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**CITY OF NEW ORLEANS, LOUISIANA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2016**  
**(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

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Prepared by the  
Finance Department of the  
City of New Orleans

**CITY OF NEW ORLEANS, LOUISIANA**

Comprehensive Annual Financial Report

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(With Independent Auditors' Report Thereon)

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## **INTRODUCTORY SECTION**

# CITY OF NEW ORLEANS

Mitchell J. Landrieu  
Mayor

Beverly B. Gariepy  
Director of Finance/CFO

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

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, 2016. 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 of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditors' reports on the internal control structure and compliance with applicable laws and regulations is issued in a separate report.

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

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

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

The City has a Mayor-Council form of government. The Mayor is elected for a four-year term and is limited to two consecutive terms. The Mayor appoints the Chief Administrative Officer, who is his

principal assistant and budget officer for the City. The City has executive departments, numerous affiliated boards and commissions, and provides a full range of services including police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, and recreational activities and cultural events. The Council is the legislative body of the City government, and is comprised of five Council members elected from five geographic districts and two members elected at large. All Council members are limited to four-year terms. Laws are enacted through Council ordinance. The Council adopts the City's annual capital and operating budgets. Ordinances of the Council may be vetoed by the Mayor. Vetoes may be overridden by a two-thirds vote of the Council.

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

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

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

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

- Audubon Commission
- 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 is stronger than it has been in modern history and getting stronger every year. 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. We're now attracting high-tech jobs and New Orleans has become a hub of entrepreneurship. School performance is up, and we're a leader in school reform with 90% of our students attending charter schools. We're attacking blight, and the real estate market is thriving. Billions of dollars are being invested in housing, schools, hospitals, parks and playgrounds roads and vital hurricane protection. This is a critical point in the history of our city and its recovery and there's a lot unfolding.

## **KEY INFRASTRUCTURE IMPROVEMENTS**

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.

### **Secured over \$2 Billion FEMA Settlement**

In 2016, the City secured the final \$1.2 billion in recovery funds from FEMA to repair Hurricane Katrina-related damage to New Orleans' roadways and subsurface infrastructure, including water, sewer and drainage pipes. This brings the total to over \$2 billion secured under the Landrieu Administration for roads and subsurface infrastructure.

### **Unprecedented Capital Improvement Program**

During 2016, the City and Sewerage and Water Board worked together to implement an unprecedented program to restore the City's damaged infrastructure. Using a combination of local and federal funds, this program will be the most comprehensive that the region has seen in a generation. Work will include more than 200 individual projects and consist of repairing all or portions of about 400 miles of roadway. There will be several types of construction: Full Depth Reconstruction; Patch, Mill and Overlay; Patch Concrete; Incidental Road Repairs; Bridges; Non-Paving Incidentals and Streetscapes.

### **Launched Revamped Roadwork. NOLA.GOV Online Tool**

This year, the City of New Orleans launched a revamped roadwork online tool, allowing residents to search by their address to get block-by-block details on planned, active and completed infrastructure improvements across the City. The [roadwork.nola.gov](http://roadwork.nola.gov) web site shows ongoing coordination on road, water, sewer and drainage construction by DPW and S&WB. The City will update projects bi-monthly, providing residents with the most accurate view of infrastructure improvements occurring across New Orleans.

## **PUBLIC WORKS**

The Department of Public Works completed a total of 25 roadway projects in 2016, with a total funding investment of over \$44 million. Included in these projects were three Paths to Progress projects, four other roadway projects, three streetscape projects, seven bikeway projects and three FEMA-funded Recovery Roads projects. This work resulted in over 15 miles of newly paved streets and an additional 4.48 miles of bikeways.

Before Hurricane Katrina, New Orleans had fewer than five miles of designated bikeways. With a focus on creating a resilient City, New Orleans now has over 100 miles of bikeways. The quality, convenience, and choices in bike facilities in New Orleans continue to improve. The City is continuing 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.

The Department of Public Works also completed the following work in 2016:

- Filled over 114,876 potholes;
- Cleaned over 7,000 drainage catch basins and over 76 miles of drain lines;
- Inspected and assessed the condition of over 82 miles of drain lines;
- Installed over 5,100 new permanent traffic signs and over 1,133 new permanent street name signs;
- Repaired over 10,000 streetlight outages (over 99 percent of the city's streetlights are operational); and
- Installed over 545 LED streetlights (over 42,000 of the City's streetlights are now LEDs representing 78 percent of the city's streetlight

Improving New Orleans aging infrastructure has been a major priority. In 2016 millions of dollars in major capital infrastructure improvements hit our streets that will improve our roads, water and sewer systems in neighborhoods across the city. We are working harder than ever to build a stronger more resilient city. We have made great strides this year and look forward to accomplishing even more in 2017 and years to come.

## **ECONOMY**

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

In 2016, New Orleans was ranked as the #1 in the Nation for Creatives and #2 Tech employment growth in the U.S by SmartAsset magazine. New Orleans was ranked among the top 25 cities ready to navigate the next wave of the digital economy. The Wall Street Journal recognized New Orleans as one of the American cities leading the way in using cultural and arts as an economic development tool to revitalize smaller cities.

### **Strategic and aggressive business attraction efforts pay off for New Orleans**

Two digital software companies relocated to New Orleans in 2016.

- Select Laboratory Software – Software developer out of North Carolina that develops software used in toxicology and clinical laboratories nationwide.
- TOPXIGHT LA – A tech incubator that focuses on deep machine learning, cybersecurity and data analytics.

Additionally, Collision, the largest tech conference in the U.S. experienced a 47 percent attendance increase upon moving to New Orleans in 2016. Collision has since committed to holding the conference in New Orleans in 2017 and in 2018.

### **City and NOLABA Bio and Health Services Cultivation**

- NOLABA hired the state's only economic developer solely focused on building a robust Bio and Health Services Innovation industry cluster.
- The new Cobalt Medical Center opened in Mid-City, a \$24 million state-of-the-art rehabilitation facility to treat traumatic brain injuries, concussions, Parkinson's disease and other conditions.
- Innovation Louisiana was co-sponsored with New Orleans Bio Innovation Center to improve bio innovation entrepreneurs' access to services and capital necessary to growth.

In 2016, a number of local and national retailers opened their doors in New Orleans, giving residents greater access to fresh food, high-end shopping and health resources.

- Dryades Public Market
- Nordstrom Rack
- True Religion Jeans
- Marshalls
- Petco
- New Orleans Hamburger and Seafood
- CVS Lower 9th Ward
- Part and Parcel
- Higher Power Fitness

Since May 2010, the Landrieu Administration has created more than 15,000 new jobs. As of October 2016, the city's unemployment rate dropped from 6.7 percent to 5.8 percent. Unemployment of African-American men also decreased from 52 percent to 44 percent.

### **Cultural Products District**

The City has a Cultural Products District (CPD) Program, which revitalizes communities and contributes to the livelihoods of residents by creating locally driven hubs of cultural activity. The program provides incentives for communities to create or rebuild cultural destinations.

Cultural Products Districts in New Orleans include Tremé/7th Ward, Gentilly-Pontchartrain Park, Old Algiers and Oretha Castle Haley Boulevard.

CPDs play a vital role in the life, economic and cultural development of New Orleans. Most focus on a cultural asset such as a major art institution, art and entertainment businesses, and/or artisan production. These communities are actively engaged in the promotion, preservation, and educational aspects of the arts and culture of the neighborhood.

The cultural economy is more important than ever. The cultural sector has 38,000 jobs, an increase of 59% since 2005. Many of these jobs come from the 1,718 cultural businesses that were counted in 2016, but there are also many cultural jobs in non-cultural industries such as education. The cultural economy has created employment for a creative workforce that is both native to the city and made up of highly skilled newcomers.

Fifty feature film and television tax credit projects spent \$439 million in the City in 2016. Musicians in the City played 31,000 gigs in 2016 at clubs, theatres, or at many of the city's 136 annual festivals. Over 3 million attended our diverse national and local events last year, contributing to an economic impact of \$904 million. While the economics are impressive, the cultural economy is more than just dollars, it is a cultural engine creating quality of life in the city, its unique sights, melodies, and flavors that our residents produce.

Year after year, New Orleans has seen tourism numbers increase. In 2016, visitors to New Orleans spent \$7.41 billion dollars, a 5.1 percent increase compared to the visitor spending record set in 2015, and the city hosted a record-breaking 10.45 million visitors, the highest since 2004 and a 6.9 percent increase compared to 2015.

#### **Louis Armstrong New Orleans International Airport**

The City began the year by breaking ground on the \$807 million North Terminal Project, scheduled to be complete by February 2019. The Louis Armstrong New Orleans Airport now provides service via 17 airlines to 59 non-stop destinations, including seven international destinations. Two new non-stop services, British Airways and Condor, are reconnecting New Orleans with Europe for the first time in 30 years. Additionally, today we added a new international direct flight to Honduras.

#### **The Port of New Orleans**

The Port of New Orleans cruise terminals handled more than 1-million passengers in 2016, totaling 1,070,685. The Port has topped the one million passenger moves for four consecutive years. The Port of New Orleans ranks the sixth-largest cruise port in the United States, with a state economic impact of 160,500 jobs, \$8 billion in earning and generates \$800 million in state taxes.

The Port of New Orleans is America's most intermodal port. It is connected to major markets across the continent by the interstate highway system and is the only seaport in the U.S. served by all six Class I rail lines, 50 ocean carriers, 16 barge lines and 75 truck lines. The Clarence Henry Truck way, a two-lane roadway on Port property, makes fast transit times even faster. The Port also offers on-dock rail and direct ship-to-barge services.

The Port of New Orleans has an intermodal rail terminal adjacent to its Napoleon Avenue Container Terminal providing on-dock access for all rail shipments. The new Mississippi River Intermodal Terminal, a \$25.1-million project completed in the first quarter of 2016, is a modern, efficient intermodal container transfer terminal located within the container yard, offering on-dock access to the Port's rail partners.

### **WORKFORCE DEVELOPMENT AND TRAINING**

The Mayor appointed the new Workforce Development Board for the City of New Orleans. The New Orleans Workforce Development Board has been certified by the Louisiana Workforce Commission, and held its first meeting in November 2015

In an effort to expand economic opportunity to disadvantaged job seekers and businesses, a collaborative of eight local anchor institutions met quarterly. These anchor institutions include Ochsner, Louisiana Charity Medical Center, (LCMC), Tulane, the Louis Armstrong International Airport, the Sewerage & Water Board of New Orleans, and representatives of the Information Technology (IT) sector. Ochsner and LCMC hospitals committed to interviewing 100% of job seekers in the Network for Economic Opportunity's healthcare pipeline.

The Network for Economic Opportunity developed a shared model with five workforce agencies called Opportunity Centers. These Centers include: STRIVE New Orleans, JOB1, Total Community Action, Urban League, and Goodwill Industries. The Opportunity Centers prepare disadvantaged job seekers for entrance into the workforce pipeline for the North Terminal Project at the Louis Armstrong Airport. Eleven community based organizations serve as Outreach Partners for this initiative .During 2016, 64% of adults and 61% of dislocated workers seeking employment assistance gained a job. Additionally, 1,421 youth were employed through summer youth employment programs.

## **DBE FOCUS**

Through the City's Office of Supplier Diversity, certified DBE firms were awarded approximately 34.61% percent of the total value of eligible contracts awarded this year. The office also worked to increase the number of certified firms. It certified a total of 95 new firms in 2016.

DBE firms were paid \$42.7 million representing 39.05% DBE utilization for City contracts awarded. \$18.9 million in city construction contracts were awarded to DBEs as Prime Contractors. \$14.4 million in goods and services contractors were awarded to DBE Prime Contractors.

In 2015, the Office of Supplier Diversity launched BuildNOLA. The program consists of six-weeks of training sessions offering technical assistance and capacity building to small businesses and/or disadvantaged businesses to help strengthen their organizational and financial capacity. Graduates of the BuildNOLA training program were awarded over \$3 million in public and private sector contracts in 2016.

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

## **BLIGHT**

After Mayor Landrieu took office in 2010, New Orleans faced the worst blight problem in the country with an estimated 40,000 blighted properties and no strategy to address it. To address this challenge, the City launched an aggressive blight reduction strategy based on extensive public input, national best practices, and advice from national experts, that prioritizes data-driven decision-making, innovative new enforcement policies, and opportunities for reinvestment to grow and strengthen neighborhoods. In 2013, the Landrieu administration reached its four year goal of reducing the number of blighted units by 10,000. With this momentum, the City continued its enforcement efforts in 2015 by developing and implementing a recommendation tool that has dramatically streamlined the process of deciding on appropriate dispositions for properties adjudged guilty of blight. Code Enforcement initiated a new program to try to "nudge" property owners to bring their property into compliance before costly and resource-intensive work begins. The program sends property owners a letter and informs them that fees and fines may occur if they don't bring their property up to code. During 2016, 675 blighted properties were brought into compliance by property owners.

## **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 and engagement 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.

NOPD cut emergency response times by nearly half during the first quarter of 2016. The average amount of time it takes for an NOPD officer to respond to an emergency call for service has been reduced by 40 percent, according to a review of emergency calls for service data. The numbers show the department has reduced response times to emergency calls from an average of 20 minutes in October 2015 to an average of 11 minutes in February 2016.

Additionally, in an effort to continue to increase police transparency and accountability, NOPD Superintendent Michael Harrison announced a new process in 2016 that outlines when and how the department will release its own audio and video recordings of critical incidents involving NOPD officers to the public. The new process, which has been approved by the Federal Monitor and the Department of Justice, allows for the public release of recordings that capture critical incidents, such as officer-involved shootings, based on a clear set of guidelines that include collaboration with local and federal criminal justice agencies.

## **NOLA FOR LIFE**

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.

NOLA FOR LIFE Midnight Basketball, a part of Mayor Landrieu's comprehensive NOLA FOR LIFE strategy to reduce murders aims to reach young men who are most at risk for being victims of or contributors to violent crime in the city. Midnight Basketball's inaugural season started in January 2012. In 2016, the season ended with a total of more than 760 participants and 450 spectators. Mentorship and educational support are also key components of this initiative. Since the program's inception, it has reached over 6,500 participants and 2,500 spectators.

## **RECREATION DEVELOPMENT**

New Orleans saw major achievements in recreation in 2016 including the openings of five new Teen Centers at NORDC facilities across the city. The Teen Centers complement NORDC's robust teen programming, which provides kids ages 12-17 with a safe and structured social growth environment. NORDC and FEMA announced the opening of the new \$2.3 million Rosenwald Pool and Pool House at 1120 S. Broad St. in the B.W. Cooper neighborhood. The former pool and pool house were severely damaged by Hurricane Katrina.

In 2016, NORDC had an average of 1,216 daily number of recreation center patrons which included 184,934 of youth participants and 28,876 senior participants. The City operated 15 pools. NORDC aquatics program had 4,468 registrants in 2016.

This year, NORDC offered 38 youth camps (ages 4-12) across the city through partnerships with schools, non- profits and faith-based organizations. The programming offered an array of academic, cultural and recreational activities, including free field trips to the Audubon Zoo, the Aquarium of the Americas and NORDC pools for swimming lessons.

In addition, NORDC offered 13 teen camps (ages 13-15) across the city. In partnership with JOB 1, the City's office of workforce development, teen camps offered local teenagers career exploration seminars to allow for exposure to a variety of job fields. Additionally, teens earned a stipend of \$75 per week.

## **LOOKING FORWARD TO 2017**

The New Orleans City Council approved the passage of the City's 2017 Capital and General Fund budgets, totaling \$871.7 million and \$614.9 million respectively.

The NOPD will receive increased funding again in 2017 by \$8 million, which includes backing to hire another 150 police officers and fully funding the 5-year, \$55 million police consent decree. The new funding also pays for additional overtime to flex the size of the department during special events and to continue our focus on reducing response times. That also includes a full year's funding for the 15 percent police pay raise for all officers announced in 2015 so that we attract and retain the best and the brightest.

Beyond NOPD, our public safety investments focus on prevention, intervention, jobs, and opportunities. That is why we will continue to support our NOLA FOR LIFE initiatives, from midnight basketball programs to supportive services for our young men and to our re-entry strategy. We are adding new funding, to support workforce development internships for high school students through Youth Force NOLA, to our comprehensive \$15 million economic development and opportunity strategy. The goal – to ensure that everyone has a clear pathway to prosperity, the people who are looking for work can find a job, and folks who may already have a job can get the additional training or education they need to grow.

The 2017 budget will also see new resources for Civil Service, so we can ensure they can put people to work in a more efficient and effective manner. And this year, many departments are budgeting more in order for outside contracts to follow up on the Living Wage implementation. We are budgeting enforcement funds for that work, as well as for our local hiring policy, so that the people of New Orleans will be the ones rebuilding this city.

In 2017, we are also investing in our neighborhoods and fixing our streets: there is \$3 million for pothole repairs and catch basin cleaning, and there is another \$3 million for streetlight maintenance. We also have \$3 million in new funding to catch up on the backlog of drainage point repairs. The 2017 capital budget is also investing significantly in fixing streets—in fact, we are projecting a record \$480 million in 2017 for street, drainage, water, and sewer construction. That includes dozens of neighborhood interior streets and money for resilience-building projects like the Gentilly Resilience District.

We are adding more in sanitation and parkways to clean up our streets and neutral grounds, and we are putting \$15 million in code enforcement to fight the blight. We are also putting new investments in our permitting agencies, so our residents and businesses have an easier time at City Hall when trying to rebuild our city.

Lastly, one of our new initiatives unveiled at this year's State of the City address was our 5-year plan to address affordable housing, *Housing for a Resilient New Orleans*. The 2017 budget proposes just over \$17 million for affordable housing programs, loans, and grants, along with rental assistance, so that all of our residents can afford to call New Orleans home. These major investments will enable us to continue our major progress and meet our goals

## **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 2016 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.

## **RISK MANAGEMENT**

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



Roy Guercio  
Comptroller

**CITY OF NEW ORLEANS, LOUISIANA**

Government Officials – Elected and Appointed

December 31, 2016

**City Council**

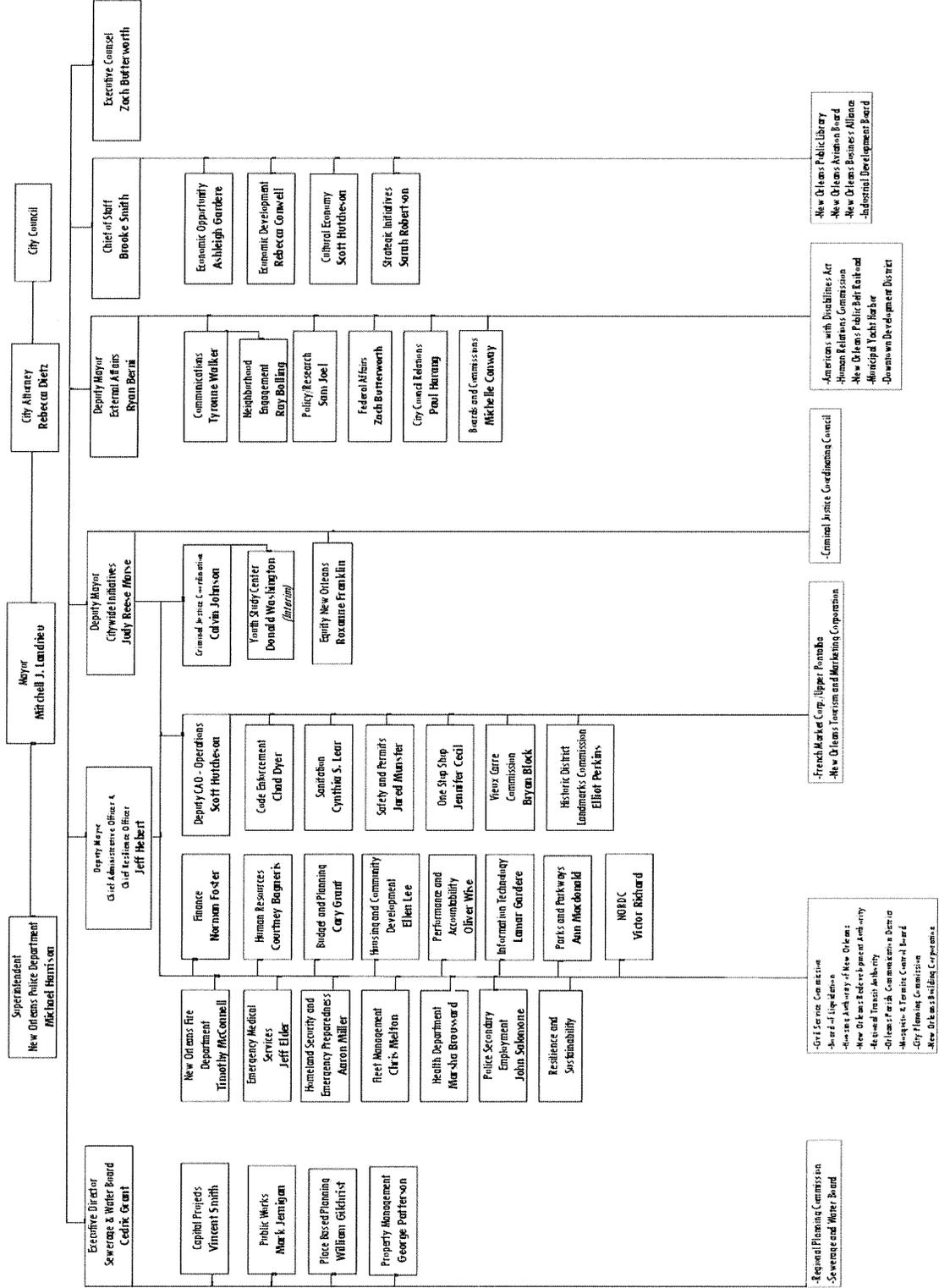
Councilmember-at-Large	Ms. Stacey Head
Councilmember-at-Large	Mr. Jason Rogers Williams
Councilmember – District A	Ms. Susan G. Guidry
Councilmember – District B	Ms. LaToya Cantrell
Councilmember – District C	Ms. Nadine M. Ramsey
Councilmember – District D	Mr. Jared C. Brossett
Councilmember – District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

**Executive Staff**

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

# CITY OF NEW ORLEANS, LOUISIANA

## New Orleans City Government Organizational Chart



## **FINANCIAL SECTION**



## **Independent Auditors' Report**

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

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City), as of and for the year ended December 31, 2016, 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, New Orleans Building Corporation, and the Downtown Development District, which represent 8% and 24% respectively, of the assets and revenues of the aggregate discretely presented component units; the Employees' Retirement System of the City of New Orleans, which represent 67% of the assets and 37% of the additions and revenues of the aggregate remaining fund information; and the Board of Liquidation, City Debt, which is included in a major fund which represent 15% and 25% of assets and revenues of the governmental fund financial statements, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Orleans Parish Hospital Service District A, the Downtown Development District, the 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, 2016, 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 14, and the budgetary comparison information, schedules of funding progress, and schedules required in accordance with GASB Statement Nos. 67 and 68 on pages 93 through 95 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 30, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

New Orleans, Louisiana  
June 30, 2017

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

# CITY OF NEW ORLEANS, LOUISIANA

## Management's Discussion and Analysis

December 31, 2016

### 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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the City's basic financial statements and the notes to the basic financial statements.

