

**CITY OF NEW ORLEANS, LOUISIANA**

Comprehensive Annual Financial Report

For the year ended December 31, 2008

(With Independent Auditors' Report Thereon)



Postlethwaite  
& Netterville

A Professional Accounting Corporation

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Prepared by the  
Finance Department of the  
City of New Orleans

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## **INTRODUCTORY SECTION**

# CITY OF NEW ORLEANS

C. RAY NAGIN  
MAYOR

REGINALD ZENO  
DIRECTOR

June 30, 2009

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of New Orleans (City) for the year ended December 31, 2008.

The CAFR has been prepared in conformance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The City's basis of accounting and its various funds are explained in the notes to the accompanying financial statements.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the City. The City has implemented Government Accounting Standards Boards ("GASB") Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Our Comprehensive Annual Financial Report is divided into three sections:

- The Introductory Section includes a list of principal officials and information about the organizational structure of the City, its accounting and budgetary systems, and fund structure.
- The Financial Section includes the Basic Financial Statements. The financial statements are preceded by a management discussion and analysis which provides an overview of the City's financial activities in 2008. Schedules provide certain information and details of data summarized in the financial statements. The statements and schedules included in this section pertain to those operations which, when taken together, make up the reporting entity of the City.
- The Statistical Section includes tables containing historical financial data, debt statistics, and selected financial and demographic information of the City that are of interest to potential investors in our bonds and other readers, including ten-year revenue and expenditure information.



## THE REPORTING ENTITY AND ITS SERVICES

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

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

The Council is the legislative body of the City government, and is comprised of five Council members elected from five geographic districts and two members elected at large. All Council members are limited to two consecutive 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. 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

**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.

**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  
Municipal Court of the City of New Orleans  
Municipal Yacht Harbor Management Corporation  
Louis Armstrong New Orleans International Airport  
New Orleans Tourism Marketing Corporation  
Orleans Parish Communication District  
Sewerage and Water Board of New Orleans  
Upper Pontalba Building Restoration Corporation

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, Assessors, Civil and Criminal Sheriffs and 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 responsibility of these offices on the part of the City's elected officials.

### **YEAR IN REVIEW**

For the City of New Orleans, 2008 was a year of tremendous progress in the recovery from Hurricane Katrina. The first two years following the storm were spent taking care of the basics that must follow a catastrophe of this magnitude: search and rescue, burying the dead, dewatering the city and removing massive amounts of debris. Significantly, the City of New Orleans also invested major time and effort in trying to obtaining the funding necessary to rebuild following the greatest natural and man-made disaster in the country's history.

In 2007, the City of New Orleans completed a planning process that included hundreds of meetings and the input of thousands of citizens. The City also worked with the State of Louisiana to initiate a \$200 million revolving loan fund to provide interim financing for projects scheduled to receive FEMA funding, which is expended primarily through a reimbursement process. Because of its limited access to funding immediately after the storm, rebuilding projects to this point had rotated a limited pool of dollars to undertake projects totaling \$45 million. Facilities related to public safety were the immediate focus.

Throughout 2008, the City of New Orleans has continued to stabilize the public safety system. In January, 2008, the City reopened the New Orleans Police Department Headquarters, which had suffered major damages in the storm. This allowed officers and departments to move from their

temporary locations back into an appropriate facility. Shortly afterward, the City re-opened the Traffic and Municipal Courts Building. Later that year, a new facility was acquired and dedicated for use as a new Police Special Operations Division and another as the Third District Police Station. The new district station is former credit union building that has been retrofitted to meet the needs of police officers. In 2009, the City purchased the other building on the site for use as a Municipal Training Academy, further consolidating the Police Department's facilities and giving them control of the entire campus.

In December, the City held a ribbon cutting ceremony following the repair and renovation of the Orleans Parish Prison. The City also ended the year with the announcement that the Mahalia Jackson Theater for the Performing Arts, the City's premiere facility for live performance and home to the ballet and orchestra, would reopen in January 2009. That building suffered major damage during the storm and underwent renovations totaling more than \$20 million.

This also was a major year for street construction in New Orleans. Because of the time it takes to complete street work, many projects will be completed in 2009 or early 2010. The Department of Public Works has begun work that will total nearly \$700 million, making it the largest investment ever in the city's basic infrastructure.

New Orleans also continued to stabilize its population in 2008. The U.S. Census Bureau acknowledged in its annual population estimates that New Orleans was one of the fastest growing cities in the country. This increased population occurred as displaced New Orleanians returned home and new people moved to the City to help with rebuilding and to take advantage of opportunities here. When the Census released its estimate of the City's July 1, 2007 population in 2008, the City challenged, arguing that the estimate was far too low. The challenge was successful and the Census increased its estimate from that period from 239,124 to 288,113. By the end of 2008, the City's population was estimated at 324,000, or more than 70 percent of New Orleans' pre-Katrina population of 455,000.

Finally, the City of New Orleans faced its first major storm threat since Hurricane Katrina and Hurricane Rita in 2005. In August, Mayor C. Ray Nagin hurriedly returned to New Orleans from Denver where he was attending the Democratic National Convention when a storm in the Gulf of Mexico threatened New Orleans. It was just before Katrina's third anniversary and Hurricane Gustav looked like a storm that would leave major devastation. Mayor Nagin ultimately issued a mandatory evacuation for the city.

Hurricane Gustav did hit the city, but its major impact was felt elsewhere. Still, the storm provided an opportunity for the City to put its improved hurricane preparation into practice. For the first time, the City implemented its City Assisted Evacuation Plan, which was developed after Hurricane Katrina as a process to help those who could not evacuate on their own to leave the city. Using this plan, citizens can go to any of 17 designated pick-up locations to obtain a ride to an intermodal transportation system, which uses buses, trains and airplanes to evacuate citizens. Citizens with medical needs were transported from their homes. The implementation of the program was successful, and nearly 20,000 residents were evacuated using this method.

In its third year after Hurricane Katrina, New Orleans became a much more stable city, allowing it to lay the groundwork for enhanced growth and building in 2009 and beyond.

## MAJOR INITIATIVES

The full recovery of the City of New Orleans is the driving force for all of the City's efforts. Mayor C. Ray Nagin has prioritized four areas, which are consistent with the City's budget categories: Public Safety, Recovery and Livable Communities, Opportunities for Youth, and High Performing Government.

### **Blight Reduction**

Mayor C. Ray Nagin and New Orleans Redevelopment Authority (NORA) Executive Director Joseph E. Williams signed a Cooperative Endeavor Agreement (CEA) that will help further reduce the number of blighted properties that exist in New Orleans as a result of the devastation from Hurricanes Katrina and Rita.

The CEA represents a \$38 million commitment to NORA by the City of New Orleans. It is funded as a portion of the City's \$411 million in Disaster CDBG funding administered through the Louisiana Recovery Authority (LRA). Under this agreement, NORA will implement a number of programs on behalf of the City of New Orleans to help fight blight, maintain public health and safety, and spur redevelopment in New Orleans.

The CEA includes funding for the following:

- The Clean and Lien program -- \$5 million: Program will allow NORA to manage the performance of maintenance and yard cleaning on properties that received judgments of blight or public nuisance under Chapter 28 of a City Ordinance.
- Acquisition and Redevelopments: VA Hospital, Pontilly, Lake Forest Plaza, South Claiborne, and additional projects ("Bayou District", Greater Treme, St. Claude Avenue Corridor, Oretha Castle Haley Avenue Corridor, "Gert Town", Chef Menteur Highway Corridor) -- \$23.3 million.
- Lot Next Door Incentive Program Management -- \$250,000: Gives property owners with a homestead exemption a right of first refusal on adjacent properties that NORA owns.
- Quick Take Authority -- \$2 million: Provides NORA with quick take authority in all area given to City, provided by Ordinance M.C.S 22645.
- Blighted Property Lending Fund -- \$2 million: NORA shall utilize funds provided to increase the availability of construction financing for developers, contractors, non-profits and other small entrepreneurs interested in redeveloping blighted properties and derelict historic properties.
- Rehab and Construction Mitigation Study -- \$550,000: NORA shall commission a study to determine the appropriate level for insurance pricing that would combine an analysis of the risk of different storm events, model of the performance of the existing housing stock during different storm events, and the valuation of different properties and the expected losses from storm damages.

- Commercial Appraisal Fund -- \$500,000: Provides NORA with funds to conduct appraisals of commercial, industrial, and other vacant and derelict properties located in the City's targeted area, opportunity zones, and other locations agreed upon by ORDA, NORA, upon approval by the City.
- Methodist Hospital Planning Study --\$500,000: Provides NORA with funds for hiring consultants to complete an independent financial and physical feasibility study of the potential for renewed hospital and medical services on the former Methodist Hospital site.
- Property Inventory Database - \$375,000: Provides NORA with funds for hiring professional services to maintain a database for all properties acquired or to be acquired by NORA and its redevelopment status.

The purpose of this CEA is to accelerate the eradication of blight in post-Katrina New Orleans and to enhance the redevelopment of key strategic areas across our City. Prior to the CEA, the City of New Orleans has committed \$8 million dollars to NORA - \$2 million for general operations, \$1 million for property acquisition and redevelopment in the bio-medical corridor, and \$5 million for property acquisition in the City's 17 Target Areas.

### **Home Ownership Initiatives**

The City of New Orleans, working in collaboration with the Finance Authority of New Orleans, the Louisiana Recovery Authority and the Louisiana office of Community Development, announced the "Pathway to Homeownership" Soft-Second Mortgage Loan Program designed to assist residents in purchasing homes, and those current homeowners who need help with renovating their homes.

The program is open to properties located in the Housing Opportunity Zones in Orleans Parish, which were created in response to the two year citizen-driven Unified New Orleans Plan (UNOP) for recovery and redevelopment of New Orleans.

The initial phase of the program funded by the Louisiana Recovery Authority (LRA) offers soft-second mortgage loans for up to \$65,000 to first time homebuyers with household incomes of 80 percent or less of the metropolitan area median income (AMI). The loans will be available through participating lenders, and are offered at zero percent interest with payments on the loan deferred until the sale or refinance of the home. In addition, this phase of the program offers up to \$10,000 in closing cost assistance for the homebuyer's principal residence in any one of the Housing Opportunity Zones.

The LRA approved \$27.8 million to fund this portion of the program. The City expanded the program to more of its citizens by investing other dollars, increasing the total program to \$106 million.

### **E10 Fuel Program**

The City of New Orleans is helping to create a greener city and cleaner environment by replacing traditional unleaded gasoline with E10 (Ethanol 10 percent) fuel for its fleet of vehicles.

The city began dispensing E10 at all of its fuel facilities. E10 will significantly reduce the pollution caused by City vehicles. E10 reduces tailpipe carbon monoxide emissions by as much as 30 percent, reduces exhaust volatile organic compound (VOC) emissions by 12 percent, and reduces hydro-carbon emissions by more than 25 percent.

The use of more environmentally friendly bio-fuels is an important goal established in Mayor Nagin's greening plan for the City. The plan also includes other strategies that have now been implemented, including the establishment of a Green Council and a green building ordinance. The City also has hired a chief energy officer, and is implementing a pavement management system and soil remediation programs.

Ethanol is non-toxic, water soluble and is the most harmless and biodegradable component of gasoline. Ethanol occurs naturally during the fermentation of organic matter.

When gasoline is spilled on land or in water, ethanol is the first component to quickly, safely and naturally degrade. More importantly, the presence of ethanol in gasoline means the reduced presence of more toxic components such as benzene. As a result, gasoline spills are less threatening to the environment.

### **Raising Employee Salaries to Regional Average**

Following through on a commitment that he announced during his budget address to the City Council in fall 2007, Mayor C. Ray Nagin proposed pay raises for City employees in nearly every position classification to increase their compensation rate to the Southern regional average. The raises for many employees became effective as early as July 2008.

The increases follow a comprehensive review of every job's qualifications, responsibilities and pay. This is the first time the City of New Orleans has undertaken this type of comprehensive review, which is a part of Mayor Nagin's performance budgeting criteria implemented in 2007. The review resulted in a new compensation structure designed to ensure competitive, equitable pay throughout City government. Employees who currently earn less than the Southern regional average will see their salaries increased to that level. Employees who are currently paid above the regional average will not receive increases.

Under the new compensation structure, the minimum paid to any City employee will be \$9.10 per hour, a substantial increase over the current minimum of \$7.50 hourly and far above the federal minimum wage of \$6.15 hourly. Classified employees also will be able, for the first time, to earn merit pay increases based on outstanding job performance.

Pay increases for unclassified employees - those who serve at the pleasure of the Mayor - were implemented on a staggered basis from August 1 through the start of November.

Mayor Nagin has given raises to all employees for five of the six years he has been in office. He is the first Mayor in New Orleans history to provide pay increases on such a consistent basis.

The pay increases totaled just over \$2 million for the remainder of 2008.

## **Roadway Repairs**

In July, the City's Department of Public Works kicked off a construction project that will repair about 17,000 FEMA-eligible roadway and sidewalk sites on minor streets.

All sites are expected to be repaired in approximately 18 to 24 months. The repairs, which include roadway and sidewalk patching as well as driveway apron and curb repairs, are being performed along minor streets, which are typically the smaller streets within neighborhoods. The project includes approximately 17,000 locations at an estimated cost of \$42.8 million, all of which will be reimbursed by the Federal Emergency Management Agency (FEMA).

Citizens can track repairs in their neighborhoods by visiting [www.cityofno.com/streets](http://www.cityofno.com/streets).

## **DEPARTMENT FOCUS – DEPARTMENT OF PUBLIC WORKS**

The Department of Public Works (DPW) is responsible for the City's streets, roads, bridges, and related infrastructure. DPW is also charged with responsibility for parking management, enforcement of parking regulations and adjudication of parking violations.

The Department administers capital programs for infrastructure within the right of ways, including City bond funds, federal and state infrastructure transportation grants, FEMA and Federal Highway relief funds, and capital programs for the Office of Recovery Management. In addition, DPW is responsible for permitting, traffic signs, traffic signals, road markings, and reviewing all traffic impact studies. DPW's baseline maintenance program includes repairs related to emergency roadway and bridge hazards, as well as, support services for major city events such as Mardi Gras.

### **Parking Enforcement**

The parking division is responsible for running parking meter operations, issuing citations to vehicles that are illegally parked and managing curb usage efficiently.

### **Towing and Impoundment**

The towing division is responsible for supporting parking operations, special event and other departmental operations, and abandoned vehicle support.

### **Engineering-Capital Program**

Engineering is responsible for managing the roadway capital program, which includes processing invoices, designing the capital program, and managing construction. It is also responsible for supporting City Planning with zoning and subdivision issues.

In 2008, the Department of Public Works reached many rebuilding milestones in the repair of critical infrastructure including streets and roadways damaged as a result of Hurricanes Katrina and Rita and the flooding that followed.

The department kicked off 22 street and roadway projects, 11 reconstruction projects, and 10 rehabilitation projects funded through the use of Capital Bonds. Mac Arthur Boulevard and Patterson Drive, both of which are in Algiers, are among some of the major projects managed by Public Works funded with bond money. Mac Arthur Boulevard will cost approximately \$14 million with the Patterson Drive project costing an estimated \$3.8 million once completed. The repair of Patterson Drive marks the first of the \$162 million 2004 Street Bond Projects to move into construction phase.

Other major street repair projects include Robert E. Lee Boulevard, Fleur de Lis Boulevard, and six street repairs in New Orleans East: Adele, Fulton, Cardenas, Papania, Redwood Street, and Sandalwood Streets.

Public Works also broke ground on the first of three Off-system bridge rehabilitation projects. The Michoud Boulevard Bridge over the Maxent Lagoon in New Orleans East will be replaced as part of a project funded by the Federal Highway Administration and the New Orleans Sewerage and Water Board. The project's cost is estimated at approximately \$4 million and is projected to be completed by summer 2009.

The City also monitors roadway projects funded as a part of the South Louisiana Submerged Road Program with participation from the Regional Planning Commission. The state completed projects on Marconi Drive, Crowder Road, and Whitney/LB Landry Avenue. The submerged road program is funded through the Federal Highway Administration.

### **NEIGHBORHOOD REVITALIZATION**

The rehabilitation of parks and walking paths remains vital to neighborhood revitalization. In 2008, the City invested \$170,000 to repair a community icon, the Joe Brown Memorial Park walking path. In addition to the construction of bike paths, minor - street overlay projects began in the West Riverside neighborhoods; Irish Channel and St. Mary neighborhoods projects were completed earlier this month.

“Our goal was to create innovative and cost effective programs to continue the recovery of our city’s infrastructure,” said Robert Mendoza, Director of Public Works. “We’ve utilized many different funding sources such as the Capital Bond program, and have also utilized the federal public assistance program to repair sidewalks and streets that were damaged by flooding after Hurricanes Katrina and Rita. We’ve successfully solicited FEMA’s assistance and will be reimbursed for more than 17,000 individual repairs, and the repair of 6,000 city blocks.”

### **RECOVERY PROGRAMS**

In September, the city launched the replacement of 205 school zone flashing beacons at 82 private and public school, all damaged by the storms of 2005. The beacons will be powered by solar panels, reducing their energy consumption. The project, which cost \$1.4 million, was completed in June 2009.

In preparation of the 2008 storm season, the department launched a city-wide drainage project calling for the cleaning of all catch basins and storm drainage lines identified as greater than 25 percent full of recovery-related debris. Inspections have identified slightly over 1.1 million linear

feet of drain lines to be cleaned out of a total 5.85 million linear feet inspected. The estimated cost for all Federal Emergency Management Agency (FEMA) eligible cleaning is approximately \$1.9 million.

In November, Public Works launched the City's first pay-by-phone option for parking meters at 326 on-street spaces in the Riverbend neighborhood and Lower Magazine areas. This option gives motorists the opportunity to pay parking meter fees from inside their cars, and also allows them to add time to the meter remotely. In April and in July, the department also expanded the red light camera program launched in December 2007 to select intersections throughout the City.

As of December 31, 2008, the department had repaired more than 87,000 potholes, cleaned 10,000 storm drains, repaired 16,000 street lights, repaired or replaced 11,000 street signs, and cleaned 1.1 million linear feet of drain lines City-wide. Between July and December 2008, the City has also repaired more than 2,000 individual sites as part of the Federal Emergency Management Agency (FEMA) sidewalk and roadway repair program. This program is estimated to cost \$42.8 million, which will be reimbursed to the City by FEMA.

### ECONOMIC OUTLOOK

While much of the country faces a major economic downturn as a result of the global financial crisis, New Orleans is prospering. Although much of the impact in the local economy is the result of recovery related building, the economy of New Orleans has historically been counter-cyclical to the rest of the U.S.

New Orleans is seeing record attendance at some events, such as the annual Essence Festival, which is held in July. Mardi Gras attendance is nearing pre-Katrina and events such as the Sugar Bowl, French Quarter Festival and Jazz Festival numbers equal or exceed pre-Katrina. In 2008, the City of New Orleans also hosted the NBA All Star Game, which brought thousands of visitors to the City.

The New Orleans tax base continues to be strong. Job growth numbers are above national averages, and the City's unemployment rate is among the lowest in the country. Downtown office occupancies are at some of their highest levels and there are more fine dining restaurants open than pre-Katrina.

The nation has noticed the City's post-Katrina accomplishments. Business Week ranks New Orleans as one of the best cities to ride out the national recession. Money Magazine says we are the sixth fastest growing real estate market in America. Outside Magazine told the world we are one of the 20 best towns in America to live in.

New Orleans also made a major achievement when all three bond rating upgraded the City's credit to investment grade. This came just three years after the City neared bankruptcy and was the result of the development of a five-year budget plan for the first time in the City's history, the institution of a significant reserve fund, and strong fiscal restraint.

Local economists predict an economic boom in New Orleans for the next seven-plus years. City Hall is managing \$1.4 billion in projects, including \$630 million in citywide street work. The Sewerage and Water Board has \$3.4 billion in active projects.



The U.S. Army Corp of Engineers recently awarded another \$5 billion in construction projects on its way to spending \$14 billion in our area. HUD has \$700 million under construction. The public school system has announced \$800 million in new and renovated facilities. A new project to redevelop a military base into a Federal City has broken ground on \$200 million in projects and will eventually total \$750 million. The new VA Hospital site will be cleared by year end and, with LSU, \$2 billion in two new state of the art teaching hospitals will emerge. And the private sector has \$4 billion in projects underway.

### **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. The administration also ensures 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

The City is required to undergo an annual single audit in conformity with the U.S. Office of Management and Budget Circular A-133, "Audit of States, Local Governments, and Not-for-Profit Organizations." Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations can be found in the separate report on the single audit of the City of New Orleans.

### **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 (the Charter) specifies three cost object classifications: personal services, other operating expenses, and debt service. All expenditures are recorded at the individual line item level and are summarized for reporting purposes in these three expenditure classifications.

Encumbrances are recorded via an on-line 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 cancellation. Appropriations may be amended through councilmanic 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 program budget. The basic concept of program budgeting rests on the tenet that public expenditures should be justified by their impact on public goals and not measured solely by the criteria of efficiency and economy.

### **CAPITAL BUDGET**

The Mayor annually 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 in the 1954 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 maintains a self-insurance program for its motor vehicle fleet, general liability, and police department excessive force losses. Premiums are charged to the City's various funds for unemployment and worker's compensation self-insurance programs and to various funds of employees for hospitalization self-insurance programs. In addition, the City's Risk Management Division works toward reducing the number of claims which proceed to lawsuits, and decreasing the amount of time before a claim is processed or resolved. The division also provides investigations and support services, and also employs various risk control techniques.

### **INDEPENDENT AUDIT**

The City Charter requires an audit of the financial statements of all accounts of the City by an independent certified public accountant selected by the City Council. Accordingly, this year's audit was completed by Postlethwaite & Netterville, APAC with assistance from Bruno and Tervalon, CPAs, Luther Speight, CPAs, and Duplantier, Hrapmann, Hogan and Maher, LLP, among others.

## AWARD FOR FINANCIAL REPORTING

The Government Finance Officer's Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to governments for their comprehensive annual financial reports. In order to be awarded a Certificate of Achievement, governments are required to publish an easily readable and efficiently organized comprehensive annual financial report. In 1994, 1996, 1997, 1998, 2000, 2001, 2002 and 2004, the City of New Orleans was awarded the Certificate of Achievement for Excellence in Financial Reporting.

We believe that our current annual financial report meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

## 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,

A handwritten signature in black ink, appearing to read 'R. Zeno', with a long horizontal flourish extending to the right.

Reginald Zeno  
Director of Finance

# City of New Orleans, Louisiana

## Government Officials - Elected and Appointed

December 31, 2008

### City Council

Councilmember-at-Large	Mr. Arnie Fielkow
Councilmember-at-Large	Ms. Jacquelyn Brechtel Clarkson
Councilmember - District A	Ms. Shelley Midura
Councilmember - District B	Ms. Stacy S. Head
Councilmember - District C	Mr. James Carter
Councilmember - District D	Ms. Cynthia Hedge-Morrell
Councilmember - District E	Ms. Cynthia Willard-Lewis

### Executive Staff

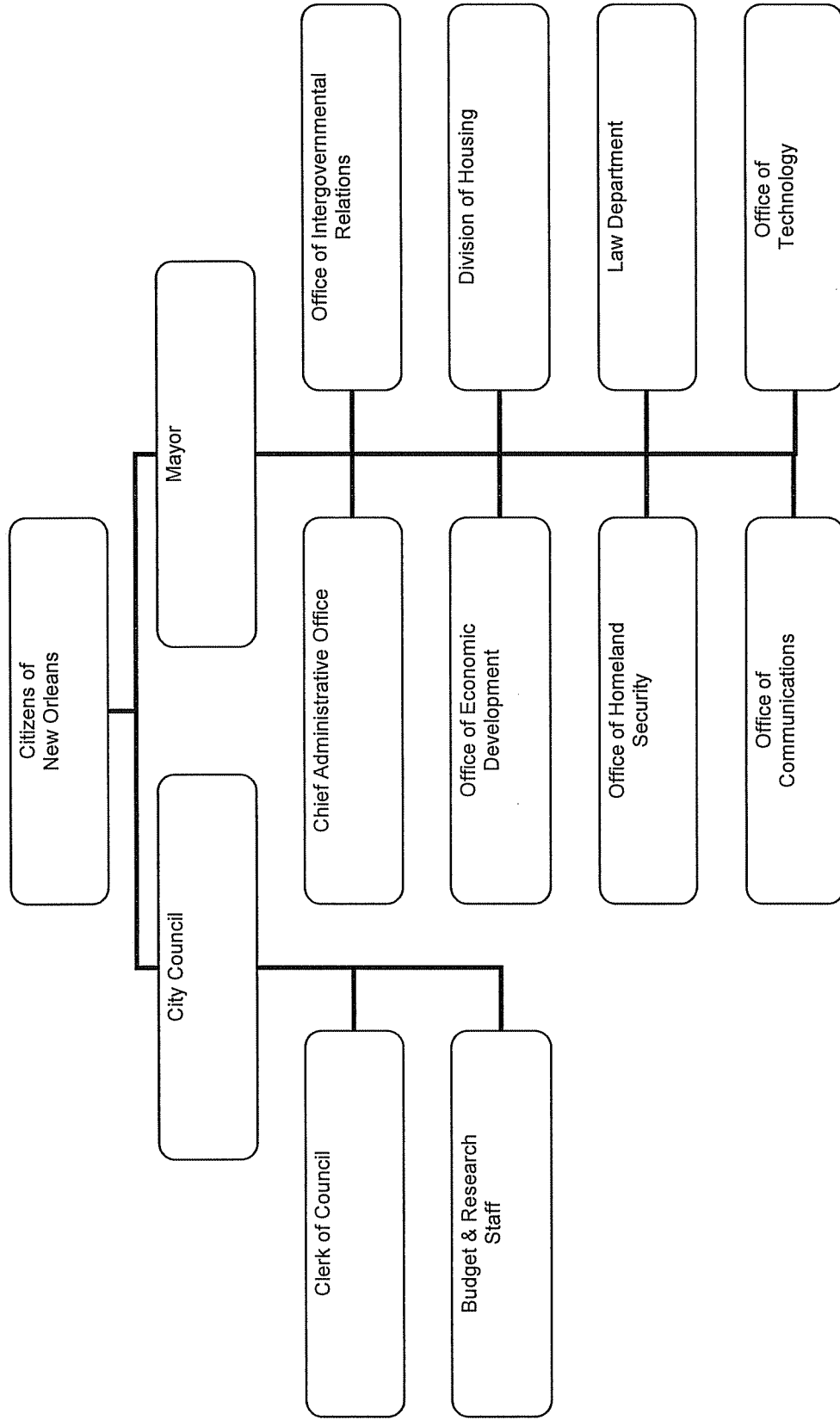
Mayor	Mr. C. Ray Nagin
Chief Administrative Officer	Dr. Brenda G. Hatfield
Chief of Technology	Mr. H. Harrison Boyd
City Attorney	Ms. Penya Moses-Fields, Esq.
Director of Communications	Ms. Ceeon Quiett
Director of Homeland Security	Col. Jerry Sneed
Executive Assistant, Intergovernmental Relations	Ms. Julie Schwam Harris
Director of Finance	Mr. Reginald Zeno

### Department Heads

City Planning	Ms. Yolanda Rodriguez
Acting Director of Civil Service	Ms. Lisa Hudson
Director of Health	Dr. Kevin Stephens
Director of Human Services	Mr. Richard Winder
Director of Parkway and Parks	Ms. Ann E. Macdonald
Director of Property Management	Ms. Pamela Sims Smith
Director of Public Works	Mr. Robert Mendoza
Director of Recreation	Mr. Larry Barabino
Director of Safety & Permits	Mr. Paul May
Director of Sanitation	Ms. Veronica White
Director of Sewerage & Water Board	Ms. Marcia St. Martin
Superintendent - Fire	Mr. Charles Parent
Superintendent - Police	Mr. Warren Riley
Comptroller	Mr. Kim T. DeLarge, Sr.

