
CITY OF NEW ORLEANS, LOUISIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
DECEMBER 31, 2013
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

Prepared by the
Finance Department of
the City of New Orleans



A Professional Accounting Corporation

www.pncpa.com

CITY OF NEW ORLEANS, LOUISIANA

Comprehensive Annual Financial Report

December 31, 2013

(With Independent Auditors' Report Thereon)

CITY OF NEW ORLEANS, LOUISIANA

Comprehensive Annual Financial Report

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INTRODUCTORY SECTION

DEPARTMENT OF FINANCE
CITY OF NEW ORLEANS

MITCHELL J. LANDRIEU
MAYOR

NORMAN S. FOSTER
DIRECTOR OF FINANCE/CFO

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of New Orleans, Louisiana for the fiscal year ended December 31, 2013. The CAFR is provided to give detailed information about the financial position and activities of the City to citizens, City Council, City staff and other readers. City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. We believe the data, as presented, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City. These financial statements have been prepared by the City's Department of Finance, in accordance with generally accepted accounting principles (GAAP) for local governments.

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

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

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

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

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

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

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

YEAR IN REVIEW AND MAJOR INITIATIVES

The City of New Orleans made significant progress in 2013. After taking office in 2010, Mayor Mitch Landrieu committed to enhance quality of life across the city while creating lasting reforms that will endure for generations. After years of decline, New Orleans is now the fastest growing city in America, attracting high-tech jobs and becoming a hub of entrepreneurship. School performance is up and the city is a leader in school reform with 90% of our students attending charter schools. The City is aggressively attacking blight, and the real estate market is thriving. Billions of dollars are being invested in housing, schools, hospitals, parks and playgrounds, roads, and vital hurricane protection. New Orleans has turned a corner in its recovery from Hurricane Katrina and is moving forward on a new path.

KEY INFRASTRUCTURE IMPROVEMENTS

Improvements to the city's infrastructure kicked off 2013 with the unveiling of more than \$300 million in improvements at the Louis Armstrong International Airport and the opening of the \$60 million Loyola Avenue street car line in time for the city to host Super Bowl XLVII. The projects were another example of the city building back better than before by leveraging federal, state and local partnerships. In April 2013, the City also announced plans to build a brand new, state-of-the-art airport terminal. The \$826 million project will create 13,000 construction jobs and plans to be completed in 2018 for the 300th anniversary of New Orleans.

NEW ORLEANS EAST HOSPITAL

Delivering on the commitment to build a full service hospital in New Orleans East, Mayor Landrieu announced the start of construction on an 80 bed acute care hospital at the site of the former Methodist Hospital in January 2013. The \$130 million project, which is expected to open in summer of 2014, will restore full-service healthcare to residents in New Orleans East.

SAENGER THEATRE REOPENED

In September 2013, the City celebrated the reopening of the historic Saenger at 1111 Canal Street after a \$52 million renovation. The building, shuttered since suffering significant damage from Hurricane Katrina, was the focus of complex redevelopment through a public-private partnership between the City of New Orleans, the Canal Street Development Corporation, and ACE Theatrical Group. With the Saenger's opening, and the recent restorations of the Joy and Civic theaters, New Orleans stands poised to attract more residents and visitors downtown for live performances.

SUPER BOWL XLVII

New Orleans shined brightly on the world stage as the city hosted Super Bowl XLVII in the middle of the 2013 Carnival Season. The weeklong celebration wrapped an unprecedented run of major events hosted in the city and showed the world that New Orleans is back and better than ever before. More than 800 volunteers turned out to improve five NORDC playgrounds including, Lyons Center, Pontchartrain Park, Harrell Stadium, Hunter's Field and Kingswood Playspot. The project totaled \$5 million in improvements, including bench building, tree planting, landscaping and painting.

CAPITAL PROJECTS

Thirty-six capital projects were completed in 2013 totaling \$38.7 million. Highlights include Joe W. Brown Memorial Park in New Orleans East, Lyons Center in East Riverside, Treme Center, Cita Hubbell Library in Algiers Point, St. Roch Park, the Joseph Bartholomew Maintenance Warehouse in Pontchartrain Park, Norwood Thompson Playground in Gert Town and Harrell Stadium in Leonidas. Numerous 2013 projects leveraged support from corporate and philanthropic partners. By partnering with NIKE, Allstate, and the Brees Dream Foundation, Joe W. Brown Memorial Park includes a state-of-the-art community center, football stadium, and track and field facility. At the Lyons Center, Chevron provided funding for a new ballet studio and the NFL Foundation has provided a new computer lab. As part of the city of New Orleans hosting Super Bowl XLVII, the synthetic turf from the game was installed at Harrell Stadium through the support of Chevron and the Super Bowl Host Committee.

PUBLIC WORKS

In 2013, the City started construction on 33 projects with a total funding value of \$87 million. Major projects include the Sanchez Center and Natatorium in the Lower Ninth Ward, Coroner's Complex/ EMS Headquarters in B.W. Cooper, the new NORDC Headquarter at the Milne Boys Home in Milneburg, and the Stalling St. Claude Center. The City completed a total of 51 roadway projects in 2013 with a total funding investment of over \$56 million. This work resulted in over 17 miles of newly paved streets and an additional 13.5 miles of bike lanes. Before Hurricane Katrina, New Orleans had fewer than 5 miles of designated bikeways. The city now has over 80 miles of bikeways and by the end of 2014 will over 100 miles of bikeways.

DBE FOCUS

In 2013, the City strengthened its Disadvantaged Business Enterprises (DBE) program and increased the number of certified DBE businesses by certifying 103 new firms. To help build capacity for these firms, the City partnered with Goldman Sachs 10,000 Small Businesses at Delgado Community College to offer a small business seminar series. In total, DBE firms were awarded over \$45.5 million in business opportunities within the City of New Orleans. Through the City's JOB1 Business and Career Solutions Center, over 3,500 new job seekers were assisted with employment and training services and over 1,400 youths were provided job and career exploration opportunities through the Mayor's Summer Youth Employment Program.

BLIGHT

After Mayor Landrieu took office in 2010, New Orleans faced the worst blight problem in the country with an estimated 40,000 blighted structures and no strategy to address it. The City launched an aggressive blight reduction strategy based on extensive public input, national best practices, and advice from national experts, that prioritizes data-driven decision-making, innovative new enforcement policies, and opportunities for reinvestment to grow and strengthen neighborhoods. In 2013, the Landrieu administration reached its four year goal of reducing the number of blighted units by 10,000.

NOLA FOR LIFE

To make New Orleans safe, Mayor Landrieu has worked to reform the New Orleans Police Department (NOPD) and launched in 2012 the NOLA FOR LIFE initiative, a comprehensive murder reduction

strategy. Recognizing that law enforcement alone cannot solve the murder problem, NOLA FOR LIFE takes a holistic approach to get to the root of the problem, and implements initiatives in five main categories: Stop the Shooting; Invest in Prevention, Promote Jobs and Opportunity, Improve the NOPD, and Get Involved and Rebuild Neighborhoods.

In 2013, the City continued implementing proactive steps to prevent violence from occurring and helped young people and families succeed. These steps included doubling the number of summer jobs the City offered to young people and started partnerships with local businesses and universities to create new job training and placement services for those interested in the thousands of jobs that are coming online now at the Sewerage and Water Board, Regional Transit Authority, airport, and the new University Medical Center. During 2013, the City raised over \$1 million for local organizations that help stop the shooting and hosted NOLA FOR LIFE Days bringing hundreds of citizens together with community groups, City agencies, and the NOPD to clean up crime hot spots.

The City dedicated more resources to fighting crime including increasing the NOPD's homicide unit, employing proactive hot spot policing, and established a new Multi-Agency Gang Unit with local, state, and federal law enforcement.

The City made extraordinary progress in 2013 as statistics show that the number of murders in New Orleans reached its lowest point in over 30 years.

REFORMING NEW ORLEANS POLICE DEPARTMENT AND ORLEANS PARISH PRISON

Within weeks of taking office in 2010, the Landrieu Administration launched an ambitious, comprehensive plan to completely remake the New Orleans Police Department. The aim of these reforms are to reorient and improve the NOPD in three key areas: improve the quality of policing with a laser focus on New Orleans' top public safety concerns – murder and violent crime, ensure transparency and accountability to enhance public trust in the integrity and professionalism of the NOPD, and foster police-community partnerships to collaboratively solve problems and align police resources with community needs. During 2013, the City continued moving full-speed ahead with these reforms, restructuring the NOPD to be more effective, more responsive, and more efficient.

In 2013, the City also continued working with the Orleans Parish Sheriff's Office and the Justice Department to address issues at the Orleans Parish Prison, including the construction of a new constitutional jail that provides adequate housing and care for all prisoners, including those with medical, mental health, and substance abuse issues.

RECREATION DEVELOPMENT

New Orleans saw a number of major achievements in recreation in 2013 including openings at nearly a dozen recreational sites across the city, the launch of several capital projects, and successful summer and fall programming.

In 2013, the New Orleans Recreation and Development Commission (NORDC) offered 34 youth camps that served more than 3,400 children. Seven teen camps, offered in partnership with JOB1, the City's Office of Workforce Development, provided 900 teens recreational activities, exposure to a variety of careers and a weekly stipend. In total, 1,654 New Orleans youth and teen camp participants participated in the City's NOLA Youth Works Summer Youth Employment Program.

The City operated 13 pools in summer 2013 in conjunction with NORDC summer camps, along with public swimming and lessons. These included the pool at the Tremé Center, which is opened for the first time since Katrina and the pool at the newly renovated Lyons Center. Offered in partnership with the American Red Cross, the aquatics program provided 42,616 total hours of professional instruction to 5,442 participants. Over 70 partner agencies participated and 40 youth volunteers assisted as junior life guards and water safety aides. NORDC participated in the World's Largest Swimming Lesson, a global event to build awareness about the vital importance of teaching children to swim to help prevent drowning. The event was recorded for the Guinness World Book of Records, which included 123 youth from Kingsley House in a lesson at the Lyons Center Pool.

Economy

On June 18th, 2013, Forbes Magazine named New Orleans the fastest growing city in America. This recognition was a result of the astonishing growth in population, approximately 28%, since 2007. More than eight years after Hurricane Katrina, New Orleans continues to grow in population. Between July of 2012 and July of 2013, the City's population increased by 9,000 residents to 378,715, which represents a 2.5% increase from 2012.

In 2013 the City's economy showed healthy growth over the same period last year with approximately 2,700 more jobs or an increase in employment of about 2%. This increase was accompanied by a reduction in the unemployment rate from 7.0% at the end of 2012 to 5.5 % at the end of 2013. The sectors of the economy experiencing the most the gains during the year included professional and technical services, educational services, accommodation and food services, construction and retail trade. Job losses in New Orleans were most notable in the health care and social assistance, information and finance and insurance sectors.

The City enjoyed a remarkable year in terms of retail sales growth. It is estimated that the total value of taxable retail goods in the City surpassed the \$6 billion mark for the first time in history. This represents approximately a \$550 million increase from 2012 taxable retail sales. The rate of growth in sales of taxable goods for 2013 reached 9.6%, which is almost 2.5 times the rate of growth of the previous year. The City's robust retail development strategy was a critical factor contributing to this growth. New retail options that opened in 2013 or are currently under construction include Walmarts in New Orleans East and Gentilly, Costco on Carrollton Avenue, Mid-City Market, Algiers Plaza, South Market District, The Outlet Collection at Riverwalk, Magnolia Marketplace, H&M and Tiffany & Co. in the French Quarter, and CVS and Big Lots stores in New Orleans East.

Based on the latest personal income information released by the Bureau of Economic Analysis in late November of 2013, the New Orleans Metropolitan area personal income and personal income per capita grew by 3.3% and 2.2% in 2012 compared to 2011. Annualized growth for personal income and personal income per capita between 2010 and 2012 reached 3.7% and 2.2% respectively.

Figures released on September 17th, 2013 by the Bureau of Economic Analysis on real gross domestic product by metropolitan area reveal an annualized growth rate for the New Orleans Metro of approximately 2.7% between 2009 and 2012. This positions the New Orleans area among the fastest 25 growing metros in the country during the last 4 years.

According to the New Orleans Metropolitan Association of Realtors home prices in New Orleans continued to climb in 2013, reaching almost 15% in certain neighborhoods. The increase was driven by higher demand, in part fueled by historically low interest rates.

In 2013 New Orleans attracted 9.3 million visitors making it the second highest tourist count on record only behind the 10.1 million visitors in 2004, the year before hurricane Katrina. The number of visitors to the New Orleans Metropolitan area has increased from approximately 7.1 million in 2007 to 9.3 million in 2013, which represents an annualized growth rate of approximately 4.6% per year. The growth in tourism during the year was accompanied by robust growth in hotel and motel rental revenues, which surpassed the \$1 billion mark in 2013. Total visitor spending in the New Orleans metropolitan area during 2013 is estimated at over \$6 billion. New Orleans received top honors at the 2013 World Travel Awards for excellence in sports tourism, beating out leading travel and sports tourism destinations such as Chicago, Las Vegas, New York City, San Francisco and Toronto. This is the first time New Orleans has received the award since its inception in 2010.

In 2013 the City hosted Super Bowl XLVII. According to the University of New Orleans and the New Orleans Superbowl Committee the event generated a total economic impact of \$480 million, including both direct and secondary spending. In addition, the University of New Orleans estimates that nearly 5,672 full and part time jobs were created as a result.

In 2013, the airport set new records for passenger enplanement and arrivals and added four new air carriers; Frontier, Air Canada, Spirit and Vacation Express; and expanded its relationship with Southwest Airlines to increase flights by 35%. The airport added eight new destinations, including a second direct international destination to Cancun, Mexico. Airport passengers, as measured by enplanements, grew by almost 300,000 in 2013, which represents a 7% increase from the previous year. The cruise business sector continued to grow in 2013. Passenger volumes increased by approximately 152,000 in 2012 to almost 1 million passengers in 2013.

The Port of New Orleans cargo results for 2013 are reflective of the very slow economic growth in the U.S. General Cargo volumes for Fiscal Year 2013 had a slight decrease compared to Fiscal Year 2012. Port container tonnage decreased 172,000 tons or 4.1 percent when comparing Fiscal Year 2012. In comparison, 2012 general cargo tonnage increased 397,000 or 6.1 percent over Fiscal Year 2011.

Film production continues to be a major economic driver. In 2013, New Orleans hosted 60 tax credit film projects (TV, films, and commercials with budgets over \$300,000), with direct spending of \$456 million.

LOOKING FORWARD TO 2014

The New Orleans City Council unanimously approved the passage of the City's 2014 Capital and General Fund budgets, totaling \$247 million and \$504 million respectively. The 2014 budget will pay for five recruiting classes to put 150 new police officers on the streets. The capital budget will fund 100 new police cars on top of the 100 cars funded in 2013. NOPD, NOFD and EMS all received increases over their 2013 budgets. The budget also prioritized NORDC again, adding nearly another \$1 million on top of their 2013 budget. To combat blight, more funds were allocated for new inspectors and title research staff to help speed up the blight eradication process.

FINANCIAL CONTROLS

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

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

BUDGETARY PROCEDURES

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

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

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

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

The Mayor's 2013 Budget was prepared using a process called Budgeting for Outcomes (BFO). Budgeting for Outcomes is designed to improve services and get a better return on investment of public dollars. BFO starts with a set of results that matter to citizens and encourage creative ways of achieving them within the resources available. In line with the Mayor's budgeting principles, BFO emphasizes accountability, innovation and teamwork. Like performance budgeting, BFO focuses on what the public receives, how much it costs and how outcomes will be measured. BFO starts with the results citizens want from their City government and works to align those priorities with the budget decision- making process.

CAPITAL BUDGET

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

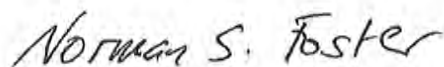
RISK MANAGEMENT

The City 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 the unemployment and worker's compensation self-insurance programs and to employees and the City's various funds for the hospitalization self-insurance programs. In addition, the City's Risk Management Division works toward reducing the number of claims which proceed to lawsuits, shorten length of time in which a claim is processed or resolved, and provides investigations and support services and employs various risk control techniques.

ACKNOWLEDGMENTS

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

Respectfully submitted,



Norman S. Foster
Director of Finance

CITY OF NEW ORLEANS, LOUISIANA

Government Officials – Elected and Appointed

December 31, 2013

City Council

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

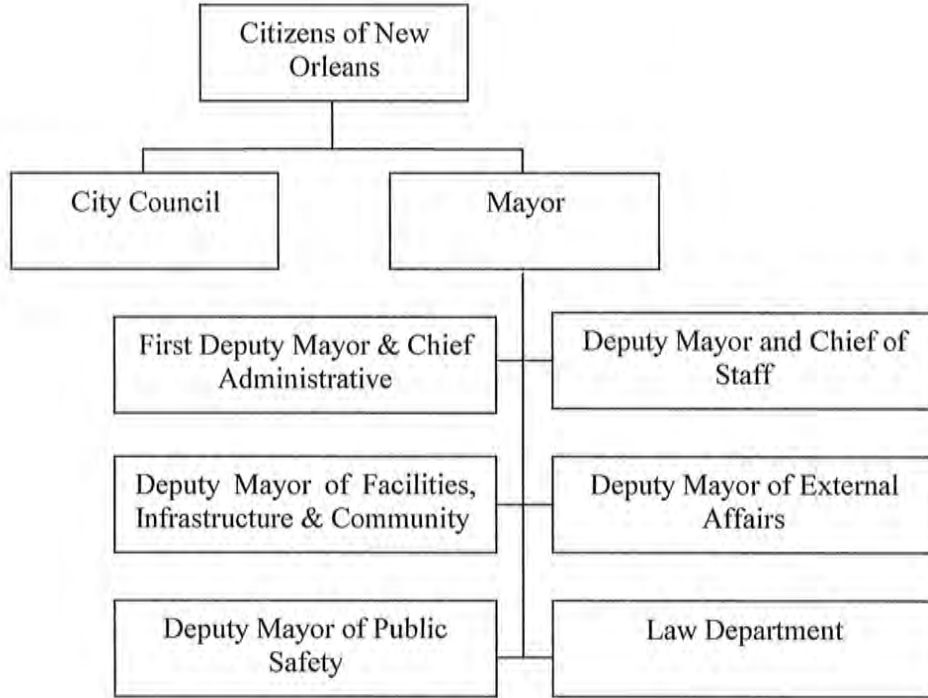
Executive Staff

Mayor	Mr. Mitchell J. Landrieu
First Deputy Mayor and Chief Administrative Officer	Mr. Andrew Kopplin
Deputy Mayor and Chief of Staff	Ms. Judy Reese Morse
Deputy Mayor of External Affairs	Ms. Emily Arata
Deputy Mayor of Facilities, Infra. and Community	Mr. Cedric S. Grant
Deputy Mayor of Public Safety	Lt. Col. Jerry Sneed
City Attorney	Ms. Sharonda Williams
Deputy Chief Administrative Officer	Ms. Ava L. Rogers
Acting Health Director	Ms. Charlotte Parent
Superintendent - Fire	Chief Timothy McConnell
Superintendent - Police	Chief Ronal Serpas
Director of Finance	Mr. Norman SJ Foster

CITY OF NEW ORLEANS, LOUISIANA

New Orleans City Government Organizational Chart

December 31, 2013



FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Upper Pontalba Building Restoration Corporation, the Canal Street Development Corporation, the Orleans Parish Hospital Service District A, and the Downtown Development District, which represent 10% and 21% 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 85% of the assets and 58% of the additions and revenues of the aggregate remaining fund information; and the Board of Liquidation, City Debt, which is included in a major fund and 16% and 18% of assets and revenues of the governmental activities, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Upper Pontalba Building Restoration Corporation, the Canal Street Development Corporation, the Orleans Parish Hospital Service District A, the Downtown Development District, the Firefighters' Pension and Relief Fund of the City of New Orleans (old and new systems), the Police Pension Fund of the City of New Orleans, the Employees' Retirement System of the City of New Orleans, and the Board of Liquidation, City Debt, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of funding progress on pages 4 through 15 and 76 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



New Orleans, Louisiana
June 27, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NEW ORLEANS

Management's Discussion and Analysis

December 31, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the City's basic financial statements and the notes to the basic financial statements.

Financial Highlights

- The City's net position balance on the government-wide basis was approximately \$184.8 million at December 31, 2013.
- The government-wide statement of activities reported an increase in net position of \$155.7 million.
- 2013 general fund tax revenues increased by \$21.2 million, or 7.2%, compared to 2012.
- The general fund reported an excess of revenues and other financing sources over expenses and other financing uses of \$26.3 million for a total ending fund balance surplus at December 31, 2013 of \$17.0 million. The general fund's unassigned fund balance at December 31, 2013 is a surplus of \$10.9 million.
- Total governmental funds reported an excess of revenues and other financing sources over expenses and other financing uses of \$71.6 million.
- Total cash and investments of governmental funds amounted to \$227.8 million at December 31, 2013, an increase of \$47.1 million compared to December 31, 2012.
- Total bonded debt amounted to \$712.5 million, an increase of \$16.9 million over the beginning of the year total.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

The City maintains 61 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for its seven major funds: the General Fund, the Department of Housing and Urban Development (HUD) grant fund, the Federal UDAG grant fund, the Federal Emergency Management Agency (FEMA) fund, the Debt Service Fund, the Capital Projects Fund, and the Louisiana Office of Community Development (LCD) grant fund. Data from the other governmental funds are combined under the heading "Nonmajor Governmental Funds."

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

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

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

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

Government-wide Financial Analysis

As noted previously, net position over time, may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$184.8 million at December 31, 2013.

Net Position

December 31, 2013 and 2012

(Amounts in thousands)

	Governmental Activities	
	2013	2012 (as restated)
Current and other assets	\$ 344,434	\$ 287,068
Capital assets	1,550,110	1,474,291
Total assets	<u>1,894,544</u>	<u>1,761,359</u>
Deferred loss on bond refunding	7,241	8,073
Total deferred outflows of resources	<u>7,241</u>	<u>8,073</u>
Long-term liabilities	1,595,255	1,588,235
Other liabilities	114,342	148,429
Total liabilities	<u>1,709,597</u>	<u>1,736,664</u>
Unavailable revenue	7,386	3,699
Total deferred inflows of resources	<u>7,386</u>	<u>3,699</u>
Net position:		
Net investment in capital assets	894,662	890,521
Restricted	113,204	81,294
Unrestricted (deficit)	<u>(823,064)</u>	<u>(942,746)</u>
Total net position	<u>\$ 184,802</u>	<u>\$ 29,069</u>

CITY OF NEW ORLEANS

Management's Discussion and Analysis

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The City's statement of net position reflects its net investment in capital assets in the amount of \$894.7 million at December 31, 2013. 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 \$77.8 million at December 31, 2013 to provide for the servicing of annual interest and principal payments on bonds and are classified in restricted net position. The unrestricted deficit net position in the amount of \$823.1 million is due to the City's recording of long-term obligations including claims and judgments, liabilities, accrued annual and sick leave. The unrestricted deficit decreased by \$119.7 million, which is primarily due to the change in net position described below.

Governmental Activities

Total revenue increased by \$73.1 million or 8.8% from \$832.1 million in 2012 to \$905.2 million in 2013. This increase is primarily attributable to an increase of \$24.0 million in income from property taxes. Sales tax revenues increased by \$13.3 million, or 8.2%, due to an increase in general and hotel sales revenue as a result of the City hosting Super Bowl XLVII and four national retailers opening in 2011. Capital grants and contributions increased by \$51.2 million, or 56.6%, due to the increase in revenues from the FEMA disaster grant.

