SEWERAGE & WATER BOARD OF NEW ORLEANS

GOVERNANCE COMMITTEE MEETING

MONDAY, OCTOBER 19, 2015

1:00 PM

Kerri Kane, Chair • Alan Arnold, Vice Chair • Kimberly Thomas • Marion Bracy • Robin Barnes

FINAL AGENDA

ACTION ITEMS

1. Cooperative Endeavor Agreement with City of New Orleans for the Coordination of All Repair, Maintenance, and Construction Projects with City Agencies (R-189-2015)
2. Cooperative Endeavor Agreement with Greater New Orleans Foundation (R-173-2015)
3. Cooperative Endeavor Agreement with City of New Orleans for the Permanent Pavement Restoration of Utility Cuts (R-198-2015)

PRESENTATION ITEMS

4. Board Self Assessment
5. Audit Committee Charter
6. Committee Meeting Schedule

INFORMATION ITEMS

7. Annual Reports on Board to City Council
8. Review of Previous Report
9. Any Other Matters

SEWERAGE AND WATER BOARD
Inter-Office Memorandum

Date: September 29, 2015

From: Harold D. Marchand, Deputy Special Counsel

To: Cedric S. Grant, Executive Director

Re: CEA – City of New Orleans – Coordination of All Repair, etc.

Please place the attached proposed Cooperative Endeavor Agreement between the City and the Board and corresponding resolution on the agenda of the Governance Committee as an action item and on the agendas of both the Strategy and Finance and Administration Committees as a presentation item.

Effective the 20th day of August 2014, the City and the Board entered into a CEA for the coordination and creation of an integrated infrastructure management system. This was a one year agreement with the option for an extension. It is recommended that this agreement be extended for three years effective August 21, 2015 with one option for another three year period.

DEPUTY SPECIAL COUNSEL

HDM:mkt
Att.

cc: Nolan P. Lambert

n:\ag\city of no\cooperative endeavor\repair coordination\150929grantmemo.placeonagenda.docx

R-189-2015

COOPERATIVE ENDEAVOR AGREEMENT WITH CITY OF NEW ORLEANS FOR THE COORDINATION OF ALL REPAIR, MAINTENANCE, AND CONSTRUCTION PROJECTS WITH CITY AGENCIES

WHEREAS, the Sewerage and Water Board and the City of New Orleans desire to enter into a Cooperative Endeavor Agreement (CEA), consistent with the Home Rule Charter of the City of New Orleans, to allow for the coordination of all repair, maintenance, and construction projects with City agencies, including the Department of Public Works, Department of Property Management and the Office of Capital Projects, including Disaster Management/D/CDBG. The intent of the CEA is to minimize the disruption of City streets, sidewalks, and other public spaces and to establish an integrated infrastructure management system; and

WHEREAS, the CEA will require that the City coordinate with the Board the operation and management of the Department of Public Works, Department of Property Management and the Office of Capital Projects, including the Disaster Management/D-CDBG office. The CNO will also coordinate with the Board water management, planning and implementation. The Board will monitor the coordination of the functions and duties of the Department of Public Works, Department of Property Management and the Office of Capital Projects, including the Disaster Management/D-CDBG office. The Board shall regularly report to the Mayor on the coordination of the functions and duties between the CNO and the Board.

NOW THEREFORE, BE IT RESOLVED, that the President Pro Tem, on behalf of the Sewerage and Water Board of New Orleans is hereby authorized to enter into a Cooperative Endeavor Agreement with the City of New Orleans to coordinate all repair, maintenance, and construction projects with the City of New Orleans.

I, Cedric S. Grant, Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of a Resolution adopted at the Regular Monthly Meeting of said Board, duly called and held, according to law, on October 21, 2015.

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

COOPERATIVE ENDEAVOR AGREEMENT
BETWEEN
THE CITY OF NEW ORLEANS
AND
SEWERAGE AND WATER BOARD OF NEW ORLEANS

THIS COOPERATIVE ENDEAVOR AGREEMENT ("AGREEMENT"), made and entered into this _____ day of _____, 20__, but made effective as of the _____ **day of** _____, **20__**, by and between the City of New Orleans ("City"), herein represented by Mitchell J. Landrieu, Mayor, and Sewerage and Water Board of New Orleans ("S&WB"), herein represented by Wm. Raymond Manning, its President Pro Tempore, witnesses that,

WHEREAS, consistent with mandate of Section 5-302 of the Home Rule Charter of the City of New Orleans, the Sewerage and Water Board desires to coordinate all its repair, maintenance, and construction projects with City agencies, including the Department of Public Works, Department of Property Management, and the Office of Capital Projects, including the Disaster Management/D-CDBG, in order to minimize disruption of the City's streets, sidewalks, and other public spaces and to establish and integrated infrastructure management system;

WHEREAS, Louisiana Revised Statutes 33:124 and 33:124.1 authorize municipalities and political subdivisions of the State of Louisiana to enter into agreements to combine the use of personnel for the economy of operations and to engage jointly in the construction, acquisition, improvement, maintenance or promotion of any public improvement or project, specifically including activities related to public utilities, sewerage, flood control, drainage, and streets.

WHEREAS, Section 9-314 of the Home Rule Charter of the City of New Orleans, authorizes the City to enter into cooperative endeavors with the state or its political subdivisions or political corporations, with the United States or its agencies, or with any public or private association, corporation, or individual with regard to the procurement and development of immovable property, joint planning and implementation of public works, joint use of facilities, joint research and program implementation activities, joint funding initiatives, and other similar activities in support of public education, community development, housing rehabilitation, economic growth and other public purposes; and

WHEREAS, in public purpose pursuant to Article 9-314 of the Home Rule Charter of the City of New Orleans and consistent with La. R.S. 33:124 and 33:124.1, the City and the S&WB desire to enter into a Cooperative Endeavor Agreement for the coordination and creation of an integrated infrastructure management system.