### Financial Highlights

- The City's net position deficit on the government-wide basis was approximately \$201.9 million at December 31, 2016.
- The government-wide statement of activities reported an increase in net position of \$95.9 million.
- 2016 general fund tax revenues increased by \$13.7 million, or 3.8% compared to 2015.
- The general fund reported a deficiency of revenues and other financing sources over expenses and other financing uses of \$1.6 million for a total ending fund balance deficit at December 31, 2016 of \$73.9 million. The general fund's unassigned fund balance at December 31, 2016 is a surplus of \$21.1 million.
- Total governmental funds reported an excess of revenues and other financing sources over expenses and other financing uses of \$39.8 million.
- Total cash and investments of governmental funds amounted to \$377.2 million at December 31, 2016, an increase of \$18.6 million compared to December 31, 2015.
- Total bonded debt amounted to \$788 million, an increase of \$37.3 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, LOUISIANA

## Management's Discussion and Analysis

December 31, 2016

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

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

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

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

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

The City maintains 67 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for its 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, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2016**

**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 \$201.9 million at December 31, 2016.

December 31, 2016 and 2015  
(Amounts in thousands)

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015 (as restated)</b>
Current and other assets	\$ 477,116	\$ 454,342
Capital assets	1,603,234	1,611,132
Total assets	<u>2,080,350</u>	<u>2,065,474</u>
Deferred amounts related to net position liability	254,776	-
Deferred loss on bond refunding	6,811	6,435
Total deferred outflows of resources	<u>261,587</u>	<u>6,435</u>
Long-term liabilities	2,315,838	2,414,480
Other liabilities	112,646	118,255
Total liabilities	<u>2,428,484</u>	<u>2,532,735</u>
Deferred amounts related to net pension liability	106,772	34,976
Deferred gain on bond refunding	1,327	1,581
Unavailable revenue	7,274	9,295
Total deferred inflows of resources	<u>115,373</u>	<u>45,852</u>
Net position:		
Net investment in capital assets	914,834	933,606
Restricted	114,897	113,437
Unrestricted (deficit)	<u>(1,231,601)</u>	<u>(1,344,840)</u>
Total net position (deficit)	<u>\$ (201,870)</u>	<u>\$ (297,797)</u>

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2016**

The City's statement of net position reflects its net investment in capital assets in the amount of \$914.8 million at December 31, 2016. 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 \$83.4 million at December 31, 2016 to provide for the servicing of annual interest and principal payments on bonds and are classified in restricted net position. The unrestricted deficit net position in the amount of \$1,231.6 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 \$113.2 million, which is primarily due to the change in net position described below.

**Governmental Activities**

Total revenue decreased by \$15.2 million or 1.7% from \$909.1 million in 2015 to \$893.9 million in 2016. This decrease is primarily attributable to a decrease in capital grants and contributions of \$8 million as a result of a decrease in the amount of federal grants received in 2016. Property tax revenues increased by \$36 million due to continuation of the Adjudicated Property sale program and improved collection of ad valorem taxes and the addition of a French Quarter Sales tax.

Total expenses were \$798.1 million in 2016, a decrease of \$108.6 million, or 12%, compared to \$906.7 million in 2015. General government expense decreased \$77.3 million, or 24.8%, from \$311.6 million in 2015 to \$234.3 million in 2016 primarily due to a reduction in the general liability. Public Safety expense decreased \$30.9 million, or 10.4%, from 295.7 million in 2015 to \$264.8 million in 2016 due to a reduction in the appropriation.

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2016**

A comparison of 2016 to 2015 is as follows (amounts are reported in thousands):

	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 168,658	\$ 160,501
Operating grants and contributions	107,845	125,122
Capital grants and contributions	46,127	54,091
General revenues:		
Property taxes	248,493	212,507
Sales taxes	203,235	204,293
Other taxes	55,927	53,616
Unrestricted investment income	22,705	19,724
Legal settlement	—	35,991
Miscellaneous	40,994	43,218
Total revenues	<u>893,984</u>	<u>909,063</u>
Expenses:		
General government	234,282	311,617
Public safety	264,860	295,707
Public works	146,064	141,746
Health and human services	32,492	31,806
Culture and recreation	30,228	27,500
Urban development and housing	22,090	28,539
Economic development	7,434	7,933
Interest and fiscal changes	60,607	61,926
Total expenses	<u>798,057</u>	<u>906,774</u>
Change in net position	95,927	2,289
Net position beginning of year, as restated	<u>(297,797)</u>	<u>(300,086)</u>
Net position, ending	<u>\$ (201,870)</u>	<u>\$ (297,797)</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, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of the fund balance which has not yet been limited in use for a particular purpose by either an external party, the City itself, or group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At December 31, 2016, the City's governmental funds reported combined fund balances of \$348.3 million, an increase of \$39.9 million in comparison with the prior year. Included in this amount is a fund balance of \$1.2 million which constitutes unassigned fund balance. The remainder of the fund balance is

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2016**

either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$1.1 million), 2) restricted for particular purposes (\$125.4 million), 3) committed for particular purposes (\$172.0 million), or 4) assigned for particular purposes (\$48.6 million).

**General Fund**

The general fund is the chief operating fund of the City. At December 31, 2016, the general fund's fund balance decreased by \$2.2 million from \$75.6 million in 2015 to \$73.4 million in 2016. Key factors relative to this change are as follows:

- Expenditures increased in 2016 to \$654.7 million compared to \$610.5 million in 2015, an increase of \$44.2 million, which represents a 6.8% increase in expenditures. General government expenditures increased due to a supplemental appropriation.
- Debt service expenditures for the general fund decreased by \$1.2 million or 1.2% compared to 2015.
- Total revenues and other financing sources (uses), net, for the general fund increased by \$10 million in 2016 or 1.6% compared to 2015.
- Taxes increased by \$13.7 million or 3.8% as compared to 2015. Increase is due primarily to enhanced collection efforts.
- Fines and fees revenues decreased by \$ 2.5 million or 6.6% as compared to 2015.
- Miscellaneous revenues increased from \$41.9 million in 2015 to \$44.5 million in 2016, an increase of \$2.5 million.
- Other financing sources (uses), net, increased by approximately \$14 million. This increase is due to increased debt to pay judicial settlements.

The accompanying table shows the amount (in thousands) of general fund revenues by source for 2016 and 2015.

<b>Revenues and Other Financing Sources</b>	<b>2016</b>	<b>% of</b>	<b>Increase (Decrease)</b>	<b>2015</b>	<b>% of</b>
	<b>Actual</b>	<b>Total</b>	<b>Over 2015</b>	<b>Actual</b>	<b>Total</b>
Taxes	370,783	56.77%	\$ 13,738	\$ 357,045	55.52%
Licenses and permits	65,821	10.08	5,224	60,597	9.42
Intergovernmental	23,388	3.58	2,062	21,326	3.32
Charges for services	91,336	13.98	5,605	85,731	13.33
Fines and forfeits	37,090	5.68	2,453	34,637	5.39
Interest income	1,285	0.20	1,037	248	0.04
Contributions, gifts, and donations	1,292	0.20	(566)	1,858	0.29
Legal settlement	—	—	(35,991)	35,991	5.60
Miscellaneous and other	44,450	6.81	2,502	41,948	6.52
Other financing sources (uses), net	17,664	2.71	13,976	3,688	0.57
	<u>\$ 653,109</u>	<u>100.0%</u>	<u>\$ 10,040</u>	<u>\$ 643,069</u>	<u>100.0%</u>

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2016**

The accompanying table shows the amount (in thousands) of general fund expenditures by function for 2016 and 2015.

<b>Expenditures</b>	<b>2016</b>	<b>% of</b>	<b>Increase</b>	<b>2015</b>	<b>% of</b>	<b>% of</b>
	<b>Actual</b>	<b>Total</b>	<b>(Decrease)</b>	<b>Actual</b>	<b>Total</b>	<b>Total</b>
			<b>Over 2015</b>			
General government	\$ 240,224	36.69%	\$ 24,653	\$ 215,571	35.31%	58.43%
Public safety	260,515	39.79	14,525	245,990	40.29	15.23
Public works	77,604	11.85	39	77,565	12.71	4.49
Health and human services	18,828	2.88	1,405	17,423	2.85	8.71
Culture and Recreation	25,894	3.96	4,838	21,056	3.45	1.96
Debt service	31,632	4.83	(1,243)	32,875	5.39	3.54
	<u>\$ 654,697</u>	<u>100.0%</u>	<u>\$ 44,217</u>	<u>\$ 610,480</u>	<u>100.0%</u>	<u>100.0%</u>

**HUD Fund**

This special revenue fund is used to account for funding from the Department of Housing and Urban Development (HUD). Some of the major initiatives are Community Development Block Grants (CDBG), HOME Investment Partnership Act Program (HOME), Emergency Shelter Grant (ESG) Program, and Housing Opportunities for Persons with HIV/AIDS (HOPWA). Revenues decreased by \$14.8 million from \$37.3 million in 2015 to \$22.5 million in 2016, and expenditures decreased \$8.2 million from \$28.2 million in 2015 to \$20 million in 2016. The decrease in revenue was due to the actual receipt of the 2016 HUD funding in December, 2016; consequently, most of the 2016 expenditures were not reimbursed until the following year. The decrease in expenditures was due to continued reduction in HUD funding and completion of various projects including the majority of the round one funding of the Hurricane Sandy grant.

**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, 2016 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 \$21.6 million in 2016 compared to \$11.3 million in 2015 while expenditures totaled \$19.3 million in 2016 compared to \$22.5 million in 2015. The decrease in expenditures is due to the City's continued closeout efforts with GOHSEP and FEMA. With significant progress made with the City's closeout process, final expenses have been submitted on over 80% of the City's projects with FEMA.

**Debt Service Funds**

The Debt Service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Total fund balance for the Debt Service Fund was \$83.4 million at December 31, 2016, which was a \$9.9 million decrease compared to the prior year balance of \$73.5 million. The increase is due primarily to 2016 debt service payments.

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2016**

**Capital Project Funds**

The Capital Project fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and repair and maintenance projects other than those accounted for in the component units. Expenditures for capital projects in 2016 totaled \$85.9 million, a decrease of \$21.3 million compared to 2015. Revenues were \$49.9 million in 2016 compared to \$60.4 million in 2015. The decrease in revenues and expenditures were due to less projects under construction in 2016.

**General Fund Budgetary Highlights**

Variances between the general fund amended budget and actual expenditures are delineated in the schedule below. The 2016 amended budgeted revenues and expenditures were increased primarily to reflect the restructuring of the City's Pension Revenue Bonds as noted in the schedule below.

	2016		
	Budget	Actual on budgetary basis	Variance Positive (Negative)
Revenues			
Taxes	\$ 373,493	\$ 370,624	\$ (2,869)
Licenses and permits	60,793	65,420	4,627
Intergovernmental	23,301	23,648	347
Charges for services	85,761	91,400	5,639
Fines and forfeits	37,406	37,090	(316)
Interest income	40	1,286	1,246
Contributions, gifts, and donations	3,779	1,292	(2,487)
Miscellaneous	30,605	44,784	14,179
Total Revenues	615,178	635,544	20,366
Expenditures	642,665	659,281	(16,616)
Other financing sources (uses), net	27,487	37,999	10,512
Change in fund balance	<u>\$ (0)</u>	<u>\$ 14,262</u>	<u>\$ 14,262</u>

**Capital Assets**

Capital assets at December 31, 2016 and 2015 are as follows (net of depreciation):

	<u>2016</u>	<u>2015</u>
Land	\$ 94,474	\$ 94,474
Construction in progress	304,888	276,868
Buildings, improvements, and equipment	368,277	408,663
Other	25,575	7,649
Infrastructure assets	810,020	824,171
	<u>\$ 1,603,234</u>	<u>\$ 1,611,825</u>

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2016**

Hurricane Katrina and the related flooding caused physical damage to the City's capital assets. As a result, certain assets were destroyed and other assets, specifically buildings, require restoration efforts to restore their service utility. Some assets have been demolished and are being replaced. Buildings, improvements, equipment, other, and infrastructure assets have been reduced in value as a result of demolition, damage, or depreciation. Rebuilding efforts of the previous years have declined and, as a result, the replacement and repair costs for these assets have led to a decrease in construction in progress of \$308.1 million at December 31, 2016 and \$276.9 million at December 31, 2015 to. See Note 5 for detailed capital asset activity during 2016.

**Debt Administration**

Outstanding general obligation bonds at December 31, 2016 totaled \$577.6 million, all of which are considered to be net, direct-tax supported debt.

	<b>Outstanding Debt</b>	
	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ 577,562	\$ 536,326
Accreted GO 1991 refunding bonds	38,964	55,645
Limited tax bonds	18,353	21,812
Taxable limited tax bonds	186,200	186,110
Revenue bonds	5,905	195,885
Total bonds	<u>826,984</u>	<u>806,343</u>
Notes payable (vehicle and equipment loans)	6,260	9,288
Capital leases	4,650	7,556
Go Zone Notes	64,854	66,431
Section 108 HUD loans	3,615	6,205
Total outstanding debt	<u>\$ 906,363</u>	<u>\$ 895,823</u>

The following is a summary of debt transactions:

Balance at January 1, 2016	\$ 895,823
New issues	135,125
Forgiven	(60,105)
Payments	<u>(64,480)</u>
Balance at December 31, 2015	<u>\$ 906,363</u>

**CITY OF NEW ORLEANS, LOUISIANA**

**Management’s Discussion and Analysis**

**December 31, 2016**

The Louisiana Legislature, in Act 1 of 1994, increased the City’s general obligation bond debt limit to an amount equal to the greater of (i) \$500,000,000 or (ii) 35% of total assessed valuation of the City. Under Act 1, based on the most recent assessed valuations, the City’s debt limit is \$1.4 billion as of December 31, 2016. At December 31, 2016, the City’s legal debt margin adjusted for outstanding principal of \$577.6 million and past and future accretion of \$42.9 million on the City’s outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$55.5 million to service this debt was \$775.1 million. As of December 31, 2016, Moody’s general obligation bond rating for the City was “A3”, Fitch general obligation bond rating was “A+”, and Standard & Poor’s general obligation bond rating was “AA-”. See Note 6 for detailed long-term debt activity for 2016.

**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 \$4.4 million and final budgeted expenditures and other financial uses exceeded original budgeted expenditures and financial uses by approximately \$4.4 million. The City anticipates an increase in 2017 expenditures to address the Mayor’s Budget Priorities as a result of the community meetings held in every council district during July and August of 2016 and address the issues that are most important to the citizens. The areas were defined as Public Safety & Preparedness, Children and Families, Economic Development & Opportunities, Sustainable & Resilient Communities and Open, Effective & Innovative Government.

The City’s General Fund recurring revenues are forecasted for FY 2017 as \$614.million. General Fund revenues are forecast to grow modestly between 2018 and 2021.

The following table presents an adopted budget comparison for 2017, 2016, and 2015 (amounts in thousands):

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues and other financing sources	\$ 614,915	\$ 619,616	\$ 628,786
Expenditures	\$ 614,915	\$ 619,616	\$ 628,786

According to the Bureau of Labor Statistics, Gross Domestic Product in 2016 grew by a rate of 2.1 percent. The United States labor market saw robust growth at an average rate of about 181,000 jobs per month in 2016. The unemployment held steady at 4.7 percent for the last quarter of 2016. From December 2015 to December 2016, the Consumer Price Index rose 2.1 percent.

**CITY OF NEW ORLEANS, LOUISIANA**

**Management's Discussion and Analysis**

**December 31, 2016**

Partnerships between the City, State and Federal Government and the business community have been critical to the City's economic success. The City's economic development efforts have been effective in attracting new businesses and new jobs. Highlights include the following: Opening of the Veterans Hospital in November 2016. In 2016, a total of 11,139,421 passengers were served at Louis Armstrong Airport and the City is increasing capacity and service with the addition of two new non-stop services, British Airways and Condor, are reconnecting New Orleans with Europe for the first time in 30 years. Opening of the Cobalt medical Development Rehabilitation hospital, a new 66,000 square foot project, located on a formerly vacant lot will offer state-of-the-art technology and equipment to assist in the care of traumatic brain injuries, concussions, strokes, orthopedic injuries, Parkinson's and other muscular based conditions. The company expects the new hospital to employ approximately 178 people, including physicians, nurses, physical therapists and nursing assistants.

The real estate market is performing well with record number of housing units and hotels being developed in the Historic areas of the city. The city has invested more than \$1 billion in rebuilding all the major housing projects; there is a stock of 14,430 rental units available for low-income families. Over \$100 million has been awarded through the Nation's Disaster Resilience Competition grant to rebuild and revitalize the Gentilly neighborhood. The City continues to address blight with 15,000 units eradicated or remediated in the past 6 years.

**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, 2016

(Amounts in thousands)

<b>Assets</b>	<b>Primary government Governmental activities</b>	<b>Component units</b>
Cash and cash equivalents	\$ 103,286	112,555
Investments	273,906	86,050
Receivables (net of allowance for uncollectibles):		
Taxes	27,005	10,449
Accounts	19,028	43,888
Interest	131	1,262
Grantee loans	423	63,578
Other	—	5,773
Due from component units	8,459	—
Due from other governments	44,862	1,332
Other assets	16	37,789
Restricted cash and investments	—	890,025
Capital assets (net of accumulated depreciation)	<u>1,603,234</u>	<u>3,860,944</u>
Total assets	<u>2,080,350</u>	<u>5,113,645</u>
<b>Deferred Outflows of Resources</b>		
Deferred amounts related to net pension liability	254,776	31,698
Deferred loss on bond refunding	<u>6,811</u>	<u>17,176</u>
Total deferred outflows of resources	<u>261,587</u>	<u>48,874</u>
<b>Liabilities</b>		
Accounts payable	77,974	66,382
Retainages payable	2,756	9,593
Accrued expenses	11	47,027
Taxes payable	9,416	—
Accrued interest payable	9,073	25,962
Due to component units	8,550	—
Due to other governments	4,866	14,508
Liabilities payable from restricted assets	—	11,062
Long-term liabilities due within one year	111,519	84,845
Long-term liabilities due in more than one year	<u>2,204,319</u>	<u>1,945,323</u>
Total liabilities	<u>2,428,484</u>	<u>2,204,702</u>
<b>Deferred Inflows of Resources</b>		
Deferred amounts related to net pension liability	106,722	3,447
Deferred gain on bond refunding	1,327	—
Unavailable revenue	<u>7,274</u>	<u>185</u>
Total deferred inflows of resources	<u>115,323</u>	<u>3,632</u>
<b>Net Position</b>		
Net investment in capital assets	914,834	2,800,994
Restricted for debt service	83,360	147,097
Restricted for capital improvement	31,537	272,196
Restricted for operating reserve	—	14,096
Unrestricted (deficit)	<u>(1,231,601)</u>	<u>(280,198)</u>
Total net position (deficit)	<u>\$ (201,870)</u>	<u>2,954,185</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Statement of Activities

Year ended December 31, 2016

(Amounts in thousands)

Functions/Programs	Expenses	Charges for services	Program revenues		Net (expense) revenue and changes in net position	
			Operating grants and contributions	Capital grants and contributions	Primary government activities	Component units
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 234,282	74,010	39,553	5,733	(114,986)	—
Public safety	264,860	29,501	13,684	2,460	(219,215)	—
Public works	146,064	46,353	3,575	33,034	(63,102)	—
Health and human services	32,492	14,692	22,970	504	5,674	—
Culture and recreation	30,228	898	3,704	4,396	(21,230)	—
Urban development and housing	22,090	3,204	21,349	—	2,463	—
Economic development	7,434	—	3,010	—	(4,424)	—
Interest and fiscal charges	60,607	—	—	—	(60,607)	—
Total primary government	\$ 798,057	168,658	107,845	46,127	(475,427)	—
<b>Component units:</b>						
Audubon Commission	\$ 61,674	41,819	—	17,768	—	(2,087)
Louis Armstrong New Orleans International Airport	82,572	79,417	—	32,422	—	29,267
Sewerage and Water Board	227,798	192,671	25	119,607	—	84,505
Other nonmajor component units	118,834	70,747	4,676	5	—	(43,426)
Total component units	\$ 490,898	384,654	4,701	169,802	—	68,259
<b>General revenues:</b>						
Taxes:						
Property taxes					248,493	74,646
Sales taxes					203,235	—
Utility taxes					9,605	—
Culture and recreation taxes					1,563	—
Parking taxes					4,709	—
Franchise fees					36,518	—
Beverage taxes					3,532	—
Unrestricted investment income					22,705	4,930
Passenger facility charges					—	37,412
Miscellaneous					40,994	7,516
Total general revenues					571,354	124,504
Change in net position					95,927	192,763
Net position (deficit) – beginning of year					(294,185)	2,761,678
Prior period adjustments (note 1.4)					(3,612)	(256)
Net position (deficit) – beginning of year, as restated					(297,797)	2,761,422
Net position (deficit) – end of year					\$ (201,870)	2,954,185

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Balance Sheet — Governmental Funds

December 31, 2016

(Amounts in thousands)

	General	HUD	FEMA	Debt Service	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 50,752	—	—	1,398	4,318	46,818	103,286
Investments	770	—	—	83,350	181,512	8,274	273,906
Receivables (net of allowance for uncollectibles):							
Sales taxes	18,431	—	—	—	—	—	18,431
Property taxes	2,427	—	—	1,409	—	201	4,037
Franchise taxes	4,537	—	—	—	—	—	4,537
Accounts	17,670	153	136	—	—	1,069	19,028
Accrued interest	131	—	—	—	—	—	131
Grantee loans	—	—	—	—	—	423	423
Due from other funds	27,206	—	—	—	—	156	27,362
Due from other governments	1,854	7,859	12,244	—	17,493	5,412	44,862
Due from component units	4,355	—	—	—	4,104	—	8,459
Advances to other funds	2	—	—	—	—	—	2
Other assets	4	—	—	—	—	12	16
Total assets	\$ 128,139	8,012	12,380	86,157	207,427	62,365	504,480
<b>Deferred Outflows</b>							
Total assets	\$ 128,139	8,012	12,380	86,157	207,427	62,365	504,480
<b>Liabilities</b>							
Accounts payable	\$ 46,488	2,993	2,066	—	23,606	11,617	86,770
Retainages payable	—	—	—	—	2,756	—	2,756
Accrued expenses	—	—	—	—	—	11	11
Due to other funds	1	7,168	12,820	—	—	7,373	27,362
Due to other governments	1,605	2,575	—	—	—	686	4,866
Due to component units	3	—	8,488	—	59	—	8,550
Advances from other funds	—	—	—	—	—	2	2
Total liabilities	48,097	12,736	23,374	—	26,421	19,689	130,317
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	6,057	1,121	983	2,797	11,071	3,773	25,802
Total deferred inflows of resources	6,057	1,121	983	2,797	11,071	3,773	25,802
<b>Fund Balances</b>							
Fund balances:							
Nonspendable	—	—	—	—	—	1,083	1,083
Restricted	250	535	—	83,360	31,537	9,671	125,353
Committed	4,769	—	—	—	138,398	28,874	172,041
Assigned	47,899	—	—	—	—	725	48,624
Unassigned	21,067	(6,380)	(11,977)	—	—	(1,450)	1,260
Total fund balances	73,985	(5,845)	(11,977)	83,360	169,935	38,903	348,361
Total liabilities, deferred inflows of resources, and fund balances	\$ 128,139	8,012	12,380	86,157	207,427	62,365	504,480

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, 2016

(Amounts in thousands)

Total fund balances – governmental funds	\$ 348,361
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	1,603,234
Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds	18,528
The deferred gain and loss on bond refundings is not an available resource and, therefore, is not reported in the funds	5,484
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	(6,113)
Net pension liability balances in accordance with GASB Statement No. 68:	
Deferred outflows of resources	254,776
Deferred inflows of resources	(106,722)
Net pension liability	(920,671)
Taxes payable	(9,416)
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	(856,766)
Loans payable	(68,894)
Capital leases payable	(4,651)
Annual and sick leave	(44,002)
Claims payable	(320,806)
Other long-term liabilities	<u>(94,212)</u>
Total net position (deficit) – governmental activities	<u>\$ (201,870)</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, 2016

(Amounts in thousands)

