



Luther Speight & Company
Certified Public Accountants and Consultants

**DOWNTOWN DEVELOPMENT DISTRICT
OF THE CITY OF NEW ORLEANS**

NEW ORLEANS, LOUISIANA

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

This report offers readers of these financial statements an overview and analysis of the financial activities of The Downtown Development District of the City of New Orleans (the District). This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the District’s financial position, identify any material deviations from the approved budget documents and identify individual fund issues or concerns.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of the finances. Fund Financial Statements (FFS) – The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than Government-Wide Statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor’s report, located immediately following this MD&A, that the Basic Financial Statements are fairly presented. The auditor regarding the Required Supplementary Information is providing varying degrees of assurance. A user of this report should read the independent auditor’s report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to private-sector business.

The Statement of Net Position presents information of all the District’s assets and liabilities, with the difference between the two 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 District is improving or declining.

The Statement of Activities presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported on an accrual basis, which requires that all changes be recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

Continued,

The governmental activities reflect the District's basic services including public space maintenance (cleaning, sign maintenance and beautification), public safety (law enforcement, homelessness and code enforcement/quality of life), public safety rangers (public safety assistance and pedestrian and tourism information), marketing (special events, advertising, public relations, communications), economic development (real estate development facilitation, revitalization and business retention), and capital improvements (pedestrian signage, sidewalk replacement reimbursements, façade improvement and transportation). These services are financed primarily with property tax assessments and bonding (debt service) activities.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, 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 District are governmental funds.

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the 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 evaluating a government's near-term financing requirements.

Because the focus of 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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The District has presented the general and the debt service funds as major funds. The other governmental fund is the blended component unit (Downtown Development Unlimited) of the District.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

Continued,

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- Despite the fact that the liability for the District's series 2001 bonds, which were used for various capital improvements to the infrastructure in the vicinity of Canal Street and other areas of the District, was recorded on the District's government-wide financial statements while the resulting assets are included in the capital assets of the City of New Orleans; assets exceeded liabilities at the close of the most recent fiscal year by \$1,405,152 as outlined on the statement of net position. As of December 31, 2020, the District had a net position balance of \$1,405,152 as compared to a balance of \$(238,197) as of December 31, 2019.
- The District's total net position increased by \$1,643,349 during 2020, as compared to a decrease of \$677,226 in the prior year. The increase in 2020 net position was primarily related to \$2,359,166 increase in Ad Valorem Tax revenues.
- Revenues increased by \$2,219,350 during 2020, mainly due to increased Ad Valorem Tax collections.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,600,287, an increase of \$1,324,679 from the prior year balance of \$2,275,608.

These financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements) and required supplementary information.

NOTES TO THE FINANCIAL STATEMENTS

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

FINANCIAL ANALYSIS OF THE DISTRICT

The Statement of Net Position and the Statement of Activities reports only one type of government activity. Our analysis below focuses on the net position of the governmental-type activities:

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

Statement of Net Position
As of December 31, 2020 and 2019

	2020	2019	\$ Variance	% Variance
Assets				
Current and other assets	\$ 4,289,017	\$ 3,401,359	\$ 887,658	26.1%
Capital assets, net	411,169	448,137	(36,968)	-8.2%
Total assets	<u>4,700,186</u>	<u>3,849,496</u>	<u>850,690</u>	<u>22.1%</u>
Liabilities				
Current liabilities	1,160,034	1,582,693	(422,659)	-26.7%
Long-term liabilities	2,135,000	2,505,000	(370,000)	-14.8%
Total liabilities	<u>3,295,034</u>	<u>4,087,693</u>	<u>(792,659)</u>	<u>-19.4%</u>
Net Position				
Invested in capital assets, net	411,169	448,137	(36,968)	-8.2%
Restricted for debt service	234,513	234,513	-	0.0%
Unrestricted	759,470	(920,847)	1,680,317	-182.5%
Total Net Position	<u>\$ 1,405,152</u>	<u>\$ (238,197)</u>	<u>\$ 1,643,349</u>	<u>-689.9%</u>

The District's total assets increased by \$850,690 which was the result of an increase in the amount of investments held by the Board of Liquidation from tax collections. Total liabilities decreased by \$792,659 due to payment of current portion of long-term debt, a reduction in accrued expenses and a slight increase in accrued payroll.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

Statement of Activities
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Program revenues				
Operating grants and contributions	\$ 69,131	\$ 172,303	\$ (103,172)	-59.9%
General revenues				
Ad valorem taxes - net	9,600,259	7,241,093	2,359,166	32.6%
Interest income	20,470	57,081	(36,611)	-64.1%
Gain on disposal of assets	-	33	(33)	-100.0%
Total revenues	<u>9,689,860</u>	<u>7,470,510</u>	<u>2,219,350</u>	<u>29.7%</u>
Expenditures				
Administration	1,209,105	1,107,457	101,648	9.2%
Communication and events	722,107	621,169	100,938	16.2%
Economic development	463,621	636,800	(173,179)	-27.2%
Public space operations	2,866,559	2,995,537	(128,978)	-4.3%
Public safety	2,708,069	2,699,941	8,128	0.3%
Interest on long-term debt	77,050	86,832	(9,782)	-11.3%
Total expenditures	<u>8,046,511</u>	<u>8,147,736</u>	<u>(101,225)</u>	<u>-1.2%</u>
NET CHANGE IN FUND BALANCES	1,643,349	(677,226)	2,320,575	-342.7%
Fund Balances - Beginning of year	<u>(238,197)</u>	<u>439,029</u>	<u>(677,226)</u>	<u>-154.3%</u>
Fund Balances - End of year	<u>\$ 1,405,152</u>	<u>\$ (238,197)</u>	<u>\$ 1,643,349</u>	<u>-689.9%</u>

