease expires in 2017. These monies are to be used by the City to repay the HUD loan. Annual debt service on the loan is \$2,400,000 through 2017. The outstanding balance at December 31, 2014 is \$8,814,000. No payments were received during the year ended December 31, 2014. The City has recorded \$8,814,000 in allowance for the remaining balance on this loan.

During 2002, HUD agreed to loan to the City \$5,000,000 for the development of the Palace of the East. The City subsequently loaned these funds to the Palace of the East. The loan is due to be repaid in quarterly installments plus 6% interest. The principal payments commenced on July 15, 2004, and the final payment is due on August 1, 2021. The outstanding balance at December 31, 2014 is \$3,731,000. No payments were received during the year ended December 31, 2014. The City has recorded an allowance of \$3,731,000 against this loan.

During 2002, HUD agreed to loan to the City approximately \$7,047,000 for the development of the Louisiana Artists Guild, a Louisiana Nonprofit Corporation. The City subsequently loaned these funds to LA Artworks. The loan is due to be repaid in quarterly installments plus interest of 5.6183%. Principal payments commenced on October 15, 2003 and end on July 15, 2022. In 2014, the City received a payment of approximately \$6.2 million to settle the outstanding balance of the loan.

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Notes to Basic Financial Statements
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(5) Capital Assets

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

	Balance January 1, 2014	Additions	Deletions and adjustments	Transfers	Balance December 31, 2014
Nondepreciable capital assets:					
Land	\$ 94,474	\$ -	\$ -	\$ -	\$ 94,474
Construction in progress	447,135	134,698	(2,829)	(69,252)	509,752
Total nondepreciable capital assets	<u>541,609</u>	<u>134,698</u>	<u>(2,829)</u>	<u>(69,252)</u>	<u>604,226</u>
Depreciable capital assets:					
Infrastructure	2,480,575	15,967	(13,650)	-	2,482,892
Buildings and improvements	366,189	51,337	(1,816)	-	415,710
Equipment and vehicles	105,073	3,030	(4,013)	-	104,090
Other	40,492	-	-	-	40,492
Total depreciable capital assets	<u>2,992,329</u>	<u>70,334</u>	<u>(19,479)</u>	<u>-</u>	<u>3,043,184</u>
Less accumulated depreciation for:					
Infrastructure	1,755,539	56,643	(4,245)	-	1,807,937
Buildings and improvements	112,153	11,809	(219)	-	123,743
Equipment and vehicles	85,954	6,228	(3,669)	-	88,513
Other	30,182	1,355	-	-	31,537
Total accumulated depreciation	<u>1,983,828</u>	<u>76,035</u>	<u>(8,133)</u>	<u>-</u>	<u>2,051,730</u>
Total depreciable capital assets, net	<u>1,008,501</u>	<u>(5,701)</u>	<u>(11,346)</u>	<u>-</u>	<u>991,454</u>
Total	<u>\$ 1,550,110</u>	<u>\$ 128,997</u>	<u>\$ (14,175)</u>	<u>\$ (69,252)</u>	<u>\$ 1,595,680</u>

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

General government	\$ 56,643
Public safety	14,923
Public works	3,114
Culture and recreation	1,355
Total depreciation expense	<u>\$ 76,035</u>

CITY OF NEW ORLEANS
Notes to Basic Financial Statements
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(6) Long-Term Debt

Debt Service Fund

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

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

Bond Transactions

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Bonds payable, excluding unamortized premium of \$26,524,000 and unamortized discount of \$270,000, at December 31, 2014 comprise the following (all bonds are serial bonds) (amounts in thousands):

<u>Description</u>	<u>Original issue</u>	<u>Range of average interest rates</u>	<u>Amount outstanding</u>	<u>Due in one year</u>
General obligation bonds:				
2004-2014 Public Improvement Bonds, due in annual installments ranging from \$2,675 to \$10,475 through December 2039	\$ 244,300	4.3 – 8.4%	\$ 195,310	\$ 5,315
1991 General Obligation Refunding Bonds, due in annual installments ranging from \$3,839 to \$9,964 commencing September 2004 through September 2018	98,886	6.7 - 7.1%	17,171	4,795
1998 General Obligation Refunding Bonds, due in annual installments ranging from \$210 to \$13,080 through December 2021	106,520	3.7 - 5.5%	50,615	3,060
2005 General Obligation Refunding Bonds, due in annual installments ranging from \$275 to \$8,795 commencing December 2009 through December 2029	105,250	3.0 - 5.25%	81,840	6,450

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December 31, 2014

<u>Description</u>	<u>Original issue</u>	<u>Range of average interest rates</u>	<u>Amount outstanding</u>	<u>Due in one year</u>
General obligation bonds, continued:				
2012 General Obligation Refunding Bonds, due in annual installments ranging from \$750 to \$20,700 commencing December 2012 through December 2033	\$ 167,840	2.0 – 5.0%	\$ 162,145	\$ 3,355
Limited tax bonds:				
2005 Limited Tax Bonds, due in annual installments of \$1,450 to \$2,900 commencing March 2006 through March 2021	33,000	3.0 – 5.0%	17,510	2,145
Taxable limited tax bonds:				
2012 Taxable Limited Tax Bonds, due in annual installments of \$9,775 to \$16,275 commencing September 2015 through September 2030	195,885	1.4 – 5.0%	195,885	-
Revenue bonds:				
2004 Variable Rate Revenue Bonds, due in annual installments from \$355 to \$865 commencing August 2005 through August 2024	11,500	Variable	<u>7,070</u>	<u>570</u>
Total bonds			<u>727,546</u>	<u>25,690</u>
Accreted bond discount at December 31, 2014			<u>70,528</u>	-
			<u>\$ 798,074</u>	<u>\$ 25,690</u>

In November 2004, the City received approval from taxpayers to issue \$260,000,000 in General Obligation Bonds. The City issued \$75,000,000 in December 2007, \$40,000,000 in January 2010, \$40,000,000 in March 2013, and \$40,000,000 in January 2014 of these authorized General Obligation Bonds. The remaining authorized and unissued General Obligation Bonds were \$65,000,000 at December 31, 2014.

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The payment requirements for all bonds outstanding, including accretion on the 1991 General Obligation Refunding Bonds of \$70,528,000 (included in interest payments) as of December 31, 2014, are as follows (amounts in thousands):

Year ending December 31:	<u>Principal</u>	<u>Interest</u>
2015	\$ 35,465	\$ 54,792
2016	36,249	54,038
2017	37,168	53,114
2018	37,779	52,084
2019	57,760	29,036
2020 – 2024	218,730	107,059
2025 – 2029	163,265	64,618
2030 – 2034	84,945	28,954
2035 – 2039	39,470	11,767
2040 – 2043	16,715	2,242
	<u>\$ 727,546</u>	<u>\$ 457,704</u>

The City's legal debt limit for General Obligation Bonds is \$1,326,596,000. At December 31, 2014, the City's legal debt margin adjusted for outstanding principal of \$507,081,000 and past and future accretion of \$84,609,000 on the City's outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$40,149,000 to service this debt was \$775,055,000.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of money through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. At December 31, 2014, management believes it is in compliance with all financial related covenants.

Taxable Public Improvement Bonds Series 2014A

In 2014, the City issued \$40,000,000 of Taxable Public Improvement Bonds Series 2014A for the purpose of improvements to streets, parks and playgrounds, public libraries and other public buildings. Interest on the bonds is due semiannually at rates ranging from 2.0% to 5.5% commencing June 1, 2014. Principal payments are due annually, commencing December 1, 2014 and maturing on December 1, 2043.

Certificates of Indebtedness

In December 2004, the City issued \$40,415,000 in limited tax certificates of indebtedness (Series 2004B) for the primary purpose of financing the partial defeasance of the 1998B Certificates, financing judgment claims against the City, and paying the costs of issuance. The certificates bear interest ranging from 3.15% to 4.75%, payable semiannually. The certificates were paid in full on March 1, 2014.

During 2005, the City issued \$2,050,000 in certificates of indebtedness (Series 2005) for the primary purpose of paying costs to repair trackage for rail car storage and to make infrastructure improvements in connection with the CG Rail Project. The certificates bear interest of 3.59%, payable semiannually. The certificates were paid in full on December 1, 2014.

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Debt Service Assistance Program

The City entered into a cooperative endeavor agreement with the State of Louisiana to provide for the issuance of general obligation bonds of the State of Louisiana (GO Zone Series) to fund the debt service assistance loan program, which will make scheduled debt service payments on behalf of the City for certain issues of outstanding debt. The loans are payable beginning in 5 years in equal installments over 15 years commencing in 2012. Interest is deferred during the initial 5 year period and then accrues at a rate of 4.64% during the repayment period. In 2014, the State of Louisiana granted the City a credit of \$2,600,000 against principal payments due in 2013. Included in the statement of activities for the year ended December 31, 2014 is forgiveness of debt totaling \$2,600,000. The City paid the remaining principal and interest payments due in 2013 totaling \$228,000 in 2014. The loan balance at December 31, 2014 is \$67,938,000.

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

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2015	\$ 4,358	\$ 3,152
2016	4,560	2,950
2017	4,772	2,739
2018	4,993	2,517
2019	5,225	2,286
2020-2024	29,994	2,043
2025-2026	14,036	1,789
	<u>\$ 67,938</u>	<u>\$ 17,476</u>

Notes Payable

In 2012, the City entered into a loan agreement. The loan proceeds of \$3,500,000 were restricted for the purchase of ambulances. The loan is payable over 3 years beginning in 2013 and accrues interest at a rate of 2.24%. The remaining balance of \$1,410,000 and interest of \$32,000 is due in 2015.

In 2014, the City entered into a loan agreement. The loan proceeds of \$12,500,000 were restricted for equipment purchases. The loan is payable over 4 years beginning in 2015 and accrues interest at a rate of 2.24%. The requirements to amortize the loan are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2015	\$ 3,212	\$ 31
2016	3,028	208
2017	3,095	140
2018	3,165	71
	<u>\$ 12,500</u>	<u>\$ 450</u>

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HUD Section 108 Loans

The City has entered into contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, with the Secretary of HUD as guarantor. Portions of these funds were used to fund grantee loans referred to in Note 4. The loans consist of notes bearing interest at either fixed interest rates ranging from 5% to 8% or variable interest rates based upon the London Interbank Offered Rate (LIBOR). As of December 31, 2014, \$8,640,000 is recorded as a liability in the government-wide financial statements. The requirements to amortize the Section 108 loans are as follows (amounts in thousands):

	Principal	Interest
Year ending December 31:		
2015	\$ 2,435	\$ 230
2016	2,590	177
2017	2,745	108
2018	430	28
2019	440	15
	\$ 8,640	\$ 558

Capital Leases

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

	Principal	Interest
Year ending December 31:		
2015	2,758	506
2016	2,905	359
2017	3,060	204
2018	1,591	42
	\$ 10,314	\$ 1,111

Compensated Absences

The City has recorded \$46,454,000 in accrued annual and sick leave in accordance with its pay-out policies. During the year active employees earned and used \$31,679,000 and \$26,616,000, respectively in sick and vacation leave benefits. The entire annual and sick liability is recorded in the government wide statements, and no liability is recorded in the governmental funds.

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Notes to Basic Financial Statements
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Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014 was as follows (amounts in thousands):

	January 1, 2014	Additions	Deletions	December 31, 2014	Due in one year
Claims and judgments (note 12)	\$ 399,569	\$ 114,716	\$ (120,237)	\$ 394,048	\$ 32,050
Landfill closing costs (note 12)	6,265	2,500	(132)	8,633	193
Accrued annual and sick leave	41,391	31,679	(26,616)	46,454	5,000
Revenue bonds	7,610	-	(540)	7,070	570
Certificates of indebtedness	13,340	-	(13,340)	-	-
General obligation bonds (a)	573,202	40,000	(35,593)	577,609	37,857
Limited tax bonds	19,550	-	(2,040)	17,510	2,145
Taxable limited tax bonds	195,885	-	-	195,885	9,775
Premium on bonds payable	29,591	182	(3,249)	26,524	3,147
Discount on bonds payable	(296)	-	26	(270)	26
Debt service assistance program	74,706	-	(6,768)	67,938	4,357
Note payable	2,782	12,500	(1,372)	13,910	4,619
HUD Section 108 loan	17,998	-	(9,358)	8,640	2,435
Capital leases	12,933	-	(2,619)	10,314	2,758
Net pension obligation (note 7)	140,913	67,058	(58,128)	149,843	-
Post-employment benefit (note 7)	59,816	10,482	(8,406)	61,892	-
	<u>\$ 1,595,255</u>	<u>\$ 279,117</u>	<u>\$ (288,372)</u>	<u>\$ 1,586,000</u>	<u>\$ 104,932</u>

(a) Additions and deletions include amounts related to accretion of 1991 Refunding Series of \$7,092 and \$(20,303), respectively.

The long-term liabilities will be repaid from the General Fund, except for HUD Section 108 loans, which will be repaid from the American Can non-major fund, and the General Obligation, Limited Tax Bonds, Taxable Limited Tax Refunding Bonds and a portion of the Debt Service Assistance Loan Program, which will be repaid from the Debt Service Fund. The Board of Liquidation handles all the General Obligation bonded debt of the City and the 2005 Limited Tax Bonds and results of its operations are reported in the debt service fund. For the year ended December 31, 2014, the debt service fund had \$73,516,000 in fund balance reserved for service debt.

(7) Pension Plans and Postretirement Healthcare Benefits

Pension Plans

At December 31, 2014, the City sponsors and administers four separate single-employer, contributory defined benefit pension plans, namely: (1) Firefighters' Pension and Relief Fund – Old System; (2) Firefighters' Pension and Relief Fund – New System; (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees' Retirement System (State of Louisiana) (MPERS). The Police Plan of the City will remain responsible for the payment of certain benefits due to differences in length of service and age requirements for the participants who were not transferred to the MPERS plan. MPERS is the only cost-sharing, multiple-employer retirement plan in which employees of the City participate. The Employees' Plan covers all City employees other than firefighters and police.

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

MPERS Plan Description

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

Employees become eligible for retirement under the MPERS plan at age 50 and after 20 years of active continuous service. An employee who is age 55 becomes eligible for retirement benefits after 16 years of active continuous service. The plan also provides death and disability benefits. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana. The City's contribution to the MPERS plan for the year ended December 31, 2014 was \$19,489,649. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Baton Rouge, LA 70809, or by calling (800) 443-4248.

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

Each plan is a defined benefit pension plan established by the State of Louisiana statute, which provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana. Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan.

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

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

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

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Funding Policies and Annual Pension Costs

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

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

Effective January 1, 2014, employees covered under the Firefighters' Pension and Relief Fund of the City of New Orleans (New System) contribute 10% of their salary, implemented on a graded scale as follows:

- For members with less than 20 years of service: 8% effective January 1, 2014 and 10% effective January 1, 2015 and thereafter.
- For members with at least 20 years of service: 3.33% effective January 1, 2014; 6.66% effective January 1, 2015; and 10% effective January 1, 2016 and thereafter.

There are no active employees in the Old System, thus no employee contributions are required.

In addition, the Old and New Systems receive ad valorem taxes to fund additional benefits. The amount of millage received for the New and Old System were \$2,573,273 and \$1,156,108 for 2014, respectively. The Firefighters' pension fund receives fire insurance taxes of 2% of the fire insurance premiums written in the City of New Orleans. In 2014, the amount of \$1,491,768 received as a result of this tax was divided equally between the two systems.