# CITY OF NEW ORLEANS, LOUISIANA

## New Orleans City Government Organizational Chart



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**FINANCIAL SECTION**

## **Independent Auditors' Report**

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

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, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 Upper Pontalba Building Restoration Corporation, and the Canal Street Development Corporation, which represent 9% and 26% respectively, of the assets and revenues of the aggregate discretely presented component units; the Firefighters' Pension and Relief Fund of the City of New Orleans (old and new systems), the Police Pension Fund of the City of New Orleans, and the Employees' Retirement System of the City of New Orleans, which represent 83% of the assets and 34% of the additions and revenues of the aggregate remaining fund information; and the Board of Liquidation, City Debt, which is a major fund and 14% and 9% of assets and revenues of the governmental activities, respectively. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the, the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Upper Pontalba Building Restoration Corporation, the Canal Street Development Corporation, 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, are based on the reports 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our 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 business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the City as of December 31, 2008, 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.

In accordance with Government Auditing Standards, we have issued our report dated June 30, 2009 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, budgetary comparison schedule, and schedules of funding progress are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying supplementary information consisting of the letter of transmittal and statistical section are presented for purposes of additional analysis and are not part of the basic financial statements. We did not audit the information and we express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying financial information as listed in the Table of Contents as Combining Statements, pages 75 through 108 is presented for purposes of additional analysis and is not a required part of the primary government financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and the combining and individual fund financial statements and schedules, and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds taken as a whole.



Metairie, Louisiana  
June 30, 2009



**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2008

**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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the City's financial statements and the notes to the financial statements. The reader should keep in mind that many of the variances reported in the City's financial statements are a result of the City being struck by Hurricane Katrina. On August 29, 2005, Hurricane Katrina struck the United States' Gulf Coast and caused destruction across the City of New Orleans and the States of Louisiana, Mississippi, and Alabama. Hurricane Katrina's tidal surges and the resulting levee breaches left eighty percent of the City under water. Ninety percent of the City's residents left under mandatory evacuation orders. The City suffered losses to buildings, police cars, fire trucks, parks and other City owned properties and equipment. Hurricane Katrina also devastated the City's economy, primarily the tourism and convention industries, and negatively impacted tax collections. Grants from federal and state governments and a Community Disaster Loan (CDL) from the Federal government enabled the City to continue to serve returning citizens. In 2008 the City's rebuilding programs were well underway with more than \$20 billion of construction projects that are under construction or in final design. Tourism was expanding and the repopulation of citizens positively impacted City revenues.

**Financial Highlights**

- The City's net assets balance on the government-wide basis was a deficit of \$12.1 million at December 31, 2008.
- The Government-wide Statement of Activities reported a decrease in net assets of \$86.4 million.
- 2008 General Fund tax revenues increased by \$7.7 million compared to 2007.
- The General Fund reported an excess of expenses over revenues and other financing sources of \$36.6 million for a total ending fund balance at December 31, 2008 of \$61.0 million. The General Fund's undesignated fund balance at December 31, 2008 is \$36.4 million.
- Total Governmental Funds reported an excess of expenses over revenues and other financing sources (deficiency) of \$154.5 million.
- Total cash and investments of Governmental Funds amounted to \$379.4 million at December 31, 2008, an increase of \$25.3 million over the beginning of the year total.
- Total bonded debt amounted to \$696.6 million, a decrease of \$21.2 million over the beginning of the year total. The State of Louisiana authorized the City to borrow through the Gulf Opportunity Zone Program \$52.2 million to defray the cost of debt service in the General Fund. \$12.3 million was used in 2008 to pay part of the City's debt service.

## CITY OF NEW ORLEANS

### Management's Discussion and Analysis

December 31, 2008

#### **Overview of the Financial Statements**

This discussion and analysis is 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 financial statements. This report also contains other 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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the year ended December 31, 2008. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. earned but unused leave for vacations).

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 government activities in the government-wide financial statement. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources. Such information may be useful in evaluating government's financing requirements.

Because the focus of governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2008

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 financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 76 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 fund, the Federal Emergency Management Agency (FEMA) fund, the debt service fund, the capital projects fund and the Community Disaster Loan (CDL) 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.

**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 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.

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2008

**Net Assets**

December 31, 2008 and 2007

(In thousands)

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
Current and other assets	\$ 503,162	589,884
Capital assets	1,249,860	1,220,588
Total assets	1,753,022	1,810,472
Long-term liabilities	1,581,255	1,518,219
Other liabilities	183,129	217,257
Total liabilities	1,764,384	1,735,476
Net assets:		
Invested of capital assets, net of related debt	641,132	645,610
Restricted	92,584	97,506
Unrestricted (deficit)	(745,078)	(668,120)
Total net assets	\$ (11,362)	74,996

**Government-wide Financial Analysis**

As noted above, net assets may serve over time as a useful indicator of a government's financial position. The City's liabilities exceeded assets by \$12.1 million at December 31, 2008.

The City's Statement of Net Assets reflects its investment in capital assets, land, construction-in-progress, infrastructure, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding, in the amount of \$641.1 million at December 31, 2008. 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 \$66.9 million at December 31, 2008 to provide for the servicing of annual interest and principal payments on bonds and are classified in restricted net assets. The unrestricted deficit net assets in the amount of \$745.8 million is due to the City's recording of long-term obligations including claims and judgments, liabilities, accrued annual and sick leave. The unrestricted deficit increased by \$80.1 million, which is primarily due to the change in net assets described below.

**CITY OF NEW ORLEANS**  
**Management's Discussion and Analysis**  
**December 31, 2008**

**Governmental Activities**

Governmental activities decreased the City's net assets by \$86.4 million. Total revenue decreased overall by \$13.2 million or 2.0% from \$653.8 million in 2007 to \$640.6 million in 2008. Operating grants and contributions decreased by \$15.8 million and capital grants and contributions decreased by \$31.9 million compared to 2007. Property tax collections increased from \$142.5 million in 2007 to \$152.7 million in 2008, an increase of \$10.2 million or 7.2%. Real estate property taxes were assessed and the majority collected in the beginning of the fiscal year. Sales tax collections increased by \$3.5 million or 2.6%.

Total expenses were \$727.0 million in 2008, an increase of \$8.6 million, or 1.2%, compared to \$718.4 million in 2007. General government expense increased \$1.6 million or 0.8% from \$203.6 million in 2007 to \$205.3 million in 2008. Public safety expense decreased \$47.7 million or 18.9% from \$252.4 million in 2007 to \$204.7 million in 2008. Public works expense decreased \$7.7 million from \$143.2 million in 2007 to \$135.5 million in 2008 due primarily to ongoing rebuilding efforts. Finally, urban development and housing expense increased \$28.4 million or 134.0% from \$21.1 million in 2007 to \$49.5 million in 2008 as more citizens returned.

A comparison of 2007 to 2008 is as follows (amounts are reported in thousands):

	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues:		
Charges for services	\$ 120,706	91,827
Operating grants and contributions	118,295	134,097
Capital grants and contributions	20,353	52,244
General revenues:		
Property taxes	152,690	142,480
Sales taxes	137,581	134,114
Other taxes	42,191	44,324
Investment earnings	18,251	19,580
Insurance proceeds	5,866	5,257
Miscellaneous	49,320	29,890
Loss on disposal of assets	(24,651)	—
Total revenues	<u>640,602</u>	<u>653,813</u>
Expenses:		
General government	205,260	203,620
Public safety	204,749	252,474
Public works	135,507	143,211
Health and human services	19,973	18,438
Culture and recreation	21,710	12,600
Urban development and housing	49,507	21,157
Economic development	17,102	6,606
Interest and fiscal changes	73,152	60,267
Total expenses	<u>726,960</u>	<u>718,373</u>
Decrease in net assets	(86,358)	(64,560)
Net assets, beginning of year as restated	74,996	139,556
Net assets, ending	<u>\$ (11,362)</u>	<u>74,996</u>

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2008

**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 expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2008, the City's governmental funds reported a combined ending fund balance of \$299.0 million, a decrease of \$154.5 million when compared to the prior year. Unreserved-undesignated fund balance, as of December 31, 2008, was \$41.2 million and is available for spending at the government's discretion. The unreserved-designated fund balance in the amount of \$64.7 million indicates that it is not available for new spending because it has already been designated for expenditure by the City in future years. The reserved fund balance in the amount of \$193.1 million is primarily reserved to pay debt service (\$66.9 million), for grantee loans (\$987,000), and to liquidate contracts and purchase orders of the prior period (\$125.2 million).

**General Fund**

The General Fund is the chief operating fund of the City. At December 31, 2008, total fund balance was \$61.0 million. The City's General Fund decreased by \$36.6 million in 2008. Key factors relative to this change are as follows:

- Expenditures increased in 2008 to \$462.5 million compared to \$425.9 in 2007, which represents an 8.6% increase. This \$36.6 million increase is due largely to increased general government, public safety expenditures and the rebuilding effort.
- Other financing sources totaled \$24.7 million in 2008 representing a \$7.2 million or a 22.6% decrease in comparison to 2007. The City's General Fund received a \$12.3 million debt service assistance loan from the State. CDL proceeds were recorded in a separate CDL Fund in 2006, 2007 and 2008.
- Intergovernmental revenues decreased by \$7.5 million or 27.0% to \$20.1 million.
- Total Revenues and Other Financing Sources for the General Fund increased by \$4.6 million or 1.1% compared to 2007.
- Charges for services increased by \$9.0 million or 25.7% compared to 2007.
- Taxes increased by \$7.7 million or 3.3% as compared to 2007. This increase is primarily due to the increased collections of sales, property, utility, and gaming taxes during the year.

**CITY OF NEW ORLEANS**  
**Management's Discussion and Analysis**  
**December 31, 2008**

The accompanying table shows the amount (in thousands) of general fund revenues by source for 2008 and 2007.

<b>Revenues and Other Financing Sources</b>	<b>2008 Actual</b>	<b>% of Total</b>	<b>Increase (Decrease) Over 2007</b>	<b>2007 Actual</b>	<b>% of Total</b>
Taxes	\$ 239,207	56.17%	7,678	\$ 231,529	54.96%
Licenses and permits	60,335	14.17	4,845	55,490	13.17
Intergovernmental	20,126	4.73	(7,458)	27,584	6.55
Charges for services	44,105	10.36	9,025	35,080	8.33
Fines and forfeits	16,300	3.83	4,534	11,766	2.79
Interest income	9,488	2.23	(4,461)	13,949	3.31
Contributions, gifts, and donations	851	0.20	293	558	0.13
Miscellaneous	10,733	2.52	(2,667)	13,400	3.18
Other financing sources (uses) net	24,723	5.81	(7,202)	31,925	7.58
	<u>\$ 425,868</u>	<u>100.0%</u>	<u>4,587</u>	<u>\$ 421,281</u>	<u>100.0%</u>

The accompanying table shows the amount (in thousands) of general fund expenditures by source for 2008 and 2007.

<b>Expenditures</b>	<b>2008 Actual</b>	<b>% of Total</b>	<b>Increase (Decrease) Over 2007</b>	<b>2007 Actual</b>	<b>% of Total</b>
General Government	\$ 146,786	31.74%	\$ 143,704	\$ 231,529	61.68%
Public Safety	165,685	35.83	154,205	55,490	14.78
Public Works	71,427	15.44	61,610	27,584	7.35
Health and Human Services	13,510	2.92	10,714	35,080	9.34
Other	17,385	3.76	12,130	11,766	3.13
Debt Service	47,680	10.31	43,552	13,949	3.72
	<u>\$ 462,473</u>	<u>100.0%</u>	<u>\$ 425,915</u>	<u>\$ 375,398</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 \$1.0 million from \$23.1 million in 2007 to \$22.1 million in 2008, and expenditures decreased \$0.8 million from \$23.2 million in 2007 to \$22.4 million in 2008.



## CITY OF NEW ORLEANS

### Management's Discussion and Analysis

December 31, 2008

#### **Federal UDAG Fund**

The Federal UDAG special revenue fund accounts for grants received from the HUD for the purpose of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Expenditures increased \$1.4 million from \$2.1 million in 2007 and \$3.5 million in 2008. There were no revenues in 2008 compared to \$14.5 million in 2007.

#### **FEMA Fund**

The FEMA Fund is a major fund, which 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, 2008 of \$23.5 million, results from revenue which has been deferred and will be collected by the City in 2009. Revenue amounted to \$66.1 million in 2008 while expenditures totaled \$73.2 million.

#### **Community Disaster Loan Fund**

The Community Disaster Loan fund (CDL fund) accounted for \$34.4 of disaster loan proceeds, an increase of \$1.7 million, all of which was used to assist in paying public safety expenses in 2008.

#### **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 \$66.9 million at December 31, 2008, which was a \$6.4 million decrease compared to the prior year balance of \$73.3 million.

#### **Capital Project Funds**

The Capital Projects fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and other repair and maintenance projects, other than those accounted for in the component units. Expenditures for capital projects in 2008 totaled \$126.6 million, an increase of \$64.5 million compared to 2007. This increase is due to the resumption of the construction of projects on hold after Hurricane Katrina and new projects.

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

Variances between the General Fund's amended budget and the actual revenues were caused generally by the return of many citizens trying to rebuild, which caused an increase in revenues. The variance between the General Fund's amended budget and the actual expenditures were due to the increase in population and the need to provide additional City services for the increased population.

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2008

<b>2008 Revenues</b>	<b>2008</b>		<b>Variance</b>
	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
Taxes	\$ 243,362	239,207	(4,155)
Licenses and Permits	48,005	60,335	12,330
Intergovernmental	10,024	20,126	10,102
Charges for Services	41,940	44,105	2,165
Fines and Forfeits	25,095	16,300	(8,795)
Interest Income	15,176	9,488	(5,688)
Contributions gifts and Donations	1,557	851	(706)
Miscellaneous	8,604	10,733	2,129
Total Revenues	393,763	401,145	7,382
<b>Expenditures</b>	490,328	462,473	27,855
Other Financing Sources (Uses)	96,565	24,723	(71,842)
Net Change in Assets \$	-	(36,605)	(92,315)

**Capital Assets**

Capital assets at December 31, 2008 and 2007 are as follows (net of depreciation):

	<b>2008</b>	<b>2007</b>
Land	\$ 99,663	103,522
Construction in progress	148,116	96,309
Buildings, improvements, and equipment	130,802	95,166
Other	17,810	18,854
Infrastructure assets	853,469	900,898
	\$ 1,249,860	1,214,749

Hurricane Katrina caused physical damage from the flooding 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 repaired, resulting in a increase in the category buildings, improvements, and equipment.

**CITY OF NEW ORLEANS**

Management's Discussion and Analysis

December 31, 2008

**Debt Administration**

Outstanding general obligation bonds at December 31, 2008 totaled \$524.0 million, all of which are considered to be net, direct-tax supported debt. There are no special assessment bonds outstanding.

During 2008, the City issued the following bonds or certificates of indebtedness:

- \$12.3 million of State of Louisiana Go Zone Notes were obtained to pay 2008 general obligation bond debt service payments.
- \$34.4 million of CDL proceeds, used to assist in paying public safety expenses in 2008, were received.

**Outstanding Debt**

	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 523,955	538,514
Accreted GO 1991 refunding bonds	126,553	130,742
Limited tax bonds	28,480	30,045
Revenue bonds	<u>144,130</u>	<u>148,740</u>
	823,118	848,041
Certificates of indebtedness	93,415	110,165
Notes payable (CDL loan)	204,731	170,358
Capital leases	27,492	28,715
Go Zone Notes	71,428	59,083
Section 108 HUD loans	<u>30,344</u>	<u>32,405</u>
	\$ <u>1,250,528</u>	<u>1,248,767</u>

The following is a summary of debt transactions:

Balance at January 1, 2008	\$ 1,248,767
New issues	46,718
Payments	<u>(44,957)</u>
Balance at December 31, 2008	\$ <u>1,250,528</u>

The Louisiana Legislature, in Act 1 of 1994, increased the City's general obligation bond debt limit to an amount equal to the greater of (i) \$500,000,000 or (ii) 35% of total assessed valuation of the City. Under Act No. 1 of the City's debt limit, based on the most recent assessed valuations, is \$992.9 million as of December 31, 2008. At December 31, 2008, the City's legal debt limit for General Obligation Bonds is \$992.9 million. At December 31, 2008, the City's legal debt margin adjusted for outstanding principal of \$524.0 million and past and future accretion of \$200.0 million on the City's outstanding General

**CITY OF NEW ORLEANS**

Management's Discussion and Analysis

December 31, 2008

Obligation Bonds, plus net assets available in the Debt Service Fund of \$36.9 million to service this debt was \$305.9 million.

On May 1, 2007, Moody's upgraded the City's general obligation bond rating to "Baa3" investment grade. Fitch upgraded the City's general obligation bond rating "BBB", investment grade in April 2009, and Standard & Poor's Corporation upgraded the City's general obligation bond rating "BBB", investment grade in March of 2009.

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

The City's financial position improved in 2008, as a result the budget for expenditures were increased to \$493.1 million. The 2008 revenues increase was a result of the increase in the City's population which caused an increase in tax collections and charges for services. The expenditures budget was also increased to provide services to the increased population and continue the rebuilding process.

The following table presents an adopted budget comparison for 2009, 2008, and 2007 (amounts in thousands):

	2009	2008	2007
Revenues and other financing sources	\$ 493,100	\$ 474,324	\$ 455,705
Expenditures	493,100	474,324	455,705

In the first quarter of 2006, the City drew the remaining balance of \$58.6 million from the original \$120 million CDL. In 2006, the City also received authorization for a second CDL from FEMA for \$120 million. The City drew \$17.6 million in December of 2006, \$32.7 million in 2007, \$34.4 million in the 2008 and \$25.3 in the first half of 2009. The City plans to draw down the remaining balance during 2010.

In 2006, the State of Louisiana authorized the City to borrow through the Gulf Opportunity Zone Program \$52.2 million to defray the cost of debt service in the General Fund for the years 2006 through 2009. Through December 2008, the General Fund has borrowed \$71.4 million under this program.

New Orleans is world-renowned as a leader in hosting large-scale events. The City's Mardi Gras celebration, the Jazz & Heritage Festival, Bayou Classic, and summer Essence Festival are annual attractions drawing millions of visitors each year, and are major parts of the City's tourism industry.

In addition to the events mentioned above, the 2008 NFL New Orleans Saints Football team played to sold out season ticket holders and 2008-09 NBA Hornets played to record breaking crowds. The City hosted the Bowl Championship Series national college football championship game. The Arena Football Championship game was played at the renovated New Orleans Arena and the City also hosted the National Basketball Association All-Star Game in February 2008. The Super Dome has undergone a

**CITY OF NEW ORLEANS**  
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major renovations to add and maintain its world renown venue. The City has been selected by the NFL to host the 2013 Super Bowl game.

In 2009, the City will also host The National Association of Black Accountants, Inc. and Microsoft Corporation's World Partners Conference at the Ernest N. Morial Convention Center.

**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.

## CITY OF NEW ORLEANS, LOUISIANA

## Statement of Net Assets

December 31, 2008

(Amounts in thousands)

Assets	<u>Primary Government Governmental activities</u>	<u>Component units</u>
Cash and cash equivalents	\$ 77,429	67,125
Investments	302,001	85,453
Receivables (net of allowance for uncollectibles):		
Taxes	44,626	10,323
Accounts	6,072	21,614
Interest	308	337
Grantee loans	5,657	—
Other	—	180
Due from component units	3,573	—
Due from other governments	59,044	15,180
Other assets	4,452	44,899
Restricted cash and investments	—	268,520
Capital assets (net of accumulated depreciation)	1,249,860	2,086,018
Total assets	<u>1,753,022</u>	<u>2,599,649</u>
<b>Liabilities</b>		
Accounts payable	131,626	49,479
Retainages payable	4,027	2,763
Accrued expenses	272	40,605
Taxes Payable	16,143	—
Accrued interest payable	18,435	4,278
Advances from component units	361	—
Due to component units	2,023	—
Due to other governments	4,682	31,276
Other postretirement benefits liability	—	5,909
Deferred revenues	5,560	7
Liabilities payable from restricted assets	—	13,453
Non-current liabilities due within one year	108,833	56,060
Non-current liabilities due in more than one year	1,472,422	685,132
Total liabilities	<u>1,764,384</u>	<u>888,962</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	641,132	1,641,652
Restricted for debt service	77,379	51,690
Restricted for capital improvement (deficit)	15,205	(60,032)
Restricted for operating reserve	—	15,014
Unrestricted (deficit)	(745,078)	62,363
Total net assets	<u>\$ (11,362)</u>	<u>1,710,687</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Statement of Activities  
 Year ended December 31, 2008  
 (Amounts in thousands)

Functions/Programs	Expenses	Charges for services	Program revenues		Net (expense) revenue and changes in net assets	
			Operating grants and contributions	Capital grants and contributions	Primary government activities	Component units
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 205,260	65,812	41,402	1,715	(96,331)	—
Public safety	204,749	29,321	6,166	29	(169,233)	—
Public works	135,507	18,075	4,615	18,397	(94,420)	—
Health and human services	19,973	6,690	—	74	(13,209)	—
Culture and recreation	21,710	638	3,417	138	(17,517)	—
Urban development and housing	49,507	—	48,409	—	(1,098)	—
Economic development	17,102	170	9,727	—	(7,205)	—
Interest and fiscal charges	73,152	—	4,559	—	(68,593)	—
Total primary government	\$ 726,950	120,706	118,295	20,353	(467,606)	—
<b>Component units:</b>						
Audubon Commission	\$ 54,586	30,317	—	10,813	—	(13,456)
Louis Armstrong New Orleans International Airport	90,928	62,097	—	4,083	—	(24,748)
Sewerage and Water Board	172,894	106,463	(4)	(29,932)	—	(96,367)
Other nonmajor component units	31,964	12,502	3,878	—	—	(15,584)
Total component units	\$ 350,372	211,379	3,874	(15,036)	—	(150,155)
<b>General revenues:</b>						
Taxes:						
Property taxes					152,690	55,383
Sales taxes					137,581	—
Utility taxes					10,059	—
Parking taxes					2,490	—
Franchise fees					29,313	—
Beverage taxes					329	—
Unrestricted investment earnings					18,251	7,108
Passenger facility charges					—	16,299
Insurance proceeds					5,866	—
Miscellaneous					49,320	16,295
Loss on disposal of assets					(24,651)	—
Total general revenues					381,248	95,085
Change in net assets					(86,358)	(55,070)
Net assets – beginning of year					71,529	1,765,757
Prior period adjustments (note 14)					3,467	—
Net assets – beginning of year, as adjusted					74,996	1,765,757
Net assets – end of year					(11,362)	1,710,687

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Balance Sheet — Governmental Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

Assets	General	HUD	Federal UDAG	FEMA	CDL	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 26,828	2,711	21,061	8	—	119	12,196	14,506	77,429
Investments	25,917	—	—	—	—	66,911	186,055	23,118	302,001
Receivables, net:									
Interest	308	—	—	—	—	—	—	—	308
Sales taxes	12,122	—	—	—	—	—	—	—	12,122
Property taxes	13,641	—	—	—	—	10,349	—	1,763	25,753
Accounts	4,443	571	—	—	—	—	7	1,051	6,072
Grantee loans	—	—	987	—	—	—	—	4,670	5,657
Franchise taxes	6,751	—	—	—	—	—	—	—	6,751
Due from other funds	41,002	—	1,814	—	—	—	—	2,084	44,900
Due from other governments	117	5,964	—	22,516	—	—	21,110	9,337	59,044
Due from component unit	813	—	—	—	—	—	2,760	—	3,573
Advances to other funds	252	—	—	—	—	—	—	—	252
Other assets	—	—	—	—	—	—	—	17	17
<b>Total assets</b>	<b>\$ 132,194</b>	<b>9,246</b>	<b>23,862</b>	<b>22,524</b>	<b>—</b>	<b>77,379</b>	<b>222,128</b>	<b>56,546</b>	<b>543,879</b>
<b>Liabilities</b>									
Accounts payable	\$ 47,314	6,619	184	10,786	—	—	57,951	8,772	131,626
Retainage payable	—	—	—	—	—	—	4,027	—	4,027
Accrued expenses	—	54	—	1	—	133	—	84	272
Due to other funds	1,877	—	1,253	26,673	—	—	465	14,632	44,900
Due to other governments	3,360	—	—	—	—	—	649	673	4,682
Due to component unit	2,000	—	—	—	—	—	23	—	2,023
Advances from other funds	—	—	—	—	—	—	—	252	252
Advances from component units	—	—	—	—	—	—	361	—	361
Deferred revenues	16,628	2,840	—	8,577	—	10,349	15,205	2,371	55,970
<b>Total liabilities</b>	<b>71,179</b>	<b>9,513</b>	<b>1,437</b>	<b>46,037</b>	<b>—</b>	<b>10,482</b>	<b>78,681</b>	<b>26,784</b>	<b>244,113</b>
<b>Fund Balances</b>									
Fund balances:									
Reserved:	7,229	—	22,425	—	—	66,897	95,357	1,218	193,126
Unreserved:	17,016	(267)	—	(23,513)	—	—	48,090	—	65,106
Designated for subsequent year	36,770	(267)	—	—	—	—	—	28,544	41,534
Undesignated	61,015	(267)	22,425	(23,513)	—	66,897	143,447	29,762	299,766
<b>Total fund balances</b>	<b>132,194</b>	<b>9,246</b>	<b>23,862</b>	<b>22,524</b>	<b>—</b>	<b>77,379</b>	<b>222,128</b>	<b>56,546</b>	<b>543,879</b>
<b>Total liabilities and fund balances</b>									

See accompanying notes to basic financial statements.