The largest source of revenue for the District was ad valorem (property) taxes. The largest sources of internal revenues were streetcar shelters cleaning and LWCC dividend for a total of \$64,814.32.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

Continued,

There were increases in expenses in Communications and Administration Departments, and decreases in Public Space, Public Safety and Economic Development. The variance in Administration was due to increases in Personnel Costs \$39,916, and Legal Services \$93,283. The increase in the Communications Department resulted from decreases in Holiday Events (\$164,700), DDD Events (\$46,688) and Sponsored Events (\$28,430), which were offset by increases in Digital Media for Website Design \$17,481, TV, Radio & Print Advertising (in support of Downtown businesses impacted by the Hard Rock collapse and COVID-19) \$256,582 and Research for Stakeholder Survey \$63,000. Economic Development decreased due to decreases in spending for Canal Street Development (\$5,082), District-Wide Development (\$19,066), Job Recruitment and Development (\$29,854), Business Retention & Recruitment (\$39,199) and Façade Grants (\$84,915). The decrease in Public Safety was a result of increases in Personnel Costs \$103,104, decreases in NOPD Detail (\$80,470), Stakeholder Involvement (sponsorships of cancelled events) (\$7,700) and Private Security Services (\$25,172). The decrease in Public Space Operations resulted from decreases in Personnel Costs (\$10,813), Parks & Open Spaces (\$3,112), Holiday Lighting (\$77,025), Special Event Clean-up (\$12,803), Graffiti Removal (\$2,226), Surveillance Cameras (\$6,440), Miscellaneous (\$10,501), and District-Wide Improvements (\$186,234) along with increases in Landscaping \$8,095, Sidewalk Tree Maintenance \$10,550, Sidewalk Cleaning and Public Space Maintenance \$104,806 and Sidewalk Improvements \$78,064.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2020 and 2019, the District had \$411,169 and \$448,137, respectively, invested in capital assets, net of accumulated depreciation consisting principally of investment in Duncan Plaza. See page 28 of the notes to the financial statements for a detail composition of capital assets.

Long-term Debt

At December 31, 2020, the District had total bond debt outstanding of \$2,505,000 compared with \$2,875,000 at December 31, 2019. Principal paid on the 2012 Series bonds during 2020 and 2019 was \$370,000 and \$365,000, respectively. See page(s) 28 of the notes to the financial statements for a description of outstanding long-term debt.

The portion of the District's net position that is invested in capital assets, less any related debt used to acquire those assets that are still outstanding, was \$411,169 as of December 31, 2020. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the District's net position represents resources that are restricted for debt service. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

Continued,

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget and actual comparisons is on page 34. The final budget variance as compared to actual balance was an increase of \$407,098. There were no variances between the original budget and final budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

There are several uncertainties relative to the collection and reporting of ad valorem taxes to the District by the City of New Orleans. Of significant concern is the amount of adjustment and refunds processed by the City of New Orleans each year that are not reported to the District timely, as well as the impact of COVID-19 related economic downturn on the property values in the District. The District will continue to budget property tax revenue with the latest information available from the City of New Orleans. The District decreased its 2021 budgeted ad valorem taxes by \$2,133,488 below the 2020 final budget, primarily due to the reduction in assessments on hospitality properties. Management expects sufficient revenues to allow for addressing its primary objectives.

In 2021, The District's work plan reflects an increase in spending of \$1,461,161. This amount includes an increase in funding for the Infrastructure CEA.

SIGNIFICANT EVENTS

Downtown New Orleans experienced a near total shutdown of economic activity in 2020 due to the COVID-19 pandemic. Pandemic related Emergency Declarations caused the closure of office buildings, retail outlets, food & beverage establishments, and entertainment venues for most of the year.

Tourism took an extremely hard hit due to travel being restricted worldwide. Canal Street was additionally impacted by the closure of blocks due to the collapse of the Hard Rock Hotel. The DDD worked with the City to provide for opportunities for outdoor dining in the rare situations in which restaurants remained operational.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020**

Continued,

Much of 2020 saw the staff at the DDD working remotely or on a rotating basis from the office. At the end of 2020 four (4) staff positions were eliminated, due to a reduction in property assessment values throughout the District for the upcoming year. Values of commercial properties were affected most extremely, with some hotels seeing a 70% reduction in assessed value. Due to the reduction in pedestrian traffic and the cancellation of public events throughout the year, the DDD was able to negotiate a reduction in the level of services provided by the sidewalk cleaning contractor, Block by Block.

Much of the economic development activity pivoted from attracting and recruiting new businesses to sustaining and retaining existing business. Communications transferred much of its events budget to funding marketing efforts to get workers, visitors and residents to eat, shop and play Downtown.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the administration at 201 St. Charles Avenue, Suite 3912, New Orleans, Louisiana 70170-3912 or (504) 561-8927.



Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
and Finance Committee
The Downtown Development District of
the City of New Orleans
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downtown Development District of the City of New Orleans (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District'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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

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Continued,

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 8 and page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head (the schedule) is presented to comply with the Act 706 of the 2014 Louisiana Legislative Session and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule is the responsibility of management and was 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. In our opinion, the schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Continued,

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, on our consideration of the District'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Luther Speight & Co". The signature is fluid and cursive.

Luther Speight & Company, LLC
New Orleans, Louisiana
March 29, 2022

BASIC FINANCIAL STATEMENTS

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF NET POSITION
DECEMBER 31, 2020

Assets

Current Assets

Unrestricted:

Cash and cash equivalents	\$ 3,184,708
Ad valorem taxes receivable, net	726,689
Other receivables	9,810
Prepaid expenses	133,297
Total unrestricted current assets	<u>4,054,504</u>

Restricted:

Cash and cash equivalents	234,513
Total Restricted current assets	<u>234,513</u>

Total current assets	<u>4,289,017</u>
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Noncurrent Assets

Capital assets, net of accumulated depreciation	411,169
Total noncurrent assets	<u>411,169</u>

Total Assets	<u>\$ 4,700,186</u>
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Liabilities and Net Position

Current Liabilities

Accounts payable and current liabilities	\$ 688,730
Compensated absences payable	101,304
Bonds payable, current portion	370,000
Total Current Liabilities	<u>1,160,034</u>

Noncurrent Liabilities

Bonds payable, noncurrent portion	2,135,000
Total Noncurrent Liabilities	<u>2,135,000</u>

Total Liabilities	<u>3,295,034</u>
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Net Position

Net investment in capital assets	411,169
Restricted for debt service	234,513
Unrestricted	759,470
Total Net Position	<u>\$ 1,405,152</u>

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

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net
Governmental Activities					
Administration	\$ 1,209,105	\$ -	\$ 11,451	\$ -	\$ (1,197,654)
Communication and events	722,107	-	-	-	(722,107)
Economic development	463,621	-	-	-	(463,621)
Public space operations	2,866,559	-	57,180	-	(2,809,379)
Public safety	2,708,069	-	500	-	(2,707,569)
Interest on long-term debt	77,050	-	-	-	(77,050)
Total Governmental Activities	\$ 8,046,511	\$ -	\$ 69,131	\$ -	\$ (7,977,380)
General Revenues					
Ad valorem					9,600,259
Interest income					20,470
Total General Revenues					9,620,729
Change in Net Position					1,643,349
Net Position - Beginning of year					(238,197)
Net Position - End of year					\$ 1,405,152

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

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund</u>	<u>Net (Expenses) Revenues and Changes in Net</u>
Assets				
Cash and cash equivalents	\$ 1,044,101	\$ -	\$ 4,441	\$ 1,048,542
Cash and cash equivalents held by the Board of Liquidation, unrestricted	2,136,166	-	-	2,136,166
Cash and cash equivalents held by the Board of Liquidation, restricted	-	234,513	-	234,513
Ad valorem taxes, net of allowance	726,689	-	-	726,689
Other receivables	9,810	-	-	9,810
Prepaid expenses	133,297	-	-	133,297
Total Assets	<u>\$ 4,050,063</u>	<u>\$ 234,513</u>	<u>\$ 4,441</u>	<u>\$ 4,289,017</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and current liabilities	688,730	\$ -	\$ -	\$ 688,730
Total Liabilities	<u>688,730</u>	<u>-</u>	<u>-</u>	<u>688,730</u>
Fund Balances				
Nonspendable	133,297	-	-	133,297
Restricted for debt service	-	234,513	-	234,513
Unassigned	3,228,036	-	4,441	3,232,477
Total Fund Balances	<u>3,361,333</u>	<u>234,513</u>	<u>4,441</u>	<u>3,600,287</u>
Total Liabilities and Fund Balances	<u>\$ 4,050,063</u>	<u>\$ 234,513</u>	<u>\$ 4,441</u>	<u>\$ 4,289,017</u>

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

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020**

Total Fund Balances at December 31, 2020 - Governmental Funds \$ 3,600,287

Amounts reported for governmental activities in the Statement of Net Position are difference because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.

Cost of Capital assets	1,010,432	
Less accumulated depreciation	<u>(599,263)</u>	
		<u>411,169</u>

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.

Compensated absences	(101,304)	
Bonds payable	<u>(2,505,000)</u>	
		<u>(2,606,304)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,405,152