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The City's annual pension cost for the current year and related actuarial methods and assumptions for each plan is as follows (amounts in thousands):

	Employees' Retirement System	Police Pension Fund	Firefighters' Pension and Relief Fund (Old System)	Firefighters' Pension and Relief Fund (New System)
Annual required contribution (thousands)	\$ 20,871	\$ -	\$ 18,841	\$ 36,182
Annual pension cost (thousands)	20,247	-	15,411	31,400
Contributions made (thousands)	20,307	-	17,173	20,648
Actuarial valuation date	1/1/2015	12/31/2014	1/1/2015	1/1/2015
Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization method	(a)	(b)	(c)	(d)
Remaining amortization period	(a)	(b)	(c)	(d)
Asset valuation method	Adjusted market value	Cost which approximates market	Market value	Actual market value
Actuarial assumptions:				
Investment rate of return	7.5%	7.0%	7.5%	7.5%
Projected salary increases	5.0%	N/A	N/A	5.0%

- (a) The fund uses the "Entry Age Normal Cost Method" to calculate the funding requirements for this Fund. Under this method, the normal cost of the plan is designed to be a level percentage of payroll, calculated on an aggregate basis, spread over the entire working lifetime of the participants. The future working lifetime is determined from each participant's hypothetical entry age into the plan assuming the plan had always been in existence, to the participant's expected retirement date. This fund uses a level dollar amortization for an open fifteen year amortization period effective on each valuation date.
- (b) The "Entry Age Normal Cost Method" was used to calculate the funding requirements of the Fund. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as a percentage of payroll for each participant between entry age and assumed retirement age.
- (c) The "Entry Age Normal Cost Method" was previously used, with the unfunded liability amortized over a varying period of years. However, there are no active members left in the Old System nor are there any members in DROP, resulting in a zero normal cost. Therefore the method for the Old System effectively results in an amortization amount for the unfunded actuarial liability over ten years.
- (d) The "Entry Age Normal Cost Method" was used to calculate the funding requirements of the Fund. Under this method, normal cost of the plan is designed to be a level percentage of payroll, calculated on an individual basis, spread over the entire working lifetime of the participants. The future working lifetime is determined from each participant's hypothetical entry age into the plan assuming the plan had always been in existence, to the participant's expected retirement date. This fund uses a level dollar amortization for an open fifteen year amortization period effective on each valuation date.

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Annual Pension Cost, Prepaid Pension Asset, and Net Pension Obligation – The City’s annual pension cost (APC), prepaid pension asset (PPA), and net pension obligation (NPO) to the City of New Orleans Employees’ Retirement System and the Firefighters’ Pension and Relief Fund (Old System and New System) for the current year are as follows (amounts in thousands):

	New Orleans Employees' Retirement System	Firefighters' Pension and Relief Fund (Old System)	Firefighters' Pension and Relief Fund (New System)	Total
Annual required contribution	\$ 20,871	\$ 18,841	\$ 36,182	\$ 75,894
Interest on NPO	1,222	3,904	5,442	10,568
Adjustment to annual required contribution	(1,846)	(7,334)	(10,224)	(19,404)
Annual pension cost	20,247	15,411	31,400	67,058
Contributions made	20,307	17,173	20,648	58,128
Decrease (increase) in NPO	60	1,762	(10,752)	(8,930)
NPO, beginning of year	(16,295)	(52,054)	(72,564)	(140,913)
NPO, end of year	<u>\$ (16,235)</u>	<u>\$ (50,292)</u>	<u>\$ (83,316)</u>	<u>\$ (149,843)</u>

The NPOs total approximately \$149,843,000 at December 31, 2014, and are recorded in the governmental activities of the government-wide statement of net position.

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

Three Year Trend Information (amounts in thousands)

	Year ending	APC	Percentage of APC contributed	NPO
Employees' Retirement System	12/31/14	\$ 20,247	100%	\$ 16,235
	12/31/13	19,646	97	16,295
	12/31/12	18,216	109	14,675
Firefighters' Pension and Relief Fund (Old System)	12/31/14	15,411	111	50,292
	12/31/13	16,834	123	52,054
	12/31/12	18,623	111	56,116
Firefighters' Pension and Relief Fund (New System)	12/31/14	31,400	66	83,316
	12/31/13	30,824	39	72,564
	12/31/12	29,816	41	54,053

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

Funded Status and Funding Progress of Pension Plans

The funded status of the plan as of December 31, 2014 is based on the most recent actuarial valuation as follows (amounts in thousands):

	<u>Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
Employees' Retirement System	1/1/15	\$ 352,916	\$ 540,176	\$ 187,260	65.3%	\$ 97,244	193%
Firefighters' Pension and Relief Fund (Old System)	1/1/15	15,261	139,470	124,209	10.9%	-	N/A
Firefighters' Pension and Relief Fund (New System)	1/1/15	62,645	420,355	357,710	14.9%	26,985	1326%

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

GASB Statement No. 67 Disclosures

Net Pension Liability of the City

The components of the net pension liability of the City calculated in accordance with GASB Statement No. 67 as of December 31, 2014 are as follows:

	<u>Employees Retirement System</u>	<u>Firefighters' Pension and Relief Trust Fund (Old System)</u>	<u>Firefighters' Pension and Relief Trust Fund (New System)</u>
Total pension liability	\$ 540,175,678	\$ 176,689,235	\$ 513,372,743
Pension trust fund fiduciary net position	370,750,070	15,260,711	62,645,277
Net pension liability	<u>\$ 169,425,608</u>	<u>\$ 161,428,524</u>	<u>\$ 450,727,466</u>
Pension trust fund fiduciary net position as a % of the total pension liability	68.64%	8.64%	12.20%

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

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Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial assumptions used in the December 31, 2014 valuations were based on results of an experience study for the period from January 1, 2014 to December 31, 2014. The required Schedule of Net Position located in the required supplementary information following the Notes to the Basis Financial Statements presents multi-year trend information regarding whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability. The total pension liability as of December 31, 2014 is based on actuarial valuations for the same period, updated using general accepted actuarial procedures.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions:

Valuation date:	December 31, 2014
Actuarial cost method:	Entry age normal
Investment rate of return:	Employees' Retirement System – 7.5% Firefighters' New System – 5.21% (net of investment expenses) Firefighters' Old System – 3.70% (net of investment expenses)
Salary increases:	Employees' Retirement System – 5.0% Firefighters' New System – 5.0% Firefighters' Old System – N/A
Mortality:	Employees' Retirement System – RP 2000 Group Annuity Mortality Table Firefighters' Old and New Systems – 1994 Uninsured Pensioner Table for active and retired; 1994 Uninsured Pensioner Table set forward 5 years for disabled annuitants
Cost of living adjustments:	The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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The long-term expected rate of return on Pension Trust Fund investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are development for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. The resulting long-term expected rate of return is 8.45% for the Employees' Retirement System, 8.3% for the Firefighters' New System, and 2.5% for the Firefighters' Old System for the year ended December 31, 2014.

The estimated long-term real rates of return for each major asset class based on the trust funds' target asset allocation as of December 31, 2014 are as follows:

Asset Class	Employees' Retirement System	
	Target Asset Allocation	Long-term expected portfolio real rate of return
Domestic equity	35%	2.63%
International equity	15	1.28
Domestic bonds	20	0.50
International bonds	5	0.18
Real estate	10	0.45
Alternative investments	15	0.91
Totals	<u>100%</u>	<u>5.95</u>
Inflation		<u>2.50</u>
Expected arithmetic nominal rate		<u>8.45%</u>

Asset Class	Firefighters' New System	
	Target Asset Allocation	Long-term expected portfolio real rate of return
Equity securities	45%	3.47%
Bonds	10	0.30
Alternative investments	45	2.03
Totals	<u>100%</u>	<u>5.80</u>
Inflation		<u>2.50</u>
Expected arithmetic nominal rate		<u>8.30%</u>

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

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

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Discount Rate

The discount rate used to measure the total pension liability was 7.5% for the Employees' Retirement System, 5.21% for the Firefighters' New System, and 3.7% for the Firefighters' Old System for 2014. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that the plan's contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the Employees' Retirement System pension trust funds' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Investment Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2014, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expenses, was 4.17% for the Employees' Retirement System, (7.43)% for the Firefighters' New System, and 8.50% for the Firefighters' Old System.

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

The following table presents the net pension liability of the City as of December 31, 2014, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Employees' Retirement System	\$ 223,189,427	\$ 169,425,608	\$ 124,366,027
Firefighters' New System	504,458,973	450,727,466	405,692,331
Firefighters' Old System	174,519,859	161,428,524	149,920,822

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

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Firefighters' Pension and Relief Fund Longevity Lawsuit

During the year ended December 31, 2010, a lawsuit was filed by city firefighters against the City to adjust their pensions for longevity raises not received while employed by the City. A judgment was obtained against the City for the difference in the amount retired firefighters were receiving as their pension benefit and what they should have received had the longevity raises been included in their retirement benefit calculation. The judgment applies to all firefighters who retired on or after March 2, 1990. The increase in their pension payment is to be calculated in accordance with longevity factors determined by the Court. The judgment states that benefits are only to be upwardly adjusted when the funds are appropriated by the City.

On March 17, 2010, the firefighters obtained a consent judgment authorizing the Fund, upon receiving the appropriated funds from the City of New Orleans, to upwardly adjust monthly pension benefits owed to those members who retired on or after March 2, 1990, starting on January 1, 2010 in accordance with the longevity factors determined by the Court. During the year ended December 31, 2010, the City appropriated funds necessary to pay the increased benefit to those members currently receiving cash benefits.

As of December 31, 2014, the City has not appropriated funds to pay the increased benefit owed to members prior to December 31, 2009. As of December 31, 2014, the amount of member Deferred Retirement Option Plan (DROP) benefits owed to these members is estimated to be \$21,406,031 and \$3,494,485 for the New and Old Systems, respectively. As of December 31, 2014, the amount of Partial Lump-Sum Option Plan (PLOP) benefits owed to these members is estimated to be \$12,230,204 and \$1,296,327 for the New and Old Systems, respectively. These amounts were not reserved in the pension trust fund financial statements since the judgment states that benefits are only to be upwardly adjusted when the funds are appropriated by the City. Member DROP and PLOP accounts were not increased during 2014 since the City appropriation received by the systems did not cover these amounts.

Firefighters' Pension and Relief Fund Investment Receivable

On March 31, 2008, the FPRF invested \$15,000,000 into the FIA Leveraged Fund (Leverage Fund), an open ended investment fund registered in the Cayman Islands. The Leveraged Fund in turn invested in other feeder funds that ultimately invested in the Master Fund, Fletcher International, Ltd (FILB). Fletcher Asset Management ("FAM") served as the investment manager to all of the funds in the master-feeder fund structure. On June 27, 2011, the FPRF requested a full redemption of funds invested in the Leverage Fund. This redemption request was not met resulting in the FPRF filing a winding-up petition with the Grand Court in the Cayman Islands to force the liquidation of the Leveraged Fund. On April 18, 2012, the Grand Court issued a winding-up order against the Leveraged Fund and appointed official liquidators to wind up its affairs. In response to this judgment, FAM filed for bankruptcy protection for the Master Fund, FILB. In October 2012, the bankruptcy court issued an order for the appointment of a U.S. Trustee to investigate the assets of the Leveraged Fund and manage its liquidation. The bankruptcy trustee is in the process of marshaling the assets of FILB, along with filing of claims against various owners and insiders to claw-back certain payments. In addition, the bankruptcy trustee intends to assert various claims against the professionals associated with the Leverage Fund and FILB.

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The FPRF has also filed lawsuits against several of the Leverage Fund's third-party service providers in which counsel projects the recovery of a substantial, but as yet indeterminable, amount. However, because of multiple variables relating to the litigation and a confidentiality order that has been ordered by the court in the FILB bankruptcy proceedings, the FPRF cannot accurately predict the outcome of the litigation or evaluate the value of the claims being asserted by FILB on behalf of the FPRF.

The FPRF also expects recovery through the bankruptcy proceedings. The value of such recovery depends on the bankruptcy trustee's completion of the liquidation process which could be a protracted period, with substantial unknown expenses to be incurred, and the validity of certain complex legal theories being asserted on behalf of the Leverage Fund and FILB in various legal proceedings. Further, the FPRF believes it is likely that a substantial recovery will be made in the pending litigation that the Fund has filed against third party providers that is pending in Louisiana. However, the FPRF cannot predict the amount of expenses to be incurred that will offset the recovery or the timing of the recovery inherent uncertainty of litigation and the possibility that the venue of the litigation in Louisiana which will increase the cost of litigation. As of December 31, 2014, the FPRF has recorded a reserve of \$18,425,727 against the receivable balance of \$18,425,727.

Firefighters' Pension and Relief Fund Lines of Credit

Austin Falconhead, LP (99% owned by the Fund) has a \$19,000,000 revolving line of credit with a financial institution scheduled to mature February 26, 2016. The line of credit bears interest at the rate of 5.50% per year. The interest expense incurred on the line of credit was approximately \$993,785 during the year ended December 31, 2014. The line of credit is secured by a multiple indebtedness mortgage on the partnership's property and an assignment of leases and rents which also includes rights to all of the partnership's assets and future earnings. In addition, the FPRF pledged certain securities through a commercial pledge agreement. The balance outstanding on this line of credit at December 31, 2014 was \$18,995,914. The amount of the line of credit that remained unused at December 31, 2014 was \$4,086.

As of December 31, 2014, Austin Falconhead, LP had a \$595,859 line of credit agreement with a financial institution. The line of credit is secured by a deed of trust on the real property held by Austin Falconhead, LP. The line of credit is due on demand and scheduled to mature on September 2019 and bears interest at 5.50% per year. The balance outstanding on this line of credit at December 31, 2014 was \$595,859. The amount of the line of credit that remained unused at December 31, 2014 was \$-0-.

Lakewood Development New Orleans, LLC (99% owned by the Fund) has a \$31,500,000 revolving line of credit with a financial institution scheduled to mature on February 2016. The line of credit bears interest at the rate of Wall Street Journal prime plus 1% floating daily with a floor of 5.5% and a ceiling of 6.5%. The interest expense incurred on the line of credit was approximately \$1.5 million, which was expensed during 2014. The line of credit is secured by the partnership's property and an assignment of leases and rents that also includes rights to all of the partnership's assets and future earnings. In addition, the line of credit is secured by a guarantee of the FPRF and a pledge of securities owned by the FPRF. The balance outstanding on this line of credit at December 31, 2014 was \$21,251,914. The amount of the line of credit that remained unused at December 31, 2014 was \$10,248,086.

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Postretirement Healthcare Benefits

Plan Description

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

Contribution Rates

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

Fund Policy

The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs. In 2014, the City's portion of health care funding cost for retired employees totaled approximately \$8,406,000. These amounts were applied toward the net other post-employment benefit (OPEB) obligation.

Annual Required Contribution

The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the year ended December 31, 2014 is \$11,549,015 as set forth below:

Normal Cost	\$ 2,889,037
30-year UAL amortization amount	8,659,978
Annual required contribution (ARC)	<u>\$ 11,549,015</u>

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Net Post-employment Benefit Obligation (Asset)

The table below shows the City's net OPEB obligation for fiscal year ending December 31, 2014:

Beginning Net OPEB Obligation 1/1/2014	\$ 59,816,246
Annual required contribution	11,549,015
Interest on Net OPEB Obligation	2,392,650
ARC Adjustment	<u>(3,459,179)</u>
OPEB Cost	10,482,486
Contribution	-
Current year retiree premium	<u>8,405,989</u>
Change in Net OPEB Obligation	<u>2,076,497</u>
Ending Net OPEB Obligation 12/31/2014	<u>\$ 61,892,743</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2014	\$ 10,482,486	80.19%	\$ 61,892,743
December 31, 2013	\$ 10,079,229	77.22%	\$ 59,816,246
December 31, 2012	\$ 12,957,882	75.72%	\$ 57,520,340

Funded Status and Funding Progress

In the fiscal year ending December 31, 2014 the City made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2013 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2014 was \$155,739,508 which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

Actuarial Accrued Liability (AAL)	\$ 155,739,508
Actuarial Value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 155,739,508</u>
Funded Ratio (AVP/AAL)	0%
Covered Payroll (active plan members)	\$ 223,330,926
UAAL as a percentage of covered payroll	70%

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

Actuarial Methods and Assumptions

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

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

Actuarial Cost Method

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

Actuarial Value of Plan Assets

Since the plan has not been funded, there are no assets. It is anticipated that in future valuations, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%. The City also assumes that currently active employees decline post-age 65 coverage after retirement.

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Post-Employment Benefit Plan Eligibility Requirements

It is assumed that entitlement to benefits will commence at the end of the DROP period. In addition, an additional delay of one year after earliest retirement eligibility was included for NOMERS employees and a further two years' delay where eligibility was under the "Rule of 80". Medical benefits are provided to employees upon actual retirement (that is, at the end of the DROP period, if applicable) according to the retirement eligibility provisions of the System by which the employee is covered.

Investment Return Assumption (Discount Rate)

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

Health Care Cost Trend Rate

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

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer rates provided are "unblended" rates for active and retired as required by GASB Codification Section P50 for valuation purposes. The retiree medical plan was amended in 2010 to provide that only Medicare Part D Prescription Drug coverage is covered by the employer after age 65 for current and future retirees.