**CITY OF NEW ORLEANS, LOUISIANA**

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

December 31, 2008

(Amounts in thousands)

Total fund balances – governmental funds	\$ 299,766
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,249,860
Certain receivables are not available to pay for the current period's expenditures and, are therefore, deferred in the funds	50,410
Bond issue costs are capitalized and amortized over the life of the bonds in the government-wide statement of net assets	4,435
Interest expense is accrued at year-end in the government-wide financial statements, but is recorded only if due and payable on the governmental fund financial statements	(18,435)
Taxes Payable	(16,143)
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	(830,954)
Certificates of indebtedness	(93,415)
Loans payable	(306,502)
Capital leases payable	(27,492)
Annual and sick leave	(47,514)
Claims payable	(180,987)
Net pension obligation	(55,818)
Other long-term liabilities	<u>(38,573)</u>
Total net assets – governmental activities	<u>\$ (11,362)</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, 2008

(Amounts in thousands)

	General	HUD	Federal UDAG	FEMA	CDL	Debt Service	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Revenues:									
Taxes	\$ 239,207	—	—	—	—	50,451	—	5,984	295,642
Licenses and permits	60,335	—	—	—	—	—	—	—	60,335
Intergovernmental	20,126	22,110	—	66,097	—	—	26,661	26,935	161,929
Charges for services	44,105	—	—	—	—	—	—	—	44,105
Program income	—	—	—	—	—	—	—	68	68
Fines and forfeits	16,300	—	—	—	—	—	—	932	17,232
Interest income	9,488	—	—	—	—	3,083	—	198	12,769
Contributions, gifts and donations	851	—	—	—	—	—	—	2,261	3,112
Miscellaneous and other	10,733	—	—	—	—	—	222	18,126	29,081
Total revenues	401,145	22,110	—	66,097	—	53,534	26,883	54,504	624,273
Expenditures:									
Current:									
General government	144,397	—	—	36,624	—	430	6,170	22,927	210,548
Public safety	158,456	—	—	4,570	34,373	—	61	2,970	200,430
Public works	71,427	368	—	3,951	—	—	88	—	75,834
Health and human services	13,510	137	—	1,295	—	—	15	5,016	19,973
Culture and recreation	17,385	—	—	19	—	—	868	1,806	20,078
Urban development and housing	—	21,872	742	26,788	—	—	—	105	49,507
Economic development and assistance	—	—	1,701	—	—	—	—	15,401	17,102
Capital outlays	9,618	—	—	—	—	—	119,375	—	128,993
Debt service:									
Principal	25,318	—	486	—	—	16,124	—	240	42,168
Interest and fiscal charges	22,362	—	571	—	—	43,350	—	308	66,591
Total expenditures	462,473	22,377	3,500	73,247	34,373	59,904	126,577	48,773	831,224
(Deficiency) excess of revenue over expenditures	(61,328)	(267)	(3,500)	(7,150)	(34,373)	(6,370)	(99,694)	5,731	(206,951)
Other financing sources (uses):									
Transfers in	13,938	—	—	—	—	—	—	1,387	15,325
Transfers out	(1,387)	—	—	—	—	—	—	(13,938)	(15,325)
Issuance of notes payable	—	—	—	—	34,373	—	—	—	34,373
Debt service assistance loan	12,345	—	—	—	—	—	—	—	12,345
Insurance proceeds	—	—	—	—	—	—	5,866	—	5,866
Other, net	(173)	—	—	—	—	—	—	—	(173)
Total other financing sources (uses)	24,723	—	—	—	34,373	—	5,866	(12,551)	52,411
Net change in fund balances	(36,605)	(267)	(3,500)	(7,150)	—	(6,370)	(93,828)	(6,820)	(154,540)
Fund balances – beginning of year	95,194	—	25,187	(17,356)	—	73,267	243,804	36,582	456,678
Prior period adjustments	2,426	—	738	993	—	—	(6,529)	—	(2,372)
Fund balances – beginning of year, as adjusted	97,620	—	25,925	(16,363)	—	73,267	237,275	36,582	454,306
Fund balances – end of year	61,015	(267)	22,425	(23,513)	—	66,897	143,447	29,762	299,766

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, 2008

(Amounts in thousands)

Net change in fund balances – total governmental funds	\$ (154,540)
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 depreciation and loss on disposals exceeded capital outlays in the current period.	29,272
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.	33,295
The increase in taxes payable related to current year refunds due to taxpayers does not consume current resources in the governmental funds, but reduces tax revenue in the statement of activities.	(3,490)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, but has no effect net assets.	(46,718)
The repayment of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.	42,168
Amortization of premium, discount, and loss on refunding of \$5,087 (net) was recorded in the current period.	5,087
Amortization of bond costs \$523 was recorded in the current period.	(523)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This represents the change in interest payable from the prior to the current period.	(5,643)
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.	(3,544)
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.	47,614
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.	6,272
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.	(13,842)
Pension and contributions are recorded as expenditures when paid by the governmental funds. Pension expense is recorded based on the annual pension cost in the statement of activities. This is the amount that the annual pension cost exceeded pension contributions.	(21,766)
Change in net assets of governmental activities	<u>\$ (86,358)</u>

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

## Statement of Fiduciary Net Assets

December 31, 2008

(Amounts in thousands)

Assets	Pension Trust Funds	Agency Funds
Cash	\$ 5,794	3,847
Investments	480,455	22,617
Accounts	—	5,956
Accrued interest	8,071	—
Contribution	458	—
Other	3,249	—
Due from other governments	—	11,417
Capital assets, net of accumulated depreciation	5,353	—
Total assets	<u>503,380</u>	<u>43,837</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	771	53
Other payables and accruals	3,700	43,784
Notes payable	39,010	—
Total liabilities	<u>43,481</u>	<u>43,837</u>
Net assets:		
Net assets held in trust for pension benefits	<u>\$ 459,899</u>	<u>—</u>

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
Statement of Changes in Fiduciary Net Assets  
Year ended December 31, 2008  
(Amounts in thousands)

	<u>Pension Trust Funds</u>
<b>Additions:</b>	
Contributions:	
Employer	\$ 14,691
Members	4,559
Fire insurance rebate	1,556
Other	778
Total contributions	<u>21,584</u>
Investment income:	
Net appreciation in fair value of investments	441
Interest and dividends	11,214
Other investment income	1,488
Total investment income	<u>13,143</u>
Investment expense	<u>(6,809)</u>
Net investment income	<u>6,334</u>
Total additions	<u>27,918</u>
<b>Deductions:</b>	
Pension benefits	66,637
Refunds of member contributions	966
Death benefits	102
Administrative expenses	1,696
DROP withdrawal	2,950
PLOP withdrawal	1,859
Net depreciation in fair value of investments	200,581
Transfers to other plans	817
Total deductions	<u>275,608</u>
Decrease in net assets	<u>(247,690)</u>
Net assets held in trust for pension benefits – beginning of year	<u>707,589</u>
Net assets held in trust for pension benefits – end of year	<u>\$ 459,899</u>

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Net Assets

Component Units

December 31, 2008

(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	\$ 1,135	3,255	34,588	28,147	67,125
Investments	—	79,111	—	6,342	85,453
Receivables (net of allowances for uncollectibles):					
Property taxes	—	—	10,323	—	10,323
Accounts	1,013	9,336	7,302	3,963	21,614
Accrued interest	—	2	322	13	337
Other	—	—	—	180	180
Due from other governments	—	1,187	13,240	753	15,180
Inventory of supplies	1,567	117	12,888	—	14,572
Prepaid expenses and deposits	1,507	968	1,546	783	4,804
Other assets	—	—	5,328	15	5,343
Total current assets	<u>5,222</u>	<u>93,976</u>	<u>85,537</u>	<u>40,196</u>	<u>224,931</u>
Restricted cash and investments:					
Customer deposits	—	—	5,390	9,367	14,757
Construction account	—	—	54,207	—	54,207
Current debt service account	—	10,778	9,821	1,968	22,567
Future debt service account	1,496	9,554	22,254	443	33,747
Contingency (renewal and replacement) account	—	2,037	—	756	2,793
Operation and maintenance account	—	8,785	—	629	9,414
Capital improvements	830	48,018	67,782	—	116,630
Health insurance reserve	—	—	5,081	—	5,081
Receivables	—	2,045	—	—	2,045
Other	—	6,326	212	741	7,279
Total restricted assets	<u>2,326</u>	<u>87,543</u>	<u>164,747</u>	<u>13,904</u>	<u>268,520</u>
Capital assets, less accumulated depreciation	<u>143,962</u>	<u>393,233</u>	<u>1,509,805</u>	<u>39,018</u>	<u>2,086,018</u>
Other assets	<u>12,383</u>	<u>5,589</u>	<u>1,698</u>	<u>510</u>	<u>20,180</u>
Total assets	<u>\$ 163,893</u>	<u>580,341</u>	<u>1,761,787</u>	<u>93,628</u>	<u>2,599,649</u>

See accompanying notes to basic financial statements.

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Net Assets

Component Units

December 31, 2008

(Amounts in thousands)

Liabilities and Net Assets	Audubon Commission	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Current liabilities (payable from current assets):					
Accounts payable	\$ 5,385	6,271	36,049	1,774	49,479
Retainages payable	—	509	2,254	—	2,763
Other payables and accruals	—	5,346	33,140	2,119	40,605
Due to other governments	—	—	29,170	2,106	31,276
Capital lease payable	—	1,134	—	4	1,138
Other postretirement benefits liability	—	—	5,909	—	5,909
Deferred revenues	—	—	—	7	7
Total current liabilities (payable from current assets)	<u>5,385</u>	<u>13,260</u>	<u>106,522</u>	<u>6,010</u>	<u>131,177</u>
Current liabilities (payable from restricted assets):					
Retainages payable	—	1,136	1,813	—	2,949
Capital projects payable	291	4,712	—	—	5,003
Accrued interest	70	3,168	1,033	7	4,278
Limited tax bonds	2,269	—	—	—	2,269
Bonds payable, current portion	—	13,675	37,282	515	51,472
Revenue bonds	1,181	—	—	—	1,181
Deposits and other	—	—	5,390	111	5,501
Total current liabilities (payable from restricted assets)	<u>3,811</u>	<u>22,691</u>	<u>45,518</u>	<u>633</u>	<u>72,653</u>
Total current liabilities	<u>9,196</u>	<u>35,951</u>	<u>152,040</u>	<u>6,643</u>	<u>203,830</u>
Long-term liabilities:					
Claims payable	—	—	4,873	—	4,873
Other postretirement benefits liability	—	—	9,278	—	9,278
Limited tax bonds (net of current portion)	30,335	—	—	—	30,335
Revenue bonds (net of current portion and unamortized discounts)	3,933	—	220,644	18,763	243,340
Refunding bonds (net of current portion and unamortized loss on advance refunding)	15,088	177,424	—	2,780	195,292
Loans payable	—	46,255	139,417	1,349	187,021
Other	12,615	800	—	1,578	14,993
Total long-term liabilities	<u>61,971</u>	<u>224,479</u>	<u>374,212</u>	<u>24,470</u>	<u>685,132</u>
Total liabilities	<u>71,167</u>	<u>260,430</u>	<u>526,252</u>	<u>31,113</u>	<u>888,962</u>
Net assets:					
Invested in capital assets -- net of related debt	91,618	212,864	1,306,085	31,085	1,641,652
Restricted for bond debt service	—	17,164	32,075	2,451	51,690
Restricted for capital improvements	—	41,837	(102,625)	756	(60,032)
Restricted for operating reserve	—	14,385	—	629	15,014
Unrestricted	1,108	33,661	—	27,594	62,363
Total net assets	<u>\$ 92,726</u>	<u>319,911</u>	<u>1,235,535</u>	<u>62,515</u>	<u>1,710,687</u>

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**

Combining Statement of Activities

Component Units

Year ended December 31, 2008

(Amounts in thousands)

	Program revenues			Net (expense) revenue and changes in net assets				
	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	\$ 54,586	—	10,813	(13,456)	—	—	—	(13,456)
Louis Armstrong New Orleans International Airport	90,928	—	4,083	—	(24,748)	—	—	(24,748)
Sewerage and Water Board	172,894	(4)	(29,932)	—	—	(96,367)	—	(96,367)
Other nonmajor component units	31,964	3,878	—	—	—	—	(15,584)	(15,584)
Total component units	\$ 350,372	3,874	(15,036)	(13,456)	(24,748)	(96,367)	(15,584)	(150,155)
General revenues:								
Interest revenue				—	2,714	3,546	848	7,108
Property taxes				7,255	—	42,706	5,422	55,383
Passenger facility charges				—	16,299	—	—	16,299
Other				3,281	1,535	—	11,479	16,295
Total general revenues				10,536	20,548	46,252	17,749	95,085
Changes in net assets				(2,920)	(4,200)	(50,115)	2,165	(55,070)
Net assets – beginning				95,646	324,111	1,285,650	60,350	1,765,757
Net assets – ending				\$ 92,726	319,911	1,235,535	62,515	1,710,687

See accompanying notes to basic financial statements.



**NOTES TO BASIC FINANCIAL STATEMENTS**

# CITY OF NEW ORLEANS, LOUISIANA

## Notes to Basic Financial Statements

December 31, 2008

### (1) Summary of Significant Accounting Policies

The 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 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. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14*. Organizations are included if the City is financially accountable for them, or 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, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. In addition, an organization that is fiscally dependent on the primary government should be included in its reporting entity.

#### *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. The Municipal Yacht Harbor Management Corporation does not prepare complete financial statements.

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

Audubon Commission  
1300 Perdido Street, Suite 2E04  
New Orleans, Louisiana, 70112

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

Orleans Parish Communication District  
301 South Broad Street  
New Orleans, Louisiana 70119

Municipal Court of the City of New Orleans  
727 South Broad Street  
New Orleans, Louisiana 70119

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

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

Downtown Development District  
1010 Common Street, Suite 100  
New Orleans, Louisiana 70112

New Orleans Tourism Marketing Corporation  
One Canal Place  
Suite 2020  
New Orleans, Louisiana 70130

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

Upper Pöntalba Building Restoration Corporation  
1008 N. Peters Street, 2 Floor  
New Orleans, Louisiana 70116

Canal Street Development Corporation  
1300 Perdido Street, Suite 2E04  
New Orleans, Louisiana 70112

***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. 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:

***Employee's 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. The Mayor appoints a voting majority of the members of the NOMERS governing board. NOMERS is presented as a pension trust fund because NOMERS serves the employees of the City. The net assets of NOMERS are held for the sole benefit of the participants and are not available for appropriation.

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

***Police Pension Fund (PPF)*** – PPF is a separate legal entity established by City ordinance to provide pension benefits for City police officers. The Mayor appoints the members of the PPF governing board. PPF is presented as a pension trust fund because PPF serves the employees of the City. The net assets of PPF are held for the sole benefit of the participants and are not available for appropriation.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

***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:

**Major Discretely Presented Component Units**

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

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

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

***Sewerage and Water Board***

A local government corporation created by the City through Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain, and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In accordance with Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The board is composed of 13 members, including the Mayor of the City, the two Council members-at-Large, and one District Council member selected by the City Council, two members of the Board of Liquidation and seven citizens appointed by the Mayor. The appointed members of the board serve staggered nine-year terms. 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, 2008

**Major Discretely Presented Component  
Units**

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

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*Audubon Commission (the Commission)*

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

*Downtown Development District*

Local government corporation created by Act 498 of 1974 and amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature, effective January 1, 1975. The District is a special taxing district designated "the Core Area Development District of the City of New Orleans," later renamed the Downtown Development District of the City of New Orleans, comprising all the territory within prescribed boundaries. The Board of Directors is composed of nine 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.

*New Orleans Tourism Marketing  
Corporation*

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.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

<b>Major Discretely Presented Component Units</b>	<b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>
<i>Municipal Yacht Harbor Management Corporation</i>	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 City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<i>French Market Corporation</i>	Local government corporation formed January 1, 1972 by the City to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans. These properties include five buildings and the Farmers Market. The French Market is a nonprofit corporation that is owned by the City and administered by a board of directors consisting of 12 members appointed by the Mayor. The City has financial accountability because it appoints a voting majority of the Corporation and the City can impose its will.
<i>Upper Pontalba Building Restoration Corporation</i>	Local government corporation organized on July 14, 1988 by the City for the purpose of renovating and operating the Upper Pontalba Building. The organization is a nonprofit corporation administered by a board of directors consisting of 7 members that are appointed by the sole stockholder, the Mayor of New Orleans. 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, 2008

<b>Major Discretely Presented Component Units</b>	<b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>
<i>Canal Street Development Corporation</i>	<p>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 downtown. The organization's board of directors is comprised of two Councilmen from the City Council and 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.</p>
<i>Orleans Parish Communication District</i>	<p>The Orleans Parish Communication District, comprising 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.</p>

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

***Municipal Court of the City of New Orleans***

The Traffic Court consists of four judges appointed, selected, and qualified under Article VII, Section 94 of the Louisiana Constitution, the enabling ordinances enacted by the City Council, and the duly elected successors of such judges, and such other judges who may be created and authorized under the state constitution (1956, § 38-2). The jurisdiction of the Traffic Court shall extend to the trial of offenses against the ordinances of the City regulating traffic upon the public streets of the City and such other jurisdiction as may be conferred upon it by the state constitution.

***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.

- Community Improvement Agency
- Housing Authority of New Orleans
- Finance Authority of New Orleans
- Public Belt Railroad Commission
- New Orleans Affordable Home Ownership, Inc.
- Regional Transit Authority

***Jointly Governed Organizations***

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

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



# CITY OF NEW ORLEANS, LOUISIANA

## Notes to Basic Financial Statements

December 31, 2008

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the 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. 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 assets from January 1, 2008 to December 31, 2008. 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.

In addition to the government-wide financial statements, the City also reports financial statements for its governmental and fiduciary funds; these statements are classified as fund financial statements. The fund financial statements are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

Information in the governmental fund financial statements is reported on a major fund basis. 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*. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are reported in the aggregate in the non-major governmental funds column.

### **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),

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2008

Emergency Shelter Grant (ESG) Program, and Housing Opportunities for Persons with HIV/AIDS (HOPWA).

- (c) **Federal UDAG Fund** – This special revenue fund accounts for grants received from the Department of HUD for the purpose of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City.
- (d) **FEMA Fund** – This special revenue fund accounts for grants received from the Federal Emergency Management Agency (FEMA) for Hurricane Katrina relief efforts.
- (e) **CDL Fund** – This special revenue fund is used to account for the proceeds from the Community Disaster Loans. The proceeds were all spent in public safety expenditures in 2006.
- (f) **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.
- (g) **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 assets 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, 2008

#### ***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, excluding grant moneys for which the period is one year after year-end, to be available and recognizes them as revenues of the current period. Expenditures are generally recognized under the modified accrual basis of accounting in the accounting period in which the fund liability is incurred. 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.

Noncurrent 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 Restricted Assets***

When restricted and unrestricted resources are available to cover expenses, unrestricted resources are first applied.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

***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.

***Cash and Cash Equivalents***

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

***Investments***

Investments are stated at fair value based on quoted market prices.

***Accounts Receivable***

Property tax receivables of \$39,587,000 and grantee loan receivables of \$36,145,000 are shown net of an allowance of uncollectible amounts of \$13,834,000 and \$30,488,000, respectively.

***Capital Assets***

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

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.

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

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

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.

***Annual and Sick Leave***

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

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

***Litigation***

Claims and judgments are recognized in the governmental funds as expenditures when due and payable. Therefore, claims and judgments that are due and payable would be expected to be liquidated with expendable available financial resources. To the extent that claims and judgments mature prior to December 31, and are payable from current financial resources, they are accrued at December 31, 2008. Other liabilities not expected to mature as of December 31, 2008 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.

***Fund Balance***

***(a) Reserved***

Indicates that portion of fund balance, which has been legally segregated (e.g., by bond ordinance) for specific purposes and not available for appropriation.

***(b) Designated Fund Balance***

Indicates that portion of fund balance for which the City management has placed limitations as to use.

***(c) Undesignated Fund Balance***

Indicates that portion of fund balance, which is available for appropriation in future periods.

# CITY OF NEW ORLEANS, LOUISIANA

## Notes to Basic Financial Statements

December 31, 2008

### (2) Natural Disaster

On August 29, 2005, Hurricane Katrina struck the United States' gulf coast and caused destruction across the City and the states of Louisiana, Mississippi, and Alabama. Hurricane Katrina's tidal surges and the resulting levee breaches left eighty percent of the City under water. Ninety percent of the City's residents left under mandatory evacuation orders. The City suffered losses to buildings, police cars, fire trucks, parks, and other City-owned properties and equipment.

In 2005, the City received a \$102,000,000 grant from FEMA for reimbursement of expenditures for recovery efforts that began immediately after the storm. Additional grants were received in 2006 to fund expenditures recorded in 2005. In addition, the City received \$1,300,000 from the State of Louisiana as compensation for the revenue shortfall caused by the storm. These grants were reflected as operating grants in the 2005 fund level statement of activities. The City also received authorization for a \$120,000,000 Community Disaster Loan (CDL). As of December 31, 2005, the City had drawn \$61,396,000 of the CDL. The remaining \$58,604,000 was drawn down during 2006. The City received authorization during 2006 for an additional \$120,000,000 CDL on which \$17,610,000 was drawn down as of December 31, 2006. In addition to the funds drawn down in 2006, the City also drew down \$34,373,000 and \$32,748,000 during 2008 and 2007 respectively. These loans are reflected as long-term liabilities in the accompanying government-wide financial statements and are further described in Note 7. At the fund level these loans and related expenditures were recorded in the new major special revenue fund named CDL.

### (3) 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, 2008, the carrying amount of the City's deposits was \$87,070,000.

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, 2008, the City's bank deposits secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City's name amounted to \$73,222,590. Of these bank balances, \$71,972,600 was covered by collateral held by the pledging banks' trust department or agent in the City's name and the remainder was covered under federal depository insurance. At December 31, 2008, the Board of Liquidation, a blended component unit, held cash of \$119,000 for the City of New Orleans. The deposit was in a financial institution in the name of the Board of Liquidation and was fully secured by federal depository insurance and collateral in the name of the Board of Liquidation.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2008

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

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

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

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

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

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 a nonprofit corporation organized under the laws of the State of Louisiana formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investments policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. LAMP's portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar-weighted average of portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined weekly to monitor any variances

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

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between amortized cost and market value. For purposes of determining participants' share, investments are valued at amortized cost. LAMP is designed to be highly liquid to provide immediate access to participants.

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 "2a-7-like" pool in accordance with GASB Statement No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value.

At December 31, 2008, the City's market value of investments was as follows (amounts in thousands):

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Pension Trust</u>	<u>Total</u>
LAMP	\$ 48,719	\$ 22,617	\$ —	\$ 71,336
Money market	127,864	—	—	127,864
Certificates of deposit	66,460	—	—	66,460
U.S. Agency securities	55,475	—	32,314	87,789
Treasury bills	3,476	—	—	3,476
Corporate bonds	—	—	41,314	41,314
Stock and mutual funds	—	—	206,839	206,839
Real estate and real estate funds	—	—	43,775	43,775
Invested in corporations, partnerships, and limited liability corporations	—	—	40,304	40,304
Invested in hedge funds, private equity funds, and fund to fund	—	—	46,086	46,086
Notes receivable	—	—	26,092	26,092
Cash equivalents	—	—	30,011	30,011
Other	7	—	13,720	13,727
Total investments	<u>\$ 302,001</u>	<u>\$ 22,617</u>	<u>\$ 480,455</u>	<u>\$ 805,073</u>

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



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Notes to Basic Financial Statements

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At December 31, 2008, the governmental funds, investment balances and maturities for those investments were as follows (amounts in thousands):

	Investment maturity in years				
	Total	Less than one year	1 - 5	6 - 10	More than 10
Money market	\$ 127,864	127,864	—	—	—
Certificates of deposit	66,460	66,460	—	—	—
U.S. Agency	55,475	23,228	14,891	—	17,356
U.S. Treasury	3,476	3,476	—	—	—
Total investments	\$ 253,275	221,028	14,891	—	17,356

At December 31, 2008, the Firefighters' Pension trust fund's investment balances and maturities for those investments subject to interest rate risk were as follows (amounts in thousands):

	Investment maturity in years				
	Total	Less than one year	1 - 5	6 - 10	More than 10
Corporate bonds	5,859	—	5,224	588	47
Total investments	\$ 5,859	—	5,224	588	47
Notes receivable	\$ 26,092	5,565	9,806	—	10,721
Collateral held under securities lending	\$ 918	918	—	—	—

At December 31, 2008, 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):

Bond Maturities	Market Value
0 - 2 Years	\$ 33,479
2 - 3 Years	6,534
3 - 4 Years	8,110
4 - 5 Years	2,906
5 - 6 Years	3,587
More than 6 years	8,175
Non Categorized	4,060
	\$ 66,851

**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.

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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, 2008 (amounts in thousands):

<u>Quality Sectors</u>	<u>Market Value</u>
Treasury	\$ 1,161
Agency	28,886
AAA	9,172
AA	1,697
A	9,196
BAA	7,997
Other	8,742
	<u>\$ 66,851</u>

The following table provides information on the credit ratings associated with the Firefighters' pension trust fund's investments in debt securities at December 31, 2008 (amounts in thousands):

	<u>Corporate bonds</u>
Baa1	\$ 357
Baa2	31
Ba2	23
Ba3	526
B1	566
B2	938
B3	1,101
Caa1	1,061
Caa2	757
Caa3	245
Ca	198
C	3
WR	3
NR	50
Total	<u>\$ 5,859</u>

**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 NOMERS' trust fund's investments owned at December 31, 2008 were not subject to custodial credit risk.