Total expenses were \$749.5 million in 2013, a decrease of \$160.0 million, or 17.6%, compared to \$910.5 million in 2012. General government expense decreased \$134.9 million, or 35.2%, from \$382.2 million in 2012 to \$247.3 million in 2013 primarily due to the increase in the estimate for legal claims \$98.9 million in 2012 compared to an increase of \$2.7 million in 2013. Urban development and housing expense decreased \$9.6 million, or 28.8%, from \$33.5 million in 2012 to \$23.9 million in 2013 due to ending of several major grants.

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A comparison of 2013 to 2012 is as follows (amounts are reported in thousands):

	2013	2012 (as restated)
Revenues:		
Program revenues:		
Charges for services	\$ 140,590	\$ 158,206
Operating grants and contributions	139,577	143,964
Capital grants and contributions	141,650	90,434
General revenues:		
Property taxes	204,335	180,318
Sales taxes	176,465	163,128
Other taxes	57,134	46,953
Investment earnings (losses)	15,231	13,470
Forgiveness of debt	1,027	5,973
Miscellaneous	29,189	29,674
Total revenues	905,198	832,120
Expenses:		
General government	247,292	382,208
Public safety	230,231	233,745
Public works	124,449	133,817
Health and human services	27,981	26,805
Culture and recreation	23,403	24,576
Urban development and housing	23,891	33,538
Economic development	12,731	8,793
Interest and fiscal changes	59,487	66,996
Total expenses	749,465	910,478
Change in net position	155,733	(78,358)
Net position, beginning of year as restated	29,069	107,427
Net position, ending	\$ 184,802	\$ 29,069

Financial Analysis of the Governmental Funds

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

At December 31, 2013, the City's governmental funds reported a combined fund balances of \$179.0 million, an increase of \$71.6 million in comparison with the prior year. Included in this amount is a deficit of \$25.6 million which constitutes unassigned fund balance. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$2.4 million), 2) restricted for particular purposes (\$137.1 million), 3) committed for particular purposes (\$64.9 million), or 4) assigned for particular purposes (\$225 thousand).

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General Fund

The general fund is the chief operating fund of the City. At December 31, 2013, the general fund's fund balance increased by \$26.3 million from a \$9.3 million deficit in 2012 to a \$16.9 million surplus in 2013. Key factors relative to this change are as follows:

- Expenditures decreased in 2013 to \$512.4 million compared to \$529.3 million in 2012, a decrease of \$16.9 million, which represents a 3.2% decrease in expenditures. General government expenditures decreased due to the ending of debt service payments out of the General Fund and the New Orleans Police Department's delay in hiring new police officers.
- Debt service expenditures for the general fund decreased by \$14.2 million or 35.6% compared to 2012 as a result of the issuance of the Series 2012 Taxable Limited Tax bonds and defeasance of existing bonds in 2012.
- Total revenues and other financing sources (uses), net, for the general fund decreased by \$30.7 million or 5.4% compared to 2012.
- Other financing sources (uses), net, totaled (\$3.0) million in 2013 representing a decrease of \$62.4 million in comparison to 2012 due to the issuance of the Series 2012 Taxable Limited Tax bonds and defeasance of existing bonds in 2012.
- Charges for services increased by \$4.8 million or 6.5% compared to 2012.
- Taxes increased by \$21.2 million or 7.2% as compared to 2012.
- Licenses and Permits revenues increased by \$6.4 million or 11.2% as compared to 2012.
- Fines and Fees revenues decreased by \$1.4 million or 4.0% as compared to 2012.
- Miscellaneous revenues decreased from \$29.6 million in 2012 to \$25.3 million in 2013, a decrease of \$4.3 million, or 14.6%.
- In 2012, the City was required to pay \$46.0 million to terminate the interest rate swap on the 2000 Taxable Revenue Pension Bonds. This expense was included as a special item on the statement of revenues, expenditures and changes in fund balance.

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The accompanying table shows the amount (in thousands) of general fund revenues by source for 2013 and 2012.

Revenues and Other Financing Sources	2013 Actual	% of Total	Increase (Decrease) Over 2012	2012 Actual	% of Total
Taxes	\$ 316,578	58.77%	\$ 21,159	\$ 295,419	51.89%
Licenses and permits	62,963	11.69	6,351	56,612	9.94
Intergovernmental	24,304	4.51	4,590	19,714	3.46
Charges for services	78,996	14.66	4,832	74,164	13.03
Fines and forfeits	32,947	6.12	(1,368)	34,315	6.03
Interest income	24	0.00	(61)	85	0.01
Contributions, gifts, and donations	614	0.11	574	40	0.01
Miscellaneous and other	25,279	4.69	(4,326)	29,605	5.20
Other financing sources (uses), net	(3,028)	(0.55)	(62,434)	59,406	10.43
	<u>\$ 538,677</u>	<u>100.0%</u>	<u>\$ (30,683)</u>	<u>\$ 569,360</u>	<u>100.0%</u>

The accompanying table shows the amount (in thousands) of general fund expenditures by source for 2013 and 2012.

Expenditures	2013 Actual	% of Total	Increase (Decrease) Over 2012	2012 Actual	% of Total
General government	\$ 162,924	31.80%	\$ 139	\$ 162,785	30.76%
Public safety	220,464	43.03	774	219,690	41.51
Public works	63,545	12.40	(6,927)	70,472	13.31
Health and human services	14,993	2.93	(912)	15,905	3.00
Other	24,766	4.83	4,236	20,530	3.88
Debt service	25,693	5.01	(14,211)	39,904	7.54
	<u>\$ 512,385</u>	<u>100.0%</u>	<u>\$ (16,901)</u>	<u>\$ 529,286</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 \$1.5 million from \$19.2 million in 2012 to \$20.8 million in 2013, and expenditures decreased \$7.0 million from \$26.9 million in 2012 to \$19.9 million in 2013. The increase in revenues was due to increased activity in the HOME grant. The decrease in expenditures is due to the ending of several grant periods (Neighborhood Stabilization Program and Homeless Prevention and Rapid Re-Housing grants) as well as moving the Shelter Plus Care grant operation in-house.

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Federal UDAG Fund

The Federal UDAG special revenue fund accounts for grants received from HUD for the purpose of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Expenditures decreased \$972 thousand from \$1.2 million in 2012 to \$239 thousand in 2013. Revenues were \$1.5 million in 2013 compared to \$77 thousand in 2012. The change in revenues and expenditures are due to the allocation of funding for the N.O. East Hospital. Most of the project expenditures related to the hospital were incurred in 2012. However, the related revenues were made available in 2013.

FEMA Fund

The FEMA Fund primarily accounts for grants received as a result of Hurricanes Katrina, Rita and Gustav from the Federal government. FEMA, as authorized by the Stafford Act, assists individuals, as well as, state and local governments with response to and recovery from disasters. The FEMA grants are reimbursement basis grants where expenditures and related revenues have been accrued. The deficit in the FEMA fund at December 31, 2013 is primarily due to revenue that has been deferred and will be collected by the City in the future in addition to funds borrowed from the general fund to cover expenditures of the FEMA Fund. Revenue amounted to \$20.9 million in 2013 compared to \$71.6 million in 2012 while expenditures totaled \$18.6 million in 2013 compared to \$42.0 million in 2012. The decrease in revenues and expenditures is due, in part, to the City's decision to request less advanced funding from GOHSEP in 2013, opting to follow the traditional reimbursement process. There was also a decline in reimbursement activities to focus on meeting closeout targets imposed by FEMA and GOHSEP, which is tied to the City's future eligibility for Direct Administrative Cost funding.

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 \$77.8 million at December 31, 2013, which was a \$3.5 million decrease compared to the prior year balance of \$81.3 million. The decrease is due to 2013 debt service payments.

Capital Project Funds

The Capital Projects fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and repair and maintenance projects other than those accounted for in the component units. Expenditures for capital projects in 2013 totaled \$143.3 million, an increase of \$47.2 million compared to 2012. The increase in expenditures in the capital projects fund is due to the change in the status of projects from the design stage in 2012 to the construction stage in 2013. The increase in revenues is related to the increase in expenditures for reimbursement of these costs from intergovernmental grants.

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Louisiana Office of Community Development Fund

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

Revenues increased \$17.2 million from \$21.8 million in 2012 to \$39.0 million in 2013, and expenditures decreased \$3.0 million from \$25.5 million in 2012 to \$22.5 million in 2013. The increase in revenue is due to a timing issue relative to reimbursement of funding from the State. The decrease in expenditures in the LCD fund is due to the ongoing completion of various phases of the capital and operating projects resulting in a reduction in available funds.

General Fund Budgetary Highlights

Variations between general fund amended budget and actual expenditures are delineated in the schedule below. The 2013 amended budgeted revenues and expenditures were increased primarily to reflect the restructuring of the City's Pension Revenue Bonds as noted in the schedule below.

	2013		
	Budget	Actual on budgetary basis	Variance Positive (Negative)
Revenues			
Taxes	\$ 310,685	\$ 316,578	\$ 5,893
Licenses and permits	53,070	62,963	9,893
Intergovernmental	13,575	24,304	10,729
Charges for services	73,191	79,101	5,910
Fines and forfeits	30,415	31,628	1,213
Interest income	63	34	(29)
Contributions, gifts, and donations	5,762	452	(5,310)
Miscellaneous	5,890	28,454	22,564
Total Revenues	492,651	543,514	50,863
Expenditures	509,751	516,346	(6,595)
Other financing sources (uses), net	17,100	(4,014)	(21,114)
Change in fund balance	\$ -	\$ 23,154	\$ 23,154

CITY OF NEW ORLEANS
Management's Discussion and Analysis
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Capital Assets

Capital assets at December 31, 2013 and 2012 are as follows (net of depreciation):

	<u>2013</u>	<u>2012</u>
Land	\$ 94,474	\$ 94,474
Construction in progress	447,135	347,632
Buildings, improvements, and equipment	273,155	248,134
Other	10,310	11,939
Infrastructure assets	725,036	772,112
	<u>\$ 1,550,110</u>	<u>\$ 1,474,291</u>

Hurricane Katrina and the related flooding caused physical damage to the City's capital assets. As a result, certain assets were destroyed and other assets, specifically buildings, require restoration efforts to restore their service utility. Some assets have been demolished and are being replaced. Buildings, improvements, equipment, other, and infrastructure assets have been reduced in value as a result of demolition, damage, or depreciation. Rebuilding efforts are ongoing and, as a result, the replacement and repair costs for these assets have led to an increase in construction in progress of \$347.6 million at December 31, 2012 to \$447.1 million at December 31, 2013.

Debt Administration

Outstanding general obligation bonds at December 31, 2013 totaled \$489.5 million, all of which are considered to be net, direct-tax supported debt. There are no special assessment bonds outstanding. During 2013, the City issued \$40.0 million of Taxable Public Improvement Bonds.

Outstanding Debt

	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 489,463	\$ 470,077
Accreted GO 1991 refunding bonds	83,739	95,344
Limited tax bonds	19,550	21,500
Taxable limited tax bonds	195,885	195,885
Revenue bonds	7,610	8,125
Total bonds	<u>796,247</u>	<u>790,931</u>
Certificates of indebtedness	13,340	26,015
Notes payable (vehicle and equipment loans)	2,782	4,312
Capital leases	12,933	15,993
Go Zone Notes	74,706	76,082
Section 108 HUD loans	17,998	20,778
Total outstanding debt	<u>\$ 918,006</u>	<u>\$ 934,111</u>

CITY OF NEW ORLEANS
Management's Discussion and Analysis
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The following is a summary of debt transactions:

Balance at January 1, 2013	\$	934,111
New issues		40,000
Payments		<u>(56,103)</u>
Balance at December 31, 2013	\$	<u>918,008</u>

The Louisiana Legislature, in Act 1 of 1994, increased the City's general obligation bond debt limit to an amount equal to the greater of (i) \$500,000,000 or (ii) 35% of total assessed valuation of the City. Under Act 1, based on the most recent assessed valuations, the City's debt limit is \$1.3 billion as of December 31, 2013. At December 31, 2013, the City's legal debt margin adjusted for outstanding principal of \$489.5 million and past and future accretion of \$104.9 million on the City's outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$36.5 million to service this debt was \$694.8 million.

As of December 31, 2013, Moody's general obligation bond rating for the City was "A3", Fitch general obligation bond rating was "A-", and Standard & Poor's general obligation bond rating was "BBB+".

Economic Factors and Next Year's Budgets and Rates

The General Fund's final budgeted revenues and other financing sources exceeded the original budgeted revenues and other financing sources by approximately \$22.5 million, and final budgeted expenditures exceeded original budgeted expenditures by approximately \$22.5 million. The budget change was primarily the result of an increase in intergovernmental revenue due to the State's supplemental pay for public safety employees and higher intergovernmental revenue through participation in a new State program that supplements revenues for emergency medical service transports covered through Medicaid. The remaining increase was the result of several small revenue additions for miscellaneous reimbursements and contributions.

The 2014 budgeted revenues and expenditures were increased primarily to reflect higher sales tax, higher Entergy franchise fee revenue and additional intergovernmental revenues as a result of the City's participation in a new State program that supplements revenues resulting from emergency medical service transports for Medicaid patients.

The following table presents an adopted budget comparison for 2014, 2013, and 2012 (amounts in thousands):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues and other financing sources	\$ 504,936	\$ 491,379	\$ 494,879
Expenditures	504,936	491,379	494,879

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Management's Discussion and Analysis

December 31, 2013

Nearly five years since the end of the Great Recession, the US economy continues to grow at a timid pace. Gross Domestic Product in 2013 grew by a modest 1.8 percent. The government shutdown in October, the expiration of the temporary payroll tax cut at the beginning of the year, and the budget caps on discretionary spending were all factors affecting overall spending in 2013. The labor market did show signs of further improvement during 2013, with unemployment decreasing to levels not seen until before the 2009 recession. Consumer price inflation remained low in 2013 with the price index for personal consumption expenditures increasing at an annual rate of approximately 1 percent. Lending policies for home purchase remained quite tight overall, but there are some indications that mortgage credit is starting to become more widely available.

The New Orleans economy continues to outpace the national economy. Partnerships between the City, the State and the business community have been critical to the City's economic success. The City's economic development efforts have been effective in attracting new businesses and new jobs. As a result, employment and population growth are steady and expected to continue well ahead of national levels. In 2013, employment in professional and business services increased by about 2,600 jobs or 4 percent over 2012 figures. The second biggest gain was recorded in retail where about 1,600 (3 percent) additional jobs were added to the local economy. The construction sector also reported a substantial growth in employment due to an increase in the residential and non-residential contract activity. This sector added about 1,200 (4 percent) jobs over 2012.

The tourism industry continues to expand. In 2013, approximately 9.3 million tourists visited New Orleans, a 3% increase from the prior year. Greater visitor spending in New Orleans resulted in additional tourism related employment opportunities.

The real estate market is performing well with record number of building permits issued in 2013. Net assessed taxable property values within the City increased by almost 5 percent in 2013 as compared to 2012. Multiple year projects like the rebuilding of New Orleans public schools, the University Medical Center, and the Veterans Affairs Hospital continue to drive up non-residential contracts.

The City's robust strategy to bring more retail to Orleans Parish, including renown stores like Costco, H&M, and Tiffany and Co., is not only enhancing shopping alternatives to residents, but is also strengthening the City's finances. Retail sales tax grew by 9.6 percent in 2013, as compared to 2012. New retail options currently on the way include Walmart in New Orleans East and Gentilly, Mid-City Market, Algiers Plaza, South Market District, The Outlet Collection at Riverwalk, Magnolia Marketplace, and CVS and Big Lots stores in New Orleans East.

The City of New Orleans hosted Super Bowl XLVII in the middle of the 2013 Carnival Season. The weeklong celebration wrapped an unprecedented run of major events hosted in the city and showed the world that New Orleans is back and better than ever before. With an estimated \$480 million economic impact, Super Bowl XLVII was a major success for the City's local economy.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF NEW ORLEANS, LOUISIANA

Statement of Net Position

December 31, 2013

(Amounts in thousands)

Assets	Primary government Governmental activities	Component units
Cash and cash equivalents	\$ 62,125	116,617
Investments	165,644	68,472
Receivables (net of allowance for uncollectibles):		
Taxes	31,443	8,390
Accounts	10,841	26,138
Interest	—	28
Grantee loans	1,517	12,432
Other	—	21,467
Due from component units	19,627	—
Due from other governments	53,213	2,674
Other assets	24	36,304
Restricted cash and investments	—	199,268
Capital assets (net of accumulated depreciation)	1,550,110	2,945,985
Total assets	<u>1,894,544</u>	<u>3,437,775</u>
Deferred Outflows of Resources		
Deferred loss on bond refunding	7,241	20,654
Total deferred outflows of resources	<u>7,241</u>	<u>20,654</u>
Liabilities		
Accounts payable	84,953	57,297
Retainages payable	3,728	6,548
Accrued expenses	1,001	29,846
Taxes payable	5,422	—
Accrued interest payable	6,218	13,653
Due to component units	59	—
Due to other governments	10,217	31,650
Unearned revenue	2,744	—
Liabilities payable from restricted assets	—	17,460
Long-term liabilities due within one year	163,403	44,880
Long-term liabilities due in more than one year	1,431,852	810,323
Total liabilities	<u>1,709,597</u>	<u>1,011,657</u>
Deferred Inflows of Resources		
Unavailable revenue	7,386	2,031
Total deferred inflows of resources	<u>7,386</u>	<u>2,031</u>
Net Position		
Net investment in capital assets	894,662	2,358,587
Restricted for debt service	77,759	80,009
Restricted for capital improvement	35,445	50,009
Restricted for operating reserve	—	16,030
Unrestricted (deficit)	(823,064)	(59,894)
Total net position	<u>\$ 184,802</u>	<u>2,444,741</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Statement of Activities

Year ended December 31, 2013

(Amounts in thousands)

Functions/Programs	Expenses	Charges for services	Program revenues		Net (expense) revenue and changes in net position	
			Operating grants and contributions	Capital grants and contributions	Primary government activities	Component units
Primary government:						
Governmental activities:						
General government	\$ 247,292	70,692	71,383	31,659	(73,558)	—
Public safety	230,231	22,331	15,605	5,137	(187,158)	—
Public works	124,449	37,015	3,331	84,113	10	—
Health and human services	27,981	8,003	15,510	12,412	7,944	—
Culture and recreation	23,403	814	4,127	8,329	(10,133)	—
Urban development and housing	23,891	1,735	24,179	—	2,023	—
Economic development	12,731	—	5,442	—	(7,289)	—
Interest and fiscal charges	59,487	—	—	—	(59,487)	—
Total primary government	\$ 749,465	140,590	139,577	141,650	(327,648)	—
Component units:						
Audubon Commission	\$ 59,061	38,829	—	11,273	—	(8,959)
Louis Armstrong New Orleans International Airport	107,820	73,485	—	9,187	—	(25,148)
Sewerage and Water Board	188,712	143,577	2,054	114,318	—	71,237
Other nonmajor component units	55,926	35,339	5,259	10,672	—	(4,656)
Total component units	\$ 411,519	291,230	7,313	145,450	—	32,474
General revenues:						
Taxes:						
Property taxes					204,335	67,017
Sales taxes					176,465	—
Utility taxes					10,337	—
Culture and recreation taxes					1,781	—
Parking taxes					3,940	—
Franchise fees					35,239	—
Beverage taxes					5,837	—
Unrestricted investment income					15,231	777
Passenger facility charges					—	30,152
Forgiveness of loan principle and accrued interest					1,027	30,061
Miscellaneous					29,189	17,776
Total general revenues					483,381	145,783
Change in net position					155,733	178,257
Net position – beginning of year					38,619	2,211,665
Prior period adjustments (note 14)					(9,550)	54,819
Net position – beginning of year, as restated					29,069	2,266,484
Net position – end of year					\$ 184,802	2,444,741

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Balance Sheet — Governmental Funds

Year ended December 31, 2013

(Amounts in thousands)

	General	HUD	Federal UDAG	FEMA	Debt Service	Capital Projects	Louisiana Office of Community Development	Nonmajor Governmental	Total Governmental Funds
Assets									
Cash and cash equivalents	\$ 13,309	—	12,815	—	360	13,034	1,781	20,826	62,125
Investments	1,372	—	—	—	79,535	73,779	—	10,958	165,644
Receivables (net of allowance for uncollectibles):									
Sales taxes	17,117	—	—	—	—	—	—	—	17,117
Property taxes	3,806	—	—	—	2,338	—	—	335	6,479
Franchise taxes	7,847	—	—	—	—	—	—	—	7,847
Accounts	9,112	153	—	—	—	1,345	—	231	10,841
Grantee loans	—	—	1,517	—	—	—	—	—	1,517
Interest	—	—	—	—	—	—	—	—	—
Due from other funds	29,580	—	—	3,935	—	28,437	—	177	62,129
Due from other governments	1,534	9,005	—	6,802	—	22,754	7,709	5,409	53,213
Due from component units	5,308	—	—	—	—	14,319	—	—	19,627
Advances to other funds	2	—	—	—	—	—	—	—	2
Other assets	4	1	—	—	—	—	—	19	24
Total assets	88,991	9,159	14,332	10,737	82,233	153,668	9,490	37,955	406,565
Liabilities									
Accounts payable	\$ 32,039	4,768	—	2,156	—	33,546	7,366	5,078	84,953
Retainages payable	—	—	—	—	—	3,728	—	—	3,728
Accrued expenses	—	129	—	155	416	—	94	207	1,001
Due to other funds	27,449	7,281	430	15,815	—	3,935	243	6,976	62,129
Due to other governments	3,845	—	—	8,018	—	—	494	688	13,045
Due to component units	—	—	—	—	—	59	—	—	59
Advances from other funds	—	—	—	—	—	—	—	2	2
Unearned revenue	—	2,744	—	—	—	—	—	—	2,744
Total liabilities	63,333	14,922	430	26,144	416	41,268	8,197	12,951	167,661
Deferred Inflows of Resources									
Unavailable revenue	8,702	3,136	—	3,862	4,058	33,354	3,719	3,047	59,878
Total deferred inflows of resources	8,702	3,136	—	3,862	4,058	33,354	3,719	3,047	59,878
Fund Balances									
Fund balances:									
Nonspendable	—	—	1,517	—	—	—	—	890	2,407
Restricted	—	—	12,385	—	77,759	35,445	—	11,524	137,113
Committed	6,036	—	—	—	—	43,601	—	15,281	64,918
Assigned	—	—	—	—	—	—	—	—	225
Unassigned	10,920	(8,899)	—	(19,269)	—	—	(2,426)	(5,963)	(25,637)
Total fund balances	16,956	(8,899)	13,902	(19,269)	77,759	79,046	(2,426)	21,957	179,026
Total liabilities, deferred inflows of resources, and fund balances	\$ 88,991	9,159	14,332	10,737	82,233	153,668	9,490	37,955	406,565

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

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

December 31, 2013

(Amounts in thousands)