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

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes - net	\$ 9,600,259	\$ -	\$ -	\$ 9,600,259
Interest income	16,343	4,127	-	20,470
Other	69,131	-	-	69,131
Total Revenues	<u>9,685,733</u>	<u>4,127</u>	<u>-</u>	<u>9,689,860</u>
Expenditures				
Current:				
Administration	1,188,272	-	264	1,188,536
Communication and events	718,399	-	-	718,399
Public space operations	2,852,194	-	-	2,852,194
Public safety	2,694,282	-	-	2,694,282
Economic development	461,240	-	-	461,240
Capital outlays	3,480	-	-	3,480
Debt service:				
Prinicipal payments	-	370,000	-	370,000
Interest on long-term debt	-	77,050	-	77,050
Total Expenditures	<u>7,917,867</u>	<u>447,050</u>	<u>264</u>	<u>8,365,181</u>
Deficiency of Revenues Over Expenditures	1,767,866	(442,923)	(264)	1,324,679
Other Financing Sources (Uses)				
Operating transfer in	-	442,923	-	442,923
Operating transfer out	(442,923)	-	-	(442,923)
Total Other Financing Sources (Uses)	<u>(442,923)</u>	<u>442,923</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,324,943	-	(264)	1,324,679
Fund Balances - Beginning of year	<u>2,036,390</u>	<u>234,513</u>	<u>4,705</u>	<u>2,275,608</u>
Fund Balances - End of year	<u>\$ 3,361,333</u>	<u>\$ 234,513</u>	<u>\$ 4,441</u>	<u>\$ 3,600,287</u>

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

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Total net change in fund balances - governmental funds \$ 1,324,679

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 cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

This is the amount by which capital outlays exceeded depreciation.

Capital outlays capitalized	3,480	
Depreciation expense	<u>(40,449)</u>	
		<u>(36,969)</u>

The issuance of long-term debt provides current financial resources
to the governmental funds, while the repayment of the long-term debt
consumes the current financial resources of governmental funds.

These transactions have no effect on net position.

Principal portion of debt service payments	<u>370,000</u>
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Compensated absence expenses are reported in the Statement of
Activities, but do not require the use of current financial resources and
therefore are not reported as expenditures in governmental funds.

Change in compensated absences	<u>(14,361)</u>
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Change in net position of governmental activities	<u><u>\$ 1,643,349</u></u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Act 498 of 1974 as amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature effective January 1, 1975, created a special taxing district designated “the Core Area Development District of the City of New Orleans”, comprised of all the territory within the following prescribed boundaries:

The point of beginning shall be at the intersection of the east bank of the Mississippi River and the Mississippi River Bridge approaches and Pontchartrain Expressway; thence continuing along the upper line of the Pontchartrain Expressway right-of-way less and except ramp areas, and in a northwesterly direction to Lake Pontchartrain side of said right-of-way line of Claiborne Avenue to the lower right-of-way of Iberville Street to the east bank of said to the upper right-of-way line of the Mississippi River Bridge approaches and Pontchartrain Expressway, being the point of beginning.

Act 307 of the State of Louisiana Legislature effective July 10, 1978, changed the name of the District to The Downtown Development District of the City of New Orleans.

Act 498 and 124 also created a Board of Commissioners for the Downtown Development District of the City of New Orleans (the District) composed of eleven members for governance of the District.

Reporting Entity

Governmental accounting standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. A component unit is a government who is financially accountable to another government or one for which another government can exert influence over its budget and operations. The District is considered to be a component unit of the City of New Orleans. As such, the financial statements of the District are included in the financial statements of the City of New Orleans (the City).

In addition, the financial reporting entity consists of the District and its blended component unit. A blended component unit is a legally separate organization for which the District is financially accountable. Financial accountability is present if the District appoints a voting majority of a component unit’s governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

Blended Component Unit

The Downtown Development Unlimited (DDU), a 501(c)(3) non-profit corporation without capital stock is blended with the District for financial statement purposes because the component unit exclusively serves the District. The financial statements of this blended component unit may be obtained from the District's office.

This corporation was organized for and to carry on the following purposes: To establish a permanent promotional program pointed towards a progressive and dynamic central downtown New Orleans; to preserve and expand central downtown New Orleans as a regional business and shopping area for the general benefit of the metropolitan area of New Orleans, and its surrounding markets; to cooperate with all members of the corporation through group action on common problems, and to cooperate with the City Council of the City of New Orleans, other governmental bodies, civic organizations, and other interested groups or individuals, in solving the civic, business and commercial problems of the City of New Orleans, to alleviate parking problems and other problems resulting from congestion; to improve the appearance of the central downtown area; and generally to promote, aid and assist in developing a better central downtown New Orleans for the use and benefit of everyone.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. There were no activities of the District categorized as business-type activities.

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

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are ordered into three major categories: governmental, proprietary, and fiduciary, which are grouped by fund type in the financial statements. Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The general fund, the main operating fund of the District, is used to account for all remaining financial resources.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Budgetary Information

The District follows the procedures prescribed by Act 478 as amended by the State of Louisiana Legislature effective January 1, 1997. Relevant portions of these procedures are:

- The Board of Commissioners of the District shall prepare, or cause to be prepared, a plan or plans specifying the public improvements, facilities and services proposed to be furnished constructed or acquired for the District.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

- Any plan shall include: (a) an estimate of the annual and aggregate cost of acquiring, constructing, or providing the services, improvements, or facilities set forth therein; (b) the proportion of tax to be levied on the taxable real property within the District which is to be set aside and dedicated to pay the cost of furnishing specified services, and the proportion of such tax to be set aside and dedicated to pay the cost of capital improvements or pay the cost of debt service on any bonds to be issued to pay the cost of capital improvements; and (c) an estimate of the aggregate number of mills required to be levied in each year on the taxable real property within the District to provide the funds required for implementation of the plan.
- After completion, the plan shall be submitted to the Planning Commission of the City of New Orleans for review. The Planning Commission must submit the plan to the City Council within thirty (30) days of receipt thereof, together with its written comments and recommendations.
- The City Council may by a majority of its members accept or reject the plan based upon its consistency with the City's overall plan. If accepted, the plan may be implemented.
- Upon acceptance, the plan budget and the appropriated funds for its implementation are incorporated by the City of New Orleans into its normal budget process. Under this process, appropriations for the District's "Service" operations (operating budget) expire at year end, except for amounts the City has encumbered on behalf of the District. Such amounts are carried forward until they are cleared. Appropriations for capital outlays (capital budget) continue in force until the project is completed or cancelled normally and the City Council passes an ordinance of resolution to close.