NOW THEREFORE, the City and S&WB agree as follows (the "Agreement"):

1. **CITY OBLIGATIONS:**
   a. The City will coordinate the following functions and duties with the S&WB:
      i. Operations and management of the Department of Public Works, Department of Property Management, and the Office of Capital Projects, including the Disaster

Management/D-CDBG office;

ii. Water management planning and implementation;

b. The City will ensure that any other functions or duties it coordinates with the S&WB will not interfere or conflict with the S&WB functions and duties or the performance thereof.

2. **S&WB OBLIGATIONS:**
   a. The S&WB will monitor the coordination of the functions and duties listed in Section (1)(a) above and confer with the City regarding same.
   b. The S&WB shall assign the coordination of the duties and functions listed in Section 1(a) above to the S&WB Executive Director.
   c. The Executive Director of the S&WB shall regularly report to the Mayor on the coordination of the functions and duties between the City to the S&WB..

3. **TERM:** This Agreement shall be effective for one (1) year and shall terminate one (1) year from the effective date written above.

4. **TERMS AND CONDITIONS:** The City and the S&WB also expressly bind themselves under the Additional Terms and Conditions made a part hereof as "Attachment A."

5. **AMENDMENT:** This Agreement is not modified except by written amendment executed by the parties hereto.

IN WITNESS WHEREOF the parties hereto have made and executed this Agreement effective the day and year first above written:

CITY OF NEW ORLEANS

BY: _____
MITCHELL J. LANDRIEU, MAYOR

FORM AND LEGALITY APPROVED:
Legal Department
By: _____
Printed Name: _____

SEWERAGE AND WATER BOARD OF NEW ORLEANS

BY: _____
PRESIDENT PRO TEMPORE

ATTACHMENT A
ADDITIONAL TERMS AND CONDITIONS
TO COOPERATIVE ENDEAVOR AGREEMENT ("Agreement")
BETWEEN
THE CITY OF NEW ORLEANS ("City")
AND
SEWERAGE AND WATER BOARD OF NEW ORLEANS ("S&WB")

ASSIGNABILITY: Neither party shall assign any interest in this Agreement nor transfer any interest in the same without prior written consent of the other party.

JURISDICTION: The City and the S&WB hereby consent and yield to the jurisdiction of the State Civil Courts of the Parish of Orleans, and do hereby formally waive any pleas of jurisdiction.

CHOICE OF LAWS. This Agreement shall be construed and enforced in accordance with the laws of the State of Louisiana, without regard to its conflict of laws provisions.

EXTENSION: This agreement may be extended at the option of the parties, provided that funds are allocated by the Council of the City of New Orleans and the extension of the agreement facilitates the continuity of services provided herein. Any extension is subject to Section 9-314(3) of the Home Rule Charter of the City of New Orleans

TERMINATION FOR CONVENIENCE: The City and S&WB shall each have the right to terminate the Agreement at any time during the term of the Agreement by giving the other party written notice of said intention to terminate at least (30) days before the date of termination.

TERMINATION FOR CAUSE. The City and the S&WB shall each have the right to terminate this Agreement for cause, effective immediately upon the giving of written notice to the other party of its intent to terminate and the reasons therefore. "Cause" includes without limitation any failure to perform any obligation or abide by any condition of this Agreement, the failure of any representation or warranty in this Agreement, the failure or inability to effectively implement an integrated infrastructure management system, or the failure or inability to properly and effectively coordinate with City agencies identified herein. If the S&WB successfully challenges the termination for cause in a court, the termination for cause shall be deemed to be a termination for convenience and shall be effective thirty (30) days from the date that the original written notice of termination for cause without any requirement of further notice.

AUDIT AND OTHER OVERSIGHT: The City and the S&WB will abide by all provisions of City Code § 2-1120, including but not limited to City Code § 2-1120(12), which requires the parties to provide the Office of Inspector General with documents and information as requested. Failure to comply with such requests shall constitute a material breach of the Agreement. The S&WB agrees that it is subject to the jurisdiction of the Orleans Parish Civil District Court for purposes of challenging a subpoena.

ENTIRE AGREEMENT. The Agreement, including all incorporated documents, if any, constitutes the final and complete agreement and understanding between the parties hereto.

"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board OF NEW ORLEANS

MITCHELL J. LANDRIEU, President
WM. RAYMOND MANNING, President Pro-Tem

625 ST. JOSEPH STREET
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52W-ATER
www.swbno.org

October 19, 2015

Finance and Administration Committee
Sewerage and Water Board of New Orleans
New Orleans, Louisiana

Dear Directors:

Subject: Proposed Cooperative Endeavor Agreement between the Greater New Orleans Foundation and Sewerage and Water Board of New Orleans

Greater New Orleans Foundation embarked on the Urban Water Series Phase I through a series of five workshops that brought together national experts on green infrastructure and stormwater management to share their expertise and experiences with various New Orleans stakeholders. The Board's leadership and employees were present during these workshops. To build on and deepen the insights from Urban Water Series Phase I, GNOF followed up with Urban Water Series Phase 2 when it brought 25 leaders from the city government and nonprofit sectors to Austin, Milwaukee, and Philadelphia - cities that successfully scaled green infrastructure and stormwater management strategies. GNOF then convened a number of follow-up meetings to come to concrete actions and ideas that could be applied in New Orleans. The goals and strategies for the next phase of work come naturally out of the learnings and outputs from these two phases.

GNOF wants to support the efforts of four key entities in the city that they believe are key to solving our urban water issues: the Board, the Greater New Orleans Water Collaborative, the City of New Orleans, and schools that are open to teaching water management. Through GNOF's work and partnerships with these four entities, GNOF wishes to achieve the following results:

1. Greater public awareness of (a) the issues around urban water, (b) the potential solutions available in green infrastructure and stormwater management strategies, and (c) their possible role in helping solve these issues as stewards of their environment.

