

**ALGIERS DEVELOPMENT DISTRICT
OF THE CITY OF NEW ORLEANS**
(A Component Unit of the City of New Orleans)

FINANCIAL REPORT
For the Year Ended December 31, 2015



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com | blog.cricpa.com

ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
TABLE OF CONTENTS
DECEMBER 31, 2015

REPORT

Independent Auditors' Report	1
------------------------------	---

REQUIRED SUPPLEMENTARY INFORMATION (Part I)

Management's Discussion and Analysis	4
--------------------------------------	---

FINANCIAL STATEMENTS

Statement of Net Position	8
---------------------------	---

Statement of Activities	9
-------------------------	---

Balance Sheet – Governmental Funds	10
------------------------------------	----

Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	11
--	----

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
---	----

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to Statement of Activities	13
--	----

Notes to Financial Statements	14
-------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION (Part II)

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund – Budget to Actual (Budgetary Basis)	23
--	----

OTHER SUPPLEMENTARY INFORMATION

Schedule of Compensation Paid to Board Members	24
--	----

Schedule of Compensation, Benefits, and Other Payments to Agency Head	25
---	----

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
---	----



**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
TABLE OF CONTENTS
DECEMBER 31, 2015**

Schedule of Findings and Questioned Costs	28
Summary Schedule of Prior Audit Findings	29



Report



Carr, Riggs & Ingram, LLC
4330 Dumaine Street
New Orleans, Louisiana 70119

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Algiers Development District of the City of New Orleans
(A Component Unit of the City of New Orleans)
Algiers, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of Algiers 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, 2015, and the related notes to financial statements, which 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2015, and the respective changes in financial position thereof 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 4 through 7 and page 23 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 the 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 paid to board members and the schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

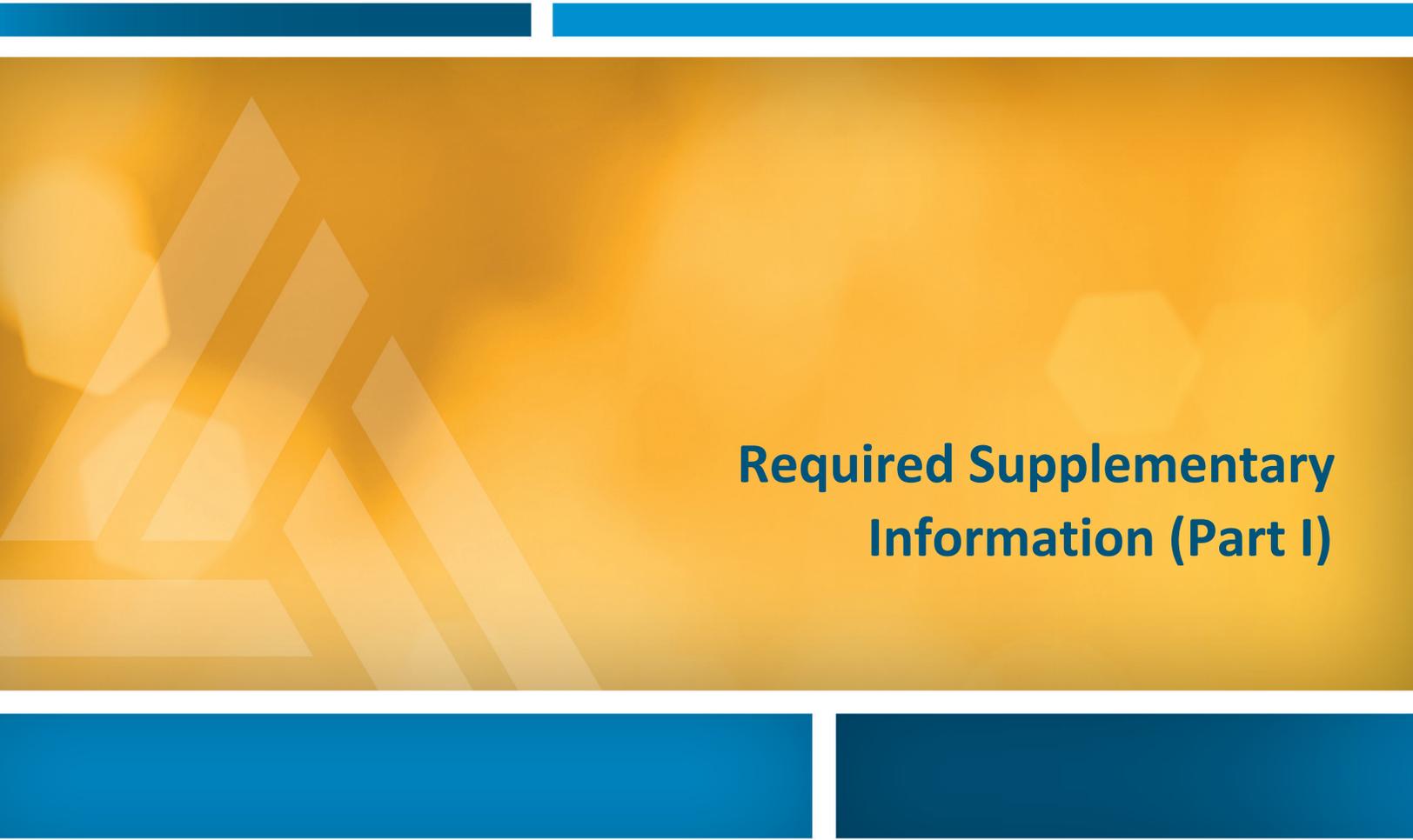
The schedule of compensation paid to board members and the schedule of compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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. In our opinion, the schedule of compensation paid to board members and the schedule of compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016, 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 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 District's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