The District, through ordinances approved by the City Council, can amend the budget at its discretion.

Cash and Cash Equivalents

Cash and Cash equivalents include all short-term, highly liquid investments (including certificates of deposit) with original maturity dates of three months or less from the date of acquisition.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

Investments

Investments are limited by LA R.S. 33:2955 and the District's investment policy. LA R.S. 33:2955 authorizes the District to invest in (1) direct obligations of the United States Treasury, the principal and interest of which are fully guaranteed by the federal government, (2) bond, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, (3) direct security repurchase agreements of any federal book entry only securities, (4) time certificates of deposits of state banks organized under the laws of Louisiana, savings accounts or shares of savings and loan associates, (5) mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies, or (6) guaranteed investments contracts issued by a bank, financial institution, insurance company or other entity having one of the two highest short-term rating categories of either Standard & Poor's Corporation or Moody's Investors Service, provided that no such investment may be made except in connection with a financial program approved by the State Bond Commission.

Investments are stated at fair value in accordance with the Governmental Accounting Standards Board (GASB) Codification Section 150: *Investments*.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated uncollectible amounts were determined to be property tax receivable balances over five years old based on historical experience rates. The allowance for uncollectible ad valorem taxes receivable was \$249,893 at December 31, 2020.

Prepaid Expenses

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

Capital Assets

The District's capitalization policy requires that all single assets costing \$500 or more be capitalized and depreciated over their useful lives. Single assets costing less than \$500 are expensed. All assets regardless of costs are tracked by the District.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

The straight-line method of depreciation is used for all classes of capital assets, and the allocation of depreciation expense begins on the first day of the nearest month of the year in which the capital assets is purchased. Based on its own experience, the District established the following estimated useful lives for each asset class:

Assets	Estimated Useful Lives
Office furniture	7 years
Computer equipment	3-5 years
Leasehold improvements	3-7 years
Office equipment	7 years
Motor vehicles	5 years
Public works property	5-7 years
Green space improvements	7 years

All capital assets acquired or donated are valued at historical cost or estimated historical cost if actual historical cost is not available.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are recorded as expenditures.

The proceeds from the Series 2001 bonds were used for various capital improvements to the infrastructure in the vicinity of Canal Street and other areas within the District. These improvements are included in the capital assets of the City of New Orleans. The 2001 series was refunded in 2012 and a new 2012 series was issued.

Compensated Absences

While paid time off is accrued when earned for government-wide financial statements, it is recognized when paid in the governmental fund financial statements. Compensated absences are paid by the general fund.

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

In the fund level financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized in the current period. The face amount of debt issued is reported as other financing sources. Premiums received in debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Employee Benefits

The District has a defined contribution retirement plan and group life insurance for its employees. The contributions to the retirement plan are discretionary. These benefits are recognized when paid.

Fund Balance

In fund level financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned.

- *Nonspendable* – consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – consists of amounts with constraints either by third parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used for the specific purposes stipulated in the legislation.
- *Committed* – consists of the amounts used for specific purposes pursuant to constraints imposed by formal action of the District’s Board. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* – consists of amounts that are constrained by the District’s intent to be used for specific purposes but are neither restricted nor committed.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

- *Unassigned* – consists of amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) are available for use. The District did not have any committed or assigned amounts as of December 31, 2020.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.

Use of Estimates

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

Subsequent Events

The District has evaluated subsequent events through the date that the financial statements were available to be issued, March 29, 2022. See Note 13 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion.

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements address:

- Leases; and
- Disclosures related to debt.

The District is currently evaluating the requirements of the above statements and the impact on reporting.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

NOTE 2: PROPERTY TAXES

On November 17, 1975, the City obtained approval in a referendum for an additional 6 ½ mills ad valorem tax on property within the District for the calendar years 1976 and 1977.

On October 1, 1977, the City obtained approval in a referendum to authorize the Council of the City of New Orleans to levy provisions of the Louisiana Constitution of 1974 and Subsection 1.1 of Louisiana Act No. 124 of 1977 upon all taxable real property for ten years for special improvements, facilities, services, and the issuance of bonds as provided in the said Act, and to ratify the establishment of the District.

On April 7, 2001, pursuant to the Special Election held in accordance with Article VII, Section 23(c) of the 1974 Louisiana Constitution, the registered voters of the City of New Orleans approved the continued authority of the District to levy a property tax not to exceed 22.97 mills for an additional twenty-five (25) years beginning with the year 2005 and ending with the year 2029.