2. Increased capacity within and collaboration among the Board and local government agencies around better stormwater management and increased green infrastructure.

3. Increased capacity within and collaboration among the Board and the Water Collaborative and other local non-governmental organizations around better stormwater management and increased green infrastructure.

Members of the Board: ALAN ARNOLD • ROBIN BARNES • MARION BRACY • DR. TAMIKA DUPLESSIS • SCOTT JACOBS • KERRI KANE
MITCHELL J. LANDRIEU • WM. RAYMOND MANNING • JOSEPH PEYCHAUD • KIMBERLY THOMAS
"An Equal Opportunity Employer"

4. A sustained, high-level conversation around sustainability in New Orleans and inclusion of green infrastructure and other sustainability elements in the New Orleans resiliency plan.

The Greater New Orleans Foundation and Sewerage and Water Board of New Orleans intend to create a partnership to support the Board's leadership to allow for a more comprehensive green infrastructure and stormwater management strategy and to build communications and public education capacity in the area of Green Infrastructure and Storm Water Management through implementing a public communications campaign. Staff recommends adoption of the attached cooperative endeavor agreement.

Robert K. Miller
Deputy Director

Members of the Board: ALAN ARNOLD • ROBIN BARNES • MARION BRACY • DR. TAMIKA DUPLESSIS • SCOTT JACOBS • KERRI KANE
MITCHELL J. LANDRIEU • WM. RAYMOND MANNING • MARK MOODY • JOSEPH PEYCHAUD • KIMBERLY THOMAS
"An Equal Opportunity Employer"

R-173-2015

COOPERATIVE ENDEAVOR AGREEMENT BETWEEN THE GREATER NEW ORLEANS FOUNDATION AND SEWERAGE AND WATER BOARD OF NEW ORLEANS

WHEREAS, the Greater New Orleans Foundation ("GNOF") would like to forge a partnership with the Sewerage & Water Board of New Orleans ("the Board") to drive green infrastructure and stormwater management in New Orleans, which will complement the city's world-class gray infrastructure and increase the sustainability and resiliency of New Orleans; and

WHEREAS, GNOF and the Board intend to work to support the Board's leadership in advancing a Board mission that will allow for the inclusion of a more comprehensive green infrastructure and stormwater management strategy; and

WHEREAS, GNOF and the Board intend to further build the Board's communications/public education capacity in the area of Green Infrastructure and Storm Water Management through implementing a public communications campaign;

NOW, THEREFORE BE IT RESOLVED, by the Sewerage and Water Board of New Orleans that the Executive Director is hereby authorized to enter into and accepting this collaborative Agreement with the Greater New Orleans Foundation which shall commence on this date and shall continue for a period of two years.

I, Cedric S. Grant, Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of the resolution adopted at a Regular Monthly Meeting of said Board, duly called and held, according to law on October 21, 2015.

CEDRIC S. GRANT
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

COOPERATIVE ENDEAVOR AGREEMENT

BETWEEN

THE

GREATER NEW ORLEANS FOUNDATION

AND

SEWERAGE AND WATER BOARD OF NEW ORLEANS

THIS COOPERATIVE ENDEAVOR AGREEMENT ("Agreement") is made and entered into by and between the **GREATER NEW ORLEANS FOUNDATION** (hereinafter referred to as "GNOF"), herein represented by **DR. ALBERT RUESGA, DIRECTOR OF ENVIRONMENTAL AND REGIONAL INITIATIVES**, and the **SEWERAGE AND WATER BOARD OF NEW ORLEANS** (hereinafter referred to as Board), herein represented by **CEDRIC S. GRANT, EXECUTIVE DIRECTOR**, hereunto duly authorized, to be effective as of the _____ day of _____ 2015.

RECITALS

WHEREAS, GNOF would like to forge a partnership with the Board to drive green infrastructure and stormwater management in New Orleans, which will complement the city's world-class gray infrastructure and increase the sustainability and resiliency of New Orleans; and

WHEREAS, just like the Board, GNOF has been concerned about water issues for some time now. The primary focus of GNOF's environmental giving over the past five years has been around these water issues. In 2010 GNOF, in partnership with the Idea Village, founded the Water Challenge, an initiative that helped accelerate entrepreneurial solutions to our region's water issues; and

WHEREAS, given the Greater New Orleans area's issues with soil subsidence and localized flooding, GNOF first embarked on the Urban Water Series Phase I during the summer of 2013, through a series of five workshops that brought together national experts on green infrastructure and stormwater management to share their expertise and experiences with various New Orleans stakeholders. The Board's leadership and employees were present during these workshops; and

WHEREAS, to build on and deepen the insights from Urban Water Series Phase I, GNOF followed up in the fall of 2014 with Urban Water Series Phase 2 when it brought 25 leaders from the city government and nonprofit sectors to Austin, Milwaukee, and Philadelphia - cities that successfully scaled green infrastructure and stormwater management strategies . GNOF then convened a number of follow-up meetings to come to concrete actions and ideas that could be applied in New Orleans. Its goals and strategies for the next phase of work come

naturally out of the learnings and outputs from these two phases; and

WHEREAS, the Board was a great partner for Urban Water Series Phase 2. The Board's leadership participated in the planning phase for the trips and paid for four employees and a board member to come on these trips. This showed the agencies' commitment to learning about green infrastructure and stormwater management strategies in other cities; and

WHEREAS, GNOF wishes to contribute to the creation of Greater New Orleans' sustainable future. After being inspired by the three Urban Water Series 2 trips and processing learnings at the follow-up meetings with local stakeholders, GNOF would like to support the efforts of four key entities in the city that GNOF believes are key players in solving our urban water issues. These include the Board, the GNO Water Collaborative, the City of New Orleans, and schools that are open to teaching water management; and

WHEREAS, through GNOF's work and partnerships with these four entities, GNOF wishes to achieve the following results:

1) Greater public awareness of (a) the issues around urban water, (b) the potential solutions available in green infrastructure and stormwater management strategies, and (c) their possible role in helping solve these issues as stewards of their environment.
2) Increased capacity within and collaboration among the SWBNO and local government agencies around better stormwater management and increased green infrastructure.
3) Increased capacity within and collaboration among the SWBNO and the GNO Water Collaborative and other local non-governmental organizations around better stormwater management and increased green infrastructure.
4) A sustained, high-level conversation around sustainability in New Orleans and inclusion of green infrastructure and other sustainability elements in the New Orleans resiliency plan.