June 27, 2016



**Required Supplementary
Information (Part I)**

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

The Algiers Development District of the City of New Orleans (the District) Management's Discussion and Analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position and its ability to address the next and subsequent years' challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Codification and is intended to provide the financial results for the fiscal year ended December 31, 2015.

As indicated in the illustration, GASB Codification 2200 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenditures regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various services.

Revenues to the District consist primarily of local and state sales tax collections as well as State of Louisiana Capital Outlay funds.

Expenses for the District consist primarily of expenses to support the Federal City project as well as administration expenses.

Fund Financial Statements

The fund financial statements' focus is on the District's major funds rather than fund types. The two account groups: General Fixed Assets and General Long-Term Debt are not reported. Consistent with previous years, the fund financial statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

The General Fund is the only fund of the District.

General Fund

The General Fund encompasses all revenues and expenditures of the District that are not accounted for in another fund.

Financial Highlights

Summary of 2015 Assets and Liabilities

Assets

As of December 31, 2015, the total assets of the District decreased by \$2,959,547. This is the direct result of an increase in accounts receivables of \$905,166 and the decrease in the value of the federal city property. The increase in receivables is the result of amounts due from a state contract to perform renovations of the fitness center. Amounts were received in the subsequent period. In preparation for a potential sale to a developer, certain property scheduled to be sold was evaluated and determined to have decreased in value by \$4,836,590. The decrease is a result of the difference between the selling price and the value initially recorded at the date of transfer. The difference is the result of many of the buildings deemed to have no value as a result of the developer's master plan for the property and will be demolished. There were also renovations performed on the fitness center to include a water play area and swimming pool as well as a restaurant added to the facility. The total cost of the renovations to date totaled \$1,879,978.

Capital Assets

Capital Assets consist of land valued at \$14,240,992, buildings valued at \$5,113,739, ramps and piers valued at 1,026,509, and renovations to the fitness center with total costs to date of \$2,047,164. As stated above, the capital assets decreased in value by \$4,836,950 as a result of a reevaluation of the property's value due to a potential sale to a developer. See above for further explanation. After the reevaluation the capital assets as well as the renovations in progress at the fitness center, capital assets had a value of \$ 21,836,449 at December 31, 2015, after depreciation.

Liabilities

As of December 31, 2015, the total liabilities of the District increased by \$858,495. This is \$200,000 of principal payments being made on the bond debt and an increase in accounts payables of \$1,058,495. The increased payables is primarily attributed to amounts due to the contractor for renovations performed on the fitness center.