Total fund balances – governmental funds	\$ 179,026
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,550,110
Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds	52,492
The deferred loss on bond refunding is not an available resource and, therefore, is not reported in the funds	7,241
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	(5,994)
Taxes payable	(5,422)
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	(825,542)
Certificates of indebtedness	(13,340)
Loans payable	(92,882)
Capital leases payable	(12,933)
Annual and sick leave	(41,391)
Claims payable	(399,569)
Net pension obligation	(140,913)
Other long-term liabilities	(66,081)
	<hr/>
Total net position – governmental activities	\$ <u>184,802</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, 2013

(Amounts in thousands)

	General	HUD	Federal UDAG	FEMA	Debt Service	Capital Projects	Louisiana Office of Community Development	Nonmajor Governmental	Total Governmental Funds
Revenues:									
Taxes	316,578	—	—	—	73,222	—	—	7,173	396,973
Licenses and permits	62,963	—	—	—	—	—	—	—	62,963
Intergovernmental	24,304	20,698	—	20,896	—	125,085	38,994	35,617	265,594
Charges for services	78,596	—	—	—	—	—	—	—	78,596
Program income	—	71	1,499	—	—	—	49	372	1,942
Fines and forfeits	32,947	—	—	—	—	—	—	2,981	35,977
Interest income	24	—	33	—	239	—	—	4	300
Contributions, gifts and donations	614	—	—	—	—	—	—	3,073	3,687
Miscellaneous	25,279	—	—	—	—	1,202	—	1,876	28,357
	541,705	20,769	1,532	20,896	73,461	126,287	39,043	51,096	874,789
Expenditures:									
Current:									
General government	162,924	—	—	9,917	536	178	20,884	13,366	207,805
Public safety	220,464	—	—	3,106	—	—	—	3,261	226,831
Public works	63,345	—	—	2,670	—	1	—	—	66,216
Health and human services	14,993	—	—	(57)	—	—	—	13,045	27,981
Culture and recreation	19,271	1,210	—	(85)	—	—	—	1,620	22,016
Urban development and housing	166	18,728	239	1,299	—	—	1,579	1,880	23,891
Economic development and assistance	5,329	—	—	1,705	—	—	—	12,731	19,765
Capital outlays	—	—	—	—	—	143,160	—	2,733	152,947
Debt service:	22,844	—	—	—	23,939	—	—	320	47,103
Principal	2,849	—	—	—	53,303	—	—	68	56,220
Interest and fiscal charges	—	—	—	—	784	—	—	—	784
Bond issuance costs	—	—	—	—	—	—	—	—	—
Total expenditures	512,385	19,938	239	18,555	78,562	143,339	22,463	49,044	844,525
Excess (deficiency) of revenue over expenditures	29,320	831	1,293	2,341	(5,101)	(17,052)	16,580	2,052	30,264
Other financing sources (uses):									
Transfers in	6,143	—	—	9,215	—	39,709	—	—	55,067
Transfers out	(9,215)	—	—	—	(39,709)	(3,570)	—	(2,573)	(55,067)
Proceeds from issuance of bonds	—	—	—	—	40,000	—	—	—	40,000
Premium on bonds issued	—	—	—	—	263	—	—	—	263
Federal subsidy - Build America Bonds	—	—	—	—	1,012	—	—	—	1,012
Other, net	44	—	—	—	—	—	—	—	44
Total other financing sources (uses)	(3,028)	—	—	9,215	1,566	36,139	—	(2,573)	41,319
Net change in fund balances	26,292	831	1,293	11,556	(3,535)	19,087	16,580	(521)	71,583
Fund balances – beginning of year	(9,336)	(8,833)	12,609	(30,321)	81,294	61,160	(16,935)	22,565	112,203
Prior period adjustments	—	(897)	—	(504)	—	(1,201)	(2,071)	(87)	(4,760)
Fund balances – beginning of year, as restated	(9,336)	(9,730)	12,609	(30,825)	81,294	59,959	(19,006)	22,478	107,443
Fund balances – end of year	16,956	(8,899)	13,902	(19,269)	77,759	79,046	(2,426)	21,957	179,026

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, 2013

(Amounts in thousands)

Net change in fund balances – total governmental funds	\$ 71,583
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This represents the amount that capital outlays exceeded depreciation and loss on disposals in the current period.	75,819
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.	9,093
The decrease in taxes payable related to current year refunds due to taxpayers does not consume current resources in the governmental funds, but decreases tax revenue in the statement of activities.	5,085
The issuance of long-term debt (e.g., bonds and certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Change in interest payable	(599)
Amortization of deferred loss on bond refunding	(832)
Bond and note principal payments	47,103
Issuance of bonds and note payable	(40,000)
Premium on bonds issued	(263)
Amortization of bond discount and premium	14,906
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.	1,798
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.	(9,633)
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.	38
Other post retirement benefits contributions are recorded as expenditures when paid by the governmental funds. This is the amount that the annual other post retirement benefit costs exceeded the other post retirement benefit contributions.	(2,296)
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.	(16,069)
Change in net position of governmental activities	<u>\$ 155,733</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Statement of Fiduciary Net Position

December 31, 2013

(Amounts in thousands)

Assets	Pension Trust Funds	Agency Funds
Cash	\$ 10,209	33,174
Investments	523,032	21,961
Receivables:		
Accounts	—	30
Accrued interest	5,596	—
Contribution	317	—
Other	1,125	—
Due from other funds	—	—
Other assets	346	—
Capital assets, net of accumulated depreciation	1	—
Total assets	<u>540,626</u>	<u>55,165</u>
Liabilities and Net Position		
Liabilities:		
Accounts payable	720	1
Other payables and accruals	53,811	55,164
Notes payable	9,459	—
Total liabilities	<u>63,990</u>	<u>55,165</u>
Net position restricted for pension benefits	<u>\$ 476,636</u>	<u>—</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
 Statement of Changes in Fiduciary Net Position
 Year ended December 31, 2013
 (Amounts in thousands)

		<u>Pension Trust Funds</u>
Additions:		
Contributions:		
Employer	\$	47,938
Members		7,347
Fire insurance rebate		1,478
Other		3,967
Total contributions		<u>60,730</u>
Other income:		
Other - City of New Orleans		63
Total other income		<u>63</u>
Investment income:		
Net appreciation in fair value of investments		11,555
Interest and dividends		5,733
Other investment income		849
Total investment income		<u>18,137</u>
Investment expense		<u>(7,002)</u>
Net investment income		<u>11,135</u>
Total additions		<u>71,865</u>
Deductions:		
Pension benefits		75,075
Refunds of member contributions		1,693
Death benefits		179
Administrative expenses		1,973
DROP withdrawal		5,914
PLOP withdrawal		10,374
Transfers to other plans		555
Total deductions		<u>95,763</u>
Change in net position		<u>(23,835)</u>
Net position restricted for pension benefits – beginning of year		<u>500,471</u>
Net position restricted for pension benefits – end of year	\$	<u><u>476,636</u></u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Position

Component Units

December 31, 2013

(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	\$ 2,153	7,208	71,426	35,830	116,617
Investments	—	68,472	—	—	68,472
Receivables (net of allowances for uncollectibles):					
Property taxes	—	—	8,119	271	8,390
Accounts	342	4,748	13,944	7,104	26,138
Accrued interest	—	—	—	28	28
Grants	590	—	11,842	—	12,432
Other	—	—	7,155	14,312	21,467
Due from other governments	—	—	—	2,674	2,674
Inventory of supplies	1,367	—	6,936	—	8,303
Prepaid expenses and deposits	1,277	1,130	11,082	1,353	14,842
Total current assets	<u>5,729</u>	<u>81,558</u>	<u>130,504</u>	<u>61,572</u>	<u>279,363</u>
Restricted cash and investments:					
Customer deposits	—	—	—	3,927	3,927
Current debt service account	—	21,281	33,405	—	54,686
Future debt service account	307	32,835	—	6,914	40,056
Operation and maintenance account	—	8,373	—	—	8,373
Capital improvements	1,791	69,264	4,556	—	75,611
Health insurance reserve	—	—	2,328	—	2,328
Receivables	1,250	3,616	—	—	4,866
Other	—	9,421	—	—	9,421
Total restricted assets	<u>3,348</u>	<u>144,790</u>	<u>40,289</u>	<u>10,841</u>	<u>199,268</u>
Capital assets (net of accumulated depreciation)	<u>133,310</u>	<u>522,258</u>	<u>2,107,838</u>	<u>182,579</u>	<u>2,945,985</u>
Other assets	<u>8,717</u>	<u>4,343</u>	<u>51</u>	<u>48</u>	<u>13,159</u>
Total assets	<u>151,104</u>	<u>752,949</u>	<u>2,278,682</u>	<u>255,040</u>	<u>3,437,775</u>
Deferred Outflows of Resources					
Unamortized loss on advance refunding	480	20,174	—	—	20,654
Total deferred outflows of resources	<u>480</u>	<u>20,174</u>	<u>—</u>	<u>—</u>	<u>20,654</u>
Total assets and deferred outflows of resources	<u>\$ 151,584</u>	<u>773,123</u>	<u>2,278,682</u>	<u>255,040</u>	<u>3,458,429</u>

See accompanying notes to basic financial statements.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Position

Component Units

December 31, 2013

(Amounts in thousands)

	Audubon Commission	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Liabilities					
Current liabilities (payable from current assets):					
Accounts payable	\$ 5,955	3,955	37,622	9,765	57,297
Retainages payable	—	—	6,548	—	6,548
Other payables and accruals	—	1,450	22,586	5,810	29,846
Due to other governments	—	5,308	23,020	3,322	31,650
Capital lease payable	130	1,195	—	—	1,325
Loans payable	—	—	4,039	—	4,039
Total current liabilities (payable from current assets)	6,085	11,908	93,815	18,897	130,705
Current liabilities (payable from restricted assets):					
Retainages payable	—	—	590	—	590
Capital projects payable	2,921	2,409	—	—	5,330
Accounts payable	—	1,252	—	—	1,252
Accrued interest	1,268	10,073	2,244	68	13,653
Limited tax bonds	3,030	—	—	—	3,030
Loans payable, current portion	1,118	3,606	—	—	4,724
Bonds payable, current portion	—	11,950	18,145	1,667	31,762
Deposits and other	—	—	10,107	181	10,288
Total current liabilities (payable from restricted assets)	8,337	29,290	31,086	1,916	70,629
Total current liabilities	14,422	41,198	124,901	20,813	201,334
Long-term liabilities:					
Claims payable	—	—	1,914	—	1,914
Capital lease payable	255	—	—	—	255
Other postretirement benefits liability	—	—	54,778	—	54,778
Limited tax bonds (net of current portion)	24,786	—	—	—	24,786
Revenue bonds (net of current portion and unamortized discounts)	—	—	170,256	8,710	178,966
Refunding bonds (net of current portion and unamortized loss on advance refunding)	—	323,005	—	—	323,005
Loans payable	14,252	30,082	65,879	—	110,213
Other	10,000	—	44,821	61,585	116,406
Total long-term liabilities	49,293	353,087	337,648	70,295	810,323
Total liabilities	63,715	394,285	462,549	91,108	1,011,657
Deferred Inflows of Resources					
Unavailable revenue	—	—	—	2,031	2,031
Total deferred inflows of resources	—	—	—	2,031	2,031
Net position					
Net investment in capital assets	88,633	231,487	1,919,437	119,030	2,358,587
Restricted for bond debt service	—	44,784	33,405	1,820	80,009
Restricted for capital improvements (deficit)	—	50,009	—	—	50,009
Restricted for operating reserve	—	12,094	—	3,936	16,030
Unrestricted	(764)	40,464	(136,709)	37,115	(59,894)
Total net position	\$ 87,869	378,838	1,816,133	161,901	2,444,741

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Activities

Component Units

Year ended December 31, 2013

(Amounts in thousands)

	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Louisiana					Total
					Audubon Commission	Armstrong International Airport	Sewerage and Water Board	Nonmajor Component Units	Net (expense) revenue and changes in net position	
Component units:										
Audubon Commission	\$ 59,061	38,829	—	11,273	(8,959)	—	—	—	(8,959)	
Louis Armstrong New Orleans International Airport	107,820	73,485	—	9,187	—	(25,148)	—	—	(25,148)	
Sewerage and Water Board	188,712	143,577	2,054	114,318	—	—	71,237	—	71,237	
Other nonmajor component units	55,926	35,339	5,259	10,672	—	—	—	(4,656)	(4,656)	
Total component units	\$ 411,519	291,230	7,313	145,450	(8,959)	(25,148)	71,237	(4,656)	32,474	
General revenues:										
Interest revenue						380	354		42	777
Property taxes						—	52,069		5,667	67,017
Passenger and customer facility charges						30,152	—		—	30,152
Forgiveness of debt						—	30,061		—	30,061
Other						630	—		13,564	17,776
Total general revenues						12,864	82,484		19,273	145,783
Changes in net position						3,905	153,721		14,617	178,257
Net position – beginning of year						84,198	1,600,612		147,376	2,211,665
Prior period adjustments						(234)	61,800		(92)	54,819
Net position – beginning of year, as restated						83,964	1,662,412		147,284	2,266,484
Net position – ending						\$ 87,869	1,816,133		161,901	2,444,741

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies

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

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

Basis of Presentation – Financial Reporting Entity

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

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

Component Units

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

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

Audubon Commission
6500 Magazine Street
New Orleans, Louisiana, 70118

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

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

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

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

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

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

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

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

Orleans Parish Hospital Service District A
6600 Plaza Drive, Suite 307
New Orleans, Louisiana 70128

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

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

Blended Component Units

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

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

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

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

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 position of FPRF is held for the sole benefit of the participants and is not available for appropriation.

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

Discretely Presented Component Units

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

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

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Discretely Presented Component Units

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

Sewerage and Water Board

A local government corporation created by the City through Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain, and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In accordance with Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The board is composed of 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.

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.

*New Orleans Municipal Yacht Harbor
Management Corporation*

Local corporation formed by the City to operate the Municipal Yacht Harbor in the manner comparable to that of a private business enterprise; to provide a safe and secure environment for recreational boating; to ensure that the cost associated with providing services to the general public are financed or recovered through user fee and charge; and to place an emphasis on generating a sufficient amount of net operating revenues to be used for maintenance and capital improvement projects. The 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, 2013

Discretely Presented Component Units

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

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.

French Market Corporation

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 Board and the City can impose its will.

Upper Pontalba Building Restoration Corporation

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, 2013

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
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Orleans Parish Hospital Service District A

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

Related and Jointly Governed Organizations

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

Related Organizations

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

- 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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Jointly Governed Organizations

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

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

Basis of Presentation – Government-Wide and Fund Financial Statements

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

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

The statement of activities reports the change in the City's net position from January 1, 2013 to December 31, 2013. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

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

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Governmental Funds

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

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

Fiduciary Fund Types

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

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Basis of Accounting-Measurement Focus

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

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

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

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Pension Trust and Agency Funds

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable

Property tax receivables of \$25,466,000 and grantee loan receivables of \$26,979,000 are shown net of an allowance of uncollectible amounts of \$18,987,000 and \$25,462,000, respectively.

Capital Assets

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

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

The City reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment in the carrying value of capital assets. If facts or circumstances support the possibility of impairment, management follows guidance in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment will be made to the carrying value of the capital assets. No impairment was recorded in 2013.

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

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

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

Deferred Outflows/Inflows of Resources

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

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

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, 2013. Other liabilities not expected to mature as of December 31, 2013 are reported as liabilities in the government-wide financial statements. Estimates of claims and judgment liabilities (both incurred and reported and incurred but not reported) are made through a case-by-case review of all claims and the application of historical experience to the outstanding claims.

Net Position

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

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

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Net Position Flow Assumption

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

Fund Balance

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

- (a) Non-Spendable Fund Balance - amounts that cannot be spent either because they are in a non-spendable form (such as prepaid expenses) or because they are legally or contractually required to be maintained intact.
- (b) Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- (c) Committed Fund Balance - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority by a vote of the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- (d) Assigned Fund Balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governmental body delegates the authority such as the City and its management.
- (e) Unassigned Fund Balance - all amounts not included in other spendable classifications.

Fund Balance Flow Assumption

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

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(2) Deposits and Investments

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

At December 31, 2013, the carrying amount of the City's deposits was \$105,514,000, including \$62,131,000 reported in the governmental funds and \$43,383,000 reported in the fiduciary funds.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it under state law. At December 31, 2013, the City's bank balances totaled \$98,764,000. These bank deposits were completely secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City's name at December 31, 2013.

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).

CITY OF NEW ORLEANS, LOUISIANA

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

The City invests monies with the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB standards requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

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

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 60 as of December 31, 2013.
- Foreign currency risk: Not applicable to 2a7 -like pools.

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

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

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

At December 31, 2013, the City’s market value of investments was as follows (amounts in thousands):

	<u>Governmental</u>	<u>Agency</u>	<u>Pension Trust</u>	<u>Total</u>
LAMP	\$ 12,330	\$ 21,961	\$ -	\$ 34,291
Money market	100,058	-	-	100,058
U.S. Agency securities	37,409	-	102,090	139,499
U.S. Treasury Bills	15,847	-	-	15,847
Corporate bonds	-	-	3	3
Stock and mutual funds	-	-	243,665	243,665
Real estate and real estate funds	-	-	55,293	55,293
Invested in corporations, partnerships, and limited liability corporations	-	-	19,998	19,998
Invested in hedge funds, private equity funds, and fund of funds	-	-	39,568	39,568
Notes receivable	-	-	10,582	10,582
Other	-	-	1,970	1,970
Cash equivalents	-	-	49,863	49,863
Total investments	<u>\$ 165,644</u>	<u>\$ 21,961</u>	<u>\$ 523,032</u>	<u>\$ 710,637</u>

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

At December 31, 2013, the governmental and fiduciary funds, investment balances and maturities for those investments were as follows (amounts in thousands):

	<u>Investment maturity in years</u>	
	<u>Total</u>	<u>Less than one year</u>
LAMP	\$ 34,291	\$ 34,291
Money market	100,058	100,058
U.S. Agency Securities	37,409	37,409
U.S. Treasury Bills	15,847	15,847
Total investments	<u>\$ 187,605</u>	<u>\$ 187,605</u>

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At December 31, 2013, the Firefighters' Pension trust fund's investment balances and maturities for those investments subject to interest rate risk were as follows (amounts in thousands):

	Investment maturity in years			
	Total	Less than one year	1 – 5	More than 10
Corporate bonds	\$ 3	\$ -	\$ 3	\$ -
Notes receivable	\$ 10,582	\$ 8,938	\$ -	\$ 1,644

At December 31, 2013, the Municipal Employees' Pension trust fund's investment balances and maturities for those investments subject to interest rate risk were as follows (amounts in thousands):

	Investment maturity in years				
	Total	Less than one year	1 – 5	6 – 10	More than 10
Commercial Paper	\$ 7	\$ -	\$ -	\$ -	\$ 7
Discounted Notes	1,695	1,695	-	-	-
Government Bonds	11,583	3,099	4,234	3,498	752
	<u>\$ 13,285</u>	<u>\$ 4,794</u>	<u>\$ 4,234</u>	<u>\$ 3,498</u>	<u>\$ 759</u>

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

The following table provides information on the credit ratings associated with the Municipal Employees' pension trust fund's investments in debt securities at December 31, 2013 (amounts in thousands):

Asset Category	Rating	Market Value
Corporate Bonds	Not rated	\$ 7
Discounted Notes	Not rated	1,695
Government Bonds	AAA	303
Government Bonds	AA+	375
Government Bonds	BBB	67
Government Bonds	BB+	26
Government Bonds	Not rated	554
Short Term Investment Fund	Not rated	20,721
		<u>\$ 23,748</u>

The Firefighters' pension trust fund's investment policy allows for investment in publicly-traded debt securities rated at or above Baa by Moody's and BBB by Standard and Poor's at time of purchase. At December 31, 2013, \$13,191,649 of the New System's cash equivalents were rated AAA by Standard and Poor's, and \$126,449 was not rated. At December 31, 2013, \$5,606,761 of the Old System's cash equivalents were rated AAA by Standard and Poor's and \$11,716,145 were not rated.

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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, 2013 were not subject to custodial credit risk.

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

At December 31, 2013, the Firefighters' Pension and Relief Fund's (New System) cash collateral held under the securities lending program in the amount of \$1,926,475 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, 2013, the City was in compliance with this policy. All of the City's governmental fund investments are issued or explicitly guaranteed by the U.S. government or are held in LAMP and are not subject to concentration of credit risk.

The NOMERS pension trust fund's investment policy mandates the maximum limits on position held with each assets class as follows: equities (50%), fixed income (25%), real estate (10%), and alternative investments (15%). As of December 31, 2013, 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 at the time of purchase. In addition, no more than 5% of total fund assets at market may be invested in any one issuer's securities (exclusive of issues of the U.S. Treasury or other federal agencies). The Firefighter's Pension and Relief Fund was in compliance with the concentration of risk investment policy during the year ended December 31, 2013.

Securities Lending Transactions – The Board of Trustees of the Firefighter's Pension and Relief Fund authorized the fund to enter into a securities lending program. These agreements consist of the loan of stock and bonds with a simultaneous agreement to reacquire the same loaned security in the future plus a contract rate of interest. The Fund requires the dealer to transfer cash or collateral of no less than 100% of the market value of the securities underlying the securities lending agreements. At December 31, 2013, the fair value of the securities on loan is \$1,933,304. The underlying collateral for these securities is \$1,926,475.

In cases of security loans in which the collateral received by the fund is cash, the fund is able to reinvest the cash under the agreement with the dealer. When this occurs the collateral is reported as an asset with a corresponding liability. If the fund receives collateral other than cash, it may not reinvest the collateral. When this occurs, the fund does not record the collateral on the financial statements. In both cases, the loaned securities continue to be reported as an asset on the balance sheet. The cash collateral was invested in cash equivalents and fixed income securities at December 31, 2013. The maturities of these investments match the maturities of the securities loans.

CITY OF NEW ORLEANS, LOUISIANA

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

(3) Tax Revenues

At December 31, 2013, 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, 2013 are as follows:

General:

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

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Property taxes levied on January 1, 2013, collected during 2013, or expected to be collected within the first 60 days of 2014, are recognized as revenues in the statement of revenues, expenditures, and changes in fund balances – governmental funds. The entire estimated collectible amount of the tax levy for the fiscal year is recorded as revenue in the government-wide financial statements. Property taxes paid under protest are held in escrow until resolution of the dispute. Amounts collected for other governmental entities are accounted for in the agency funds.

(4) Grantee Loans

The City’s grantee loan balances at December 31, 2013 are as follows (amounts in thousands):

	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
UDAG	\$ 7,621	\$ (6,104)	\$ 1,517
HUD	19,358	(19,358)	-
Total grantee loans	<u>\$ 26,979</u>	<u>\$ (25,462)</u>	<u>\$ 1,517</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. Seventeen individual loans are outstanding at December 31, 2013 totaling \$7,621,000, which bear interest at rates ranging from 0.1% to 7.0%. These loans are receivable over a 10- to 30-year period. Once loan repayments are received and the project is accepted by HUD, the City may use the amounts received for other allowable economic development activities specified in the grant agreement. The City has recorded \$6,104,000 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, 2013, there were four outstanding loans which bear interest at rates of 2% to 7.87% and are receivable over 15 to 30 years.

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 remaining balance due to the City was paid in full in 2013.