NOW, THEREFORE, GNOF and the Board, for the considerations and under the conditions set forth herein do hereby agree as follows:

ARTICLE I.
SCOPE OF SERVICES

GNOF will work collaboratively with the Board and perform the following:

Objective #1: Support the Board's leadership in advancing a Board mission that will allow for the inclusion of a more comprehensive green infrastructure and stormwater management strategy.

Elements:

- Provide information from cities visited to aid exploration of revenue streams to support green infrastructure and stormwater management

- As called for, convene various groups critical to the acceptance of an additional revenue stream to fund stormwater management in order to educate them on the case for why additional revenue is necessary (e.g. business community, neighborhoods, etc.)
- Help turn learnings from Urban Water Series 2 trips to actionable steps for the Board

GNOF Roles:

- Liaise with other cities regarding stormwater revenue policies and practices
- Serve as a convener across sectors
- Fund at least two convenings to educate critical groups about why additional revenue is necessary
- Perform other roles that both GNOF and the Board decide to take on throughout the partnership

Board Roles:

1. Provide a point person in leadership who will work with GNOF
2. Relevant employees will give time for at least two meetings to turn learnings from the trips into actionable steps
3. If convenings are called for, help GNOF plan the structure for education convenings about revenue requirements for the stormwater system
4. Perform other roles that both GNOF and the Board decide to take on throughout the partnership

Objective #2: Help further build the Board's communications/public education capacity in the area of Green Infrastructure and Storm Water Management through implementing a public communications campaign.

Elements:

- Hire a firm to perform market research that will help tailor the messaging for the public communications campaign. Based on the market research results, the Board and GNOF will issue a request for proposal for the implementation of a public communications campaign, hear pitches from select candidate firms, then choose a marketing/communications firm that will implement such campaign
- Oversee execution of a public communications campaign about the value of green infrastructure and storm water management and the stewardship role we can all play starting in 2016
- Amplify the work that the Board is doing around green infrastructure and stormwater management
- Explore the introduction of a rain barrel program and other storm water management steps for homeowners

GNOF Roles:

- Share communications expertise and advice
- Help manage communications campaign process

- Provide up to $50,000 in funding for market research
- Initially provide $50,000 in funding for the public communications campaign execution. Once it is known how much implementation will cost, GNOF can determine the additional amount of funding that it can commit for the implementation
- Help raise supplementary funding for communications campaign implementation
- Perform other roles that both GNOF and the Board decide to take on throughout the partnership

Board Roles:

1. Lead communications campaign process
2. Executive team and the stormwater team will attend 1-2 meetings where the parties will plan the objectives of the communications campaign and market research
3. Assign a point person/people who will help monitor and manage the market research firm as they perform market research and the communications/marking firm as they implement the communications campaign
4. Provide at least $50,000 in funding, subject to availability, for the implementation of the communications campaign
5. Perform other roles that both GNOF and the Board decide to take on throughout the partnership

At least every six months, the leads for the partnership from each organization will meet to assess the progress of the partnership, identify priority action areas, and determine areas for improvement (if any).

ARTICLE II.
TERM

This agreement shall commence on the date first written above and shall continue for a period of two years.

ARTICLE III.
INDEMNIFICATION

Section 1. Reciprocal Duties in Indemnification. To the fullest extent permitted by law, the parties agreement to protect, defend, indemnify and hold harmless one another, their agents, elected officials and employees (collectively, the "Indemnified Parties") from and against all claims, actions, liabilities, losses (including, without limitation, economic losses) and costs, arising out of or related to (a) any actual or alleged act or omission in the performance of the Services by one another or any contractor or (b) any act outside the scope of the Services by either party or any contractor.

ARTICLE IV.

GOVERNING LAW, JURISDICTION AND VENUE

Section 1. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Louisiana, excepting its conflict of laws provisions.

Section 2. Exclusive Jurisdiction and Venue. For all claims arising out of or related to this Agreement, the parties hereby consent and yield to the exclusive jurisdiction and venue of the Civil District Court for the Parish of Orleans.

ARTICLE V.
RETENTION, ACCESS AND OWNERSHIP OF RECORDS

Section 1. Retention. The parties agree to keep all such business records related to, or arising out of, this Agreement as would be kept by a reasonably prudent practitioner of the parties' profession for a period of five (5) years after the termination of this Agreement. All accounting records shall be maintained in accordance with generally accepted principles and practices.

ARTICLE VI.
TERMINATION

Section 1. Termination for Cause. The parties shall each have the right to terminate this Agreement for cause, effective immediately upon the giving of written notice to the other party of its intent to terminate and the reasons therefore.

If the termination for cause is subsequently challenged in a court of law and if the challenging party prevails, the termination for cause shall be deemed to be a termination for convenience and shall be effective thirty (30) days from the date that the original written notice of termination for cause was given to the challenging party and no further notice shall be required.

Section 2. Termination for Convenience. The parties shall each have the right to terminate this Agreement without cause by giving the other party written notice of its intent to terminate at least thirty (30) days prior to the date of termination.