In accordance with the State Constitution, the District will maintain its mills on real property at 21.32 mills. Collection has been suspended at 14.25 mills for the year ended December 31, 2020. The District levied 14.25 mills on real property within its area for 2020. Taxes on real property are levied on January 1 and payable on January 1. Billings are delinquent February 1 and are subject to lien and the assessment of penalties and interest. Property taxes levied for 2020, collected during 2020, or expected to be collected in 2020 are recognized as revenue in 2020. Taxes levied for 2021, but collected in 2020, are reflected as unearned revenue.

All property taxes are levied and collected by the City of New Orleans. Taxes collected, and any interest thereon, are to be deposited with the Board of Liquidation to the account of the District.

Certain property owners made tax payments under protest which had not been resolved as of December 31, 2019, in the amount of \$747,808. As of December 31, 2020, these funds are held in escrow by the City of New Orleans.

NOTE 3: LEVY OF TAX ASSESSMENT

According to LA R.S. 47:1957, there is no express limitation on an assessor's ability to retroactively revise or adjust past assessments. As such, a tax assessor may revise or adjust past assessments for as many years as his/her discretion dictates. To that extent, the ad valorem tax revenue for the District will always be subject to retroactive adjustments in the current year.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

NOTE 4: DETAILED NOTES ON ALL FUNDS

Cash and cash equivalents

Cash and cash equivalents consisted of the following as of December 31, 2020:

	Amount
Demand deposits	\$ 857,257
Money market accounts	2,535,301
Cash on hand	800
Total cash and cash equivalents	\$ 3,393,358

Restricted Cash and Cash Equivalents

At December 31, 2020, the Board of Liquidation, as fiscal agent of the District, held on their behalf cash and money market accounts in the amount of \$2,370,679. Of this amount, \$234,513 was restricted for debt service obligations.

Custodial Credit Risk

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, all deposits are to be secured by the federal depository insurance or the pledge of securities held by the pledging bank's agent in the District's name. As of December 31, 2020, demand deposits and money market account bank balances of \$1,044,101 were entirely secured by federal deposit insurance of \$250,000 and pledged securities held by a financial institution in the name of the District of \$1,684,141. Cash and money market accounts held by the Board of Liquidation in the amount of \$2,370,679 were fully covered by pledged securities held by financial institutions in the name of the Board of Liquidation, acting as fiscal agent for the District.

Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2020, for the primary government are as follows:

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

	January 1, 2020	Additions	Deletions	December 31, 2020
Office Furniture	\$ 149,840	\$ -	\$ -	\$ 149,840
Computer Equipment	165,598	-	-	165,598
Leasehold Improvements	198,217	-	-	198,217
Office Equipment	44,415	-	-	44,415
Motor Vehicles	66,343	-	-	66,343
Public Works Property	31,577	3,012	-	34,589
Green Space Improvements	350,961	469	-	351,430
Subtotal	1,006,951	3,481	-	1,010,432
Less: Accumulated Depreciation	(570,479)	(28,784)	-	(599,263)
Total	\$ 436,472	\$ (25,303)	\$ -	\$ 411,169

Depreciation expense was charged to functions as follows:

Function	Amount
Administration	\$ 4,418
Communications and events	2,639
Economic development	1,694
Public space operations	10,222
Public safety	9,811
Total	\$ 28,784

Long-Term Debt

The following is a summary of the long-term debt obligation transactions for the year ended December 31, 2020.

	January 1, 2020	Additions	Payments	Retirements	December 31, 2020	Current Portion
DDD Limited						
Tax Bonds						
Series 2012	\$2,875,000	\$ -	\$(370,000)	\$ -	\$ 2,505,000	\$370,000
Total	\$2,875,000	\$ -	\$(370,000)	\$ -	\$ 2,505,000	\$ -

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Total interest expense incurred for the year ended December 31, 2020 was \$77,050.

Bonds

On June 13, 2012, the District issued \$5,485,000 of Limited Tax Refunding Bonds, Series 2012 for the purpose of refunding the Limited Tax Bonds, Series 2001. The bonds mature December 1, 2026 and bear a fixed interest rate of 2.68%. At December 31, 2020, \$2,505,000 of the bonds was outstanding.

Interest rates on the Series 2001 bonds ranged from 4.2% to 6.6%, whereas the interest rate on the Series 2012 bonds is fixed at 2.68%. The refunding resulted in a reduction of debt service payments in the amount of \$1,114,502 through the maturity of the bonds in December 2026.

Payment of principal and interest on the series 2012 bonds will be solely from and secured by an irrevocable pledge and dedication of the proceeds derived from the levy and collection of taxes upon all taxable real property located within the boundaries of the District. At December 31, 2020, the Board of Liquidation, City Debt has \$234,513 on the Series 2012 bonds held in escrow for the payment of future debt service in connection with the bonds issued.

The annual requirements to amortize principal and interest on bonds outstanding at December 31, 2020 are as follows:

Year Ending	Principal Payments	Interest Payments	Total
2021	\$ 385,000	\$ 67,134	\$ 452,134
2022	400,000	56,816	456,816
2023	410,000	46,096	456,096
2024	425,000	35,108	460,108
Thereafter	885,000	35,778	920,778
Totals	\$ 2,505,000	\$ 240,932	\$2,745,932

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

Compensated Absences

Employees generally receive paid time off (PTO), which can be used for vacation or for sick leave, at the following levels: full-time employees employed six through twelve months receive fifteen (15) days, full-time employees employed one through five years receive twenty (20) days; full-time employees employed six through ten years receive twenty-five (25) days; full-time employees employed eleven years through nineteen years receive thirty (30) days; and full-time employees employed for twenty or more years receive forty (40) days. PTO can be accumulated and carried forward up to twenty (20) days each year end.