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During 1998, HUD agreed to loan to the City \$24,375,000 for the development of the Jazzland Theme Park. These funds were subsequently loaned to Jazzland, Inc. (Jazzland) and were due from Jazzland in bi-annual installments plus 7.87% interest. During 2001, Jazzland failed to remit to the City a required payment and was in default on its loan as of December 31, 2001. On February 28, 2002, Jazzland filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. As a result, the City wrote off its remaining receivable from Jazzland. In 2002, Six Flags Theme Park, Inc. assumed management of Jazzland, and the theme park was renamed "Six Flags New Orleans." Six Flags had agreed to make monthly lease payments of \$116,667 to the Industrial Development Board (IDB), which in turn, would transfer the money to the City. The lease expires in 2017. These monies are to be used by the City to repay the HUD loan. Annual debt service on the loan is \$2,400,000 through 2017. The outstanding balance at December 31, 2013 is \$8,814,000. No payments were received during the year ended December 31, 2013. The City has recorded \$8,814,000 in allowance for the remaining balance on this loan.

During 2002, HUD agreed to loan to the City \$5,000,000 for the development of the Palace of the East. The City subsequently loaned these funds to the Palace of the East. The loan is due to be repaid in quarterly installments plus 6% interest. The principal payments commenced on July 15, 2004, and the final payment is due on August 1, 2021. The outstanding balance at December 31, 2013 is \$3,731,000. No payments were received during the year ended December 31, 2013. The City has recorded an allowance of \$3,731,000 against this loan.

During 2002, HUD agreed to loan to the City approximately \$7,047,000 for the development of the Louisiana Artists Guild, a Louisiana Nonprofit Corporation. The City subsequently loaned these funds to LA Artworks. The loan is due to be repaid in quarterly installments plus interest of 5.6183%. Principal payments commenced on October 15, 2003 and end on July 15, 2022. The outstanding balance at December 31, 2013 is \$6,812,000. No payments were received during the year ended December 31, 2013. The City has recorded an allowance of \$6,812,000 against this loan. In 2014, the City received a payment of approximately \$6.2 million to settle the outstanding balance of the loan.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

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(5) Capital Assets

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

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deletions and adjustments</u>	<u>Transfers</u>	<u>Balance December 31, 2013</u>
Nondepreciable capital assets:					
Land	\$ 94,474	\$ -	\$ -	\$ -	\$ 94,474
Construction in progress	347,632	143,696	-	(44,193)	447,135
Total nondepreciable capital assets	<u>442,106</u>	<u>143,696</u>	<u>-</u>	<u>(44,193)</u>	<u>541,609</u>
Depreciable capital assets:					
Infrastructure	2,469,541	11,251	(217)	-	2,480,575
Buildings and improvements	333,798	32,955	(564)	-	366,189
Equipment and vehicles	97,002	9,238	(1,167)	-	105,073
Other	41,072	-	(580)	-	40,492
Total depreciable capital assets	<u>2,941,413</u>	<u>53,444</u>	<u>(2,528)</u>	<u>-</u>	<u>2,992,329</u>
Less accumulated depreciation for:					
Infrastructure	1,697,429	58,233	(123)	-	1,755,539
Buildings and improvements	102,449	9,925	(221)	-	112,153
Equipment and vehicles	80,217	6,800	(1,063)	-	85,954
Other	29,133	1,387	(338)	-	30,182
Total accumulated depreciation	<u>1,909,228</u>	<u>76,345</u>	<u>(1,745)</u>	<u>-</u>	<u>1,983,828</u>
Total depreciable capital assets, net	<u>1,032,185</u>	<u>(22,901)</u>	<u>(783)</u>	<u>-</u>	<u>1,008,501</u>
Total	<u>\$ 1,474,291</u>	<u>\$ 120,795</u>	<u>\$ (783)</u>	<u>\$ (44,193)</u>	<u>\$ 1,550,110</u>

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

General government	\$ 58,233
Public safety	13,325
Public works	3,400
Culture and recreation	1,387
Total depreciation expense	<u>\$ 76,345</u>

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

(6) Long-Term Debt

Debt Service Fund

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

The Board of Liquidation annually determines the amount of property tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City and all such bonds proposed to be issued by the City during such year. The annual determination of the necessary tax millage to service bonds of the City is adopted by resolution of the Board of Liquidation, which is submitted to the City Council. The millage recommended by the Board of Liquidation is then levied by the City Council. The millages for the various limited bonds of the City were established at the time the bonds were issued based upon approval of the voters. 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 \$29,589,000 and unamortized discount of \$297,000, at December 31, 2013 comprise the following (all bonds are serial bonds) (amounts in thousands):

<u>Description</u>	<u>Original issue</u>	<u>Range of average interest rates</u>	<u>Amount outstanding</u>	<u>Due in one year</u>
General obligation bonds:				
2004-2013 Public Improvement Bonds, due in annual installments ranging from \$2,190 to \$8,900 through December 2039	\$ 246,000	4.3 – 8.4%	\$ 160,550	\$ 4,495
1991 General Obligation Refunding Bonds, due in annual installments ranging from \$3,839 to \$9,964 commencing September 2004 through September 2018	98,886	6.7 - 7.1%	22,313	5,142
1998 General Obligation Refunding Bonds, due in annual installments ranging from \$210 to \$13,080 through December 2021	106,520	3.7 - 5.5%	53,500	2,885
2005 General Obligation Refunding Bonds, due in annual installments ranging from \$275 to \$8,795 commencing December 2009 through December 2029	105,250	3.0 - 5.25%	87,960	6,120

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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:				
2012 General Obligation Refunding Bonds, due in annual installments ranging from \$750 to \$20,700 commencing December 2012 through December 2033	\$ 167,840	2.0 – 5.0%	\$ 165,140	\$ 2,995
Limited tax bonds:				
2005 Limited Tax Bonds, due in annual installments of \$1,450 to \$2,900 commencing March 2006 through March 2021	33,000	3.0-5.0%	19,550	2,040
Taxable limited tax bonds:				
2012 Taxable Limited Tax Bonds, due in annual installments of \$9,775 to \$16,275 commencing September 2015 through September 2030	195,885	1.399-4.961%	195,885	-
Revenue bonds:				
2004 Variable Rate Revenue Bonds, due in annual installments from \$355 to \$865 commencing August 2005 through August 2024	11,500	Variable	7,610	540
Total bonds			<u>712,508</u>	<u>24,217</u>
Accreted bond discount at December 31, 2013			83,739	-
			<u>\$ 796,247</u>	<u>\$ 24,217</u>

In November 2004, the City received approval from taxpayers to issue \$260,000,000 in General Obligation Bonds. The City issued \$75,000,000 in December 2007, \$40,000,000 in January 2010, and \$40,000,000 in March 2013 in face amount of these authorized General Obligation Bonds. The remaining authorized and unissued General Obligation Bonds were \$105,000,000 at December 31, 2013.

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The payment requirements for all bonds outstanding, including accretion on the 1991 General Obligation Refunding Bonds of \$83,739,000 (included in interest payments) as of December 31, 2013, are as follows (amounts in thousands):

Year ending December 31:	<u>Principal</u>	<u>Interest</u>
2014	\$ 24,217	\$ 53,141
2015	34,825	52,594
2016	35,589	51,859
2017	36,493	50,955
2018	37,084	49,946
2019 – 2023	239,305	108,228
2024 – 2028	158,815	63,509
2029 – 2033	100,320	27,099
2034 – 2038	34,370	9,130
2039 – 2042	11,490	1,371
	<u>\$ 712,508</u>	<u>\$ 467,832</u>

The City’s legal debt limit for General Obligation Bonds is \$1,252,707,000. At December 31, 2013, the City’s legal debt margin adjusted for outstanding principal of \$489,463,000 and past and future accretion of \$104,912,000 on the City’s outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$36,481,000 to service this debt was \$694,813,000.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of money through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. At December 31, 2013, management believes it is in compliance with all financial related covenants.

Taxable Public Improvement Bonds Series 2013A

In 2013, the City issued \$40,000,000 of Taxable Public Improvement Bonds Series 2013A for the purpose of improvements to streets, curbing, bridge replacement and improvement, urban systems, traffic signal control, improvements required under the Americans with Disabilities Act, and related administrative and maintenance facilities. Interest on the bonds is due semiannually at rates ranging from 3.0% to 5.0% commencing June 1, 2013. Principal payments are due annually, commencing December 1, 2014 and maturing on December 1, 2042.

Defeased Bonds

The Series 2004 Public Improvement Bonds were partially advanced refunded in 2012. A portion of the proceeds from a subsequent bond issuance was placed in escrow with a trustee. The principal and interest from these invested funds is used to service the debt of the refunded issue. Neither the escrow fund nor the Series 2004 bonds payable are shown in the accompanying statement of net position. At December 31, 2013, the outstanding balance of the defeased 2004 bonds was \$25,975,000.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

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Certificates of Indebtedness

In December 2004, the City issued \$40,415,000, of which \$13,135,000 remained outstanding at December 31, 2013, 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 \$205,000 remained outstanding at December 31, 2013, 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.

Debt Service Assistance Program

The City entered into a cooperative endeavor agreement with the State of Louisiana to provide for the issuance of general obligation bonds of the State of Louisiana (GO Zone Series) to fund the debt service assistance loan program, which will make scheduled debt service payments on behalf of the City for certain issues of outstanding debt. The loans are payable beginning in 5 years in equal installments over 15 years commencing in 2012. Interest is deferred during the initial 5 year period and then accrues at a rate of 4.64% during the repayment period. In 2012, the State of Louisiana granted the City a credit of \$7,000,000 against 2012 and 2013 principal and interest payments. Included in the statement of activities for the year ended December 31, 2012 was forgiveness of debt totaling \$5,973,000. The remaining credit of \$1,027,000 was applied to interest due in 2013. Matured payments due in 2013, including principle of \$2,604,095 and interest of \$223,676, were not paid and are included in due to other governments in the general fund. The loan balance at December 31, 2013 is \$74,706,000.

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

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2014	\$ 6,769	\$ 3,346
2015	4,358	3,152
2016	4,560	2,950
2017	4,772	2,739
2018	4,993	2,517
2019-2023	28,663	8,888
2024-2026	20,591	1,939
	<u>\$ 74,706</u>	<u>\$ 25,531</u>

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Notes Payable

In 2009, the City entered into a loan agreement. The loan proceeds of \$7,000,000 were restricted for equipment purchases. The loan is payable over 4 years beginning in 2010 and accrues interest at a rate of 3.71%. The remaining balance was paid off in 2013.

In 2012, the City entered into a loan agreement. The loan proceeds of \$3,500,000 were restricted for the purchase of ambulances. The loan is payable over 3 years beginning in 2013 and accrues interest at a rate of 2.24%. The requirements to amortize the loan are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2014	\$ 1,376	\$ 62
2015	1,406	32
	<u>\$ 2,782</u>	<u>\$ 94</u>

HUD Section 108 Loans

The City has entered into contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, with the Secretary of HUD as guarantor. Portions of these funds were used to fund grantee loans referred to in Note 4. The loans consist of notes bearing interest at either fixed interest rates ranging from 5% to 8% or variable interest rates based upon the London Interbank Offered Rate (LIBOR). As of December 31, 2013, \$17,998,000 is recorded as a liability in the government-wide financial statements. The requirements to amortize the Section 108 loans are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2014	\$ 2,952	\$ 684
2015	3,149	607
2016	3,338	513
2017	3,529	402
2018	1,256	277
2019-2022	3,774	496
	<u>\$ 17,998</u>	<u>\$ 2,979</u>

Capital Leases

On October 15, 2000, the City entered into an agreement with a vendor to purchase heating, ventilation, and air cooling (HVAC) equipment under a 20 year capital lease. The City entered into two similar subsequent agreements with this vendor on June 1, 2001 and July 21, 2003 primarily for the purpose of purchasing additional HVAC equipment and traffic lights, respectively.

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The original net present value of these capital leases were \$9,625,000, \$17,919,000, and \$6,887,000 with corresponding interest rates of 7.8%, 7.1%, and 9.3%, respectively. Under terms of the agreement, title to this equipment is transferred to the City at the end of the lease.

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

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2014	\$ 2,619	\$ 645
2015	2,758	506
2016	2,905	359
2017	3,060	204
2018	1,591	42
	<u>\$ 12,933</u>	<u>\$ 1,756</u>

The City has recorded \$41,391,000 in accrued annual and sick leave in accordance with its pay-out policies. During the year active employees earned and used \$19,858,000 and \$21,656,000, respectively in sick and vacation leave benefits. The entire annual and sick liability is recorded in the government wide statements, and no liability is recorded in the governmental funds.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows (amounts in thousands):

	<u>January 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2013</u>	<u>Due in one year</u>
Claims and judgments (note 12)	\$ 389,936	\$ 95,834	\$ (86,201)	\$ 399,569	\$ 32,100
Landfill closing costs (note 12)	6,303	94	(132)	6,265	136
Accrued annual and sick leave	43,189	19,858	(21,656)	41,391	5,000
Revenue bonds	8,125	-	(515)	7,610	540
Certificates of indebtedness	26,015	-	(12,675)	13,340	13,340
General obligation bonds (a)	565,421	40,000	(32,219)	573,202	34,848
Limited tax bonds	21,500	-	(1,950)	19,550	2,040
Taxable limited tax bonds	195,885	-	-	195,885	-
Premium on bonds payable	32,652	263	(3,324)	29,591	3,241
Discount on bonds payable	(322)	-	26	(296)	(26)
Debt service assistance program	76,082	-	(1,376)	74,706	4,165
Note payable	4,312	-	(1,530)	2,782	1,376
HUD Section 108 loan	20,778	-	(2,780)	17,998	2,952
Capital leases	15,993	-	(3,060)	12,933	2,619
Net pension obligation (note 7)	124,844	67,822	(51,753)	140,913	52,175
Post-employment benefit (note 7)	57,520	10,079	(7,783)	59,816	8,897
	<u>\$ 1,588,233</u>	<u>\$ 233,950</u>	<u>\$ (226,928)</u>	<u>\$ 1,595,255</u>	<u>\$ 163,403</u>

(a) Additions and deletions include amounts related to accretion of 1991 Refunding Series of \$8,327 and \$(19,932), respectively.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

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The long-term liabilities will be repaid from the General Fund, except for HUD Section 108 loans, which will be repaid from the American Can non-major fund, and the General Obligation, Limited Tax Bonds, Taxable Limited Tax Refunding Bonds and a portion of the Debt Service Assistance Loan Program, which will be repaid from the Debt Service Fund. The Board of Liquidation handles all the General Obligation bonded debt of the City and the 2005 Limited Tax Bonds and results of its operations are reported in the debt service fund. For the year ended December 31, 2013, the debt service fund had \$77,759,000 in fund balance reserved to service debt.

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

At December 31, 2013, the City sponsors and administers four separate single-employer, contributory defined benefit pension plans, namely: (1) Firefighters' Pension and Relief Fund – Old System; (2) Firefighters' Pension and Relief Fund – New System; (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees' Retirement System (State of Louisiana) (MPERS). The Police Plan of the City will remain responsible for the payment of certain benefits due to differences in length of service and age requirements for the participants who were not transferred to the MPERS plan. MPERS is the only cost-sharing, multiple-employer retirement plan in which employees of the City participate. The Employees' Plan covers all City employees other than firefighters and police.

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

MPERS Plan Description

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

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

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Notes to Basic Financial Statements

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

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

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

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

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

Funding Policies and Annual Pension Costs

The employer contributions for the Employees' Plan and the Firefighters' Pension and Relief Fund (New System) are based on actuarially determined amounts. The employer contribution for the Police Pension Fund is based on amounts necessary to cover administrative costs and payments of pensions and benefits, as certified by the board of trustees of the Fund. The employer contribution for the Firefighters' Pension and Relief Fund (Old System) is based on amounts necessary to pay current expenses, and, in effect, is being funded on a "pay-as-you-go" basis. Employees covered under the Employees' Plan contribute 6% 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 their 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):

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	Employees' Retirement System	Police Pension Fund	Firefighters' Pension and Relief Fund (Old System)	Firefighters' Pension and Relief Fund (New System)
Annual required contribution (thousands)	\$ 20,228	\$ -	\$ 20,532	\$ 34,387
Annual pension cost (thousands)	19,646	-	16,834	30,824
Contributions made (thousands)	18,545	-	20,896	12,313
Actuarial valuation date	1/1/2014	12/31/2013	1/1/2014	1/1/2014
Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Aggregate level normal cost method
Amortization method	(a)	(b)	Specific number of years – level amount, closed	(c)
Remaining amortization period	(a)	(b)	3 years	(c)
Asset valuation method	Adjusted market value	Cost which approximates market	Market value	Three-year averaging market value
Actuarial assumptions:				
Investment rate of return	7.5%	7.0%	7.5%	7.5%
Projected salary increases	5.0%	NA	5.0%	5.0%

- (a) The fund uses the “Entry Age Normal Cost Method” to calculate the funding requirements for this Fund. Under this method the normal cost of the plan is designed to be a level percentage of payroll, calculated on an aggregate basis, spread over the entire working lifetime of the participants. The future working lifetime is determined from each participant's hypothetical entry age into the plan assuming the plan had always been in existence, to the participant’s expected retirement date. This fund uses a level dollar amortization for an open fifteen year amortization period effective on each valuation date.
- (b) The “Entry Age Normal Cost Method” was used to calculate the funding requirements of the Fund. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as a percentage of payroll for each participant between entry age and assumed retirement age.
- (c) The “Aggregate Level Normal Cost Method” allocates pension costs as a level percentage of payroll over the future working lifetime of current members. The Aggregate Cost Method produces no unfunded accrued liability.

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

	New Orleans Employees' Retirement System	Firefighters' Pension and Relief Fund (Old System)	Firefighters' Pension and Relief Fund (New System)	Total
Annual required contribution	\$ 20,228	\$ 20,532	\$ 34,386	\$ 75,146
Interest on NPO	1,140	4,209	4,053	9,402
Adjustment to annual required contribution	<u>(1,203)</u>	<u>(7,907)</u>	<u>(7,615)</u>	<u>(16,725)</u>
Annual pension cost	20,165	16,834	30,824	67,823
Contributions made	<u>18,545</u>	<u>20,896</u>	<u>12,313</u>	<u>51,754</u>
Decrease (increase) in NPO	<u>(1,620)</u>	<u>4,062</u>	<u>(18,511)</u>	<u>(16,069)</u>
NPO, beginning of year	<u>(14,675)</u>	<u>(56,116)</u>	<u>(54,053)</u>	<u>(124,844)</u>
NPO, end of year	<u>\$ (16,295)</u>	<u>\$ (52,054)</u>	<u>\$ (72,564)</u>	<u>\$ (140,913)</u>

The NPOs total approximately \$140,913,000 at December 31, 2013, and are recorded in the governmental activities of the government-wide statement of net position.

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

Three Year Trend Information (amounts in thousands)

	Year ending	APC	Percentage of APC contributed	NPO
Employees' Retirement System	12/31/13	\$ 19,646	97%	\$ 16,295
	12/31/12	18,216	109	14,675
	12/31/11	19,720	101	15,988
Firefighters' Pension and Relief Fund (Old System)	12/31/13	16,834	123	52,054
	12/31/12	18,623	111	56,116
	12/31/11	18,084	116	58,234
Firefighters' Pension and Relief Fund (New System)	12/31/13	30,824	39	72,564
	12/31/12	29,816	41	54,053
	12/31/11	28,087	43	36,396

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Notes to Basic Financial Statements

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Firefighters' Pension and Relief Fund Lawsuit

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

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

As of December 31, 2013, the City has not appropriated funds to pay the increased benefit owed to members prior to December 31, 2009.

Member Deferred Retirement Option Plan (DROP) and Partial Lump-Sum Option Plan (PLOP) accounts were not increased during the year ended December 31, 2013 since the City appropriation received did not cover these accounts. The NOFF has calculated the increased benefit owed to the members in their DROP and PLOP accounts. As of December 31, 2013, the amount of DROP benefits owed to members is estimated to be \$20,207,931 and \$3,427,427 for the New and Old Systems, respectively. As of December 31, 2013, the amount of PLOP benefits owed to these members is estimated to be \$12,676,571 and \$1,371,247 for the New and Old Systems, respectively.

Firefighters' Pension and Relief Fund Investment Receivable

On March 31, 2008, the NOFF invested \$15,000,000 into the FIA Leveraged Fund (Leverage Fund), an open ended investment fund registered in the Cayman Islands. The Leveraged Fund in turn invested in other feeder funds that ultimately invested in the Master Fund, Fletcher International, Ltd (FILB). Fletcher Asset Management ("FAM") served as the investment manager to all of the funds in the master-feeder fund structure. On June 27, 2011, the NOFF requested a full redemption of funds invested in the Leverage Fund. This redemption request was not met resulting in the NOFF filing a winding-up petition with the Grand Court in the Cayman Islands to force the liquidation of the Leveraged Fund. On April 18, 2012, the Grand Court issued a winding-up order against the Leveraged Fund and appointed official liquidators to wind up its affairs. In response to this judgment, FAM filed for bankruptcy protection for the Master Fund, FILB. In October 2012, the bankruptcy court issued an order for the appointment of a U.S. Trustee to investigate the assets of the Leveraged Fund and manage its liquidation. As the Trustee recently commenced his investigation, information regarding the value of the assets remaining in the Leveraged Fund and any potential recovery was not yet available. As of December 31, 2013, the NOFF has recorded a reserve of \$18,425,727 against the receivable balance of \$18,425,727.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Postretirement Healthcare Benefits

Plan Description

The City of New Orleans' medical benefits are provided through a self-insured comprehensive health benefit program and are made available to employees upon retirement. Full details are contained in the official plan documents. Medical benefits are provided to employees upon actual retirement (that is, at the end of the DROP period, if applicable) according to the retirement eligibility provisions of the System by which the employee is covered. Most City employees are covered by one of three primary systems: the Employees' Retirement System of the City of New Orleans (NOMERS), the Louisiana State Municipal Police Retirement System (MPERS), and the New Orleans Firefighters' Pension and Relief Fund (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 20 years of service; or, satisfaction of the "Rule of 80" (age plus service equals or exceeds 80); in MPRS, 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

The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs. In 2013, the City's portion of health care funding cost for retired employees totaled approximately \$7,783,000. These amounts were applied toward the net other post-employment benefit (OPEB) obligation.

Annual Required Contribution

The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the year ended December 31, 2013 is \$11,104,822, as set forth below:

Normal Cost	\$ 2,777,920
30-year UAL amortization amount	8,326,902
Annual required contribution (ARC)	<u>\$ 11,104,822</u>

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December 31, 2013

Net Post-employment Benefit Obligation (Asset)

The table below shows the City's net OPEB obligation for fiscal year ending December 31, 2013:

Beginning Net OPEB Obligation 1/1/2013	\$ 57,520,340
Annual required contribution	11,104,822
Interest on Net OPEB Obligation	2,300,814
ARC Adjustment	<u>(3,326,407)</u>
OPEB Cost	10,079,229
Contribution	-
Current year retiree premium	<u>7,783,323</u>
Change in Net OPEB Obligation	<u>2,295,906</u>
Ending Net OPEB Obligation 12/31/2013	<u>\$ 59,816,246</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2013	\$ 10,079,229	77.22%	\$ 59,816,246
December 31, 2012	\$ 12,957,882	75.72%	\$ 57,520,340
December 31, 2011	\$ 12,482,789	72.78%	\$ 54,374,713

Funded Status and Funding Progress

In the fiscal year ending December 31, 2013 the City made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2011 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2013 was \$149,749,527 which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

Actuarial Accrued Liability (AAL)	\$ 149,749,527
Actuarial Value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 149,749,527</u>
 Funded Ratio (AVP/AAL)	 0%
 Covered Payroll (active plan members)	 \$ 216,764,077
UAAL as a percentage of covered payroll	69%

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Notes to Basic Financial Statements

December 31, 2013

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

Actuarial Methods and Assumptions

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

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

Actuarial Cost Method

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

Actuarial Value of Plan Assets

Since the plan has not been funded, there are no assets. It is anticipated that in future valuations, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45, will be used.