Deferred inflows of \$178,500 represent amounts held by a third party for blight remediation.

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Net Position

As of December 31, 2015, total Net Position was \$22,828,002, which consisted of \$21,836,449 of Net Investment in Capital Assets and \$991,553 of Unrestricted Net Position.

Summary of 2015 Revenues

For the year ended December 31, 2015, total revenues decreased by \$812,713. This is the direct result of a \$151,809 gain on sale of capital assets in the prior year that was not realized in the current year, as well as a decrease in sales tax collections of \$103,197 offset by an increase in revenues of \$122,063 generated from production companies filming movies on federal city property and \$22,240 in revenues generated from the rental income generated from the renting of space in the auditorium. This is also a result from NOFA funds being passed through the District of \$2,598,897 to help with the renovation of NOMMA's school facilities in the prior year that was not realized in the current year as well as an increase of \$2,047,164 that was passed through the District from the YMCA to pay contractors for the renovations to their fitness facility. This amount included \$306,311 of sales taxes which was due and received from the city and state at the beginning of 2016.

Summary of 2015 Program Expenditures

The District has the clear objective of economic development in Algiers and support of the Federal City Project. Expenditures totaled \$2,241,714 in satisfaction of its program requirements and administrative costs for the year. For the year ended December 31, 2015, expenditures decreased by \$932,763. Federal city expenses decreased by \$483,937 due to decreased costs related to the federal city project. The levee bike path project was completed in the prior year, and, as such, costs decreased by \$211,953. Depreciation expense decreased by \$278,320 as a result of the decreased value of the federal city project. Legal fees also decreased by \$92,321 as a result of legal expenses associated with the resubdivision of the federal city property in 2014 with no such costs for 2015. These decreases were offset by increased costs in payments of \$105,074 to a third party organization to support the parking garage on federal city property.

General Fund Budgetary Highlights

For the year ended December 31, 2015, there were no significant unfavorable variances in the budget.



**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Economic Factors and Next Year's Budget

The District evaluated current year's operations and many other factors when establishing the budget for its general fund for the year ending December 31, 2016. Anticipated revenues are approximately \$1,110,500 while anticipated expenditures total \$1,519,000.

This financial report is designed to provide management, the City of New Orleans and the State of Louisiana, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Kathy Lynn Honaker of the Algiers Development District at (504) 367-3331.



Financial Statements

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
STATEMENT OF NET POSITION**

As of December 31,

2015

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,124,175
Accounts receivable	905,166
Sales tax revenue receivable	306,311
Prepaid expense	14,317
Total Current Assets	4,349,969
CAPITAL ASSETS, net	21,836,449
OTHER ASSETS	
Deposit	210,970
TOTAL ASSETS	26,397,388
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	1,090,886
Bonds payable, current portion	200,000
Total Current Liabilities	1,290,886
LONG-TERM BONDS PAYABLE, net of current portion	2,100,000
TOTAL LIABILITIES	3,390,886
DEFERRED INFLOWS	
Deferred revenue	178,500
NET POSITION	
Net investment in capital assets	21,836,449
Unrestricted	991,553
TOTAL NET POSITION	\$ 22,828,002

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

ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
STATEMENT OF ACTIVITIES

For the Year Ended December 31,

2015

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenues and Change in Net Assets
GOVERNMENTAL ACTIVITIES			
Economic development	1,359,039	2,047,164	\$ 688,125
General and administrative	354,461	-	(354,461)
Other program costs	422,728	-	(422,728)
Interest expense	105,486	-	(105,486)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,241,714	\$ 2,047,164	\$ (194,550)
GENERAL REVENUES AND SPECIAL ITEMS			
General Revenues			
Sales tax for economic development			1,029,886
Miscellaneous			176,706
Interest income			1,238
Special Items			
Impairment on capital assets			(4,836,590)
TOTAL GENERAL REVENUES AND SPECIAL ITEMS			(3,628,760)
CHANGE IN NET POSITION			(3,823,310)
NET POSITION - Beginning of year			26,651,312
NET POSITION - End of year			\$ 22,828,002