Inflation Rate

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

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Projected Salary Increases

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

Post-retirement Benefit Increases

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

(8) Individual Fund Disclosures

Deficit Fund Equity

At December 31, 2014, the HUD, FEMA, and LCD funds had deficit fund balances in the amounts of approximately \$17,308,000, \$2,736,000, and \$5,112,000, respectively. The deficit fund balance in the HUD and LCD funds result from accrued expenditures for which no revenue has been recognized. The City plans to fund these deficits with future revenues. The deficit fund balance in the FEMA fund results primarily from accrued expenditures for which no revenue has been recognized. The City plans to fund the deficit through future revenues. The City is currently pursuing obtaining FEMA approval for projects that have been completed by the City and increases in funding for projects that have already been approved by FEMA. If the City is not able to obtain increased funding, the deficit will be funded by the general fund.

At December 31, 2014, the following special revenue nonmajor funds had deficit balances:

<u>Special Revenue Nonmajor Fund</u>	<u>Deficit Amount</u>
Mayoral Fellows Program	\$ 465,000
Federal Justice Administration	71,000
FDJ Office of Justice Program	126,000
Federal Department of Health	3,557,000
Department of Defense	159,000
Louisiana Commission on Law Enforcement	408,000
Federal Department of Homeland Security	57,000
Federal Department of Social Service	269,000
Federal American Recovery Act	3,000

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

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Interfund Receivables and Payables

Individual fund interfund receivables and payables at December 31, 2014 were as follows (amounts in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	FEMA Fund	\$ 3,495
	HUD Fund	11,783
	Nonmajor Funds	3,059
FEMA Fund	Capital Projects Fund	3,934
Nonmajor Funds	Nonmajor Funds	640
	General Fund	55
	HUD Fund	611
		<u>\$ 23,577</u>

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

Interfund Advances

Individual fund interfund advances at December 31, 2014 were as follows (amounts in thousands):

	<u>Advances to other funds</u>	<u>Advances from other funds</u>
General	\$ 2	\$ -
Nonmajor special revenue:		
Sidewalk Paving and Repairing	-	2
	<u>\$ 2</u>	<u>\$ 2</u>

The interfund balances are not expected to be repaid within the year.

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Fund Transfers

Individual fund transfers for the year ended December 31, 2014 were as follows (amounts in thousands):

	<u>Transfers-in</u>	<u>Transfers-out</u>
General	\$ 4,886	\$ (10,512)
FEMA	7,755	-
Debt service	-	(39,593)
Federal UDAG	-	(1,314)
Capital projects	51,015	(3,264)
Nonmajor governmental funds	<u>2,757</u>	<u>(11,730)</u>
Total	<u>\$ 66,413</u>	<u>\$ (66,413)</u>

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

Charges to Component Units for Support Services

Charges for support services paid by the Airport to the general fund during fiscal year 2014 amounted to \$4,551,000 primarily for overhead reimbursement and fire protection.

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

(9) Fund Balance

Fund balances for the City's governmental funds consisted of the following as of December 31, 2014:

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

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

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

Assigned Fund Balance – The assigned fund balance on the special revenue funds are unrestricted donations and other funds assigned by the Council or management for various projects.

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

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

Act 711 of the Louisiana Legislative Session amended LRS 24:513 B to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during 2014 (amounts in thousands).

	<u>Total</u>	<u>Collection</u>	<u>December 2013</u>	<u>December 2014</u>	<u>Final</u>
	<u>Collections</u>	<u>Cost</u>	<u>Collections</u>	<u>Collections</u>	<u>Distribution</u>
			<u>Distributed</u>	<u>Distributed</u>	
			<u>in 2014</u>	<u>in 2015</u>	
Orleans Parish School Board	\$ 113,333	\$ (1,813)	\$ 8,662	\$ (9,502)	\$ 110,680
Regional Transit Authority	71,397	(1,142)	5,482	(5,986)	69,751
	<u>\$ 184,730</u>	<u>\$ (2,955)</u>	<u>\$ 14,144</u>	<u>\$ (15,488)</u>	<u>\$ 180,431</u>

(11) Interest Income

Interest earned on investments held by the City's capital projects fund, certain special revenue funds (Sidewalk Paving and Repairing, Traffic Court Judicial Expense, Department of Safety and Permits – Demolition, Vieux Carre' Commission, and Municipal Court Judicial Expense) and certain agency funds (Clearing and Deposit) is recorded as revenue of the General Fund. The amount of interest revenue recorded by the General Fund on investments of the capital projects fund for the year ended December 31, 2014 was approximately \$85,621.

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(12) Commitments and Contingencies

Operating Lease Agreements

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

Year ending December 31:	
2015	\$ 2,841
2016	1,331
2017	1,064
2018	940

Annual lease expense 2014 for such operating lease agreements was approximately \$6,947,000.

Claims and Judgments

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

Self-Insurance

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

As of December 31, 2014, the City has determined, through an analysis of historical experience, the adequacy of the liability necessary to cover all losses and claims, both incurred and reported and incurred but not reported (IBNR), under its self-insurance programs. The City does not discount its claims liabilities. The liabilities of \$53,000 for motor vehicle fleet, \$289,242,000 for general liability and police department excessive force losses, \$99,934,000 for workers' compensation, and \$4,819,000 for hospitalization and unemployment have been accrued in the government-wide financial statements in the total amount of \$530,897,000.

In 1981, a class action lawsuit was filed by the New Orleans Firefighters Union and individual employees of the New Orleans Fire Department principally concerning the City's implementation of the New Orleans Civil Service Commission's annual leave policy which limited the amount of unused annual leave that could be accrued and carried over into subsequent years. The case has been in litigation since 1981. The estimated reserve for the case changed from \$187.5 million at December 31, 2013 to an estimated \$149.5 million at December 31, 2014 as a result of a Consent Judgment in 2014.

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Changes to the City's claims liability amounts in fiscal 2014 and 2013 are as follows (amounts in thousands):

	<u>Beginning of fiscal year liability</u>	<u>Claims and changes in estimates</u>	<u>Benefit payments, claims, and adjustments</u>	<u>Balance at fiscal year-end</u>	<u>Short-term Portion</u>
General liability and police liability:					
2013	\$ 295,504	\$ 19,134	\$ (16,390)	\$ 298,248	\$ 5,000
2014	298,248	37,040	(46,046)	289,242	5,000
Workers' compensation:					
2013	90,596	28,123	(22,249)	96,470	22,249
2014	96,470	25,641	(22,177)	99,934	22,178
Motor vehicle fleet:					
2013	410	508	(523)	395	395
2014	395	42	(384)	53	53
Hospitalization and unemployment:					
2013	3,426	48,069	(47,039)	4,456	4,456
2014	4,456	51,993	(51,630)	4,819	4,819
Total:					
2013	389,936	95,834	(86,201)	399,569	32,100
2014	399,569	114,716	(120,237)	394,048	32,050

Federal Financial Assistance Questioned Costs

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

Landfill Closing Costs

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

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Through the time of closure, in the government-wide financial statements, the City recognized a portion of the closure and postclosure care costs in each operating period although actual payouts will not occur until this landfill is capped and closed, respectively. The amount recognized each year to date was based on the landfills' capacities used as of the balance sheet date. As of December 31, 2014, the City has estimated its liability at \$8,633,000.

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

Arbitrage

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

Consent Decrees

On July 24, 2012, in a joint motion the United States of America and the City of New Orleans filed an entry of decree. The purpose of the consent decree is to remedy an alleged pattern or practice of conduct by the NOPD that subjects individuals to excessive force in violation of the Fourth Amendment. The Consent Decree contains detailed provisions concerning changes in NOPD policies and practices related to: (1) the use of force; (2) investigatory stops and detentions, searches, and arrests; (3) custodial interrogations; (4) photographic lineups; (5) bias-free policing; (6) community engagement; (7) recruitment; (8) training; (9) officer assistance and support; (10) performance evaluations and promotions; (11) supervision; (12) the secondary employment system, also known as the paid detail system; (13) misconduct complaint intake, investigation, and adjudication; and (14) transparency and oversight. The cost to implement this Consent Decree over a five year period is estimated to be \$55,000,000.

A consent judgment was filed on December 12, 2012 in the United States District Court, Eastern District of Louisiana. The purpose of the agreement is to address certain alleged constitutional violations at the Orleans Parish Prison (OPP). The Orleans Parish Sheriff's Office (the Office) has taken steps to address the concerns at OPP. The Office has in place certain policies, practices, and procedures, and has plans to adopt certain other policies, practices, and procedures. The consent judgment is based on these policies, practices, and procedures and contemplates that the dispute will be resolved by the continued development and implementation of these measures. The estimated cost of this Consent Decree has not been determined.

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

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

	2014	Less Non-Cash	Net
	Taxes Levied	Adjustments	Taxes Levied
		to Tax Rolls	
Board of Liquidation	\$ 79,788	\$ (3,380)	\$ 76,408
Sewerage & Water Board	51,408	(2,153)	49,255
Orleans School Board	141,772	(5,968)	135,804
Orleans Levee Board West Bank	2,703	(40)	2,663
Orleans Levee Board East Bank	34,003	(1,498)	32,505
Law Enforcement District	9,074	(395)	8,679
Audubon Zoological Garden	1,001	(41)	960
Aquarium of the Americas	9,355	(392)	8,963
Downtown Development District	6,435	10	6,445
Touro Bouligny	323	(2)	321
Garden District	768	(6)	762
Total	<u>\$ 336,630</u>	<u>\$ (13,865)</u>	<u>\$ 322,765</u>

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

Listed on the following page is a summary of ad valorem tax activity related to other City taxing jurisdictions during 2014 (amounts in thousands).

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2014

	A	2014	2015	Prior Years	B	C	=A-B+C
	2013	Tax Collected	Tax Collected	Tax Collected	Total Tax	2014	2014
	Due From/	in 2014	in 2014	in 2014	Collected	Payments	Due From/
	(Due To)				in 2014	to Boards	(Due To)
Board of Liquidation	\$ (3,532)	\$ 69,115	\$ 2,048	\$ 2,501	\$ 73,664	\$ 73,749	\$ (3,447)
Sewerage & Water Board	(3,015)	44,527	1,320	1,622	47,469	47,523	(2,961)
Orleans Parish School Board	(1,533)	123,974	3,639	4,344	131,957	132,074	(1,416)
Orleans Levee Board West Bank	(988)	2,326	33	99	2,458	2,490	(956)
Orleans Levee Board East Bank	(719)	29,471	906	1,042	31,419	31,429	(709)
Law Enforcement District	(408)	7,860	225	284	8,369	8,386	(391)
Audubon Zoological Garden	(45)	867	26	32	925	925	(45)
Aquarium of the Americas	(417)	8,103	240	295	8,638	8,648	(407)
Downtown Development District	(207)	5,668	114	90	5,872	5,864	(215)
New Orleans Regional Business Park	(6)	-	-	-	-	-	(6)
Touro Bouigny	(35)	285	11	4	300	304	(31)
Garden District	(74)	682	31	13	726	731	(69)
Total	\$ (10,979)	\$ 292,878	\$ 8,593	\$ 10,326	\$ 311,797	\$ 312,123	\$ (10,653)

The amount of taxes collected through tax sales in 2014 totaled \$1,333,157.

The amount of interest on late ad valorem tax payments that was collected and disbursed during 2014 totaled \$3,911,332.

(Continued)

CITY OF NEW ORLEANS
Notes to Basic Financial Statements
December 31, 2014

(14) Restatement

During 2014, the City identified several adjustments which impacted prior year financial statements which arose from the understatement of expenses. A summary of the impact of these adjustments is as follows.

The impact on governmental fund balance was as follows:

Fund balance, as previously reported, December 31, 2013	\$ 179,026
Prior period adjustments	
Capital Projects fund related to understatement of expenditures	(1,126)
Louisiana Office of Community Development fund related to understatement of expenditures	(179)
Nonmajor governmental funds related to understatement of expenditures	(85)
	(1,390)
Fund balance, as restated, December 31, 2013	\$ 177,636

The impact on net position was as follows:

Net position, as previously reported, December 31, 2013	\$ 184,802
Prior period adjustment	
Related to understatement of expenses	(1,390)
Net position, as restated, December 31, 2013	\$ 183,412

(15) Change in Accounting Principles

The Service District adopted and implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local government pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*. This standard did not impact the financial statements of the City. New disclosures and required supplementary information are required as a result of the implementation.

(16) New Pronouncements

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* in June 2012. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement--determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014.

CITY OF NEW ORLEANS

Notes to Basic Financial Statements

December 31, 2014

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, in February 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This Statement is effective for fiscal years beginning after June 15, 2015.

Management is currently assessing the impact of these pronouncements.

(17) Subsequent Events

In March 2015, the City issued \$65,000,000 of Taxable Public Improvement Bonds Series 2015A for the purpose of improvements to streets, parks, playgrounds, public libraries, and other public buildings. Interest on the bonds ranges from 3.5% to 5% with payments commencing on June 1, 2015. Principal payments are due annually, commencing December 1, 2016 and maturing on December 1, 2044.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW ORLEANS, LOUISIANA
Notes to Required Supplementary Information
Year ended December 31, 2014
(Unaudited)

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

(1) Budgetary Data

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

- Not later than November 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted, after proper official public notification, to obtain taxpayer comments.
- Not later than December 1, the budget is legally enacted through passage of an ordinance.
- The City's budget ordinance is structured such that revenues are budgeted by source, and expenditures are budgeted by department and by principal object classification within a department. The City's charter provides that expenditures may not legally exceed appropriations either at a departmental level or at the principal object classification within a department.
- The Mayor's office is allowed to authorize the transfer of budgeted amounts from one budget activity to another within a principal object classification within the same department. Budgetary transfers between principal object classifications of the same department or between departments must be approved by the City Council. Throughout the year, several amendments to the budget were made by the City Council. There were no supplemental appropriations necessary during the current year.
- The City utilizes formal budgetary integration as a management control device during the year for the general and capital projects funds. Formal budgetary integration is not employed for the debt service and special revenue funds because effective budgetary control is alternatively achieved through other provisions.
- Unencumbered appropriations lapse at year-end. Current year transactions, which are directly related to a prior year's budget, are not rebudgeted in the current year.
- The City adopts an ordinance subsequent to year end to agree the final budgeted expenditures to actual expenditures.