Section 3. Survival of Certain Provisions. All representations and warranties and all responsibilities regarding record retention, access and ownership, cooperation with OIG investigations, indemnification and payment for services rendered shall survive the termination of this Agreement and continue in full force and effect.

ARTICLE VII.
NOTICE

Section 1. Any notice, demand, communication or request required or permitted hereunder shall be in writing and delivered in person or by certified mail, return receipt requested as follows:

If to Board: Cedric S. Grant, Executive Director
625 St. Joseph Street, Room 233
New Orleans, Louisiana 70165

If to GNOF: Dr. Albert Ruesga
Greater New Orleans Foundation
1055 St. Charles Avenue, Suite 100
New Orleans, LA 70130

Section 2. Notices shall be effective when received by each of the above-referenced individuals at the addresses specified above. Each party shall be responsible for notifying the other in writing that references this Agreement of any changes in the respective addresses set forth above.

Section 3. Nothing contained in this Article shall be construed to restrict the transmission of routine communications between representatives of GNOF and Board.

ARTICLE VIII.
GENERAL PROVISIONS

Section 1. No Assignment Without Consent. This Agreement is personal to each of the parties hereto, and neither party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party.

Section 2. Audit and Other Oversight. It is agreed that GNOF will abide by all provisions of City Code §2-1120, including but not limited to City Code §2-1120(12), which requires GNOF to provide the Office of Inspector General with documents and information as requested. Failure to comply with such requests shall constitute a material breach of the contract. In signing this contract, GNOF agrees that it is subject to the jurisdiction of the Orleans Parish Civil District Court for purposes of challenging a subpoena.

Section 3. Nonwaiver. The failure of either party to insist upon strict compliance with any provision of this Agreement, to enforce any right or to seek any remedy upon discovery of any default or breach of the other party at such time as the initial discovery of the existence of such noncompliance, right, default or breach shall not affect, nor constitute a waiver of, any party's right to insist upon such compliance, exercise such right or seek such remedy with respect to that default or breach or any prior, contemporaneous or subsequent default or breach.

Section 4. Severability. The parties hereto intend all provisions of this Agreement to be enforced to the fullest extent permitted by law.

Accordingly, should a court of competent jurisdiction find any provision to be unenforceable as written, the parties intend and desire that the court should reform the provision so that it is enforceable to the maximum extent permitted by law. If, however, the court should find such provision to be illegal and not subject to reformation, such provision shall be fully severable.

In such event, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision was never a part hereof, and the remaining provisions of this Agreement shall remain in full force and effect.

Section 5. Rules of Construction. The headings and captions of this Agreement are provided for convenience only and are not intended to have effect in the construction or interpretation of this Agreement.

Whenever herein the singular number is used, the same shall include the plural, where appropriate and neutral words and words of any gender shall include the neutral and other gender, where appropriate. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved in favor of or against GNOF on the basis of which party drafted the uncertain or ambiguous language. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto.

Section 6. Amendment. No amendment of or modification to this Agreement shall be valid unless and until executed in writing by the duly authorized representatives of both parties to this Agreement.

Section 7. No Third-Party Beneficiaries. This Agreement is entered into for the exclusive benefit of the parties, and the parties expressly disclaim any intent to benefit anyone not a party hereto.

Section 8. Remedies Cumulative. No remedy set forth in this Agreement or otherwise conferred upon or reserved to any party shall be considered exclusive of any other remedy available to a party. Rather, each remedy shall be deemed distinct, separate and cumulative and each may be exercised from time to time as often as the occasion may arise or as may be deemed expedient.

Section 9. Complete Agreement. GNOF specifically acknowledges that in entering into and accepting this Agreement, GNOF relies solely upon the representations and agreements contained in this Agreement and no others.

This Agreement supersedes and replaces any and all prior agreements, negotiations and discussions between the parties hereto with regard to the terms, obligations and conditions herein.

THE PARTIES HERETO have signed this Agreement as to be effective on the first date written.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

BY:_____
CEDRIC S. GRANT, EXECUTIVE DIRECTOR

FORM AND LEGALITY APPROVED:
Legal Department
By:_____
Printed Name:_____

GREATER NEW ORLEANS FOUNDATION

BY:_____
DR. ALBERT RUESGA, PRESIDENT AND CEO

_____
CORPORATE TAX I.D.

SEWERAGE AND WATER BOARD
Inter-Office Memorandum

Date: October 12, 2015

From: Harold D. Marchand, Deputy Special Counsel

To: Cedric S. Grant, Executive Director

Re: CEA – City of New Orleans – Permanent Pavement Restoration of Utility Cuts

Please place the attached proposed Cooperative Endeavor Agreement between the City of New Orleans and the Sewerage and Water Board of New Orleans and corresponding resolution on the agenda of the Governance Committee as an action item and on the agendas of both the Strategy and the Finance and Administration Committees as a presentation item.

The City and the Board wish to enter into an agreement whereby the City will perform permanent pavement restoration of utility cuts to be made by the Board.

DEPUTY SPECIAL COUNSEL

Att.

cc: Nolan P. Lambert

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R-198-2015

COOPERATIVE ENDEAVOR AGREEMENT WITH CITY OF NEW ORLEANS
FOR THE PERMANENT PAVEMENT RESTORATION OF UTILITY CUTS

WHEREAS, the Sewerage and Water Board and the City of New Orleans desire to enter into a Cooperative Endeavor Agreement (CEA), consistent with the Home Rule Charter of the City of New Orleans, to allow the City of New Orleans to perform permanent paving restoration of utility cuts to be made by the Sewerage and Water Board of New Orleans The intent of the CEA is to accomplish a valued public purpose of improving the restoration of underground utilities and pavement by enhancing the collaboration between the parties; and

WHEREAS, the CEA will require that the City coordinate with the Board the removal of the backfill, temporary pavement, and/or temporary covering placed by the Board as part of its repair, and any additional saw cutting of pavement and subsequent removal of construction debris and/or materials, preparation of the base course and adjacent pavement in accordance with applicable Department of Public Works' general specifications, the placement of permanent pavement, final inspection, and removal of any remaining traffic control measures.