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

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
BALANCE SHEET - GOVERNMENTAL FUNDS**

As of December 31,

2015

		General Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$	3,124,175
Accounts receivable		905,166
Sales tax revenue receivable		306,311
Prepaid expense		14,317
Total Current Assets		4,349,969
OTHER ASSETS		
Deposit		210,970
TOTAL ASSETS		\$ 4,560,939
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$	1,090,886
Unavailable revenue		178,500
Total Liabilities		1,269,386
FUND BALANCES		
Committed		1,000,000
Unassigned		2,291,553
Total Fund Balances		3,291,553
TOTAL LIABILITIES AND FUND BALANCES		\$ 4,560,939

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

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION**

<i>As of December 31,</i>	2015
FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,291,553
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>	
Governmental capital assets	21,836,449
<p>Debt used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>	
Debt related to bond issuance	(2,300,000)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 22,828,002

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

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended December 31,

2015

	General Fund
REVENUES	
Sales tax for economic development	\$ 1,029,886
Grants and contracts	2,047,164
Miscellaneous income	176,706
Interest income	1,238
<hr/>	
Total Revenues	3,254,994
EXPENDITURES	
Economic development projects	1,190,135
General and administrative	354,461
Other program costs	422,727
Capital outlay	2,047,164
Bond principal payments	200,000
Bond interest and fiscal charges	105,486
<hr/>	
Total Expenditures	4,319,973
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,064,979)
FUND BALANCES – Beginning of year	4,356,532
FUND BALANCES – End of year	\$ 3,291,553

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

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
STATEMENT OF ACTIVITIES**

For the Year Ended December 31,

2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ (1,064,979)**

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 is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

1,878,259

Governmental funds report impairment related to capital assets as expenditures. However, the fund statement of revenues, expenditures, and changes in fund balances do not report these amounts as they are long-term in nature and do not meet the criteria for reporting under fund financial statements. This is the amount of the impairment recognized in the current year on the related capital assets.

(4,836,590)

Governmental funds report the principal portion of debt as expenditures. In the statement of activities, the principal portion of the debt payment reduces the debt.

200,000

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (3,823,310)**

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

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Algiers Development District of the City of New Orleans (the District), a component unit of the City of New Orleans, is a special taxing district created by legislation embodied in Louisiana Revised Statute (R.S.) 33:2740.27, as amended, and effective June 1, 2009. The Council of the City of New Orleans has power and control over and is responsible for the functions and administration of the District. The special taxing district is comprised of all territories within the fifteenth ward of Orleans Parish, State of Louisiana. The District is capable of levying ad valorem taxes on real estate in the District in conjunction with planning, developing, constructing or acquiring services, improvements or facilities within the District proper, subject to approval by the City Council of New Orleans. The District has been designated as a local redevelopment authority for the federal military base realignment purposes and has been authorized to incur debt, including revenue bonds, from revenue sources for its enumerated purposes.

The 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. The District does not have any component units.

Basic Financial Statements – Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the 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.

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements

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.

Basis of Accounting

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.

Cash and Cash Equivalents

The District'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. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Management believes all cash and cash equivalents are reported at fair value.

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Tax Revenue Receivable

All receivables are booked at actual amounts. The District believed that all receivables were collectible at December 31, 2015, thus, no allowance for doubtful receivables is reported in the financial statements. Management believes sales tax revenue receivable is reported at fair value.

Capital Assets

Capital assets are reported in the government-wide financial statements, and are capitalized at historical cost. Donated assets, if any, are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets of the governmental funds are recorded as expenditures at the time they are purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The District capitalizes assets with a value over \$1,000 and a useful life greater than one year. Buildings are depreciated over an estimated useful life of 40 years. Ramps and piers are depreciated over an estimated useful life of 25 years.

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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Program Revenues

Program revenues consisted of grant and contract revenue earned during the year. Amounts reported as program revenues include YMCA revenues from the State of Louisiana.

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

The District has adopted GASB Codifications whereby fund balance in the balance sheets of governmental type funds. In fund financials, 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.
- *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 nonspendable, restricted, or assigned amounts as of December 31, 2015.

Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position should be displayed in three components – *net investment in capital assets* consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets; *restricted* distinguishing between major categories of restrictions and consisting of restricted assets reduced by liabilities and deferred inflows of resources related to those assets; and *unrestricted* consisting of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net invested in capital assets or the restricted component of net position.

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
NOTES TO FINANCIAL STATEMENTS**

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget

In accordance with the Louisiana Local Government Budget Act, the procedures used by the District in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings. The District then legally adopts the budget, which is then approved by the City Council of New Orleans. Budgeted amounts for the General Fund included in the accompanying statements are as amended by the District for the year ended December 31, 2015.

NOTE 3: CASH AND CASH EQUIVALENTS

The District is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the United States, or laws of the United States. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. R.S. 39:1225 provides that the amount of the security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except that portion of the deposits insured by the United States.

Deposits held in non-interest-bearing accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to \$250,000 by the Federal Department Insurance Corporation. As of December 31, 2015, the District had cash and cash equivalents in interest-bearing accounts at local financial institutions totaling \$1,126,319 which exceeded the FDIC insurance by \$876,319. The District did have adequate pledged securities as of December 31, 2015 as required by LA R.S. 39:1225.

At December 31, 2015, the District had an investment of \$1,948,407 with the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit entity, 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 LA-R.S. 33:2955. GASB Codifications C20 *Cash Deposits with Financial Institutions* and I50 *Investments*, require disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk for all public entity investments.

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
NOTES TO FINANCIAL STATEMENTS**

NOTE 3: CASH AND CASH EQUIVALENTS (CONTINUED)

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

- Credit risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5% disclosure requirement.
- Interest rate risk: Money market-like investment pools are excluded from this disclosure requirement, per GASB Codification I50.
- Foreign currency risk: Not applicable to money market-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days. LAMP is designed to be highly liquid to give its participants immediate access to the account balances. 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 value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at (800) 249-5267.

NOTE 4: DEPOSIT/MEMORANDUM OF UNDERSTANDING/DEFERRED REVENUE

In a prior year, the District received state funds to expropriate blighted property in their service area. The District then entered into a memorandum of understanding with the New Orleans Redevelopment Authority (NORA) in 2012 to attempt to expropriate blighted properties identified by the District. In accordance with the agreement, the District was required to place on deposit with NORA the total appraised value of the property to be expropriated. The deposited funds will be utilized to cover certain appraisal and legal costs as well as amounts required to compensate the owner of the blighted property. If NORA is unsuccessful in purchasing the property in order to bring the property up to code, then the funds will be returned to the District less any fees incurred to be used on other blighted property located in Algiers. The total amount on deposit with NORA at December 31, 2015 was \$178,500. As there is not currently a specific piece of blighted property selected for remediation, this amount is also recorded as deferred revenue in the statement of net position as it is not earned until used for its specific purpose.

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
NOTES TO FINANCIAL STATEMENTS**

NOTE 5: CAPITAL ASSETS

As of December 31, 2015, the District's capital assets consist of land valued at \$419,500 that was purchased by the Board, in prior years, for future economic development. The remaining capital assets relate to the transfer of Federal City land to the District in 2013 from the Department of the Navy and New Orleans Federal Alliance. The transferred land, purchased land, and depreciable property had an estimated value of \$21,836,449 as of December 31, 2015.

Capital assets and depreciation activity as of and for the year ended December 31, 2015 for the primary government are as follows:

	January 1, 2015	Additions	Deletions	Impairment	December 31, 2015
Non-depreciable assets					
Land	\$ 14,451,697	\$ -	\$ -	\$ (210,705)	\$ 14,240,992
Construction in Progress	-	2,047,164	-	-	2,047,164
Total non-depreciable assets	14,451,697	2,047,164	-	(210,705)	16,288,156
Depreciable assets					
Buildings and improvements	9,739,624	-	-	(4,625,885)	5,113,739
Ramps and piers	1,026,509	-	-	-	1,026,509
Accumulated depreciation	(423,050)	(168,905)	-	-	(591,955)
Total depreciable assets	10,343,083	(168,905)	-	(4,625,885)	5,548,293
Total Capital Assets	\$ 24,794,780	\$ 1,878,259	\$ -	\$ (4,836,590)	\$ 21,836,449