(2) Schedules of Funding Progress

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

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) and Actual – General FundYear ended December 31, 2014
(Amounts in thousands)

	Original budget	Revised budget	Actual on budgetary basis	Variance favorable (unfavorable)
Revenues:				
Taxes	\$ 318,145	330,981	339,130	8,149
Licenses and permits	55,925	55,925	62,447	6,522
Intergovernmental	13,312	25,016	21,881	(3,135)
Charges for services	74,054	74,444	81,406	6,962
Fines and forfeits	28,809	32,801	28,368	(4,433)
Interest income	60	60	129	69
Contributions, gifts, and donations	3,585	3,585	1,141	(2,444)
Miscellaneous	32,876	39,692	33,217	(6,475)
Total revenues	<u>526,766</u>	<u>562,504</u>	<u>567,719</u>	<u>5,215</u>
Expenditures:				
Current:				
General government	182,646	199,582	184,131	15,451
Public safety	219,188	233,429	224,611	8,818
Public works	61,105	66,278	65,956	322
Health and human services	15,905	16,315	16,608	(293)
Culture and recreation	21,607	21,584	20,967	617
Debt service:				
Principal and interest	28,750	28,411	29,334	(923)
Total expenditures	<u>529,201</u>	<u>565,599</u>	<u>541,607</u>	<u>23,992</u>
Excess (deficiency) of revenues over expenditures	<u>(2,435)</u>	<u>(3,095)</u>	<u>26,112</u>	<u>29,207</u>
Other financing sources (uses):				
Operating transfers in	4,038	4,698	4,886	188
Operating transfers out	(1,603)	(1,603)	(10,513)	(8,910)
Reduction in prior year's outstanding encumbrances	—	—	1,165	1,165
Other	—	—	2,339	2,339
Total other financing sources (uses)	<u>2,435</u>	<u>3,095</u>	<u>(2,123)</u>	<u>(5,218)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ —</u>	<u>—</u>	<u>23,989</u>	<u>23,989</u>
Fund balances, beginning of year			12,466	
Fund balances – budgetary basis, end of year			<u>\$ 36,455</u>	

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA

Budget to GAAP Reconciliation

(Unaudited)

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

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 23,989
Adjustments:	
To adjust revenues for accruals and deferrals	<u>2,039</u>
Net change in fund balance	<u>\$ 26,028</u>

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
 Schedule of Funding Progress
 Required Supplementary Information Under GASB Statement No. 27
 Year ended December 31, 2014
 (Unaudited)
 (Amounts in Thousands)

Actuarial valuation date	Value of assets (a)	Actuarial accrued liability (AAL) (b)	Excess of assets over AAL (a-b)	Funded ratio (a/b)	Covered payroll (c)	Excess as percentage of covered payroll ((a-b)/c)
Employees' Retirement System:						
12/31/2012	\$ 372,050	\$ 545,395	\$ (173,345)	68.22%	\$ 92,881	-186.63%
12/31/2013	365,102	544,536	(179,434)	67.05%	92,440	-194.11%
12/31/2014	352,916	540,176	(187,260)	65.33%	97,244	-192.57%
Police Pension Fund:						
12/31/2012	1,763	Not Known	Not Known	Not Known	—	N/A
12/31/2013	1,726	Not Known	Not Known	Not Known	—	N/A
12/31/2014	1,684	Not Known	Not Known	Not Known	—	N/A
Firefighters' Pension and Relief Fund (Old System):						
12/31/2012	16,565	159,529	(142,964)	10.38%	—	N/A
12/31/2013	17,680	148,577	(130,897)	11.90%	—	N/A
12/31/2014	15,261	124,210	(108,949)	12.29%	—	N/A
Firefighters' Pension and Relief Fund (New System):						
12/31/2012	150,640	440,292	(289,652)	34.21%	29,688	-975.65%
12/31/2013	121,788	423,820	(302,032)	28.74%	28,002	-1078.61%
12/31/2014	62,645	355,179	(292,534)	17.64%	26,985	-1084.06%

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA
 Schedule of Funding Progress
 Required Supplementary Information Under GASB Statement No. 45
 Year ended December 31, 2014
 (Unaudited)
 (Amounts in Thousands)

Actuarial valuation date	Value of assets (a)	Actuarial accrued liability (AAL) (b)	Excess of assets over AAL (a-b)	Funded ratio (a/b)	Covered payroll (c)	Excess as percentage of covered payroll ((a-b)/c)
12/31/2011	\$ —	\$ 162,047	\$ (162,047)	—	\$ 219,251	-73.91%
12/31/2012	—	168,529	(168,529)	—	225,509	-74.73%
12/31/2013	—	149,750	(149,750)	—	216,764	-69.08%
12/31/2014	—	115,740	(115,740)	—	223,331	-51.82%

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Required Supplementary Information Under GASB Statement No. 67
 Year ended December 31, 2014
 (Unaudited)
 (Amounts in Thousands)

SCHEDULE OF NET PENSION LIABILITY

Actuarial Valuation Date December 31	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll (millions)	Unfunded AAL as a Percentage of payroll
Employees' Retirement System:						
2014	\$ 540,176	\$ 370,750	\$ 169,426	68.64%	\$ 97,244	174.23%
Firefighters' Pension and Relief Fund (New System):						
2014	\$ 513,373	\$ 62,645	\$ 450,728	12.20%	\$ 26,985	1670.29%
Firefighters' Pension and Relief Fund (Old System):						
2014	\$ 176,689	\$ 15,261	\$ 161,428	8.64%	-	N/A

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS - EMPLOYER AND NONEMPLOYER CONTRIBUTING ENTITIES

Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll Contribution	Contributions as a % of Covered Payroll
Employees' Retirement System:					
2014	\$ 20,871	\$ 21,926	\$ 1,055	\$ 97,244	22.55%
Firefighters' Pension and Relief Fund (New System):					
2014	\$ 36,182	\$ 20,649	\$ (15,533)	\$ 26,985	76.52%
Firefighters' Pension and Relief Fund (Old System):					
2014	\$ 18,841	\$ 17,173	\$ (1,668)	-	N/A

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

SCHEDULE OF INVESTMENT RETURNS

Net Money-Weighted Rate of Return:

Year Ended	Employees' Retirement System:	Firefighters' Pension and Relief Fund (New System)	Firefighters' Pension and Relief Fund (Old System)
2014	4.17%	-7.43%	8.50%

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

(Continued)

CITY OF NEW ORLEANS
 Required Supplementary Information Under GASB Statement No. 67
 For the year ended December 31, 2014
 (Unaudited)
 (Amounts in Thousands)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	Employees' Retirement System:	Firefighters' Pension and Relief Fund (New System):	Firefighters' Pension and Relief Fund (Old System):
Total pension liability			
Service cost	\$ 7,231	\$ 5,865	\$ -
Interest on total pension liability	40,840	31,786	11,143
Effect of plan changes	(11,567)	(5,015)	12,642
Effect of economic/demographic gains or (losses)	-	-	-
Effect of assumption changes or inputs	-	95,806	24,968
Benefit payments	(40,865)	(38,889)	(20,641)
Net change in total pension liability	(4,361)	89,553	28,112
Total pension liability, beginning	544,536	423,820	148,577
Total pension liability, ending (a)	<u>\$ 540,175</u>	<u>\$ 513,373</u>	<u>\$ 176,689</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 20,307	\$ 20,649	\$ 17,173
Employee contributions	6,194	2,039	-
Investment income net of investment expenses	12,931	(5,328)	1,623
Benefit payments	(40,865)	(38,889)	(20,641)
Administrative expenses	(274)	(601)	(575)
Net change in plan fiduciary net position	(1,707)	(22,130)	(2,420)
Plan fiduciary net position, beginning	372,456	84,776	17,680
Plan fiduciary net position, ending (b)	<u>\$ 370,749</u>	<u>\$ 62,646</u>	<u>\$ 15,260</u>
City's net pension liability, ending = (a) - (b)	<u>\$ 169,426</u>	<u>\$ 450,727</u>	<u>\$ 161,429</u>
Plan fiduciary net position as a % of total pension liability	68.63%	12.20%	8.64%
Covered payroll	\$ 97,244	\$ 26,985	\$ -
City's net pension liability as a % of covered payroll	174.23%	1670.29%	N/A

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

See accompanying independent auditors' report.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2014

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

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

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2014

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

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2014

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

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2014

- *French Quarter Improvement* - All revenues collected by the Department of Finance from the New Orleans Convention and Visitors Bureau shall be used only for the repairs, improvements and services within the French Quarter Management District in the following categories: public safety and law enforcement; quality of life enforcement measures, code enforcement measures, and violation identification; ticketing and court measures relative to ordinance compliance; sanitation; infrastructure repair or improvements and lighting.
- *Coroner's Office* - All revenues collected by the Department of Finance from the New Orleans Convention and Visitors Bureau shall be used only for the repairs, improvements and services within the French Quarter Management District in the following categories: public safety and law enforcement; quality of life enforcement measures, code enforcement measures, and violation identification; ticketing and court measures relative to ordinance compliance; sanitation; infrastructure repair or improvements and lighting.
- *Miscellaneous Donations* – Used to account for donations designated to specific City departments.

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Governmental Funds
 December 31, 2014
 (Amounts in thousands)

Assets	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Sex Offender Proprietary Fund	Sidewalk Paving and Repairing	Adopt-a-Pothole Program	Mayor's Office of Tourism and Arts	Mayoral Fellows Program
Cash	\$ 1,109	—	—	—	392	—	—	309	—
Investments	1,069	1,900	159	2,199	—	2	—	—	—
Property taxes receivable	106	106	—	—	—	—	—	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	52	—	—	—	—	—	—
Due from other funds	637	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—	—
Total assets	\$ 2,921	2,006	211	2,199	392	2	—	309	—

Liabilities and Fund Balances

Liabilities:									
Accounts payable	\$ 5	174	2	—	—	—	—	15	—
Accrued liabilities	20	39	—	—	—	—	—	—	5
Due to other funds	—	213	43	—	—	—	—	—	460
Due to other governments	—	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	2	—	—	—
Total liabilities	25	426	45	—	—	2	—	15	465

Deferred Inflows of Resources

Unavailable revenue	\$ 153	153	—	—	—	—	—	—	—
Total deferred inflows of resources	153	153	—	—	—	—	—	—	—

Fund balances:

Nonspendable	—	—	—	—	—	—	—	—	—
Restricted	—	—	—	—	—	—	—	—	—
Committed	2,743	1,427	166	2,199	392	—	—	294	—
Assigned	—	—	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—	—	(465)
Total fund balances	2,743	1,427	166	2,199	392	—	—	294	(465)
Total liabilities, deferred inflows, and fund balances	\$ 2,921	2,006	211	2,199	392	2	—	309	—

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Governmental Funds
 December 31, 2014
 (Amounts in thousands)

Assets	Music and Entertainment Commission	New Orleans Police Department Crime Prevention	Asset Seizure	New Orleans Recreation Foundation	New Orleans Recreation Department	New Orleans Film Commission	Vieux Carre' Restoration	Public Library Donations
Cash	133	1	741	113	52	110	1	717
Investments	116	—	658	—	—	158	—	42
Property taxes receivable	—	—	—	—	—	—	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—
Total assets	249	1	1,399	113	52	268	1	759

Liabilities and Fund Balances

Liabilities:	
Accounts payable	43
Accrued liabilities	26
Due to other funds	30
Due to other governments	2
Advances from other funds	—
Total liabilities	43

Deferred Inflows of Resources

Unavailable revenue	—
Total deferred inflows of resources	—

Fund balances:

Nonspendable	—	—	—	—	—	—	—	758
Restricted	—	—	—	81	—	—	1	—
Committed	206	1	1,373	—	—	244	—	—
Assigned	—	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—	—
Total fund balances	206	1	1,373	81	52	244	1	758
Total liabilities, deferred inflows, and fund balances	249	1	1,399	113	52	268	1	759

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Governmental Funds
 December 31, 2014
 (Amounts in thousands)

Assets	Plant-a-Tree Campaign	Capital Improvement and Infrastructure	Delgado-Albania Plantation Commission	Edward Wisner	LaHache Music	Simon Hersheim	Kiwanis Club Lee Circle Sprinkler System	Ella West Freeman Foundation
Cash	216	4,510	910	4,367	—	1	5	4
Investments	—	277	1,186	2,550	—	79	—	4
Property taxes receivable	—	239	—	—	—	—	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	16	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	12	—	—	—	—	—
Total assets	216	5,026	2,124	6,917	—	80	5	8

Liabilities and Fund Balances

Liabilities:	
Accounts payable	46
Accrued liabilities	—
Due to other funds	—
Due to other governments	—
Advances from other funds	—
Total liabilities	46

Deferred Inflows of Resources

Unavailable revenue	333
Total deferred inflows of resources	333

Fund balances:

Nonspendable	—
Restricted	—
Committed	170
Assigned	—
Unassigned	—
Total fund balances	170
Total liabilities, deferred inflows, and fund balances	216

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Governmental Funds
 December 31, 2014
 (Amounts in thousands)

Assets	Isaac Delgado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lilly Violet	Mahalia Zimmerman Tomb	Mrs. Otto Joachim	Sickles Legacy	Helen Adler Levy Library	Housing and Environment Improvement	Indigent Defender
Cash	333	—	19	3	1	1	1	1,844	59
Investments	217	6	2	—	—	308	21	—	—
Property taxes receivable	—	—	—	—	—	—	—	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—	—	6	524	50
Due from other funds	—	—	—	—	—	—	—	611	—
Due from other governments	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—	—
Total assets	550	6	21	3	1	309	28	2,979	109

Liabilities and Fund Balances

Liabilities:	—	—	—	—	—	—	4	249	—
Accounts payable	—	—	—	—	—	—	—	3	—
Accrued liabilities	—	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—	—	—
Total liabilities	—	—	—	—	—	—	4	252	—

Deferred Inflows of Resources

Unavailable revenue	—	—	—	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—	—	—	—

Fund balances:

Nonspendable	—	—	—	—	—	—	—	—	—
Restricted	550	6	21	3	1	309	24	—	109
Committed	—	—	—	—	—	—	—	2,727	—
Assigned	—	—	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—	—	—
Total fund balances	550	6	21	3	1	309	24	2,727	109
Total liabilities, deferred inflows, and fund balances	550	6	21	3	1	309	28	2,979	109

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Governmental Funds
 December 31, 2014
 (Amounts in thousands)

Assets	Disaster Mitigation	Utilities	French Quarter Improvement	Coroner's Office	Miscellaneous Donations	Other	Grant Recipient Funds	Total
Cash	320	3,498	—	2	230	8	3,444	23,454
Investments	—	—	—	—	—	163	—	11,116
Property taxes receivable	—	—	—	—	—	—	—	451
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	1,697	2	—	—	—	2,347
Due from other funds	—	—	—	—	—	—	58	1,306
Due from other governments	—	—	—	—	—	—	5,814	5,814
Other assets	—	—	—	—	—	—	—	12
Total assets	320	3,498	1,697	4	230	171	9,316	44,500

Liabilities and Fund Balances

Liabilities:								
Accounts payable	—	—	808	—	2	—	5,106	6,770
Accrued liabilities	—	—	—	—	—	—	172	241
Due to other funds	—	—	—	—	—	—	2,978	3,694
Due to other governments	—	—	—	—	—	—	688	688
Advances from other funds	—	—	—	—	—	—	—	2
Total liabilities	—	—	808	—	2	—	8,944	11,395

Deferred Inflows of Resources

Unavailable revenue	—	—	—	—	—	—	1,596	2,235
Total deferred inflows of resources	—	—	—	—	—	—	1,596	2,235

Fund balances:

Nonspendable	—	—	—	—	—	164	—	974
Restricted	—	3,498	889	—	—	7	3,339	15,504
Committed	320	—	—	4	—	—	—	19,192
Assigned	—	—	—	—	228	—	87	315
Unassigned	—	—	—	—	—	—	(4,650)	(5,115)
Total fund balances	320	3,498	889	4	228	171	(1,224)	30,870
Total liabilities, deferred inflows, and fund balances	320	3,498	1,697	4	230	171	9,316	44,500

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
December 31, 2014
(Amounts in thousands)

	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Sex Offender Proprietary Fund	Sidewalk Paving and Repairing	Adopt-a- Pothole Program	Mayor's Office of Tourism and Arts
Revenues:								
Taxes	2,643	2,643						
Intergovernmental								
Program income		27						
Charge for Fees			12					
Fines and forfeits			62					
Interest income								138
Contributions, gifts, and donations					63			
Miscellaneous								
Total revenues	2,643	2,670	74		63			138
Expenditures:								
General government								90
Public safety					12			
Public works			42					
Health and human services								
Culture and recreation								
Urban development and housing								
Economic development and assistance	2,223	2,495						
Debt service				340				
Principal				64				
Interest								
Total expenditures	2,223	2,495	42	404	12			90
Excess (deficiency) of revenues over expenditures	420	175	32	(404)	51			48
Other financing sources (uses):								
Operating transfers in								
Operating transfers out								
Total other financing sources (uses)								
Net change in fund balance	420	175	32	(404)	51			48
Fund balances - beginning of year	2,323	1,287	134	2,603	341			246
Prior period adjustments		(35)						
Fund balances - beginning of year, as restated	2,323	1,252	134	2,603	341			246
Fund balances - end of year	2,743	1,427	166	2,199	392			294

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
December 31, 2014
(Amounts in thousands)

	Mayoral Fellows Program	Music and Entertainment Commission	New Orleans Police Department - Crime Prevention	Asset Seizure	New Orleans Recreation Foundation	New Orleans Recreation Department	New Orleans Film Commission	Vieux Carre' Restoration
Revenues:								
Taxes								
Intergovernmental								
Program income								
Charge for Fees				257				
Fines and forfeits								
Interest income		100			358		100	
Contributions, gifts, and donations								
Miscellaneous		100		257	358		100	
Total revenues								
	384	92		225	286		92	
Expenditures:								
General government								
Public safety				225				
Public works								
Health and human services								
Culture and recreation					286			
Urban development and housing								
Economic development and assistance								
Debt service								
Principal								
Interest								
Total expenditures	384	92		225	286		92	
Excess (deficiency) of revenues over expenditures	(384)	8		32	72		8	
Other financing sources (uses):								
Operating transfers in								
Operating transfers out								
Total other financing sources (uses)								
Net change in fund balance	(384)	8		32	72		8	
Fund balances - beginning of year	(81)	198	1	1,341	9	52	236	1
Prior period adjustments								
Fund balances - beginning of year, as restated	(81)	198	1	1,341	9	52	236	1
Fund balances - end of year	(465)	206	1	1,373	81	52	244	1

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-major Governmental Funds
 December 31, 2014
 (Amounts in thousands)