	General	HUD	FEMA	Debt Service	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 370,783	—	—	87,903	—	14,150	472,836
Licenses and permits	65,821	—	—	—	—	—	65,821
Intergovernmental	23,388	21,425	21,470	975	50,029	35,126	152,413
Charges for services	91,336	—	—	—	—	155	91,491
Program income	—	1,153	104	—	—	383	1,640
Fines and forfeits	37,090	—	—	—	—	4,354	41,444
Interest income	1,285	—	—	424	—	173	1,882
Contributions, gifts and donations	1,292	—	—	—	—	5,795	7,087
Legal settlement	—	—	—	—	—	—	—
Miscellaneous	44,450	—	—	—	(66)	2,507	46,891
<b>Total revenues</b>	<b>635,445</b>	<b>22,578</b>	<b>21,574</b>	<b>89,302</b>	<b>49,963</b>	<b>62,643</b>	<b>881,505</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	240,224	1,274	18,277	590	—	16,239	276,604
Public safety	260,515	—	1,244	—	28	9,110	270,897
Public works	77,604	1,011	(480)	—	—	5,997	84,132
Health and human services	18,828	—	99	—	—	13,565	32,492
Culture and recreation	25,894	—	10	—	—	3,217	29,121
Urban development and housing	—	17,718	116	—	—	4,256	22,090
Economic development and assistance	—	—	—	—	—	7,434	7,434
Capital outlays	—	—	—	—	85,905	—	85,905
Debt service:							
Principal	21,632	—	—	28,819	—	380	50,831
Interest and fiscal charges	10,000	—	—	48,081	—	50	58,131
Bond issuance costs	—	—	—	966	—	—	966
Payment to refunded bond escrow agent	—	—	—	3,493	—	—	3,493
<b>Total expenditures</b>	<b>654,697</b>	<b>20,003</b>	<b>19,266</b>	<b>81,949</b>	<b>85,933</b>	<b>60,248</b>	<b>922,096</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>(19,252)</b>	<b>2,575</b>	<b>2,308</b>	<b>7,353</b>	<b>(35,970)</b>	<b>2,395</b>	<b>(40,591)</b>
<b>Other financing sources (uses):</b>							
Transfers in	7,914	—	—	—	73,995	500	82,409
Transfers out	(250)	—	—	(69,716)	(3,264)	(9,179)	(82,409)
Proceeds from issuance of bonds	10,000	—	—	125,125	—	—	135,125
Premium on bonds issued	—	—	—	6,007	—	—	6,007
Payment to refunded bond escrow agent	—	—	—	(60,679)	—	—	(60,679)
<b>Total other financing sources (uses)</b>	<b>17,664</b>	<b>—</b>	<b>—</b>	<b>737</b>	<b>70,731</b>	<b>(8,679)</b>	<b>80,453</b>
<b>Net change in fund balances</b>	<b>(1,588)</b>	<b>2,575</b>	<b>2,308</b>	<b>8,090</b>	<b>34,761</b>	<b>(6,284)</b>	<b>39,862</b>
<b>Fund balances – beginning of year</b>	<b>75,573</b>	<b>(8,420)</b>	<b>(14,139)</b>	<b>75,270</b>	<b>138,096</b>	<b>46,424</b>	<b>312,804</b>
<b>Prior period adjustments</b>	<b>—</b>	<b>—</b>	<b>(146)</b>	<b>—</b>	<b>(2,922)</b>	<b>(1,237)</b>	<b>(4,305)</b>
<b>Fund balances – beginning of year, as restated</b>	<b>75,573</b>	<b>(8,420)</b>	<b>(14,285)</b>	<b>75,270</b>	<b>135,174</b>	<b>45,187</b>	<b>308,499</b>
<b>Fund balances – end of year</b>	<b>73,985</b>	<b>(5,845)</b>	<b>(11,977)</b>	<b>83,360</b>	<b>169,935</b>	<b>38,903</b>	<b>348,361</b>

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, 2016

(Amounts in thousands)

Net change in fund balances – total governmental funds	\$ 39,862
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.	(8,591)
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.	(6,943)
The increase 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.	(1,318)
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	(927)
Amortization of deferred loss on bond refunding	(557)
Bond and note principal payments	50,831
Issuance of bonds and note payable	(135,125)
Payments to refunding bond escrow agent	64,172
Premium on bonds issued	(6,007)
Amortization of bond discount and premium	20,798
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.	3,010
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.	81,991
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.	106
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.	(14,116)
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68	<u>8,741</u>
Change in net position of governmental activities	<u>\$ 95,927</u>

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

## Statement of Fiduciary Net Position

December 31, 2016

(Amounts in thousands)

Assets	Pension Trust Funds	Agency Funds
Cash	\$ 2,918	40,217
Investments		
Cash equivalents	44,915	—
Fixed income securities	67,999	—
Equities	175,988	—
Mutual Funds	909	—
Investment in corporations, partnerships, and limited liability corporations	26,500	—
Investment in hedge funds and private equity funds	49,164	—
Investment in real estate	24,750	—
Other	12,126	18,059
Receivables:		
Accounts	—	533
Accrued interest	186	—
Contribution	1,848	—
Notes receivable	1,778	—
Other	290	—
Other assets	—	—
Total assets	<u>409,371</u>	<u>58,809</u>
<b>Liabilities and Net Position</b>		
Liabilities:		
Accounts payable	182	—
Line of credit	—	—
Other payables and accruals	2,443	58,809
Total liabilities	<u>2,625</u>	<u>58,809</u>
Net position held in trust for pension benefits	<u>\$ 406,746</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, 2016  
(Amounts in thousands)

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 58,698
Members	21,635
Fire insurance rebate	1,546
Other	<u>1,526</u>
Total contributions	<u>83,405</u>
Other income:	
Other - City of New Orleans	<u>—</u>
Total other income	<u>—</u>
Investment income:	
Net appreciation in fair value of investments	22,043
Interest and dividends	6,350
Other investment income	<u>465</u>
Total investment income	28,858
Investment expense	<u>(2,117)</u>
Net investment income	<u>26,741</u>
Total additions	<u>110,146</u>
Deductions:	
Pension benefits	64,119
Refunds of member contributions	1,700
Death benefits	279
Administrative expenses	1,591
DROP withdrawal	13,943
PLOP withdrawal	11,706
Transfers to other plans	<u>16,089</u>
Total deductions	<u>109,427</u>
Change in net position	719
Net position held in trust for pension benefits – beginning of year	<u>406,027</u>
Net position held in trust for pension benefits – end of year	<u>\$ 406,746</u>

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Net Position

Component Units

December 31, 2016

(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	\$ 1,485	11,012	43,596	56,462	112,555
Investments	—	86,050	—	—	86,050
Receivables (net of allowances for uncollectibles):					
Property taxes	—	—	9,863	586	10,449
Accounts	308	6,855	26,395	10,330	43,888
Accrued interest	—	1,192	—	70	1,262
Grants	—	—	63,578	—	63,578
Other	—	—	1,704	4,069	5,773
Due from other governments	—	394	—	938	1,332
Inventory of supplies	1,418	—	4,756	—	6,174
Prepaid expenses and deposits	561	464	618	3,356	4,999
Other assets	—	—	—	772	772
Total current assets	<u>3,772</u>	<u>105,967</u>	<u>150,510</u>	<u>76,583</u>	<u>336,832</u>
Restricted cash and investments:					
Customer deposits	—	14,071	11,825	2,231	28,127
Current debt service account	—	—	—	—	—
Future debt service account	—	531,111	47,218	258	578,587
Operation and maintenance account	—	—	—	—	—
Capital improvements	1,634	—	236,014	—	237,648
Health insurance reserve	—	—	2,108	—	2,108
Receivables	2,663	16,310	—	—	18,973
Other	—	15,994	3,892	4,696	24,582
Total restricted assets	<u>4,297</u>	<u>577,486</u>	<u>301,057</u>	<u>7,185</u>	<u>890,025</u>
Capital assets (net of accumulated depreciation)	<u>149,150</u>	<u>760,521</u>	<u>2,744,691</u>	<u>206,582</u>	<u>3,860,944</u>
Other assets	<u>8,105</u>	<u>3,782</u>	<u>—</u>	<u>13,957</u>	<u>25,844</u>
Total assets	<u>165,324</u>	<u>1,447,756</u>	<u>3,196,258</u>	<u>304,307</u>	<u>5,113,645</u>
<b>Deferred Outflows of Resources</b>					
Deferred amounts related to net pension liability	—	5,952	16,905	8,841	31,698
Unamortized loss on advance refunding	177	13,397	3,602	—	17,176
Total deferred outflows of resources	<u>177</u>	<u>19,349</u>	<u>20,507</u>	<u>8,841</u>	<u>48,874</u>
Total assets and deferred outflows of resources	<u>\$ 165,501</u>	<u>1,467,105</u>	<u>3,216,765</u>	<u>313,148</u>	<u>5,162,519</u>

See accompanying notes to basic financial statements.

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Net Position

Component Units

December 31, 2016

(Amounts in thousands)

	Audubon Commission	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
<b>Liabilities</b>					
Current liabilities (payable from current assets):					
Accounts payable	\$ 5,691	14,689	40,020	5,982	66,382
Retainages payable	—	—	9,593	—	9,593
Other payables and accruals	—	1,781	26,423	18,823	47,027
Due to other governments	—	4,876	6,915	2,717	14,508
Capital lease payable	153	28,311	—	—	28,464
Loans payable	—	—	15,726	—	15,726
Total current liabilities (payable from current assets)	<u>5,844</u>	<u>49,657</u>	<u>98,677</u>	<u>27,522</u>	<u>181,700</u>
Current liabilities (payable from restricted assets):					
Retainages payable	—	—	845	—	845
Capital projects payable	3,411	6,645	—	—	10,056
Accounts payable	—	—	—	—	—
Accrued interest	629	23,060	2,236	37	25,962
Limited tax bonds	3,025	—	—	—	3,025
Loans payable, current portion	1,404	1,080	—	—	2,484
Bonds payable, current portion	—	15,590	17,627	1,929	35,146
Deposits and other	—	—	—	161	161
Total current liabilities (payable from restricted assets)	<u>8,469</u>	<u>46,375</u>	<u>20,708</u>	<u>2,127</u>	<u>77,679</u>
Total current liabilities	<u>14,313</u>	<u>96,032</u>	<u>119,385</u>	<u>29,649</u>	<u>259,379</u>
Long-term liabilities:					
Claims payable	—	—	1,551	—	1,551
Capital lease payable	104	—	—	—	104
Customer deposits	—	—	11,774	—	11,774
Other postretirement benefits liability	—	—	73,580	—	73,580
Limited tax bonds (net of current portion)	14,682	—	—	—	14,682
Revenue bonds (net of current portion and unamortized discounts)	—	—	482,308	5,429	487,737
Refunding bonds (net of current portion and unamortized loss on advance refunding)	—	901,392	—	—	901,392
Loans payable	13,848	12,282	52,603	—	78,733
Net pension liability	—	17,778	80,750	13,546	112,074
Other	4,038	—	163,996	95,662	263,696
Total long-term liabilities	<u>32,672</u>	<u>931,452</u>	<u>866,562</u>	<u>114,637</u>	<u>1,945,323</u>
Total liabilities	<u>46,985</u>	<u>1,027,484</u>	<u>985,947</u>	<u>144,286</u>	<u>2,204,702</u>
<b>Deferred Inflows of Resources</b>					
Deferred revenue					
Deferred amounts related to net pension liability	—	621	2,396	430	3,447
Unavailable revenue	—	—	—	185	185
Total deferred inflows of resources	<u>—</u>	<u>621</u>	<u>2,396</u>	<u>615</u>	<u>3,632</u>
<b>Net position</b>					
Net investment in capital assets	116,368	167,619	2,415,193	101,814	2,800,994
Restricted for bond debt service	—	98,050	47,218	1,829	147,097
Restricted for capital improvements	—	101,760	170,436	—	272,196
Restricted for operating reserve	—	11,865	—	2,231	14,096
Unrestricted (deficit)	2,148	59,706	(404,425)	62,373	(280,198)
Total net position	<u>\$ 118,516</u>	<u>439,000</u>	<u>2,228,422</u>	<u>168,247</u>	<u>2,954,185</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Activities

Component Units

December 31, 2016

(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	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Component units:								
Audubon Commission	\$ 61,674	—	17,768	(2,087)	—	—	—	(2,087)
Louis Armstrong New Orleans International Airport	82,572	—	32,422	—	29,267	—	—	29,267
Sewerage and Water Board	227,798	25	119,607	—	—	84,505	—	84,505
Other nonmajor component units	118,854	4,676	5	—	—	—	(43,426)	(43,426)
Total component units	\$ 490,898	4,701	169,802	(2,087)	29,267	84,505	(43,426)	68,259
General revenues:								
Interest revenue				—	149	4,667	114	4,930
Property taxes				10,919	—	56,594	7,133	74,646
Passenger and customer facility charges				—	37,412	—	—	37,412
Other				3,896	(22,455)	(32)	26,107	7,516
Total general revenues				14,815	15,106	61,229	33,354	124,504
Changes in net position				12,728	44,373	145,734	(10,072)	192,763
Net position – beginning of year				105,788	394,627	2,082,688	178,575	2,761,678
Prior period adjustments				—	—	—	(256)	(256)
Net position – beginning, as restated				105,788	394,627	2,082,688	178,319	2,761,422
Net position – ending				\$ 118,516	439,000	2,228,422	168,247	2,954,185

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

# CITY OF NEW ORLEANS, LOUISIANA

## Notes to Basic Financial Statements

December 31, 2016

### (1) Summary of Significant Accounting Policies

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

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

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

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

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

#### *Component Units*

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

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

Audubon Commission  
6500 Magazine Street  
New Orleans, Louisiana, 70118

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

Canal Street Development Corporation  
1111 Canal Street, Suite 400  
New Orleans, Louisiana 70112

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

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

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, LOUISIANA

Notes to Basic Financial Statements

December 31, 2016

**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:

<b>Discretely Presented Component Units</b>	<b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>
<b><i>Louis Armstrong New Orleans International Airport (the Airport)</i></b>	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.
<b><i>Downtown Development District</i></b>	Local government corporation created by Act 498 of 1974 and amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature, effective January 1, 1975. The District is a special taxing district designated "the Core Area Development District of the City of New Orleans," later renamed the Downtown Development District of the City of New Orleans, comprising all the territory within prescribed boundaries. The Board of Directors is composed of 11 members for governance of the District. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2016

<b>Discretely Presented Component Units</b>	<b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>
<i>Sewerage and Water Board</i>	<p>A local government corporation created by the City through Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain, and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In accordance with Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The board is composed of 11 members, including the Mayor of the City as the President of the Board, two members of the Board of Liquidation, City Debt and eight citizens, as designated by the State statutes. The terms of office are staggered from one year to four years, as designated by State statutes. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.</p>
<i>Audubon Commission (the Commission)</i>	<p>The Commission was created by the Louisiana Legislature to manage and operate its facilities consisting of nine museums and parks dedicated to celebrating the wonders of nature, with goals of fostering education, research, wildlife conservation, family entertainment, and positive economic impact. The Commission has a 24-member board appointed by the Mayor. Each member serves a six-year term, with four members' terms expiring each year. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.</p>
<i>New Orleans Municipal Yacht Harbor Management Corporation</i>	<p>Local corporation formed by the City to operate the Municipal Yacht Harbor in the manner comparable to that of a private business enterprise; to provide a safe and secure environment for recreational boating; to ensure that the cost associated with providing services to the general public are financed or recovered through user fee and charge; and to place an emphasis on generating a sufficient amount of net operating revenues to be used for maintenance and capital improvement projects. The Municipal Yacht Harbor is administered by a Board of Directors consisting of 11 members, 9 of which are appointed by the Mayor, subject to City Council approval, and are voting members. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.</p>

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2016

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, LOUISIANA

Notes to Basic Financial Statements

December 31, 2016

**Discretely Presented Component Units**

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

*Canal Street Development Corporation*

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. On January 12, 2107, The City Council of New Orleans adopted an ordinance authorizing the merger of Canal Street Development Corporation into New Orleans Building Corporation (NOBC) with NOBC being the surviving entity and CSDC ceasing to exist. The joint merger agreement between CSDC and NOBC is effective as of February 27, 2017.

*New Orleans Building Corporation*

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2016

**Discretely Presented Component Units**

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

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*Orleans Parish Communication District*

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2016

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

*Related and Jointly Governed Organizations*

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

*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, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

***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, 2016 to December 31, 2016. 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, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2016

#### Governmental Funds

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

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

#### Fiduciary Fund Types

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

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

#### 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.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2016

#### *Fund Financial Statements*

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

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

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

#### *Pension Trust and Agency Funds*

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

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

***Cash and Cash Equivalents***

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

***Investments***

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

***Accounts Receivable***

Property tax receivables of \$23,100,000 and grantee loan receivables of \$16,393,000 are shown net of an allowance of uncollectible amounts of \$19,063,000 and \$15,970,000, respectively. An allowance for estimated uncollectible accounts receivable is established at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

***Capital Assets***

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

The City reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment in the carrying value of capital assets. If facts or circumstances support the possibility of impairment, management follows guidance in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment will be made to the carrying value of the capital assets. No impairment was recorded in 2016.

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.

**CITY OF NEW ORLEANS, LOUISIANA**

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*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred loss on bond refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note 7 for more information regarding deferred outflows of resources related to the net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred gain on bond refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City received prepayments of property taxes levied for the subsequent year. These amounts are deferred and will be recognized as revenue in the subsequent year. In addition, the City has a type of deferred inflows which arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. See Note 7 for more information regarding deferred inflows of resources related to the net pension liability.

*Annual and Sick Leave*

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

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.

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***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, 2016, and are payable from current financial resources, they are accrued at December 31, 2016. Other liabilities not expected to mature as of December 31, 2016 are reported as liabilities in the government-wide financial statements. Estimates of claims and judgment liabilities (both incurred and reported and incurred but not reported) are made through a case-by-case review of all claims and the application of historical experience to the outstanding claims.

***Net Position***

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

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

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

***Net Position Flow Assumption***

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

***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:

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

***Fund Balance Flow Assumption***

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

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***Current Year Adoption of New Accounting Standard***

During the year ended December 31, 2016, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72 (GASB 72), Fair Value Measurement and Application. GASB 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of GASB 72 are effective for financial statements for periods beginning after June 15, 2015. The adoption of this standard had no impact on the total net position of the City.

**(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, 2016, the carrying amount of the City's deposits was \$146,421,000, including \$103,286,000 reported in the governmental funds and \$43,135,000 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, 2016, the City's bank balances totaled \$150,290,000. The City has not experienced any losses resulting from bank failure and does not believe it is exposed to any significant credit risk relating to its cash balances. These bank deposits were completely secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City's name at December 31, 2016.

**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).

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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 considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local Louisiana government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

The following facts are relevant for LAMP:

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

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LAMP values its investments at fair value based on quoted market values. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares which approximates net asset value (NAV).

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

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

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

**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, 2016, the governmental and fiduciary funds, investment balances and maturities for those investments were as follows (amounts in thousands):

	<b>Investment maturity in years</b>		
	<b>Total</b>	<b>Less than one year</b>	<b>1-5</b>
LAMP	\$ 27,103	\$ 27,103	\$ -
Money market	110,244	110,244	-
U.S. Agency Securities	104,178	75,470	28,708
U.S. Treasury Bills	50,440	50,440	-
Total investments	\$ 291,965	\$ 263,257	\$ 28,708

At December 31, 2016, the Firefighters’ Pension Trust Fund’s investment balances do not consist of investments subject to interest rate risk.

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At December 31, 2016, 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	\$ 931	\$ -	\$ 464	\$ 286	\$ 181
Corporate Bonds	8	-	-	-	-
Commercial Mortgage Backed Securities	488	128	-	101	259
Government Bonds	3,971	227	2,085	1,413	246
Treasury Bills	364	364	-	-	-
	<u>\$ 5,762</u>	<u>\$ 719</u>	<u>\$ 2,549</u>	<u>\$ 1,800</u>	<u>\$ 686</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, 2016 (amounts in thousands):

Asset Category	Rating	Market Value
Commercial Mortgage Backed Securities	AAA	\$ 192
Commercial Mortgage Backed Securities	AA+	239
Government Bonds	AA+	3,972
Mortgage Backed Securities	AA+	931
Treasury Bills	A-1+	364
Commercial Backed Securities	Not rated	57
Corporate Bonds	Not rated	8
Short Term Investment Fund	Not rated	17,757
		<u>\$ 23,520</u>

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, 2016, \$10,994,000 of the New System's cash equivalents were rated Aaa by Moody's. At December 31, 2016, \$7,808,000 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, 2016 were not subject to custodial credit risk.

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## Notes to Basic Financial Statements

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

**Concentration of Credit Risk** – The City’s investment policy does not allow for more than 25% of the total investment portfolio to be invested in a single security type with the exception of U.S. Treasury securities, bank certificates of deposit, and authorized pools. As of December 31, 2016, 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, 2016, the Municipal Employees’ pension trust fund investments were in compliance with this policy.

The Firefighter’s Pension and Relief Fund’s investment policy states that no more than 25% of the equity portfolio market value may be invested in any single industry at the time of purchase. In addition, no more than 5% of total fund assets at market may be invested in any one issuer’s securities (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, 2016.

### (3) **Fair Value Measurements**

To the extent available, the City’s investments are recorded at fair value as of December 31, 2016. GASB Statement No. 72 – *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity’s assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

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

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

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

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A summary of the City's investments along with the Fair value hierarchy levels of each type of investment is as follows as of December 31, 2016:

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
<b>Fixed income securities:</b>				
Core fixed income	\$ 65,708	\$ 11,499	\$ 54,209	\$ -
Corporate bonds - domestic	253	-	253	-
Foreign fixed income	19,190	19,190	-	-
U.S. agency securities	104,178		104,178	
U.S. treasury bonds	50,440		50,440	
<b>Total fixed income securities</b>	<b>239,769</b>	<b>30,689</b>	<b>209,080</b>	<b>-</b>
<b>Equity Securities:</b>				
Domestic equities	139,303	128,272	11,031	-
International equities	47,725	11,352	18,843	17,530
<b>Total domestic equities</b>	<b>187,028</b>	<b>139,624</b>	<b>29,874</b>	<b>17,530</b>
<b>Total equity securities</b>	<b>187,028</b>	<b>139,624</b>	<b>29,874</b>	<b>17,530</b>
<b>Alternative Investments:</b>				
Limited liability corporations - real estate	1,000	-	-	1,000
Investments in partnerships	11,221	-	-	11,221
Investments in real estate	24,750	-	21,549	3,201
<b>Total alternative investments</b>	<b>36,971</b>	<b>-</b>	<b>21,549</b>	<b>15,422</b>
<b>Total Investments at Fair Value Level</b>	<b>\$ 463,768</b>	<b>\$ 170,313</b>	<b>\$ 260,503</b>	<b>\$ 32,952</b>
<b>Investments measured at the net asset value (NAV):</b>				
Money market funds	\$ 144,127			
LAMP	27,103			
<b>Alternative investments:</b>				
Private equity funds	35,057			
Hedge funds	11,535			
<b>Limited liability corporations</b>				
Entertainment	472			
Real estate	30			
Other	891			
<b>Total Limited liability corporations</b>	<b>1,393</b>			
<b>Partnerships</b>	<b>11,333</b>			
<b>Total alternative investments</b>	<b>59,318</b>			
<b>Total Investments at NAV</b>	<b>\$ 230,548</b>			
<b>Total Investments at Fair Value</b>	<b>\$ 694,316</b>			

**CITY OF NEW ORLEANS, LOUISIANA**

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The unfunded commitments and redemption terms for investments measured at net asset value (NAV) per share (or its equivalent) as of December 31, 2016 are presented in the following table:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at NAV				
Money market funds	\$ 144,127	\$ -	Daily	Same day
LAMP	27,103	-	N/A	N/A
Alternative investments:				
Private equity funds	35,057	-	N/A	N/A
Hedge funds	11,535	9,957	Quarterly	30-90 days
Limited liability corporations				
Entertainment	472	-	Monthly	10 days
Real estate	30	-	Quarterly	90 days
Other	891	171,268	N/A	N/A
Total limited liability corporations	1,393	171,268		
Partnerships	11,333	90,000	N/A	N/A
Total alternative investment	59,318	271,225		
Total investment measured at NAV	\$ 230,548	\$ 271,225		

**Money market funds**

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

**Private equity funds**

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

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

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

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

**Hedge funds**

Firefighters' Pension Trust Fund (NOPP Fund)

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

Municipal Employees' Pension Trust Fund

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

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

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**Investments in limited liability corporations**

Firefighters' Pension Trust Fund

Investments in limited liability corporations consist of six funds:

- a) The NOPP Fund has invested in the Wilton Private Equity Fund, LLC (the corporation). The corporation is a Delaware limited liability corporation that invests in closed-end private investment funds that target investments in leveraged buyouts, mezzanine financings, distressed debt, natural resources and venture capital.
- b) The NOPP Fund has invested in the Intercontinental Real Estate Investment Fund III, LLC (the corporation). The corporation is a closed-end, commingled real estate investment fund which targets properties which are generating a current return and also have the potential for capital appreciation through some degree of asset repositioning, re-tenanting or through physical or financial repositioning.
- c) The NOPP Fund has invested in Endgame Entertainment Fund, LLC (the corporation), a Delaware limited liability corporation that was created to enable its investors to participate in entertainment investment opportunities across a variety of sectors at various stages of funding.
- d) The NOPP Fund has invested in the Intercontinental Real Estate Investment Fund IV, LLC (the corporation). The corporation is a closed-end, commingled real estate investment fund organized to acquire, own, develop, manage, operate, mortgage, and sell real estate and interests in real estate.
- e) The NOPP Fund has an investment in Parks of Plaquemines, LLC (the corporation), a Louisiana limited liability corporation that was formed to develop a residential subdivision.
- f) The NOPP Fund has an investment in Saratoga Lofts, LLC (the corporation) which was formed for the purpose of rehabilitating and operating an apartment building located in New Orleans, Louisiana. The Fund has a 10% equity interest in the corporation.