In preparation for a potential sale to a developer, certain property scheduled to be sold was evaluated and determined to have decreased in value by \$4,836,590. The decrease is a result of the difference between the selling price and the value initially recorded at the date of transfer of the Federal City. The difference is the result of many buildings being deemed to have no value as a result of the developer's master plan for the property and these buildings will be demolished if the sale goes through. As of December 31, 2015, the District recorded an impairment of the related property of \$4,836,590 due to the change in the expected future use of the property.

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
NOTES TO FINANCIAL STATEMENTS**

NOTE 6: BOND PAYABLE

On August 1, 2012, the District entered into an agreement for the private placement with a local bank. The agreement called for quarterly payments of \$50,000 plus interest from October 2012 through July 2022 and a final payment of \$1,000,000 plus interest in August 2022. The bond carries an interest rate of 4.35%. This debt relates to the development and construction of a walking and bicycle path located on the levee of the Mississippi River in the Algiers area of Orleans Parish. As the land that will contain the walking and bicycle path is not owned by the District, the resulting capital assets of this project will not be recorded in the financial statements of the District. The agreement states that the District will make required bond principal and interest payments using sales taxes received for economic development.

The beginning principal balance of the debt was \$2,900,000, interest payments for the year ended December 31, 2015 totaled \$105,486, and the principal balance as of December 31, 2015 is \$2,300,000. The District is required to make principal payments of \$200,000 for each of the next five years.

The following is the schedule of future minimum payments based on the debt amortization schedule as of December 31, 2015:

	Principal	Interest	Total
2016	\$ 200,000	\$ 96,788	\$ 296,788
2017	200,000	88,088	288,088
2018	200,000	79,388	279,388
2019	200,000	70,688	270,688
2020-2022	1,500,000	142,282	1,642,282

NOTE 7: COOPERATIVE ENDEAVOR AGREEMENTS

The District receives funds from a Cooperative Endeavor Agreement entered into with the City of New Orleans and the District, created by the New Orleans City Council authorized by R.S. 33:9038.1 et seq. receiving incremental state and city sales taxes from the Tax Increment Financing District (TIF), created pursuant to City of New Orleans Ordinance No. 24.920 M.C.S. According to the terms of the Cooperative Endeavor Agreement, on an accrual basis, the District shall receive the lesser of the incremental funds from the TIF or \$1,000,000. The receipt of these funds is conditioned on the District receiving matching funds from the State of Louisiana pursuant to an agreement between the District and the State of Louisiana. TIF consists of sales tax generated from the Wal-Mart store and other parcel businesses located on Behrman Highway in Algiers. 1¼ cents of each of the city and state sales tax revenue is received by the District from the Cooperative Endeavor Agreement and the state match.

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: COOPERATIVE ENDEAVOR AGREEMENTS (CONTINUED)

The use of the TIF is limited to a period of forty-two years as amended by the City Council and approved by the mayor on June 1, 2009 in accordance with City Ordinance No. 24.920. The District received \$521,012 from the City of New Orleans and \$508,874 from the State of Louisiana for the year ended

December 31, 2015. At December 31, 2015, the City of New Orleans and the State of Louisiana had amounts due to the District, which totaled \$157,407 and \$148,904, respectively.

In 2010, the District entered into a Cooperative Endeavor Agreement (CEA) with the YMCA of Greater New Orleans. The YMCA had been requested by the District to undertake the CEA in order to make it economically feasible for the District to pay for the total cost of building a new YMCA. The District had previously entered into a CEA with the State of Louisiana to complete FP&C Project No. 50-NIL-07B-01 which included the construction of the new Westbank YMCA. By entering into the CEA with the YMCA, the District's obligation to pay for the YMCA's project costs is strictly limited to the receipt of project funds from the State of Louisiana as part of its capital outlay process. For the year ended December 31, 2015 the District received \$2,047,164 from this CEA.