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

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At December 31, 2008, the Firefighter's new system cash collateral held under the securities lending program in the amount of \$918,426 is exposed to custodial credit risk since the collateral is not in the name of the fund.

**Concentration of Credit Risk** – The City's investment policy does not allow for more than 25% of the total investment portfolio to be invested in a single security type with the exception of U.S. Treasury securities, bank certificates of deposit, and authorized pools. As of December 31, 2008, management believes all investments are in compliance with this policy. All of the City's 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 NOMERS pension trust fund's investment policy mandates the maximum limits on position held with each assets class as follows: equities (65%), fixed income (55%), and alternative investments (20%). As of December 31, 2008, all NOMERS 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. The equity holdings in any single corporation shall not exceed 5% of the market value of the equity portfolio at any time. 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). At December 31, 2008, there were no investment holdings that exceeded the fund's concentration of credit risk investment policy.

**Securities Lending Transactions** – The Board of Trustees of the Firefighter's Pension and Relief Fund authorized the fund to enter into a securities lending program. These agreements consist of the loan of stock and bonds with a simultaneous agreement to reacquire the same loaned security in the future plus a contract rate of interest. The Fund requires the dealer to transfer cash or collateral of no less than 100% of the market value of the securities underlying the securities lending agreements.

In cases of security loans in which the collateral received by the fund is cash, the fund is able to reinvest the cash under the agreement with the dealer. When this occurs the collateral is reported as an asset with a corresponding liability. If the fund receives collateral other than cash, it may not reinvest the collateral. When this occurs, the fund does not record the collateral on the financial statements. In both cases, the loaned securities continue to be reported as an asset on the balance sheet and in Note 7. The cash collateral was invested in cash equivalents and fixed income securities at December 31, 2008. The maturities of these investments match the maturities of the securities loans.

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

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Notes to Basic Financial Statements

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**(4) Tax Revenues**

At December 31, 2008, the total sales tax levied in the City is 9%, of which 4% is state sales tax, 1.5% is levied by the Orleans Parish School Board (the School Board), and 1% is dedicated for transportation and is levied by the Regional Transit Authority (RTA). The remaining 2.5% is used to fund the general operations of the City. The City administers and collects the entire 5% of local sales tax. The School Board's portion of the sales tax is accounted for in the Orleans Parish School Board sales tax clearing fund, and the RTA's portion of the sales tax is accounted for in the RTA sales tax clearing fund, both of which are agency funds.

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

The assessed value of property in the City for each year is determined by an elected Board of Assessors. It is then certified by the Louisiana Tax Commission as complying with the Louisiana Constitution of 1974. The City is permitted by the Louisiana statutes to levy taxes up to \$31.78 per \$1,000 of assessed valuation for general governmental services (including fire and police) other than the payment of principal and interest on long-term debt and other purposes specifically approved by the voters. It 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, 2008 are as follows:

General:	
General governmental services	\$ 10.85
Dedicated for fire and police	4.66
Public library	3.14
Fire and police, without applying homestead exemption	7.92
Parkways and parks and recreation department	2.18
Street and traffic control device maintenance	1.38
Act 44	0.87
Special revenue:	
Neighborhood housing improvement fund	0.91
New Orleans economic development fund	0.91
Capital Improvement and Infrastructure	1.82
Debt service	23.80
	\$ 58.44

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Property taxes levied on January 1, 2008, collected during 2008, or expected to be collected within the first 60 days of 2009, are recognized as revenues in the statement of revenues, expenditures, and changes in fund balances – governmental funds. The entire estimated collectible amount of the tax levy for the fiscal year is recorded as revenue in the government-wide financial statements. Property taxes paid under protest are held in escrow until resolution of the dispute. Amounts collected for other governmental entities are accounted for in the agency funds.

**(5) Grantee Loans**

The City’s grantee loan balances at December 31, 2008 are as follows (amounts in thousands):

	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
UDAG	\$ 6,473	(5,486)	987
HUD	25,002	(25,002)	—
Nonmajor (HUD loan)	<u>4,670</u>	<u>—</u>	<u>4,670</u>
Total grantee loans	<u>\$ 36,145</u>	<u>(30,488)</u>	<u>5,657</u>

**(a) UDAG**

The City has received certain grant awards or loans from the HUD for the purposes of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Fourteen individual loans are outstanding at December 31, 2008 totaling \$6,473,000, which bear interest at rates ranging from 0.1% to 7.0%. These loans are receivable over a 15- 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 \$5,487,000 in allowance for bad debt on these loans.

**(b) HUD Section 108**

The City received a Section 108 loan from HUD to allow/provide loans to the private sector for economic development. At December 31, 2008, there were four outstanding loans which bear interest at rates of 2% to 7% and are receivable over 15 to 30 years.

During 1998, HUD agreed to loan to the City \$24,375,000 for the development of the Jazzland Theme Park. These funds were subsequently loaned to Jazzland, Inc. (Jazzland) and were due from Jazzland in bi-annual installments plus 7.87% interest. During 2001, Jazzland failed to remit to the City a required payment and was in default on its loan as of December 31, 2001. On February 28, 2002, Jazzland filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. As a result, the City wrote off its remaining receivable from Jazzland. In 2002, Six Flags Theme Park, Inc. assumed management of Jazzland, and the theme park was renamed “Six Flags New Orleans.” Six Flags had agreed to make monthly lease payments of \$116,667 to the Industrial Development Board (IDB), which in turn, would transfer the money to the City. The payments by the IDB are being made to the City. The lease expires in 2017. These moneys are to be used by the City to repay the HUD loan. Annual debt service on the loan is \$2,400,000 through 2017. During 2008, \$11,659,000 was received in payment of the outstanding loan. The City has recorded \$12,717,000 in allowance for the remaining balance on these loans.

**CITY OF NEW ORLEANS, LOUISIANA**

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During 2000, HUD agreed to loan to the City \$5,000,000 for the development of the old American Can Factory into apartments. The City subsequently loaned these funds and an additional \$1,500,000 (amount received by the City through Urban Development Action Grants) to Historic Restoration, Inc. (HRI). These funds are due from HRI in quarterly installments plus 2% interest. The principal payments commenced on April 1, 2003, and the final payment is due January 1, 2040. The outstanding balances at December 31, 2008 are \$4,670,000 on the HUD loan and \$987,000 on the UDAG loan.

During 2002, HUD agreed to loan to the City \$5,000,000 for the development of the Palace of the East. The City subsequently loaned these funds to the Palace of the East. The loan is due to be repaid in quarterly installments plus 6% interest. The principal payments commenced on July 15, 2004, and the final payment is due on August 1, 2021, with. The outstanding balance at December 31, 2008 is \$4,823,000. No payments were received during the year ended December 31, 2008. The City has recorded an allowance of \$4,823,000 against this loan.

During 2002, HUD agreed to loan to the City approximately \$7,047,000 million for the development of the Louisiana Artists Guild, a Louisiana Nonprofit Corporation. The City subsequently loaned these funds to LA Artworks. The loan is due to be repaid in quarterly installments plus interest of 5.6183%. Principal payments commenced on October 15, 2003 and end on July 15, 2022. The outstanding balance at December 31, 2008 is \$7,047,000. No payments were received during the year ended December 31, 2008. The City has recorded an allowance of \$7,047,000 against this loan.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

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**(6) Capital Assets**

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

	<b>Balance January 1, 2008</b>	<b>Additions</b>	<b>Deletions and adjustments</b>	<b>Transfers</b>	<b>Balance December 31, 2008</b>
Nondepreciable capital assets:					
Land	\$ 103,522	1,259	(5,118)	—	99,663
Construction in progress	100,361	110,731	—	(62,976)	148,116
<b>Total nondepreciable     capital assets</b>	<b>203,883</b>	<b>111,990</b>	<b>(5,118)</b>	<b>(62,976)</b>	<b>247,779</b>
Depreciable capital assets:					
Infrastructure	2,303,930	—	(7,176)	18,702	2,315,456
Buildings and improvements	164,238	7,366	(35,805)	43,462	179,261
Equipment and vehicles	68,949	9,637	(1,393)	—	77,193
Other	41,896	—	(1,980)	812	40,728
<b>Total depreciable     capital assets</b>	<b>2,579,013</b>	<b>17,003</b>	<b>(46,354)</b>	<b>62,976</b>	<b>2,612,638</b>
Less accumulated depreciation for:					
Infrastructure	1,403,032	59,673	(718)	—	1,461,987
Buildings and improvements	92,370	5,127	(23,439)	—	74,058
Equipment and vehicles	43,864	8,638	(908)	—	51,594
Other	23,042	1,632	(1,756)	—	22,918
<b>Total accumulated     depreciation</b>	<b>1,562,308</b>	<b>75,070</b>	<b>(26,821)</b>	<b>—</b>	<b>1,610,557</b>
Total depreciable capital assets, net	1,016,705	(58,067)	(19,533)	62,976	1,002,081
<b>Total</b>	<b>\$ 1,220,588</b>	<b>53,923</b>	<b>(24,651)</b>	<b>—</b>	<b>1,249,860</b>

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

General government	\$ 9,446
Public safety	4,319
Public works	59,673
Culture and recreation	1,632
<b>Total depreciation expense</b>	<b>\$ 75,070</b>

**(7) Long-Term Debt**

**Debt Service Fund**

The City's debt service fund is 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

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

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by the City and dedicated to the payment of outstanding general obligation bonds are collected by the City and, as required by law, paid over to the Board of Liquidation as collected.

The Board of Liquidation annually determines the amount of property tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City and all such bonds proposed to be issued by the City during such year. The annual determination of the necessary tax millage to service bonds of the City is adopted by resolution of the Board of Liquidation, which is submitted to the City Council. The millage recommended by the Board of Liquidation is then levied by the City Council. The millages for the various limited bonds of the City were established at the time the bonds were issued based upon approval of the voters. 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 \$11,759,000, at December 31, 2008 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:				
1998-2007 Public Improvement Bonds, due in annual installments ranging from \$3,645 to \$11,990 through December 2036	\$ 297,400	4.0 - 7.0%	\$ 211,820	\$ 5,200
1991 General Obligation Refunding Bonds, due in annual installments ranging from \$3,839 to \$9,964 commencing in September 2004 through September 2018	98,886	6.7 - 7.1%	54,410	7,352
1998 General Obligation Refunding Bonds, due in annual installments ranging from \$210 to \$13,080 through December 2026	106,520	3.7 - 5.5%	94,030	3,110
2002 General Obligation Refunding Bonds, due in annual installments ranging from \$300 to \$19,950 commencing on September 1, 2015 through September 1, 2021	58,415	5.1%	58,415	—



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<u>Description</u>	<u>Original issue</u>	<u>Range of average interest rates</u>	<u>Amount outstanding</u>	<u>Due in one year</u>
General obligation bonds, continued:				
2005 General Obligation Refunding Bonds, due in annual installments ranging from \$275 to \$8,795 commencing in December 2009 through December 1, 2029	\$ 105,280	3.0 – 5.25%	\$ 105,280	\$ 275
Limited tax bonds:				
2005 Limited Tax Bonds, due in annual installments of \$1,450 to 2,900 commencing in March 2006 through March 1, 2021	33,000	3.0-5.0%	28,480	1,635
Revenue bonds:				
2000 Taxable Pension Revenue Bonds, due in annual installments from \$3,600 to \$7,000 commencing on September 1, 2001 through September 1, 2030	170,660	6.95%	134,160	5,900
2004 Variable Rate Revenue Bonds, due in annual installments from \$355 to \$865 commencing on August 1, 2005 through August 1, 2024	11,500	Variable	<u>9,970</u>	<u>430</u>
Total bonds			696,565	23,902
Accreted bond discount at December 31, 2008			<u>126,553</u>	<u>—</u>
			<u>\$ 823,118</u>	<u>23,902</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 face amount of these authorized General Obligation Bonds in December 2007 at a premium of \$147,000, proceeds of which were transferred to the Capital Projects Fund. Remaining authorized and unissued General Obligation Bonds were \$185,000,000 at December 31, 2008.

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Notes to Basic Financial Statements

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The payment requirements for all bonds outstanding, including accretion on the 1991 General Obligation Bonds of \$126,553,000 (included in interest payments) as of December 31, 2008, are as follows (amounts in thousands):

	<b>Principal</b>	<b>Interest</b>
Year ending December 31:		
2009	\$ 23,902	55,121
2010	27,055	56,244
2011	27,610	57,198
2012	28,142	58,118
2013	28,573	59,126
2014 – 2018	156,493	309,222
2019 – 2023	216,990	73,282
2024 – 2028	109,855	34,694
2029 – 2033	63,440	12,236
2034 – 2036	14,505	1,485
	\$ 696,565	716,726

The City's legal debt limit for General Obligation Bonds is \$992,948,000. At December 31, 2008, the City's legal debt margin adjusted for outstanding principal of \$523,956,000 and past and future accretion of \$200,040,000 on the City's outstanding General Obligation Bonds, plus net assets available in the Debt Service Fund of \$36,922,000 to service this debt was \$305,875,000.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. At December 31, 2008, management believes it is in compliance with all financial related covenants.

***Revenue Bonds***

Included in bonds payable are The Firefighters' Pension and Relief Fund (Old System) Bonds which were issued in 2000 to fund a portion of the projected unfunded accrued liability for the pension plan. The bonds are secured and payable solely from moneys that are available after payment of contractual and statutory obligations and other required expenses, including outstanding certificates of indebtedness. The bonds bear interest at a variable rate determined weekly based on the Bond Market Association Municipal Swap Index™ (BMA); however, the City entered into an interest rate swap agreement over the term of the bonds, which resulted in a fixed rate of 6.95%. As of December 31, 2008, \$134,160,000 in outstanding bonds was recorded as a liability in the government-wide financial statements. The swap terminates in September 2030.

***Objective of the interest rate swap.*** As a means of lowering its borrowing costs, when compared against fixed-rate bonds at the time of issuance in 2000, the City entered into an interest rate swap in connection with its \$170.6 million Taxable Pension Variable-Rate Revenue Bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate of 6.95%.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2008

**Terms.** The bonds and the related swap agreement mature on September 1, 2030, and the swap's notional amount of \$171 million matches the \$171 million variable-rate bonds. The swap agreement was executed contemporaneously with the issuance of the bonds (November 2000). Starting in fiscal year 2001, the notional value of the swap and the principal amount of the associated debt decline. Under the swap, the City pays the counterparty, UBS, a fixed payment of 6.95% and receives a variable payment computed weekly based on the BMA swap index. In addition to the swap agreement, the City entered into a remarketing arrangement with JPMorgan Chase, which obligates the bank to buy the bonds at par at the remarketing agent's demand if the remarketing agent cannot resell the bonds ("the put"). In February 2008, the remarketing agent exercised its put option, which resulted in the bonds becoming "bank bonds" and the City being required to pay interest at the bank's prime rate. The bank bond rate increased to the bank's prime rate plus 1% after 90 days. This payment is an addition to the swap payments, which require the City to pay the counterparty a fixed 6.95% reduced by a variable rate equal to the current 30 day London Interbank Borrowing Rate (LIBOR).

**Fair value.** Because interest rates have declined since execution of the swap, the swap had a negative fair value of \$52.8 million as of December 31, 2008. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

**Credit risk.** As of December 31, 2008, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa2, A+, and A+ by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively, as of December 31, 2008.

**Termination risk.** The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the City if the counterparty's credit quality rating falls below "A-" as issued by Moody's Investors Service. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value. If at the time of termination the swap has a positive fair value, the City would receive a cash payment.

#### ***Certificates of Indebtedness***

In 1998, the City issued \$75,205,000, of which \$29,490,000 remained outstanding at December 31, 2008, in certificates of indebtedness (Series 1998B) for the primary purpose of refunding the City's Series 1992 certificates of indebtedness, the City's debt obligation incurred in 1983, and additional debt incurred in 1993 under the merger agreement between the Municipal Police Employees' Retirement System (MPERS) and the City's board of trustees of the Police Pension Fund. The certificates bear interest ranging from 4.05% to 5.1%, payable semiannually and will be fully matured on December 1, 2012.

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In December 2000, the City issued \$27,000,000, of which \$7,800,000 remained outstanding at December 31, 2008, in certificates of indebtedness (Series 2000) for the primary purpose of paying general settlements and judgments rendered against the City. The certificates bear interest ranging from 5% to 5.5%, payable semiannually and will be fully matured on December 1, 2010.

In January 2002, the City issued \$5,155,000, of which \$2,725,000 remained outstanding at December 31, 2008, in certificates of indebtedness (Series 2001C) for the primary purpose of paying general settlements and judgments rendered against the City. The certificates bear interest ranging from 3.5% to 4.25%, payable semiannually and will be fully matured on February 1, 2011.

In March 2003, the City issued \$38,555,000, of which \$11,845,000 remained outstanding at December 31, 2008, in certificates of indebtedness (Series 2003) for the primary purpose of refinancing the payments of the City under an existing lease agreement financing the costs of acquisition of additional vehicles and paying the costs of issuance. The certificates bear interest ranging from 2.97% to 3.4%, payable semiannually and will be fully matured on March 1, 2010.

In April 2004, the City issued \$4,065,000, of which \$2,060,000 remained outstanding at December 31, 2008, in limited tax certificates of indebtedness (Series 2004) for the primary purpose of financing the costs of acquisition of additional vehicles and paying the costs of issuance. The certificates bear interest ranging from 2% to 3.5%, payable semiannually and will be fully matured on April 1, 2011.

In December 2004, the City issued \$40,415,000, of which \$38,265,000 remained outstanding at December 31, 2008, in limited tax certificates of indebtedness (Series 2004B) for the primary purpose of financing the partial defeasance of the 1998B Certificates, financing judgment claims against the City, and paying the costs of issuance. The certificates bear interest ranging from 3.15% to 4.75%, payable semiannually and will be fully matured on March 1, 2014.

During 2005, the City issued \$2,050,000, of which \$1,230,000 remained outstanding at December 31, 2008, in certificates of indebtedness (Series 2005) for the primary purpose of paying costs to repair trackage for rail car storage and to make infrastructure improvements in connection with the CG Rail Project. The certificates bear interest of 3.59%, payable semiannually and will be fully matured on December 1, 2014.

The requirements to amortize the certificates of indebtedness are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2009	\$ 18,110	4,176
2010	19,845	3,345
2011	14,590	2,462
2012	14,855	1,765
2013	12,675	925
2014	13,340	319
	<u>\$ 93,415</u>	<u>12,992</u>

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***Loans Payable***

The City has entered into a Community Disaster Loan (CDL) agreement with the Federal Emergency Management Agency (FEMA) to assist in paying current operations as a result of Hurricane Katrina. During 2005, the City was authorized to draw down \$120,000,000. As of December 31, 2005, the City has drawn down \$61,396,000 and the full \$120,000,000 at December 31, 2006. During 2006, the City was authorized a new \$120,000,000 CDL of which \$17,611,000 was drawn down at December 31, 2006. The City drew down \$32,748,000 during the year ended December 31, 2007. The City has pledged as collateral future revenues from anticipated taxes. The two CDL's, which accrue interest at a rate of 2.75% and 2.93%, are due at the end of five years but can be extended for an additional five years. Interest in the amount of \$16,117,000 and \$9,681,000 will be due on the outstanding principal balance in 2010 and 2011, respectively. Accrued interest through the year ended December 31, 2008 was \$13,048,000.

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 city borrowed \$23,550,000 and \$12,345,000 for the years ended December 31, 2007 and 2008, respectively. 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.

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

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2012	\$ 3,401	3,314
2013	3,559	3,156
2014 - 2018	20,429	13,147
2019 - 2023	25,629	7,947
2024 - 2028	18,410	1,734
	<u>\$ 71,428</u>	<u>29,298</u>

***Other Long-Term Liabilities***

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 5. 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, 2008, \$30,344,000 is recorded as a liability in the government-wide financial statements.

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

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2009	\$ 2,182	1,902
2010	2,318	1,777
2011	2,456	1,640
2012	2,610	1,493
2013	2,780	1,333
2014 - 2018	14,224	3,769
2019 - 2023	3,774	516
	<u>\$ 30,344</u>	<u>12,430</u>

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 February 15, 2002 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, \$17,912,000 and \$6,248,000 with corresponding interest rates of 7.8%, 7.1% and 6.5%, respectively. Under terms of the agreement, title to this equipment is to transfer to the City at the end of the lease. The contracts provided for a guaranteed energy savings component, which when combined with certain other savings, stipulated by the City, would exceed the debt service requirements on this capital lease. Following Hurricane Katrina, the City and the vendor agreed to amend their original agreement to remove the guaranteed savings component and to reduce the monthly maintenance contract. This liability and the related asset were not previously recorded on the City's books. The HVAC equipment under the leases dated in 2000 and 2001, were recorded as Buildings and Improvements (Note 6) and depreciated over 20 years, with an adjustment made for estimated impairment from Hurricane Katrina. As the traffic light equipment was substantially destroyed in 2005, these assets were not recorded on the City's books.

The requirements to amortize the capital leases are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2009	\$ 1,311	1,921
2010	1,406	1,826
2011	1,508	1,724
2012	1,660	1,615
2013	1,823	1,494
2014 - 2018	11,288	5,296
2019 - 2023	8,496	1,037
	<u>\$ 27,492</u>	<u>14,913</u>

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The City has recorded \$47,514,000 in accrued annual and sick leave in accordance with its pay-out policies. During the year active employees earned and used \$30,941,000 and \$27,397,000 in sick and vacation leave benefits, respectively. The entire annual and sick liability is recorded in the government wide statements and no liability is recorded in the governmental funds.

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

Long-term liability activity for the year ended December 31, 2008 was as follows (amounts in thousands):

	<u>January 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2008</u>	<u>Due in one year</u>
Claims and judgments (note 12)	\$ 228,601	97,306	(144,920)	180,987	20,816
Landfill closing costs (note 12)	12,560	-	(6,272)	6,288	182
Accrued annual and sick leave	43,970	30,941	(27,397)	47,514	5,000
Revenue bonds	150,140	-	(6,010)	144,130	6,330
Certificates of indebtedness	110,165	-	(16,750)	93,415	18,110
General obligation bonds (a)	669,256	-	(18,748)	650,508	21,575
Limited tax bonds	30,045	-	(1,565)	28,480	1,635
Deferred loss on refunding	(3,747)	-	347	(3,400)	346
Premium on bonds payable	13,051	-	(1,293)	11,758	1,240
Discount on bonds payable	(571)	-	48	(523)	(48)
Community Disaster Loan	170,358	34,373	-	204,731	-
Debt Service Assistance Program	59,083	12,345	-	71,428	-
HUD Section 108 loan	32,405	-	(2,061)	30,344	2,182
Capital leases	28,715	-	(1,223)	27,492	1,311
Net pension obligation	34,052	37,235	(15,469)	55,818	14,374
Post-employment benefit	18,443	33,066	(19,224)	32,285	15,780
	<u>\$ 1,596,526</u>	<u>245,266</u>	<u>(260,537)</u>	<u>1,581,255</u>	<u>108,833</u>

(a) Additions and deletions include amounts related to accretion of 1991 Refunding Series of 14,101 and (16,870), respectively.

The above liabilities will be repaid from the General Fund, except for HUD Section 108 loans, which will be repaid from the UDAG Fund, and the General Obligation and Limited Tax 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 bonded debt of the City and results of its operations are reported in the debt service fund. For the year ended December 31, 2008, the debt service fund had \$66.897,000 in fund balance reserved to service this debt.

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

At December 31, 2008, the City sponsors and administers four separate single-employer, contributory defined benefit pension plans, namely: (1) Firefighters' Pension and Relief Fund – Old System; (2) Firefighters' Pension and Relief Fund – New System; (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees' Retirement System (State of Louisiana) (MPERS). The Police Plan of the City will remain responsible for the payment of certain benefits due to differences in length of service and

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

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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 assets. Within this context, interest income is recognized when earned, as are employer and employee contributions, except in the case of the Police Plan, which recognizes employer contributions when due from the City. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### ***MPERS Plan Description***

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

Employees become eligible for retirement under the MPERS plan at age 50, after being a member of the plan for 1 year and after 20 years of active continuous service. An employee who is age 55 becomes eligible for retirement benefits after 16 years of active continuous service. The plan also provides death and disability benefits. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809, or by calling (800) 443-4248.

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

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

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

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



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Firefighters' Pension and Relief Fund of the  
 City of New Orleans (Old and New Systems)  
 329 S. Dorgenois Street  
 New Orleans, Louisiana 70119  
 (504) 821-4671

***Funding Policies and Annual Pension Costs***

The employer contributions for the MPERS 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. In December 2000, the City issued \$170,660,000 of taxable pension revenue bonds to fund the projected unfunded accrued liability of the Firefighters' Pension and Relief Fund (Old System). Debt service is to be paid from the General Fund. Employees covered under the MPERS contribute 4% of their earnable compensation to the plan. Employees covered under the Firefighters' Pension and Relief Fund of the City of New Orleans (Old and New Systems) contribute 6% of salary for the first 20 years of employment.