Turnover Rate

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Post-Employment Benefit Plan Eligibility Requirements

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

Investment Return Assumption (Discount Rate)

GASB Statement No. 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 a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate

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

Method of Determining Value of Benefits

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

Inflation Rate

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Projected Salary Increases

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

Post-retirement Benefit Increases

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

(8) Individual Fund Disclosures

Deficit Fund Equity

At December 31, 2013, the HUD, FEMA, and LCD funds had deficit fund balances in the amounts of approximately \$8,899,000, \$19,269,000, and \$2,426,000, respectively. The deficit fund balance in the HUD and LCD funds result from accrued expenditures for which no revenue has been recognized. The City plans to fund these deficits with future revenues. The deficit fund balance in the FEMA fund results primarily from accrued expenditures for which no revenue has been recognized. The City plans to fund the deficit through future revenues. The City is currently pursuing obtaining FEMA approval for projects that have been completed by the City and increases in funding for projects that have already been approved by FEMA. If the City is not able to obtain increased funding, the deficit will be funded by the general fund.

At December 31, 2013, the following special revenue nonmajor funds had deficit balances:

<u>Special Revenue Nonmajor Fund</u>	<u>Deficit Amount</u>
Mayoral Fellows Program	\$ 81,000
Federal Department of Interior	27,000
FDJ Office of Justice Program	2,000
Federal Department of Health	2,068,000
Department of Defense	210,000
Federal Department of Commerce	291,000
Louisiana Commission on Law Enforcement	396,000
Department of Health and Human Resources	2,389,000
Federal Department of Highway Administration	50,000
Federal Department of Homeland Security	31,000
Federal Department of Social Service	192,000
Federal American Recovery Act	24,000
Federal Department of Transportation	45,000

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Interfund Receivables and Payables

Individual fund interfund receivables and payables at December 31, 2013 were as follows (amounts in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	FEMA Fund	\$ 14,767
	Federal UDAG Fund	430
	HUD Fund	7,167
	Nonmajor Funds	6,972
	LCD Fund	244
Capital Projects Fund	General Fund	27,389
	FEMA Fund	1,048
FEMA Fund	Capital Projects Fund	3,935
Nonmajor Funds	Nonmajor Funds	3
	General Fund	60
	HUD Fund	114
		<u>\$ 62,129</u>

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

Interfund Advances

Individual fund interfund advances at December 31, 2013 were as follows (amounts in thousands):

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

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Fund Transfers

Individual fund transfers for the year ended December 31, 2013 were as follows (amounts in thousands):

	<u>Transfers-in</u>	<u>Transfers-out</u>
General	\$ 6,143	\$ (9,215)
FEMA	9,215	-
Debt service	-	(39,709)
Capital projects	39,709	(3,570)
Nonmajor governmental funds	-	(2,573)
Total	<u>\$ 55,067</u>	<u>\$ (55,067)</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.

Charges to Component Units for Support Services

Charges for support services paid by the Airport to the general fund during fiscal year 2013 amounted to \$4,632,000 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.

(9) Fund Balance

Fund balances for the City's governmental funds consisted of the following as of December 31, 2013:

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

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

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

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

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

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

Act 711 of the Louisiana Legislative Session amended LRS 24:513 B to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during 2013 (amounts in thousands).

	<u>Total</u>	<u>Collection</u>	<u>December 2012</u>	<u>December 2013</u>	
	<u>Collections</u>	<u>Cost</u>	<u>Collections</u>	<u>Collections</u>	<u>Final</u>
			<u>Distributed</u>	<u>Distributed</u>	<u>Distribution</u>
			<u>in 2013</u>	<u>in 2014</u>	
Orleans Parish School Board	\$ 102,236	\$ (1,636)	\$ 7,794	\$ (8,662)	\$ 99,732
Regional Transit Authority	64,743	(1,036)	4,931	(5,482)	63,156
	<u>\$ 166,979</u>	<u>\$ (2,672)</u>	<u>\$ 12,725</u>	<u>\$ (14,144)</u>	<u>\$ 162,888</u>

(11) Interest Income

Interest earned on investments held by the City’s capital projects fund, certain special revenue funds (Sidewalk Paving and Repairing, Traffic Court Judicial Expense, Department of Safety and Permits – Demolition, Vieux Carre’ Commission, and Municipal Court Judicial Expense) and certain agency funds (Clearing and Deposit) is recorded as revenue of the General Fund. The amount of interest revenue recorded by the General Fund on investments of the capital projects fund for the year ended December 31, 2013 was approximately \$40,910.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

(12) Commitments and Contingencies

Operating Lease Agreements

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

Year ending December 31:	
2014	\$ 3,653
2015	1,895
2016	1,299
2017	903
2018	819

Annual lease expense 2013 for such operating lease agreements was approximately \$8,838,000.

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. The City is self-insured for such cases as described below.

Self-Insurance

The City is self-insured for its motor vehicle fleet, and general liability and police department excessive force, workers' compensation, hospitalization, and unemployment losses and claims.

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

As of December 31, 2013, 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 \$395,000 for motor vehicle fleet, \$298,248,000 for general liability and police department excessive force losses, \$96,470,000 for workers' compensation, and \$4,456,000 for hospitalization and unemployment have been accrued in the government-wide financial statements in the total amount of \$399,569,000.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

Changes to the City's claims liability amounts in fiscal 2013 and 2012 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:					
2012	\$ 197,021	\$ 98,893	\$ (410)	\$ 295,504	\$ 5,000
2013	295,504	19,134	(16,390)	298,248	5,000
Workers' compensation:					
2012	77,034	34,129	(20,567)	90,596	20,567
2013	90,596	28,123	(22,249)	96,470	22,249
Motor vehicle fleet:					
2012	288	413	(291)	410	410
2013	410	508	(523)	395	395
Hospitalization and unemployment:					
2012	3,613	44,578	(44,765)	3,426	3,426
2013	3,426	48,069	(47,039)	4,456	4,456
Total:					
2012	277,956	178,013	(66,033)	389,936	29,403
2013	389,936	95,834	(86,201)	399,569	32,100

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, 2013

Landfill Closing Costs

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

Through the time of closure, in the government-wide financial statements, the City recognized a portion of the closure and postclosure care costs in each operating period although actual payouts will not occur until this landfill is capped and closed, respectively. The amount recognized each year to date was based on the landfills' capacities used as of the balance sheet date. As of December 31, 2013, the City has estimated its liability at \$6,265,000.

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

Arbitrage

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

Consent Decrees

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

A consent judgment was filed on December 12, 2012 in the United States District Court, Eastern District of Louisiana. The purpose of the agreement is to address certain alleged constitutional violations at the Orleans Parish Prison (OPP). The Orleans Parish Sheriff's Office (the Office) has taken steps to address the concerns at OPP. The Office has in place certain policies, practices, and procedures, and has plans to adopt certain other policies, practices, and procedures. The consent judgment is based on these policies, practices, and procedures and contemplates that the dispute will be resolved by the continued development and implementation of these measures.

The cost to implement the Consent Decrees over a five year period is estimated to be \$55,000,000.

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

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

	2013	Less Non-Cash	Net
	Taxes Levied	Adjustments	Taxes Levied
		to Tax Rolls	
Board of Liquidation	\$ 78,769	\$ 4,448	\$ 83,217
Sewerage & Water Board	50,752	2,850	53,602
Orleans School Board	138,416	7,826	146,242
Orleans Levee Board West Bank	2,726	84	2,810
Orleans Levee Board East Bank	33,474	1,951	35,425
Law Enforcement District	8,958	501	9,459
Audubon Zoological Garden	988	53	1,041
Aquarium of the Americas	9,236	519	9,755
Downtown Development District	6,156	108	6,264
Touro Bouligny	324	10	334
Garden District	744	13	757
Total	\$ 330,543	\$ 18,363	\$ 348,906

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

Listed on the following page is a summary of ad valorem tax activity related to other City taxing jurisdictions during 2013 (amounts in thousands).

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

	A	2013	2014	Prior Years	B	C	=A-B+C
	2012	Tax Collected	Tax Collected	Tax Collected	Total Tax	2013	2012
	Due From/ (Due To)	in 2013	in 2013	in 2013	Collected	Payments	Due From/ (Due To)
					in 2013	to Boards	
Board of Liquidation	\$ (2,386)	\$ 67,753	\$ 2,319	\$ 2,539	\$ 72,611	\$ 71,465	\$ (3,532)
Sewerage & Water Board	(2,278)	43,650	1,494	1,662	46,806	46,069	(3,015)
Orleans Parish School Board	124	120,079	4,120	4,320	128,519	126,862	(1,533)
Orleans Levee Board West Bank	(912)	2,293	73	96	2,462	2,386	(988)
Orleans Levee Board East Bank	(268)	28,843	993	1,070	30,906	30,455	(719)
Law Enforcement District	(277)	7,705	264	288	8,257	8,126	(408)
Audubon Zoological Garden	(30)	850	29	32	911	896	(45)
Aquarium of the Americas	(284)	7,943	272	302	8,517	8,384	(417)
Downtown Development District	(135)	5,544	108	91	5,743	5,671	(207)
New Orleans Regional Business Park	(6)	-	-	1	1	1	(6)
Touro Bouligny	(25)	292	16	4	312	302	(35)
Garden District	(62)	654	39	13	706	694	(174)
Total	\$ (6,539)	\$ 285,606	\$ 9,727	\$ 10,418	\$ 305,751	\$ 301,311	\$ (10,979)

The amount of taxes collected through tax sales in 2013 totaled \$1,902,146.

The amount of interest on late ad valorem tax payments that was collected and disbursed during 2013 totaled \$3,333,698.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

(14) Restatement

During 2013, the City identified several adjustments which impacted prior year financial statements which principally arose from the understatement of expenses. In addition, the implementation of GASB 65 resulted in a restatement of beginning net position on the government-wide financial statements. A summary of the impact of these adjustments is as follows.

The impact on governmental fund balance was as follows:

Fund balance, as previously reported, December 31, 2012	\$ 112,203
Prior period adjustments	
HUD fund related to understatement of expenditures	(897)
FEMA fund related to understatement of expenditures	(504)
Capital Projects fund related to understatement of expenditures	(1,201)
Louisiana Office of Community Development fund related to understatement of expenditures	(2,071)
Nonmajor governmental funds related to understatement of expenditures	(87)
	<u>(4,760)</u>
Fund balance, as restated, December 31, 2012	<u>\$ 107,443</u>

The impact on net position was as follows:

Net position, as previously reported, December 31, 2012	\$ 38,619
Prior period adjustment	
Related to understatement of expenses	(4,760)
Adjustment as a result of the implementation of GASB Statement No. 65 (Note 15)	<u>(4,790)</u>
	<u>(9,550)</u>
Net position, as restated, December 31, 2012	<u>\$ 29,069</u>

(15) Change in Accounting Principles

The City has implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB Statement No. 65 also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position/balance sheets. The City implemented this statement effective January 1, 2013. The impact to governmental activities was a decrease in beginning net position of \$4,790,000, as disclosed in Note 14.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2013

The GASB issued Statement No. 66, *Technical Corrections - 2012* in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for 2013. There was no impact to the City with the implementation of this statement.

(16) New Pronouncements

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

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

Management of the City is currently assessing the impact of these new pronouncements on the financial statements.

(17) Subsequent Events

In January 2014, the City issued \$40,000,000 of Taxable Public Improvement Bonds Series 2014A for the purpose of improvements to streets, parks, playgrounds, public libraries, and other public buildings. Interest on the bonds is due semiannually at rates ranging from 0.745% to 5.55% commencing June 1, 2014. Principal payments are due annually, commencing December 1, 2014 and maturing on December 1, 2043.

In April 2014, the City received a \$6.2 million payment to settle the outstanding balance of the grantee loan receivable due from the Louisiana Artists Guild. The total receivable balance is fully reserved as of December 31, 2013, as described in Note 4.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW ORLEANS, LOUISIANA
Notes to Required Supplementary Information
Year ended December 31, 2013
(Unaudited)

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

(1) Budgetary Data

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

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

(2) Schedules of Funding Progress

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

CITY OF NEW ORLEANS, LOUISIANA

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

Year ended December 31, 2013

(Amounts in thousands)

	Original budget	Revised budget	Actual on budgetary basis	Variance favorable (unfavorable)
Revenues:				
Taxes	\$ 310,685	310,685	316,578	5,893
Licenses and permits	53,070	53,070	62,963	9,893
Intergovernmental	10,575	13,575	24,304	10,729
Charges for services	73,158	73,191	79,101	5,910
Fines and forfeits	30,415	30,415	31,628	1,213
Interest income	63	63	34	(29)
Contributions, gifts, and donations	4,406	5,762	452	(5,310)
Miscellaneous	5,290	5,890	28,454	22,564
Total revenues	<u>487,662</u>	<u>492,651</u>	<u>543,514</u>	<u>50,863</u>
Expenditures:				
Current:				
General government	154,214	159,141	166,638	(7,497)
Public safety	216,417	216,415	223,856	(7,441)
Public works	59,108	59,820	64,707	(4,887)
Health and human services	15,773	15,807	15,753	54
Culture and recreation	27,706	28,306	19,699	8,607
Debt service:				
Principal retirement	30,262	30,262	22,844	7,418
Interest and fiscal charges	—	—	2,849	(2,849)
Total expenditures	<u>503,480</u>	<u>509,751</u>	<u>516,346</u>	<u>(6,595)</u>
Excess (deficiency) of revenues over expenditures	<u>(15,818)</u>	<u>(17,100)</u>	<u>27,168</u>	<u>44,268</u>
Other financing sources (uses):				
Operating transfers in	15,818	15,818	6,143	(9,675)
Operating transfers out	—	—	(9,214)	(9,214)
Appropriations from prior year budgetary fund balance	—	1,282	—	(1,282)
Reduction in prior year's outstanding encumbrances	—	—	581	581
Other	—	—	(1,524)	(1,524)
Total other financing sources (uses)	<u>15,818</u>	<u>17,100</u>	<u>(4,014)</u>	<u>(21,114)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ —</u>	<u>—</u>	<u>23,154</u>	<u>23,154</u>
Fund balances, beginning of year			<u>(10,688)</u>	
Fund balances – budgetary basis, end of year			<u>\$ 12,466</u>	

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA

Budget to GAAP Reconciliation

(Unaudited)

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

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 23,154
Adjustments:	
To adjust revenues for accruals and deferrals	<u>3,138</u>
Net change in fund balance	<u><u>\$ 26,292</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, 2013
 (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:						
12/31/2011	\$ 379,526	\$ 507,173	\$ (127,647)	74.83	\$ 93,636	-136.32%
12/31/2012	372,050	545,395	(173,345)	68.22	92,881	-186.63%
12/31/2013	365,102	544,536	(179,434)	67.05	92,440	-194.11%
Police Pension Fund:						
12/31/2011	1,805	Not Known	Not Known	Not Known	—	N/A
12/31/2012	1,763	Not Known	Not Known	Not Known	—	N/A
12/31/2013	1,726	Not Known	Not Known	Not Known	—	N/A
Firefighters' Pension and Relief Fund (Old System):						
12/31/2011	14,862	171,593	(156,731)	8.66	—	N/A
12/31/2012	16,565	159,529	(142,964)	10.38	—	N/A
12/31/2013	17,680	148,577	(130,897)	11.90	—	N/A
Firefighters' Pension and Relief Fund (New System):						
12/31/2011	159,645	430,550	(270,905)	37.08	29,994	-903.20%
12/31/2012	150,640	440,292	(289,652)	34.21	29,688	-975.65%
12/31/2013	121,788	423,820	(302,032)	28.74	28,002	-1078.61%

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, 2013
 (Unaudited)
 (Amounts in Thousands)

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

See accompanying independent auditors' report.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2013

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

- *American Can* – Used to account for repayment of the Section 108 loan received from the U.S. Department of Housing and Urban development (HUD) for the benefit of the American Can Project.
- *Neighborhood Housing Improvement* – Used to account for funds allocated to programs which repair and renovate housing in low-income areas.
- *New Orleans Economic Development* – Used to account for funds allocated to programs designed to alleviate economic development problems, improve quality of life, and provide jobs for the citizens of New Orleans.
- *Housing and Environment Improvements* – Used to improve health, housing and environmental conditions in the City.
- *Environmental Improvement* – Used to account for funds received from fines, fees, costs, and penalties and allocated to programs designed to improve health, housing, and environmental conditions in the City.
- *Asset Seizure* – Used to account for property confiscated from drug dealers by the police department to be used for crime fighting measures.
- *Capital Improvements and Infrastructure* – Used to account for funds allocated for the improvements of infrastructures within the City.
- *Plant-a-Tree Campaign* – Used to account for funds allocated to programs designed for planting and beautifying trees, plants, and flowers throughout the City.
- *Sex Offender Proprietary Fund* – Used to account for funds collected by the New Orleans Police Department as a result of annual registration of criminals, annual updates for registration information, criminal penalties for failure to register, and related matters. Expenditures from the fund are for equipment and supplies necessary for its operation and continuation.
- *Miscellaneous Donations* – Used to account for donations designated to specific City departments.
- *Music and Entertainment Commission* – Used to account for funds allocated for programs designed to attract music and entertainment to the City.

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2013

- *Environmental Disaster Mitigation Revolving Fund* – All revenues collected by the Department of Finance from public or private entities as a result of damage to the environment shall be placed in the fund. Expenditures from the fund shall be used to purchase materials, compensate personnel, obtain services, or offset expenses that may have resulted from said damage.
- *New Orleans Recreation Foundation* – the New Orleans Recreation Development (NORD) Foundation Fund is established in the department of finance, under section 6-207 of the City Charter, to receive periodic philanthropic contributions from the NORD Foundation
- *Delgado Albania Plantation Commission* – Used to account for funds generated from the operation of a sugar cane plantation.
- *Imagine It Clean* – Established to receive allocations from various funding sources, including advertising revenue, donations, and other monetary contributions from private individuals, corporations, and other institutions and entities in the private sector, to support the programs and activities of the Imagine It Clean program.
- *Indigent Defender* – Used to account for revenues collected for specified traffic violations. These funds are maintained by the Orleans Parish Public Defenders Office.
- *Edward Wisner* – Used to account for approximately 53,500 acres of land and 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.
- *Vieux Carré Residential* – This fund receives payments from individuals or businesses who wish to encourage residential uses in the Vieux Carré. The funds shall be used only for public purposes which help to retain or increase residential uses within the boundaries of the Vieux Carré National Register Historic District.
- *New Orleans Film Commission Trust* – Used to account for funds received for the spending budget of the New Orleans Film Commission from various sources, such as the New Orleans Tourism Marketing Corporation, as well as grant funds, donations, and other monetary contributions from private individual corporations, and other institutions and entities in the private sector to support the programs and activities of the Commission.
- *Mayor's Office of Tourism and Arts* – Used to account for programs and initiatives specifically directed toward supporting and advancing arts organizations.

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2013

- *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.
- *Public Library Donations* – Used to account for donations to enhance the City’s library system.
- *New Orleans Recreation Department* – Used to account for donations designated to assist in the purchase of playground equipment.
- *Helen Adler Levy Library* – Used to account for funds for the purpose of the establishment and maintenance of the Helen Adler Levy Memorial Room at the New Orleans Public Library.
- *Simon Hersheim* – Used to account for funds for the purpose of purchasing books for the Public Library.
- *LaHache Music* – Used to account for funds to promote the history of New Orleans musicians and facilitate the development of new musicians and composers.
- *Mrs. Otto Joachim* – Used to account for funds to promote the study of orchestra music and violinists.
- *Isaac Delgado Memorial* – Used to account for funds which will benefit Delgado Community College.
- *John McDonogh School* – Used to account for funds to promote education throughout through the City of New Orleans.
- *Lafayette Cemetery No. 1 Under the Wiley of Lilly Violet* – a bequest to the City to maintain Lafayette Cemetery No. 1.
- *Sickles Legacy* – Used to account for funds designated to establish a city dispensary for gratuitous dispensing of medicine and medical advice for the poor.
- *Mahalia Zimmerman* – a bequest to the City to maintain Ms. Zimmerman’s tomb.
- *Institute of Mental Hygiene* – Used to account for funds for the purpose of study, research, and treatment in the field of mental hygiene and psychiatry.
- *Kiwanis Club Lee Circle Sprinkler System* – Used to maintain and improve the sprinkler system for the beautification and benefit of Lee Circle.

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2013

- *Ella West Freeman Foundation* – Used to account for funds to establish and facilitate programs aimed at education, performing and applied arts, community improvement and governmental oversight, and human service organizations with an emphasis on capital projects for established agencies.
- *Adopt-a-Pothole/Streets* – Used to account for funds donated to repair damaged City streets.
- *New Orleans Police Department Crime Prevention* – Used to account for donations earmarked to assist the Police Department in their crime fighting efforts.
- *Sidewalk Paving and Repair* – Used to account for funds dedicated to maintaining sidewalks.