	Public Library Donations	Plant-A-Tree Campaign	Capital Improvement and Infrastructure	Delgado-Albania Plantation Commission	Edward Wisner	LaHache Music	Simon Hersheim	Kiwanis Club Lee Circle Sprinkler System
Revenues:								
Taxes			2,265					
Intergovernmental								
Program income								
Charge for Fees								
Fines and forfeits					1			
Interest income		218			1,996			
Contributions, gifts, and donations	125			211				
Miscellaneous	125	218	2,265	211	1,997			
Total revenues								
Expenditures:								
General government								
Public safety								
Public works								
Health and human services								
Culture and recreation	1	298			1,387			
Urban development and housing								
Economic development and assistance								
Debt service								
Principal								
Interest	1	298			1,387			
Total expenditures								
Excess (deficiency) of revenues over expenditures	124	(80)	2,265	211	610			
Other financing sources (uses):								
Operating transfers in								
Operating transfers out								
Total other financing sources (uses)								
Net change in fund balance	124	(80)	2,265	211	610			
Fund balances - beginning of year	634	250	2,428	1,913	6,097		80	5
Prior period adjustments					(25)			
Fund balances - beginning of year, as restated	634	250	2,428	1,913	6,072		80	5
Fund balances - end of year	758	170	4,693	2,124	6,682		80	5

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
December 31, 2014
(Amounts in thousands)

	Ella West Freeman Foundation	Isaac Delgado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lilly Violet	Mahalia Zimmerman Tomb	Mrs. Otto Joachim	Sickles Legacy	Helen Adler Levy Library
Revenues:								
Taxes								
Intergovernmental								
Program income								
Charge for Fees								
Fines and forfeits								
Interest income								
Contributions, gifts, and donations								
Miscellaneous								
Total revenues								
Expenditures:								
General government								
Public safety								
Health and human services								
Culture and recreation								
Urban development and housing								
Economic development and assistance								
Debt service								
Principal								
Interest								
Total expenditures								
Excess (deficiency) of revenues over expenditures								
Other financing sources (uses):								
Operating transfers in								
Operating transfers out								
Total other financing sources (uses)								
Net change in fund balance								
Fund balances - beginning of year	8	550	6	21	3	1	309	24
Prior period adjustments								
Fund balances - beginning of year, as restated	8	550	6	21	3	1	309	24
Fund balances - end of year	8	550	6	21	3	1	309	24

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-major Governmental Funds
 December 31, 2014
 (Amounts in thousands)

	Housing and Environment Improvement	Indigent Defender	Disaster Mitigation	Utilities	French Quarter Improvement	Coroner's Office	Miscellaneous Donations	Other	Grant Recipient Funds	Total
Revenues:										
Taxes	—	—	—	—	—	—	—	—	—	7,551
Intergovernmental	—	—	—	—	—	—	—	—	20,135	20,135
Program income	—	—	—	—	—	—	—	—	191	218
Charge for Fees	—	—	—	—	—	—	—	—	—	12
Fines and forfeits	2,606	666	—	—	—	4	—	—	—	3,595
Interest income	—	—	—	—	—	—	—	—	—	1
Contributions, gifts, and donations	—	—	—	14,920	1,697	—	35	—	—	2,945
Miscellaneous	—	—	—	14,920	1,697	—	—	—	—	17,016
Total revenues	2,606	666	—	14,920	1,697	4	35	—	20,326	51,473
Expenditures:										
General government	—	—	—	—	—	—	—	—	3,629	4,287
Public safety	—	667	—	—	—	—	—	—	2,227	3,131
Public works	—	—	—	—	808	—	—	—	—	808
Health and human services	—	—	—	—	—	—	26	—	13,066	13,134
Culture and recreation	—	—	—	—	—	—	—	—	—	1,972
Urban development and housing	985	—	—	—	—	—	—	—	293	1,278
Economic development and assistance	—	—	—	—	—	—	—	—	3,770	8,488
Debt service	—	—	—	—	—	—	—	—	—	340
Principal	—	—	—	—	—	—	—	—	—	64
Interest	—	—	—	—	—	—	—	—	—	—
Total expenditures	985	667	—	—	808	—	26	—	22,985	33,502
Excess (deficiency) of revenues over expenditures	1,621	(1)	—	14,920	889	4	9	—	(2,659)	17,971
Other financing sources (uses):										
Operating transfers in	—	—	—	—	—	—	—	—	2,757	2,757
Operating transfers out	(308)	—	—	(11,422)	—	—	—	—	—	(11,730)
Total other financing sources (uses)	(308)	—	—	(11,422)	—	—	—	—	2,757	(8,973)
Net change in fund balance	1,313	(1)	—	3,498	889	4	9	—	98	8,998
Fund balances – beginning of year	1,439	110	320	—	—	—	219	171	(1,322)	21,957
Prior period adjustments	(25)	—	—	—	—	—	—	—	—	(85)
Fund balances – beginning of year, as restated	1,414	110	320	—	—	—	219	171	(1,322)	21,872
Fund balances – end of year	2,727	109	320	3,498	889	4	228	171	(1,224)	30,870

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Grant Recipient Funds
 December 31, 2014
 (Amounts in thousands)

	Federal Department of Interior	Federal Justice Administration	FDJ Office of Justice Program	Department of Defense	Federal Department of Health	Federal Department of Commerce	Department of Economic Development	Federal Department of Energy	Federal Department of Agriculture
Assets									
Cash	1	—	—	—	—	—	19	77	978
Due from other funds	—	—	—	—	—	—	—	—	—
Due from other governments	—	426	222	—	2,856	—	—	—	—
Total assets	1	426	222	—	2,856	—	19	77	978
Deferred Outflows of Resources									
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	—	53	83	1	4,519	—	—	—	—
Accrued liability	—	7	6	7	86	—	—	—	—
Due to other funds	—	369	99	151	1,703	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	5	—
Total liabilities	—	429	188	159	6,308	—	—	5	—
Deferred Inflows of Resources									
Unavailable revenues	—	68	160	—	105	—	—	—	—
Total deferred inflows of resources	—	68	160	—	105	—	—	—	—
Fund balances:									
Restricted	—	—	—	—	—	—	—	72	978
Assigned	1	—	—	—	—	—	—	—	—
Unassigned	—	(71)	(126)	(159)	(3,557)	—	—	—	—
Total fund balances	1	(71)	(126)	(159)	(3,557)	—	19	72	978
Total liabilities, deferred inflows, and fund balances	1	426	222	—	2,856	—	19	77	978

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Grant Recipient Funds
 December 31, 2014
 (Amounts in thousands)

	Louisiana Commission on Law Enforcement	Department of Health and Human Resources	Environmental Protection Agency	Louisiana Department of Public Safety	Louisiana Department of Education	Louisiana Department of Agriculture and Forestry	Department of Culture, Recreation, and Tourism	Federal Department of Highway Administration	Department of Labor
Assets									
Cash	—	—	319	—	5	109	—	—	—
Due from other funds	—	55	—	—	—	—	2	—	—
Due from other governments	125	212	—	56	—	—	—	—	932
Total assets	125	267	319	56	5	109	2	—	932
Deferred Outflows of Resources									
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	20	3	7	—	—	—	—	—	146
Accrued liability	—	19	2	—	—	—	—	—	23
Due to other funds	41	—	—	42	—	—	—	—	174
Due to other governments	394	—	—	—	—	—	—	—	—
Total liabilities	455	22	9	42	—	—	—	—	343
Deferred Inflows of Resources									
Unavailable revenues	78	159	—	6	—	—	—	—	448
Total deferred inflows of resources	78	159	—	6	—	—	—	—	448
Fund balances:									
Restricted	—	—	310	8	5	109	2	—	141
Assigned	—	86	—	—	—	—	—	—	—
Unassigned	(408)	—	—	—	—	—	—	—	—
Total fund balances	(408)	86	310	8	5	109	2	—	141
Total liabilities, deferred inflows, and fund balances	125	267	319	56	5	109	2	—	932

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Grant Recipient Funds
 December 31, 2014
 (Amounts in thousands)

	Department of Natural Resources	Traffic Court	Private Grants	Federal Department of Homeland Security	Federal Department of Social Service	Louisiana Military Department	Federal American Recovery Act	Federal Department of Transportation	National Endowments for the Arts	Total
Assets										
Cash	88	289	1,545	—	—	14	—	—	—	3,444
Due from other funds	—	—	1	—	—	—	—	—	—	58
Due from other governments	—	—	374	325	136	92	58	—	—	5,814
Total assets	88	289	1,920	325	136	106	58	—	—	9,316
Deferred Outflows of Resources										
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	—	—	174	46	54	—	—	—	—	5,106
Accrued liability	—	—	14	7	—	1	—	—	—	172
Due to other funds	—	—	10	113	215	—	61	—	—	2,978
Due to other governments	—	289	—	—	—	—	—	—	—	688
Total liabilities	—	289	198	166	269	1	61	—	—	8,944
Deferred Inflows of Resources										
Unavailable revenues	—	—	139	216	136	81	—	—	—	1,596
Total deferred inflows of resources	—	—	139	216	136	81	—	—	—	1,596
Fund balances:										
Restricted	88	—	1,583	—	—	24	—	—	—	3,339
Assigned	—	—	—	(57)	(269)	—	(3)	—	—	87
Unassigned	—	—	—	(57)	(269)	—	(3)	—	—	(4,650)
Total fund balances	88	—	1,583	(57)	(269)	24	(3)	—	—	(1,224)
Total liabilities, deferred inflows, and fund balances	88	289	1,920	325	136	106	58	—	—	9,316

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-major Grant Recipient Funds
 December 31, 2014
 (Amounts in thousands)

	Federal Department of Interior	Federal Justice Administration	FDJ Office of Justice Program	Federal Department of Health	Department of Defense	Federal Department of Commerce	Department of Economic Development	Federal Energy Grant	Federal Department of Agriculture	Louisiana Commission on Law Enforcement
Revenues:										
Intergovernmental Program income	\$ 30	2,425	413	10,133	320					240
Total revenues		2,425	413	10,133	320					240
Expenditures:										
General government	2	646	262		294					51
Public safety		1,746								201
Health and human services		127	275	11,747						
Urban Development										
Economic development and assistance				41						
Total expenditures	2	2,519	537	11,788	294					252
(Deficiency) excess of revenues over expenditures	28	(94)	(124)	(1,489)	51					(12)
Other financing uses:										
Transfers in						291				
Total other financing uses						291				
Net change in fund balance	28	(94)	(124)	(1,489)	51	291				(12)
Fund balances - beginning of year	(27)	23	(2)	(2,068)	(210)	(291)	19	72	978	(396)
Fund balances - end of year	1	(71)	(126)	(3,557)	(159)		19	72	978	(408)

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-major Grant Recipient Funds
 December 31, 2014
 (Amounts in thousands)

	Department of Health and Human Resources	Environmental Protection Agency	Louisiana Department of Public Safety	Louisiana Department of Education	Louisiana Department of Agriculture and Forestry	Department of Culture, Recreation and Tourism	Federal Department of Highway Administration	Department of Labor	Department of Natural Resources	Traffic Court
Revenues:	648	21	280	(306)	—	—	—	2,602	17	—
Intergovernmental Program income	—	—	—	—	—	—	—	—	—	—
Total revenues	648	21	280	(306)	—	—	—	2,602	17	—
Expenditures:	—	100	—	—	—	—	—	—	—	—
General government	—	—	280	—	—	—	—	—	—	—
Public safety	589	—	—	—	—	—	—	—	—	—
Health and human services	—	—	—	—	—	—	—	—	—	—
Urban Development	—	—	—	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	3,419	—	—
Total expenditures	589	100	280	—	—	—	—	3,419	—	—
(Deficiency) excess of revenues over expenditures	59	(79)	—	(306)	—	—	—	(817)	17	—
Other financing uses:	2,416	—	—	—	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—	50	—	—	—
Total other financing uses	2,416	—	—	—	—	—	50	—	—	—
Net change in fund balance	2,475	(79)	—	(306)	—	—	50	(817)	17	—
Fund balances - beginning of year	(2,389)	389	8	311	109	2	(50)	958	71	—
Fund balances - end of year	86	310	8	5	109	2	—	141	88	—

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-major Grant Recipient Funds
 December 31, 2014
 (Amounts in thousands)

	Private Grants	Federal Department of Homeland Security	Federal Department of Social Service	Louisiana Military Department	Federal American Recovery Act	Federal Department of Transportation	National Endowments for the Arts	Total
Revenues:								
Intergovernmental Program income	2,190	590	148	250	89	45		20,135
Total revenues	2,190	590	148	250	89	45		20,326
Expenditures:								
General government	1,384	616		274				3,629
Public safety								2,227
Health and human services	328							13,066
Urban Development			225		68			293
Economic development and assistance	310							3,770
Total expenditures	2,022	616	225	274	68			22,985
(Deficiency) excess of revenues over expenditures	168	(26)	(77)	(24)	21	45		(2,659)
Other financing uses:								
Transfers in								2,757
Total other financing uses								2,757
Net change in fund balance	168	(26)	(77)	(24)	21	45		98
Fund balances - beginning of year	1,415	(31)	(192)	48	(24)	(45)		(1,322)
Fund balances - end of year	1,583	(57)	(269)	24	(3)			(1,224)

See accompanying independent auditors' report.

FIDUCIARY FUNDS

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Fiduciary Funds
December 31, 2014

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

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

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

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Fiduciary Net Position
Pension Trust Funds
December 31, 2014
(Amounts in thousands)

Assets	Firefighters'		Police old system	Employees' retirement system	Total
	Old system	New system			
Current assets:					
Cash	\$ 467	1,682	61	2,014	4,224
Investments:					
Cash equivalents	18,622	5,538	1,609	19,890	45,659
Fixed income securities	—	3	—	94,241	94,244
Equities	—	22,954	—	209,183	232,137
Mutual funds	—	5,241	—	—	5,241
Notes receivable	—	8,330	—	—	8,330
Investment in corporations, partnerships, and limited liability	—	16,105	—	—	16,105
Investment in hedge funds and private equity funds	—	—	—	36,641	36,641
Investment in real estate	—	44,584	—	3,651	48,235
Other	—	395	—	5,397	5,792
Receivables:					
Accrued interest	—	7,399	—	170	7,569
Contribution	—	169	—	475	644
Due (to)/from Old/New System	(3,729)	3,729	—	—	—
Other	—	305	14	312	631
Other assets	—	236	—	—	236
Total assets	\$ 15,360	116,670	1,684	371,974	505,688
Liabilities and Net Position					
Current liabilities:					
Accounts payable	\$ 96	572	—	2	670
Line of credit	—	40,844	—	—	40,844
Other payables and accruals	3	5,088	—	1,222	6,313
Total current liabilities	99	46,504	—	1,224	47,827
Long-term liabilities:					
Notes payable	—	7,521	—	—	7,521
Total long-term liabilities	—	7,521	—	—	7,521
Total liabilities	99	54,025	—	1,224	55,348
Net position:					
Restricted for:					
Pension benefits	15,261	62,645	1,684	370,750	450,340
Total net position held in trust for pension benefits	15,261	62,645	1,684	370,750	450,340
Total liabilities and net position	\$ 15,360	116,670	1,684	371,974	505,688

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year ended December 31, 2014
(Amounts in thousands)

	Firefighters'		Police old system	Employees' retirement system	Total
	Old system	New system			
Additions:					
Contributions:					
Employer	\$ 15,271	17,329	—	21,926	54,526
Members	—	2,039	—	6,194	8,233
Fire insurance rebate	746	746	—	—	1,492
Other	1,156	2,573	166	58	3,953
Total contributions	<u>17,173</u>	<u>22,687</u>	<u>166</u>	<u>28,178</u>	<u>68,204</u>
Other income:					
Other - City of New Orleans	—	134	—	—	134
Total other income	<u>—</u>	<u>134</u>	<u>—</u>	<u>—</u>	<u>134</u>
Investment income:					
Net appreciation (depreciation) in fair value of investments	1,542	(3,443)	—	12,508	10,607
Interest and dividends	99	982	—	4,493	5,574
Other investment income	—	1,878	—	87	1,965
Less investment expense	(18)	(4,745)	—	(1,933)	(6,696)
Net investment income (loss)	<u>1,623</u>	<u>(5,328)</u>	<u>—</u>	<u>15,155</u>	<u>11,450</u>
Total additions	<u>18,796</u>	<u>17,493</u>	<u>166</u>	<u>43,333</u>	<u>79,788</u>
Deductions:					
Pension benefits	17,571	23,135	44	35,546	76,296
Refund of member contributions	—	97	—	1,116	1,213
Death benefits	51	24	—	404	479
Administrative expenses	573	601	114	272	1,560
DROP withdrawal	1,449	8,311	—	1,367	11,127
PLOP withdrawal	1,571	7,412	—	4,922	13,905
Transfers	—	43	50	1,411	1,504
Total deductions	<u>21,215</u>	<u>39,623</u>	<u>208</u>	<u>45,038</u>	<u>106,084</u>
Net increase (decrease)	<u>(2,419)</u>	<u>(22,130)</u>	<u>(42)</u>	<u>(1,705)</u>	<u>(26,296)</u>
Net position held in trust for pension benefits – beginning of year	<u>17,680</u>	<u>84,775</u>	<u>1,726</u>	<u>372,455</u>	<u>476,636</u>
Net position held in trust for pension benefits – end of year	<u>\$ 15,261</u>	<u>62,645</u>	<u>1,684</u>	<u>370,750</u>	<u>450,340</u>