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

	<u>Employees' Retirement System</u>	<u>Police Pension Fund</u>	<u>Firefighters' Pension and Relief Fund (Old System)</u>	<u>Firefighters' Pension and Relief Fund (New System)</u>
Annual required contribution (thousands)	\$ 9,430	—	19,336	10,965
Annual pension cost (thousands)	9,434	—	17,851	10,297
Contributions made (thousands)	4,991	—	—	10,478
Actuarial valuation date	1/1/09	12/31/08	12/31/08	12/31/08
Actuarial cost method	Frozen entry age actuarial cost method	Entry age normal cost method	Entry age normal cost method	Aggregate actuarial cost method

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	<u>Employees' Retirement System</u>	<u>Police Pension Fund</u>	<u>Firefighters' Pension and Relief Fund (Old System)</u>	<u>Firefighters' Pension and Relief Fund (New System)</u>
Amortization method	(a)	(b)	Specific number of years – level amount, closed	(c)
Remaining amortization period	(a)	(b)	6 years	(c)
Asset valuation method	Market value	Cost which approximates market	Market value	Three-year averaging
Actuarial assumptions:				
Investment rate of return	7.75%	7.00%	7.50%	7.50%
Projected salary increases	4.50	NA	5.00	5.00

- (a) The amortization period for the year, which ended on December 31, 2008, is being maintained. Beginning with the January 1, 1992 actuarial valuation, the amortization amount was “frozen” and is equal to the 12-year remaining amortization amount over the period January 1, 1992 through December 31, 2008.
- (b) The “Entry Age Normal” cost method was used to calculate the funding requirements of the Fund. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as a percentage of payroll for each participant between entry age and assumed retirement age.
- (c) The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. *Annual Pension Cost, Prepaid Pension Asset, and Net Pension Obligation* – The City’s annual pension cost (APC), prepaid pension asset (PPA), and net pension obligation (NPO) to the City of New Orleans Employees’ Retirement System and the Firefighters’ Pension and Relief Fund (Old System and New System) for the current year are as follows (amounts in thousands):

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	<b>New Orleans Employees' Retirement System</b>	<b>Firefighters' Pension and Relief Fund (Old System)</b>	<b>Firefighters' Pension and Relief Fund (New System)</b>
Annual required contribution	\$ 9,430	19,336	10,965
Interest on PPA (NPO)	(4)	2,226	306
Adjustment to annual required contribution	<u>(48)</u>	<u>(5,013)</u>	<u>37</u>
Annual pension cost	9,378	16,549	11,308
Contributions made	<u>4,991</u>	<u>-</u>	<u>10,478</u>
Decrease (increase) in PPA (NPO)	(4,387)	(16,549)	(830)
PPA (NPO), beginning of year	<u>-</u>	<u>(30,990)</u>	<u>(3,062)</u>
PPA (NPO), end of year	<u>\$ (4,387)</u>	<u>(47,539)</u>	<u>(3,892)</u>

The NPOs are approximately \$4,387,000, \$47,539,000, and \$3,892,000 respectively, at December 31, 2008, and are recorded in the governmental activities of the government-wide statement of net assets.

**Three Year Trend Information (amounts in thousands)**

	<b>Year ending</b>	<b>APC</b>	<b>Percentage of APC contributed</b>	<b>NPO (PPA)</b>
MPERS	12/31/08	\$ 9,434	53%	\$ 4,387
	12/31/07	3,572	133	(52)
	12/31/06	4,003	100	1,266
Firefighters' Pension and Relief Fund (Old System)	12/31/08	17,851	—	47,539
	12/31/07	18,025	—	30,990
	12/31/06	19,567	—	13,874
Firefighters' Pension and Relief Fund (New System)	12/31/08	10,297	102	3,892
	12/31/07	10,863	82	3,062
	12/31/06	10,209	92	2,493

## CITY OF NEW ORLEANS, LOUISIANA

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#### ***Postretirement Healthcare Benefits***

##### **Plan Description**

The City of New Orleans' medical benefits are provided through a self-insured comprehensive health benefit program and are made available to employees upon retirement.

Medical benefits are provided to employees upon actual retirement (that is, at the end of the DROP period, if applicable) according to the eligibility provisions of the System by which the employee is covered. The vast majority of 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 Employees Retirement System (MPERS), and the New Orleans Firefighters' Pension and Relief Fund (NOFF). The maximum DROP period is five years in NOMERS and NOFF 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 NOFF, age 50 and 12 years of service. However, because of the "back-loaded" benefit formula in the NOFF plan relative to years of service, the retirement assumption used for that plan was the earliest of age 50 and 30 years of service, age 55 and 25 years of service, and age 60 and 12 years of service.

##### **Contribution Rates**

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

##### **Fund Policy**

Until 2007, the City recognized the cost of providing post-employment medical benefits (the City's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning January 1, 2007, the City implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45).

In 2008, the City's portion of health care funding cost for retired employees totaled \$19,223,653.

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**Annual Required Contribution**

The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning January 1, 2008 is \$33,394,386, as set forth below:

	<b>Medical</b>
Normal Cost	\$ 8,732,764
30-year UAL amortization amount	<u>24,661,622</u>
Annual required contribution (ARC)	<u>\$ 33,394,386</u>

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

The table below shows the City's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending December 31, 2008:

	<b>Medical</b>
Beginning Net OPEB Obligation (Asset) 1/1/2008	\$ 18,442,786
Annual required contribution	33,394,386
Interest on Net OPEB Obligation	737,711
ARC Adjustment	<u>1,066,550</u>
OPEB Cost	33,065,547
Contribution	-
Current year retiree premium	<u>19,223,653</u>
Change in Net OPEB Obligation	<u>13,841,894</u>
Ending Net OPEB Obligation (Asset) 12/31/2008	<u>\$ 32,284,680</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net PEB Liability</u>
December 31, 2008	\$33,065,547	58.14%	\$32,284,680
December 31, 2007	\$30,778,145	40.08%	\$18,442,786

**CITY OF NEW ORLEANS, LOUISIANA**

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**Funded Status and Funding Progress**

In the fiscal year ending December 31, 2008, The City made no contributions to its post employment benefits plan. The plan was not funded, has no assets, and hence has a funded ratio of zero. As of January 1, 2008, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$426,450,108, which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2008, the entire actuarial accrued liability of \$426,450,108 was unfunded.

Actuarial Accrued Liability (AAL)	\$	426,450,108
Actuarial Value of Plan Assets (AVP)		-
Unfunded Act. Accrued Liability (UAAL)	\$	<u>426,450,108</u>
Funded Ratio (AVP/AAL)		0%
Covered Payroll (active plan members)	\$	226,763,971
UAAL as a percentage of covered payroll		188%

**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.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

**Actuarial Cost Method**

The ARC is determined using the 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 a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

**Turnover Rate**

The following age related turnover scale was used:

<u>Age</u>	<u>Percent Turnover</u>
18 – 25	20.00%
26 - 40	12.00%
41 – 54	8.00%
55+	6.00%

**Post employment Benefit Plan Eligibility Requirements**

Based on past experience, it has been assumed that entitlement to benefits will commence at the end of the DROP period, as described under the heading “Plan Description.” In addition, an additional delay of one year after retirement eligibility was included for NOMERS employees and a further two years’ delay where eligibility was under the “Rule of 80.”

**Investment Return Assumption (Discount Rate)**

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

**Health Care Cost Trend Rate**

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)).

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

"State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 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 the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans.

**Method of Determining Value of Benefits**

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer rates provided are "unblended" rates for active and retired as required by GASB 45 for valuation purposes.

**(9) Individual Fund Disclosures**

*Deficit Fund Equity*

At December 31, 2008, the FEMA and HUD funds had deficit fund balances in the amounts of approximately \$23,513,000 and \$267,000, respectively, resulting from accrued expenditures for which no revenue has been recognized.

*Interfund Receivables and Payables*

Individual fund interfund receivables and payables at December 31, 2008 were as follows (amounts in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	FEMA Fund	\$ 26,673
	Federal UDAG Fund	1,253
	Nonmajor Funds	13,076
Nonmajor Funds	Nonmajor Funds	2,021
	General Fund	63
Federal UADG Fund	General Fund	1,814
		<u>\$ 44,900</u>

Interfund balances resulted from the time lag between the dates (1) when interfund services are provided or reimbursable expenditures occur and (2) payments between funds are made. For example, the General Fund originally incurred expenditures that were ultimately recorded in the FEMA grant and reimbursed by the federal government. The interfund balances between the General Fund and the HUD Grant Fund and Nonmajor Funds result from timing differences in the payment for services and reimbursement from the federal government.



**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

***Interfund Advances***

Individual fund interfund advances at December 31, 2008 were as follows (amounts in thousands):

	<u>Advances to other funds</u>	<u>Advances from other funds</u>
General	\$ 252	—
Nonmajor special revenue:		
Sidewalk paving and repairing	—	2
Department of Safety and Permits – Demolition	—	250
Total nonmajor special revenue	<u>—</u>	<u>252</u>
	<u>\$ 252</u>	<u>252</u>

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

***Fund Transfers***

Individual fund transfers for the year ended December 31, 2008 were as follows (amounts in thousands):

	<u>Transfers-in</u>	<u>Transfers-out</u>
General	\$ 13,938	(1,387)
Nonmajor governmental funds	1,387	(13,938)
Total	<u>\$ 15,325</u>	<u>(15,325)</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. Amounts transferred to the General Fund from the Rivergate Development Corporation Fund (included as a nonmajor governmental fund) represent net rents and other cost reimbursements received related to the land-based casino. Amounts transferred to the Federal UDAG Fund represents advances made from the Community Development Block Grant (CDBG) to pay debt service.

***Charges to Component Units for Support Services***

Charges for support services paid to the general fund during fiscal year 2008 by the Airport amounted to \$3,579,000 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, the Upper Pontalba Building Restoration 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.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

**(10) Fund Balance Reserves**

Certain fund balance amounts in the following funds have been reserved to indicate a restriction for a particular purpose or amounts that are not available for appropriation. Details of the components of reserved fund balance at December 31, 2008 are as follows (amounts in thousands):

	Governmental funds					Total
	General	Federal UDAG	Debt service	Capital projects	Other governmental	
Encumbrances \$	7,229	21,438	—	95,357	1,218	125,242
Debt service	—	—	66,897	—	—	66,897
Grantee loans	—	987	—	—	—	987
Total	\$ 7,229	22,425	66,897	95,357	1,218	193,126

**(11) Interest Income**

Interest earned on investments held by the City's capital projects fund, certain special revenue funds (Sidewalk Paving and Repairing, Traffic Court Judicial Expense, Department of Safety and Permits – Demolition, Vieux Carre' Commission, and Municipal Court Judicial Expense) and certain agency funds (Clearing and Deposit) is recorded as revenue of the General Fund. The amount of interest revenue recorded by the General Fund on investments of the capital projects fund for the year ended December 31, 2008 was approximately \$5,020,000.

**(12) Commitments and Contingencies**

*Operating Lease Agreements*

The City has commitments under several operating lease agreements for equipment and facilities. These lease agreements are primarily for copier and data processing equipment and for land and buildings. They are cancelable by the City at any time. However, City management believes that such leases will generally be renewed or replaced each year. Annual rent in 2008 for such operating lease agreements was approximately \$5,154,000.

*Claims and Judgments*

The City is a defendant in a number of claims and lawsuits alleging, among other things, personal injury, police brutality, wrongful death, overcollection of property taxes, and improperly designed drainage systems.

*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 OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

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, 2008, 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 \$359,000 for motor vehicle fleet, \$108,432,000 for general liability and police department excessive force losses, \$67,691,000 for workers' compensation, and \$4,505,000 for hospitalization and unemployment have been accrued in the government-wide financial statements in the total amount of \$180,987,000.

Changes to the City's claims liability amounts in fiscal 2008 and 2007 are as follows (amounts in thousands):

	<u>Beginning of fiscal year liability</u>	<u>Claims and changes in estimates</u>	<u>Benefit payments, claims, and adjustments</u>	<u>Balance at fiscal year-end</u>	<u>Short-term Portion</u>
General liability and police liability:					
2007	\$ 204,507	(28,482)	(3,414)	172,611	7,000
2008	172,611	21,026	(85,205)	108,432	4,000
Workers' compensation:					
2007	49,281	13,581	(13,689)	49,173	13,689
2008	49,173	34,864	(16,346)	67,691	16,345
Motor vehicle fleet:					
2007	698	57	(418)	337	337
2008	337	498	(476)	359	359
Hospitalization and unemployment:					
2007	5,009	52,257	(50,786)	6,480	6,480
2008	6,480	40,918	(42,893)	4,505	112
Total:					
2007	259,495	37,413	(68,307)	228,601	27,506
2008	228,601	97,306	(144,920)	180,987	20,816

***Federal Financial Assistance Questioned Costs***

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

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

***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.

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, 2008, the City has estimated its liability at \$6,288,000.

These amounts are based on what it would cost to perform all closure and postclosure care beginning in 2007 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.

***Prior Years' Defeased Bonds***

In prior years, the City entered into advance refunding transactions whereby it issued General Obligation Refunding Bonds to effect early retirement of certain General Obligation Bonds. The net proceeds of these refunding bonds were placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest on the refunded bonds. Accordingly, the escrow accounts and the refundable bonds are no longer included on the City's basic financial statement of net assets. The outstanding balance of the refunded bonds at December 31, 2008 is as follows (amounts in thousands):

	<u>2007</u>	<u>Payments</u>	<u>2008</u>
1999 Public Improvement Bond	\$ <u>27,005</u>	<u>-</u>	<u>27,005</u>

***Arbitrage***

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

(13) Restatement

During 2008, the City identified several adjustments which impacted prior year financial statements. A summary of the impact of these adjustments is as follows. The impact on fund balance was as follows:

Fund balance, as previous reported, December 31, 2007	\$	456,678
Prior period adjustments		
FEMA Special Revenue Fund related to intergovernmental revenue		993
Federal UDAG Fund due to over-accrued expense		738
Capital Projects related to deferred revenue		(6,529)
General fund related to unrecorded investments		2,426
		<u>(2,372)</u>
Fund balance, as restated, December 31, 2007	\$	<u>454,306</u>

The impact on net assets was as follows:

Net assets, as previously reported, December 31, 2007	\$	71,529
Prior period adjustments		
Related to unrecorded revenue		993
Related to over-accrued expenses		738
Related to deferred revenue		(6,529)
Unrecorded assets		8,265
		<u>3,467</u>
Net assets, as restated, December 31, 2007	\$	<u>74,996</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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## 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, 2008

(Amounts in thousands)

	Original budget	Revised budget	Actual on budgetary basis	Variance favorable (unfavorable)
<b>Revenues:</b>				
Taxes	\$ 243,313	243,667	239,350	(4,317)
Licenses and permits	48,005	48,005	60,241	12,236
Intergovernmental	10,024	10,024	19,044	9,020
Charges for services	41,896	41,940	44,116	2,176
Fines and forfeits	25,144	25,144	16,300	(8,844)
Interest income	15,176	15,176	9,488	(5,688)
Contributions, gifts, and donations	5,234	588	851	263
Miscellaneous	3,674	9,573	10,733	1,160
Total revenues	<u>392,466</u>	<u>394,117</u>	<u>400,123</u>	<u>6,006</u>
<b>Expenditures:</b>				
Current:				
General government	103,007	124,453	162,434	(37,981)
Public safety	213,865	218,083	157,886	60,197
Public works	60,080	61,580	83,037	(21,457)
Health and human services	10,533	10,578	13,494	(2,916)
Culture and recreation	21,720	23,428	17,547	5,881
Urban development and housing	—	—	—	—
Debt service:				
Principal retirement	25,318	25,318	25,318	—
Interest and fiscal charges	39,801	21,238	22,362	(1,124)
Other, net	—	—	—	—
Total expenditures	<u>474,324</u>	<u>484,678</u>	<u>482,078</u>	<u>2,600</u>
(Deficiency) excess of revenues over expenditures	<u>(81,858)</u>	<u>(90,561)</u>	<u>(81,955)</u>	<u>8,606</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	14,575	14,885	13,938	(947)
Proceeds from notes payable	44,848	44,848	12,345	(32,503)
Operating transfers out	—	—	(1,387)	(1,387)
Appropriations from prior year budgetary fund balance	22,435	30,828	40,828	10,000
Reduction in prior year's outstanding encumbrances	—	—	5,481	5,481
Other	—	—	24,270	24,270
Total other financing sources (uses)	<u>81,858</u>	<u>90,561</u>	<u>95,475</u>	<u>4,914</u>
(Deficiency) excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ —</u>	<u>—</u>	<u>13,520</u>	<u>13,520</u>
Fund balances, beginning of year			81,094	
Less appropriation from beginning of year fund balance			<u>(40,828)</u>	
Fund balances – budgetary basis, end of year			<u>\$ 53,786</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)	\$ 13,520
Adjustments:	
To adjust revenues for accruals and deferrals	(14,778)
Appropriation from beginning of year fund balance	<u>(35,347)</u>
Net change in fund balance	<u><u>\$ (36,605)</u></u>

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Funding Progress

Required Supplementary Information Under GASB Statement No. 27

Year ended December 31, 2008

(Unaudited)

(Amounts in Thousands)

Actuarial valuation date	Value of assets (a)	Actuarial accrued liability (AAL) (b)	Excess of assets over AAL (a-b)	Funded ratio (a/b)	Covered payroll (c)	Excess as percentage of covered payroll ((a-b)/c)
Employees' Retirement System:						
12/31/06	403,370	378,794	24,576	106.49	52,985	46.38
12/31/07	398,491	423,794	(25,303)	94.03	63,457	(39.87)
12/31/08	381,604	450,943	(69,339)	84.62	78,846	(87.94)
Police Pension Fund:						
12/31/06	1,648	1,626	22	101.35	—	N/A
12/31/07	1,635	1,613	22	101.36	—	N/A
12/31/08	1,622	1,600	22	101.38	—	N/A
Firefighters' Pension and Relief Fund (Old System):						
12/31/06	20,215	165,856	(145,641)	12.19	—	N/A
12/31/07	19,037	170,527	(151,490)	11.16	—	N/A
12/31/08	16,839	168,202	(151,363)	10.01	—	N/A
Firefighters' Pension and Relief Fund (New System):						
12/31/07	229,317	300,189	(70,872)	76.39	22,459	(315.56)
12/31/08	212,727	321,387	(108,660)	66.19	22,735	(477.94)

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**

Schedule of Funding Progress  
 Required Supplementary Information Under GASB Statement No. 45  
 Year ended December 31, 2008

(Unaudited)

(Amounts in Thousands)

Actuarial valuation date	Value of assets (a)	Actuarial accrued liability (AAL) (b)	Excess of assets over AAL (a-b)	Funded ratio (a/b)	Covered payroll (c)	Excess as percentage of covered payroll ((a-b)/c)
12/31/07	—	398,422	(398,422)	—	198,626	(200.59)
12/31/08	—	426,450	(426,450)	—	226,764	(188.06)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Notes to Required Supplementary Information  
Year ended December 31, 2008  
(Unaudited)

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

**(1) Budgetary Data**

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

- Not later than November 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted, after proper official public notification, to obtain taxpayer comments.
- Not later than December 1, the budget is legally enacted through passage of an ordinance.
- The City's budget ordinance is structured such that revenues are budgeted by source, and expenditures are budgeted by department and by principal object classification within a department. The City's charter provides that expenditures may not legally exceed appropriations either at a departmental level or at the principal object classification within a department.

The Mayor's office is allowed to authorize the transfer of budgeted amounts from one budget activity to another within a principal object classification within the same department. Budgetary transfers between principal object classifications of the same department or between departments must be approved by the City Council. Throughout the year, several amendments to the budget were made by the City Council. There were no supplemental appropriations necessary during the current year.

- The City utilizes formal budgetary integration as a management control device during the year for the general and capital projects funds. Formal budgetary integration is not employed for the debt service and special revenue funds because effective budgetary control is alternatively achieved through other provisions.
- Unencumbered appropriations lapse at year-end. Current year transactions, which are directly related to a prior year's budget, are not rebudgeted in the current year.
- The City adopts an ordinance subsequent to year end to agree the final budgeted expenditures to actual expenditures.

**(2) Schedules of Funding Progress**

The actuarial value of assets for the Old System does not include contributions receivable of \$13,720,000, \$41,700,000, and \$55,168,000 for the years ended December 31, 2008, 2007, and 2006, respectively. For actuarial purposes, contribution receivable is not deemed to be an asset of the fund. However, for the purposes of the calculation of the prepaid pension asset, the contribution receivable is included in the actuarial value of plan assets in accordance with U.S. generally accepted accounting principles.

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 STATEMENTS**

**NON-MAJOR GOVERNMENTAL FUNDS**

## CITY OF NEW ORLEANS, LOUISIANA

### Combining Financial Statements

### Non-major Governmental Funds

December 31, 2008

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:

- *National League of Cities*- Used to account for funds allocated for participation in the National League of Cities organization which promotes cities as centers of opportunities, leadership and governance.
- *New Orleans Economic Development* – Used to account for funds allocated to programs designed to alleviate economic development problems, improve quality of life, and provide jobs for the citizens of New Orleans.
- *Neighborhood Housing Improvement* – Used to account for funds allocated to programs which repair and renovate housing in low-income areas.
- *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.
- *Rivergate Special Fund* – Used to account for funds received from Rivergate parking facilities which has been earmarked for payment to the Audubon Commission as per the “Riverfront Economic Development Agreement”.
- *New Orleans Building Corporation*- Charged with managing and developing under-used, deteriorated, or vacant City properties. NOBC identifies public properties with economic or cultural potential, determines development options, and guides the redevelopment effort.
- *Rivergate Development Corporation* – Used to account for and oversee the development of any additions to the land-based casino site and the surroundings properties.
- *Termite Control Fund* – Used to account for revenues of the New Orleans Mosquito, Termite, & Rodent Control Board as a result of consulting, conferences held for private companies and governmental agencies, and technical support supplied to companies testing their termite control products. Expenditures shall be used to purchase materials necessary to supply technical or consulting advice to companies testing their products.
- *Piazza D’italia Development* – Used to protect and preserve the Piazza and for future development of the areas bounded by Tchoupitalous, Poydras, South Peter and Lafayette Streets.

**CITY OF NEW ORLEANS, LOUISIANA**

Combining Financial Statements

Non-major Governmental Funds

December 31, 2008

- *Traffic Court Judicial Expense*- Used to account for monies collected from contempt fines and penalties paid by persons charged with traffic violations and allocated to the proper administration of the court or office of the individual judges.
- *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.
- *Municipal Court Judicial Expense*- Used to account for monies collected from bond forfeitures in connection with administration of municipal court or in other manners provided by law.
- *Sidewalk Paving and Repairing* – Used to account for funds dedicated to maintaining sidewalks.
- *Special Events* – Used to account for the City’s participation in events in the City and to host special events on behalf of the City for the citizens.
- *Adopt-a-Pothole Program* – Used to account for funds donated to repair damaged City streets.
- *Department of Safety and Permits – Demolitions* – Used to account for funds allocated to the demolitions of building or structures
- *Mayor’s Office of Tourism and Arts* – Used to account for programs and initiative specifically directed toward supporting and advancing arts organizations.
- *Mayoral Fellows Program* – Used to account for funds to offer post-baccalaureate students the opportunity to serve in the New Orleans city government while helping to create a cadre of potential leaders for the community.
- *Music and Entertainment Commission*- Used to account for funds allocated for programs designed to attract music and entertainment to the City
- *New Orleans Police Department Crime Prevention* – Used to account for donations earmarked to assist the Police Department in their crime fighting efforts.
- *Asset Seizure*- Used to account for property confiscated from drug dealers by the police department to be used for crime fighting measures.



**CITY OF NEW ORLEANS, LOUISIANA**

Combining Financial Statements

Non-major Governmental Funds

December 31, 2008

- *New Orleans War on Drugs* – Used to account for donations received from private individuals, corporations, and other institutions and entities in order to aid and assist the City in its efforts to eradicate illegal substance abuse.
- *New Orleans Recreation Department* – Used to account for donations designated to assist in the purchase of playground equipment.
- *New Orleans Film Commission* – 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.
- *New Orleans Special Events* – Used to account for funds received for donations from private individuals, corporations, and other institutions and entities in the private sector to lessen the burdens of government on the city in attracting and hosting national conventions, special events and other activities which shall benefit the City.
- *Vieux Carré Commission* – Used to account for funds received used to encourage residential uses in the Vieux Carré and which shall be used only for public purposes which help retain or increase residential uses within the boundaries of the Vieux Carré National Register History District.
- *Vieux Carre' Restoration* – Used to account for funds to revitalize and preserve the Historic District.
- *Public Library Donations* - Used to account for donations to enhance the City's library system.
- *Sanitation Recycling* – Used to account for funds received resulting from the sale of recyclable materials brought to and /or purchased by the City of New Orleans Department of Sanitation Recycling Center, which shall be utilized only as a budget enhancement and not an offset for public purposes and which shall further the needs and accomplishments of the Department of Sanitation.
- *Plant-a-Tree Campaign*- Used to account for funds allocated to programs designed for planting and beautifying trees, plants, and flowers throughout the City.
- *Municipal Endowment – Cox Cable* – Used to account for funds allocated for programs related to video or audio community service programming in New Orleans or the arts, humanities, and cultures of New Orleans

## CITY OF NEW ORLEANS, LOUISIANA

### Combining Financial Statements

### Non-major Governmental Funds

December 31, 2008

- *Capital Improvements and Infrastructure*- Used to account for funds allocated for the improvements of infrastructures within the City
- *Grant Recipient Funds*- Used to account for funds and other state and federal financial assistance.
- *Delgado- Albania Plantation Commission* – Used to account for funds generated from the operation of a sugar cane plantation.
- *Edward Wisner* - Used to account for approximately 53,500 acres of land and waterbottoms in Jefferson, St. John the Baptist and Lafourche Parishes, Louisiana from the estate of Edward Wisner to the City of New Orleans, Louisiana as Trustee, for a 100 year charitable trust. The beneficiaries of the trust include the City of New Orleans, Louisiana as beneficiary for several charitable purposes, Charity Hospital, of New Orleans, Louisiana, Tulane University, and The Salvation Army. Specific portions of the land or the income from the land were also set aside for the establishment and maintenance of specified structures for certain other organizations operating within the City of New Orleans, Louisiana. This trust was created by an Act of Donation dated August 4, 1914.
- *LaHache Music* – Used to account for funds to promote the history of New Orleans musicians and facilitate the development of new musicians and composers.
- *Place De France- Joan of Arc* – Used to account for funds to maintain the Joan of Arc Monument and the surrounding area.
- *Simon Hersheim* – Used to account for funds for the purpose of purchasing books for the Public Library.
- *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, arts performing and applied, community improvement and governmental oversight, and human service organizations with an emphasis on capital projects for established agencies.
- *Isaac Delgado Memorial* – Used to account for funds which will benefit Delgado Community College.
- *John McDonogh School* – Used to account for funds to promote education through the City of New Orleans.