NOTE 8: NET POSITION COMMITMENTS

The committed fund balances of \$1,000,000 on the balance sheet – governmental funds represents and amount committed by formal action of the Board to be used for emergencies. The amount requires a vote of the full Board for funds to be used.

NOTE 9: ECONOMIC DEPENDENCY

The District receives the majority of its operating revenue from funds provided through the TIF district pursuant to its Cooperative Endeavor Agreement (CEA) with the City of New Orleans. The terms of the CEA agreement expire with the expiration of the dedicated sales tax revenues to the TIF. The expiration of the TIF shall cause a significant reduction of revenue to the District with a resulting adverse impact on its operations.

NOTE 10: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 27, 2016, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



**Required Supplementary
Information (Part II)**

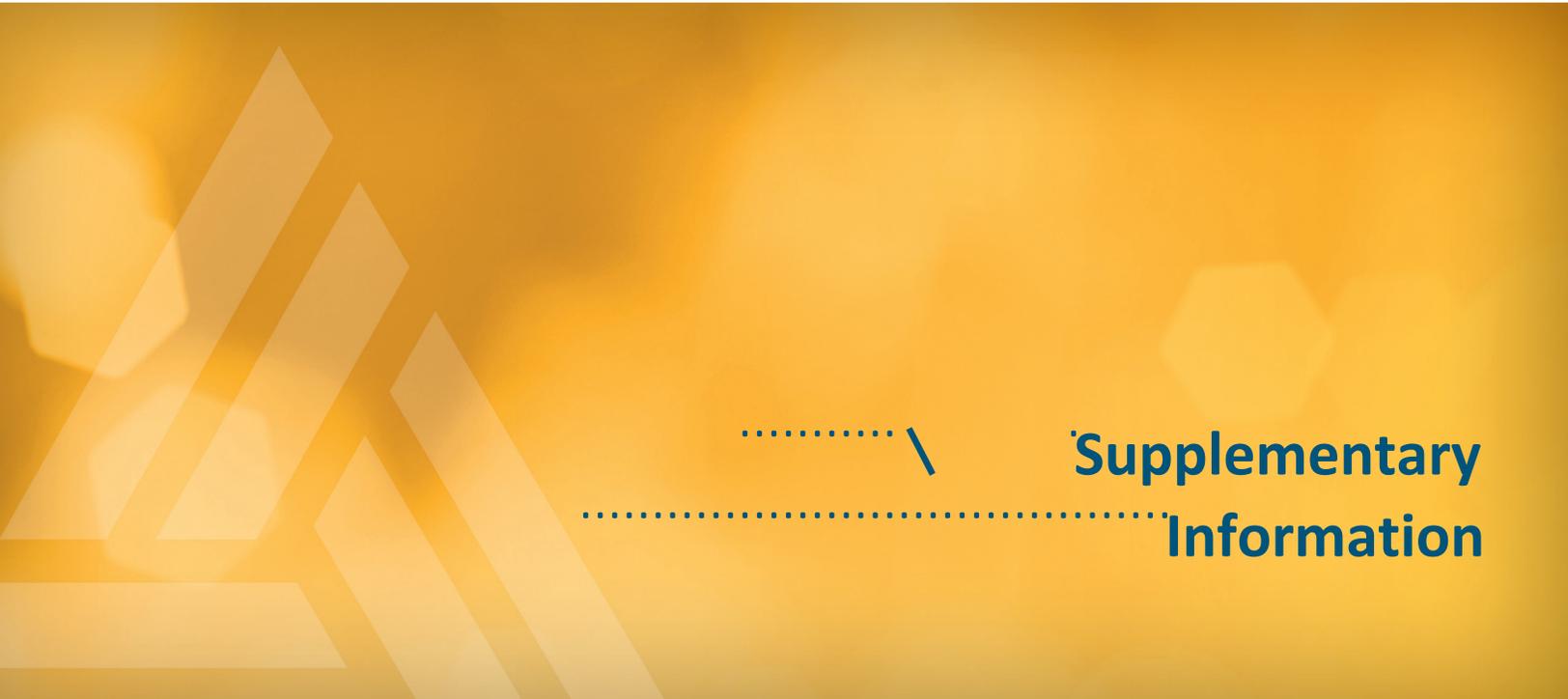
**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUND - BUDGET TO ACTUAL (BUDGETARY BASIS)**