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended December 31, 2014
(Amounts in thousands)

	Balance January 1, 2014	Additions	Deductions	Balance December 31, 2014
Clearing fund:				
Assets:				
Cash	\$ 23,295	1,422,381	1,421,254	24,422
Accounts receivable	28	2,045	1	2,072
	<u>\$ 23,323</u>	<u>1,424,426</u>	<u>1,421,255</u>	<u>26,494</u>
Liabilities:				
Other payables and accruals	\$ 23,323	2,104,457	2,101,286	26,494
	<u>\$ 23,323</u>	<u>2,104,457</u>	<u>2,101,286</u>	<u>26,494</u>
Deposit fund:				
Assets:				
Cash	\$ 141	2,115	2,247	9
Investments	876	—	—	876
Accounts receivable	—	41	—	41
	<u>\$ 1,017</u>	<u>2,156</u>	<u>2,247</u>	<u>926</u>
Liabilities:				
Accounts payable	\$ 1	137	137	1
Other payables and accruals	1,016	1,233	1,324	925
	<u>\$ 1,017</u>	<u>1,370</u>	<u>1,461</u>	<u>926</u>

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year ended December 31, 2014

(Amounts in thousands)

	Balance January 1, 2014	Additions	Deductions	Balance December 31, 2014
Escrow fund				
Assets:				
Cash	\$ 9,738	71,481	66,623	14,596
Investments	21,085	5	4,001	17,089
Accounts Receivable	2	—	2	—
	<u>\$ 30,825</u>	<u>71,486</u>	<u>70,626</u>	<u>31,685</u>
Liabilities:				
Other payables and accruals	\$ 30,825	69,121	68,261	31,685
	<u>\$ 30,825</u>	<u>69,121</u>	<u>68,261</u>	<u>31,685</u>
Total all agency funds:				
Assets:				
Cash	\$ 33,174	1,495,977	1,490,124	39,027
Investments	21,961	5	4,001	17,965
Accounts receivable	30	2,086	3	2,113
	<u>\$ 55,165</u>	<u>1,498,068</u>	<u>1,494,128</u>	<u>59,105</u>
Liabilities:				
Accounts payable	\$ 1	137	137	1
Other payables and accruals	55,164	2,174,811	2,170,871	59,104
	<u>\$ 55,165</u>	<u>2,174,948</u>	<u>2,171,008</u>	<u>59,105</u>

See accompanying independent auditors' report.

NON-MAJOR COMPONENT UNITS

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Position

Non-major Component Units

December 31, 2014

(Amounts in thousands)

Assets	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	Canal Street Development Corporation	New Orleans Building Corporation	Parish Hospital District for the Parish of Orleans District A	Total
Current assets:									
Cash	3,850	5,288	5,149	3,249	12,789	12,865	3,248	4,877	51,315
Receivables (net of allowances for uncollectibles):									
Property taxes	529	3,801	793	6	262	510	2,290	2,206	9,868
Accounts	—	—	—	—	—	42	—	—	42
Accrued interest	8	1,451	—	—	—	—	—	4,159	5,618
Due from other governments	—	—	—	—	—	681	—	2,018	2,699
Prepaid expenses and deposits	144	46	469	88	117	155	89	764	1,872
Other assets	—	—	—	—	—	—	—	2,576	2,576
Total current assets	4,531	10,586	6,411	3,343	13,168	14,253	5,627	16,600	74,519
Restricted cash and investments:									
Customer deposits	—	—	—	—	—	—	3,924	—	3,924
Future debt service account	263	—	—	—	—	—	—	—	263
Other	—	—	—	—	—	—	—	621	621
Total restricted assets	263	—	—	—	—	—	3,924	621	4,808
Property, plant, and equipment – at cost, less accumulated depreciation	101	1	19,372	19	20,051	13,996	35,906	130,332	219,778
Other assets	—	—	—	—	—	13,956	—	—	13,956
Total assets	4,895	10,587	25,783	3,362	33,219	42,205	45,457	147,553	313,061

Deferred Outflows of Resources

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Position

Non-major Component Units

December 31, 2014

(Amounts in thousands)

	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	Canal Street Development Corporation	New Orleans Building Corporation	Parish Hospital District for the Parish of Orleans District A	Total
Liabilities, Deferred Inflows, and Net Position									
Current liabilities (payable from current assets):									
Accounts payable	318	2,284	174	8	336	32	1,094	6,895	11,141
Other payables and accruals	62	—	116	103	322	10	195	12,488	13,296
Due to other governments	87	1,763	—	—	2,149	—	221	—	4,220
Total current liabilities (payable from current assets)	467	4,047	290	111	2,807	42	1,510	19,383	28,657
Current liabilities (payable from restricted assets):									
Accrued interest	—	—	58	—	—	—	—	—	58
Bonds payable, current portion	320	—	750	676	—	—	—	—	1,746
Deposits and other	—	—	—	20	—	—	—	—	20
Total current liabilities (payable from restricted assets)	320	—	808	696	—	—	—	—	1,824
Total current liabilities	787	4,047	1,098	807	2,807	42	1,510	19,383	30,481
Long-term liabilities:									
Revenue bonds (net of current portion)	4,265	—	3,375	—	—	—	—	—	7,640
Other	1,273	33	126	—	419	—	53	92,832	94,736
Total long-term liabilities	5,538	33	3,501	—	419	—	53	92,832	102,376
Total liabilities	6,325	4,080	4,599	807	3,226	42	1,563	112,215	132,857
Deferred inflows of resources	—	—	—	—	115	18	—	4,757	4,890
Unavailable revenue	—	—	—	—	115	18	—	4,757	4,890
Total deferred inflows of resources	—	—	—	—	115	18	—	4,757	4,890
Net position:									
Net investment in capital assets	101	1	15,247	19	20,051	13,956	35,906	38,575	123,856
Restricted for bond debt service	263	—	926	635	—	—	3,933	—	1,824
Operations reserve	—	—	—	1,901	9,827	28,189	4,055	(7,994)	3,933
Unrestricted	(1,794)	6,506	5,011	2,555	29,878	42,145	43,894	30,581	45,701
Total net position	(1,430)	6,507	21,184	2,555	29,878	42,145	43,894	30,581	175,314
Total liabilities, deferred inflows of resources, and net position	\$ 4,895	10,587	25,783	3,362	33,219	42,205	45,457	147,553	313,061

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Combining Statement of Activities
 Non-major Component Units
 Year ended December 31, 2014
 (Amounts in thousands)

	Program Revenues		Net (expense) revenue and changes in net position									
	Charges for services	Operating Grants	Capital Grants	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	Canal Street Development Corporation	New Orleans Building Corporation	Parish Hospital District for the Parish of Orleans District A	Total
Expenses												
\$	5,568	167		(5,401)								(5,401)
Downtown Development District	15,147				(15,147)							(15,147)
New Orleans Tourism Marketing Corporation	4,900					(296)						(296)
Orleans Parish Communication District	722						(34)					(34)
Municipal Yacht Harbor Management Corporation	8,127							2,095				2,095
French Market Corporation	14,264							2,443				2,443
Canal Street Development Corporation	3,997		902							165		165
New Orleans Building Corporation	25,558	16,857	7,512							6,350		6,350
Parish Hospital District for the Parish of Orleans			8,414	(5,401)	(15,147)	(296)	(34)	2,095	2,443	165	6,350	(9,825)
Total component units	78,283	43,020	17,024									
General revenue (expense):												
Interest revenue				9	1	14	(22)	5	212			219
Property taxes				6,122	17,464	(151)		(483)	26	41		6,122
Other												
Total general revenues (expense)				6,131	17,465	(137)	(22)	(478)	238	41		23,258
Changes in net position				730	2,318	(433)	(56)	1,617	2,681	206	6,350	13,413
Net position - beginning				(2,160)	4,189	21,617	2,611	19,231	39,464	43,688	24,231	152,871
Prior period adjustments								9,050				9,050
Net position - beginning, as restated				(2,160)	4,189	21,617	2,611	28,261	39,464	43,688	24,231	161,901
Net position - ending				(1,430)	6,507	21,184	2,555	29,878	42,145	43,894	30,581	175,314

See accompanying independent auditors' report.

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

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

TAX COLLECTOR AGENCY FUND
Affidavit

For the year ended December 31, 2014

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

I, Norman S. Foster, Tax Collector for the Parish of Orleans, do solemnly swear that the information reflected in the Summary of Ad Valorem Tax Collections Remitted to Other Taxing Authorities, included in the footnotes of the City of New Orleans "Basic Financial Statement", is true and correctly reflects all taxes collected and distributed to my office during the period January 1, 2014 to December 31, 2014 and that the cash available for the settlement of the unsettled collections amounted to \$10,648,966 as of December 31, 2014.

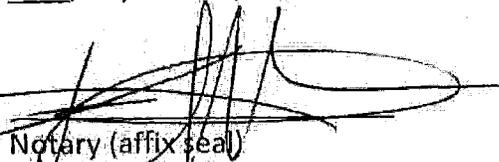
The amount of taxes collected through tax sales in 2014 totaled \$1,333,157.17.

The amount of interest on late ad valorem tax payments that was collected and disbursed during 2014 totaled \$3,911,332.71.



Tax Collector

Sworn to and subscribed before me, this
29th, day of June, 2015



Notary (affix seal)

KEVIN C. HILL

Notary # 60194

SCHEDULE OF COMPENSATION PAID TO CITY COUNCIL

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Compensation Paid to City Council

Year ended December 31, 2014

<u>New Orleans City Council</u>	<u>Compensation</u>
Stacy S. Head, Councilmember-at-Large (January 1 - December 31)	\$ 85,446
Jason R. Williams, Councilmember-at-Large (May 5 - December 31)	56,614
Jacquelyn Brechtel Clarkson, Councilmember-at-Large (January 1 - May 4)	31,062
Susan G. Guidry, Councilmember - District A (January 1 - December 31)	89,852
Latoya W. Cantrell, Councilmember - District B (January 1 - December 31)	89,852
Kristen Gisleson Palmer, Councilmember - District C (January 1 - May 4)	31,264
Nadine M. Ramsey, Councilmember - District C (May 5 - December 31)	57,384
Jared C. Brossett, Councilmember - District D (May 5 - December 31)	57,384
Cynthia Hedge-Morrell, Councilmember - District D (January 1 - May 4)	32,914
James A. Gray II, Councilmember - District E (January 1 - December 31)	88,364

See accompanying independent auditors' report.

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

CITY OF NEW ORLEANS, LOUISIANA

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

Year Ended December 31, 2014

Mayor Mitchell J. Landrieu

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 153,229
Benefits - retirement	33,370
Benefits - Social Security, Medicare, Workers' Compensation	9,867
Vehicle provided by government	11,976
Travel	7,219
Registration fees	950
Conference travel	8,927
Cell phone	523
Fuel	4,090

See accompanying independent auditors' report.

STATISTICAL SECTION

CITY OF NEW ORLEANS, LOUISIANA

Statistical Section

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

Contents

Financial Trends

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

- Table 1 Net Position by Component
- Table 2 Changes in Net Position
- Table 3 Fund Balances
- Table 4 Change in Fund Balances - Governmental Funds

Revenue Capacity

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

- Table 5 Assessed Value and Estimated Actual Value of Taxable Property
- Table 6 Property Tax Rates - Direct and Overlapping Governments
- Table 7 Principal Property Taxpayers
- Table 8 Property Tax Levies and Collections

Debt Capacity

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

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

Demographic and Economic Information

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

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

Operating Information

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

- Table 14 Full Time City Employees by Department
- Table 15 Capital Asset Statistics by Function
- Table 16 Operating Indicators by Function

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

CITY OF NEW ORLEANS, LOUISIANA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts in thousands)

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 678,766	610,072	645,610	641,132	641,513	741,516	826,219	890,521	894,662	936,247
Restricted	32,495	61,592	97,506	92,584	85,692	60,839	59,140	81,294	113,204	124,597
Unrestricted	(479,037)	(534,802)	(673,078)	(853,752)	(933,305)	(748,478)	(777,932)	(942,746)	(824,454)	(764,975)
Total governmental activities net position	\$ 232,224	136,862	70,038	(120,036)	(206,100)	53,877	107,427	29,069	183,412	295,869
Primary government										
Net investment in capital assets	\$ 678,766	610,072	645,610	641,132	641,513	741,516	826,219	890,521	894,662	936,247
Restricted	32,495	61,592	97,506	92,584	85,692	60,839	59,140	81,294	113,204	124,597
Unrestricted	(479,037)	(534,802)	(673,078)	(853,752)	(933,305)	(748,478)	(777,932)	(942,746)	(824,454)	(764,975)
Total primary government net position	\$ 232,224	136,862	70,038	(120,036)	(206,100)	53,877	107,427	29,069	183,412	295,869

CITY OF NEW ORLEANS, LOUISIANA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts in thousands)

(unaudited)

Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
General government	212,551	219,196	203,620	322,190	296,441	321,303	242,417	382,208	248,597	260,852
Public Safety	249,423	174,530	252,474	204,749	214,899	224,915	236,058	233,745	230,231	229,968
Public Works	144,465	90,511	143,211	135,507	136,344	124,952	126,080	133,817	124,449	123,826
Health and Human Services	22,368	13,385	18,438	19,973	20,682	19,084	21,678	26,805	27,981	29,587
Culture and recreation	22,627	9,922	12,600	21,710	25,392	23,577	21,575	24,576	23,428	26,021
Urban development and housing	28,330	8,278	21,157	49,507	47,544	40,114	32,682	33,538	23,916	24,968
Economic development	13,731	6,968	6,606	17,102	24,321	10,329	8,680	8,793	12,766	8,488
Interest and fiscal charges	59,170	54,966	62,531	72,629	73,133	76,526	65,393	66,996	59,487	62,647
Total primary government expenses	752,665	577,756	720,637	843,367	838,756	840,800	754,563	910,478	750,855	766,357
Program Revenues										
Governmental Activities:										
Charges for Services:										
General government	59,207	50,768	51,749	69,937	71,578	46,153	69,191	73,770	70,692	67,016
Public Safety	12,540	16,430	20,133	29,321	28,336	17,602	37,947	36,845	22,331	19,113
Public Works	10,528	7,735	14,284	18,075	25,373	32,218	36,753	36,756	37,015	34,571
Health and Human Services	5,014	2,867	301	6,690	8,535	9,862	9,873	7,967	8,003	14,792
Culture and recreation	375	234	-	638	310	235	309	861	814	1,025
Urban development and housing	52	-	138	-	-	-	60	-	1,735	2,605
Economic development	94	597	4,229	170	116	890	-	2,007	-	-
Operating grants and contributions	222,175	77,773	134,097	105,041	143,482	170,164	142,497	143,964	139,577	119,512
Capital grants and contributions	12,728	10,256	53,237	37,301	51,230	111,859	75,728	90,434	141,650	119,963
Total primary government program revenues	322,713	166,660	278,168	267,173	328,960	388,983	372,358	392,604	421,817	378,597
Net Revenue (Expense)	(429,952)	(411,096)	(442,469)	(576,194)	(509,796)	(451,817)	(382,205)	(517,874)	(329,038)	(387,760)
Total primary government										
General Revenues										
Governmental Activities:										
Property Taxes	160,130	127,659	142,480	155,767	145,956	175,863	187,199	180,318	204,335	209,059
Sales Taxes	116,339	124,229	134,114	137,581	133,868	147,453	153,955	163,128	176,465	193,183
Other Taxes	46,226	44,172	44,324	42,191	45,332	49,567	45,787	46,953	57,134	55,875
Investment Earnings	11,133	17,862	19,580	18,251	32,791	5,301	(770)	13,470	15,231	16,851
Insurance Proceeds	-	-	5,257	5,866	-	-	-	-	-	-
Miscellaneous	17,232	1,812	29,890	51,115	65,785	67,695	47,296	29,674	29,189	22,649
Gain (loss) on impairment	5,542	-	-	-	-	-	-	-	-	-
Gain (loss) on sales of capital assets	-	-	-	(24,651)	-	265,915	2,288	5,973	1,027	2,600
Forgiveness of Debt	-	-	-	-	-	711,794	435,755	439,516	483,381	500,217
Total general revenues, transfers, and special items	356,602	315,734	373,645	386,120	423,732	711,794	435,755	439,516	483,381	500,217
Change in Net Position	(73,350)	(95,362)	(66,824)	(190,074)	(86,064)	(259,977)	53,550	(78,358)	154,343	112,457