Compensated absence activity for the year ended December 31, 2020 was as follows:

	Amount
Beginning Balance	\$ 86,942
Additions	14,362
Reductions	-
Ending Balance	\$ 101,304

Interfund Transfers

Transfers are used to move funds from the general fund to the debt service fund to maintain necessary balances with bond covenants. During 2020, the general fund transferred out \$447,050 to the debt service fund to satisfy debt covenants.

NOTE 5: EMPLOYEE RETIREMENT PLAN AND WHOLE LIFE INSURANCE

Retirement Plan

In 1993, the District established a defined contribution retirement plan for its employees.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

Effective January 1, 2012, the District contributes 3% of eligible employees' salaries, regardless of any contribution from employees. The District also matches 3% of employee voluntary contributions, limited to 3% of the employee's salary. All full-time employees twenty-one years of age and over are eligible to participate in the plan. The plan's effective date was January 1, 1993. All contributions made to the plan are the property of the plan and the participating employees. Management of the plan's assets includes the ability to establish and amend plan provisions and any costs related to its operations and is the sole responsibility of the Trustee(s) and the Administrator of the Downtown Development District Employee Retirement Trust – Federal EIN 72-1241070. The District's contribution to the plan in 2020 was \$98,629 which was paid to American United Life for deposit with designated fund agencies who are to manage the investment of the plan's assets.

Life Insurance

In conjunction with the development of the above retirement plan, but not a part of that plan, the District, in 1993, established an additional benefit in the form of whole life insurance policies for each of its employees. The amount of insurance provided to each employee is \$200,000. The insurance policies are purchased in the name of and owned by each employee. Monthly premiums are paid by the District to MetLife. Premiums paid in 2020 by the District for these employee policies totaled \$14,959.

NOTE 6: COMMITMENTS

Operating Leases

The District leases office space at 201 St. Charles Avenue. The lease commenced in April 2006 and expires in March 2021. Future minimum rental payments are as follows:

Year Ending	Amount
2021	\$ 73,932
2022	\$ 77,784
2023	\$ 163,348
2024	\$ 169,473
2025	\$ 177,947
2026	\$ 139,571
Total	\$ 802,055

Total expenditures for rental of office space were \$146,999 during the year ended December 31, 2020.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

Cooperative Endeavor Agreement – City of New Orleans

Effective December 19, 2017, the District, the Ernest N. Morial New Orleans Exhibition Hall Authority, and the City of New Orleans entered into a Cooperative Endeavor Agreement to enhance public services available to the homeless population of New Orleans by collaborating in the design, remodeling, and operation of a low barrier shelter (the Shelter). In 2018, the District was obligated to contribute \$1,000,000 towards the net costs of the acquisition, remediation, remodeling, equipping and fit-up of the property. Additionally, the District is also obligated to assist with fundraising from third parties for ongoing operational costs and provide funding for the operation of the Shelter. In no event will the District be required to provide more than \$500,000 toward operational funding in any one calendar year. The agreement is effective for five years from the effective date, with the option for the parties to renew for an additional five years. For the year ended December 31, 2020, the District provided \$500,000 in funding for the Shelter.

NOTE 7: CONTINGENCIES

The District is a defendant in various lawsuits such as personal injury, property damage, and other employer related claims. These claims are covered by insurance subject to a deductible per occurrence. Attorneys of the District have reviewed these claims and lawsuits to evaluate the likelihood of an unfavorable outcome to the District. Loss contingencies have been estimated to be immaterial. Therefore, no accrual has been recorded in these financial statements.

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and material disasters for which the District carries errors and omissions and natural disaster commercial insurance. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Continued,

NOTE 9: LITIGATION – AD VALOREM TAX WITHHELD

As of December 31, 2020, the City of New Orleans has withheld more than \$747,808 of property taxes collected on behalf of the District and made use of the funds for the purpose of funding various State retirement systems. The State Attorney General has opined, and the State Supreme Court has ruled that proceeds from the District's ad valorem tax can only be used for public improvements, facilities and services, and debt service on bonds of the City issued for capital improvements and facilities within the District. The DDD has filed suit against the City, which it is currently in settlement negotiations with, but Management is not able to determine what the outcome of litigation will be or when the City will remit funds to the District. Accordingly, a receivable has not been recorded as of December 31, 2020.

NOTE 10: REVENUE CONCENTRATION

The District's current principal source of revenue consists mainly of property taxes assessed.

NOTE 11: PER DIEM PAID TO BOARD OF COMMISSIONERS

The Board of Commissioners in the capacity as board members received no per diem amounts for the year ended December 31, 2020.

NOTE 12: TAX ABATEMENTS

The City of New Orleans (the City) negotiates property tax abatement agreements on behalf of the City and its component units. Each agreement was negotiated for a variety of economic development purposes, including business relocation, retention, and expansion. The District, through the City, has tax abatement agreements with multiple commercial entities participating in the Restoration Tax Abatement (RTA) program as of December 31, 2020.