The fair value of the investments in these funds has been determined using NAV per share (or equivalent) of the investments. Investments in four of the limited liability corporations are not eligible for redemptions; however, distributions from each fund will be received as the underlying investments of the limited liability corporations are liquidated. It is expected that the underlying assets of the funds will be liquidated between one to two years from the year ended December 31, 2016. Investment in one of the limited liability corporations invests in an entertainment corporation. Unit valuation for this investment is monthly and redemption of units requires advance notice of 10 days. Investment in one of the limited liability corporations invests in real estate. Unit valuation for this investment is quarterly and redemption of units requires advance notice of 90 days.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2016

#### **Investments in partnerships**

##### Firefighters' Pension Trust Fund

Investments in partnerships consist of eight funds:

- a) The NOPP Fund has invested in the Americus Real Estate Fund I, Ltd. The partnership earns revenues predominately from leasing commercial real estate in Austin, Texas.
- b) The NOPP Fund has invested in Trans-Europe Buyout Partners IV, L.P. (the Partnership). The Partnership was formed to qualify as a Professional Investor Fund and thereafter to invest in buyout funds.
- c) The NOPP Fund has invested in the OCM Mezzanine Fund, L.P. (the Partnership). The partnership was formed for the purpose of allowing qualified investors to pool their assets to invest in mezzanine investments.
- d) The NOPP Fund has invested in Greenspring Associates Global Partners II, L.P. (the partnership), which is 90% owned by the Fund.
- e) The NOPP Fund has invested in Louisiana Fund I, L.P. (the partnership). The partnership was formed to invest in early stage companies that are located primarily in Louisiana.
- f) The NOPP Fund has invested in Murphree Venture Partners VI (the partnership). The partnership was formed to invest in the debt and equity securities in various private and public companies.
- g) The NOPP Fund has invested in Trans-Europe Buyout Partners VII, L.P. (the partnership). The partnership was formed to qualify as a Professional Investor Fund and thereafter to invest in buyout funds.
- h) The NOPP Fund has invested in Greenspring Associates Crossover Ventures I, L.P. (the partnership). The partnership was formed to capture returns associated with investing in small companies, venture backed private companies and mature investment funds.

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

#### (4) **Tax Revenues**

At December 31, 2016, 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.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

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.

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, 2016 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, 2016, collected during 2016, or expected to be collected within the first 60 days of 2017, 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.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

**(5) Grantee Loans**

The City's grantee loan balances at December 31, 2016 are as follows (amounts in thousands):

	Gross	Allowance	Net
UDAG	\$ 7,579	\$ (7,156)	\$ 423
HUD	8,814	(8,814)	-
Total grantee loans	\$ 16,393	\$ (15,970)	\$ 423

**(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, 2016 totaling \$7,579,000, 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 \$7,156,000 in allowance for bad debt on these loans.

The City received a Section 108 loan from HUD to allow/provide loans to the private sector for economic development. At December 31, 2016, there were two outstanding loans which bear interest at rates of 2% to 7.87% and are receivable over 15 to 30 years.

**(b) *HUD Section 108***

The City received a HUD Section 108 loan to allow or provide loans to the private sector for economic development.

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, 2016 is \$8,814,000. No payments were received during the year ended December 31, 2016. The City has recorded \$8,814,000 in allowance for the remaining balance on this loan.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

**(6) Capital Assets**

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

	<b>Restated Balance January 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance December 31, 2016</b>
Nondepreciable capital assets:					
Land	\$ 94,474	\$ -	\$ -	\$ -	\$ 94,474
Construction in progress	276,868	85,905	-	(57,885)	304,888
Total nondepreciable capital assets	371,342	85,905	-	(57,885)	399,362
Depreciable capital assets:					
Infrastructure	2,708,229	47,780	-	-	2,756,009
Buildings and improvements	531,136	7,432	-	-	538,568
Equipment and vehicles	114,918	2,673	(2,971)	-	114,620
Other	40,492	-	-	-	40,492
Total depreciable capital assets	3,394,775	57,885	(2,971)	-	3,449,689
Less accumulated depreciation for:					
Infrastructure	1,884,058	61,932	-	-	1,945,990
Buildings and improvements	144,325	25,967	-	-	170,292
Equipment and vehicles	93,066	5,407	(2,887)	-	95,586
Other	32,843	1,106	-	-	33,949
Total accumulated depreciation	2,154,292	94,412	(2,887)	-	2,245,817
Total depreciable capital assets, net	1,240,483	(36,527)	(84)	-	1,203,872
Total	\$ 1,611,825	\$ 49,378	\$ (84)	\$ (57,885)	\$ 1,603,234

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

General government	\$ 28,670
Public safety	2,704
Public works	61,932
Culture and recreation	1,106
Total depreciation expense	<u>\$ 94,412</u>

**(7) Long-Term Debt**

***Debt Service Fund***

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

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

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 \$30,051,000 and unamortized discount of \$219,000, at December 31, 2016 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:				
2007-2016 Public Improvement Bonds, due in annual installments ranging from \$2,675 to \$10,475 through December 2046	\$ 330,000	2.7 – 8.4%	\$ 246,670	\$ 6,995
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%	7,957	4,118
1998 General Obligation Refunding Bonds, due in annual installments ranging from \$210 to \$13,080 through December 2021	106,520	3.7 - 5.5%	44,295	3,460
2012 General Obligation Refunding Bonds, due in annual installments ranging from \$750 to \$20,700 through December 2033	167,840	2.0 – 5.0%	154,395	4,580
2015 General Obligation Refunding Bonds, due in annual installments ranging from \$750 to \$7,855 through December 2034	75,440	3.0 – 5.0%	69,120	6,630
2016 General Obligation Refunding Bonds, due in annual installments ranging from \$915 to \$3,735 through December 2036	55,125	2.0-3.5%	55,125	915

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

<u>Description</u>	<u>Original issue</u>	<u>Range of average interest rates</u>	<u>Amount outstanding</u>	<u>Due in one year</u>
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%	\$ 176,200	\$ 10,090
2016 Taxable Limited Tax Bonds, due in annual installments of \$820 to \$1,135 commencing September 2017 through September 2026	10,000	2.57%	10,000	820
2015A Limited Tax Refunding Bonds, due in annual installments of \$205 to 2,680 through September 2021	15,528	1.80%	12,886	2,477
2015B Taxable Limited Tax Bonds, due in annual installments of \$1,022 to \$1,136 through September 2021	6,489	2.30%	5,467	1,051
Revenue Bonds:				
2004 Variable Rate Revenue Bonds, due in annual installments from \$355 to \$865 through august 2024	11,500	Variable	<u>5,905</u>	<u>625</u>
Total Bonds			788,020	41,761
Accreted bond discount at December 31, 2016			38,964	-
Premium and discount on bond issuance, net			<u>29,782</u>	<u>3,934</u>
			<u>\$ 856,766</u>	<u>\$ 45,695</u>

In November 2004, the City received approval from taxpayers to issue \$260,000,000 in General Obligation Bonds. The City issued \$75,000,000 in December 2007, \$40,000,000 in January 2010, \$40,000,000 in March 2013, \$40,000,000 in January 2014, and \$65,000,000 in April 2015 of these authorized General Obligation Bonds. There are no remaining unissued authorized General Obligation Bonds at December 31, 2016.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

The payment requirements for all bonds outstanding, including accretion on the 1991 General Obligation Refunding Bonds of \$38,964,000 (included in interest payments) as of December 31, 2016, are as follows (amounts in thousands):

	<b>Principal</b>	<b>Interest</b>
Year ending December 31:		
2017	\$41,761	\$56,646
2018	42,407	55,756
2019	62,289	32,788
2020	63,562	30,131
2021	66,316	27,342
2022-2026	180,050	106,804
2027-2031	158,085	65,125
2032-2036	78,500	35,351
2037-2041	58,085	17,653
2042-2044	36,965	4,148
	\$788,020	\$431,744

The City's legal debt limit for General Obligation Bonds is \$1,445,296,000. At December 31, 2016, the City's legal debt margin adjusted for outstanding principal of \$577,562,000 and past and future accretion of \$42,933,000 on the City's outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$55,529,000 to service this debt was \$880,330,000.

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, 2016, management believes it is in compliance with all financial related covenants.

***General Obligation Refunding Bonds, Series 2016***

In 2016, the City issued \$55,125,000 of General Obligation Refunding Bonds, Series 2016 for the purpose of advance refunding \$60,105,000 of outstanding Public Improvement Bonds, Series 2007A. Interest on the bonds is due semiannually at rates ranging from 2.5% to 5.0% commencing December 2016. Principal payments are due annually, commencing December 1, 2017 and maturing on December 1, 2036. The proceeds of \$60,679,000, including the bond premium of \$6,007,000 (after payment of \$453,000 of issuance costs) plus an additional \$3,493,000 of debt service fund monies were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for these bonds has been removed from the government-wide statement of net position.

The City advance refunded the bonds to reduce its total debt service payments over the next 20 years by \$6,925,000 and to obtain an economic gain (difference between the present values of debt service payments on the old and new debt) of \$11,848,000.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

***Public Improvement Bonds, Series 2016***

In 2016, the City issued \$70,000,000 of Taxable Public Improvement Bonds, Issue of 2016A for the purpose of improving streets, parks and playgrounds, public libraries and other public buildings. Interest on the bonds is due semiannually at rates ranging from 1.24% to 4.55% commencing December 2017. Principal payments are due annually, commencing December 1, 2017 and maturing on December 1, 2046.

***Taxable Bonds, Series 2016***

In 2016, the City issued \$10,000,000 of Taxable bonds, Series 2016 for the purpose of funding capital improvements. Interest on the bonds is due semiannually at rate of 2.57% commencing September 2017. Principal payments are due annually, commencing September 1, 2017 and maturing on September 1, 2026.

***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. Maturity payments due in 2016, including principal of \$5,836,000 and interest of \$2,960,000, are included in accounts payable in the general fund. The loan balance at December 31, 2016 is \$64,854,000.

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

	<b>Principal</b>	<b>Interest</b>
Year ending December 31:		
2017	\$ 10,607	\$ 5,700
2018	4,993	2,517
2019	5,225	2,285
2020	5,467	2,043
2021	5,721	2,043
2022-2026	32,841	4,710
	\$ 64,854	\$ 19,298

***Notes Payable***

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):

	<b>Principal</b>	<b>Interest</b>
Year ending December 31:		
2017	\$ 3,095	\$ 140
2018	3,165	71
	\$ 6,260	\$ 211

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

***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, 2016, \$3,615,000 is recorded as a liability in the government-wide financial statements.

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

Year ending December 31:	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,745	\$ 108
2018	430	28
2019	440	15
	<u>\$ 3,615</u>	<u>\$ 151</u>

***Capital Leases***

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

Year ending December 31:	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,060	\$ 204
2018	1,591	42
	<u>\$ 4,651</u>	<u>\$ 246</u>

***Compensated Absences***

The City has recorded \$44,002,000 in accrued annual and sick leave in accordance with its pay-out policies. During the year active employees earned and used \$19,648,000 and \$22,658,000, respectively in sick and vacation leave benefits. The entire annual and sick liability is recorded in the government wide statements, and no liability is recorded in the governmental funds.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

***Changes in Long-Term Liabilities***

Long-term liability activity for the year ended December 31, 2016 was as follows (amounts in thousands):

	<u>January 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2016</u>	<u>Due in one year</u>
Claims and judgments (note 12)	\$ 402,797	\$ 91,418	\$ (173,409)	\$ 320,806	\$ 41,162
Landfill closing costs (note 12)	4,507	-	(107)	4,400	106
Accrued annual and sick leave	47,012	19,648	(22,658)	44,002	5,000
Revenue bonds	6,450	-	(545)	5,905	625
General obligation bonds (a)	591,972	125,125	(100,571)	616,526	26,698
Limited tax bonds	207,922	10,000	(13,369)	204,553	14,438
Premium on bonds payable	28,257	6,007	(4,264)	30,000	3,959
Discount on bonds payable	(244)	-	26	(218)	25
Debt service assistance program	66,431	-	(1,576)	64,855	10,607
Note payable	9,288	-	(3,028)	6,260	3,095
HUD Section 108 loan	6,205	-	(2,590)	3,615	2,745
Capital leases	7,556	-	(2,905)	4,651	3,059
Net pension liability (note 7)	960,631	131,838	(171,798)	920,671	-
Post-employment benefit (note 7)	75,696	15,115	(999)	89,812	-
	<u>\$ 2,414,480</u>	<u>\$ 399,151</u>	<u>\$ (497,793)</u>	<u>\$ 2,315,838</u>	<u>\$ 111,519</u>

(a) Additions and deletions include amounts related to accretion of 1991 Refunding Series of \$4,344 and \$(21,026), respectively.

The long-term liabilities will be repaid from the General Fund, except for HUD Section 108 loans, which will be repaid from the American Can non-major fund, and the General Obligation, Limited Tax Bonds, Taxable Limited Tax Refunding Bonds and a portion of the Debt Service Assistance Loan Program, which will be repaid from the Debt Service Fund. The Board of Liquidation handles all the General Obligation bonded debt of the City and the Limited Tax Bonds and results of its operations are reported in the debt service fund. At December 31, 2016, the debt service fund had \$83,360,000 in fund balance reserved for debt service.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

**(8) Pension Plans and Postretirement Healthcare Benefits**

**Pension Plans**

At December 31, 2016, the City sponsors and administers four separate single-employer, contributory defined benefit pension plans, namely: (1) Firefighters' Pension and Relief Fund – Old System (Old System); (2) Firefighters' Pension and Relief Fund – New System (New System); (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees' Retirement System (State of Louisiana) (MPERS). The Police Plan of the City will remain responsible for the payment of certain benefits due to differences in length of service and age requirements for the participants who were not transferred to the MPERS plan. MPERS is the only cost-sharing, multiple-employer retirement plan in which employees of the City participate. The Employees' Plan covers all City employees other than firefighters and police.

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

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

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

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

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

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2016

**Plan Descriptions:**

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

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

At December 31, 2015, the New System and Old System's membership consisted of:

	<u>New System</u>	<u>Old System</u>
Inactive members or beneficiaries receiving benefits	726	524
Inactive members entitled to but not yet receiving benefits	64	-
Active members	489	-
Total participants as of December 31, 2015	<u>1,279</u>	<u>524</u>

*Municipal Police Employees' Retirement System (MPERS)*

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

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

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

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

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

**Funding Policy:**

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

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

Effective January 1, 2014, employees covered under the Firefighters' Pension and Relief Fund of the City of New Orleans (New System) contribute 10% of their salary.

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

	<u>City</u>	<u>Employee</u>
Firefighters Pension and Relief Fund		
Old System	0.00%	6.00%
New System	Actuarially determined contributions plus budget allocations determined by the City	10.00%
Employees' Plan	Actuarially determined contributions plus budget allocations determined by the City	6.66 - 10.00%
Municipal Police Employees' Retirement System	31.50 - 34.00%	7.50 - 10.00%

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

The contributions made by the City to the plans during 2016 were as follows:

		2016
Firefighters Pension and Relief Fund		
Old System	\$	11,460,735
New System		31,393,089
Employees' Plan		22,018,020
Municipal Police Employees' Retirement System		22,537,631

The Firefighters' pension fund receives fire insurance taxes of 2% of the fire insurance premiums written in the City of New Orleans. In 2016, the amount of \$1,545,000 received as a result of this tax was divided between the two systems as follows: 57% New System and 43% Old System.

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

The following schedule lists the City's proportionate share of the Net Pension Liability allocated by each of the pension plans at measurement dates. The City uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2016 in accordance with GASB Statement 68. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Employees' Plan	MPERS
Proportion (amount) of net pension liability	\$ 210,196,692	\$ 212,742,951
Proportion (%) of net pension liability	83.2806%	22.6979%
Increase/(decrease) from prior measurement date	(0.3989%)	0.3381%

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

	Firefighters' Pension New System	Firefighters' Pension Old System
	<u>2016</u>	<u>2016</u>
<b>Total pension liability</b>		
Service cost	\$ 6,183,235	\$ -
Interest on total pension liability	25,108,885	6,202,285
Effect of plan changes	(18,529,944)	3,064,837
Effect of economic/demographic gains or (losses)	-	-
Effect of assumption changes or inputs	(80,611,355)	1,457,230
Benefit payments	<u>(40,760,039)</u>	<u>(18,119,812)</u>
<b>Net change in total pension liability</b>	<u>(108,609,218)</u>	<u>(7,395,460)</u>
<b>Total pension liability, beginning</b>	<u>502,316,393</u>	<u>176,689,235</u>
<b>Total pension liability, ending</b>	<u>\$ 393,707,175</u>	<u>\$ 169,293,775</u>
<b>Plan Fiduciary Net Position</b>		
Employer contributions	\$ 30,411,430	\$ 18,065,912
Employee contributions	2,576,572	-
Investment income net of investment expenses	(6,515,631)	200,276
Benefit payments	(40,760,039)	(18,119,812)
Administrative expenses	<u>(822,056)</u>	<u>(403,870)</u>
<b>Net change in plan fiduciary net position</b>	<u>(15,109,724)</u>	<u>(257,494)</u>
<b>Plan fiduciary net position, beginning</b>	<u>65,377,497</u>	<u>15,260,711</u>
<b>Plan fiduciary net position, ending</b>	<u>\$ 50,267,773</u>	<u>\$ 15,003,217</u>
<b>City's net pension liability, ending</b>	<u>\$ 343,439,402</u>	<u>\$ 154,290,558</u>

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. For Firefighters' Pension and Relief Trust Old System and Firefighters' Pension and Relief Trust New System, the actuarial assumptions used in the December 31, 2015 valuations were based on results of an experience study for the period from January 1, 2015 to December 31, 2015. For Employees Retirement System, the actuarial assumptions used in the December 31, 2016 valuations were based on results of an experience study for the period from January 1, 2016 to December 31, 2016. 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, 2016 or December 31, 2015 is based on actuarial valuations for the same period, updated using general accepted actuarial procedures.

For the year ended December 31, 2016, the City will recognize a Pension Expense of \$14,969,929, \$21,080,793, \$47,054,891, and \$45,282,103 for the Old System, New System, Employees' Plan, and MPERS, respectively, in payroll related expense on the statements of revenues, expenses, and changes in net position.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources:

Deferred outflows of resources

Difference between expected an actual experience	\$ 44,595,392
Changes in assumptions	78,776,590
Net difference between projected an actual earning on pension plan investments	70,877,493
Changes in proportion and difference between employer contributions and proportionate share of contributions	4,321,418
Employer contributions subsequent to measurement date	56,205,383
Total deferred outflows	<u>\$ 254,776,276</u>

Deferred inflows of resources

Difference between expected and actual experience	\$ 31,797,017
Changes in assumptions	70,560,331
Changes in proportion and difference between employer contributions and proportionate share of contributions	4,364,594
Total deferred inflows.	<u>\$ 106,721,942</u>

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Details of the deferred outflows of resources and deferred inflows of resources related to pension plans at December 31, 2016 are as follows:

	<u>Old System</u>	<u>New System</u>	<u>Employees' Plan</u>	<u>MPERS</u>
<u>Deferred outflows of resources:</u>				
Difference between expected and actual experience	\$ -	\$ -	\$ 44,595,392	\$ -
Changes of assumptions	-	68,432,909	-	10,343,681
Net difference between projected and actual earnings on pension plan investments	472,644	15,511,022	22,158,314	32,735,513
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	-	323,330	3,998,088
Employer contributions subsequent to the measurement date	<u>11,460,735</u>	<u>31,393,089</u>	<u>-</u>	<u>13,351,559</u>
Total deferred outflows	<u>\$ 11,933,379</u>	<u>\$ 115,337,020</u>	<u>\$ 67,077,036</u>	<u>\$ 60,428,841</u>
<u>Deferred inflows of resources:</u>				
Difference between expected and actual experience	\$ -	\$ 26,921,439	\$ 4,862,770	\$ 12,808
Changes of assumptions	-	67,176,129	-	3,384,202
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>-</u>	<u>-</u>	<u>1,222,841</u>	<u>3,141,753</u>
Total deferred inflows	<u>\$ -</u>	<u>\$ 94,097,568</u>	<u>\$ 6,085,611</u>	<u>\$ 6,538,763</u>

The \$56,205,383 of deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ended December 31, 2017.

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**Notes to Basic Financial Statements**

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

	Old System	New System	Employee's Plan	MPERS
2017	\$ 95,741	\$ (702,369)	\$ 13,846,403	\$ 7,751,330
2018	95,741	(702,369)	11,846,405	11,006,862
2019	95,741	(702,370)	11,823,214	13,465,370
2020	185,421	(2,913,600)	4,962,430	8,314,957
2021	-	(5,132,929)	5,580,034	-
2022	-	-	6,547,205	-
2023	-	-	4,385,734	-
	<u>\$ 472,644</u>	<u>\$ (10,153,637)</u>	<u>\$ 58,991,425</u>	<u>\$ 40,538,519</u>

**Actuarial Assumptions:**

The total pension liability was determined by as of December 31, 2016, using the following actuarial assumptions:

	Old System	New System
<b>Valuation date</b>	December 31, 2015	December 31, 2015
<b>Actuary cost method</b>	Entry age normal	Entry age normal
<b>Actuarial assumption:</b>		
<b>Expected remaining service live</b>	6 years	6 years
<b>Investment rate of return</b>	3.57%, net of investment expense	7.50%, net of investment expense
<b>Inflation rate</b>	2.5%	2.5%
<b>Mortality</b>	1994 Uninsured Pensioner Table for active and retired; 1994 Uninsured Pensioner Table set forward 5 years for disabled annuitants.	1994 Uninsured Pensioner Table for active and retired; 1994 Uninsured Pensioner Table set forward 5 years for disabled annuitants.
<b>Salary increases</b>	N/A	5.00%
<b>Cost of living adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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**December 31, 2016**

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 6.64% for the Employees' Retirement System, 8.3% for the Firefighters' New System, 2.5% for the Firefighters' Old System, and 8.25% for the Municipal Police Employees' Retirement System for the year ended December 31, 2016.

	Employees' System	MPERS
<b>Valuation date</b>	December 31, 2016	June 30, 2016
<b>Actuary cost method</b>	Entry age normal	Entry age normal cost
<b>Actuarial assumption:</b>		
<b>Expected remaining service life</b>	8 years	4 years
<b>Investment rate of return</b>	7.50%, net of investment expense	7.50%, net of investment expense
<b>Inflation rate</b>	2.5%	2.875%
<b>Mortality</b>	RP 2000 Group Annuity Mortality Table	The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of MPERS' liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables.
<b>Salary increases</b>	5.00%	4.25% - 9.75%
<b>Cost of living adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

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**Notes to Basic Financial Statements**

**December 31, 2016**

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, 2016 are as follows:

Asset Class	Employees' Retirement System	
	Target Asset Allocation	Long-term expected portfolio real rate of return
Cash equivalents	2.00%	0.04%
Equity securities	58.0%	4.77%
Fixed income	25.0%	0.77%
Real estate	5.0%	0.34%
Other alternative investments	10.0%	0.73%
Totals	100%	6.64%
Inflation		2.26%
Expected arithmetic nominal rate		8.90%

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

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

**CITY OF NEW ORLEANS, LOUISIANA**

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	MPERS	
Asset Class	Target Asset Allocation	Long-term expected portfolio real rate of return
Equity	53.00%	3.69%
Fixed income	21.00%	0.49%
Alternative	20.00%	1.11%
Other	6.00%	0.21%
Totals	100%	5.50%
Inflation		2.75%
Expected arithmetic nominal rate		8.25%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.5% for the Employees' Retirement System, 7.5% for the Firefighters' New System, 3.57% for the Firefighters' Old System, and 7.5% for the Municipal Police Employees' Retirement System for 2016. 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 (5.21%) and applied to all projected benefit payments to determine the total pension liability. The fiduciary net position is projected to be fully depleted by year 2043. The Firefighters' Old System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate for the Old System was determined using a municipal bond rate (3.70%) and applied to all projected future benefit payments of current plan members.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

***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, 2016, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
<u>Old Plan</u>			
Rates	2.57%	3.57%	4.57%
City Share of NPL	\$ 166,348,000	\$ 154,291,000	\$ 143,665,000
<u>New Plan</u>			
Rates	6.50%	7.50%	8.50%
City Share of NPL	\$ 430,871,000	\$ 343,440,000	\$ 261,970,000
<u>Employees' Plan</u>			
Rates	6.50%	7.50%	8.50%
City Share of NPL	\$ 261,642,000	\$ 210,197,000	\$ 167,043,000
<u>MPERS</u>			
Rates	6.50%	7.50%	8.50%
City Share of NPL	\$ 283,605,000	\$ 212,743,000	\$ 153,248,000

***Investment Rate of Return***

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2016, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expenses, was 8.63% for the Employees' Retirement System, (10.92)% for the Firefighters' New System, and 1.33% for the Firefighters' Old System.