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 4,087	4,716	16,526	7,229	680	530	-	-	-	-
Unreserved:										
Designated for subsequent year	23,743	65,837	40,083	17,016	15,933	13,619	-	-	-	-
Undesignated	18,477	29,275	41,011	35,334	(8,262)	(25,210)	-	-	-	-
Committed	-	-	-	-	-	-	13,934	10,661	6,036	4,735
Assigned	-	-	-	-	-	-	-	-	-	27,634
Unassigned	-	-	-	-	-	-	(17,344)	(19,997)	10,920	10,615
Total general fund	<u>\$ 46,307</u>	<u>99,828</u>	<u>97,620</u>	<u>59,579</u>	<u>8,351</u>	<u>(11,061)</u>	<u>(3,410)</u>	<u>(9,336)</u>	<u>16,956</u>	<u>42,984</u>

All Other Governmental Funds

Reserved	\$ 105,586	105,955	158,297	186,871	130,544	149,398	-	-	-	-
Unreserved reported in:										
HUD	-	-	-	(267)	(385)	(7,493)	-	-	-	-
FEMA	(13,045)	(10,848)	(16,363)	(31,777)	(49,882)	(55,328)	-	-	-	-
Capital Projects	118,617	146,958	180,116	61,103	66,185	55,119	-	-	-	-
Louisiana Office of Community Development	-	-	-	-	(1,169)	(14,190)	-	-	-	-
Non-major Governmental	24,438	28,974	34,636	28,692	17,597	20,231	-	-	-	-
Nonspendable	-	-	-	-	-	-	6,886	5,368	2,407	1,632
Restricted	-	-	-	-	-	-	122,991	147,675	137,088	152,806
Committed	-	-	-	-	-	-	4,022	19,533	57,696	81,597
Assigned	-	-	-	-	-	-	17,891	10,677	225	315
Unassigned	-	-	-	-	-	-	(78,511)	(66,474)	(36,736)	(30,271)
Total all other government funds	<u>\$ 235,596</u>	<u>271,039</u>	<u>356,686</u>	<u>244,622</u>	<u>162,890</u>	<u>147,737</u>	<u>73,279</u>	<u>116,779</u>	<u>160,680</u>	<u>206,079</u>

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Taxes	\$ 284,177	275,063	298,620	301,076	305,240	333,849	360,944	372,012	396,973	424,204
Licenses and permits	53,129	55,590	60,335	54,136	58,117	57,219	56,612	62,428	62,963	62,428
Intergovernmental	215,920	96,454	171,369	162,810	237,485	261,670	212,684	273,457	265,594	224,706
Charges for services	34,150	31,766	35,080	44,751	48,189	50,417	72,171	74,164	78,996	81,351
Program income	348	927	66	68	1,182	145	4,898	82	1,942	6,541
Fines and forfeits	15,557	8,330	12,325	18,867	26,619	33,565	38,824	37,766	35,977	32,603
Interest income	10,444	17,082	19,580	12,769	4,906	1,203	684	461	300	417
Contributions, gifts, donations	4,874	2,346	3,164	3,112	3,249	3,860	2,742	3,092	3,687	4,088
Miscellaneous and other	24,245	23,767	48,229	29,241	34,801	67,233	41,808	33,295	28,357	49,916
Total revenues	642,844	511,325	643,923	633,029	715,807	810,059	791,974	850,941	874,789	886,254
EXPENDITURES										
General government	221,556	185,120	188,003	209,705	231,838	245,451	226,518	240,268	209,110	233,012
Public safety	243,939	169,141	209,423	200,430	210,363	220,734	235,946	229,457	226,831	226,854
Public works	61,687	31,281	79,397	75,834	77,851	65,730	64,811	74,488	66,216	67,183
Health and human services	22,368	13,237	17,844	19,973	20,682	19,084	21,678	26,805	27,981	29,587
Culture and recreation	19,536	8,704	13,425	20,078	23,784	22,047	20,048	23,027	22,041	24,666
Urban development and housing	28,330	8,186	22,529	49,507	47,544	40,114	33,439	33,540	23,916	24,968
Economic development and assistance	13,731	6,891	8,935	17,102	24,321	10,329	9,243	8,793	12,766	8,488
Capital projects	45,141	28,544	57,154	128,993	151,878	140,928	142,715	96,535	152,947	135,780
Debt service:										
Principal	37,912	37,329	40,951	42,168	45,072	53,019	56,775	46,198	47,103	55,820
Interest and fiscal charges	56,931	58,311	58,423	66,591	66,495	69,374	63,536	63,205	57,004	61,151
Total expenditures	751,131	546,744	696,084	830,381	899,828	886,810	874,709	842,316	845,915	867,509
Revenue over (under) expenditures	(108,287)	(35,419)	(52,161)	(197,352)	(184,021)	(76,751)	(82,735)	8,625	28,874	18,745
OTHER FINANCING SOURCES (USES)										
Transfers in	77,479	15,816	93,956	10,161	26,844	72,319	21,048	28,219	55,067	66,413
Transfers in from component unit	-	-	-	-	42,269	40,726	-	-	-	-
Transfers out	(77,479)	(15,816)	(93,956)	(15,325)	(26,844)	(72,319)	(21,048)	(28,219)	(55,067)	(66,413)
Issuance of notes payable	61,396	76,214	32,748	34,373	8,458	975	-	3,500	-	12,500
Issuance of Go Zone Notes	-	35,533	-	12,345	334	485	-	-	-	-
Issuance of long-term debt	51,350	-	75,147	-	-	-	-	-	-	-
Issuance of bonds	105,279	-	-	-	-	-	15,995	363,725	40,000	40,000
Premium/Discount on issuance of long-term debt	12,901	-	-	-	-	-	-	25,800	263	182
Debt service assistance loan	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	10,565	13,404	4,925	5,866	-	-	-	(319,178)	1,012	-
Payment to escrow agent	(118,090)	-	(769)	(173)	-	-	(67)	1,102	44	-
Other, net	-	(768)	(769)	(173)	-	-	-	-	-	-
Total other financing sources (uses)	123,401	124,383	135,600	47,247	51,061	42,186	15,928	74,949	41,319	52,682
SPECIAL ITEMS										
Termination of interest rate swap	-	-	-	-	-	-	-	(46,000)	-	-
Net change in fund balances	\$ 15,114	88,964	83,439	(150,105)	(132,960)	(34,565)	(66,807)	37,574	70,193	71,427
GASB 44 debt service disclosure	13.43%	18.46%	9.14%	15.51%	14.92%	16.41%	16.44%	14.74%	15.06%	15.06%

CITY OF NEW ORLEANS, LOUISIANA

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

(unaudited)

Year	Real Estate		Personal Property			Public Service Corporations		Exemption (\$)	Estimated Actual Value (\$) *	Assessed Value (\$)	Net Assessed Value (\$)
	Estimated Fair Market Value (\$)	Total Assessed Value (\$)	Estimated Fair Market Value (\$)	Total Assessed Value (\$)	Total Assessed Value (\$)						
2005	17,775,932,580	1,967,375,676	3,105,217,474	465,782,621	171,451,660	465,989,854	20,881,150,054	2,604,609,957	2,138,620,103		
2006	12,913,532,413	1,432,380,307	2,632,156,712	394,823,507	170,463,560	328,776,640	15,545,689,125	1,997,667,374	1,668,890,734		
2007	14,818,041,813	1,650,948,720	2,295,983,639	344,397,546	139,643,310	288,851,693	17,114,025,452	2,134,989,576	1,846,137,883		
2008	20,949,402,557	2,297,502,715	2,630,333,393	394,550,009	144,942,530	292,878,255	23,579,735,950	2,836,995,254	2,544,116,999		
2009	21,896,630,780	2,349,536,358	2,697,334,439	404,600,166	152,439,600	317,247,040	24,593,965,219	2,906,576,124	2,589,329,084		
2010	23,242,887,037	2,489,801,675	2,582,226,767	387,334,015	163,911,580	362,665,406	25,825,113,804	3,041,047,270	2,678,381,864		
2011	24,141,372,133	2,586,081,540	2,571,333,133	385,699,970	167,557,410	372,613,310	26,712,705,266	3,139,338,920	2,766,725,610		
2012	25,689,720,400	2,760,973,210	2,606,348,213	390,952,232	183,003,600	385,256,805	28,296,068,613	3,334,929,042	2,949,672,237		
2013	27,066,642,133	2,920,015,480	2,754,134,933	413,120,240	193,722,510	437,893,609	29,820,777,066	3,526,858,230	3,088,964,621		
2014	27,715,785,033	2,992,593,440	2,703,429,532	405,514,430	181,055,280	448,696,881	30,419,214,565	3,579,163,150	3,130,466,269		

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

Source: Louisiana Tax Commission Report (2005-2014)

CITY OF NEW ORLEANS, LOUISIANA

Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
 (Number of Mills)

(unaudited)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Direct property tax rates:										
City alimony	\$ 15.10	15.10	15.10	15.10	11.72	11.72	11.72	16.10	16.10	14.91
Interest and redemption city bond,	25.50	25.50	25.50	25.50	25.50	23.80	23.80	31.70	38.20	28.40
Special tax dedicated to maintenance of double platoon Fire Department and triple platoon Police Department	4.27	4.27	4.27	4.27	3.11	3.11	3.11	4.27	4.27	4.27
Special tax (additional) for increase in pay to officers and members of Police and Fire Department	2.13	2.13	2.13	2.13	1.55	1.55	1.55	2.13	2.13	2.13
Special tax, Police without Homestead Exemption: Police protection,	5.26	5.26	5.26	5.26	3.98	3.98	3.98	5.26	5.26	5.26
Special tax, Fire without Homestead Exemption: Additional millages for fire protection	5.21	5.21	5.21	5.21	5.21	3.94	3.94	5.21	5.21	5.21
Special tax for establishing and maintaining a zoological garden in Audubon Park	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.44	0.44	0.44
Special tax to establish and maintain an aquarium by the Audubon Commission	2.99	2.99	2.99	2.99	2.99	2.99	2.99	4.11	4.11	4.11
Special dedicated tax to operate the Public Library,	3.14	3.14	3.14	3.14	3.14	3.14	3.14	4.32	4.32	4.32
Capital Improvements & Infrastructure Trust Fund	1.82	1.82	1.82	1.82	1.82	1.82	1.82	2.50	2.50	2.50
Special tax, Neighborhood Housing Improvement	0.91	0.91	0.91	0.91	0.91	0.91	0.91	1.25	1.25	1.25
Special tax, New Orleans Economic Development Fund	0.91	0.91	0.91	0.91	0.91	0.91	0.91	1.25	1.25	1.25
Special tax, Parkways and Park and Recreation Department	3.00	3.00	3.00	3.00	2.18	2.18	2.18	3.00	3.00	3.00
Special tax, Street and Traffic Control Device Maintenance	1.90	1.90	1.90	1.90	1.38	1.38	1.38	1.90	1.90	1.90
Special tax for maintenance, operations and extension of the drainage system	16.43	16.43	16.43	16.43	16.43	16.03	16.43	22.59	22.59	22.59
Total direct property tax rates	88.89	88.89	88.89	88.89	81.15	77.78	78.18	106.03	112.53	101.54
Overlapping property tax rates:										
Special tax to provide funds for Board of funds for Board of Assessors	-	-	-	-	-	-	-	-	-	1.19
Special tax, Law Enforcement District of Orleans Parish	2.80	2.90	2.90	2.90	2.90	2.90	2.90	3.50	4.50	3.00
Special tax for Orleans Parish School Board, for support, maintenance and construction of Public Schools of the City of New Orleans as levied by said Board annually,	45.31	44.81	43.60	44.12	44.12	38.47	38.47	52.90	58.55	52.80
Subtotal overlapping property tax rates	48.11	47.71	46.50	47.02	47.02	41.37	41.37	56.40	63.05	56.99

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
 (Number of Mills)

(unaudited)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Orleans Levee Board	-	-	-	-	-	-	-	12.76	12.76	12.76
Orleans Levee District (Eastbank)	11.67	11.67	11.67	11.67	11.67	10.95	9.65	-	-	-
Algiers Levee District (Westbank)	12.56	12.36	12.76	12.76	12.76	9.28	9.28	-	-	-
Total Overlapping property tax rates										
Eastbank	<u>59.78</u>	<u>59.38</u>	<u>58.17</u>	<u>58.69</u>	<u>58.69</u>	<u>52.32</u>	<u>51.02</u>	<u>69.16</u>	<u>75.81</u>	<u>69.75</u>
Westbank	<u>60.67</u>	<u>60.07</u>	<u>59.26</u>	<u>59.78</u>	<u>59.78</u>	<u>50.65</u>	<u>50.65</u>	<u>69.16</u>	<u>75.81</u>	<u>69.75</u>
Total Eastbank	<u>\$ 148.67</u>	<u>148.27</u>	<u>147.06</u>	<u>147.58</u>	<u>139.84</u>	<u>130.10</u>	<u>129.20</u>	<u>175.19</u>	<u>188.34</u>	<u>171.29</u>
Total Westbank	<u>\$ 149.56</u>	<u>148.96</u>	<u>148.15</u>	<u>148.67</u>	<u>140.93</u>	<u>128.43</u>	<u>128.83</u>	<u>175.19</u>	<u>188.34</u>	<u>171.29</u>

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

CITY OF NEW ORLEANS, LOUISIANA

**Principal Property Taxpayers
And Nine Years Before
(Amounts in thousands)**

(unaudited)

Name of Taxpayer	Type of business	2014		
		Taxable Assessed Value	Rank	Percentage of total assessed value
Entergy	Electric and gas utilities	\$ 101,230	1	3.04
Capital One Bank	Financial institution	57,188	2	1.72
Marriott Hotel	Hospitality	41,292	3	1.24
BellSouth	Telephone utilities	37,998	4	1.14
Harrah's	Hospitality and gaming	29,004	5	0.87
J P Morgan Chase Bank	Financial institution	20,119	6	0.60
International Rivercenter	Real Estate	18,886	7	0.57
Royal Sonesta Hotel	Hospitality	18,445	8	0.55
Sheraton Hotel	Hospitality	18,041	9	0.54
Folger Coffee	Coffee Roasting Plant	17,982	10	0.54

Name of Taxpayer	Type of business	2005		
		Taxable Assessed Value	Rank	Percentage of total assessed value
Energy Services	Electric and gas utilities	\$ 75,766	1	3.58
BellSouth Telecommunications	Telephone utilities	57,952	2	2.74
Hibernia National Bank	Financial institution	44,500	3	2.10
Harrah's Entertainment	Hospitality and gaming	26,701	4	1.26
Whitney National Bank	Financial institution	21,671	5	1.03
Bank One	Financial institution	21,043	6	1.00
CS&M Association (Sheraton)	Real Estate	19,197	7	0.91
International River Center	Real Estate	19,058	8	0.90
Marriott Hotel Properties	Hospitality	14,219	9	0.67
SHC New Orleans (Hyatt)	Hospitality	11,247	10	0.53

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

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

Fiscal Year	Total levied	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent		Amount	Percentage of Levy
Real estate taxes:						
2005	\$ 267,327	\$ 248,381	92.91%	\$ 15,720	\$ 264,101	98.79%
2006	219,991	194,337	88.34%	23,686	218,023	99.11%
2007	250,462	225,743	90.13%	21,675	247,418	98.78%
2008	269,746	243,204	90.16%	23,438	266,642	98.85%
2009	275,869	257,219	93.24%	15,219	272,438	98.76%
2010	309,800	291,078	93.96%	14,598	305,676	98.67%
2011	339,370	320,437	94.42%	13,717	334,154	98.46%
2012	362,262	342,248	94.48%	13,528	355,776	98.21%
2013	382,902	363,026	94.81%	11,234	374,260	97.74%
2014	393,304	375,815	95.55%	-	375,815	95.55%
Personal property taxes:						
2005	\$ 106,354	\$ 99,120	93.20%	\$ 1,689	\$ 100,809	94.79%
2006	99,477	87,878	88.34%	7,279	95,157	95.66%
2007	82,046	74,258	90.51%	3,709	77,967	95.03%
2008	67,548	59,645	88.30%	4,429	64,074	94.86%
2009	69,935	63,118	90.25%	3,444	66,562	95.18%
2010	74,530	68,508	91.92%	2,242	70,750	94.93%
2011	78,996	74,204	93.93%	1,653	75,857	96.03%
2012	81,685	78,275	95.83%	1,550	79,825	97.72%
2013	87,058	84,410	96.96%	365	84,775	97.38%
2014	84,620	81,926	96.82%	-	81,926	96.82%

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

CITY OF NEW ORLEANS, LOUISIANA

Ratio of General Obligation Bonded Debt to Assessed
Value and Bonded Debt per CapitaLast Ten Fiscal Years
(amount in thousands)

(unaudited)

Fiscal year	Population (1)	Assessed value real estate and personal property	General obligation bonded debt	Ratio of bonded debt to assessed value	Bonded debt per capita (2)
2005	455	2,574,910	493,683	19.17	1,085
2006	211	1,969,461	478,420	24.29	2,267
2007	288	2,134,782	538,514	25.23	1,870
2008	312	2,844,876	523,955	18.42	1,679
2009	327	2,921,471	508,019	17.39	1,554
2010	343	3,042,025	529,219	17.40	1,543
2011	356	3,139,685	509,544	16.23	1,431
2012	369	3,339,723	470,077	14.08	1,274
2013	379	3,521,911	489,463	13.90	1,291
2014	384	3,579,163	507,081	14.17	1,321

(1) Source: Bureau of Labor and Statistics - Census

(2) Bonded debt per capita not in thousands.