NOW THEREFORE, BE IT RESOLVED, that the President Pro Tem, on behalf of the Sewerage and Water Board of New Orleans is hereby authorized to enter into a Cooperative Endeavor Agreement with the City of New Orleans for the permanent pavement restoration of utility cuts.

I, Cedric S. Grant, Executive Director,
Sewerage and Water Board of New Orleans, do hereby
certify that the above and foregoing is a true and
correct copy of a Resolution adopted at the Regular
Monthly Meeting of said Board, duly called and held,
according to law, on October 21, 2015.

CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS

COOPERATIVE ENDEAVOR AGREEMENT

BETWEEN

THE CITY OF NEW ORLEANS

AND

THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

THIS COOPERATIVE ENDEAVOR AGREEMENT (the "**Agreement**") is made and entered into on this _____ day of _____, 2015 (the "**Effective Date**"), by and between the **CITY OF NEW ORLEANS**, represented by **MITCHELL J. LANDRIEU, MAYOR** ("**City**"), and the **SEWERAGE AND WATER BOARD OF NEW ORLEANS**, represented by **CEDRIC S. GRANT, EXECUTIVE DIRECTOR** ("**SWBNO**") (the City and SWBNO sometimes collectively referred to as the "**Parties**").

WHEREAS, the City is a political subdivision organized under the law of the State of Louisiana;

WHEREAS, SWBNO is a political corporation organized under the laws of the State of Louisiana;

WHEREAS, pursuant to Article 7, Section 14(C) of the Louisiana Constitution of 1974, and related statutes, and Section 9-314 of the Home Rule Charter of the City of New Orleans, the City may enter into cooperative endeavors with the State of Louisiana, its political subdivisions and corporations, the United States and its agencies, and any public or private corporation, association, or individual with regard to cooperative financing and other economic development activities, the procurement and development of immovable property, joint planning and implementation of public works, the joint use of facilities, joint research and program implementation activities, joint funding initiatives, and other similar activities in support of public education, community development, housing rehabilitation, economic growth, and other public purposes;

WHEREAS, the City's Department of Public Works ("**DPW**") provides for the design, construction, paving, maintenance, and marking of streets, bridges, and related structures and approaches;

WHEREAS, in particular, DPW supervises, regulates, and controls installations in, above, and under streets, and therefore is in a unique position to provide "Permanent Pavement Restoration" of same in an efficient and cost effective manner;

WHEREAS, SWBNO has authority over the construction of, control, maintenance, and operation all underground work necessary or incidental to the sewerage and water systems and over major drainage infrastructure;

WHEREAS, SWBNO is responsible for construction of, control, maintenance, and operation of the public water system, public sewerage system, and major drainage system of the City;

WHEREAS, on July 1, 1992, the Parties entered into an agreement to define their

respective roles and responsibilities with regard to the public drainage, sewerage and water systems (the "**1992 Agreement**"); and

WHEREAS, the Parties now desire to accomplish a valued public purpose of improving the restoration of underground utilities and pavement by enhancing the collaboration between the Parties.

NOW THEREFORE, the City and SWBNO, each having the authority to do so, agree as follows:

ARTICLE I - DEFINITIONS

A. "Underground SWBNO Utilities" mean all pipes, connections, valves, manholes, electrical conduits, and related infrastructure buried below the surface of the public right of way which are under the authority and control of the SWBNO.

B. "Repair" or **"Repairs"** mean the saw cutting and subsequent demolition of pavement, excavation to access the damaged underground utilities, replacement, rehabilitation, and/or reconstruction of the underground utilities, the removal of any unsuitable and/or excess materials, placement of approved, compacted material in appropriate lifts to backfill any trench or other excavation required as part of the repair.

C. "Temporary Pavement Restoration" means the placement of DPW-approved compacted fill covering up to the surface of the roadway and the installation of traffic control measures subsequent to the permanent pavement restoration.

D. "Permanent Pavement Restoration" means the removal of temporary pavement restoration by SWBNO as part of their repair, any additional saw cutting of pavement and subsequent removal of construction debris and/or materials, preparation of the base course and adjacent, in situ pavement in accordance with applicable DPW's general specifications, the placement of permanent pavement, final inspection, and removal of any remaining traffic control measures.

ARTICLE II - OBLIGATIONS OF THE PARTIES

A. *SWBNO*:

1. Agrees to maintain and repair Underground SWBNO Utilities, as referenced above.
2. Shall notify DPW within seventy-two (72) hours, when the repair to the Underground SWBNO Utilities is completed on the weekend or Holiday, or within twenty-four (24) hours when the repair to the Underground SWBNO Utilities is completed on a weekday, thus informing DPW of the need for the "Permanent Pavement Restoration".
    a. At a minimum, this notification will include the location of the repairs, the type of repairs, the approximate size of the cuts, and generally the type of Permanent Pavement Restoration that may be required.
3. Agrees to complete Repairs to Underground SWBNO Utilities in accordance with the latest edition of all applicable engineering standards.
4. Agrees to complete repairs to both Underground SWBNO Utilities and underground utility lines maintained by DPW in instances where the SWBNO, while performing repairs to Underground SWBNO Utilities in the public right of way, notices the need

for repairs to utility lines maintained by DPW.