CITY OF NEW ORLEANS
Consolidating Balance Sheet
Non-major Governmental Funds
December 31, 2013
(Amounts in thousands)

Assets	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Sex Offender Proprietary Fund	Sidewalk Paving and Repairing	Adopt-a-Pothole Program	Mayor's Office of Tourism and Arts
Cash	1,371	—	3	2,603	341	—	—	244
Investments	1,069	1,900	681	—	—	2	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	14	44	—	—	—	—	—
Property taxes receivable	84	84	—	—	—	—	—	—
Due from other funds	—	114	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	3
Total assets	\$ 2,524	2,112	728	2,603	341	2	—	247
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	37	207	72	—	—	—	—	1
Accrued liabilities	19	35	—	—	—	—	—	—
Due to other funds	1	439	522	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	2	—	—
Total liabilities	57	681	594	—	—	2	—	1
Deferred Inflows of Resources								
Unavailable revenue	144	144	—	—	—	—	—	—
Total deferred inflows of resources	144	144	—	—	—	—	—	—
Fund balances:								
Nonspendable	—	—	—	—	—	—	—	—
Restricted	—	—	—	—	—	—	—	—
Committed	2,319	1,283	259	2,603	341	—	—	246
Assigned	—	—	(125)	—	—	—	—	—
Unassigned	4	4	134	—	—	—	—	—
Total fund balances	2,323	1,287	134	2,603	341	—	—	246
Total liabilities, deferred inflows, and fund balances	\$ 2,524	2,112	728	2,603	341	2	—	247

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Governmental Funds
 December 31, 2013
 (Amounts in thousands)

Assets	Mayoral Fellows Program	Music and Entertainment Commission	New Orleans Police Department Crime Prevention	Asset Seizure	New Orleans Recreation Foundation	New Orleans Recreation Department	New Orleans Film Commission	Vieux Carre' Restoration
Cash	—	80	1	694	23	52	84	1
Investments	—	116	—	658	—	—	158	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—	—	—	—
Property taxes receivable	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	2	—	—	—	—	2	—
Total assets	198	198	1	1,352	23	52	244	1
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	—	—	—	11	14	—	8	—
Accrued liabilities	2	—	—	—	—	—	—	—
Due to other funds	79	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—	—
Total liabilities	81	—	—	11	14	—	8	—
Deferred Inflows of Resources								
Unavailable revenue	—	—	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—	—	—
Fund balances:								
Nonspendable	—	—	—	—	—	52	—	—
Restricted	—	—	—	—	9	—	—	1
Committed	—	198	1	1,341	—	—	236	—
Assigned	—	—	—	—	—	—	—	—
Unassigned	(81)	—	—	—	—	—	—	—
Total fund balances	(81)	198	1	1,341	9	52	236	1
Total liabilities, deferred inflows, and fund balances	—	198	1	1,352	23	52	244	1

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Governmental Funds
 December 31, 2013
 (Amounts in thousands)

Assets	Public Library Donations	Plant-a-Tree Campaign	Capital Improvement and Infrastructure	Deigado-Albania Plantation Commission	Edward Wisner	LaHache Music	Simon Hersheim	Kiwanis Club Lee Circle Sprinkler System
Cash	592	294	2,274	715	4,567	—	1	5
Investments	42	—	277	1,186	2,550	—	79	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—	—	—	—
Property taxes receivable	—	—	167	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	12	—	—	—	—
Total assets	634	294	2,718	1,913	7,117	—	80	5
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	—	44	—	—	1,020	—	—	—
Accrued liabilities	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—	—
Total liabilities	—	44	—	—	1,020	—	—	—
Deferred Inflows of Resources								
Unavailable revenue	—	—	290	—	—	—	—	—
Total deferred inflows of resources	—	—	290	—	—	—	—	—
Fund balances:								
Nonspendable	634	—	—	—	—	—	—	—
Restricted	—	—	—	—	6,097	—	80	5
Committed	—	250	2,422	1,913	—	—	—	—
Assigned	—	—	6	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—	—
Total fund balances	634	250	2,428	1,913	6,097	—	80	5
Total liabilities, deferred inflows, and fund balances	634	294	2,718	1,913	7,117	—	80	5

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Governmental Funds
 December 31, 2013
 (Amounts in thousands)

Assets	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	4	333	—	19	3	1	1	1
Investments	4	217	6	2	—	—	308	1,540
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—	—	—	6
Property taxes receivable	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—
Total assets	8	550	6	21	3	1	309	1,547
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	—	—	—	—	—	—	—	4
Accrued liabilities	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	1,519
Due to other governments	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—	—
Total liabilities	—	—	—	—	—	—	—	1,523
Deferred Inflows of Resources								
Unavailable revenue	—	—	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—	—	—
Fund balances:								
Nonspendable	—	—	—	—	—	—	—	—
Restricted	8	550	6	21	3	1	309	24
Committed	—	—	—	—	—	—	—	—
Assigned	—	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—	—
Total fund balances	8	550	6	21	3	1	309	24
Total liabilities, deferred inflows, and fund balances	8	550	6	21	3	1	309	1,547

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Governmental Funds
 December 31, 2013
 (Amounts in thousands)

Assets	Housing and Environment Improvement	Indigent Defender	Disaster Mitigation	Miscellaneous Donations	Other	Grant Recipient Funds	Total
Cash	1,682	57	320	221	8	4,231	20,826
Investments	—	—	—	—	163	—	10,958
Accounts receivable (net, where applicable, of allowances for uncollectibles)	114	53	—	—	—	—	231
Property taxes receivable	—	—	—	—	—	63	335
Due from other funds	—	—	—	—	—	5,409	177
Due from other governments	—	—	—	—	—	—	5,409
Other assets	—	—	—	—	—	—	19
Total assets	1,796	110	320	221	171	9,703	37,955
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	325	—	—	2	—	3,333	5,078
Accrued liabilities	3	—	—	—	—	148	207
Due to other funds	29	—	—	—	—	4,387	6,976
Due to other governments	—	—	—	—	—	688	688
Advances from other funds	—	—	—	—	—	—	2
Total liabilities	357	—	—	2	—	8,556	12,951
Deferred Inflows of Resources							
Unavailable revenue	—	—	—	—	—	2,469	3,047
Total deferred inflows of resources	—	—	—	—	—	2,469	3,047
Fund balances:							
Nonspendable	—	—	—	—	204	—	890
Restricted	—	—	—	—	7	4,403	11,524
Committed	1,439	110	320	—	—	—	15,281
Assigned	—	—	—	219	—	—	225
Unassigned	—	—	—	—	(40)	(5,725)	(5,963)
Total fund balances	1,439	110	320	219	171	(1,322)	21,957
Total liabilities, deferred inflows, and fund balances	1,796	110	320	221	171	9,703	37,955

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-major Governmental Funds
 December 31, 2013
 (Amounts in thousands)

	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Sex Offender Proprietary Fund	Sidewalk Paving and Repairing	Adopt-a- Pothole Program	Mayor's Office of Tourism and Arts
Revenues:								
Taxes	2,548	2,548	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—
Program income	—	47	—	—	—	—	—	—
Fines and forfeits	—	—	40	—	—	—	—	—
Interest income	—	—	—	—	—	—	—	187
Contributions, gifts, and donations	—	—	—	1,218	79	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—
Total revenues	2,548	2,595	40	1,218	79	—	—	187
Expenditures:								
General government	—	—	—	—	—	—	—	94
Public safety	—	—	—	—	20	—	—	—
Health and human services	—	—	433	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—
Urban development and housing	—	—	—	—	—	—	—	—
Economic development and assistance	2,791	5,002	—	—	—	—	—	—
Capital outlays	—	1,108	—	—	—	—	—	—
Debt service	—	—	—	320	—	—	—	—
Principal	—	—	—	68	—	—	—	—
Interest	—	—	—	—	—	—	—	—
Total expenditures	2,791	6,110	433	388	20	—	—	94
Excess (deficiency) of revenues over expenditures	(243)	(3,515)	(393)	830	59	—	—	93
Other financing sources (uses):								
Operating transfers in	—	—	—	—	—	—	—	—
Operating transfers out	—	—	—	(1,772)	—	—	—	—
Total other financing sources (uses)	—	—	—	(1,772)	—	—	—	—
Net change in fund balance	(243)	(3,515)	(393)	(942)	59	—	—	93
Fund balances – beginning of year	2,566	4,802	527	3,545	282	—	—	153
Prior period adjustments	—	—	—	—	—	—	—	—
Fund balances – beginning of year, as restated	2,566	4,802	527	3,545	282	—	—	153
Fund balances – end of year	2,323	1,287	134	2,603	341	—	—	246

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Not-major Governmental Funds
 December 31, 2013
 (Amounts in thousands)

	Mayor's Fellows Program	Music and Entertainment Commission	New Orleans Police Department - Crime Prevention	Asset Seizure	New Orleans Recreation Foundation	New Orleans Recreation Department	New Orleans Film Commission	Vieux Carre' Restoration
Revenues:								
Taxes								
Intergovernmental								
Program income								
Fines and forfeits				487				
Interest income		100			13		100	
Contributions, gifts, and donations					146			
Miscellaneous	170							
Total revenues	170	100		487	159		100	
Expenditures:								
General government							97	
Public safety	160	94		157				
Health and human services								
Culture and recreation					150			
Urban development and housing								
Economic development and assistance								
Capital outlays				195				
Debt service								
Principal								
Interest								
Total expenditures	160	94		352	150		97	
Excess (deficiency) of revenues over expenditures	10	6		135	9		3	
Other financing sources (uses):								
Operating transfers in								
Operating transfers out								
Total other financing sources (uses)								
Net change in fund balance	10	6		135	9		3	
Fund balances - beginning of year	59	192	1	1,206		52	233	1
Prior period adjustments	(150)							
Fund balances - beginning of year, as restated	(91)	192	1	1,206		52	233	1
Fund balances - end of year	(81)	198	1	1,341	9	52	236	1

See accompanying independent auditors' report. (Continued)

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-major Governmental Funds
 December 31, 2013
 (Amounts in thousands)

	Public Library Donations	Plant-A-Tree Campaign	Capital Improvement and Infrastructure	Delgado-Albania Plantation Commission	Edward Wisner	LaHache Music	Simon Hersheim	Kiwanis Club Lee Circle Sprinkler System
Revenues:								
Taxes			2,077					
Intergovernmental								
Program income								
Fines and forfeits								
Interest income		244		1	2			
Contributions, gifts, and donations	115			148	2,387			
Miscellaneous								
Total revenues	115	244	2,077	149	2,389			
Expenditures:								
General government								
Public safety								
Health and human services								
Culture and recreation		280			1,190			
Urban development and housing								
Economic development and assistance								
Capital outlays								
Debt service								
Principal								
Interest								
Total expenditures		280			1,190			
Excess (deficiency) of revenues over expenditures	115	(36)	2,077	149	1,199			
Other financing sources (uses):								
Operating transfers in								
Operating transfers out								
Total other financing sources (uses)								
Net change in fund balance	115	(36)	2,077	149	1,199			
Fund balances - beginning of year	519	286	351	1,764	4,748		80	5
Prior period adjustments					150			
Fund balances - beginning of year, as restated	519	286	351	1,764	4,898		80	5
Fund balances - end of year	634	250	2,428	1,913	6,097		80	5

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
December 31, 2013
(Amounts in thousands)

	Ella West Freeman Foundation	Isaac Delgado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lilly Violet	Mahalia Zimmerman Tomb	Mrs. Otto Joachim	Sickles Legacy	Helen Adler Loy Library
Revenues:								
Taxes	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—
Program income	—	—	—	—	—	—	—	—
Fines and forfeits	—	—	—	—	—	—	—	—
Interest income	—	—	—	—	—	—	—	1
Contributions, gifts, and donations	—	—	6	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—
Total revenues	—	—	6	—	—	—	—	1
Expenditures:								
General government	—	—	—	—	—	—	—	—
Public safety	—	—	—	—	—	—	—	—
Health and human services	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—
Urban development and housing	—	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	—
Capital outlays	—	—	—	—	—	—	—	—
Debt service	—	—	—	—	—	—	—	—
Principal	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—
Total expenditures	—	—	—	—	—	—	—	—
Excess (deficiency) of revenues over expenditures	—	—	6	—	—	—	—	1
Other financing sources (uses):								
Operating transfers in	—	—	—	—	—	—	—	—
Operating transfers out	—	—	—	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—	—	—	—
Net change in fund balance	—	—	6	—	—	—	—	1
Fund balances – beginning of year	8	550	—	21	3	1	309	23
Prior period adjustments	—	—	—	—	—	—	—	—
Fund balances – beginning of year, as restated	8	550	—	21	3	1	309	23
Fund balances – end of year	8	550	6	21	3	1	309	24

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Not-major Governmental Funds
 December 31, 2013
 (Amounts in thousands)

	Housing and Environment Improvement	Indigent Defender	Disaster Mitigation	Miscellaneous Donations	Other	Grant Recipient Funds	Total
Revenues:							
Taxes	—	—	—	—	—	—	7,173
Intergovernmental	—	—	—	—	—	35,617	35,617
Program income	—	—	—	—	—	325	372
Fines and forfeits	1,735	719	—	—	—	—	2,981
Interest income	—	—	—	—	—	—	4
Contributions, gifts, and donations	—	—	—	36	—	—	3,073
Miscellaneous	—	—	—	—	—	—	1,876
Total revenues	1,735	719	—	36	—	35,942	51,096
Expenditures:							
General government	—	—	—	—	39	12,882	13,366
Public safety	—	669	—	—	—	2,415	3,261
Health and human services	—	—	—	20	—	12,592	13,045
Culture and recreation	—	—	—	—	—	—	1,620
Urban development and housing	1,520	—	—	—	—	560	1,880
Economic development and assistance	—	—	—	—	—	4,938	12,731
Capital outlays	—	—	—	—	—	1,450	2,753
Debt service	—	—	—	—	—	—	320
Principal	—	—	—	—	—	—	68
Interest	—	—	—	—	—	—	—
Total expenditures	1,520	669	—	20	39	34,637	49,044
Excess (deficiency) of revenues over expenditures	215	50	—	16	(39)	1,305	2,052
Other financing sources (uses):							
Operating transfers in	—	—	—	—	—	—	—
Operating transfers out	(801)	—	—	—	—	—	(2,573)
Total other financing sources (uses)	(801)	—	—	—	—	—	(2,573)
Net change in fund balance	(586)	50	—	16	(39)	1,305	(521)
Fund balances – beginning of year	2,025	60	320	203	210	(2,540)	22,565
Prior period adjustments	—	—	—	—	—	(87)	(87)
Fund balances – beginning of year, as restated	2,025	60	320	203	210	(2,627)	22,478
Fund balances – end of year	1,439	110	320	219	171	(1,322)	21,957

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Grant Recipient Funds
 December 31, 2013
 (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	Federal Energy Grant	Federal Department of Agriculture
Cash	—	—	8	—	—	—	19	20	978
Due from other funds	—	—	—	—	—	—	—	57	—
Due from other governments	15	444	6	213	2,351	—	—	—	—
Total assets	15	444	14	213	2,351	—	19	77	978
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	—	67	14	88	2,321	—	—	—	—
Accrued liability	—	4	—	6	82	—	—	—	—
Due to other funds	42	308	—	117	597	291	—	—	—
Due to other governments	—	—	—	—	—	—	—	5	—
Total liabilities	42	379	14	211	3,000	291	—	5	—
Deferred Inflows of Resources									
Unavailable revenues	—	42	2	212	1,419	—	—	—	—
Total deferred inflows of resources	—	42	2	212	1,419	—	—	—	—
Fund balances:									
Restricted	(27)	—	—	—	—	—	19	72	978
Unassigned	(27)	23	(2)	(210)	(2,068)	(291)	—	—	—
Total fund balances	(54)	23	(2)	(210)	(2,068)	(291)	19	72	978
Total liabilities, deferred inflows, and fund balances	15	444	14	213	2,351	—	19	77	978

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS
 Consolidating Balance Sheet
 Non-major Grant Recipients Funds
 December 31, 2013
 (Amounts in thousands)

Assets	Louisiana Commission on Law Enforcement	Department of Health and Human Resources	Environmental Protection Agency	Louisiana Department of Public Safety	Louisiana Department of Education	Louisiana Department of Agriculture and Forestry	Department of Culture, Recreation, and Tourism	Federal Department of Highway Administration	Department of Labor
Cash	8	—	356	52	311	109	—	—	467
Due from other funds	—	—	—	—	—	—	2	—	—
Due from other governments	1	151	64	62	—	—	—	—	1,539
Total assets	9	151	420	114	311	109	2	—	2,006
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	—	—	—	—	—	—	—	—	465
Accrued liability	—	18	—	—	—	—	—	—	19
Due to other funds	11	2,472	31	44	—	—	—	50	—
Due to other governments	394	—	—	—	—	—	—	—	—
Total liabilities	405	2,490	31	44	—	—	—	50	484
Deferred Inflows of Resources									
Unavailable revenues	—	50	—	62	—	—	—	—	564
Total deferred inflows of resources	—	50	—	62	—	—	—	—	564
Fund balances:									
Restricted	(396)	(2,389)	389	8	311	109	2	(50)	958
Unassigned	(396)	(2,389)	389	8	311	109	2	(50)	958
Total fund balances	9	151	420	114	311	109	2	—	2,006
Total liabilities, deferred inflows, and fund balances	9	151	420	114	311	109	2	—	2,006

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS
Consolidating Balance Sheet
Non-major Grant Recipient Funds
December 31, 2013
(Amounts in thousands)

	Department of Natural Resources	Traffic Court	Private Grants	Federal Department of Homeland Security	Federal Department of Social Service	Louisiana Military Department	Federal American Recovery Act	Federal Department of Transportation	National Endowments for the Arts	Total
Assets										
Cash	65	289	1,491	—	—	58	—	—	—	4,231
Due from other funds	—	—	4	—	—	—	—	—	—	63
Due from other governments	6	—	—	385	131	9	32	—	—	5,409
Total assets	71	289	1,495	385	131	67	32	—	—	9,703
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	—	—	72	246	5	15	—	40	—	5,333
Accrued liability	—	—	8	9	—	—	2	—	—	148
Due to other funds	—	—	—	79	318	—	22	5	—	4,387
Due to other governments	—	289	—	—	—	—	—	—	—	688
Total liabilities	—	289	80	334	323	15	24	45	—	8,556
Deferred Inflows of Resources										
Unavailable revenues	—	—	—	82	—	4	32	—	—	2,469
Total deferred inflows of resources	—	—	—	82	—	4	32	—	—	2,469
Fund balances:										
Restricted	71	—	1,415	—	—	48	—	—	—	4,403
Unassigned	—	—	—	(31)	(192)	—	(24)	(45)	—	(5,725)
Total fund balances	71	—	1,415	(31)	(192)	48	(24)	(45)	—	(1,322)
Total liabilities, deferred inflows, and fund balances	71	289	1,495	385	131	67	32	—	—	9,703

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-major Grant Recipient Funds
 December 31, 2013
 (Amounts in thousands)

	Federal Department of Interior	Federal Justice Administration	FDJ Office of Justice Program	Federal Department of Health	Department of Defense	Federal Department of Commerce	Department of Economic Development	Federal Energy Grant	Federal Department of Agriculture	Louisiana Commission on Law Enforcement
Revenues:										
Intergovernmental Program income	\$ 7,927	2,449	314	10,207	290	—	12	—	—	225
Total revenues	7,927	2,449	314	10,207	290	—	12	—	—	225
Expenditures:										
General government	7,955	666	256	35	414	—	12	—	—	11
Public safety	—	1,945	—	—	—	—	—	—	—	250
Health and human services	—	—	17	10,941	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—	—
Urban Development	—	—	—	27	—	—	—	—	—	—
Economic development and assistance	—	77	—	17	—	—	—	—	—	—
Capital outlays	—	—	—	—	—	—	—	—	—	—
Total expenditures	7,955	2,688	273	11,020	414	—	12	—	—	261
(Deficiency) excess of revenues over expenditures	(28)	(239)	41	(813)	(124)	—	—	—	—	(36)
Net change in fund balance	(28)	(239)	41	(813)	(124)	—	—	—	—	(36)
Fund balances – beginning of year	1	262	(43)	(1,235)	(86)	(291)	19	72	978	(360)
Prior period adjustments	—	—	—	(20)	—	—	—	—	—	—
Fund balances – beginning of year, as restated	1	262	(43)	(1,255)	(86)	(291)	19	72	978	(360)
Fund balances – end of year	(27)	23	(2)	(2,068)	(210)	(291)	19	72	978	(396)

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-major Grant Recipient Funds
 December 31, 2013
 (Amounts in thousands)

	Department of Health and Human Resources	Environmental Protection Agency	Louisiana Department of Public Safety	Louisiana Department of Education	Louisiana Department of Agriculture and Forestry	Department of Culture, Recreation and Tourism	Federal Department of Highway Administration	Department of Labor	Department of Natural Resources	Traffic Court
Revenues:										
Intergovernmental	1,433	104	220	473	—	—	—	4,995	28	—
Program income	—	325	—	—	—	—	—	—	—	—
Total revenues	1,433	429	220	473	—	—	—	4,995	28	—
Expenditures:										
General government	—	40	—	214	—	—	—	—	22	—
Public safety	—	—	220	—	—	—	—	—	—	—
Health and human services	1,268	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	—	—	—
Urban Development	—	—	—	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—	4,911	—	—
Capital outlays	189	—	—	—	—	—	—	—	—	—
Total expenditures	1,457	40	220	214	—	—	—	4,911	22	—
(Deficiency) excess of revenues over expenditures	(24)	389	—	259	—	—	—	84	6	—
Net change in fund balance	(24)	389	—	259	—	—	—	84	6	—
Fund balances – beginning of year	(2,365)	—	8	52	109	2	(50)	874	65	—
Prior period adjustments	—	—	—	—	—	—	—	—	—	—
Fund balances – beginning of year, as restated	(2,365)	—	8	52	109	2	(50)	874	65	—
Fund balances – end of year	(2,389)	389	8	311	109	2	(50)	958	71	—

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS
 Consolidating Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-major Grant Recipient Funds
 December 31, 2013
 (Amounts in thousands)

	Private Grants	Federal Department of Homeland Security	Federal Department of Social Service	Louisiana Military Department	Federal American Recovery Act	Federal Department of Transportation	National Endowments for the Arts	Total
Revenues:								
Intergovernmental Program income	1,903	2,983	270	830	74	815	65	35,617
								325
Total revenues	1,903	2,983	270	830	74	815	65	35,942
Expenditures:								
General government	709	2,063		485				12,882
Public safety								2,415
Health and human services	366							12,592
Culture and recreation								
Urban Development			307		55			360
Economic development and assistance								4,938
Capital outlays		394		212		561		1,450
Total expenditures	1,075	2,457	307	697	53	561		34,637
(Deficiency) excess of revenues over expenditures	828	526	(37)	133	21	254	65	1,305
Net change in fund balance	828	526	(37)	133	21	254	65	1,305
Fund balances - beginning of year	587	(557)	(155)	(18)	(45)	(299)	(65)	(2,540)
Prior period adjustments				(67)				(87)
Fund balances - beginning of year, as restated	587	(557)	(155)	(85)	(45)	(299)	(65)	(2,627)
Fund balances - end of year	1,415	(31)	(192)	48	(24)	(45)		(1,322)

See accompanying independent auditors' report.