***Payables to the Pension Plan***

The City recorded accrued liabilities to each of the plans for the year ended December 31, 2016 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts payables. The balance due to each for the plans at December 31, 2016 is as follows:

	<u>2016</u>
Firefighters Pension and Relief Fund	
Old System	\$ -
New System	-
Employees' Plan	-
Municipal Police Employees' Retirement System	\$ 2,397,003

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**Notes to Basic Financial Statements**

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

The City is the sponsor of the Employees' Retirement System of the City of New Orleans, which the City allows the employees of its component units and other city organizations and agencies to participate in the System. At December 31, 2016, the net pension liability for\*/-- each discretely presented component units are as follows:

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Louis Armstrong New Orleans International Airport	\$ 17,778,161	\$ 5,952,149	\$ 620,727	\$2,181,111
New Orleans Municipal Yacht Harbor Management Corporation	478,304	155,624	16,486	67,134
Canal Street Development Corporation	700,693	227,982	24,151	98,348
Orleans Parish Communication District	6,913,336	2,249,371	238,285	970,339
French Market Corporation	4,442,785	1,445,536	153,131	623,578

**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.

# CITY OF NEW ORLEANS, LOUISIANA

## Notes to Basic Financial Statements

December 31, 2016

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, 2016, the FPRF has recorded a reserve of \$18,426,000 against the receivable balance of \$18,426,000.

### **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.

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**Fund Policy**

Until 2007, the City recognized the cost of providing post-employment medical benefits (the City's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2016 and 2015, the City's portion of health care funding cost for retired employees totaled \$999,000 and \$925,000, respectively.

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

**Annual Required Contribution**

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

Normal Cost	\$ 5,377
30-year UAL amortization amount	11,087
Annual required contribution (ARC)	<u>\$ 16,464</u>

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

The table below shows the City's net OPEB obligation for fiscal year ending December 31, 2016:

Beginning Net OPEB Obligation 1/1/2016	\$ 75,696,000
Annual required contribution	16,465,000
Interest on Net OPEB Obligation	3,028,000
ARC Adjustment	<u>(4,378,000)</u>
OPEB Cost	15,115,000
Contribution	-
Current year retiree premium	<u>(999,000)</u>
Change in Net OPEB Obligation	<u>14,116,000</u>
Ending Net OPEB Obligation 12/31/2016	<u>\$ 89,812,000</u>

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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, 2016	\$ 15,115,000	6.61%	\$ 89,812,000
December 31, 2015	\$ 14,728,000	6.28%	\$ 75,696,000

**Funded Status and Funding Progress**

In 2016 and 2015, 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, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2016 was \$199,391,000 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)	\$ 199,391,000
Actuarial Value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 199,391,000</u>
Funded Ratio (AVP/AAL)	0%
Covered Payroll (active plan members)	\$ 248,186,000
UAAL as a percentage of covered payroll	80.34%

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.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

**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**

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

**Turnover Rate**

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

**Post employment Benefit Plan Eligibility Requirements**

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

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

**Investment Return Assumption (Discount Rate)**

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

**Health Care Cost Trend Rate**

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

**Mortality Rate**

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

**Method of Determining Value of Benefits**

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

**Inflation Rate**

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

**Projected Salary Increases**

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

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

**Post-retirement Benefit Increases**

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

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

	OPEB Costs and Contributions		
	FY 2014	FY 2015	FY 2016
OPEB Cost	\$ 10,482,000	\$ 14,728,000	\$ 15,115,000
Contribution	-	-	-
Retiree premium	8,406,000	925,000	999,000
Total contribution and premium	8,406,000	925,000	999,000
Change in net OPEB obligation	\$ 2,076,000	\$ 13,803,000	\$ 14,116,000
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	80.19%	6.28%	6.61%

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2016

(9) **Individual Fund Disclosures**

*Deficit Fund Equity*

At December 31, 2016, the HUD and FEMA funds had deficit fund balances in the amounts of approximately \$5,845,000 and \$11,977,000, respectively. The deficit fund balance in the HUD fund results 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, 2016, the following special revenue nonmajor funds had deficit balances:

<u>Special Revenue Nonmajor Fund</u>	<u>Deficit Amount</u>
Mayoral Fellows Program	\$ 1,027,000
New Orleans Recreation Foundation	1,000
Plant-a-Tree Campaign	110,000
Louisiana Office of Community Development	6,647,000
Federal Justice Administration	6,000
FDJ Office of Justice Program	142,000
Federal Department of Health	856,000
Louisiana Commission on Law Enforcement	428,000
Louisiana Department of Public Safety	84,000
Department of Labor	730,000
Federal Transportation Authority	119,000
Federal Department of Homeland Security	49,000
Federal Department of Social Service	160,000

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.

*Interfund Receivables and Payables*

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

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

Individual fund interfund receivables and payables at December 31, 2016 were as follows (amounts in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	FEMA Fund	\$ 12,820
	HUD Fund	7,168
	Nonmajor Funds	7,218
Nonmajor Funds	General Fund	156
		<u>\$ 27,362</u>

***Interfund Advances***

Individual fund interfund advances at December 31, 2016 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 advances are not expected to be repaid within the year.

***Fund Transfers***

Individual fund transfers for the year ended December 31, 2016 were as follows (amounts in thousands):

	<u>Transfers-in</u>	<u>Transfers-out</u>
General	\$ 7,914	\$ (250)
Capital projects	-	(3,264)
Debt service fund	73,995	(69,716)
Nonmajor funds	500	(9,179)
Total	<u>\$ 82,409</u>	<u>\$ (82,409)</u>

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2016

*Charges to Component Units for Support Services*

Charges for support services paid by the Airport to the general fund during fiscal year 2016 amounted to \$4,902,000 primarily for overhead reimbursement and fire protection.

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

(10) **Fund Balance**

Fund balances for the City's governmental funds consisted of the following as of December 31, 2016:

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

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

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

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

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

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

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

Act 711 of the Louisiana Legislative Session amended LRS 24:513 B to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during 2016 (amounts in thousands).

	<b>Total</b>	<b>Collection</b>	<b>December 2016</b>	<b>December 2015</b>	
	<b>Collections</b>	<b>Cost</b>	<b>Payment</b>	<b>Payment</b>	<b>Final</b>
			<b>Distributed</b>	<b>Distributed</b>	<b>Distribution</b>
			<b>in 2017</b>	<b>in 2016</b>	
Orleans Parish School Board	\$ 120,575	\$ (1,929)	\$ (9,408)	\$ 9,387	\$ 118,625
Regional Transit Authority	75,760	(1,212)	(6,071)	5,892	74,369
	<u>\$ 196,335</u>	<u>\$ (3,141)</u>	<u>\$ (15,479)</u>	<u>\$ 15,279</u>	<u>\$ 192,994</u>

**(12) Interest Income**

Interest earned on investments held by the City's capital projects fund, certain special revenue funds (Sidewalk Paving and Repairing, Traffic Court Judicial Expense, Department of Safety and Permits – Demolition, Vieux Carre' Commission, and Municipal Court Judicial Expense) and certain agency funds (Clearing and Deposit) is recorded as revenue of the General Fund. The amount of interest revenue recorded by the General Fund on investments of the capital projects fund for the year ended December 31, 2016 was approximately \$1,210,000.

**(13) Commitments and Contingencies**

***Operating Lease Agreements***

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

Year ending December 31:	
2017	\$ 3,024
2018	1,328
2019	1,051
2020	1,000

Annual lease expense for operating lease agreements was approximately \$6,019,000 in 2016.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

***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, 2016, 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 \$298,000 for motor vehicle fleet, \$202,186,000 for general liability and police department excessive force losses, \$113,356,000 for workers' compensation, and \$4,966,000 for hospitalization and unemployment have been accrued in the government-wide financial statements in the total amount of \$320,806,000.

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 \$75 million at December 31, 2015 to an estimated \$60 million at December 31, 2016.

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

Changes to the City's claims liability amounts in fiscal 2016 and 2015 are as follows (amounts in thousands):

	<u>Beginning of fiscal year liability</u>	<u>Claims and changes in estimates</u>	<u>Benefit payments, claims, and adjustments</u>	<u>Balance at fiscal year-end</u>	<u>Due in one year</u>
General liability and police liability:					
2015	\$ 289,242	\$ 128,024	\$ (134,412)	\$ 282,854	\$ 20,000
2016	282,854	42,890	(123,558)	202,186	11,953
Workers' compensation:					
2015	99,934	37,155	(22,216)	114,873	22,216
2016	114,873	22,428	(23,945)	113,356	23,945
Motor vehicle fleet:					
2015	53	597	(429)	221	221
2016	221	515	(438)	298	298
Hospitalization and unemployment:					
2015	4,819	57,510	(57,480)	4,849	4,849
2016	4,849	59,312	(59,195)	4,966	4,966
Total:					
2015	394,048	223,286	(214,537)	402,797	47,286
2016	402,797	125,145	(207,136)	320,806	41,162

***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.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2016

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, 2016, the City has estimated its liability at \$4,400,000.

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

#### *Arbitrage*

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

#### *Consent Decrees*

On July 24, 2012, in a joint motion the United States of America and the City of New Orleans filed an entry of decree. The purpose of the consent decree is to remedy an alleged pattern or practice of conduct by the NOPD that subjects individuals to excessive force in violation of the Fourth Amendment. The Consent Decree contains detailed provisions concerning changes in NOPD policies and practices related to: (1) the use of force; (2) investigatory stops and detentions, searches, and arrests; (3) custodial interrogations; (4) photographic lineups; (5) bias-free policing; (6) community engagement; (7) recruitment; (8) training; (9) officer assistance and support; (10) performance evaluations and promotions; (11) supervision; (12) the secondary employment system, also known as the paid detail system; (13) misconduct complaint intake, investigation, and adjudication; and (14) transparency and oversight. The cost to continue this Consent Decree over a three year period is estimated to be \$28,751,000.

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

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

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

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

	<b>2016</b>	<b>Less Non-Cash</b>	<b>Net</b>
	<b>Taxes Levied</b>	<b>Adjustments</b>	<b>Taxes Levied</b>
		<b>to Tax Rolls</b>	
Board of Liquidation	\$ 90,097	\$ (2,633)	\$ 87,464
Sewerage & Water Board	58,050	(1,697)	56,353
Orleans School Board	160,089	(4,679)	155,410
Orleans Levee Board West Bank	1,420	-	1,420
Orleans Levee Board East Bank	40,579	1,267	41,846
Law Enforcement District	9,893	(289)	9,604
Audubon Zoological Garden	1,131	(33)	1,098
Aquarium of the Americas	10,564	(309)	10,255
Downtown Development District	7,812	-	7,812
Touro Bouligny	353	-	353
Garden District	842	-	842
Total	<u>\$ 380,830</u>	<u>\$ (8,373)</u>	<u>\$ 372,457</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 2016 (amounts in thousands).

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2016

	A 2015 Due From/ (Due To)	2016 Tax Collected in 2016	2017 Tax Collected in 2016	Prior Years Tax Collected in 2016	B Total Tax Collected in 2016	C 2016 Payments to Boards	A-B+C 2016 Due From/ (Due To)
Board of Liquidation	\$ (4,085)	71,122	9,874	2,162	\$ 83,158	84,048	\$ (3,195)
Sewerage & Water Board	(3,379)	45,823	6,393	998	53,214	54,211	(2,382)
Orleans Parish School Board	(2,765)	126,805	18,529	3,842	149,176	151,249	(692)
Orleans Levee Board West Bank	(960)	2,526	172	36	2,734	2,739	(955)
Orleans Levee Board East Bank	(1,025)	32,015	4,425	1,007	37,447	37,807	(665)
Law Enforcement District	(460)	7,809	1,088	237	9,134	9,228	(366)
Audubon Zoological Garden	(52)	892	125	27	1,044	1,056	(40)
Aquarium of the Americas	(484)	8,339	1,163	254	9,756	9,864	(376)
Downtown Development District	(356)	6,456	412	121	6,989	7,092	(253)
New Orleans Regional Business Park	(6)	-	-	-	-	-	(6)
Touro Bouligny	(29)	285	44	15	344	341	(32)
Garden District	(77)	660	108	29	797	811	(63)
Total	\$ (13,678)	\$ 302,732	\$ 42,333	\$ 8,728	\$ 353,793	\$ 358,446	\$ (9,025)

The amount of taxes collected through tax sales for other taxing authorities in 2016 totaled \$1,157,105.95

The amount of interest on late ad valorem tax payments that was collected and disbursed to other taxing authorities during 2016 totaled \$1,564,446.83

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**

**Notes to Basic Financial Statements**

**December 31, 2016**

**(15) Restoration Tax Abatement Program**

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the “State Board”), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Restoration Tax Abatement Program (“RTAP”). For the year ending December 31, 2016, the government participated in the Restoration Tax Abatement Program.

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

Taxes abated for the fiscal year ended December 31, 2016 as well as future abatement estimates for active abatement agreements as of December 31, 2016 is as follows:

<b>Taxing Body</b>	<b>Millage Rate</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Downtown Development District	14.76	\$ 426,000	\$ 390,000	\$ 353,000	\$ 294,000	\$ 160,000	\$ 1,623,000
Sewerage & Water Board	16.43	928,000	781,000	592,000	445,000	205,000	2,951,000
Audobon Zoo	0.32	18,000	15,000	12,000	9,000	4,000	58,000
Audobon Aquarium	2.99	169,000	142,000	108,000	81,000	37,000	537,000
School Board	45.31	2,559,000	2,155,000	1,631,000	1,227,000	1,134,000	8,706,000
Levee Board (East)	12.28	694,000	584,000	442,000	333,000	153,000	2,206,000
Levee Board (West)	6.21	-	-	-	-	-	-
Law Enforcement District	2.8	158,000	133,000	101,000	76,000	35,000	503,000
City of New Orleans	74.45	3,906,000	3,289,000	2,490,000	1,872,000	864,000	12,421,000
		<u>\$ 8,858,000</u>	<u>\$ 7,489,000</u>	<u>\$ 5,729,000</u>	<u>\$ 4,337,000</u>	<u>\$ 2,592,000</u>	<u>\$ 29,005,000</u>

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2016

(16) Restatement

During 2016, 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, 2015	\$ 312,804
Prior period adjustments	
FEMA fund related to understatement of expenditures	(146)
Capital Projects fund related to understatement of expenditures	(4,846)
Capital Projects fund due to revenue recorded in incorrect fund	1,924
Nonmajor governmental funds related to understatement of expenditures	(1,237)
	<u>(4,305)</u>
	<u>\$ 308,499</u>

The impact on net position was as follows:

Net position (deficit), as previously reported, December 31, 2015	\$ (294,185)
Prior period adjustment	
Related to understatement of capital assets	693
Related to understatement of expenses	(4,305)
	<u>(3,612)</u>
Net position (deficit), as restated, December 31, 2015	<u>\$ (297,797)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NEW ORLEANS, LOUISIANA**  
Notes to Required Supplementary Information  
Year ended December 31, 2016  
(Unaudited)

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

**(17) Budgetary Data**

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

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

**(18) 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.

## **COMBINING FINANCIAL STATEMENTS**

## CITY OF NEW ORLEANS, LOUISIANA

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget (Non-GAAP Budgetary Basis) and Actual – General Fund

Year ended December 31, 2016

(Amounts in thousands)

	<u>Original budget</u>	<u>Revised budget</u>	<u>Actual on budgetary basis</u>	<u>Variance favorable (unfavorable)</u>
Revenues:				
Taxes	\$ 373,493	373,493	370,624	(2,869)
Licenses and permits	60,793	60,793	65,420	4,627
Intergovernmental	23,301	24,451	23,648	(803)
Charges for services	85,761	87,306	91,400	4,094
Fines and forfeits	37,406	38,806	37,090	(1,716)
Interest income	40	40	1,286	1,246
Contributions, gifts, and donations	3,779	3,779	1,292	(2,487)
Miscellaneous	30,605	30,948	44,784	13,836
Total revenues	<u>615,178</u>	<u>619,616</u>	<u>635,544</u>	<u>15,928</u>
Expenditures:				
Current:				
General government	232,781	246,856	242,541	4,315
Public safety	258,061	261,160	260,773	387
Public works	76,941	79,338	79,656	(318)
Health and human services	18,518	19,107	18,811	296
Culture and recreation	27,598	27,581	25,868	1,713
Urban development and housing	-	-	-	-
Capital outlays	-	-	-	-
Debt service:				
Principal and interest	28,766	28,766	31,632	(2,866)
Total expenditures	<u>642,665</u>	<u>662,808</u>	<u>659,281</u>	<u>3,527</u>
Excess (deficiency) of revenues over expenditures	<u>(27,487)</u>	<u>(43,192)</u>	<u>(23,737)</u>	<u>19,455</u>
Other financing sources (uses):				
Operating transfers in	10,987	11,296	7,914	(3,382)
Operating Transfers out	-	-	(250)	(250)
Proceeds from Note Payable	-	10,000	10,000	-
Appropriations form prior year budgetary fund balanc	16,500	21,896	21,896	-
Reduction in prior year's outstanding encumbrances	-	-	(1,757)	(1,757)
Other	-	-	196	196
Total other financing sources (uses)	<u>27,487</u>	<u>43,192</u>	<u>37,999</u>	<u>(5,193)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>14,262</u>	<u>14,262</u>
Fund balances, beginning of year			<u>47,569</u>	
Fund balances – budgetary basis, end of year			<u>\$ 61,831</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)	\$ 14,262
Adjustments:	
To adjust revenues and expenditures for accruals and deferrals	(20,733)
Appropriation from beginning of year fund balance	<u>4,883</u>
Net change in fund balance	<u><u>\$ (1,588)</u></u>

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS**  
 Required Supplementary Information Under GASB Statement No. 67 and 68  
 Year ended December 31, 2016  
 (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)	Net Position as a Percentage of payroll
Employees' Retirement System:						
2014	\$ 540,176	\$ 370,750	\$ 169,426	68.64%	\$ 97,244	174.23%
2015	\$ 562,686	\$ 339,099	\$ 223,587	60.26%	\$ 105,692	211.55%
2016	\$ 606,005	\$ 353,610	\$ 252,395	58.35%	\$ 115,505	218.51%
Firefighters' Pension and Relief Fund (New System):						
2014	\$ 502,316	\$ 65,377	\$ 436,939	13.02%	\$ 26,985	1619.19%
2015	\$ 393,707	\$ 50,268	\$ 343,439	12.77%	\$ 27,089	1267.82%
Firefighters' Pension and Relief Fund (Old System):						
2014	\$ 176,689	\$ 15,260	\$ 161,429	8.64%	\$ -	N/A
2015	\$ 169,293	\$ 15,002	\$ 154,291	8.86%	\$ -	N/A

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll Contribution	Contributions as a % of Covered Payroll
Employees' Retirement System:					
2014	\$ 20,871	\$ 21,926	\$ 1,055	\$ 97,244	22.55%
2015	\$ 27,726	\$ 28,937	\$ 1,211	\$ 105,692	27.38%
2016					
Firefighters' Pension and Relief Fund (New System):					
2014	\$ 36,182	\$ 20,649	\$ (15,533)	\$ 26,985	76.52%
2015	\$ 31,993	\$ 30,501	\$ (1,492)	\$ 27,089	112.60%
Firefighters' Pension and Relief Fund (Old System):					
2014	\$ 18,841	\$ 17,173	\$ (1,668)	\$ -	N/A
2015	\$ 17,404	\$ 18,066	\$ 662	\$ -	N/A

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

(Continued)

**CITY OF NEW ORLEANS**  
 Required Supplementary Information Under GASB Statement No. 67 and 68  
 For the year ended December 31, 2016  
 (Unaudited)  
 (Amounts in Thousands)

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**

	Firefighters' Pension and Relief Fund			
	New System	Old System	New System	Old System
	2015	2015	2014	2014
<b>Total pension liability</b>				
Service cost	\$ 6,183	\$ -	\$ 5,865	\$ -
Interest on total pension liability	25,109	6,202	31,786	11,143
Effect of plan changes	(18,530)	3,065	(16,072)	12,642
Effect of economic/demographic gains or (losses)	-	-	-	-
Effect of assumption changes or inputs	(80,611)	1,457	95,806	24,968
Benefit payments	(40,760)	(18,120)	(38,889)	(20,641)
<b>Net change in total pension liability</b>	<b>(108,609)</b>	<b>(7,396)</b>	<b>78,496</b>	<b>28,112</b>
<b>Total pension liability, beginning</b>	<b>502,316</b>	<b>176,689</b>	<b>423,820</b>	<b>148,577</b>
<b>Total pension liability, ending (a)</b>	<b>\$ 393,707</b>	<b>\$ 169,293</b>	<b>\$ 502,316</b>	<b>\$ 176,689</b>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 30,501	\$ 18,066	\$ 20,649	\$ 17,173
Employee contributions	2,655	-	2,039	-
Investment income net of investment expenses	(6,683)	200	(5,328)	1,623
Benefit payments	(40,761)	(18,120)	(38,890)	(20,641)
Administrative expenses	(822)	(404)	(601)	(575)
<b>Net change in plan fiduciary net position</b>	<b>(15,110)</b>	<b>(258)</b>	<b>(22,131)</b>	<b>(2,420)</b>
<b>Plan fiduciary net position, beginning</b>	<b>65,378</b>	<b>15,260</b>	<b>87,508</b>	<b>17,680</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ 50,268</b>	<b>\$ 15,002</b>	<b>\$ 65,377</b>	<b>\$ 15,260</b>
<b>City's net pension liability, ending = (a) - (b)</b>	<b>\$ 343,439</b>	<b>\$ 154,291</b>	<b>\$ 436,939</b>	<b>\$ 161,429</b>
<b>Plan fiduciary net position as a % of total pension liability</b>	12.77%	8.86%	13.02%	8.64%
<b>Covered payroll</b>	\$ 27,089	\$ -	\$ 26,985	\$ -
<b>City's net pension liability as a % of covered payroll</b>	1267.82%	N/A	1619.19%	N/A

**Valuation date:** December 31, 2015.

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

Actuarial cost method:	Entry age normal
Asset valuation method:	Actual market value (effective January 1, 2015)
Cost of living raises for retirees and beneficiaries:	New System and Old System - The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Salary increases:	New System - 5.00%; Old System - 0.00%
Investment rate of return:	New System - 7.50% net of investment expenses; Old System - 3.57% net of investment expenses
Retirement rates:	Employees are assumed to retire after the earliest of: first, attainment of age 50 and 30 years of service; second, the later of age 55 and completion of 25 years of service; third, attainment of age 60 and completion of 12 years of service.

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

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS**  
 Required Supplementary Information Under GASB Statement No. 67 and 68  
 For the year ended December 31, 2016  
 (Unaudited)  
 (Amounts in Thousands)

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

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

**SCHEDULE OF CONTRIBUTIONS**

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

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

See accompanying independent auditors' report.

**NON-MAJOR GOVERNMENTAL FUNDS**

## CITY OF NEW ORLEANS, LOUISIANA

### Combining Financial Statements

### Non-major Governmental Funds

December 31, 2016

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.