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

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City of New Orleans:										
General Obligation, limited tax, and revenue bonds**	\$ 687,888	\$ 665,800	\$ 718,699	\$ 696,565	\$ 672,664	\$ 685,609	\$ 673,279	\$ 695,587	\$ 712,508	\$ 734,035
Sewerage and Water Board	25,920	24,905	23,835	22,710	21,525	20,290	18,990	17,630	16,205	14,365
Audubon Commission	48,312	47,540	50,170	52,806	51,813	48,775	49,316	28,343	26,035	23,005
Total direct City debt	762,120	738,245	792,704	772,081	746,002	754,674	741,585	741,560	754,748	771,405
Overlapping Debt: * (1)										
Orleans Parish School Board	253,398	235,668	216,868	195,363	170,898	155,411	120,130	183,796	168,939	153,803
Orleans Levee District	69,890	65,115	60,045	54,530	48,665	3,745	3,120	-	-	-
Total overlapping debt	323,288	300,783	276,913	249,893	219,563	159,156	123,250	183,796	168,939	153,803
Total direct and overlapping debt	\$ 1,085,408	\$ 1,039,028	\$ 1,069,617	\$ 1,021,974	\$ 965,565	\$ 913,830	\$ 864,835	\$ 925,356	\$ 923,687	\$ 925,208

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

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

Sources: Orleans Parish School Board and Orleans Levee District

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

CITY OF NEW ORLEANS, LOUISIANA

Computation of Legal Debt Margin

Last Ten Years

(amount in thousands)

(unaudited)

Fiscal year	Assessed value real estate and personal property	Debt Limitation 35% of total assessed value*	Amount of debt applicable to debt limitation **		Less assets in debt service fund available for retirement of General Obligation Bonds	Legal debt margin
			General Obligation Bonds ***	Effects of Accretion Deep Discount Bonds		
2005	\$ 2,574,910	901,218	493,683	250,597	32,495	189,434
2006	1,969,461	875,306	478,420	234,400	61,592	224,078
2007	2,500,874	992,948	538,514	217,541	47,764	284,657
2008	2,836,994	992,948	523,955	200,040	36,922	305,875
2009	2,836,994	1,020,858	508,019	181,946	32,802	363,695
2010	2,916,737	1,098,156	529,219	163,361	30,188	435,764
2011	3,137,589	1,168,903	509,544	144,316	29,859	544,902
2012	3,339,723	1,232,669	470,077	124,844	30,826	668,574
2013	3,521,911	1,252,707	489,463	104,912	36,481	694,813
2014	3,579,163	1,326,596	507,081	84,608	40,149	775,056
2015****	3,790,273					

Sources:

- * Per Act 4 of 1916 of the Legislature of the State of Louisiana as amended by Act 576 of 1966, as amended by Act 420 of 1978, as amended by Act 159 of 1984, as amended by Act 1 of 1994.
- ** Excludes revenue bonds
- *** Excludes the effects of accretion on deep discount bonds
- **** Debt limit calculation for 2014 was based on the 2015 assessment, which was available by the end of FY 2014.

CITY OF NEW ORLEANS, LOUISIANA

Demographic and Economic Statistics
Last Ten Years

(unaudited)

Fiscal year	Population* (1)	Per Capita Personal Income (2)	Unemployment Rate (3)
2005	455	29,201	6.4
2006	211	53,372	5.6
2007	288	54,180	5.1
2008	312	47,514	6.0
2009	327	41,518	7.9
2010	343	40,849	8.7
2011	356	41,771	8.7
2012	369	43,421	8.0
2013	379	43,403	7.4
2014	384	**	7.0

Source:

* U.S Bureau of Labor Statistics - 2000, 2010 Census and Projections

** 2014 Per Capita Personal Income information had not been released by the Bureau of Economic Research by the release of this report

(1) Amount in thousands

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

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

CITY OF NEW ORLEANS, LOUISIANA

Employees by Industry
Last Ten Years

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Agriculture, forestry, fishing and hunting	52	50	60	58	26	22	32	39	77	86
Mining	4,146	3,706	3,659	3,819	3,618	3,253	2,867	2,391	2,422	2,589
Utilities	1,891	1,305	1,102	1,173	1,163	918	906	921	908	933
Construction	5,578	6,861	5,448	4,793	5,285	5,388	5,419	5,357	5,691	6,031
Manufacturing	7,793	6,837	7,795	7,642	5,929	4,959	4,536	4,031	3,918	4,187
Wholesale trade	5,486	4,459	4,485	4,415	4,002	3,881	3,896	3,750	3,508	3,845
Retail trade	15,344	9,611	11,342	12,614	12,284	12,057	12,428	12,926	13,372	14,965
Transportation and warehousing	12,189	9,308	8,639	8,412	7,885	7,827	8,259	8,448	8,416	9,049
Information	4,979	3,454	3,571	4,846	3,033	3,644	3,724	4,700	4,217	3,442
Finance and insurance	7,774	5,998	6,078	5,932	5,546	5,475	5,468	5,409	5,077	5,570
Real estate and rental and leasing	3,514	2,130	2,293	2,266	2,222	2,241	2,460	2,587	2,648	2,963
Professional and technical services	13,872	13,518	13,222	13,663	13,815	14,410	14,709	14,671	15,890	15,990
Management of companies and enterprises	4,095	2,908	3,334	3,374	3,404	3,335	3,396	3,348	2,987	2,609
Administrative and waste services	13,547	10,518	10,975	9,921	9,248	9,338	9,439	9,864	9,663	10,846
Educational services	25,215	16,241	18,496	19,582	20,530	20,829	20,997	21,303	22,570	21,950
Health care and social assistance	28,199	14,276	17,421	19,865	20,858	20,796	21,171	21,239	20,439	22,867
Arts, entertainment, and recreation	7,544	5,161	6,189	6,833	4,696	4,955	4,975	5,056	5,280	5,722
Accommodation and food services	29,424	19,166	23,847	25,146	27,300	28,949	31,410	33,162	34,093	35,214
Other services, except public administration	6,055	4,217	5,099	5,196	5,046	5,082	5,277	5,509	5,401	5,495
Public administration	15,396	11,840	11,681	12,003	12,222	12,796	12,308	12,154	12,141	11,965
Total	<u>212,093</u>	<u>151,564</u>	<u>164,736</u>	<u>171,553</u>	<u>168,112</u>	<u>170,155</u>	<u>173,677</u>	<u>176,865</u>	<u>178,718</u>	<u>186,318</u>

Source: Louisiana Workforce Commission

CITY OF NEW ORLEANS, LOUISIANA

Full Time City Employees by Department
Four Fiscal Years

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Aviation	116	111	114	111	117	114	186	164	161	170
Chief Administrative Office	59	61	65	61	76	89	96	99	96	98
City Council	41	49	59	49	62	63	63	63	63	71
City Planning	9	10	16	10	21	20	22	22	20	16
Civil Service	12	14	18	14	21	23	19	18	17	22
Neighborhood One/NHIF	47	42	62	42	100	102	104	110	106	101
Coroner's Office	10	11	12	1	15	14	15	14	15	17
Criminal District Court/Clerk	52	78	88	78	89	89	90	87	81	67
Finance	59	69	84	69	90	90	125	114	115	110
Fire	751	687	685	687	731	750	753	711	662	635
French Market	13	18	25	18	31	31	40	40	47	55
Health	191	164	189	164	219	218	202	219	227	239
Historic Districts	6	6	9	6	9	10	8	8	9	9
Inspector General	-	-	-	-	28	23	34	34	34	31
Juvenile Court	30	28	27	28	25	47	44	46	40	31
Law	49	54	52	54	69	62	62	60	59	60
Library	19	81	88	81	128	150	162	192	191	190
Mayor's Office	67	75	110	75	119	131	168	165	177	186
Recreation	21	33	42	33	108	109	132	127	147	176
Mosquito Control	38	33	36	33	2	32	28	32	26	31
Municipal Court	53	55	57	55	96	56	46	46	48	63
Museum of Art	10	22	18	22	16	14	12	11	9	9
Parks and Parkways	100	85	107	85	123	117	115	134	123	125
Police	1,867	1,649	1,680	1,649	1,839	1,725	1,591	1,498	1,432	1,419
Police Secondary Employment	-	-	-	-	-	-	-	-	9	9
Property Management	89	73	72	73	74	72	69	68	65	59
Public Works	62	95	128	95	138	129	124	115	124	123
Rivergate Development Corporation	4	2	3	2	2	4	4	4	4	4
Safety & Permits	61	61	65	61	96	95	81	82	84	81
Sanitation	35	33	23	33	28	27	26	24	31	33
Sewerage and Water Board	1,183	948	884	948	963	985	999	991	1,024	1,060
Traffic Court	43	53	65	53	83	88	86	72	69	69
Vieux Carré	2	2	4	2	4	4	5	5	4	4
Welfare	14	20	26	20	31	36	44	41	37	38
Workforce Investment Act	6	7	8	7	7	6	6	5	7	4
Municipal Yacht Harbor	4	4	2	4	2	3	4	4	4	4
Audubon Park	4	3	1	3	-	-	-	-	-	-
	<u>5,127</u>	<u>4,736</u>	<u>4,924</u>	<u>4,726</u>	<u>5,562</u>	<u>5,528</u>	<u>5,565</u>	<u>5,425</u>	<u>5,367</u>	<u>5,419</u>

Source: City of New Orleans Civil Service.

CITY OF NEW ORLEANS, LOUISIANA

Capital Asset Statistics by Function
Last Ten Fiscal Years

(unaudited)

Function:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire and Emergency Services:										
Number of Stations:										
Police	8	8	8	8	8	8	8	8	8	8
Fire	15	30	30	30	30	30	30	30	30	30
Recreation (1)										
Active Playground (1)	*	*	*	*	*	*	*	*	30	33
Passive Playground (2)	*	*	*	*	*	*	*	*	71	72
Recreation Centers (3)	*	*	*	*	*	*	*	*	10	10
Stadiums	*	*	*	*	*	*	*	*	8	8
Pools (3)	*	*	*	*	*	*	*	*	14	15
Tennis Locations (3)	*	*	*	*	*	*	*	*	10	10
Dog Run	*	*	*	*	*	*	*	*	1	1
Roads:										
Miles of roads maintained	*	*	*	*	*	*	*	1,653	1,653	1,653

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

(1) Location where paid staff delivers programs

(2) No paid staff to provide structured programs

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

* Information not available for these years.

CITY OF NEW ORLEANS, LOUISIANA

Operating Indicators by Function
Last Ten Fiscal Years

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police Department:										
Response to Phone Emergencies	38,728	181,745	197,049	189,436	163,135	215,336	311,949	232,052	284,224	191,719
911 Responses	7,776	323,378	399,609	433,926	416,565	427,833	481,902	565,888	642,653	589,317
Field Operations Bureau Investigations clearance rate for crimes against persons	*	*	*	*	*	*	43%	41%	40%	40%
Field Operations Bureau Investigations clearance rate for crimes against property	*	*	*	*	*	*	13%	15%	13%	14%
Number of Driving While Intoxicated (DWT) arrests	*	*	*	*	*	*	1,624	1,232	1,392	1,473
Fire Department:										
Response to Phone Emergencies	2,340	35,497	30,063	32,436	31,828	31,460	27,755	18,831	19,514	25,409
911 Responses	239	9,410	9,442	9,712	8,581	8,027	8,544	8,695	9,542	8,316
Number of commercial and industrial structures inspected	*	*	*	*	*	*	2,854	3,395	3872	4872
Percent of response times under 6 minutes 20 seconds	*	*	*	*	*	*	79%	75%	74%	74%
EMS:										
Response to Phone Emergencies	2,039	25,964	28,716	37,324	28,306	26,373	25,823	19,137	20,904	21,118
911 Responses	466	25,326	34,134	31,224	40,048	45,825	50,597	56,740	70,690	60,181
Percent of Emergency Medical Service responses for acute cases within 12 minutes	*	*	*	*	*	*	81%	77%	76%	80%
Law										
Number of public records requests completed	*	*	*	*	*	*	573	563	1047	891
Number of tax and public nuisance cases filed before the ABO Board	*	*	*	*	*	*	227	324	268	224
Sanitation										
Garbage Tonnage Collected	219,258	114,427	206,663	221,564	192,626	1,779,068	164,238	173,333	164,556	180,728
Number of illegal dumping sites cleared	*	*	*	*	*	*	1,013	972	2,135	2,832
Number of tons of recyclable material collected	*	*	*	*	*	*	3,627	6,138	6,650	7,317
Public Works										
Number of potholes filled	*	*	*	*	*	*	53,309	60,401	31,263	25,168
Number of catch basins cleaned	*	*	*	*	*	*	3,339	5,364	2,839	3,178
Number of streetlight outages restored	*	*	*	*	*	*	10,925	12,500	19,356	3,687
Number of parking citations	*	*	*	*	*	*	302,653	290,214	315,778	257,274
Number of tows	*	*	*	*	*	*	12,499	11,093	14,480	17,578
Number of boots	*	*	*	*	*	*	4,399	6,702	7,489	7,632

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Operating Indicators by Function
Last Ten Fiscal Years

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Capital Projects										
Percent of projects delivered on schedule	*	*	*	*	*	*	79%	80%	79%	79%
Property Management										
Number of work order requests completed	*	*	*	*	*	*	2,551	2,855	3,691	3,774
Percent of work orders/service requests completed within 30 days	*	*	*	*	*	*	68%	83%	91%	92%
Code Enforcement										
Number of Code Enforcement inspections	*	*	*	*	*	*	23,523	11,931	15,193	16,539
Number of properties brought to hearing	*	*	*	*	*	*	4,701	3,261	3,111	4,010
Number of blighted properties brought into compliance	*	*	*	*	*	*	946	642	836	1,041
Number of blighted units demolished	*	*	*	*	*	*	2,030	1,234	329	212
New Orleans Recreation Development Commission										
Number of youth athletic program registrants	*	*	*	*	*	*	8,113	7,998	7,561	7,876
Number of cultural events offered	*	*	*	*	*	*	45	76	57	103
Parks & Parkways										
Number of acres mowed	*	*	*	*	*	*	19,681	19,485	19,795	18,801
Number of emergency tree service requests completed	*	*	*	*	*	*	629	1,061	915	447
Library										
Number of items circulated (checked-out)	*	*	*	*	*	*	880,638	1,141,002	1,067,472	1,143,210
Information Technology & Innovation										
Call abandonment rate for the Service Desk	*	*	*	*	*	*	25%	16%	9%	13%
Percent of critical ITI projects delivered on schedule	*	*	*	*	*	*	53%	70%	67%	61%
Equipment Maintenance Division										
Number of gallons of fuel dispensed	*	*	*	*	*	*	1,903,872	1,786,898	1,676,255	1,600,663

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

* Information not available.