5. Will be responsible for maintenance of utility service cut site to include traffic control measures for a period of thirty (30) calendar days after notification of the completed repairs as set forth in Article II A(2) above.
6. Shall ensure that the backfill placed as part of the Repair meets all applicable compaction, gradation, and moisture content requirements as contained in the latest edition of the DPW General Specifications for Street Paving.
7. Shall provide results from tests conducted by a certified materials testing laboratory, upon request, to DPW to confirm the backfill in place meets all applicable requirements prior to Permanent Pavement Restoration. If such backfill does not meet all applicable requirements, the repair will be considered incomplete and will be redone by SWBNO.
8. Agrees to submit an invoice to the DPW on a routine basis as agreed to in advance by the Parties for all costs associated with the work performed on DPW's behalf.
    a. Each invoice submitted shall include, at a minimum, the locations of all the repairs to the underground utility lines maintained by DPW which were performed by SWBNO on DPW's behalf for which reimbursement is sought, itemizing with specificity the costs associated with each repair.
9. May suspend work performed on DPW's behalf if payment is not received within sixty (60) days or funding is not readily available to cover the anticipated cost of work.
10. Agrees to reimburse DPW for the costs associated with Permanent Pavement Restoration performed on SWBNO's behalf within thirty (30) days after the receipt of an invoice from DPW.
    a. These costs may include but not limited to geotechnical testing, field inspection, program management, and construction services at rates agreed to in advance by the Parties.
    b. SWBNO agrees to maintain a minimum balance in the City's account to cover at least thirty (30) days of anticipated program costs in an amount as agreed to in advance by the Parties.

B. ***DPW***:

1. May conduct material testing of the backfill placed in lieu of or in addition to any material testing conducted by SWBNO.
2. May inspect the Repairs as they are completed by SWBNO and the site once Repairs are completed.
3. Will be responsible for maintenance of utility service cut site to include traffic control measures beginning thirty (30) calendar days after notification of the completed repairs as set forth in Article II A(2) above.
4. Agrees to use good faith efforts to complete Permanent Pavement Restoration within thirty (30) days of notification that the Underground SWBNO Utilities repairs are

completed.

5. Shall notify SWBNO within seventy-two (72) hours after Permanent Pavement Restoration is completed.
6. In cases where an additional leak and/or damage to Underground SWBNO Utilities is detected prior to or during Permanent Pavement Restoration, shall stop work and notify SWBNO within twenty-four (24) hours so that additional Repairs can be completed.
7. Shall be responsible for maintenance of the Permanent Pavement Restoration, except when a repair is required.
8. Agrees to submit an invoice to the SWBNO on a routine basis as agreed to in advance by the Parties for all costs associated with the work performed on SWBNO's behalf.
    a. Each invoice submitted shall include, at a minimum, the locations of all Permanent Pavement Restoration performed by DPW for which reimbursement is sought, itemizing with specificity the costs associated with each restoration.
9. Agrees to establish an account and receive adequate spending authority from the City Council to receive reimbursement payments from SWBNO and pay for program expenses incurred by DPW.
10. May suspend work performed on SWBNO's behalf if payment is not received in sixty (60) days or funding is not readily available to cover the anticipated cost of work.
11. Agrees to reimburse SWBNO for the costs associated with the repairs to the underground utility lines maintained by DPW which were performed by SWBNO on DPW's behalf within thirty (30) days after the receipt of an invoice from SWBNO.
    a. These costs may include but not limited to geotechnical testing, field inspection, program management, and construction services at rates agreed to in advance by the Parties.

ARTICLE III – IMPLEMENTATION

The Parties will develop and agree to an implementation plan within thirty (30) days after this Agreement is executed. This implementation plan will include a timeline for full, City-wide implementation of the Agreement, an invoicing procedure, minimum account balance, staffing plan, initial account deposit, and acquisition plan for all required contractual services.

ARTICLE IV - DURATION

This Agreement will be effective for one (1) year from the Effective Date.

ARTICLE V – TERMINATION FOR CONVENIENCE

Either party may terminate this Agreement at any time during the term of the Agreement by giving the other party written notice of its intention to terminate at least thirty (30) days before the intended date of termination.

ARTICLE VI - INDEMNITY

To the fullest extent permitted by law, the Parties agree to protect, defend, indemnify and hold harmless one another, their agents, elected officials and employees from and against all claims, actions, liabilities, losses (including, without limitation, economic losses) and costs, arising out of or related to (a) any actual or alleged act or omission in the performance of the obligations by one another or any contractor or (b) any act outside the scope of the obligations by either party or any contractor under this Agreement.

ARTICLE VII – INSURANCE

The City and SWBNO shall have the option to maintain self-insurance or to procure at its own expense and maintain insurance policies in effect at all times during the term of this Agreement.

ARTICLE VIII - NON-DISCRIMINATION

A. ***Non-Discrimination in Employment.*** With regard to any hiring or employment decision made in connection with the performance of this Agreement, including without limitation employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff, termination, rates of pay or other compensation, and selection for training including apprenticeship, SWBNO:

1. Will not discriminate or retaliate, in fact or in perception, against any employee or person seeking employment on the basis of race, color, national origin, religion, creed, culture, ancestral history, age, gender, sexual orientation, gender identity, marital or domestic partner status, physical or mental disability, or AIDS- or HIV-status;

2. Will take affirmative action to ensure compliance with this section;

3. Will include statements in all solicitations or advertisements for employment that all qualified applicants will receive consideration for employment without regard to race, color, national origin, religion, creed, culture, ancestral history, age, gender, sexual orientation, gender identity, marital or domestic partner status, physical or mental disability, or AIDS- or HIV-status;

4. Will post notices containing the provisions of this section in conspicuous places available to employees and persons seeking employment.

B. **Non-Discrimination.** In the performance of this Agreement, SWBNO:

1. Will not discriminate or retaliate, in fact or in perception, on the basis of race, color, national origin, religion, creed, culture, ancestral history, age, gender, sexual orientation, gender identity, marital or domestic partner status, physical or mental disability, or AIDS- or HIV-status against: any employee of the City; any employee of any person working on behalf of the City; or any person seeking accommodation, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by SWBNO.