- *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.
- *Neighborhood Housing Improvement* – Used to account for funds allocated to programs which repair and renovate housing in low-income areas.
- *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.
- *Housing and Environment Improvements* – Used to improve health, housing and environmental conditions in the City.
- *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.
- *Asset Seizure* – Used to account for property confiscated from drug dealers by the police department to be used for crime fighting measures.
- *Capital Improvements and Infrastructure* – Used to account for funds allocated for the improvements of infrastructures within the City.
- *Plant-a-Tree Campaign* – Used to account for funds allocated to programs designed for planting and beautifying trees, plants, and flowers throughout the City.
- *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.
- *Miscellaneous Donations* – Used to account for donations designated to specific City departments.
- *Music and Entertainment Commission* – Used to account for funds allocated for programs designed to attract music and entertainment to the City.

## CITY OF NEW ORLEANS, LOUISIANA

### Combining Financial Statements

### Non-major Governmental Funds

December 31, 2016

- *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.
- *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.
- *Delgado Albania Plantation Commission* – Used to account for funds generated from the operation of a sugar cane plantation.
- *Imagine It Clean* – Established to receive allocations from various funding sources, including advertising revenue, donations, and other monetary contributions from private individuals, corporations, and other institutions and entities in the private sector, to support the programs and activities of the Imagine It Clean program.
- *Indigent Defender* – Used to account for revenues collected for specified traffic violations. These funds are maintained by the Orleans Parish Public Defenders Office.
- *Edward Wisner* – Used to account for approximately 53,500 acres of land and water bottoms in Jefferson, St. John the Baptist and Lafourche Parishes, Louisiana from the estate of Edward Wisner to the City of New Orleans, Louisiana as Trustee, for a 100 year charitable trust. The beneficiaries of the trust include the City of New Orleans, Louisiana as beneficiary for several charitable purposes, Charity Hospital, of New Orleans, Louisiana, Tulane University, and The Salvation Army. Specific portions of the land or the income from the land were also set aside for the establishment and maintenance of specified structures for certain other organizations operating within the City of New Orleans, Louisiana. This trust was created by an Act of Donation dated August 4, 1914.
- *Vieux Carre Residential* – This fund receives payments from individuals or businesses who wish to encourage residential uses in the Vieux Carré. The funds shall be used only for public purposes which help to retain or increase residential uses within the boundaries of the Vieux Carré National Register Historic District.
- *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.
- *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.

## CITY OF NEW ORLEANS, LOUISIANA

### Combining Financial Statements

### Non-major Governmental Funds

December 31, 2016

- *Public Library Donations* – Used to account for donations to enhance the City’s library system.
- *New Orleans Recreation Department* – Used to account for donations designated to assist in the purchase of playground equipment.
- *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.
- *Simon Hersheim* – Used to account for funds for the purpose of purchasing books for the Public Library.
- *LaHache Music* – Used to account for funds to promote the history of New Orleans musicians and facilitate the development of new musicians and composers.
- *Mrs. Otto Joachim* – Used to account for funds to promote the study of orchestra music and violinists.
- *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.
- *Sickles Legacy* – Used to account for funds designated to establish a city dispensary for gratuitous dispensing of medicine and medical advice for the poor.
- *Mahalia Zimmerman* – a bequest to the City to maintain Ms. Zimmerman’s tomb.
- *Institute of Mental Hygiene* – Used to account for funds for the purpose of study, research, and treatment in the field of mental hygiene and psychiatry.
- *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.
- *Adopt-a-Pothole/Streets* – Used to account for funds donated to repair damaged City streets.
- *New Orleans Police Department Crime Prevention* – Used to account for donations earmarked to assist the Police Department in their crime fighting efforts.

**CITY OF NEW ORLEANS, LOUISIANA**

Combining Financial Statements

Non-major Governmental Funds

December 31, 2016

- *Sidewalk Paving and Repair* – Used to account for funds dedicated to maintaining sidewalks.
- *French Quarter Improvement* – All revenues collected by the Department of Finance from the New Orleans Convention and Visitors Bureau shall be only for the repairs, improvements and services within the French Quarter Management District in the following categories: public safety and law enforcement; quality of life enforcement measures, and violation identification; ticketing and court measures relative to ordinance compliance; sanitation; infrastructure repair of improvements and lighting.
- *Utilities* – All revenues derived from utility settlements and corresponding expenditures.
- *Coroner's Office* – Designated for the receipt and accounting of the contributions to the City of New Orleans for funds paid to the Coroner's Office for the fee imposed by the court for defraying the operational expenses of the Coroner's Office.
- *Ad Valorem Property Tax Enforcement Fund* – All revenues collected from property tax enforcement programs such as adjudicated sales and homestead exemption verification activities shall be deposited into this fund. Expenditures from the fund shall be used to fund additional costs related to the specific ad valorem property tax enforcement programs, to administer these programs, and to enhance technology used in ad valorem tax enforcement.

CITY OF NEW ORLEANS  
Consolidating Balance Sheet  
Non-major Governmental Funds  
December 31, 2016  
(Amounts in thousands)

Assets	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Sex Offender Proprietary Fund	Sidewalk Paving and Repairing	Mayor's Office of Tourism and Arts	Mayor's Fellows Program
Cash	2,854	2,005	228	1,352	409	—	512	—
Investments	1,069	1,901	160	—	—	2	—	—
Property taxes receivable	51	50	—	—	—	—	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	51	—	1	—	—	—
Grantee loans receivable	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from component unit	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—
Total assets	\$ 3,974	3,956	439	1,352	410	2	512	—

Liabilities, Deferred Inflows, and Fund Balances

Liabilities:								
Accounts payable	53	204	1	—	6	—	11	—
Accrued liabilities	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	1,027
Due to other governments	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	2	—	—
Total liabilities	53	204	1	—	6	2	11	1,027

Deferred Inflows of Resources

Unavailable revenue	99	99	—	—	—	—	—	—
Total deferred inflows of resources	99	99	—	—	—	—	—	—

Fund balances:

Nonspendable	—	—	—	—	—	—	—	—
Restricted	—	—	—	—	—	—	—	—
Committed	3,823	3,654	438	1,352	—	—	501	—
Assigned	—	—	—	—	—	—	—	—
Unassigned	(1)	(1)	—	—	404	—	—	(1,027)
Total fund balances	3,822	3,653	438	1,352	404	—	501	(1,027)
Total liabilities, deferred inflows, and fund balances	\$ 3,974	3,956	439	1,352	410	2	512	—

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2016  
 (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	130	1	1,696	60	52	135	1	874
Investments	117	—	—	—	—	158	—	42
Property taxes receivable	—	—	—	—	—	—	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	6	—	—	—	11
Grantee loans receivable	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from component unit	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—
<b>Total assets</b>	<b>247</b>	<b>1</b>	<b>1,696</b>	<b>66</b>	<b>52</b>	<b>293</b>	<b>1</b>	<b>927</b>

**Liabilities, Deferred Inflows, and Fund Balances**

Liabilities:								
Accounts payable	5	—	314	67	—	18	—	61
Accrued liabilities	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—	—
<b>Total liabilities</b>	<b>5</b>	<b>—</b>	<b>314</b>	<b>67</b>	<b>—</b>	<b>18</b>	<b>—</b>	<b>61</b>

**Deferred Inflows of Resources**

Unavailable revenue	—	—	—	—	—	—	—	—
<b>Total deferred inflows of resources</b>	<b>—</b>							

Fund balances:

Nonspendable	—	—	—	—	52	—	—	866
Restricted	—	—	—	(1)	—	—	1	—
Committed	242	1	1,382	—	—	275	—	—
Assigned	—	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—	—
<b>Total fund balances</b>	<b>242</b>	<b>1</b>	<b>1,382</b>	<b>(1)</b>	<b>52</b>	<b>275</b>	<b>1</b>	<b>866</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>247</b>	<b>1</b>	<b>1,696</b>	<b>66</b>	<b>52</b>	<b>293</b>	<b>1</b>	<b>927</b>

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2016  
 (Amounts in thousands)

Assets	Plant- a-Tree Campaign	Capital Improvement and Infrastructure	Delgado- Albania Plantation Commission	Edward Wisner	Simon Hersheim	Kiwanis Club Lee Circle Sprinkler System	Ella West Freeman Foundation
Cash	5	7,872	1,245	4,502	2	5	4
Investments	—	279	1,192	2,552	79	—	4
Property taxes receivable	—	100	—	—	—	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	53	138	—	—	—
Grantee loans receivable	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—
Due from component unit	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—
Other assets	—	—	12	—	—	—	—
Total assets	5	8,251	2,502	7,192	81	5	8

Liabilities, Deferred Inflows, and Fund Balances

Liabilities:							
Accounts payable	115	1,040	—	1,070	—	—	—
Accrued liabilities	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—
Total liabilities	115	1,040	—	1,070	—	—	—

Deferred Inflows of Resources

Unavailable revenue	—	199	—	—	—	—	—
Total deferred inflows of resources	—	199	—	—	—	—	—

Fund balances:

Nonspendable	—	—	—	—	—	—	—
Restricted	—	—	—	6,122	81	5	8
Committed	(110)	7,015	2,502	—	—	—	—
Assigned	—	—	—	—	—	—	—
Unassigned	—	(3)	—	—	—	—	—
Total fund balances	(110)	7,012	2,502	6,122	81	5	8
Total liabilities, deferred inflows, and fund balances	5	8,251	2,502	7,192	81	5	8

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2016  
 (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	335	—	19	3	1	1	1	6,247	63
Investments	217	6	2	—	—	310	21	—	—
Property taxes receivable	—	—	—	—	—	—	—	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—	—	6	450	49
Grantee loans receivable	—	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—	—
Due from component unit	—	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—	—
Total assets	552	6	21	3	1	311	28	6,697	112

Liabilities, Deferred Inflows, and Fund Balances

Liabilities:									
Accounts payable	—	—	—	—	—	—	4	189	63
Accrued liabilities	—	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—	—	—
Total liabilities	—	—	—	—	—	—	4	189	63

Deferred Inflows of Resources

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

Fund balances:

Nonspendable	—	—	—	—	—	—	—	—	—
Restricted	552	7	21	3	1	311	24	—	—
Committed	—	—	—	—	—	—	—	6,508	49
Assigned	—	—	—	—	—	—	—	—	—
Unassigned	—	(1)	—	—	—	—	—	—	—
Total fund balances	552	6	21	3	1	311	24	6,508	49
Total liabilities, deferred inflows, and fund balances	552	6	21	3	1	311	28	6,697	112

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2016  
 (Amounts in thousands)

Assets	Disaster Mitigation	French Quarter Development District	Utilities	French Quarter Improvement	Coroner's Office	Ad Valorem Property Tax	Road Paving and Restoration	Miscellaneous Donations	Other
Cash	320	630	901	1,184	143	623	2,130	735	9
Investments	—	—	—	—	—	—	—	—	163
Property taxes receivable	—	—	—	—	—	—	—	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	224	2	45	—	5	—
Grantee loans receivable	—	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—	—
Due from component unit	—	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—	—
<b>Total assets</b>	<b>320</b>	<b>630</b>	<b>901</b>	<b>1,408</b>	<b>145</b>	<b>668</b>	<b>2,130</b>	<b>740</b>	<b>172</b>

**Liabilities, Deferred Inflows, and Fund Balances**

Liabilities:									
Accounts payable	—	509	—	203	—	12	—	15	—
Accrued liabilities	—	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>509</b>	<b>—</b>	<b>203</b>	<b>—</b>	<b>12</b>	<b>—</b>	<b>15</b>	<b>—</b>

**Deferred Inflows of Resources**

Unavailable revenue	—	—	—	—	—	—	2,130	—	—
<b>Total deferred inflows of resources</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,130</b>	<b>—</b>	<b>—</b>

Fund balances:

Nonspendable	—	—	—	—	—	—	—	—	165
Restricted	—	—	901	1,205	—	—	—	—	7
Committed	320	121	—	—	144	657	—	—	—
Assigned	—	—	—	—	—	—	—	725	—
Unassigned	—	—	—	—	1	(1)	—	—	—
<b>Total fund balances</b>	<b>320</b>	<b>121</b>	<b>901</b>	<b>1,205</b>	<b>145</b>	<b>656</b>	<b>—</b>	<b>725</b>	<b>172</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>320</b>	<b>630</b>	<b>901</b>	<b>1,408</b>	<b>145</b>	<b>668</b>	<b>2,130</b>	<b>740</b>	<b>172</b>

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2016  
 (Amounts in thousands)

Assets	Grant Recipient Funds	Total
Cash	9,529	46,818
Investments	—	8,274
Property taxes receivable	—	201
Accounts receivable (net, where applicable, of allowances for uncollectibles)	28	1,069
Grantee loans receivable	423	423
Due from other funds	156	156
Due from component unit	—	—
Due from other governments	5,412	5,412
Other assets	—	12
Total assets	<u>15,548</u>	<u>62,365</u>

**Liabilities, Deferred Inflows, and Fund  
Balances**

Liabilities:		
Accounts payable	7,657	11,617
Accrued liabilities	11	11
Due to other funds	6,346	7,373
Due to other governments	686	686
Advances from other funds	—	2
Total liabilities	<u>14,700</u>	<u>19,689</u>

**Deferred Inflows of Resources**

Unavailable revenue	1,246	3,773
Total deferred inflows of resources	<u>1,246</u>	<u>3,773</u>

Fund balances:

Nonspendable	—	1,083
Restricted	423	9,671
Committed	—	28,874
Assigned	—	725
Unassigned	(821)	(1,450)
Total fund balances	<u>(398)</u>	<u>38,903</u>
Total liabilities, deferred inflows, and fund balances	<u>15,548</u>	<u>62,365</u>

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-major Governmental Funds  
 December 31, 2016  
 (Amounts in thousands)

	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Sex Offender Proprietary Fund	Sidewalk Paving and Repairing	Mayor's Office of Tourism and Arts
<b>Revenues:</b>							
Taxes	2,970	2,969	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—
Program income	—	24	—	—	—	—	—
Charge for Fees	—	—	94	—	—	—	—
Fines and forfeits	—	—	63	—	—	—	—
Interest income	—	—	—	—	—	—	—
Contributions, gifts, and donations	—	—	—	—	—	—	185
Miscellaneous	—	—	—	—	71	—	—
<b>Total revenues</b>	<b>2,970</b>	<b>2,993</b>	<b>157</b>	<b>—</b>	<b>71</b>	<b>—</b>	<b>185</b>
<b>Expenditures:</b>							
General government	—	—	—	—	—	—	82
Public safety	—	—	—	—	82	—	—
Public works	—	—	—	—	—	—	—
Health and human services	—	—	12	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—
Urban development and housing	—	—	—	—	—	—	—
Economic development and assistance	2,381	1,442	—	—	—	—	—
Capital outlays	—	—	—	—	—	—	—
Debt service	—	—	—	—	—	—	—
Principal	—	—	—	380	—	—	—
Interest	—	—	—	50	—	—	—
<b>Total expenditures</b>	<b>2,381</b>	<b>1,442</b>	<b>12</b>	<b>430</b>	<b>82</b>	<b>—</b>	<b>82</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>589</b>	<b>1,551</b>	<b>145</b>	<b>(430)</b>	<b>(11)</b>	<b>—</b>	<b>103</b>
<b>Other financing sources (uses):</b>							
Operating transfers in	—	—	—	—	—	—	—
Operating transfers out	—	—	—	—	—	—	—
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net change in fund balance</b>	<b>589</b>	<b>1,551</b>	<b>145</b>	<b>(430)</b>	<b>(11)</b>	<b>—</b>	<b>103</b>
<b>Fund balances – beginning of year</b>	<b>3,253</b>	<b>2,118</b>	<b>293</b>	<b>1,782</b>	<b>415</b>	<b>—</b>	<b>398</b>
Prior period adjustments	(20)	(16)	—	—	—	—	—
<b>Fund balances – beginning of year, as restated</b>	<b>3,233</b>	<b>2,102</b>	<b>293</b>	<b>1,782</b>	<b>415</b>	<b>—</b>	<b>398</b>
<b>Fund balances (deficit) – end of year</b>	<b>3,822</b>	<b>3,653</b>	<b>438</b>	<b>1,352</b>	<b>404</b>	<b>—</b>	<b>501</b>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-major Governmental Funds  
 December 31, 2016  
 (Amounts in thousands)

	Mayor's 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	—	—	—	—	—	—	—	—
Fines and forfeits	—	—	—	222	—	—	—	—
Interest income	—	1	—	3	—	—	1	—
Contributions, gifts, and donations	—	100	—	—	167	—	99	—
Miscellaneous	—	—	—	—	—	—	—	—
Total revenues	—	101	—	225	167	—	100	—
Expenditures:								
General government	562	94	—	436	—	—	99	—
Public safety	—	—	—	—	—	—	—	—
Health and human services	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	177	—	—	—
Urban development and housing	—	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	—
Capital outlays	—	—	—	—	—	—	—	—
Debt service	—	—	—	—	—	—	—	—
Principal	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—
Total expenditures	562	94	—	436	177	—	99	—
Excess (deficiency) of revenues over expenditures	(562)	7	—	(211)	(10)	—	1	—
Other financing sources (uses):								
Operating transfers in	—	—	—	—	—	—	—	—
Operating transfers out	—	—	—	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—	—	—	—
Net change in fund balance	(562)	7	—	(211)	(10)	—	1	—
Fund balances — beginning of year	(465)	235	1	1,593	56	52	274	1
Prior period adjustments	—	—	—	—	(47)	—	—	—
Fund balances — beginning of year, as restated	(465)	235	1	1,593	9	52	274	1
Fund balances (deficit) — end of year	(1,027)	242	1	1,382	(1)	52	275	1

See accompanying independent auditors' report. (Continued)

CITY OF NEW ORLEANS  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-major Governmental Funds  
 December 31, 2016  
 (Amounts in thousands)

	Public Library Donations	Plant-A-Tree Campaign	Capital Improvement and Infrastructure	Delgado-Albania Plantation Commission	Edward Wisner	Simon Hershheim	Kiwanis Club Lee Circle Sprinkler System
<b>Revenues:</b>							
Taxes	—	—	5,720	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—
Program income	—	—	—	—	—	—	—
Charge for Fees	—	—	—	—	—	—	—
Fines and forfeits	—	—	—	—	—	—	—
Interest income	—	—	1	5	12	—	—
Contributions, gifts, and donations	130	211	—	191	2,458	—	—
Miscellaneous	—	—	—	—	—	—	—
<b>Total revenues</b>	<b>130</b>	<b>211</b>	<b>5,721</b>	<b>196</b>	<b>2,470</b>	<b>—</b>	<b>—</b>
<b>Expenditures:</b>							
General government	—	—	3,859	—	—	—	—
Public safety	—	—	—	—	—	—	—
Public works	—	—	—	—	—	—	—
Health and human services	—	—	—	—	—	—	—
Culture and recreation	142	330	—	—	2,568	—	—
Urban development and housing	—	—	1,151	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Capital outlays	—	—	—	—	—	—	—
Debt service	—	—	—	—	—	—	—
Principal	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—
<b>Total expenditures</b>	<b>142</b>	<b>330</b>	<b>5,010</b>	<b>—</b>	<b>2,568</b>	<b>—</b>	<b>—</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(12)</b>	<b>(119)</b>	<b>711</b>	<b>196</b>	<b>(98)</b>	<b>—</b>	<b>—</b>
<b>Other financing sources (uses):</b>							
Operating transfers in	—	—	—	—	—	—	—
Operating transfers out	—	—	(3,553)	—	—	—	—
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>—</b>	<b>(3,553)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net change in fund balance</b>	<b>(12)</b>	<b>(119)</b>	<b>(2,842)</b>	<b>196</b>	<b>(98)</b>	<b>—</b>	<b>—</b>
<b>Fund balances – beginning of year</b>	<b>878</b>	<b>9</b>	<b>9,854</b>	<b>2,306</b>	<b>6,220</b>	<b>81</b>	<b>5</b>
<b>Prior period adjustments</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Fund balances – beginning of year, as restated</b>	<b>878</b>	<b>9</b>	<b>9,854</b>	<b>2,306</b>	<b>6,220</b>	<b>81</b>	<b>5</b>
<b>Fund balances (deficit) – end of year</b>	<b>866</b>	<b>(110)</b>	<b>7,012</b>	<b>2,502</b>	<b>6,122</b>	<b>81</b>	<b>5</b>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Non-major Governmental Funds  
 December 31, 2016  
 (Amounts in thousands)

	Elta West Freeman Foundation	Isaac Deigado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lilly Violet	Mahalia Zimmerman Tomb	Mrs. Otto Joachim	Sickles Legacy	Helen Adler Levy Library
<b>Revenues:</b>								
Taxes	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—
Program income	—	—	—	—	—	—	—	—
Charge for Fees	—	—	—	—	—	—	—	—
Fines and forfeits	—	—	—	—	—	—	—	—
Interest income	—	2	—	—	—	—	—	—
Contributions, gifts, and donations	—	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—
<b>Total revenues</b>	—	2	—	—	—	—	2	—
<b>Expenditures:</b>								
General government	—	—	—	—	—	—	—	—
Public safety	—	—	—	—	—	—	—	—
Public works	—	—	—	—	—	—	—	—
Health and human services	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—
Urban development and housing	—	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	—
Capital outlays	—	—	—	—	—	—	—	—
Debt service	—	—	—	—	—	—	—	—
Principal	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—
<b>Total expenditures</b>	—	—	—	—	—	—	—	—
<b>Excess (deficiency) of</b>								
revenues over	—	2	—	—	—	—	2	—
expenditures								
<b>Other financing sources (uses):</b>								
Operating transfers in	—	—	—	—	—	—	—	—
Operating transfers out	—	—	—	—	—	—	—	—
<b>Total other financing</b>								
sources (uses)	—	—	—	—	—	—	—	—
<b>Net change in fund</b>								
balance	—	2	—	—	—	—	2	—
<b>Fund balances – beginning of year</b>	8	550	6	21	3	1	309	24
<b>Prior period adjustments</b>	—	—	—	—	—	—	—	—
<b>Fund balances – beginning of year, as restated</b>	8	550	6	21	3	1	309	24
<b>Fund balances (deficit) – end of year</b>	8	552	6	21	3	1	311	24

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-major Governmental Funds  
 December 31, 2016  
 (Amounts in thousands)

	Housing and Environment Improvement	Indigent Defender	Disaster Mitigation	French Quarter Development District	Utilities	French Quarter Improvement	Coroner's Office	Ad Valorem Property Tax	Road Paving and Restoration	Miscellaneous Donations
Revenues:										
Taxes	—	—	—	2,491	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—	—
Program income	—	—	—	—	—	—	—	—	—	—
Charge for Fees	—	—	—	—	—	—	—	27	—	—
Fines and forfeits	3,197	780	—	—	—	—	75	—	—	—
Interest income	—	—	—	—	—	—	—	145	—	—
Contributions, gifts, and donations	7	—	—	2,000	—	—	—	307	92	575
Miscellaneous	—	—	—	—	—	1,709	—	—	—	—
Total revenues	3,204	780	—	4,491	—	1,709	75	479	92	575
Expenditures:										
General government	—	—	—	—	—	—	—	—	—	—
Public safety	—	776	—	4,870	—	—	—	182	—	—
Public works	—	—	—	—	—	2,079	—	—	92	—
Health and human services	—	—	—	—	—	—	—	—	—	60
Culture and recreation	—	—	—	—	—	—	—	—	—	—
Urban development and housing	1,349	—	—	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	—	—	—
Capital outlays	—	—	—	—	—	—	—	—	—	—
Debt service	—	—	—	—	—	—	—	—	—	—
Principal	—	—	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—	—
Total expenditures	1,349	776	—	4,870	—	2,079	—	182	92	60
Excess (deficiency) of revenues over expenditures	1,855	4	—	(379)	—	(370)	75	297	—	515
Other financing sources (uses):										
Operating transfers in	—	—	—	500	—	—	—	—	—	—
Operating transfers out	—	—	—	—	(476)	(500)	—	(4,650)	—	—
Total other financing sources (uses)	—	—	—	500	(476)	(500)	—	(4,650)	—	—
Net change in fund balance	1,855	4	—	121	(476)	(870)	75	(4,353)	—	515
Fund balances – beginning of year	5,040	45	320	—	1,377	2,075	70	5,288	—	210
Prior period adjustments	(387)	—	—	—	—	—	—	(279)	—	—
Fund balances – beginning of year, as restated	4,653	45	320	—	1,377	2,075	70	5,009	—	210
Fund balances (deficit) – end of year	6,508	49	320	121	901	1,205	145	656	—	725