For the Year Ended December 31,

2015

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES				
Sales tax for economic development	\$ 1,080,000	\$ 1,050,000	\$ 1,029,886	\$ (20,114)
Economic development	2,500,000	2,000,000	2,047,164	47,164
Miscellaneous income	50,000	150,000	176,706	26,706
Interest income	-	-	1,238	1,238
Total Revenues	3,630,000	3,200,000	3,254,994	54,994
EXPENDITURES				
Economic development	507,000	1,225,000	1,190,135	34,865
Capital outlay	2,500,000	1,900,000	2,047,164	(147,164)
General and administrative	140,000	453,000	354,461	98,539
Other program costs	18,000	253,000	422,727	(169,727)
Bond principal payments	200,000	200,000	200,000	-
Bond interest and fiscal charges	100,000	115,000	105,486	9,514
Total Expenditures	3,465,000	4,146,000	4,319,973	(173,973)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 165,000	\$ (946,000)	\$ (1,064,979)	\$ 228,967

See independent auditors' report.



**Supplementary
Information**



**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**

For the Year Ended December 31,

2015

Board Member	Amount
Representative Jeff Arnold (Chairman) 3520 General DeGaulle Dr., Suite 3071 New Orleans, LA 70114	\$ -0-
Senator Jean-Paul "JP" Morrell (Secretary) 6001 Stars and Stripes Blvd. Suite 221 New Orleans, LA 70126	-0-
James Henderson, Jr. (Treasurer) 2930 Hudson Street New Orleans, LA 70131	-0-
Tom Arnold 2407 Danbury Dr. New Orleans, LA 70131	-0-
Tyrone Casby 1101 Milton Street New Orleans, LA 70112	-0-
Paul A. Collins 3813 Lennox Boulevard New Orleans, LA 70131	-0-
Joe Tommy 330 Morgan Street Suite 603 New Orleans, LA 70114	-0-

See independent auditors' report.

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**

For the Year Ended December 31,

2015

Agency Head Name: Jeff Arnold, Chairman

<i>Purpose</i>	<i>Amount</i>
Salary	\$ -
Benefits-health insurance	-
Benefits-retirement	-
Deferred compensation	-
Workers comp	-
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-Fica & Medicare	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings & conventions	-
Other	-
Total	\$ -

See independent auditors' report.

INDEPENDENT AUDITORS' 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 of
Algiers Development District
of the City of New Orleans
(A Component Unit of the City of New Orleans)
Algiers, 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 and the major fund of the Algiers Development District of the City of New Orleans, a component unit of the City of New Orleans, (the District) as of and for the year ended December 31, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 27, 2016.

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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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 not to 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.

Caru, Riggs & Ingram, L.L.C.

June 27, 2016

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

We have audited the basic financial statements of Algiers Development District as of and for the year ended December 31, 2015. 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. Our audit of the financial statements as of December 31, 2015 resulted in an unmodified opinion.

Section I: Summary of Auditors' Report

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses Yes No

Significant Deficiencies Yes No

Compliance:

Compliance Material to Financial Statements Yes No

b. Federal Awards

There were no federal awards noted.

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

**ALGIERS DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
(A COMPONENT UNIT OF THE CITY OF NEW ORLEANS)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Section II: Financial Statement Findings

Compliance Finding 2014-01

Criteria

Under state laws, cash in bank deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. R.S. 39:1225 provides that the amount of the security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except that portion of the deposits insured by United States.

Condition

The District did not obtain pledged securities in an amount sufficient to fully secure the amounts on deposit as of year-end.

Effect

The District was not in compliance with R.S. 39:1225.

Recommendation

We recommend that the District obtain pledged securities in amounts sufficient to fully secure the amounts on deposit at all times.

Management's Corrective Action Plan or Current Status

Resolved. The District has obtained pledged securities in amounts sufficient to fully secure deposits in excess of FDIC coverage.

Section III: Federal Award Findings and Questioned Costs

Not applicable.