**CITY OF NEW ORLEANS, LOUISIANA**

Combining Financial Statements

Non-major Governmental Funds

December 31, 2008

- *Lafayette Cemetery No. 1 Under Wiley of Lilly Violet* – a bequeath to the City to maintain Lafayette Cemetery No. 1.
- *Mahalia Zimmerman Tomb* – a bequeath to the City to maintain Ms. Zimmerman’s tomb.
- *Mrs. Otto Joachim* – Used to account for funds to promote the study of orchestra music and violinists.
- *Sickles Legacy* – Used to account for funds designated to establish a city dispensary for gratuitous dispensing of medicine and medical advice to the poor.
- *Helen Alder Levy Library* – Used to account for funds for the purpose of the establishment and maintenance of the Helen Alder Levy Memorial Room at the New Orleans Public Library.
- *Housing and Environment Improvements*- Used to improve health, housing and environmental conditions in the City
- *Imagine It Clean*- establish to receive allocations to support the programs and activities of the program
- *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.
- *Miscellaneous Donations* – Used to account for donations designated to specific city departments.
- *Other* – Used to account for all monies and all property acquired by donations for a designated purpose, not required to be held intact.

**CITY OF NEW ORLEANS**  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2007  
 (Amounts in thousands)

Assets	National League of Cities	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Rivergate Special Fund	New Orleans Building Corporation
Cash	6	927	—	713	271	33	96
Investments	—	7,408	2,303	729	—	650	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	22	248	—	—	—
Property taxes receivable	—	462	462	—	—	—	—
Grantee loans receivable	—	—	—	—	4,670	—	—
Due from other funds	—	460	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	4
<b>Total assets</b>	<b>6</b>	<b>9,257</b>	<b>2,787</b>	<b>1,690</b>	<b>4,941</b>	<b>683</b>	<b>100</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	1	218	572	165	—	—	—
Accrued liabilities	—	—	—	—	—	—	—
Due to other funds	—	—	—	706	—	683	—
Due to other governments	—	—	—	—	379	—	—
Advances from other funds	—	—	—	—	—	—	—
Deferred revenues	—	462	462	—	—	—	—
<b>Total liabilities</b>	<b>1</b>	<b>680</b>	<b>1,034</b>	<b>871</b>	<b>379</b>	<b>683</b>	<b>—</b>
<b>Fund balances:</b>							
Reserved for encumbrances	—	497	209	205	—	—	—
Unreserved:							
Undesignated	5	8,080	1,544	614	4,562	—	100
<b>Total fund balances</b>	<b>5</b>	<b>8,577</b>	<b>1,753</b>	<b>819</b>	<b>4,562</b>	<b>—</b>	<b>100</b>
<b>Total liabilities and fund balances</b>	<b>6</b>	<b>9,257</b>	<b>2,787</b>	<b>1,690</b>	<b>4,941</b>	<b>683</b>	<b>100</b>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
Consolidating Balance Sheet  
Non-major Governmental Funds  
December 31, 2007  
(Amounts in thousands)

Assets	Rivergate Development Corporation	Termite Control Fund	Piazza D'italia Development	Traffic Court Judicial Expense	Sex Offender Proprietary Fund	Municipal Court Judicial Expense	Sidewalk Paving and Repairing	New Orleans Special Events
Cash	838	134	—	945	77	—	1	1
Investments	1,273	359	—	—	—	—	1	1
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	469	—	—	—	—
Property taxes receivable	—	—	—	—	—	—	—	—
Grantee loans receivable	1,561	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	1,418	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—
Total assets	3,672	493	—	1,414	77	1,418	2	2
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	5	13	2	116	—	67	—	—
Accrued liabilities	8	—	—	—	—	23	—	—
Due to other funds	700	—	31	1,086	—	2,636	—	—
Due to other governments	—	—	—	—	—	—	2	—
Advances from other funds	—	—	—	—	—	—	—	—
Deferred revenues	—	—	—	—	—	—	—	—
Total liabilities	713	13	33	1,202	—	2,726	2	—
Fund balances:								
Reserved for encumbrances	101	—	86	—	—	—	—	—
Unreserved:								
Undesignated	2,858	480	(119)	212	77	(1,308)	—	2
Total fund balances	2,959	480	(33)	212	77	(1,308)	—	2
Total liabilities and fund balances	3,672	493	—	1,414	77	1,418	2	2

See accompanying independent auditors' report. (Continued)

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2007  
 (Amounts in thousands)

Assets	Adopt-a-Pothole Program	Department of Safety and Permits — Demolition	Mayor's Office of Tourism and Arts	Mayoral Fellows Program	Music and Entertainment Commission	New Orleans Police Department Crime Prevention	Asset Seizure	New Orleans War on Drugs
Cash	39	26	83	68	11	1	290	8
Investments	100	21	—	—	115	—	215	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	281	—	—	—	—	—	—
Property taxes receivable	—	—	—	—	—	—	—	—
Grantee loans receivable	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—
<b>Total assets</b>	<b>139</b>	<b>328</b>	<b>83</b>	<b>68</b>	<b>126</b>	<b>1</b>	<b>505</b>	<b>8</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	—	—	—	8	—	—	2	—
Accrued liabilities	—	—	—	3	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—
Advances from other funds	—	250	—	—	—	—	—	—
Deferred revenues	—	—	—	—	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>250</b>	<b>—</b>	<b>11</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>—</b>
Fund balances:								
Reserved for encumbrances	116	—	—	—	—	—	—	—
Unreserved:	23	78	83	57	126	1	503	8
Undesignated	139	78	83	57	126	1	503	8
<b>Total fund balances</b>	<b>139</b>	<b>328</b>	<b>83</b>	<b>68</b>	<b>126</b>	<b>1</b>	<b>505</b>	<b>8</b>

See accompanying independent auditors' report. (Continued)

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2007  
 (Amounts in thousands)

Assets	New Orleans Recreation Department	New Orleans Film Commission	New Orleans Special Events	Vieux Carre' Commission	Vieux Carre' Restoration	Public Library Donations	Sanitation Recycling	Plant-a-Tree Campaign
Cash	52	80	13	56	1	149	11	408
Investments	—	141	80	—	—	42	60	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—	—	—	—
Property taxes receivable	—	—	—	—	—	—	—	—
Grantee loans receivable	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—
<b>Total assets</b>	<b>52</b>	<b>221</b>	<b>93</b>	<b>56</b>	<b>1</b>	<b>191</b>	<b>71</b>	<b>408</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	—	—	—	—	—	—	—	216
Accrued liabilities	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—	—
Deferred revenues	—	—	—	—	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>216</b>
Fund balances:								
Reserved for encumbrances	—	—	—	—	—	—	—	—
Unreserved:								
Undesignated	52	221	93	56	1	190	71	192
<b>Total fund balances</b>	<b>52</b>	<b>221</b>	<b>93</b>	<b>56</b>	<b>1</b>	<b>190</b>	<b>71</b>	<b>192</b>
<b>Total liabilities and fund balances</b>	<b>52</b>	<b>221</b>	<b>93</b>	<b>56</b>	<b>1</b>	<b>191</b>	<b>71</b>	<b>408</b>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2007  
 (Amounts in thousands)

Assets	Municipal Endowment-Cox Cable	Capital Improvement and Infrastructure	Grant Recipient Funds	Delgado-Albania Plantation Commission	Edward Wisner	LaHache Music	Place DeFrance—Joan of Arc	Simon Hersheim
Cash	169	2,564	3,262	246	2,284	3	5	17
Investments	2,008	79	—	2,039	4,423	—	—	80
Accounts receivable (net, where applicable, of allowances for uncollectibles)	24	—	—	—	—	—	—	—
Property taxes receivable	—	839	—	—	—	—	—	—
Grantee loans receivable	—	—	63	—	—	—	—	—
Due from other funds	—	—	7,919	—	—	—	—	—
Due from other governments	—	—	—	13	—	—	—	—
Other assets	—	—	—	—	—	—	—	—
<b>Total assets</b>	<b>2,201</b>	<b>3,482</b>	<b>11,244</b>	<b>2,298</b>	<b>6,707</b>	<b>3</b>	<b>5</b>	<b>97</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	91	—	7,270	2	—	—	—	—
Accrued liabilities	—	—	50	—	—	—	—	—
Due to other funds	—	—	8,790	—	—	—	—	—
Due to other governments	—	—	294	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—	—
Deferred revenues	—	839	608	—	—	—	—	—
<b>Total liabilities</b>	<b>91</b>	<b>839</b>	<b>17,012</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Fund balances:								
Reserved for encumbrances	—	—	—	3	—	—	—	—
Unreserved:								
Undesignated	2,110	2,643	(5,768)	2,293	6,707	3	5	97
<b>Total fund balances</b>	<b>2,110</b>	<b>2,643</b>	<b>(5,768)</b>	<b>2,296</b>	<b>6,707</b>	<b>3</b>	<b>5</b>	<b>97</b>
<b>Total liabilities and fund balances</b>	<b>2,201</b>	<b>3,482</b>	<b>11,244</b>	<b>2,298</b>	<b>6,707</b>	<b>3</b>	<b>5</b>	<b>97</b>

See accompanying independent auditors' report. (Continued)



**CITY OF NEW ORLEANS**  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2007  
 (Amounts in thousands)

Assets	Kiwamis Club	Lee Circle Sprinkler System	Ella West Freeman Foundation	Isaac Delgado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lilly Violet	Mahalia Zimmerman Tomb	Mrs. Otto Joachim	Sickles Legacy	Helen Adler Levy Library
Cash	5			79		4	3	1	47	8
Investments			4	467		17			260	40
Accounts receivable (net, where applicable, of allowances for uncollectibles)										
Property taxes receivable										7
Grantee loans receivable										
Due from other funds										
Due from other governments										
Other assets										
<b>Total assets</b>	<b>5</b>		<b>8</b>	<b>546</b>		<b>21</b>	<b>3</b>	<b>1</b>	<b>307</b>	<b>55</b>
<b>Liabilities and Fund Balances</b>										
<b>Liabilities:</b>										
Accounts payable										4
Accrued liabilities										
Due to other funds										
Due to other governments										
Advances from other funds										
Deferred revenues										
<b>Total liabilities</b>										<b>4</b>
<b>Fund balances:</b>										
Reserved for encumbrances										
Unreserved:										
Undesignated	5		8	546		21	3	1	307	51
<b>Total fund balances</b>	<b>5</b>		<b>8</b>	<b>546</b>		<b>21</b>	<b>3</b>	<b>1</b>	<b>307</b>	<b>51</b>
<b>Total liabilities and fund balances</b>	<b>5</b>		<b>8</b>	<b>546</b>		<b>21</b>	<b>3</b>	<b>1</b>	<b>307</b>	<b>55</b>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2007  
 (Amounts in thousands)

Assets	Housing and Environment Improvement	Imagine It Clean	Miscellaneous Donations	Other	Total 2008
Cash	125	84	252	6	14,506
Investments	—	—	—	203	23,118
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	1,051
Property taxes receivable	—	—	—	—	1,763
Grantee loans receivable	—	—	—	—	4,670
Due from other funds	—	—	—	—	2,084
Due from other governments	—	—	—	—	9,337
Other assets	—	—	—	—	17
<b>Total assets</b>	<b>125</b>	<b>84</b>	<b>252</b>	<b>209</b>	<b>56,546</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	—	—	19	—	8,772
Accrued liabilities	—	—	—	—	84
Due to other funds	—	—	—	—	14,632
Due to other governments	—	—	—	—	673
Advances from other funds	—	—	—	—	252
Deferred revenues	—	—	—	—	2,371
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>19</b>	<b>—</b>	<b>26,784</b>
Fund balances:					
Reserved for encumbrances	—	—	1	—	1,218
Unreserved:					
Undesignated	125	84	232	209	28,544
<b>Total fund balances</b>	<b>125</b>	<b>84</b>	<b>233</b>	<b>209</b>	<b>29,762</b>
<b>Total liabilities and fund balances</b>	<b>125</b>	<b>84</b>	<b>252</b>	<b>209</b>	<b>56,546</b>

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances

Non-major Governmental Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	National League of Cities	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Rivergate Special Fund	New Orleans Building Corporation	Rivergate Development Corporation	Termite Control Fund
<b>Revenues:</b>									
Taxes	—	1,818	1,818	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—
Program income	—	—	—	386	—	—	—	—	—
Fines and forfeits	—	—	—	—	—	—	—	—	—
Interest income	—	—	—	—	170	—	—	—	—
Contributions, gifts, and donations	—	—	—	—	—	—	—	15,873	158
Miscellaneous	—	—	—	—	—	—	—	—	—
<b>Total revenues</b>	<b>—</b>	<b>1,818</b>	<b>1,818</b>	<b>386</b>	<b>170</b>	<b>—</b>	<b>—</b>	<b>15,873</b>	<b>158</b>
<b>Expenditures:</b>									
General government	—	—	—	—	—	—	—	235	234
Public safety	—	—	—	474	—	—	—	—	—
Health and human services	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—
Urban development and housing	—	—	—	—	—	—	—	—	—
Economic development and assistance	—	1,092	3,293	—	—	—	—	—	—
Debt service	—	—	—	—	240	—	—	—	—
Principal	—	—	—	—	308	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—
<b>Total expenditures</b>	<b>—</b>	<b>1,092</b>	<b>3,293</b>	<b>474</b>	<b>548</b>	<b>—</b>	<b>—</b>	<b>235</b>	<b>234</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>—</b>	<b>726</b>	<b>(1,475)</b>	<b>(88)</b>	<b>(378)</b>	<b>—</b>	<b>—</b>	<b>15,638</b>	<b>(76)</b>
<b>Other financing sources (uses):</b>									
Operating transfers in	—	—	—	—	—	—	—	—	—
Operating transfers out	—	—	—	—	—	—	—	(13,938)	—
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(13,938)</b>	<b>—</b>
<b>Net change in fund balance</b>	<b>—</b>	<b>726</b>	<b>(1,475)</b>	<b>(88)</b>	<b>(378)</b>	<b>—</b>	<b>—</b>	<b>1,700</b>	<b>(76)</b>
<b>Fund balances:</b>									
Beginning of year	5	7,851	3,228	907	4,940	—	100	1,259	556
End of year	5	8,577	1,753	819	4,562	—	100	2,959	480

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds

Year ended December 31, 2008

(Amounts in thousands)

	Piazza D'Italia Development	Traffic Court Judicial Expense	Sex Offender Proprietary Fund	Municipal Court Judicial Expense	Sidewalk Paving and Repairing	Special Events	Adopt-a- Pothole Program	Department of Safety and Permits - Demolition	Mayor's Office of Tourism and Arts
Revenues:									
Taxes									
Intergovernmental									
Program income									
Fines and forfeits									
Interest income							2		
Contributions, gifts, and donations		2,073	22						98
Miscellaneous		2,073	22				2		98
Total revenues		2,073	22				2		98
Expenditures:									
General government	38	2,494		2,062					
Public safety									
Health and human services									
Culture and recreation									58
Urban development and housing									
Economic development and assistance									
Debt service									
Principal									
Interest									
Total expenditures	38	2,494		2,062					58
Excess (deficiency) of revenues over expenditures	(38)	(421)	22	(2,062)			2		40
Other financing sources (uses):									
Operating transfers in		633		754					
Operating transfers out									
Total other financing sources (uses)		633		754					
Net change in fund balance	(38)	212	22	(1,308)			2		40
Fund balances:									
Beginning of year	5		55			2	137	78	43
End of year	(33)	212	77	(1,308)		2	139	78	83

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances

Non-major Governmental Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Mayoral Fellows Program	Music and Entertainment Commission	New Orleans Police Department - Crime Prevention	Asset Seizure	New Orleans War on Drugs	New Orleans Recreation Department	New Orleans Film Commission	New Orleans Special Events	Vieux Carre' Commission
Revenues:									
Taxes	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—
Program income	—	—	—	449	—	—	—	—	—
Fines and forfeits	—	—	—	5	—	—	3	2	—
Interest income	180	4	—	—	—	—	—	—	—
Contributions, gifts, and donations	—	19	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—	—
Total revenues	180	23	—	454	—	—	3	2	—
Expenditures:									
General government	183	—	—	—	—	—	—	—	—
Public safety	—	—	—	331	—	—	—	—	—
Health and human services	—	—	—	—	—	—	—	—	—
Culture and recreation	—	117	—	—	—	—	1	—	—
Urban development and housing	—	—	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	—	—
Debt service	—	—	—	—	—	—	—	—	—
Principal	—	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—
Total expenditures	183	117	—	331	—	—	1	—	—
Excess (deficiency) of revenues over expenditures	(3)	(94)	—	123	—	—	2	2	—
Other financing sources (uses):									
Operating transfers in	—	—	—	—	—	—	—	—	—
Operating transfers out	—	—	—	—	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—	—	—	—	—
Net change in fund balance	(3)	(94)	—	123	—	—	2	2	—
Fund balances:									
Beginning of year	60	220	1	380	8	52	219	91	56
End of year	57	126	1	503	8	52	221	93	56

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds

Year ended December 31, 2008

(Amounts in thousands)

	Vioux Carre' Restoration	Public Library Donations	Sanitation Recycling	Plant-A-Tree Campaign	Municipal Endowment—Cox Cable	Capital Improvement and Infrastructure	Grant Recipient Funds	Delgado-Albania Plantation Commission	Edward Wisner
Revenues:									
Taxes	—	—	—	—	—	2,348	—	—	—
Intergovernmental	—	—	—	—	—	—	26,935	—	—
Program income	—	—	—	—	—	—	68	—	—
Fines and forfeits	—	—	—	—	—	—	—	—	—
Interest income	—	2	1	—	48	—	—	—	105
Contributions, gifts, and donations	—	—	—	116	—	—	—	97	1,560
Miscellaneous	—	—	—	—	—	—	—	—	—
Total revenues	—	2	1	116	48	2,348	27,003	97	1,665
Expenditures:									
General government	—	—	—	—	—	—	17,681	—	—
Public safety	—	—	—	—	—	—	2,619	—	—
Health and human services	—	—	—	—	—	—	4,518	—	—
Culture and recreation	—	—	—	220	182	—	59	12	1,056
Urban development and housing	—	—	—	—	—	—	105	—	—
Economic development and assistance	—	—	—	—	—	—	11,016	—	—
Debt service	—	—	—	—	—	—	—	—	—
Principal	—	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—
Total expenditures	—	—	—	220	182	—	35,998	12	1,056
Excess (deficiency) of revenues over expenditures	—	2	1	(104)	(134)	2,348	(8,995)	85	609
Other financing sources (uses):									
Operating transfers in	—	—	—	—	—	—	—	—	—
Operating transfers out	—	—	—	—	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—	—	—	—	—
Net change in fund balance	—	2	1	(104)	(134)	2,348	(8,995)	85	609
Fund balances:									
Beginning of year	1	188	70	296	2,244	295	3,227	2,211	6,098
End of year	1	190	71	192	2,110	2,643	(5,768)	2,296	6,707

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds

Year ended December 31, 2008

(Amounts in thousands)

	LaHache Music	Place DeFrance—Joan of Arc	Simon Hershheim	Kiwanis Club Lee Circle Sprinkler System	Ella West Freeman Foundation	Isaac Deigado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lilly Violet	Mahalia Zimmerman Tomb
Revenues:									
Taxes	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—
Program income	—	—	—	—	—	—	—	—	—
Fines and forfeits	—	—	—	—	—	14	—	—	—
Interest income	—	—	2	—	—	—	—	—	—
Contributions, gifts, and donations	—	—	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—	—
Total revenues	—	—	2	—	—	14	—	—	—
Expenditures:									
General government	—	—	—	—	—	—	—	—	—
Public safety	—	—	—	—	—	—	—	—	—
Health and human services	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—
Urban development and housing	—	—	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	—	—
Debt service	—	—	—	—	—	—	—	—	—
Principal	—	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—
Total expenditures	—	—	—	—	—	—	—	—	—
Excess (deficiency) of revenues over expenditures	—	—	2	—	—	14	—	—	—
Other financing sources (uses):									
Operating transfers in	—	—	—	—	—	—	—	—	—
Operating transfers out	—	—	—	—	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—	—	—	—	—
Net change in fund balance	—	—	2	—	—	14	—	—	—
Fund balances:									
Beginning of year	3	5	95	5	8	532	—	21	3
End of year	3	5	97	5	8	546	—	21	3

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds  
Year ended December 31, 2008  
(Amounts in thousands)

	Mrs. Otto Joachim	Sickles Legacy	Helen Adler Levy Library	Housing and Environment Improvement	Imagine It Clean	Miscellaneous Donations	Other	Total
<b>Revenues:</b>								
Taxes	—	—	—	—	—	—	—	5,984
Intergovernmental	—	—	—	—	—	—	—	26,935
Program income	—	—	—	97	—	—	—	68
Fines and forfeits	—	—	—	—	—	—	—	932
Interest income	—	8	1	—	—	—	—	198
Contributions, gifts, and donations	—	—	—	—	—	21	—	2,261
Miscellaneous	—	—	—	—	—	—	—	18,126
<b>Total revenues</b>	—	8	1	97	—	21	1	54,504
<b>Expenditures:</b>								
General government	—	—	—	—	—	—	—	22,927
Public safety	—	—	—	—	—	20	—	2,970
Health and human services	—	—	—	—	—	24	—	5,016
Culture and recreation	—	—	—	—	—	101	—	1,806
Urban development and housing	—	—	—	—	—	—	—	105
Economic development and assistance	—	—	—	—	—	—	—	15,401
Debt service	—	—	—	—	—	—	—	240
Principal	—	—	—	—	—	—	—	308
Interest	—	—	—	—	—	—	—	—
<b>Total expenditures</b>	—	—	—	—	—	145	—	48,773
<b>Excess (deficiency) of revenues over expenditures</b>	—	8	1	97	—	(124)	1	5,731
<b>Other financing sources (uses):</b>								
Operating transfers in	—	—	—	—	—	—	—	1,387
Operating transfers out	—	—	—	—	—	—	—	(13,938)
<b>Total other financing sources (uses)</b>	—	—	—	—	—	—	—	(12,551)
<b>Net change in fund balance</b>	—	8	1	97	—	(124)	1	(6,820)
<b>Fund balances:</b>								
Beginning of year	1	299	50	28	84	357	208	36,582
End of year	1	307	51	125	84	233	209	29,762

See accompanying independent auditors' report.