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-major Governmental Funds  
 December 31, 2016  
 (Amounts in thousands)

	Other	Grant Recipient Funds	Total
Revenues:			
Taxes	—	—	14,150
Intergovernmental	—	35,126	35,126
Program income	—	359	383
Charge for Fees	—	34	155
Fines and forfeits	—	17	4,354
Interest income	1	—	173
Contributions, gifts, and donations	—	—	5,795
Miscellaneous	—	—	2,507
Total revenues	1	35,536	62,643
Expenditures:			
General government	—	11,543	16,239
Public safety	—	2,764	9,110
Public works	—	3,826	5,997
Health and human services	—	13,493	13,565
Culture and recreation	—	—	3,217
Urban development and housing	—	1,756	4,256
Economic development and assistance	—	3,611	7,434
Capital outlays	—	—	—
Debt service	—	—	380
Principal	—	—	50
Interest	—	—	—
Total expenditures	—	36,993	60,248
Excess (deficiency) of revenues over expenditures	1	(1,457)	2,395
Other financing sources (uses):			
Operating transfers in	—	—	500
Operating transfers out	—	—	(9,179)
Total other financing sources (uses)	—	—	(8,679)
Net change in fund balance	1	(1,457)	(6,284)
Fund balances – beginning of year	171	1,547	46,424
Prior period adjustments	—	(488)	(1,237)
Fund balances – beginning of year, as restated	171	1,059	45,187
Fund balances (deficit) – end of year	172	(398)	38,903

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
Consolidating Balance Sheet  
Non-major Grant Recipient Funds  
December 31, 2016  
(Amounts in thousands)

Assets	Federal Department of Interior	Federal UDAG	Louisiana Office of Community Development	Federal Justice Administration	FDJ Office of Justice Program	Federal Department of Health	Department of Defense	Federal Department of Commerce	Department of Economic Development	Federal Department of Energy	Federal Department of Agriculture
Cash	1	4,445	—	—	—	—	25	—	19	75	978
Accounts Receivable	—	27	1	—	—	—	—	—	—	—	—
Grantee Loans	—	423	—	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	65	—	—	—	—	—	—
Due from other governments	—	—	998	536	122	3,057	—	—	—	—	—
Total assets	1	4,895	999	536	122	3,122	25	—	19	75	978

Deferred Outflows of Resources

Liabilities, Deferred Inflows, and Fund Balances

Liabilities:											
Accounts payable	—	529	3,780	14	84	2,114	—	—	—	—	—
Accrued liability	—	—	—	—	2	—	—	—	—	—	—
Due to other funds	—	—	3,866	528	178	905	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—	—	4	—
Total liabilities	—	529	7,646	542	264	3,019	—	—	—	4	—

Deferred Inflows of Resources

Unavailable revenues											
Total deferred inflows of resources	—	—	—	—	—	959	—	—	—	—	—
Fund balances:											
Restricted	—	423	—	—	—	—	—	—	—	—	—
Assigned	—	—	—	—	—	—	—	—	—	—	—
Unassigned	1	3,943	(6,647)	(6)	(142)	(856)	25	—	19	71	978
Total fund balances	1	4,366	(6,647)	(6)	(142)	(856)	25	—	19	71	978
Total liabilities, deferred inflows, and fund balances	1	4,895	999	536	122	3,122	25	—	19	75	978

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Grant Recipient Funds  
 December 31, 2016  
 (Amounts in thousands)

Assets	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
Cash	—	56	201	—	5	109	2	—	—
Accounts Receivable	—	—	—	—	—	—	—	—	—
Grantee Loans	—	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—	—
Due from other governments	33	60	—	—	—	—	—	—	542
Total assets	33	116	201	—	5	109	2	—	542

Deferred Outflows of Resources

Liabilities, Deferred Inflows, and Fund Balances

Liabilities:	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
Accounts payable	9	19	4	—	—	—	—	—	539
Accrued liability	1	—	—	8	—	—	—	—	—
Due to other funds	58	—	—	76	—	—	—	—	446
Due to other governments	393	—	—	—	—	—	—	—	—
Total liabilities	461	19	4	84	—	—	—	—	985

Deferred Inflows of Resources

Fund balances:	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
Unavailable revenues	—	—	—	—	—	—	—	—	287
Total deferred inflows of resources	—	—	—	—	—	—	—	—	287
Restricted	—	—	—	—	—	—	—	—	—
Assigned	(428)	97	197	(84)	5	109	2	—	(730)
Unassigned	(428)	97	197	(84)	5	109	2	—	(730)
Total fund balances	33	116	201	—	5	109	2	—	542
Total liabilities, deferred inflows, and fund balances	33	116	201	—	5	109	2	—	542

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Grant Recipient Funds  
 December 31, 2016  
 (Amounts in thousands)

Assets	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 Transportation Authority	Federal Department of Transportation	National Endowments for the Arts	Total
Cash	121	289	2,873	37	—	—	293	—	—	—	9,529
Accounts Receivable	—	—	—	—	—	—	—	—	—	—	28
Grantee Loans	—	—	—	—	—	—	—	—	—	—	423
Due from other funds	—	—	5	—	—	86	—	—	—	—	156
Due from other governments	6	—	7	—	—	51	—	—	—	—	5,412
Total assets	127	289	2,885	37	—	137	293	—	—	—	15,548
<b>Deferred Outflows of Resources</b>											
<b>Liabilities, Deferred Inflows, and Fund Balances</b>											
<b>Liabilities:</b>											
Accounts payable	6	—	308	—	154	2	—	95	—	—	7,657
Accrued liability	—	—	—	—	—	—	—	—	—	—	11
Due to other funds	—	—	66	86	6	107	—	24	—	—	6,346
Due to other governments	—	289	—	—	—	—	—	—	—	—	686
Total liabilities	6	289	374	86	160	109	—	119	—	—	14,700
<b>Deferred Inflows of Resources</b>											
Unavailable revenues	—	—	—	—	—	—	—	—	—	—	1,246
<b>Fund balances:</b>											
Restricted	—	—	—	—	—	—	—	—	—	—	423
Assigned	121	—	2,511	(49)	(160)	28	293	(119)	—	—	(821)
Unassigned	121	—	2,511	(49)	(160)	28	293	(119)	—	—	(398)
Total fund balances	127	289	2,885	37	—	137	293	—	—	—	15,548

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-major Grant Recipient Funds  
 December 31, 2016  
 (Amounts in thousands)

	Federal Department of Interior	Federal UDAG	Louisiana Office of Community Development	Federal Justice Administration	FDJ Office of Justice Program	Federal Department of Health	Department of Defense	Federal Department of Commerce	Department of Economic Development	Federal Energy Grant	Federal Department of Agriculture	Louisiana Commission on Law Enforcement
<b>Revenues:</b>												
Intergovernmental	—	—	10,292	2,321	1,034	13,467	—	—	—	(1)	—	163
Program income	—	8	36	—	—	315	—	—	—	—	—	—
Fines and forfeits	—	—	34	—	—	—	—	—	—	—	—	—
Interest income	—	17	—	—	—	—	—	—	—	—	—	—
Total revenues	—	25	10,362	2,321	1,034	13,782	—	—	—	(1)	—	163
<b>Expenditures:</b>												
General government	—	3,755	5,300	25	237	21	—	—	—	—	—	46
Public safety	—	—	—	1,918	461	—	—	—	—	—	—	136
Public works	—	3,826	—	—	—	—	—	—	—	—	—	—
Health and human services	—	—	—	275	392	11,422	—	—	—	—	—	67
Culture and recreation	—	—	—	—	—	—	—	—	—	—	—	—
Urban Development	—	408	1,138	—	—	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	—	—	—	—	—
Capital outlays	—	—	—	—	—	—	—	—	—	—	—	—
Total expenditures	—	7,989	6,438	2,218	1,090	11,443	—	—	—	—	—	249
(Deficiency) excess of revenues over expenditures	—	(7,964)	3,924	103	(56)	2,339	—	—	—	(1)	—	(86)
<b>Other financing uses:</b>												
Transfers in	—	—	—	—	—	—	—	—	—	—	—	—
Total other financing uses	—	—	—	—	—	—	—	—	—	—	—	—
Net change in fund balance	—	(7,964)	3,924	103	(56)	2,339	—	—	—	(1)	—	(86)
<b>Fund balances – beginning of year</b>	1	12,164	(9,934)	(109)	(86)	(3,195)	25	—	19	72	978	(342)
Prior period adjustments	—	166	(637)	—	—	—	—	—	—	—	—	—
Fund balances – beginning of year, as restated	1	12,330	(10,571)	(109)	(86)	(3,195)	25	—	19	72	978	(342)
Fund balances (deficit) – end of year	1	4,366	(6,647)	(6)	(142)	(856)	25	—	19	71	978	(428)

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-major Grant Recipient Funds  
 December 31, 2016  
 (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	LA Highway Safety Commission	Department of Labor	Department of Natural Resources	Traffic Court
<b>Revenues:</b>										
Intergovernmental	729	10	188	—	—	—	26	3,358	23	—
Program income	—	—	—	—	—	—	—	—	—	—
Fines and forfeits	—	—	—	—	—	—	—	—	—	—
Interest income	—	—	—	—	—	—	—	—	—	—
Total revenues	729	10	188	—	—	—	26	3,358	23	—
<b>Expenditures:</b>										
General government	13	47	—	—	—	—	—	304	6	—
Public safety	—	—	249	—	—	—	—	—	—	—
Public works	—	—	—	—	—	—	—	—	—	—
Health and human services	716	—	—	—	—	—	26	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—	—
Urban Development	—	—	—	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	3,367	—	—
Capital outlays	—	—	—	—	—	—	—	—	—	—
Total expenditures	729	47	249	—	—	—	26	3,871	6	—
(Deficiency) excess of revenues over expenditures	—	(37)	(61)	—	—	—	—	(513)	17	—
<b>Other financing uses:</b>										
Transfers in	—	—	—	—	—	—	—	—	—	—
Total other financing uses	—	—	—	—	—	—	—	—	—	—
Net change in fund balance	—	(37)	(61)	—	—	—	—	(513)	17	—
<b>Fund balances – beginning of year</b>	97	237	(23)	5	109	2	—	(217)	104	—
Prior period adjustments	—	(3)	—	—	—	—	—	—	—	—
Fund balances – beginning of year, as restated	97	234	(23)	5	109	2	—	(217)	104	—
Fund balances (deficit) – end of year	97	197	(84)	5	109	2	—	(730)	121	—

See accompanying independent auditors' report. (Continued)

CITY OF NEW ORLEANS  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Non-major Grant Recipient Funds  
 December 31, 2016  
 (Amounts in thousands)

	Private Grants	Federal Department of Homeland Security	Federal Department of Social Service	Louisiana Military Department	Federal American Recovery Act	Federal Transportation Authority	National Endowments for the Arts	Total
<b>Revenues:</b>								
Intergovernmental	2,738	286	—	189	293	—	10	35,126
Program income	—	—	—	—	—	—	—	359
Fines and forfeits	—	—	—	—	—	—	—	34
Interest income	—	—	—	—	—	—	—	17
<b>Total revenues</b>	<b>2,738</b>	<b>286</b>	<b>—</b>	<b>189</b>	<b>293</b>	<b>—</b>	<b>10</b>	<b>35,536</b>
<b>Expenditures:</b>								
General government	1,176	368	(50)	178	—	107	10	11,543
Public safety	—	—	—	—	—	—	—	2,764
Public works	—	—	—	—	—	—	—	3,826
Health and human services	595	—	—	—	—	—	—	13,493
Culture and recreation	—	—	—	—	—	—	—	—
Urban Development	—	—	210	—	—	—	—	1,756
Economic development and assistance	44	—	—	—	—	—	—	3,611
Capital outlays	—	—	—	—	—	—	—	—
<b>Total expenditures</b>	<b>1,815</b>	<b>368</b>	<b>160</b>	<b>178</b>	<b>—</b>	<b>107</b>	<b>10</b>	<b>36,993</b>
(Deficiency) excess of revenues over expenditures	923	(82)	(160)	11	293	(107)	—	(1,457)
<b>Other financing uses:</b>								
Transfers in	—	—	—	—	—	—	—	—
<b>Total other financing uses</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net change in fund balance</b>	<b>923</b>	<b>(82)</b>	<b>(160)</b>	<b>11</b>	<b>293</b>	<b>(107)</b>	<b>—</b>	<b>(1,457)</b>
<b>Fund balances – beginning of year</b>	<b>1,602</b>	<b>32</b>	<b>—</b>	<b>18</b>	<b>—</b>	<b>(12)</b>	<b>—</b>	<b>1,547</b>
Prior period adjustments	(14)	—	—	—	—	—	—	(488)
<b>Fund balances – beginning of year, as restated</b>	<b>1,588</b>	<b>32</b>	<b>—</b>	<b>18</b>	<b>—</b>	<b>(12)</b>	<b>—</b>	<b>1,059</b>
<b>Fund balances (deficit) – end of year</b>	<b>2,511</b>	<b>(49)</b>	<b>(160)</b>	<b>28</b>	<b>293</b>	<b>(119)</b>	<b>—</b>	<b>(398)</b>

See accompanying independent auditors' report.

## **FIDUCIARY FUNDS**

# CITY OF NEW ORLEANS, LOUISIANA

## Combining Financial Statements

Fiduciary Funds  
December 31, 2016

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, 2016

(Amounts in thousands)

Assets	Firefighters'		Police old system	Employees' retirement system	Total
	Old system	New system			
Current assets:					
Cash	\$ 484	1,076	56	1,302	2,918
Investments:					
Cash equivalents	7,808	10,994		26,113	44,915
Fixed income securities	—	253	—	67,746	67,999
Equities	—	3	—	175,985	175,988
Mutual funds	—	909	—	—	909
Investment in corporations, partnerships, and limited liability	—	24,947	1,553	—	26,500
Investment in hedge funds and private equity funds	—	—	—	49,164	49,164
Investment in real estate	—	3,201	—	21,549	24,750
Other	—	—	—	12,126	12,126
Receivables:					
Accrued interest	3	—	—	183	186
Contribution	—	194	—	1,654	1,848
Due (to)/from Old/New System	240	(240)	—	—	—
Notes receivable	—	1,778	—	—	1,778
Other	—	41	18	231	290
Other assets	—	—	—	—	—
Total assets	\$ 8,535	43,156	1,627	356,053	409,371
<b>Liabilities and Net Position</b>					
Current liabilities:					
Accounts payable	\$ 20	158	4	—	182
Line of credit	—	—	—	—	—
Other payables and accruals	—	—	—	2,443	2,443
Total current liabilities	20	158	4	2,443	2,625
Long-term liabilities:					
Notes payable	—	—	—	—	—
Total long-term liabilities	—	—	—	—	—
Total liabilities	20	158	4	2,443	2,625
Net position:					
Restricted for:					
Pension benefits	8,515	42,998	1,623	353,610	406,746
Total net position held in trust for pension benefits	8,515	42,998	1,623	353,610	406,746
Total liabilities and net position	\$ 8,535	43,156	1,627	356,053	409,371

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, 2016

(Amounts in thousands)

	Firefighters'		Police old system	Employees' retirement system	Total
	Old system	New system			
Additions:					
Contributions:					
Employer	\$	31,393	—	27,305	58,698
Members		11,461	—	7,444	21,635
Fire insurance rebate		660	—	—	1,546
Other		—	239	1,106	1,526
Total contributions		12,121	239	35,855	83,405
Other income:					
Other - City of New Orleans		—	—	—	—
Total other income		—	—	—	—
Investment income:					
Net appreciation (depreciation) in fair value of investments		(204)	—	23,864	22,043
Interest and dividends		7	—	6,209	6,350
Other investment income		—	—	(148)	465
Less investment expense		(10)	—	(1,312)	(2,117)
Net investment income (loss)		(207)	—	28,613	26,741
Total additions		11,914	239	64,468	110,146
Deductions:					
Pension benefits		16,387	30	23,407	64,119
Refund of member contributions		—	1	1,502	1,700
Death benefits		33	—	213	279
Administrative expenses		424	116	171	1,591
DROP withdrawal		662	—	4,072	13,943
PLOP withdrawal		896	—	4,880	11,706
Transfers		—	127	15,711	16,089
Total deductions		18,402	274	49,956	109,427
Net increase (decrease)		(6,488)	(35)	14,512	719
Net position held in trust for pension benefits – beginning of year					
Prior period adjustments		15,003	50,268	1,658	339,098
		—	—	—	—
Net position held in trust for pension benefits – beginning of year, as restated					
		15,003	50,268	1,658	339,098
Net position held in trust for pension benefits – end of year					
	\$	8,515	42,998	1,623	353,610
					406,746

See accompanying independent auditors' report.

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Changes in Assets and Liabilities

## Agency Funds

Year ended December 31, 2016

(Amounts in thousands)

	<b>Balance January 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2016</b>
Clearing fund:				
Assets:				
Cash	\$ 30,544	1,750,800	1,756,668	24,676
Accounts receivable	400	560	521	439
	<u>\$ 30,944</u>	<u>1,751,360</u>	<u>1,757,189</u>	<u>25,115</u>
Liabilities:				
Other payables and accruals	\$ 30,944	2,366,605	2,372,434	25,115
	<u>\$ 30,944</u>	<u>2,366,605</u>	<u>2,372,434</u>	<u>25,115</u>
Deposit fund:				
Assets:				
Cash	\$ 408	9,534	9,092	850
Investments	877	4	—	881
Accounts receivable	43	38	—	81
	<u>\$ 1,328</u>	<u>9,576</u>	<u>9,092</u>	<u>1,812</u>
Liabilities:				
Accounts payable	\$ 1	—	1	—
Other payables and accruals	1,327	5,575	5,090	1,812
	<u>\$ 1,328</u>	<u>5,575</u>	<u>5,091</u>	<u>1,812</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, 2016  
(Amounts in thousands)

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2016</u>
Escrow fund				
Assets:				
Cash	\$ 17,944	71,726	74,979	14,691
Investments	17,099	87	8	17,178
Accounts Receivable	—	13	—	13
	<u>\$ 35,043</u>	<u>71,826</u>	<u>74,987</u>	<u>31,882</u>
Liabilities:				
Other payables and accruals	\$ 35,043	83,167	86,328	31,882
	<u>\$ 35,043</u>	<u>83,167</u>	<u>86,328</u>	<u>31,882</u>
Total all agency funds:				
Assets:				
Cash	\$ 48,896	1,832,060	1,840,739	40,217
Investments	17,976	91	8	18,059
Accounts receivable	443	611	521	533
	<u>\$ 67,315</u>	<u>1,832,762</u>	<u>1,841,268</u>	<u>58,809</u>
Liabilities:				
Accounts payable	\$ 1	—	1	—
Other payables and accruals	67,314	2,455,347	2,463,852	58,809
	<u>\$ 67,315</u>	<u>2,455,347</u>	<u>2,463,853</u>	<u>58,809</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, 2016

(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	\$ 4,948	4,796	4,990	3,365	13,474	17,368	7,444	77	56,462
Receivables (net of allowances for uncollectibles):									
Property taxes	586	—	—	—	—	—	—	—	586
Accounts	—	4,408	783	3	292	644	849	3,351	10,330
Accrued interest	—	—	—	—	—	70	—	—	70
Other	57	93	—	—	—	—	—	3,919	4,069
Due from other governments	—	—	391	—	—	547	—	—	938
Prepaid expenses and deposits	121	1,467	248	82	201	47	73	1,117	3,356
Other assets	—	—	—	10	—	—	—	762	772
Total current assets	5,712	10,764	6,412	3,460	13,967	18,676	8,566	9,226	76,583
Restricted cash and investments:									
Customer deposits	—	—	—	—	—	—	2,231	—	2,231
Future debt service account	258	—	—	—	—	—	—	—	258
Other	—	—	—	—	—	—	—	4,696	4,696
Total restricted assets	258	—	—	—	—	—	2,231	4,696	7,185
Property, plant, and equipment – at cost, less accumulated depreciation	129	—	17,984	10	18,205	13,396	35,234	121,624	206,582
Other assets	—	—	—	1	—	13,956	—	—	13,957
Total assets	\$ 6,099	10,764	24,396	3,471	32,172	46,028	45,831	135,546	304,307
Deferred Outflows of Resources									
Deferred amounts related to net pension liability	—	—	7,384	—	1,457	—	—	—	8,841
Total deferred outflows of resources	—	—	7,384	—	1,457	—	—	—	8,841
Total assets and deferred outflows of resources	\$ 6,099	10,764	31,780	3,471	33,629	46,028	45,831	135,546	313,148

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Position

Non-major Component Units

December 31, 2015

(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
<b>Liabilities, Deferred Inflows, and Net Position</b>									
Current liabilities (payable from current assets):									
Accounts payable	\$ 350	1,199	820	3	566	183	24	2,837	5,982
Other payables and accruals	63	—	370	133	317	10	87	17,843	18,823
Due to other governments	—	1,975	—	—	659	—	83	—	2,717
Total current liabilities (payable from current assets)	413	3,174	1,190	136	1,542	193	194	20,680	27,522
Current liabilities (payable from restricted assets):									
Accrued interest	—	—	37	—	—	—	—	—	37
Bonds payable, current portion	345	—	825	759	—	—	—	—	1,929
Deposits and other	96	—	—	35	30	—	—	—	161
Total current liabilities (payable from restricted assets)	441	—	862	794	30	—	—	—	2,127
Total current liabilities	854	3,174	2,052	930	1,572	193	194	20,680	29,649
Long-term liabilities:									
Revenue bonds (net of current portion)	3,590	—	1,765	—	—	—	—	74	5,429
Net pension liability	1,087	79	9,564	—	3,982	—	—	—	13,546
Other	4,677	79	790	—	305	—	21	93,380	95,662
Total long-term liabilities	5,531	3,253	12,119	—	4,287	—	21	93,454	114,637
Total liabilities	—	—	14,171	930	5,859	193	215	114,134	144,286
Deferred inflows of resources									
Deferred amounts related to net pension liability	—	—	289	—	141	—	—	—	430
Unavailable revenue	—	—	—	—	97	88	—	—	185
Total deferred inflows of resources	—	—	289	—	238	88	—	—	615
Net position:									
Net investment in capital assets	129	—	15,394	10	18,205	4,598	35,234	28,244	101,814
Restricted for bond debt service	258	—	936	635	—	—	—	—	1,829
Operations reserve	—	—	—	—	—	—	2,231	—	2,231
Unrestricted	181	7,511	990	1,896	9,327	41,149	8,151	(6,832)	62,373
Total net position	568	7,511	17,320	2,541	27,532	45,747	45,616	21,412	168,247
Total liabilities, deferred inflows of resources, and net position	\$ 6,099	10,764	31,780	3,471	33,629	46,028	45,831	135,546	313,148

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS**  
 Combining Statement of Activities  
 Non-major Component Units  
 Year ended December 31, 2016  
 (Amounts in thousands)

	Program Revenues		Net (expense) revenue and changes in net position										
	Expenses	Charges for services	Operating Grants	Capital Grants	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	Canal Street Development Corporation	New Orleans Building Corporation	Parish Hospital District for the Parish of Orleans District A	Total
Component units:													
Downtown Development District	\$ 6,443	—	126	—	(6,317)	—	—	—	—	—	—	—	(6,317)
New Orleans Tourism Marketing Corporation	20,255	—	—	—	—	(20,255)	—	—	—	—	—	—	(20,255)
Orleans Parish Communication District	13,108	5,080	—	—	—	—	(8,028)	—	—	—	—	—	(8,028)
Municipal Yacht Harbor Management Corporation	737	743	—	—	—	—	6	—	—	—	—	—	6
French Market Corporation	10,653	10,702	—	—	—	—	—	49	—	—	—	—	49
Canal Street Development Corporation	14,354	17,069	—	—	—	—	—	—	2,715	—	—	—	2,715
New Orleans Building Corporation	4,077	3,511	—	5	—	—	—	—	—	(561)	—	—	(561)
Parish Hospital District for the Parish of Orleans	49,227	33,642	4,550	—	—	—	—	—	—	—	(11,035)	—	(11,035)
Total component units	\$ 118,854	70,747	4,676	5	(6,317)	(20,255)	(8,028)	6	49	2,715	(561)	(11,035)	(43,426)
General revenue (expense):													
Interest revenue					26	1	24	17	15	31	—	—	114
Property taxes					7,133	19,703	6,087	—	—	—	—	298	7,133
Other					12	—	—	—	—	—	7	—	26,107
Total general revenues (expense)					7,171	19,704	6,111	17	15	31	7	298	33,354
Changes in net position					854	(551)	(1,917)	23	64	2,746	(554)	(10,757)	(10,072)
Net position – beginning					(285)	8,062	19,493	2,517	27,468	43,001	46,170	32,149	178,575
Prior period adjustments					—	—	(256)	—	—	—	—	—	(256)
Net position – beginning, as restated					(286)	8,062	19,237	2,518	27,468	43,001	46,170	32,149	178,319
Net position – ending				\$	568	7,511	17,320	2,541	27,532	45,747	45,616	21,412	168,247

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**

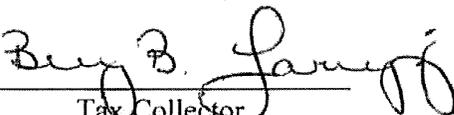
For the year ended December 31, 2016

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

I, Beverly B. Gariepy, 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, 2016 to December 31, 2016 and that the cash available for the settlement of the unsettled collections amounted to \$9,026,000 as of December 31, 2016.