The City has not made any commitments as part of the agreements other than to reduce taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities, except for those entered into by the City.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 13: SUBSEQUENT EVENTS

The COVID-19 pandemic continued to impact New Orleans and the world economy throughout 2021. Many office workers continued to work remotely for much of the year, which had a profound effect on many of the small businesses that are dependent on them as customers. The DDD continued to work with the City and others to boost the economic opportunities.

One significant impact of the pandemic has been a labor shortage for many of the unskilled positions upon which our tourism industry relies. The DDD management has worked to assure that all of our staff is earning a livable wage, by raising the starting pay for our Public Safety Rangers to \$15/hr. We have additionally raised the Tier at which we pay NOPD Detail Officers, so as to attempt to assure that we have sufficient coverage.

Economic Development Department worked through 2020 to promote artwork in vacant storefronts on and near Canal Street as well as to develop a program to assist property owners in positioning outdoor lights on the facades of their buildings to promote public safety.

The DDD issued new bonds on October 10, 2021 in the amount of \$6,500,000.00. The bond proceeds were utilized to refund the outstanding Series 2012 Bonds, fund one year of the Stormwater Infrastructure CEA, pay the costs of issuance and provide additional capital to fund public improvements. The Series 2012 bonds had a fixed rate of 2.68%, the 2021 Series bonds have a fixed rate of 1.70% and mature on December 1, 2029.

We have fully funded the first two-year phase of the Stormwater Infrastructure CEA with the City of New Orleans and anticipate a construction begin date in the 4th Quarter 2022.

Management has evaluated subsequent events as of March 29, 2020, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments to these financial statements required.

REQUIRED SUPPLEMENTARY INFORMATION

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance
Operating Revenues				
Internal sources (events, state, federal, etc.)	\$ 260,500	\$ 260,500	\$ 69,131	\$ (191,369)
Ad valorem taxes - net	9,390,436	9,390,436	9,600,259	209,823
Total Revenues	<u>9,650,936</u>	<u>9,650,936</u>	<u>9,669,390</u>	<u>18,454</u>
Expenditures				
Administration	1,147,801	1,147,801	1,188,536	40,735
Communication and events	768,704	768,704	718,399	(50,305)
Public space operations	3,002,397	3,002,397	2,852,194	(150,203)
Public safety	2,771,209	2,771,209	2,694,282	(76,927)
Economic development	614,484	614,484	461,240	(153,244)
Total Expenditures	<u>8,304,595</u>	<u>8,304,595</u>	<u>7,914,651</u>	<u>(389,944)</u>
Net Operating Income	1,346,341	1,346,341	1,754,739	408,398
Non-Operating Revenue				
Interest	1,300	1,300	-	(1,300)
Total non-operating revenue	<u>1,300</u>	<u>1,300</u>	<u>-</u>	<u>(1,300)</u>
Excess (deficit) of revenue over expenditures before other financing uses	1,347,641	1,347,641	1,754,739	407,098
Operating transfers out	<u>(442,923)</u>	<u>(442,923)</u>	<u>(442,923)</u>	<u>-</u>
Net change in fund balance	904,718	904,718	1,311,816	407,098
Fund Balance - Beginning of year	<u>2,036,390</u>	<u>2,036,390</u>	<u>2,036,390</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 2,941,108</u>	<u>\$ 2,941,108</u>	<u>\$ 3,348,206</u>	<u>\$ 407,098</u>

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

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
BALANCE SHEET - SPECIAL REVENUE FUND
DECEMBER 31, 2020

	<u>Downtown Development Unlimited</u>
Assets	
Cash and cash equivalents	\$ 4,441
Total Assets	<u>4,441</u>
Fund Balance	
Unsassigned	<u>4,441</u>
Total Fund Balance	<u>\$ 4,441</u>

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

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Downtown Development Unlimited</u>
Revenues	
Other	<u>\$ -</u>
Total Revenues	<u>-</u>
Expenditures	
Current:	
Administration	<u>264</u>
Total Expenditures	<u>264</u>
Deficiency of Revenues Over Expenditures	(264)
Other Financing Sources (Uses)	
Operating transfer in	-
Operating transfer out	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
NET CHANGE IN FUND BALANCE	(264)
Fund Balance - Beginning of year	<u>4,705</u>
Fund Balance - End of year	<u><u>\$ 4,441</u></u>

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

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY
HEAD
FOR THE YEAR ENDED DECEMBER 31, 2020**

<i>Purpose</i>	<i>Amount</i>
Salary	\$ 242,371
Benefits - Health Insurance	13,314
Benefits - Retirement	13,941
Benefits - Parking	900
Mileage Reimbursement	-
Parking Reimbursements	4
Cell Phone	1,133
Meals & Entertainment	-
Travel	-
Registration Fees	-
Conference Travel	-
Professional Development	-
Other	-
Total	<u><u>\$ 271,663</u></u>

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



Luther Speight & Company
Certified Public Accountants and Consultants

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

To the Board of Commissioners and
Finance Committee
The Downtown Development District of the
City of New Orleans
New Orleans, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downtown Development District of the City of New Orleans (the District), a component unit of the City of New Orleans, as of and for the year ended December 31, 2020, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 29, 2022.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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



Luther Speight & Company, LLC
New Orleans, Louisiana
March 29, 2022