**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Balance Sheet  
 Grant Recipient Funds  
 December 31, 2008  
 (Amounts in thousands)

Assets	Federal Department of Interior	Federal Justice Administration	FDJ Office of Justice Program	Department of Defense	Federal Department of Health	Federal Department of Commerce	Department of Economic Development
Cash	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—
Due from other governments	—	526	490	—	3,451	—	—
Total assets	—	526	490	—	3,451	—	—
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	—	53	31	7	3,375	—	—
Accrued liability	—	3	—	2	26	—	—
Due to other funds	1	1,105	895	93	1,708	291	3
Due to other governments	—	—	—	—	—	—	—
Deferred revenues	—	—	—	—	—	—	—
Total liabilities	1	1,161	926	102	5,109	291	3
Fund balances:							
Unreserved:							
Designated for subsequent years' expenditures	(1)	(635)	(436)	(102)	(1,658)	(291)	(3)
Total fund balances	(1)	(635)	(436)	(102)	(1,658)	(291)	(3)
Total liabilities and fund balances	—	526	490	—	3,451	—	—

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Balance Sheet  
 Grant Recipient Funds  
 December 31, 2008  
 (Amounts in thousands)

Assets	Federal Energy Grant	Federal Department of Agriculture	Louisiana Commission on Law Enforcement	Department of Health and Human Resources	Environmental Protection Agency	Louisiana Department of Public Safety	Louisiana Department of Education
Cash	20	615	—	1,689	—	501	2
Due from other funds	57	—	—	—	—	—	3
Due from other governments	—	531	111	72	—	—	—
Total assets	77	1,146	111	1,761	—	501	5
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	—	18	716	70	—	—	—
Accrued liability	1	2	5	—	—	—	—
Due to other funds	—	—	1,078	—	8	—	—
Due to other governments	5	—	—	—	—	—	—
Deferred revenues	—	531	—	71	—	—	—
Total liabilities	6	551	1,799	141	8	—	—
Fund balances:							
Unreserved:							
Designated for subsequent years' expenditures	71	595	(1,688)	1,620	(8)	501	5
Total fund balances	71	595	(1,688)	1,620	(8)	501	5
Total liabilities and fund balances	77	1,146	111	1,761	—	501	5

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Balance Sheet  
 Grant Recipient Funds  
 December 31, 2008  
 (Amounts in thousands)

Assets	Louisiana Department of Agriculture and Forestry	Department of Culture, Recreation, and Tourism	Federal Department of Highway Administration	Department of Labor	Department of Resources	Traffic Court	Private Grants
Cash	109	—	—	—	37	289	—
Due from other funds	—	2	—	—	—	—	1
Due from other governments	—	—	—	2,506	6	—	—
Total assets	109	2	—	2,506	43	289	1
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	—	—	—	1,698	11	—	—
Accrued liability	—	—	—	7	—	—	—
Due to other funds	—	—	50	2,090	—	—	—
Due to other governments	—	—	—	—	—	289	—
Deferred revenues	—	—	—	—	6	—	—
Total liabilities	—	—	50	3,795	17	289	—
Fund balances:							
Unreserved:							
Designated for subsequent years' expenditures	109	2	(50)	(1,289)	26	—	1
Total fund balances	109	2	(50)	(1,289)	26	—	1
Total liabilities and fund balances	109	2	—	2,506	43	289	1

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Balance Sheet  
 Grant Recipient Funds  
 December 31, 2008  
 (Amounts in thousands)

Assets	Federal Department of Homeland Security	Federal Department of Social Service	Louisiana Office of Community Development	Louisiana Military Department	Total 2008
Cash	—	—	—	—	3,262
Due from other funds	—	—	—	—	63
Due from other governments	117	—	104	5	7,919
Total assets	117	—	104	5	11,244
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	18	129	1,143	1	7,270
Accrued liability	4	—	—	—	50
Due to other funds	244	78	1,122	24	8,790
Due to other governments	—	—	—	—	294
Deferred revenues	—	—	—	—	608
Total liabilities	266	207	2,265	25	17,012
Fund balances:					
Unreserved:					
Designated for subsequent years' expenditures	(149)	(207)	(2,161)	(20)	(5,768)
Total fund balances	(149)	(207)	(2,161)	(20)	(5,768)
Total liabilities and fund balances	117	—	104	5	11,244

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Grant Recipient Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Federal Department of Interior	Federal Justice Administration	FDJ Office of Justice Program	Federal Department of Health	Department of Defense	Federal Department of Commerce	Department of Economic Development
Revenues:							
Intergovernmental	13	575	760	11,920	107	(146)	24
Program income	—	—	—	—	—	—	—
Total revenues	13	575	760	11,920	107	(146)	24
Expenditures:							
General government	14	540	1,196	10,616	209	145	27
Public safety	—	670	—	—	—	—	—
Health and human services	—	—	—	2,832	—	—	—
Culture and recreation	—	—	—	—	—	—	—
Urban Development	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Total expenditures	14	1,210	1,196	13,448	209	145	27
(Deficiency) excess of revenues over expenditures	(1)	(635)	(436)	(1,528)	(102)	(291)	(3)
Net change in fund balance	(1)	(635)	(436)	(1,528)	(102)	(291)	(3)
Fund balances:							
Beginning of year	—	—	—	(130)	—	—	—
End of year	(1)	(635)	(436)	(1,658)	(102)	(291)	(3)

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Grant Recipient Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Federal Energy Grant	Federal Department of Agriculture	Louisiana Commission on Law Enforcement	Department of Health and Human Resources	Environmental Protection Agency	Louisiana Department of Public Safety	Louisiana Department of Education
Revenues:							
Intergovernmental Program income	53	148	866	1,198	38	534	—
Total revenues	53	148	866	1,266	38	534	—
Expenditures:							
General government	54	261	1,084	19	46	—	—
Public safety	—	—	1,826	89	—	34	—
Health and human services	—	—	38	1,648	—	—	—
Culture and recreation	—	—	—	50	—	—	—
Urban Development	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Total expenditures	54	261	2,948	1,806	46	34	—
(Deficiency) excess of revenues over expenditures	(1)	(113)	(2,082)	(540)	(8)	500	—
Net change in fund balance	(1)	(113)	(2,082)	(540)	(8)	500	—
Fund balances:							
Beginning of year	72	708	394	2,160	—	1	5
End of year	71	595	(1,688)	1,620	(8)	501	5

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Grant Recipient Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Louisiana Department of Agriculture and Forestry	Department of Culture, Recreation and Tourism	Federal Department of Highway Administration	Department of Labor	Department of Natural Resources	Traffic Court	Private Grants
Revenues:							
Intergovernmental	115	—	(50)	9,817	56	—	—
Program income	—	—	—	—	—	—	—
Total revenues	115	—	(50)	9,817	56	—	—
Expenditures:							
General government	—	—	—	90	41	—	—
Public safety	—	—	—	—	—	—	—
Health and human services	—	—	—	—	—	—	—
Culture and recreation	9	—	—	—	—	—	—
Urban Development	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	11,016	—	—	—
Total expenditures	9	—	—	11,106	41	—	—
(Deficiency) excess of revenues over expenditures	106	—	(50)	(1,289)	15	—	—
Net change in fund balance	106	—	(50)	(1,289)	15	—	—
Fund balances:							
Beginning of year	3	2	—	—	11	—	1
End of year	109	2	(50)	(1,289)	26	—	1

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Grant Recipient Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Federal Department of Homeland Security	Federal Department of Social Service	Louisiana Office of Community Development	Louisiana Military Department	Total 2008
Revenues:					
Intergovernmental	472	234	104	97	26,935
Program income	—	—	—	—	68
Total revenues	472	234	104	97	27,003
Expenditures:					
General government	621	441	2,160	117	17,681
Public safety	—	—	—	—	2,619
Health and human services	—	—	—	—	4,518
Culture and recreation	—	—	—	—	59
Urban Development	—	—	105	—	105
Economic development and assistance	—	—	—	—	11,016
Total expenditures	621	441	2,265	117	35,998
(Deficiency) excess of revenues over expenditures	(149)	(207)	(2,161)	(20)	(8,995)
Net change in fund balance	(149)	(207)	(2,161)	(20)	(8,995)
Fund balances:					
Beginning of year	—	—	—	—	3,227
End of year	(149)	(207)	(2,161)	(20)	(5,768)

See accompanying independent auditors' report.



**FIDUCIARY FUNDS**

**CITY OF NEW ORLEANS, LOUISIANA**

Combining Financial Statements

Fiduciary Funds

December 31, 2008

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 rates fixed by laws and by the City at amounts determined by actuarial study.

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 Plan Net Assets

Pension Trust Funds

December 31, 2008

(Amounts in thousands)

Assets	Firefighters'		Police old system	Employees' retirement system	Firefighters' bond fund	Elimination	Total
	Old system	New system					
Current assets:							
Cash	\$ 56	625	1,995	3,118	—	—	5,794
Investments	16,722	186,932	—	263,081	13,720	—	480,455
Receivables:							
Accrued interest	2	7,209	—	860	—	—	8,071
Contribution	13,720	48	—	410	—	(13,720)	458
Other	—	3,137	11	101	—	—	3,249
Property and equipment, net of accumulated depreciation	67	5,286	—	—	—	—	5,353
Total assets	\$ 30,567	203,237	2,006	267,570	13,720	(13,720)	503,380
<b>Liabilities and Net Assets</b>							
Current liabilities:							
Accounts payable	\$ 3	760	8	—	—	—	771
Other payables and accruals	5	3,466	—	229	—	—	3,700
Total current liabilities	8	4,226	8	229	—	—	4,471
Long-term liabilities:							
Notes payable	—	39,010	—	—	—	—	39,010
Total long-term liabilities	—	39,010	—	—	—	—	39,010
Total liabilities	8	43,236	8	229	—	—	43,481
Net assets:							
Reserved for:							
Employees' pension benefits	30,559	160,001	1,998	267,341	13,720	(13,720)	459,899
Total net assets	30,559	160,001	1,998	267,341	13,720	(13,720)	459,899
Total liabilities and net assets	\$ 30,567	203,237	2,006	267,570	13,720	(13,720)	503,380

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Changes in Plan Net Assets  
Pension Trust Funds  
Year ended December 31, 2008  
(Amounts in thousands)

	Firefighters'		Police old system	Employees' retirement system	Firefighters' bond fund	Elimination	Totals
	Old system	New system					
<b>Additions:</b>							
<b>Contributions:</b>							
Employer	\$ —	9,700	—	4,991	—	—	14,691
Members	—	1,129	—	3,430	—	—	4,559
Fire insurance rebate	778	778	—	—	—	—	1,556
Other	—	15	131	632	—	—	778
<b>Total contributions</b>	<b>778</b>	<b>11,622</b>	<b>131</b>	<b>9,053</b>	<b>—</b>	<b>—</b>	<b>21,584</b>
<b>Investment income:</b>							
Net appreciation in fair value of investments	441	—	—	—	—	—	441
Interest and dividends	336	3,800	24	7,054	16	(16)	11,214
Other investment income	11	1,477	—	—	11	(11)	1,488
Less investment expense	(62)	(4,756)	(2)	(1,989)	—	—	(6,809)
<b>Net investment income</b>	<b>726</b>	<b>521</b>	<b>22</b>	<b>5,065</b>	<b>27</b>	<b>(27)</b>	<b>6,334</b>
<b>Total additions</b>	<b>1,504</b>	<b>12,143</b>	<b>153</b>	<b>14,118</b>	<b>27</b>	<b>(27)</b>	<b>27,918</b>
<b>Deductions:</b>							
Pension benefits	21,222	15,466	30	29,919	18,600	(18,600)	66,637
Refund of member contributions	—	61	—	905	—	—	966
Death benefits	84	18	—	—	—	—	102
Administrative expenses	535	862	123	176	82	(82)	1,696
DROP withdrawal	139	881	—	1,930	—	—	2,950
PLOP withdrawal	377	1,482	—	—	—	—	1,859
Net depreciation in fair value of investments	9,325	65,300	—	125,956	9,325	(9,325)	200,581
Transfers	—	115	13	689	—	—	817
<b>Total deductions</b>	<b>31,682</b>	<b>84,185</b>	<b>166</b>	<b>159,575</b>	<b>28,007</b>	<b>(28,007)</b>	<b>275,608</b>
<b>Net increase (decrease)</b>	<b>(30,178)</b>	<b>(72,042)</b>	<b>(13)</b>	<b>(145,457)</b>	<b>(27,980)</b>	<b>27,980</b>	<b>(247,690)</b>
<b>Net assets held in trust for pension benefits – beginning of year</b>	<b>60,737</b>	<b>232,043</b>	<b>2,011</b>	<b>412,798</b>	<b>41,700</b>	<b>(41,700)</b>	<b>707,589</b>
<b>Net assets held in trust for pension benefits – end of year</b>	<b>\$ 30,559</b>	<b>160,001</b>	<b>1,998</b>	<b>267,341</b>	<b>13,720</b>	<b>(13,720)</b>	<b>459,899</b>

See accompanying independent auditors' report.

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Changes in Assets and Liabilities

## Agency Funds

Year ended December 31, 2008

(Amounts in thousands)

	<u>Balance January 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2008</u>
Clearing fund:				
Assets:				
Cash	\$ 6,382	2,428,990	2,432,732	2,640
Investments	2,756	2,736	5,020	472
Accounts receivable	6,894	79,763	80,784	5,873
Due from other governments	943	126,795	116,532	11,206
	<u>\$ 16,975</u>	<u>2,638,284</u>	<u>2,635,068</u>	<u>20,191</u>
Liabilities:				
Accounts payable	\$ 501	3,838	4,337	2
Other payables and accruals	5,218	2,871,419	2,856,448	20,189
Due to other governments	11,256	90,065	101,321	—
	<u>\$ 16,975</u>	<u>2,965,322</u>	<u>2,962,106</u>	<u>20,191</u>
Deposit fund:				
Assets:				
Cash	\$ 167	5,081	5,014	234
Investments	2,501	1,530	1,310	2,721
Accounts receivable	—	83	—	83
Due from other governments	133	78	—	211
	<u>\$ 2,801</u>	<u>6,772</u>	<u>6,324</u>	<u>3,249</u>
Liabilities:				
Accounts payable	—	174	123	51
Other payables and accruals	2,801	523	126	3,198
	<u>\$ 2,801</u>	<u>697</u>	<u>249</u>	<u>3,249</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, 2008

(Amounts in thousands)

	<b>Balance January 1, 2008</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2008</b>
Escrow fund				
Assets:				
Cash	\$ 3,233	89,424	91,684	973
Investments	26,199	11,788	18,563	19,424
	<u>\$ 29,432</u>	<u>101,212</u>	<u>110,247</u>	<u>20,397</u>
Liabilities:				
Accounts payable	\$ —	18,503	18,503	—
Other payables and accruals	29,432	23,510	32,545	20,397
	<u>\$ 29,432</u>	<u>42,013</u>	<u>51,048</u>	<u>20,397</u>
Total all agency funds:				
Assets:				
Cash	\$ 9,782	2,523,495	2,529,430	3,847
Investments	31,456	16,054	24,893	22,617
Accounts receivable	6,894	79,846	80,784	5,956
Due from other governments	1,076	126,873	116,532	11,417
	<u>\$ 49,208</u>	<u>2,746,268</u>	<u>2,751,639</u>	<u>43,837</u>
Liabilities:				
Accounts payable	\$ 501	22,515	22,963	53
Other payables and accruals	37,451	2,895,452	2,889,119	43,784
Due to other governments	11,256	90,065	101,321	—
	<u>\$ 49,208</u>	<u>3,008,032</u>	<u>3,013,403</u>	<u>43,837</u>

See accompanying independent auditors' report.

**NON-MAJOR COMPONENT UNITS**

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Net Assets  
 Non-major Component Units  
 December 31, 2008  
 (Amounts in thousands)

Assets	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parrish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Pontalba Building Restoration Corporation	Canal Street Development Corporation	New Orleans Municipal Court	Total
Current assets:									
Cash	569	6,517	6,865	658	2,149	701	7,391	3,297	28,147
Investments	5,057	—	—	1,285	—	—	—	—	6,342
Receivables (net of allowances for uncollectibles):									
Accounts	1,108	1,438	800	79	321	18	199	—	3,963
Accrued interest	13	—	—	—	—	22	—	158	13
Other	—	—	—	—	—	—	567	—	180
Due from other governments	186	—	—	—	—	244	—	—	753
Prepaid expenses and deposits	68	—	291	—	180	—	—	—	783
Other assets	14	—	—	—	—	—	—	1	15
<b>Total current assets</b>	<b>7,015</b>	<b>7,955</b>	<b>7,956</b>	<b>2,022</b>	<b>2,650</b>	<b>985</b>	<b>8,157</b>	<b>3,456</b>	<b>40,196</b>
Restricted cash and investments:									
Customer deposits	274	—	9,093	—	—	—	—	—	9,367
Current debt service account	—	—	—	—	1,846	122	—	—	1,968
Future debt service account	—	—	—	—	—	443	—	—	443
Contingency (renewal and replacement) account	—	—	—	—	—	756	—	—	756
Operation and maintenance account	—	—	—	—	—	629	—	—	629
Other	—	—	—	700	—	41	—	—	741
<b>Total restricted assets</b>	<b>274</b>	<b>—</b>	<b>9,093</b>	<b>700</b>	<b>1,846</b>	<b>1,991</b>	<b>—</b>	<b>—</b>	<b>13,904</b>
Property, plant, and equipment – at cost, less accumulated depreciation	190	31	8,638	—	15,697	8,339	6,123	—	39,018
Other assets	62	—	—	361	87	—	—	—	510
<b>Total assets</b>	<b>7,541</b>	<b>7,986</b>	<b>25,687</b>	<b>3,083</b>	<b>20,280</b>	<b>11,315</b>	<b>14,280</b>	<b>3,456</b>	<b>93,628</b>

(Continued)

See accompanying independent auditors' report.



CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Assets

Non-major Component Units

December 31, 2008

(Amounts in thousands)

	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Pontalba Building Restoration Corporation	Canal Street Development Corporation	New Orleans Municipal Court Judicial Fund	Total
<b>Liabilities and Net Assets</b>									
Current liabilities (payable from current assets):									
Accounts payable	609	130	100	224	637	74	—	—	1,774
Other payables and accruals	43	—	701	13	713	—	173	476	2,119
Due to other governments	329	613	470	—	—	669	—	25	2,106
Capital lease payable	4	—	—	—	—	—	—	—	4
Deferred revenues	—	—	—	—	4	3	—	—	7
Total current liabilities (payable from current assets)	985	743	1,271	237	1,354	746	173	501	6,010
Current liabilities (payable from restricted assets):									
Accrued interest	—	—	—	—	—	7	—	—	7
Bonds payable, current portion	215	—	—	—	—	300	—	—	515
Deposits and other	—	—	—	—	—	111	—	—	111
Total current liabilities (payable from restricted assets)	215	—	—	—	—	418	—	—	633
Total current liabilities	1,200	743	1,271	237	1,354	1,164	173	501	6,643
Long-term liabilities:									
Capital lease payable	—	—	—	—	—	—	—	—	—
Revenue bonds (net of current portion)	5,910	—	7,400	600	4,853	—	—	—	18,763
Refunding bonds (net of current portion and unamortized loss on advance refunding)	—	—	1,349	—	—	2,780	—	—	2,780
FEMA Community Disaster Loan	1,441	51	86	—	—	—	—	—	1,578
Other	7,351	51	8,835	600	4,853	2,780	—	—	24,470
Total long-term liabilities	8,551	794	10,106	837	6,207	3,944	173	501	31,113
Total liabilities	190	32	8,638	—	10,843	5,259	6,123	—	31,085
Net assets:	274	—	895	211	465	606	—	—	2,451
Invested in capital assets – net of related debt	—	—	—	—	—	629	—	—	629
Restricted for bond debt service	—	—	—	—	—	756	—	—	756
Operations reserve	—	—	—	—	—	121	—	—	121
Restricted for replacement and improvement reserve	(1,474)	7,160	6,048	2,035	2,765	7,371	7,984	2,955	27,594
Unrestricted	(1,010)	7,192	15,581	2,246	14,073	7,371	14,107	2,955	62,515
Total net assets	7,541	7,986	25,687	3,083	20,280	11,315	14,280	3,456	93,628
Total liabilities and net assets									

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS**  
 Combining Statement of Activities  
 Non-major Component Units  
 Year ended December 31, 2008

	Program Revenues		Net (expense) revenue and changes in net assets				Net (expense) revenue and changes in net assets				New Orleans Municipal Court		Total
	Charges for services	Operating Grants	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Pontalba Restoration Corporation	Canal Street Development Corporation	Municipal Court	Judicial Fund		
<b>Component units:</b>													
Downtown Development District	\$ 6,381	67	(6,314)	—	—	—	—	—	—	—	—	—	(6,314)
New Orleans Tourism Marketing Corporation	12,918	3,811	—	(9,107)	—	—	—	—	—	—	—	—	(9,107)
Orleans Parish Communication District	3,680	—	—	—	1,183	—	—	—	—	—	—	—	1,183
Municipal Yacht Harbor Management Corporation	158	—	—	—	—	774	—	—	—	—	—	—	774
French Market Corporation	5,172	—	—	—	—	—	(914)	—	—	—	—	—	(914)
Upper Pontalba Building Restoration Corporation	1,580	—	—	—	—	—	—	(164)	—	—	—	—	(164)
Canal Steel Development Corporation	758	—	—	—	—	—	—	—	275	—	—	—	275
New Orleans Municipal Court	1,317	—	—	—	—	—	—	—	—	(1,317)	—	—	(1,317)
<b>Total component units</b>	<b>\$ 31,964</b>	<b>3,878</b>	<b>(6,314)</b>	<b>(9,107)</b>	<b>1,183</b>	<b>774</b>	<b>(914)</b>	<b>(164)</b>	<b>275</b>	<b>(1,317)</b>	<b>—</b>	<b>—</b>	<b>(15,584)</b>
General revenue (expense):													
Interest revenue			212	97	269	11	63	44	106	46	—	—	848
Property taxes			5,422	—	—	—	—	—	—	—	—	—	5,422
Other			272	9,380	(19)	—	550	—	—	1,296	—	—	11,479
<b>Total general revenues</b>			<b>5,906</b>	<b>9,477</b>	<b>250</b>	<b>11</b>	<b>613</b>	<b>44</b>	<b>106</b>	<b>1,342</b>	<b>—</b>	<b>—</b>	<b>17,749</b>
Changes in net assets			(408)	370	1,433	785	(301)	(120)	381	25	—	—	2,165
Net assets – beginning			(602)	6,822	14,148	1,461	14,374	7,491	13,726	2,930	—	—	60,350
Net assets – ending			(1,010)	7,192	15,581	2,246	14,073	7,371	14,107	2,955	—	—	62,515

See accompanying independent auditors' report.

**STATISTICAL SECTION**

# City of New Orleans, Louisiana

## Statistical Section

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

### Contents

#### Financial Trends

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

Exhibit E-1 Net Assets by Component

Exhibit E-2 Changes in Net Assets

Exhibit E-3 Fund Balances

Exhibit E-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.

Exhibit E-5 Assessed Value and Estimated Actual Value of Taxable Property

Exhibit E-6 Property Tax Rates

Exhibit E-7 Principal Property Taxpayers

Exhibit E-8 Property Tax Levies and Collections

#### Debt Capacity

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

Exhibit E-9 Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita

Exhibit E-10 Direct and Overlapping Debt

Exhibit E-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.

Exhibit E-12 Demographic and Economic Statistics

Exhibit E-13 Principal Employers

#### 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.

Exhibit E-14 City of New Orleans Employees by Department

Exhibit E-15 City of New Orleans Capital Asset Statistics

Exhibit E-16 Operating Indicators by Function

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

CITY OF NEW ORLEANS, LOUISIANA

Net Assets by Component  
Last Seven Fiscal Years  
(accrual basis of accounting)  
(expressed in thousands)

(unaudited)

	2002	2003	2004	2005	2006	2007	2008
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 879,590	834,329	817,046	678,766	610,072	645,610	641,132
Restricted	35,294	31,274	33,062	32,495	61,592	97,506	92,584
Unrestricted	(237,455)	(370,206)	(542,998)	(501,722)	(532,108)	(668,120)	(745,078)
Total governmental activities net assets	\$ 677,429	495,397	307,110	209,539	139,556	74,996	(11,362)
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 879,590	834,329	817,046	678,766	610,072	645,610	641,132
Restricted	35,294	31,274	33,062	32,495	61,592	97,506	92,584
Unrestricted	(237,455)	(370,206)	(542,998)	(501,722)	(532,108)	(668,120)	(745,078)
Total primary government net assets	\$ 677,429	495,397	307,110	209,539	139,556	74,996	(11,362)

Due to the changes in fund structures initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

CITY OF NEW ORLEANS, LOUISIANA

CHANGES IN NET ASSETS

Last Seven Fiscal Years  
(accrual basis of accounting)  
(expressed in thousands)

(unaudited)

	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>							
Governmental activities:							
Program Revenues:							
Charges for services:							
General government	68,670	70,822	75,410	59,207	50,768	51,749	65,812
Public safety	12,821	14,225	13,630	12,540	16,430	20,133	29,321
Public works	21,983	15,174	18,439	10,528	7,735	14,284	18,075
Health and human services	4,771	6,700	7,518	5,014	2,867	301	6,690
Culture and recreation	825	679	722	375	234	—	638
Urban development and housing	29	—	89	52	—	138	—
Economic development	—	—	127	94	597	4,229	170
Operating grants and contributions	75,577	90,215	93,926	222,175	77,773	134,097	118,295
Capital grants and contributions	17,395	13,405	15,478	12,728	10,256	53,237	20,353
General Revenues:							
Property taxes	136,304	130,961	146,065	160,130	127,659	142,480	152,690
Sales taxes	145,262	148,855	153,851	116,339	124,229	134,114	137,581
Other taxes	44,348	55,830	56,222	46,226	44,172	44,324	42,191
Investment earnings	—	—	3,803	11,133	17,862	19,580	18,251
Insurance proceeds	—	—	—	—	—	5,257	5,866
Miscellaneous	33,139	28,355	21,355	17,232	1,812	29,890	49,320
Gain on impairment	—	—	—	5,542	—	—	—
Loss on disposal of assets	—	—	—	—	—	—	(24,651)
Total primary government program revenues	561,124	575,221	606,635	679,315	482,394	653,813	640,602
<b>Expenses</b>							
Governmental activities:							
General government	\$ 180,591	294,275	332,685	238,143	193,604	203,620	205,260
Public safety	180,575	195,016	195,470	249,423	174,530	252,474	204,749
Public works	110,192	132,901	123,926	144,465	90,511	143,211	135,507
Health and human services	16,928	19,798	20,836	22,368	13,385	18,438	19,973
Culture and recreation	26,704	26,956	25,119	22,627	9,922	12,600	21,710
Urban development and housing	27,728	20,553	23,760	28,330	8,278	21,157	49,507
Economic development	12,721	14,218	15,149	13,731	6,968	6,606	17,102
Repairs and maintenance	—	—	—	—	—	—	—
Interest and fiscal charges	50,065	53,536	57,977	57,799	55,179	60,267	73,152
Total primary government expenses	605,504	757,253	794,922	776,886	552,377	718,373	726,960
<b>Net Revenue (Expense)</b>	\$ (44,380)	(182,032)	(188,287)	(97,571)	(69,983)	(64,560)	(86,358)

Due to the changes in fund structures initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

**CITY OF NEW ORLEANS, LOUISIANA**

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(expressed in thousands)

(unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Fund</b>										
Reserved	25,946	25,541	15,525	10,463	9,792	26,813	4,087	4,716	16,526	7,229
Unreserved:										
Designated for subsequent year	1,717	760	3,762	3,905	2,752	2,611	23,743	65,837	40,083	17,016
Undesignated	5,578	1,929	2,674	9,574	8,722	3,138	18,477	29,275	41,011	36,770
Total general fund	33,241	28,230	21,961	23,942	21,266	32,562	46,307	99,828	97,620	61,015
<b>All Other Governmental Funds</b>										
Reserved	818,552	114,269	64,345	83,616	100,627	111,271	105,586	105,955	158,297	185,897
Unreserved reported in:										
HUD	—	—	—	1,235	—	—	—	—	—	(267)
Federal UDAG	—	—	—	12,117	—	—	—	—	—	—
FEMA	—	—	—	—	—	—	(13,045)	(10,846)	(16,363)	(23,513)
Capital Projects	92,097	77,261	80,000	91,022	85,633	95,112	118,617	146,956	180,116	48,090
Non-major Governmental	49,656	55,459	56,100	43,002	45,994	27,844	24,438	28,974	34,636	28,544
Total all other government funds	960,305	246,989	200,445	230,992	232,254	234,227	235,596	271,039	356,686	238,751

**CITY OF NEW ORLEANS, LOUISIANA**  
**Change in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(expressed in thousands)**

(unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>REVENUES</b>										
Taxes	276,425	297,204	303,856	295,205	309,247	328,510	284,177	275,063	298,620	295,642
Licenses and permits	53,672	57,021	62,540	56,616	64,959	64,190	53,129	55,590	55,490	60,335
Intergovernmental	81,000	92,978	100,564	93,810	81,872	88,297	215,920	96,454	171,369	161,929
Charges for services	44,039	42,604	44,983	52,204	49,163	52,378	34,150	31,766	35,080	44,105
Program income	3,258	970	1,821	521	1,004	565	348	927	66	68
Fines and forfeits	14,438	13,448	17,097	18,222	17,201	22,667	15,557	8,330	12,325	17,232
Interest income	12,220	14,669	15,548	7,981	6,606	4,601	10,444	17,082	19,580	12,769
Contributions, gifts, donations	2,234	11,164	2,924	1,712	21,509	13,725	4,874	2,346	3,164	3,112
Miscellaneous and other	30,582	33,859	31,659	33,970	25,335	29,477	24,245	23,767	48,229	29,081
<b>Total Revenues</b>	<b>517,868</b>	<b>563,917</b>	<b>580,992</b>	<b>560,241</b>	<b>576,896</b>	<b>604,410</b>	<b>642,844</b>	<b>511,325</b>	<b>643,923</b>	<b>624,273</b>
<b>EXPENDITURES</b>										
General government	151,348	185,384	228,318	138,286	175,228	172,902	221,556	185,120	188,003	210,548
Public safety	162,376	167,953	158,179	154,931	163,700	185,156	243,939	169,141	209,423	200,430
Public works	56,067	64,568	60,269	65,009	63,614	69,355	61,687	31,281	79,397	75,834
Health and human services	20,241	16,801	17,901	18,801	19,788	20,775	22,368	13,237	17,844	19,973
Culture and recreation	27,762	30,543	33,009	26,302	26,846	24,875	19,536	8,704	13,425	20,078
Urban development and housing	2,976	32,300	31,360	28,006	20,521	23,728	28,330	8,186	22,529	49,507
Economic development and assistance	12,372	7,987	10,828	12,372	14,218	15,149	13,731	6,891	8,935	17,102
Capital projects	48,275	26,341	43,176	44,841	94,784	58,144	45,141	28,544	57,154	128,993
Debt service:										
Principal	30,185	38,787	46,155	38,515	47,106	44,005	37,912	37,329	40,951	42,168
Interest and fiscal charges	26,858	27,892	36,589	40,680	39,494	53,409	56,931	58,311	58,423	66,591
Payment to escrow for pension fund	—	170,660	—	—	—	—	—	—	—	—
Other, net	—	453	1,505	—	—	—	—	—	—	—
<b>Total Expenditures</b>	<b>538,460</b>	<b>769,669</b>	<b>667,289</b>	<b>567,743</b>	<b>665,299</b>	<b>667,498</b>	<b>751,131</b>	<b>546,744</b>	<b>696,084</b>	<b>831,224</b>
Revenue over (under) expenditures	(20,592)	(205,752)	(86,297)	(7,502)	(88,403)	(63,088)	(108,287)	(35,419)	(52,161)	(206,951)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	10,426	16,973	14,753	16,095	15,721	64,741	77,479	15,816	93,956	15,325
Transfers in from component unit	1,000	1,100	1,100	3,075	—	—	—	—	—	—
Transfers out	(10,426)	(16,973)	(14,753)	(16,095)	(15,721)	(64,741)	(77,479)	(15,816)	(93,956)	(15,325)
Issuance of notes payable	—	—	—	—	—	—	61,396	—	32,748	34,373
Issuance of Go Zone Notes	—	—	—	—	—	—	—	35,533	—	12,345
Issuance of long-term debt	32,400	197,757	32,384	107,235	80,200	88,980	51,350	—	75,147	—
Issuance of refunding bonds	—	—	—	—	—	—	105,279	—	—	—
Premium on issuance of long-term debt	—	—	—	—	1,513	127	12,901	—	—	—
Debt service assistance loan	—	—	—	—	—	—	—	—	23,549	—
Insurance proceeds	—	—	—	—	—	—	10,565	13,404	4,925	5,866
Payment to escrow agent	—	—	—	(70,280)	—	(12,760)	(118,090)	—	—	—
Other, net	—	—	—	—	5,276	10	—	(768)	(769)	(173)
<b>Total other financing sources (uses)</b>	<b>33,400</b>	<b>198,857</b>	<b>33,484</b>	<b>40,030</b>	<b>86,989</b>	<b>76,357</b>	<b>123,401</b>	<b>124,383</b>	<b>135,600</b>	<b>52,411</b>
<b>Net change in fund balances</b>	<b>12,808</b>	<b>(6,895)</b>	<b>(52,813)</b>	<b>32,528</b>	<b>(1,414)</b>	<b>13,269</b>	<b>15,114</b>	<b>88,964</b>	<b>83,439</b>	<b>(154,540)</b>
<b>GASB 44 debt service disclosure</b>	<b>11.64%</b>	<b>8.97%</b>	<b>13.26%</b>	<b>15.15%</b>	<b>15.18%</b>	<b>15.99%</b>	<b>13.43%</b>	<b>18.46%</b>	<b>15.55%</b>	<b>15.49%</b>



**CITY OF NEW ORLEANS, LOUISIANA**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(in thousands of dollars)

(unaudited)

Fiscal Year	Net Assessed Value		Total Net Assessed Value	Estimated actual value	Assessed Value as a Percentage of Actual Value
	Real Estate	Personal Property			
1999	\$ 1,013,240	592,741	1,605,981	12,636,496	12.71%
2000	1,159,821	628,860	1,788,681	14,133,694	12.66%
2001	1,214,098	651,744	1,865,842	14,751,485	12.65%
2002	1,231,764	619,368	1,851,132	14,687,067	12.60%
2003	1,248,743	650,595	1,899,338	15,040,781	12.63%
2004	1,423,261	679,826	2,103,087	16,731,518	12.57%
2005	1,492,750	620,797	2,113,547	16,774,183	12.60%
2006	1,103,604	565,287	1,668,891	13,245,167	12.60%
2007	1,362,097	483,200	1,845,297	14,645,214	12.60%
2008	2,004,624	539,492	2,544,116	20,698,664	12.29%

(1) Amounts are net of homestead exemption.

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

**CITY OF NEW ORLEANS, LOUISIANA**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(Number of Mills)**

(unaudited)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Direct property tax rates:										
City alimony, Sec. 15, Act 4 of 1916; Art. XIV, Sec. 24 Const. 1921 Act 151 of 1962	\$ 10.85	14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91
Interest and redemption city bond, Sec. 15, Act 4 of 1916 (Amended Act 575 of 1966)	23.80	31.70	38.20	28.40	28.40	28.40	26.90	26.90	26.90	26.90
Special tax for sewerage, water and drainage, Act 197 of 1938 and Act 626 of 1960, Art. XIV, Sec. 23.1, 23.4-23.12 Const. 1921	—	—	—	—	—	—	—	—	—	—
Special tax for maintenance, operations and extension of the drainage system, Act 565 of 1966, Art. XIV, Sec. 23.2 Const. 1921 and Art. VI, Sec. 22.36 and 32 Const. 1974.1 and Art. VII, Sec. 23, 1974 Const. LSA R.S. 47:1705 (B)	16.43	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59
Special tax for establishing and main- taining a zoological garden in Audubon Park, Art. X, Sec. 10 and Sec. 801 of Title 39 LA Const. 1972 approved by voters in a referendum November 1972	0.32	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Special dedicated tax to operate the Public Library Act VII, Part II Sec. 23 of LA Const. 1974, LSA R.S. 47:1705(B) approved by voters in November 1986	3.14	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32
Special tax dedicated to maintenance of double platoon Fire Department and triple platoon Police Department, Act 7 of 1920 Art. XIV, Sec. 25, Const. 1921	3.11	4.27	4.27	4.27	4.27	4.27	4.27	4.27	4.27	4.27
Special tax (additional) for increase in pay to officers and members of Police and Fire Department, Act 260 of 1928, Art. XIV, Sec. 25, Const. 1921	1.55	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13
Special tax to establish and main- tain an aquarium by the Audubon Commission Act. VII. Part II Sec. 23, of LA Const. 1974. LSA R-5, 47:1705 (B) approved by the voters in November 1986	2.99	4.11	4.11	4.11	4.11	4.11	4.11	4.11	4.11	4.11
Special tax, Police without Homestead Exemption: Police protection, Act 1103 of 1990; Art. VII, Sec. 23	3.98	5.26	5.26	5.26	5.26	5.26	5.26	5.26	5.26	5.26
Special tax, Fire without Homestead Exemption: Additional millages for fire protection, Act 1103 of 1990; Art. VII, Sec. 23	3.94	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21
Special tax, Neighborhood Housing Improvement	0.91	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Capital Improvements & Infrastructure Trust Fund	1.82	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Special tax, New Orleans Economic Development Fund	0.91	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Special tax, Parkways and Park and Recreation Department	2.18	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Special tax, Street and Traffic Control Device Maintenance	1.38	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Act 4 Assessors	0.87	1.19	1.19	—	—	—	—	—	—	—
	<b>78.18</b>	<b>106.03</b>	<b>112.53</b>	<b>101.54</b>	<b>101.54</b>	<b>101.54</b>	<b>100.04</b>	<b>100.04</b>	<b>100.04</b>	<b>100.04</b>

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(Number of Mills)**

(Unaudited)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Overlapping Property Tax Rates:</b>										
Special tax to provide funds for Board of funds for Board of Assessors according to Sec. 192531, 1925.2A title 47 LA revised statute Act 450, 1986	—	—	—	1.19	1.19	1.19	1.19	1.19	1.19	1.19
Special tax, Orleans Parish Levee Board, for support, maintenance and construction of levees and levee drainage as authorized by Act 6, Sec. 39, Const. 1974	4.53	6.21	6.21	6.21	6.21	6.21	6.21	5.46	5.46	5.46
Special tax, Orleans Parish Levee Board, for support, maintenance and construction of levees and levee drainage Art. XVI, Sec. 2 Const. 1921 amended, ratified Art. 6, Sec. 31 if the 1974 Const.	4.77	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
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 Act 51 of 1920, Act. XII, Sec. 16 Const. 1921 Act 264 of 1926; Act 751 of 1964	38.57	52.90	58.55	52.80	52.80	53.05	45.10	53.05	52.70	51.10
Special tax, Law Enforcement District of Orleans Parish, LRS 33:90001-9010	2.90	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total Overlapping property tax rates	50.77	69.16	74.31	69.75	69.75	70.00	62.05	69.25	68.90	67.30
Total	\$ 128.95	175.19	186.84	171.29	171.29	171.54	162.09	169.29	168.94	167.34

Source: City of New Orleans Administrative Office

CITY OF NEW ORLEANS, LOUISIANA  
Principal Property Taxpayers  
Last Ten Fiscal Years  
(Amounts in thousands)

(Unaudited)

Name of Taxpayer	Type of business	2008			2007			2006			2005			2004		
		Taxable Assessed Value	Rank	Percentage of total assessed value	Taxable Assessed Value	Rank	Percentage of total assessed value	Taxable Assessed Value	Rank	Percentage of total assessed value	Taxable Assessed Value	Rank	Percentage of total assessed value	Taxable Assessed Value	Rank	Percentage of total assessed value
Energy Services	Electric and gas utilities	63,918	1	2.51	62,461	1	3.39	60,220	1	3.65	75,766	1	3.58	74,583	1	3.72
BellSouth Telecommunications	Telephone utilities	57,127	2	2.25	54,206	2	2.95	58,436	2	3.55	57,952	2	2.74	59,469	2	2.96
Capital One Bank	Financial institution	46,409	3	1.82	42,459	3	2.31	46,436	3	3.55	57,952	2	2.74	59,469	2	2.96
Whitney National Bank	Financial institution	35,163	4	1.38	30,240	4	1.64	23,583	5	1.43	21,671	5	1.03	26,700	5	1.33
Harrath's Entertainment	Hospitality and gaming	41,221	5	1.62	28,310	5	1.55	27,178	4	1.65	26,701	4	1.26	25,780	6	1.29
International River Center	Real Estate	19,907	6	0.78	18,464	8	1.00	19,058	7	1.16	19,058	8	0.90	19,196	8	0.96
CS&M Association (Sheraton)	Real Estate	19,196	7	0.76	19,197	7	1.04	20,723	6	1.26	19,197	7	0.91	11,246	10	0.56
J P Morgan Chase Bank	Financial institution	19,173	8	0.76	20,459	6	1.11	13,385	9	0.81	14,219	9	0.67	14,141	9	0.96
Marrriott Hotel Properties	Hospitality	13,723	9	0.54	14,545	9	0.79	15,271	8	0.93	14,219	9	0.67	14,141	9	0.96
Hertz Properties	Auto Rental	10,877	10	0.43	11,737	10	0.64	15,271	8	0.93	14,219	9	0.67	14,141	9	0.96
Hibernia National Bank	Financial institution															
SHC New Orleans (Hyatt)	Hospitality															
Bank One	Financial institution															
Tenet	Managed Care															
Jazzland	Theme Park															
A. T. & T. Communications	Telecommunications															
Crecent Real Estate Equities	Real Estate															
EOP New Orleans LLC	Telecommunications															

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

(Continued)

CITY OF NEW ORLEANS, LOUISIANA  
Principal Property Taxpayers  
Last Ten Fiscal Years  
(amounts in thousands)

(unaudited)

Name of Taxpayer	Type of business	2003			2002			2001			2000			1999		
		Taxable Assessed Value	Percentage of total assessed value	Rank	Taxable Assessed Value	Percentage of total assessed value	Rank	Taxable Assessed Value	Percentage of total assessed value	Rank	Taxable Assessed Value	Percentage of total assessed value	Rank	Taxable Assessed Value	Percentage of total assessed value	Rank
Energy Services	Electric and gas utilities	73,366	4.17	1	74,501	4.11	1	72,612	3.89	1	70,099	4.15	1	70,099	4.13	1
BellSouth Telecommunications	Telephone utilities	60,995	3.37	2	59,439	3.28	2	61,875	3.32	2	67,488	3.53	2	67,488	3.98	2
Capital One Bank	Financial institution	24,146	1.80	5	26,398	1.46	6	26,610	1.42	5	20,148	1.52	5	20,148	1.19	5
Witney National Bank	Financial institution	23,946	1.34	6	33,119	1.83	4	22,688	1.22	6	22,688	1.30	6	22,688	1.30	6
Harrah's Entertainment	Hospitality and gaming	14,241	0.76	8	14,241	0.79	9	14,241	0.76	9	17,439	0.81	6	17,439	1.03	6
International River Center	Real Estate	11,463	0.63	10							12,625	0.74	9	12,625	0.74	9
CS&M Association (Sheraton)	Real Estate															
J P Morgan Chase Bank	Financial institution	13,728	0.72	9							14,978	0.88	7	14,978	0.88	7
Marriott Hotel Properties	Hospitality															
Hertz Properties	Auto Rental															
Hibernia National Bank	Financial institution	42,611	2.36	3	38,930	2.15	4	30,972	1.66	4	23,391	1.77	4	23,391	1.38	4
SHC New Orleans (Hyatt)	Hospitality	32,624	1.32	4	30,414	1.68	5	37,504	2.01	3	37,504	2.14	3	32,107	1.89	3
Banc One	Financial institution	18,319	1.01	7	16,575	0.91	7	13,328	0.71	10	13,328	0.76	10	13,328	0.76	10
Tenet	Managed Care				14,314	0.79	8	14,811	0.79	7	14,811	0.85	7	14,811	0.85	7
Jazzland	Theme Park							14,688	0.79	8	14,687	0.84	8	14,764	0.87	8
A T & T Communications	Telecommunications													12,347	0.73	10
Crescent Real Estate Equities	Real Estate				13,181	0.73	10									
EOP New Orleans LLC	Telecommunications															

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

**CITY OF NEW ORLEANS, LOUISIANA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

(unaudited)

Fiscal Year	Total levied	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent		Amount	Percentage of Levy
<b>Real estate taxes:</b>						
1999	\$ 172,016	\$ 159,563	92.76	\$ 10,738	\$ 170,301	99.00
2000	199,666	181,900	91.10	15,542	197,442	98.89
2001	209,441	195,395	93.29	11,657	207,052	98.86
2002	214,088	200,727	93.76	10,515	211,242	98.67
2003	217,039	205,934	94.88	8,386	214,320	98.75
2004	247,328	231,442	93.58	12,152	243,594	98.49
2005	267,327	248,381	92.91	13,995	262,376	98.15
2006	219,991	194,337	88.34	19,441	213,778	97.18
2007	250,462	225,743	90.13	12,358	238,101	95.06
2008	269,746	243,204	90.16	—	243,204	90.16
<b>Personal Property Taxes:</b>						
1999	\$ 98,467	\$ 81,111	82.37	\$ 12,340	\$ 93,451	94.91
2000	105,951	95,533	90.17	4,104	99,637	94.04
2001	110,058	91,086	82.76	9,533	100,619	91.42
2002	105,378	91,030	86.38	5,698	96,728	91.79
2003	110,691	99,402	89.80	4,354	103,756	93.73
2004	115,676	106,473	92.04	2,761	109,234	94.43
2005	106,354	99,120	93.20	1,689	100,809	94.79
2006	99,477	87,878	88.34	3,145	91,023	91.50
2007	82,046	74,258	90.51	983	75,241	91.71
2008	67,548	59,645	88.30	—	59,645	88.30

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 (1)	Assessed value real estate and personal property	General obligation bonded debt	Ratio of bonded debt to assessed value	Bonded debt per capita (2)
1999	486	1,605,981	485,156	30.21	998
2000	484	1,788,681	464,176	25.95	959
2001	478	1,865,842	464,495	24.89	972
2002	473	1,851,132	473,386	25.57	1,001
2003	468	1,899,338	485,986	25.59	1,038
2004	462	2,103,087	499,852	23.77	1,082
2005	455	2,113,547	493,683	23.36	1,085
2006	211	1,668,891	478,420	28.67	2,267
2007	288	1,845,297	538,514	29.18	1,870
2008	312	2,544,116	523,955	20.59	1,679

Source:

(1) United States Census Bureau

(2) Bonded debt per capita not in thousands.

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

**CITY OF NEW ORLEANS, LOUISIANA**  
**Computation of Direct and Overlapping Debt**  
 Last Ten Fiscal Years  
 (Amounts in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>City of New Orleans:</b>										
General Obligation, limited tax, and revenue bonds	\$ 497,036	645,271	640,465	643,708	650,761	658,452	687,888	655,800	717,299	696,565
Sewerage and Water Board	86,120	127,585	155,020	259,285	367,215	416,200	407,774	369,458	270,743	22,710
Audubon Commission	58,577	56,410	59,864	56,772	54,149	51,308	48,312	46,399	50,170	34,379
Total direct City debt	641,733	829,266	855,349	959,765	1,072,125	1,125,960	1,143,974	1,071,657	1,038,212	753,654
<b>Overlapping Debt: * (1)</b>										
Orleans Parish School Board	359,079	356,364	337,377	324,898	287,318	256,385	261,640	266,945	216,869	138,430
Orleans Levee District	117,939	113,680	111,150	125,217	78,360	74,345	69,890	65,115	60,005	54,530
Total overlapping debt	477,018	470,044	448,527	450,115	365,678	330,730	331,530	332,060	276,874	192,960
Total direct and overlapping debt	\$ 1,118,751	1,299,310	1,303,876	1,409,880	1,437,803	1,456,690	1,475,504	1,403,717	1,315,086	946,614

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

Sources: Orleans Parish School Board and Orleans Levee District

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



**CITY OF NEW ORLEANS, LOUISIANA**  
**Computation of Legal Debt Margin**  
**Last Ten Years**

(amount in thousands)  
(unaudited)

Fiscal year	Assessed value real estate and personal property	Debt Limitation 35% of total assessed value*	Amount of debt applicable to debt limitation **			Less Assets in debt service fund available for retirement of General Obligation Bds.	Total Amount of debt applicable to debt limit	Legal debt margin
			General Obligation Bonds ***	Limited Tax Bonds	Total			
1999	\$ 2,212,297	774,304	485,156	11,880	32,605	464,431	309,873	
2000	2,173,287	760,650	464,176	10,435	35,786	438,825	321,825	
2001	2,251,699	788,095	464,495	8,910	35,294	438,111	349,984	
2002	2,251,699	788,095	473,386	7,305	32,878	447,813	340,282	
2003	2,291,227	801,929	485,986	5,615	31,274	460,327	341,602	
2004	2,500,874	875,306	499,852	3,840	33,062	470,630	404,676	
2005	2,618,651	916,528	493,683	33,000	32,495	494,188	422,340	
2006	2,007,914	702,770	478,420	33,000	61,592	449,828	252,942	
2007	2,135,022	747,258	538,515	30,045	97,506	471,054	276,204	
2008	2,544,116	890,441	523,955	28,480	66,897	485,538	404,903	

Sources:

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

\*\* Excludes revenue bonds

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

**CITY OF NEW ORLEANS, LOUISIANA**  
**Demographic and Economic Statistics**  
**Last Ten Years**

(unaudited)

Fiscal year	Population (1) (3)	Per Capita Income (1) (3) (4)	Unemployment Rate (2) (3)
1999	486	24,223	4.5
2000	484	25,519	4.7
2001	478	27,930	6.0
2002	473	28,109	5.4
2003	468	28,965	5.4
2004	462	30,946	4.9
2005	455	11,502	7.4
2006	211	59,609	4.3
2007	288	53,433	3.5
2008	312	unavailable	4.4

Source and other:

(1) United States Census Bureau

(2) United States Department of Labor, Bureau of Labor Statistics

(3) Population in thousands, per capita income in US dollars, unemployment rate as percentage of population

(4) Bureau of Economic Economic Analysis, U.S. Department of Commerce

**CITY OF NEW ORLEANS, LOUISIANA**  
Principal Employers (non-public)  
Last Ten Years

(unaudited)

Rank / Number of Employees

	1999	2000	2001	2002	2003	2004 *	2005 *	2006	2007	2008
Acme Truck Line Inc.										
AI Copeland Investments Inc.										
American Nursing Services										
Avondale Industries Inc.										
Bailly's Casino Lakeshore Resort										
Bank One Louisiana										
BellSouth										
Boh Bros. Construction Co., LLC										
Boomtown Casino Westbank										
Columbia/HCA Healthcare Corp.										
Entergy Corp.										
First Commerce Corp.										
Harrath's New Orleans, A Jazz Casino Co.										
HCA-The Healthcare Co.										
Hibernia Corp.										
Hope Haven Center										
Houma Industries										
JCC Holding Co. LLC										
Laitram LLC										
Lockheed Martin Manned Space Systems										
Meadowcrest Hospital										
Memorial Medical Center										
Methodist Hospital										
Northrup Grumman Avondale										
Ochsner Medical Institutions										
Regional Transit Authority										
Superior Energy Services, Inc.										
Tenet Louisiana Health System										
Textron Marine & Land Systems										
Touro Infirmary										
Tulane University										
USDA, National Financé Center										
USES Corp./U.S. Environmental Sys., LLC										
Vinson Guard Service, Inc.										
West Jefferson Medical Center										
Whitney National Bank										

Source: New Orleans City Business Book except for 2006.  
2006 source infoUSA.com.

\* These years are unavailable.

**CITY OF NEW ORLEANS, LOUISIANA**  
**Full Time City Employees by Department**  
**Last Five Fiscal Years**

(unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Audubon Park	4	4	3	1	3
Aviation	200	116	111	114	111
Canal Street Development Corp.	2	2	0	1	0
Chief Administrative Office	166	59	61	65	61
City Council	69	41	49	59	49
City Planning	24	9	10	16	10
Civil Service	37	12	14	18	14
Coroner's Office	25	10	11	12	11
Criminal District Court/Clerk	90	52	78	88	78
Finance	173	59	69	84	69
Fire	770	751	687	685	687
French Market	41	13	18	25	18
Health	322	191	164	189	164
Historic Districts	8	6	6	9	6
Juvenile Court	59	30	28	27	28
Law	97	49	54	52	54
Library	221	19	81	88	81
Mayor's Office	98	67	75	110	75
Mosquito Control	36	38	33	36	33
Municipal Court	82	53	55	57	55
Museum of Art	44	10	22	18	22
Neighborhood One/NHIF	114	47	42	62	42
Parks and Parkways	218	100	85	107	85
Police	2,261	1,867	1,649	1,680	1,649
Property Management	142	89	73	72	73
Public Works	273	62	95	128	95
Recreation	222	21	33	42	33
Rivergate Development Corp.	2	1	1	2	1
Safety & Permits	104	61	61	65	61
Sanitation	77	35	33	23	33
Traffic Court	120	43	53	65	53
Vieux Carre	8	2	2	4	2
Welfare	63	14	20	26	20
Workforce Investment Act	7	6	7	8	7
Yacht Harbor	19	4	4	2	4
Sewer and Water Board	1,208	1,183	948	884	948
	<u>7,406</u>	<u>5,126</u>	<u>4,735</u>	<u>4,924</u>	<u>4,735</u>

Source: City of New Orleans Civil Service.

Information for years 1999 through 2003 are unavailable.

**City Of New Orleans, LOUISIANA**  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

(unaudited)

Function:	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Fire and Emergency Services:</b>										
Number of Stations:										
Police	8	8	8	8	8	8	8	8	8	8
Fire	*	*	33	33	33	33	15	30	30	29
<b>Recreation:</b>										
Number of facilities	178	172	169	169	169	169	*	*	89	104
<b>Roads:</b>										
Miles of roads maintained	1,759	1,759	1,757	1,757	1,757	1,757	*	*	1,759	1,759

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

\* Information not available for these years.

**City Of New Orleans**  
**Operating Indicators by Function**  
**Last Eight Fiscal Years**

(unaudited)

	Fiscal Year							
	2001	2002	2003	2004	2005	2006	2007	2008
<b>Emergency Responses:</b>								
<b>Police Department:</b>								
Response to Phone Emergencies	47,742	48,080	45,006	43,537	38,728	181,745	197,049	189,436
911 Responses	*	*	*	*	7,776	323,378	399,609	433,926
<b>Fire Department:</b>								
Response to Phone Emergencies	*	*	*	*	2,340	35,497	30,063	32,436
911 Responses	*	*	*	*	239	9,410	9,442	9,712
<b>EMS:</b>								
Response to Phone Emergencies	*	*	*	*	2,039	25,964	28,716	37,324
911 Responses	*	*	*	*	466	25,326	34,134	31,224
<b>Waste Disposal:</b>								
<b>Department of Sanitation:</b>								
Garbage Tonnage	271,716	275,238	268,661	284,242	219,258	114,427	173,239	214,827

Information for years 1999 and 2000 not available.

Sources: City of New Orleans Departments: Police, Fire, Health, Sanitation.

\* Information not available.