FIDUCIARY FUNDS

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Fiduciary Funds
December 31, 2013

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

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

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

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Plan Net Position

Pension Trust Funds

December 31, 2013

(Amounts in thousands)

Assets	Firefighters'		Police old system	Employees' retirement system	Total
	Old system	New system			
Current assets:					
Cash	\$ 124	6,320	1,713	2,052	10,209
Investments	17,323	135,567	—	370,142	523,032
Receivables:					
Accrued interest	—	5,453	—	143	5,596
Contribution	—	106	—	211	317
Other	255	359	13	498	1,125
Property and equipment, net of accumulated depreciation	1	—	—	—	1
Other assets	—	346	—	—	346
Total assets	\$ 17,703	148,151	1,726	373,046	540,626
Liabilities and Net Position					
Current liabilities:					
Accounts payable	\$ 20	700	—	—	720
Other payables and accruals	3	53,217	—	591	53,811
Total current liabilities	23	53,917	—	591	54,531
Long-term liabilities:					
Notes payable	—	9,459	—	—	9,459
Total long-term liabilities	—	9,459	—	—	9,459
Total liabilities	23	63,376	—	591	63,990
Net position:					
Restricted for:					
Pension benefits	17,680	84,775	1,726	372,455	476,636
Total net position	17,680	84,775	1,726	372,455	476,636
Total liabilities and net position	\$ 17,703	148,151	1,726	373,046	540,626

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Plan Net Position
Pension Trust Funds
Year ended December 31, 2013
(Amounts in thousands)

	Firefighters'		Police old system	Employees' retirement system	Total
	Old system	New system			
Additions:					
Contributions:					
Employer	\$ 19,000	9,000	—	19,938	47,938
Members	—	1,393	—	5,954	7,347
Fire insurance rebate	739	739	—	—	1,478
Other	1,156	2,573	148	90	3,967
Total contributions	<u>20,895</u>	<u>13,705</u>	<u>148</u>	<u>25,982</u>	<u>60,730</u>
Other income:					
Other - City of New Orleans	—	40	23	—	63
Total other income	<u>—</u>	<u>40</u>	<u>23</u>	<u>—</u>	<u>63</u>
Investment income:					
Net appreciation (depreciation) in fair value of investments	1,105	(36,521)	—	46,971	11,555
Interest and dividends	144	1,145	4	4,440	5,733
Other investment income	—	726	—	123	849
Less investment expense	(6)	(5,593)	—	(1,403)	(7,002)
Net investment income (loss)	<u>1,243</u>	<u>(40,243)</u>	<u>4</u>	<u>50,131</u>	<u>11,135</u>
Total additions	<u>22,138</u>	<u>(26,498)</u>	<u>175</u>	<u>76,113</u>	<u>71,928</u>
Deductions:					
Pension benefits	18,268	22,089	32	34,686	75,075
Refund of member contributions	—	124	—	1,569	1,693
Death benefits	51	27	—	101	179
Administrative expenses	624	935	114	300	1,973
DROP withdrawal	89	5,069	—	756	5,914
PLOP withdrawal	1,991	4,005	—	4,378	10,374
Transfers	—	14	66	475	555
Total deductions	<u>21,023</u>	<u>32,263</u>	<u>212</u>	<u>42,265</u>	<u>95,763</u>
Net increase (decrease)	<u>1,115</u>	<u>(58,761)</u>	<u>(37)</u>	<u>33,848</u>	<u>(23,835)</u>
Net position held in trust for pension benefits – beginning of year	<u>16,565</u>	<u>143,536</u>	<u>1,763</u>	<u>338,607</u>	<u>500,471</u>
Net position held in trust for pension benefits – end of year	<u>\$ 17,680</u>	<u>84,775</u>	<u>1,726</u>	<u>372,455</u>	<u>476,636</u>

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended December 31, 2013
(Amounts in thousands)

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2013</u>
Clearing fund:				
Assets:				
Cash	\$ 17,901	2,563,293	2,557,899	23,295
Accounts receivable	—	31,093	31,065	28
Due from other funds	2,171	—	2,171	—
	<u>\$ 20,072</u>	<u>2,594,386</u>	<u>2,591,135</u>	<u>23,323</u>
Liabilities:				
Other payables and accruals	\$ 20,072	2,442,772	2,439,521	23,323
	<u>\$ 20,072</u>	<u>2,442,772</u>	<u>2,439,521</u>	<u>23,323</u>
Deposit fund:				
Assets:				
Cash	\$ 101	2,398	2,358	141
Investments	876	—	—	876
	<u>\$ 977</u>	<u>2,398</u>	<u>2,358</u>	<u>1,017</u>
Liabilities:				
Accounts payable	15	126	140	1
Other payables and accruals	962	1,433	1,379	1,016
	<u>\$ 977</u>	<u>1,559</u>	<u>1,519</u>	<u>1,017</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, 2013
(Amounts in thousands)

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2013</u>
Escrow fund				
Assets:				
Cash	\$ 5,131	103,498	98,891	9,738
Investments	21,074	12	1	21,085
Accounts Receivable	232	2	232	2
	<u>\$ 26,437</u>	<u>103,512</u>	<u>99,124</u>	<u>30,825</u>
Liabilities:				
Other payables and accruals	\$ 26,437	81,545	77,157	30,825
	<u>\$ 26,437</u>	<u>81,545</u>	<u>77,157</u>	<u>30,825</u>
Total all agency funds:				
Assets:				
Cash	\$ 23,133	2,669,189	2,659,148	33,174
Investments	21,950	12	1	21,961
Accounts receivable	232	31,095	31,297	30
Due from other funds	2,171	—	2,171	—
	<u>\$ 47,486</u>	<u>2,700,296</u>	<u>2,692,617</u>	<u>55,165</u>
Liabilities:				
Accounts payable	\$ 15	126	140	1
Other payables and accruals	47,471	2,525,750	2,518,057	55,164
	<u>\$ 47,486</u>	<u>2,525,876</u>	<u>2,518,197</u>	<u>55,165</u>

See accompanying independent auditors' report.

NON-MAJOR COMPONENT UNITS

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Position

Non-major Component Units

December 31, 2013

(Amounts in thousands)

Assets	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 Building Corporation	Parish Hospital District for the Parish of Orleans District A	Total
Current assets:										
Cash	3,632	2,903	4,756	3,240	89	2,563	10,495	2,701	5,471	35,830
Receivables (net of allowances for uncollectibles):										
Property taxes	271	—	—	—	—	—	—	—	—	271
Accounts receivable	—	2,447	774	6	509	14	1,236	1,806	312	7,104
Accrued interest	—	—	—	—	—	—	28	—	—	28
Other	39	140	—	—	—	1	13,956	—	176	14,312
Due from other governments	25	—	618	—	—	—	—	—	1,479	2,674
Prepaid expenses and deposits	117	16	628	88	32	26	552	98	68	1,353
Total current assets	4,084	5,506	6,756	3,334	630	2,604	26,547	4,605	7,506	61,572
Restricted cash and investments:										
Customer deposits	—	—	—	—	—	—	—	3,927	—	3,927
Future debt service account	265	—	—	—	6,649	—	—	—	—	6,914
Total restricted assets	265	—	—	—	6,649	—	—	3,927	—	10,841
Property, plant, and equipment – at cost, less accumulated depreciation	148	8	20,278	32	12,910	7,835	14,318	36,879	90,171	182,579
Other assets	—	—	—	—	48	—	—	—	—	48
Total assets	4,497	5,514	27,034	3,366	20,237	10,439	40,865	45,411	97,677	255,040

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Position

Non-major Component Units

December 31, 2013

(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 Building Corporation	Parish Hospital District for the Parish of Orleans District A	Total
Current liabilities (payable from current assets):										
Accounts payable	264	165	282	18	132	86	71	347	8,400	9,765
Other payables and accruals	49	—	93	75	507	37	1,330	177	3,542	5,810
Due to other governments	83	1,134	—	—	—	1,130	—	110	865	3,322
Total current liabilities (payable from current assets)	396	1,299	375	93	639	1,253	1,401	634	12,807	18,897
Current liabilities (payable from restricted assets):										
Accrued interest	—	—	68	—	—	—	—	—	—	68
Bonds payable, current portion	315	—	715	637	—	—	—	—	—	1,667
Deposits and other	—	—	—	25	—	156	—	—	—	181
Total current liabilities (payable from restricted assets)	315	—	783	662	—	156	—	—	—	1,916
Total current liabilities	711	1,299	1,158	755	639	1,409	1,401	634	12,807	20,813
Long-term liabilities:										
Revenue bonds (net of current portion)	4,585	—	4,125	—	—	—	—	—	—	8,710
Other	1,361	26	134	—	347	—	—	1,089	58,628	61,585
Total long-term liabilities	5,946	26	4,259	—	347	—	—	1,089	58,628	70,295
Total liabilities	6,657	1,325	5,417	755	986	1,409	1,401	1,723	71,435	91,108
Deferred inflows of resources										
Unavailable revenue	—	—	—	—	20	—	—	—	2,011	2,031
Total deferred inflows of resources	—	—	—	—	20	—	—	—	2,011	2,031
Net position:										
Net investment in capital assets	148	8	15,438	32	12,910	7,835	14,318	36,769	31,572	119,030
Restricted for bond debt service	265	—	920	635	—	—	—	—	—	1,820
Operations reserve	—	—	—	—	—	—	—	3,936	—	3,936
Unrestricted	(2,573)	4,181	5,259	1,944	6,321	1,195	25,146	2,985	(7,341)	37,115
Total net position	(2,160)	4,189	21,617	2,611	19,231	9,030	39,464	43,688	24,231	161,901
Total liabilities, deferred inflows of resources, and net position	4,497	5,514	27,034	3,366	20,237	10,439	40,865	45,411	97,677	255,040

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Combining Statement of Activities
 Non-major Component Units
 Year ended December 31, 2013
 (Amounts in thousands)

	Program Revenues		Net (expense) revenue and changes in net position												
	Expenses	Charges for services	Operating Grants	Capital Grants	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Pontalba Restoration Corporation	Canal Street Development Corporation	New Orleans Building Corporation	Parish Hospital District for the Parish of Orleans DISTRICT A	Pizza Development Corporation	Total
\$	5,674	—	134	—	(5,520)	(13,706)	—	—	—	—	—	—	—	—	(5,520)
	13,706	—	—	—	—	—	—	—	—	—	—	—	—	—	(13,706)
	4,606	4,649	—	—	—	—	—	—	—	—	—	—	—	—	43
	696	1,185	—	—	—	—	489	—	—	—	—	—	—	—	489
	6,410	2,731	—	—	—	—	—	—	—	—	—	—	—	—	1,861
	14,997	15,619	—	—	—	—	—	—	873	—	—	—	—	—	873
	2,800	7,899	—	—	—	—	—	—	—	622	—	—	—	—	622
	5,778	684	5,105	3,548	—	—	—	—	—	—	3,547	—	—	—	3,547
	5,778	684	5,105	3,548	—	—	—	—	—	—	3,547	—	—	—	3,547
	5,520	35,339	5,259	10,672	(5,520)	(13,706)	45	489	1,861	873	622	3,547	7,135	—	(4,650)
	5,520	35,339	5,259	10,672	(5,520)	(13,706)	45	489	1,861	873	622	3,547	7,135	—	(4,650)
	8	—	—	—	—	3	16	(20)	3	8	24	—	—	—	42
	5,667	—	—	—	—	11,313	1,904	—	322	—	—	616	—	—	5,667
	5,675	—	—	—	—	11,316	1,320	(20)	325	8	24	616	9	—	19,273
	155	—	—	—	—	(2,390)	1,563	469	2,186	881	646	4,163	7,144	—	14,617
	(92)	—	—	—	—	6,579	20,254	2,142	17,045	8,149	37,456	39,525	17,087	1,362	147,376
	(2,223)	—	—	—	—	—	—	—	—	—	—	—	—	—	(92)
	(2,315)	—	—	—	—	6,579	20,254	2,142	17,045	8,149	38,818	39,525	17,087	(1,562)	—
	(2,160)	—	—	—	—	4,189	21,617	2,611	19,231	9,030	39,464	45,688	24,231	—	147,284
	(2,160)	—	—	—	—	4,189	21,617	2,611	19,231	9,030	39,464	45,688	24,231	—	161,901

See accompanying independent auditors' report.

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

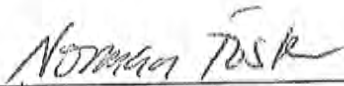
CITY OF NEW ORLEANS
(As Ex-officio Orleans Parish Tax Collector)
NEW ORLEANS, LOUISIANA

TAX COLLECTOR AGENCY FUND
Affidavit

For the year ended December 31, 2013

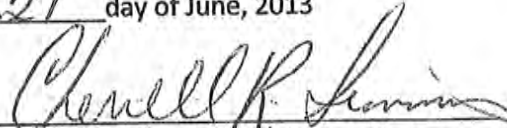
AFFIDAVIT (Required by R.S. 24:513(B))
STATE OF LOUISIANA
PARISH OF ORLEANS

I, Norman S. Foster, Tax Collector for the Parish of Orleans, do solemnly swear that the information reflected in the Summary of Ad Valorem Tax Collections Remitted to Other Taxing Authorities, included in the footnotes of the City of New Orleans "Basic Financial Statement", is true and correctly reflects all taxes collected and distributed by my office during the period January 1, 2013 to December 31, 2013 and that the cash available for the settlement of the unsettled collections amounted to \$10,979,145 as of December 31, 2013.



Tax Collector

Sworn to and subscribed before me, this
27 day of June, 2013



Notary (affix seal) #28227

SCHEDULE OF COUNCILMEMBER COMPENSATION

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Compensation Paid to City Council

Year Ended December 31, 2013

<u>New Orleans City Council</u>	<u>Compensation</u>
Jacquelyn B. Clarkson, Councilmember-at-Large	\$ 88,864
Stacy S. Head, Councilmember-at-Large	88,864
Susan G. Guidry, Councilmember - District A	88,864
Latoya W. Cantrell, Councilmember - District B	89,609
Kristin E. Gisleson Palmer, Councilmember - District C	88,864
Cynthia M. Hedge-Morrell, Councilmember - District D	88,864
James A. Gray II, Councilmember - District E	89,946

See accompanying independent auditors' report.

STATISTICAL SECTION

CITY OF NEW ORLEANS, LOUISIANA

Statistical Section

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

Contents

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

Table 12	Demographic and Economic Statistics
Table 13	Employees by Industry

Operating Information

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

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

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

CITY OF NEW ORLEANS, LOUISIANA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts in thousands)

(unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 817,046	678,766	610,072	645,610	641,132	641,513	741,516	826,219	890,521	894,662
Restricted	33,062	32,495	61,592	97,506	92,584	85,692	60,839	59,140	81,294	113,204
Unrestricted	(544,534)	(479,037)	(534,802)	(673,078)	(853,752)	(933,305)	(748,478)	(777,932)	(942,746)	(823,064)
Total governmental activities net position	\$ 305,574	232,224	136,862	70,038	(120,036)	(206,100)	53,877	107,427	29,069	184,802

Primary government

Net investment in capital assets	\$ 817,046	678,766	610,072	645,610	641,132	641,513	741,516	826,219	890,521	894,662
Restricted	33,062	32,495	61,592	97,506	92,584	85,692	60,839	59,140	81,294	113,204
Unrestricted	(544,534)	(479,037)	(534,802)	(673,078)	(853,752)	(933,305)	(748,478)	(777,932)	(942,746)	(823,064)
Total primary government net position	\$ 305,574	232,224	136,862	70,038	(120,036)	(206,100)	53,877	107,427	29,069	184,802

CITY OF NEW ORLEANS, LOUISIANA

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
(unaudited)										
Expenses										
Governmental Activities:										
General government	\$ 332,685	212,551	219,196	203,620	322,190	296,441	321,303	242,417	382,208	247,292
Public Safety	195,470	249,423	174,530	252,474	204,749	214,899	224,915	236,058	233,745	230,231
Public Works	123,926	144,465	90,511	143,211	135,507	136,344	124,952	126,080	133,817	124,449
Health and Human Services	20,836	22,368	13,385	18,438	19,973	20,682	19,084	21,678	26,805	27,981
Culture and recreation	25,119	22,627	9,922	12,600	21,710	25,392	23,577	21,575	24,576	23,403
Urban development and housing	23,760	28,330	8,278	21,157	49,507	47,544	40,114	32,682	33,538	23,891
Economic development	15,149	13,731	6,968	6,606	17,102	24,321	10,329	8,680	8,793	12,731
Interest and fiscal charges	57,977	59,170	54,966	62,531	72,629	73,133	76,526	65,393	66,996	59,487
Total primary government expenses	794,922	752,665	577,756	720,637	843,367	838,756	840,800	754,563	910,478	749,465
Program Revenues										
Governmental Activities:										
Charges for Services:										
General government	75,410	59,207	50,768	51,749	69,937	71,578	46,153	69,191	73,770	70,692
Public Safety	13,630	12,540	16,430	20,133	29,321	28,336	17,602	37,947	36,845	22,331
Public Works	18,439	10,528	7,735	14,284	18,075	25,373	32,218	36,753	36,756	37,015
Health and Human Services	7,518	5,014	2,867	301	6,690	8,535	9,862	9,873	7,967	8,003
Culture and recreation	722	375	234	-	638	310	235	309	861	814
Urban development and housing	89	52	-	138	-	-	-	60	-	1,735
Economic development	127	94	597	4,229	170	116	890	-	2,007	-
Operating grants and contributions	93,926	222,175	77,773	134,097	105,041	143,482	170,164	142,497	143,964	139,577
Capital grants and contributions	15,478	12,728	10,256	53,237	37,301	51,230	111,859	75,728	90,434	141,650
Total primary government program revenues	225,339	322,713	166,660	278,168	267,173	328,960	388,983	372,358	392,604	421,817
Net Revenue (Expense)	(569,583)	(429,952)	(411,096)	(442,469)	(576,194)	(509,796)	(451,817)	(382,205)	(517,874)	(327,648)
Total primary government										
General Revenues										
Governmental Activities:										
Property Taxes	146,065	160,130	127,659	142,480	155,767	145,956	175,863	187,199	180,318	204,335
Sales Taxes	153,851	116,339	124,229	134,114	137,581	133,868	147,453	153,955	163,128	176,465
Other Taxes	56,222	46,226	44,172	44,324	42,191	45,532	49,567	45,787	46,953	57,134
Investment Earnings	3,803	11,133	17,862	19,380	18,251	32,791	5,301	(770)	13,470	15,231
Insurance Proceeds	-	-	-	5,257	5,866	-	-	-	-	-
Miscellaneous	21,355	17,232	1,812	29,890	51,115	65,785	67,695	47,296	29,674	29,189
Gain (loss) on impairment	-	-	-	-	(24,651)	-	-	-	-	-
Gain (loss) on sales of capital assets	-	-	-	-	-	-	265,915	2,288	5,973	1,027
Forgiveness of Debt	-	-	-	-	-	-	711,794	435,755	439,516	483,381
Total general revenues, transfers, and special items	381,296	336,602	315,734	375,645	386,120	423,732	711,794	435,755	439,516	483,381
Change in Net Position	\$(188,287)	(73,350)	(95,362)	(66,824)	(190,074)	(86,064)	259,977	53,550	(78,358)	155,733

CITY OF NEW ORLEANS, LOUISIANA

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 26,813	4,087	4,716	16,526	7,229	680	530	-	-	-
Unreserved:										
Designated for subsequent year	2,611	23,743	65,837	40,083	17,016	15,933	13,619	-	-	-
Undesignated	3,138	18,477	29,275	41,011	35,334	(8,262)	(25,210)	-	-	-
Committed	-	-	-	-	-	-	-	13,934	10,661	6,036
Unassigned	-	-	-	-	-	-	-	(17,344)	(19,997)	10,920
Total general fund	\$ 32,562	46,307	99,828	97,620	59,579	8,351	(11,061)	(3,410)	(9,336)	16,956
All Other Governmental Funds										
Reserved	\$ 111,271	105,586	105,955	158,297	186,871	130,544	149,398	-	-	-
Unreserved reported in:										
HUD	-	-	-	-	(267)	(385)	(7,493)	-	-	-
FEMA	-	(13,045)	(10,848)	(16,363)	(31,777)	(49,882)	(55,328)	-	-	-
Capital Projects	95,112	118,617	146,958	180,116	61,103	66,185	55,119	-	-	-
Louisiana Office of Community Development	-	-	-	-	-	(1,169)	(14,190)	-	-	-
Non-major Governmental	27,844	24,438	28,974	34,636	28,692	17,597	20,231	-	-	-
Nonspendable	-	-	-	-	-	-	-	6,886	5,368	2,407
Restricted	-	-	-	-	-	-	-	122,991	147,675	137,113
Committed	-	-	-	-	-	-	-	4,022	19,533	58,882
Assigned	-	-	-	-	-	-	-	17,891	10,677	225
Unassigned	-	-	-	-	-	-	-	(78,511)	(66,474)	(36,557)
Total all other government funds	\$ 234,227	235,596	271,039	356,686	244,622	162,890	147,737	73,279	116,779	162,070

(unaudited)

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	\$ 328,510	284,177	275,063	298,620	301,076	305,240	333,849	360,944	372,012	396,973
Licenses and permits	64,190	53,129	55,590	55,490	60,335	54,136	58,117	57,219	56,612	52,963
Intergovernmental	88,297	215,920	96,454	171,369	162,810	237,485	261,670	212,684	273,457	265,594
Charges for services	52,378	34,150	31,766	35,080	44,751	48,189	50,417	72,171	74,164	78,996
Program income	565	348	927	66	68	1,182	145	4,898	82	1,942
Fines and forfeits	22,667	15,557	8,330	12,325	18,867	26,619	33,565	38,824	37,766	35,977
Interest income	4,601	10,444	17,082	19,380	12,769	4,906	1,203	684	461	300
Contributions, gifts, donations	13,725	4,874	2,346	3,164	3,112	3,249	3,860	2,742	3,092	3,687
Miscellaneous and other	29,477	24,245	25,767	48,229	29,241	34,801	67,233	41,808	33,295	28,537
Total revenues	604,410	642,844	511,325	643,923	633,029	715,807	810,059	791,974	850,941	874,789
EXPENDITURES										
General government	172,902	221,556	185,120	188,003	209,705	231,838	245,451	226,518	240,268	207,805
Public safety	185,156	243,939	169,141	209,423	200,430	210,363	220,734	235,946	229,457	226,831
Public works	69,355	61,687	31,281	79,397	75,834	77,851	65,730	64,811	74,488	66,216
Health and human services	20,775	22,368	13,237	17,844	19,973	20,682	19,084	21,678	26,805	27,981
Culture and recreation	24,875	19,536	8,704	13,425	20,078	23,784	22,047	20,048	23,027	22,016
Urban development and housing	15,149	13,731	6,891	8,935	17,102	24,321	10,329	9,243	8,793	12,731
Economic development and assistance	58,144	45,141	28,544	57,154	128,993	151,878	140,928	142,715	96,535	132,947
Capital projects	-	-	-	40,951	-	-	-	-	-	-
Debt service:	-	-	-	58,423	42,168	45,072	55,019	56,775	46,198	47,103
Principal	53,409	56,931	58,311	-	66,591	66,495	69,374	63,536	63,205	57,004
Interest and fiscal charges	667,498	751,131	546,744	696,084	830,381	899,828	886,810	874,709	842,316	844,525
Total expenditures	(63,088)	(108,287)	(35,419)	(52,161)	(197,352)	(184,021)	(76,751)	(82,735)	8,625	30,264
Revenue over (under) expenditures	64,741	77,479	15,816	93,956	10,161	26,844	72,319	21,048	28,219	55,067
OTHER FINANCING SOURCES (USES)										
Transfers in	(64,741)	(77,479)	(15,816)	(93,956)	(15,325)	(26,844)	(72,319)	(21,048)	(28,219)	(55,067)
Transfers in from component unit	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Issuance of notes payable	-	61,396	76,214	32,748	34,373	8,458	975	-	3,500	-
Issuance of Go Zone Notes	-	-	35,533	-	12,345	334	485	-	-	-
Issuance of long-term debt	88,980	51,350	-	75,147	-	-	-	-	-	-
Issuance of bonds	-	105,279	-	-	-	-	-	15,995	363,725	40,000
Premium/Discount on issuance of long-term debt	127	12,901	-	-	-	-	-	-	25,800	263
Debt service assistance loan	-	-	-	23,549	-	-	-	-	-	-
Insurance proceeds	-	10,565	13,404	4,925	5,866	-	-	-	-	-
Payment to escrow agent	(12,760)	(118,090)	(768)	(769)	(173)	-	-	-	(319,178)	1,012
Other, net	10	-	-	-	-	-	-	(67)	1,102	44
Total other financing sources (uses)	76,357	123,401	124,383	135,600	47,247	51,061	42,186	15,928	74,949	41,319
SPECIAL ITEMS										
Termination of interest rate swap	-	-	-	-	-	-	-	-	(46,000)	-
Net change in fund balances	\$ 13,269	15,114	88,964	83,439	(150,105)	(132,960)	(34,565)	(66,807)	37,574	71,583
GASB 44 debt service disclosure	15.99%	13.43%	18.46%	9.14%	15.51%	14.92%	16.41%	16.44%	14.74%	15.06%

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

Year	Real Property \$			Business Property \$		Exemption Assessed Value	Net Assessed Value	Estimated Actual Value	Total \$
	Assessed value		Estimated Actual Value	Assessed Value	Estimated Actual Value				
	Land	Building + Improvements							
2004	421,211,409	1,444,323,161	4,212,114,090	13,112,789,053	603,545,769	4,023,638,460	489,517,102	1,979,563,237	21,348,541,603
2005	436,423,285	1,545,006,528	4,364,232,850	13,996,185,863	593,479,939	3,956,532,927	488,679,731	2,086,230,021	22,316,951,640
2006	440,671,295	1,009,535,449	4,406,712,950	8,875,317,430	519,254,706	3,461,698,040	331,956,206	1,637,505,244	16,743,728,420
2007	441,401,900	1,225,226,330	4,414,019,000	11,076,965,167	468,154,201	3,121,028,007	294,827,495	1,839,954,936	18,612,012,173
2008	617,210,052	1,704,939,236	6,172,100,520	15,438,544,073	522,726,855	3,484,845,700	304,133,486	2,540,742,657	25,095,490,293
2009	611,819,420	1,773,057,760	6,118,194,200	16,128,646,367	536,593,600	3,577,290,667	330,226,350	2,591,244,430	25,824,131,233
2010	607,799,100	1,901,449,500	6,077,991,000	17,342,386,933	532,776,071	3,551,840,473	369,086,386	2,672,938,285	26,972,218,407
2011	603,874,860	2,000,707,530	6,038,748,600	18,250,159,700	535,103,026	3,567,353,507	384,016,970	2,755,668,446	27,856,261,807
2012	638,762,880	2,140,883,660	6,387,628,800	19,445,348,833	560,076,762	3,733,845,080	392,534,175	2,947,189,127	29,566,822,713
2013	646,329,720	2,293,477,430	6,463,297,200	20,754,816,467	582,104,080	3,880,693,867	437,893,609	3,084,017,621	31,098,807,533

Note: Amounts are net of the homestead exemption.