The amount of taxes collected through tax sales in 2016 totaled \$1,157,106. .

The amount of interest on late ad valorem tax payments that was collected and disbursed during 2016 totaled \$1,564,447.

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

Sworn to and subscribed before me, this  
20th, day of June, 2017

  
Notary (affix seal)

**SCHEDULE OF COMPENSATION PAID TO CITY COUNCIL**

**CITY OF NEW ORLEANS, LOUISIANA**

Schedule of Compensation Paid to City Council

Year ended December 31, 2016

<b><u>New Orleans City Council</u></b>	<b><u>Compensation</u></b>
Stacy S. Head, Councilmember-at-Large (January 1 - December 31)	\$ 86,263
Jason R. Williams, Councilmember-at-Large (January 1 - December 31)	90,078
Susan G. Guidry, Councilmember - District A (January 1 - December 31)	91,745
Latoya W. Cantrell, Councilmember - District B (January 1 - December 31)	91,745
Nadine M. Ramsey, Councilmember - District C (January 1 - December 31)	91,745
Jared C. Brossett, Councilmember - District D (January 1 - December 31)	91,745
James A. Gray II, Councilmember - District E (January 1 - December 31)	90,078

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, 2016

**Mayor Mitchell J. Landrieu**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 163,362
Benefits - retirement	36,884
Benefits - Social Security, Medicare, Workers' Compensation	10,108
Vehicle provided by government	8,167
Per diem	116
Travel	14,938
Registration fees	1,450
Conference travel	20,358
Cell phone	793
Fuel	1,872

See accompanying independent auditors' report.

**STATISTICAL SECTION**

(unaudited)

## City of New Orleans, Louisiana

### Statistical Section

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

#### Contents

##### Financial Trends

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

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

##### Revenue Capacity

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

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

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

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

##### Demographic and Economic Information

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

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

##### Operating Information

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

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

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

CITY OF NEW ORLEANS, LOUISIANA

Exhibit E-1

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

(unaudited)

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

<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 645,610	\$ 641,132	\$ 641,513	\$ 741,516	\$ 826,219	\$ 890,521	\$ 894,662	\$ 936,247	\$ 933,606	\$ 914,834
Restricted	97,506	92,584	85,692	60,839	59,140	81,294	113,204	124,597	113,437	114,897
Unrestricted	(668,120)	(843,364)	(929,327)	(744,250)	(777,932)	(943,237)	(823,058)	(764,975)	(1,344,840)	(1,231,601)
Total primary government net assets	\$ 74,996	\$ (109,648)	\$ (202,122)	\$ 58,105	\$ 107,427	\$ 28,578	\$ 184,808	\$ 295,869	\$ (297,797)	\$ (201,870)

Source : City of New Orleans Bureau of Accounting

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 203,620	\$ 316,237	\$ 302,394	\$ 321,303	\$ 242,417	\$ 382,386	\$ 247,118	\$ 260,852	\$ 311,617	\$ 234,282
Public Safety	252,474	204,749	214,899	224,915	236,038	233,745	230,231	229,968	295,707	264,860
Public Works	143,211	135,507	136,344	124,952	126,080	134,130	124,136	123,826	141,746	146,064
Health and Human Services	18,438	19,973	20,682	19,084	21,678	26,805	27,981	29,587	31,806	32,492
Culture and recreation	12,600	21,710	25,392	23,577	21,575	24,576	23,403	26,021	27,500	30,228
Urban development and housing	21,157	49,507	47,544	40,114	32,682	33,538	23,891	24,968	28,539	22,090
Economic development	6,606	17,102	24,321	10,329	8,680	8,793	12,731	8,488	7,933	7,434
Interest and fiscal charges	60,267	73,152	73,590	76,276	69,621	66,996	60,546	62,647	61,926	60,607
Total primary government expenses	718,373	837,937	845,166	840,550	758,791	910,969	750,037	766,357	906,774	798,057
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General government	51,749	69,937	71,578	46,153	69,191	73,770	70,692	67,016	71,912	74,010
Public Safety	20,133	29,321	28,336	17,602	37,947	36,845	22,331	19,113	28,826	29,501
Public Works	14,284	18,075	25,373	32,218	36,753	36,756	37,015	34,571	41,570	46,353
Health and Human Services	301	6,690	8,535	9,862	9,873	7,967	8,003	14,792	13,856	14,692
Culture and recreation	-	638	310	235	309	861	814	1,025	1,033	898
Urban development and housing	138	-	-	-	60	-	1,735	2,605	3,304	3,204
Economic development	4,229	170	116	890	-	2,007	-	-	-	-
Operating grants and contributions	134,097	105,041	143,482	170,164	142,497	143,964	139,577	119,512	125,122	107,845
Capital grants and contributions	53,237	37,301	51,230	111,859	75,728	90,434	141,650	119,963	54,091	46,127
Total primary government program revenues	278,168	267,173	328,960	388,983	372,358	392,604	421,817	378,597	339,714	322,630
<b>Net Revenue (Expense)</b>										
Total primary government	(440,205)	(570,764)	(516,206)	(451,567)	(386,433)	(518,365)	(328,220)	(387,760)	(567,060)	(475,427)
<b>General Revenues</b>										
Governmental Activities:										
Property Taxes	142,480	155,767	145,956	175,863	187,199	180,318	204,335	209,059	212,507	248,493
Sales Taxes	134,114	137,581	133,868	147,453	153,955	163,128	176,465	193,183	204,293	203,235
Other Taxes	44,324	42,191	45,332	49,567	45,787	46,953	57,134	55,875	53,616	55,927
Investment Earnings	19,580	18,251	32,791	5,301	(770)	13,470	15,231	16,851	19,724	22,705
Insurance Proceeds	5,257	5,866	-	-	-	-	-	-	-	-
Miscellaneous	29,890	51,115	65,785	67,695	47,296	29,674	29,199	22,649	79,209	40,994
Gain (loss) on impairment	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sales of capital assets	-	(24,651)	-	265,915	2,288	5,973	2,086	-	-	-
Forgiveness of Debt	-	-	-	-	-	-	-	-	-	-
Transfers in/out	-	-	-	-	-	-	-	-	-	-
Special Items	-	-	-	-	-	-	-	2,600	-	-
Total general revenues, transfers, and special items	375,645	386,120	423,732	711,794	435,755	439,516	484,450	500,217	569,349	571,354
<b>Change in Net Assets</b>	\$ (64,560)	\$ (184,644)	\$ (92,474)	\$ 260,227	\$ 49,322	\$ (78,849)	\$ 156,230	\$ 112,457	\$ 2,289	\$ 95,927

Source : City of New Orleans Bureau of Accounting

CITY OF NEW ORLEANS, LOUISIANA

Exhibit E-3

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

(unaudited)

General Fund	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Reserved	\$ 16,526	\$ 7,229	\$ 680	\$ 530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Designated for subsequent year	40,083	17,016	15,933	13,619	-	-	-	-	-	-
Undesignated	41,011	35,334	(8,677)	(25,210)	-	-	-	-	-	-
No spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	250	250
Committed	-	-	-	-	13,934	10,661	6,036	4,735	2,080	4,769
Assigned	-	-	-	-	-	-	-	27,634	38,196	47,899
Unassigned	-	-	-	-	(17,344)	(19,997)	10,926	10,615	35,047	21,067
<b>Total general fund</b>	<b>97,620</b>	<b>59,579</b>	<b>7,936</b>	<b>(11,061)</b>	<b>(3,410)</b>	<b>(9,336)</b>	<b>16,962</b>	<b>42,984</b>	<b>75,573</b>	<b>73,985</b>
<b>All Other Governmental Funds</b>										
Reserved	158,297	186,871	130,974	149,398	-	-	-	-	-	-
Unreserved reported in:										
HUD	-	(267)	(385)	(7,493)	-	-	-	-	-	-
Federal UDAG	-	-	-	-	-	-	-	-	-	-
FEMA	(16,365)	(31,777)	(49,882)	(55,328)	-	-	-	-	-	-
CDL	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Capital Projects	180,116	61,103	66,185	55,119	-	-	-	-	-	-
Louisiana Office of Community Development	-	-	(1,169)	(14,190)	-	-	-	-	-	-
Non-major Governmental	34,636	28,692	17,582	20,231	-	-	-	-	-	-
No spendable	-	-	-	-	6,886	5,368	2,407	1,632	1,636	1,083
Restricted	-	-	-	-	122,991	146,778	137,113	152,806	139,243	125,103
Committed	-	-	-	-	17,891	25,402	58,882	81,597	133,220	167,272
Assigned	-	-	-	-	4,022	3,164	225	315	308	725
Unassigned	-	-	-	-	(78,511)	(64,424)	(36,537)	(30,271)	(37,176)	(19,807)
<b>Total all other government funds</b>	<b>\$ 356,686</b>	<b>\$ 244,622</b>	<b>\$ 163,305</b>	<b>\$ 147,737</b>	<b>\$ 73,279</b>	<b>\$ 116,288</b>	<b>\$ 162,070</b>	<b>\$ 206,079</b>	<b>\$ 237,231</b>	<b>\$ 274,376</b>

Source : City of New Orleans Bureau of Accounting

CITY OF NEW ORLEANS, LOUISIANA

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES</b>										
Taxes	\$ 298,620	\$ 301,076	\$ 305,240	\$ 333,849	\$ 360,944	\$ 372,012	\$ 396,973	\$ 424,204	\$ 446,239	\$ 472,836
Licenses and permits	55,490	60,335	54,136	58,117	57,219	56,412	62,963	62,438	60,597	65,821
Inergovernmental	171,369	162,810	237,485	261,670	212,684	273,457	265,594	224,706	177,624	152,413
Charges for services	35,080	44,751	48,189	50,417	72,171	74,164	78,996	81,351	85,753	91,491
Program income	66	68	1,182	145	4,898	82	1,942	6,541	620	1,640
Fines and forfeits	12,325	18,867	26,619	33,565	38,824	37,766	35,977	32,603	44,701	41,444
Interest income	19,580	12,769	4,906	1,203	684	461	300	417	540	1,882
Contributions, gifts, donations	3,164	3,112	3,249	3,860	2,742	3,092	3,687	4,088	4,737	7,087
Miscellaneous and other	48,229	29,241	34,801	67,233	41,808	33,295	28,367	49,916	85,081	46,891
<b>Total Revenues</b>	<b>643,923</b>	<b>633,029</b>	<b>715,807</b>	<b>810,059</b>	<b>791,974</b>	<b>850,941</b>	<b>874,799</b>	<b>886,254</b>	<b>903,892</b>	<b>881,503</b>
<b>EXPENDITURES</b>										
General government	188,003	209,705	231,838	245,451	226,518	238,166	207,651	233,012	264,663	276,604
Public safety	209,423	200,430	210,363	220,734	235,946	229,457	226,831	226,854	250,164	270,897
Public works	79,397	75,834	77,851	65,750	64,811	75,217	65,903	67,183	78,728	84,132
Health and human services	17,844	19,973	20,682	19,084	21,678	26,785	27,981	29,587	31,806	32,492
Culture and recreation	13,425	20,078	23,784	22,047	20,048	23,027	22,016	24,666	26,193	29,121
Urban development and housing	22,529	49,507	47,544	40,114	33,439	35,424	23,891	24,968	28,539	22,090
Economic development and assistance	8,935	17,102	24,321	10,329	9,243	8,793	12,731	8,488	7,933	7,434
Capital projects	57,154	128,993	151,878	140,928	142,715	96,535	152,947	135,780	108,485	85,905
Debt service:										
Principal	40,951	42,168	45,072	53,019	56,775	46,198	47,103	55,820	47,745	50,831
Interest and fiscal charges	58,423	66,591	66,495	69,674	63,536	63,205	57,004	61,151	68,808	69,590
Total Expenditures	696,084	830,381	899,828	886,810	874,709	842,807	844,038	867,509	913,064	922,096
Revenue over (under) expenditures	(52,161)	(197,352)	(184,021)	(76,751)	(82,735)	8,134	30,761	18,745	(7,172)	(40,591)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	93,956	10,161	26,844	72,319	21,048	28,219	55,067	66,413	76,726	82,409
Transfers in from component unit	-	-	42,269	40,726	-	-	-	-	-	-
Transfers out	(93,956)	(15,325)	(26,844)	(72,319)	(21,048)	(28,219)	(55,067)	(66,413)	(76,726)	(82,409)
Issuance of notes payable	32,748	34,373	8,458	975	-	3,500	-	12,500	-	-
Issuance of Co Zone Notes	-	12,345	334	485	-	-	-	-	-	-
Issuance of long-term debt	75,147	-	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	15,995	363,725	40,000	40,000	162,457	135,125
Premium/Discount on issuance of long-term debt	-	-	-	-	-	25,800	263	182	9,617	6,007
Debt service assistance loan	23,549	-	-	-	-	-	-	-	-	-
Insurance proceeds	4,925	5,866	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	(319,178)	-	-	(99,488)	(60,679)
Federal subsidy - Build America Bonds	-	-	-	-	-	1,102	1,012	-	-	-
Other, net	(769)	(173)	-	(67)	44	44	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>135,600</b>	<b>47,247</b>	<b>51,061</b>	<b>42,186</b>	<b>15,928</b>	<b>74,949</b>	<b>41,319</b>	<b>52,682</b>	<b>72,586</b>	<b>80,453</b>
Special Items	-	-	-	-	-	46,000	-	-	-	-
Termination of interest rate swap	-	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 83,439</b>	<b>\$ (150,105)</b>	<b>\$ (132,960)</b>	<b>\$ (34,565)</b>	<b>\$ (66,807)</b>	<b>\$ 37,083</b>	<b>\$ 72,080</b>	<b>\$ 71,427</b>	<b>\$ 65,414</b>	<b>\$ 39,862</b>
<b>GASB 44 debt service disclosure</b>	<b>9.14%</b>	<b>15.51%</b>	<b>14.92%</b>	<b>16.41%</b>	<b>16.44%</b>	<b>14.74%</b>	<b>15.06%</b>	<b>15.99%</b>	<b>14.49%</b>	<b>13.56%</b>

Source : City of New Orleans Bureau of Accounting

CITY OF NEW ORLEANS, LOUISIANA

Exhibit E-5

Assessed Value and Estimated Actual Value of Taxable Property

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 (\$)	Total Assessed Value (\$)					
2007	14,818,041,813	1,650,948,720	2,295,983,639	344,397,546	139,643,310	288,851,693	17,114,025,452	2,134,989,576	1,846,137,883		
2008	20,949,402,557	2,297,502,715	2,630,333,393	394,550,009	144,942,530	292,878,255	23,579,735,950	2,836,995,254	2,544,116,999		
2009	21,896,630,780	2,349,536,358	2,697,334,439	404,600,166	152,439,600	317,247,040	24,593,965,219	2,906,576,124	2,589,329,084		
2010	23,242,887,037	2,489,801,675	2,582,226,767	387,334,015	163,911,580	362,665,406	25,825,113,804	3,041,047,270	2,678,381,864		
2011	24,141,372,133	2,586,081,540	2,571,333,133	385,699,970	167,557,410	372,613,310	26,712,705,266	3,139,338,920	2,766,725,610		
2012	25,689,720,400	2,760,973,210	2,606,348,213	390,952,232	183,003,600	385,256,805	28,296,068,613	3,334,929,042	2,949,672,237		
2013	27,066,642,133	2,920,015,480	2,754,134,933	413,120,240	193,722,510	437,893,609	29,820,777,066	3,526,858,230	3,088,964,621		
2014	27,715,785,033	2,992,593,440	2,703,429,532	405,514,430	181,055,280	448,696,881	30,419,214,565	3,579,163,150	3,130,466,269		
2015	29,274,057,167	3,188,376,880	2,875,702,200	431,355,330	170,541,020	458,941,272	32,149,759,367	3,790,273,230	3,331,331,958		
2016	28,607,113,989	3,376,000,510	2,266,157,700	456,453,540	169,105,350	468,552,645	30,873,271,689	4,001,559,400	3,533,206,755		

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

Source: Louisiana Tax Commission Report (2007-2016)

CITY OF NEW ORLEANS, LOUISIANA

Property Tax Rates - Direct and Overlapping Governments

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

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

CITY OF NEW ORLEANS, LOUISIANA

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

(Unaudited)

Name of Taxpayer	Type of business	2016		
		Taxable Assessed Value	Rank	Percentage of total assessed value
Energy	Electric and gas utilities	102,345	1	2.90
Capital One Bank	Financial institution	58,608	2	1.66
BellSouth	Telephone utilities	36,924	3	1.05
Marriott Hotel	Hospitality	32,523	4	0.92
Harrah's	Hospitality and gaming	28,828	5	0.82
Folger Coffee	Coffee Roasting Plant	23,846	6	0.67
J P Morgan Chase Bank	Financial institution	19,055	7	0.54
International Rivercenter	Real Estate	18,886	8	0.53
Sheraton Hotel	Hospitality	16,729	9	0.47
Royal Sonesta Hotel	Hospitality	14,938	10	0.42

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

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

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

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

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

CITY OF NEW ORLEANS, LOUISIANA

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

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

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

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

(1) Bonded debt per capita not in thousands.

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

CITY OF NEW ORLEANS, LOUISIANA

Exhibit E-10

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

(unaudited)

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

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

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

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

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

CITY OF NEW ORLEANS, LOUISIANA

Computation of Legal Debt Margin  
Last Ten Years

(amount in thousands)

(unaudited)

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

Sources: Louisiana Tax Commission Report and Board of Liquidation CAFR

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

\*\* Excludes revenue bonds

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

\*\*\*\* Debt limit calculation for 2015 was based on the 2016 assessment, which was available by the end of FY 2015.

**CITY OF NEW ORLEANS, LOUISIANA**

**Demographic and Economic Statistics  
Last Ten Years**

(unaudited)

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

Source:

\* BLS 2000, 2010 Census and Projections

\*\* 2016 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)

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

Source: Louisiana Workforce Commission

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

CITY OF NEW ORLEANS, LOUISIANA

Full Time City Employees by Department  
Four Fiscal Years

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

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

City Of New Orleans, LOUISIANA

Capital Asset Statistics by Function  
Last Ten Fiscal Years

(unaudited)

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

Sources: City of New Orleans Police, Fire, 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.

Operating Indicators by Function  
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
(unaudited)										
<b>Police Department:</b>										
Response to Phone Emergencies	197,049	189,436	163,135	215,536	311,949	228,482	280,696	191,719	181,290	*
911 Responses	399,609	433,926	416,665	427,833	481,902	565,888	642,653	589,317	585,662	*
Field Operations Bureau Investigations clearance rate for crimes against persons	*	*	*	*	43%	41%	40%	40%	34%	37%
Field Operations Bureau Investigations clearance rate for crimes against property	*	*	*	*	13%	15%	13%	14%	16%	17%
Number of Driving While Intoxicated (DWI) arrests	*	*	*	*	1,624	1,232	1,392	1,473	1,214	*
<b>Fire Department:</b>										
Response to Phone Emergencies	30,063	32,436	31,828	31,460	27,755	26,890	29,811	25,409	26,056	*
911 Responses	9,442	9,712	8,581	8,027	8,544	8,695	9,542	8,316	8,701	*
Number of commercial and industrial structures inspected	*	*	*	*	2,854	3,395	3,872	4,872	5,817	7,180
Percent of response times under 6 minutes 20 seconds	*	*	*	*	79%	75%	74%	74%	71%	69%
<b>EMS:</b>										
Response to Phone Emergencies	28,716	37,324	28,306	26,373	25,823	23,041	26,716	21,118	25,420	*
911 Responses	34,134	31,224	40,048	45,825	50,597	56,740	70,690	60,181	64,529	63,975
Percent of Emergency Medical Service responses for acute cases within 12 minutes	*	*	*	*	81%	77%	76%	80%	74%	72%
<b>Law</b>										
Number of public records requests completed	*	*	*	*	573	563	1047	891	1,080	1,249
Number of tax and public nuisance cases filed before the ABO Board	*	*	*	*	227	324	268	224	122	159
<b>Sanitation</b>										
Garbage Tonnage Collected	206,663	221,564	192,626	179,068	164,238	173,333	164,556	180,728	*	*
Number of illegal dumping sites cleared	*	*	*	*	1,013	972	2,135	2,832	1,916	1,951
Number of tons of recyclable material collected	*	*	*	*	3,627	6,138	6,650	7,317	7,300	7,102
<b>Public Works</b>										
Number of potholes filled	*	*	*	*	53,309	60,401	31,263	25,168	78,054	116,593
Number of catch basins cleaned	*	*	*	*	3,339	5,364	2,839	3,178	7,611	7,382
Number of streetlight outages restored	*	*	*	*	10,925	10,356	19,356	3,687	9,180	10,879
Number of parking citations	*	*	*	*	302,653	290,214	315,778	257,274	338,477	320,925
Number of tows	*	*	*	*	12,499	11,093	14,480	17,578	17,055	13,403
Number of boots	*	*	*	*	4,399	6,702	7,489	7,652	11,833	10,517
<b>Capital Projects</b>										
Percent of projects delivered on schedule	*	*	*	*	79%	80%	79%	79%	82%	78%
<b>Property Management</b>										
Number of work order requests completed	*	*	*	*	2,551	2,855	3,691	3,774	2,915	3,377
Percent of work orders/service requests completed within 30 days	*	*	*	*	68%	83%	91%	92%	94%	93%
<b>Code Enforcement</b>										
Number of Code Enforcement inspections	*	*	*	*	23,523	11,931	15,193	16,539	14,280	*
Number of properties brought to hearing	*	*	*	*	4,701	3,261	3,111	4,010	3,365	2,069
Number of blighted properties brought into compliance	*	*	*	*	946	642	836	1,041	887	*
Number of blighted units demolished	*	*	*	*	2,030	1,234	329	212	180	185
<b>New Orleans Recreation Development Commission</b>										
Number of youth athletic program registrants	*	*	*	*	8,113	7,998	7,561	7,876	*	*
Number of cultural events offered	*	*	*	*	45	76	57	103	*	*
<b>Parks &amp; Parkways</b>										
Number of acres moved	*	*	*	*	19,681	19,485	19,795	18,801	20,800	23,200
Number of emergency tree service requests completed	*	*	*	*	629	1,061	915	447	598	600
<b>Library</b>										
Number of items circulated (checked-out)	*	*	*	*	880,638	1,141,002	1,067,472	1,143,210	1,182,500	1,148,435
<b>Information Technology &amp; Innovation</b>										
Call abandonment rate for the Service Desk	*	*	*	*	25%	16%	9%	13.20%	7.90%	6.71%
Percent of critical ITI projects delivered on schedule	*	*	*	*	55%	70%	67%	61%	58%	67%
<b>Equipment Maintenance Division</b>										
Number of gallons of fuel dispensed	*	*	*	*	1,903,872	1,786,898	1,676,255	1,600,663	1,604,600	1,594,261

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

\* Information not available.