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

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Direct property tax rates:										
City alimony	\$ 15.10	15.10	15.10	11.72	11.72	11.72	16.10	16.10	14.91	14.91
Interest and redemption city bond, Special tax dedicated to maintenance of double platoon Fire Department and triple platoon Police Department	25.50	25.50	25.50	25.50	23.80	23.80	31.70	38.20	28.40	28.40
Special tax (additional) for increase in pay to officers and members of Police and Fire Department	4.27	4.27	4.27	3.11	3.11	3.11	4.27	4.27	4.27	4.27
Special tax, Police without Homestead Exemption: Police protection,	2.13	2.13	2.13	1.55	1.55	1.55	2.13	2.13	2.13	2.13
Special tax, Fire without Homestead Exemption: Additional millages for fire protection	5.26	5.26	5.26	3.98	3.98	3.98	5.26	5.26	5.26	5.26
Special tax for establishing and maintaining a zoological garden in Audubon Park	5.21	5.21	5.21	5.21	3.94	3.94	5.21	5.21	5.21	5.21
Special tax to establish and maintain an aquarium by the Audubon Commission	0.32	0.32	0.32	0.32	0.32	0.32	0.44	0.44	0.44	0.44
Special dedicated tax to operate the Public Library,	2.99	2.99	2.99	2.99	2.99	2.99	4.11	4.11	4.11	4.11
Capital Improvements & Infrastructure Trust Fund	3.14	3.14	3.14	3.14	3.14	3.14	4.32	4.32	4.32	4.32
Special tax, Neighborhood Housing Improvement	1.82	1.82	1.82	1.82	1.82	1.82	2.50	2.50	2.50	2.50
Special tax, New Orleans Economic Development Fund	0.91	0.91	0.91	0.91	0.91	0.91	1.25	1.25	1.25	1.25
Special tax, Parkways and Park and Recreation Department	0.91	0.91	0.91	0.91	0.91	0.91	1.25	1.25	1.25	1.25
Special tax, Street and Traffic Control Device Maintenance	3.00	3.00	3.00	2.18	2.18	2.18	3.00	3.00	3.00	3.00
Special tax for maintenance, operations and extension of the drainage system	1.90	1.90	1.90	1.38	1.38	1.38	1.90	1.90	1.90	1.90
Total direct property tax rates	88.89	88.89	88.89	81.15	77.78	78.18	106.03	112.53	101.54	101.54
Overlapping property tax rates:										
Special tax to provide funds for Board of funds for Board of Assessors	-	-	-	-	-	-	-	-	1.19	1.19
Special tax, Law Enforcement District of Orleans Parish	2.90	2.90	2.90	2.90	2.90	2.90	3.50	4.50	3.00	3.00
Special tax for Orleans Parish School Board, for support, maintenance and construction of Public Schools of the City of New Orleans as levied by said Board annually,	44.81	43.60	44.12	44.12	38.47	38.47	52.90	58.55	52.80	52.80
Subtotal overlapping property tax rates	47.71	46.50	47.02	47.02	41.37	41.37	56.40	63.05	56.99	56.99

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Orleans Levee Board	-	-	-	-	-	-	12.76	12.76	12.76	12.76
Orleans Levee District (Eastbank)	11.67	11.67	11.67	11.67	10.95	9.65	-	-	-	-
Algiers Levee District (Westbank)	12.36	12.76	12.76	12.76	9.28	9.28	-	-	-	-
Total Overlapping property tax rates										
Eastbank	59.38	58.17	58.69	58.69	52.32	51.02	69.16	75.81	69.75	69.75
Westbank	60.07	59.26	59.78	59.78	50.65	50.65	69.16	75.81	69.75	69.75
Total Eastbank	\$ 148.27	147.06	147.58	139.84	130.10	129.20	175.19	188.34	171.29	171.29
Total Westbank	\$ 148.96	148.15	148.67	140.93	128.43	128.83	175.19	188.34	171.29	171.29

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

Name of Taxpayer	Type of business	2013		
		Taxable Assessed Value	Rank	Percentage of total assessed value
Energy Services	Electric and gas utilities	\$ 115,783	1	3.75
BellSouth Telecommunications	Telephone utilities	49,845	2	1.61
Capital One Bank	Financial institution	47,366	3	1.53
Harrah's Entertainment	Hospitality and gaming	28,392	4	0.92
Marriott Hotel Properties	Hospitality	25,079	5	0.81
J P Morgan Chase Bank	Financial institution	17,590	6	0.57
International River Center	Real Estate	19,083	7	0.62
Whitney National Bank	Financial institution	17,748	8	0.57
CS&M Association (Sheraton)	Real Estate	15,555	9	0.50
Folgers Coffee Company	Coffee Roasting Plant	13,347	10	0.43

Name of Taxpayer	Type of business	2004		
		Taxable Assessed Value	Rank	Percentage of total assessed value
Energy Services	Electric and gas utilities	\$ 74,583	1	3.72
BellSouth Telecommunications	Telephone utilities	59,469	2	2.96
Hibernia National Bank	Financial institution	44,932	3	2.24
Banc One	Financial institution	29,825	4	1.49
Whitney National Bank	Financial institution	26,700	5	1.33
Harrah's Entertainment	Hospitality and gaming	25,780	6	1.29
Tenet	Managed Care	20,135	7	1.00
International River Center	Real Estate	19,196	8	0.96
Marriott Hotel Properties	Hospitality	14,141	9	0.96
CS&M Association (Sheraton)	Real Estate	11,246	10	0.56

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

Fiscal Year	Total levied	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent		Amount	Percentage of Levy
Real estate taxes:						
2004	\$ 247,328	\$ 231,442	93.58%	\$ 13,692	\$ 245,134	99.11%
2005	267,327	248,381	92.91%	15,610	263,991	98.75%
2006	219,991	194,337	88.34%	23,496	217,833	99.02%
2007	250,462	225,743	90.13%	21,541	247,284	98.73%
2008	269,746	243,204	90.16%	23,302	266,506	98.80%
2009	275,869	257,219	93.24%	14,942	272,161	98.66%
2010	309,800	291,078	93.96%	14,262	305,340	98.56%
2011	339,370	320,437	94.42%	13,247	333,684	98.32%
2012	362,262	342,248	94.48%	12,064	354,312	97.81%
2013	382,902	363,026	94.81%	-	363,026	94.81%
Personal property taxes:						
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%	7,279	95,157	95.66%
2007	82,046	74,258	90.51%	3,709	77,967	95.03%
2008	67,548	59,645	88.30%	4,429	64,074	94.86%
2009	69,935	63,118	90.25%	3,444	66,562	95.18%
2010	74,530	68,508	91.92%	2,197	70,705	94.87%
2011	78,996	74,204	93.93%	1,443	75,647	95.76%
2012	81,685	78,275	95.83%	823	79,098	96.83%
2013	87,058	84,410	96.96%	-	84,410	96.96%

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

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

Fiscal year	Population (1)	Assessed value real estate and personal property	General obligation bonded debt	Ratio of bonded debt to assessed value	Bonded debt per capita (2)
2004	462	2,469,080	499,852	20.24	1,082
2005	455	2,574,910	493,683	19.17	1,085
2006	211	1,969,461	478,420	24.29	2,267
2007	288	2,134,782	538,514	25.23	1,870
2008	312	2,844,876	523,955	18.42	1,679
2009	327	2,921,471	508,019	17.39	1,554
2010	343	3,042,025	529,219	17.40	1,543
2011	356	3,139,685	509,544	16.23	1,431
2012	369	3,339,723	470,077	14.08	1,274
2013	379	3,521,911	489,463	13.90	1,291

(1) Source: GCR & Associates Estimates

(2) Bonded debt per capita not in thousands.

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

CITY OF NEW ORLEANS, LOUISIANA

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

(unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
City of New Orleans:										
General Obligation, limited tax, and revenue bonds**	\$ 669,952	687,888	665,800	718,699	696,565	672,664	685,609	673,279	695,587	712,508
Sewerage and Water Board	26,885	25,920	24,905	23,835	22,710	21,525	20,290	18,990	17,630	16,205
Audubon Commission	52,404	48,312	47,540	50,170	52,806	51,813	48,775	49,316	28,343	26,035
Total direct City debt	749,241	762,120	738,245	792,704	772,081	746,002	754,674	741,585	741,560	754,748
Overlapping Debt: * (1)										
Orleans Parish School Board	270,118	253,398	235,668	216,868	195,363	170,898	155,411	120,130	183,796	168,939
Orleans Levee District	74,345	69,890	65,115	60,045	54,530	48,665	3,745	3,120	-	-
Total overlapping debt	344,463	323,288	300,783	276,913	249,893	219,563	159,156	123,250	183,796	168,939
Total direct and overlapping debt	\$ 1,093,704	1,085,408	1,039,028	1,069,617	1,021,974	965,565	913,830	864,835	925,356	923,687

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

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

Sources: Orleans Parish School Board and Orleans Levee District

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

CITY OF NEW ORLEANS, LOUISIANA

Computation of Legal Debt Margin
Last Ten Years
(amount in thousands)

(unaudited)

Fiscal year	Assessed value real estate and personal property	Debt Limitation 35% of total assessed value*	Amount of debt applicable to debt limitation **		Less assets in debt service fund available for retirement of General Obligation Bonds	Legal debt margin
			General Obligation Bonds ***	Effects of Accretion Deep Discount Bonds		
2004	\$ 2,469,080	901,218	499,852	266,078	33,062	168,351
2005	2,574,910	901,218	493,683	250,597	32,495	189,434
2006	1,969,461	875,306	478,420	234,400	61,592	224,078
2007	2,500,874	992,948	538,514	217,541	47,764	284,657
2008	2,836,994	992,948	523,955	200,040	36,922	305,875
2009	2,836,994	1,020,858	508,019	181,946	32,802	363,695
2010	2,916,737	1,098,156	529,219	163,361	30,188	435,764
2011	3,137,589	1,168,903	509,544	144,316	29,859	544,902
2012	3,339,723	1,232,669	470,077	124,844	30,826	668,574
2013	3,521,911	1,252,707	489,463	104,912	36,481	694,813
2014****	3,579,163					

Sources:

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

** Excludes revenue bonds

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

**** Debt limit calculation for 2013 was based on the 2014 assessment, which was available by the end of fiscal year 2013.

CITY OF NEW ORLEANS, LOUISIANA

Demographic and Economic Statistics
Last Ten Years

(unaudited)

<u>Fiscal year</u>	<u>Population* (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2004	462	28,889	5.4
2005	455	29,327	7.4
2006	211	53,657	4.6
2007	288	54,435	4.1
2008	312	47,757	6.5
2009	327	40,920	7.5
2010	343	41,172	8.6
2011	356	42,371	7.8
2012	369	43,030	7.0
2013	379	**	5.5

Source:

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

** 2013 Per Capita Personal Income information had not been released by the Bureau of Economic Research by the release of this report

(1) Amount in thousands

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

(3) United States Department of Labor, Bureau of Labor Statistics (Not Seasonally Adjusted Rate as of 12/31)

CITY OF NEW ORLEANS, LOUISIANA

Employees by Industry
Last Ten Years

(unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agriculture, forestry, fishing and hunting	68	52	50	60	58	26	22	32	39	77
Mining	4,217	4,146	3,706	3,659	3,819	3,618	3,253	2,867	2,391	2,422
Utilities	1,967	1,891	1,305	1,102	1,173	1,163	918	906	921	908
Construction	6,470	5,578	6,861	5,448	4,793	5,285	5,388	5,419	5,357	5,691
Manufacturing	7,711	7,793	6,837	7,795	7,642	5,929	4,959	4,536	4,031	3,918
Wholesale trade	6,307	5,486	4,459	4,485	4,415	4,002	3,881	3,896	3,750	3,508
Retail trade	19,103	15,344	9,611	11,342	12,614	12,284	12,057	12,428	12,926	13,372
Transportation and warehousing	13,044	12,189	9,308	8,639	8,412	7,885	7,827	8,259	8,448	8,416
Information	5,253	4,979	3,454	3,571	4,846	3,033	3,644	3,724	4,700	4,217
Finance and insurance	9,605	7,774	5,998	6,078	5,932	5,546	5,475	5,468	5,409	5,077
Real estate and rental and leasing	4,116	3,514	2,130	2,293	2,266	2,222	2,241	2,460	2,587	2,648
Professional and technical services	15,035	13,872	13,518	13,222	13,663	13,815	14,410	14,709	14,671	15,890
Management of companies and enterprises	4,579	4,095	2,908	3,334	3,374	3,404	3,335	3,396	3,348	2,987
Administrative and waste services	15,712	13,547	10,518	10,975	9,921	9,248	9,338	9,439	9,864	9,663
Educational services	30,808	25,215	16,241	18,496	19,582	20,530	20,829	20,997	21,303	22,570
Health care and social assistance	34,565	28,199	14,276	17,421	19,865	20,858	20,796	21,171	21,239	20,439
Arts, entertainment, and recreation	8,538	7,544	5,161	6,189	6,833	4,696	4,955	4,975	5,056	5,280
Accommodation and food services	35,328	29,424	19,166	23,847	25,146	27,300	28,949	31,410	33,162	34,093
Other services, except public administration	7,588	6,055	4,217	5,099	5,196	5,046	5,082	5,277	5,509	5,401
Public administration	16,877	15,396	11,840	11,681	12,003	12,222	12,796	12,308	12,154	12,141
Total	246,891	212,093	151,564	164,736	171,553	168,112	170,155	173,677	176,865	178,718

Source: Louisiana Workforce Commission

CITY OF NEW ORLEANS, LOUISIANA

Full Time City Employees by Department
Four Fiscal Years

(unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Aviation	200	116	111	114	111	117	114	186	164	161
Chief Administrative Office	166	59	61	65	61	76	89	96	96	96
City Council	69	41	49	59	49	62	63	63	63	63
City Planning	24	9	10	16	10	21	20	22	22	20
Civil Service	37	12	14	18	14	21	23	19	18	17
Neighborhood One/NHIF	114	47	42	62	42	100	102	104	110	106
Coroner's Office	25	10	11	12	1	15	14	15	14	15
Criminal District Court/Clerk	90	52	78	88	78	89	89	90	87	81
Finance	173	59	69	84	69	90	90	125	114	115
Fire	770	751	687	685	687	731	750	753	711	662
French Market	41	13	18	25	18	31	31	40	40	47
Health	322	191	164	189	164	219	218	202	219	227
Historic Districts	8	6	6	9	6	9	10	8	8	9
Inspector General	-	-	-	-	-	28	23	34	34	34
Juvenile Court	59	30	28	27	28	25	47	44	46	40
Law	97	49	54	52	54	69	62	62	60	59
Library	221	19	81	88	81	128	150	162	192	191
Mayor's Office	98	67	75	110	75	119	131	168	165	177
Recreation	222	21	33	42	33	108	109	132	127	147
Mosquito Control	36	38	33	36	33	2	32	28	32	26
Municipal Court	82	53	55	57	55	96	56	46	46	48
Museum of Art	44	10	22	18	22	16	14	12	11	9
Parks and Parkways	218	100	85	107	85	123	117	115	134	123
Police	2,261	1,867	1,649	1,680	1,649	1,839	1,725	1,591	1,498	1,432
Police Secondary Employment	-	-	-	-	-	-	-	-	-	9
Property Management	142	89	73	72	73	74	72	69	68	65
Public Works	273	62	95	128	95	138	129	124	115	124
Rivergate Development Corporation	4	4	2	3	2	2	4	4	4	4
Safety & Permits	104	61	61	65	61	96	95	81	82	84
Sanitation	77	35	33	23	33	28	27	26	24	31
Sewerage and Water Board	1,208	1,183	948	884	948	963	985	999	991	1,024
Traffic Court	120	43	53	65	53	83	88	86	72	69
Vieux Carre'	8	2	2	4	2	4	4	5	5	4
Welfare	63	14	20	26	20	31	36	44	41	37
Workforce Investment Act	7	6	7	8	7	7	6	6	5	7
Municipal Yacht Harbor	19	4	4	2	4	2	3	4	4	4
Audubon Park	4	4	3	1	3	-	-	-	-	-
	<u>7,406</u>	<u>5,127</u>	<u>4,736</u>	<u>4,924</u>	<u>4,726</u>	<u>5,562</u>	<u>5,528</u>	<u>5,565</u>	<u>5,425</u>	<u>5,367</u>

Source: City of New Orleans Civil Service.

CITY OF NEW ORLEANS, LOUISIANA

Capital Asset Statistics by Function
Last Ten Fiscal Years

(unaudited)

Function:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fire and Emergency Services:										
Number of Stations:										
Police	8	8	8	8	8	8	8	8	8	8
Fire	33	15	30	30	30	30	30	30	30	30
Recreation (1)										
Active Playground (1)	*	*	*	*	*	*	*	*	*	30
Passive Playground (2)	*	*	*	*	*	*	*	*	*	71
Recreation Centers (3)	*	*	*	*	*	*	*	*	*	10
Stadiums	*	*	*	*	*	*	*	*	*	8
Pools (3)	*	*	*	*	*	*	*	*	*	14
Tennis Locations (3)	*	*	*	*	*	*	*	*	*	10
Dog Run	*	*	*	*	*	*	*	*	*	1
Roads:										
Miles of roads maintained	*	*	*	*	*	*	*	*	1,653	1,653

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

(1) Represents a count of facilities both operational and not in operation

* Information not available for these years.

CITY OF NEW ORLEANS, LOUISIANA

Operating Indicators by Function
Last Ten Fiscal Years

(unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police Department:										
Response to Phone Emergencies	43,537	38,728	181,745	197,049	189,436	163,135	215,336	311,949	232,052	284,224
911 Responses	*	7,776	323,378	399,609	433,926	416,665	427,833	481,902	565,888	642,653
Field Operations Bureau Investigations										
clearance rate for crimes against persons	*	*	*	*	*	*	*	43%	41%	40%
Field Operations Bureau Investigations										
clearance rate for crimes against property	*	*	*	*	*	*	*	13%	15%	13%
Number of police report reviews	*	*	*	*	*	*	*	3,867	-	3,404
Number of Driving While Intoxicated (DWI) arrests	*	*	*	*	*	*	*	1,624	1,232	1,392
Fire Department:										
Response to Phone Emergencies	*	2,340	35,497	30,063	32,436	31,828	31,460	27,755	18,831	19,514
911 Responses	*	239	9,410	9,442	9,712	8,581	8,027	8,544	8,695	9,542
Number of commercial and industrial structures inspected	*	*	*	*	*	*	*	2,854	3,395	3872
Percent of response times under 6 minutes 20 seconds	*	*	*	*	*	*	*	79%	75%	74%
EMS:										
Response to Phone Emergencies	*	2,039	25,964	28,716	37,324	28,306	26,373	25,823	19,137	20,904
911 Responses	*	466	25,326	34,134	31,224	40,048	45,825	50,597	56,740	70,690
Percent of Emergency Medical Service responses for acute cases within 12 minutes	*	*	*	*	*	*	*	81%	77%	76%
Law										
Number of public records requests completed	*	*	*	*	*	*	*	573	563	1047
Number of tax and public nuisance cases filed before the ABO Board	*	*	*	*	*	*	*	227	324	268
Sanitation										
Garbage Tonnage Collected	284,242	219,258	114,427	206,663	221,564	192,626	1,779,068	164,238	173,333	164,556
Number of illegal dumping sites cleared	*	*	*	*	*	*	*	1,013	972	2,135
Number of tons of recyclable material collected	*	*	*	*	*	*	*	3,627	6,138	6,650
Public Works										
Number of potholes filled	*	*	*	*	*	*	*	53,309	60,401	31,263
Number of catch basins cleaned	*	*	*	*	*	*	*	3,339	5,364	2,839
Number of streetlight outages restored	*	*	*	*	*	*	*	10,925	12,500	19,356
Number of parking citations	*	*	*	*	*	*	*	302,653	290,214	315,778
Number of tows	*	*	*	*	*	*	*	12,499	11,093	14,480
Number of boots	*	*	*	*	*	*	*	4,399	6,702	7,489

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Operating Indicators by Function
Last Ten Fiscal Years

(unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital Projects										
Percent of projects delivered on schedule	*	*	*	*	*	*	*	79%	80%	79%
Property Management										
Number of work order requests completed	*	*	*	*	*	*	*	2,551	2,855	3,691
Percent of work orders/service requests completed within 30 days	*	*	*	*	*	*	*	68%	83%	91%
Code Enforcement										
Number of Code Enforcement inspections	*	*	*	*	*	*	*	23,523	11,931	15,193
Number of properties brought to hearing	*	*	*	*	*	*	*	4,701	3,261	3,111
Number of blighted properties brought into compliance	*	*	*	*	*	*	*	946	642	836
Number of blighted units demolished	*	*	*	*	*	*	*	2,030	1,234	329
New Orleans Recreation Development Commission										
Number of youth athletic program registrants	*	*	*	*	*	*	*	8,113	7,998	7,561
Number of athletic programs	*	*	*	*	*	*	*	9	11	12
Number of registrants in NORDC summer camps	*	*	*	*	*	*	*	4,036	4,200	4,967
Parks & Parkways										
Number of acres mowed	*	*	*	*	*	*	*	19,681	19,485	19,795
Number of emergency tree service requests completed	*	*	*	*	*	*	*	629	1,061	915
Library										
Number of items circulated (checked-out)	*	*	*	*	*	*	*	880,638	1,141,002	1,067,472
Information Technology & Innovation										
Call abandonment rate for the Service Desk	*	*	*	*	*	*	*	25%	16%	9%
Average monthly percent of open Service Desk tickets over 30 days old	*	*	*	*	*	*	*	22%	31%	14%
Equipment Maintenance Division										
Number of gallons of fuel dispensed	*	*	*	*	*	*	*	1,903,872	1,786,898	1,676,255

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

* Information not available.