2. Will comply with and abide all federal, state, and local laws relating to non-discrimination, including without limitation Title VII of the Civil Rights Act of 1964, as amended, Section V of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990.

C. **Subcontracts.** SWBNO will incorporate the provisions of this Article by reference into all

subcontracts relating to the performance of this Agreement.

ARTICLE IX - NOTICES

A. ***In General***. Except for any routine communication, any notice, demand, communication, or request required or permitted under this Agreement will be given in writing and delivered in person or by certified mail, return receipt requested as follows:

1. To the City:

   Director
   City of New Orleans
   Department of Public Works
   1300 Perdido Street, Suite 6W03
   New Orleans, LA 70112

   &

   City Attorney
   City of New Orleans
   1300 Perdido Street, Suite 5E03
   New Orleans, LA 70112

2. To SWBNO:

   Executive Director
   Sewerage & Water Board of New Orleans
   625 St. Joseph St.
   New Orleans, La 70165

B. ***Effectiveness***. Notices are effective when received, except any notice that is not received due to the intended recipient's refusal or avoidance of delivery is deemed received as of the date of the first attempted delivery.

C. ***Changes***. Each party is responsible for notifying the other in writing that references this Agreement of any changes in its address(es) set forth above.

ARTICLE X - MISCELLANEOUS PROVISIONS

A. ***Ownership of Documents.*** All data collected and all products of work prepared, created, or modified by the City in the performance this Agreement, including, without limitation, any and all notes, tables, graphs, reports, files, computer programs, source code, documents, records, disks, original drawings, or other such material, regardless of form and whether finished or unfinished, (collectively, "**Work Product**") are the exclusive property of the City, and no reproduction of any portions of such Work Product may be made in any form without the express written consent of the City. The City shall have all right, title, and interest in all Work Product, including without limitation the right to secure and maintain the copyright, trademark, and/or patent of Work Product in the name of the City. The City may use or distribute all Work Product for any purpose without the consent of and for no additional consideration owing to SWBNO.

B. ***Jurisdiction.*** SWBNO consents and yields to the jurisdiction of the State Civil Courts of the Parish of Orleans and formally waives any pleas of jurisdiction on account of the residence elsewhere.

C. ***Governing Law.*** Any dispute arising from or relating to this Agreement or the performance of any obligations under this Agreement shall be resolved in accordance with the laws of the State of Louisiana.

D. ***Rules of Construction.*** This Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties. The headings and captions of this Agreement are provided for convenience only and are not intended to have effect in the construction or interpretation of this Agreement. The singular number includes the plural, where appropriate. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved in favor of or against either party on the basis of which party drafted the language.

E. ***Severability.*** The Parties intend all provisions of this Agreement to be enforced to the fullest extent permitted by law. Accordingly, if a court of competent jurisdiction finds any provision to be unenforceable as written, the court should reform the provision so that it is enforceable to the maximum extent permitted by law. If a court finds any provision is not subject to reformation, that provision shall be fully severable and the remaining provisions of this Agreement shall remain in full force and effect and shall be construed and enforced as if such illegal, invalid, or unenforceable provision was never included, and the remaining provisions of this Agreement shall remain in full force and effect.

F. ***Survival of Provisions.*** All representations and warranties and all responsibilities regarding record retention, access, and ownership, cooperation with Office of Inspector General investigations, and indemnification shall survive the termination of this Agreement and continue in full force and effect.

G. ***No Third-Party Beneficiaries.*** This Agreement is entered into for the exclusive benefit of the City and SWBNO, and the parties expressly disclaim any intent to benefit any person that is not a party to this Agreement.

H. ***Non-Waiver.*** The failure of either party to insist upon strict compliance with any provision of this Agreement, to enforce any right, or to seek any remedy upon discovery of any default or breach of the other party shall not affect or be deemed a waiver of any party's right to insist upon compliance with the terms and conditions of the Agreement, to exercise any rights, or to seek any available remedy with respect to any default, breach, or defective performance.

I. ***Agreement Binding.*** This Agreement is not assignable by either party unless authorized by a validly executed amendment.

J. ***Modifications.*** This Agreement shall not be modified except by written amendment executed by authorized representatives of the parties.

K. ***Voluntary Execution.*** SWBNO has read and fully understands the terms, covenants and conditions set forth in this Agreement and is executing the same willingly and voluntarily of its own volition.

L. ***Complete Agreement.*** This Agreement supersedes and replaces any and all prior agreements, negotiations, and discussions between the parties with regard to the terms, obligations, and conditions of this Agreement.

IN WITNESS WHEREOF, the City and SWBNO, through their duly authorized representatives, execute this Agreement.

CITY OF NEW ORLEANS

BY: _____
MITCHELL J. LANDRIEU, MAYOR

FORM AND LEGALITY APPROVED:
Law Department

By: _____

Printed Name: _____

SEWERAGE AND WATER BOARD OF NEW ORLEANS

BY: _____
CEDRIC S. GRANT, EXECUTIVE DIRECTOR

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OVERVIEW

The Nonprofit Board Self Assessment Tool is designed to help nonprofit organizations assess their board's performance and identify priorities for board activities going forward. We believe this combination of performance assessment and priority-setting is the foundation of superior nonprofit board performance over time. The tool should be used with our framework for nonprofit board responsibilities, which describes in detail the key elements of effective nonprofit board governance. The output of the assessment is intended to focus discussion among board members around the governance activities that will result in the greatest benefit for the organization. The tool may be used by nonprofit managers and board members:

- To identify the areas of board performance that are strongest and those that need improvement
- To identify priority areas for the board to focus on over the next 1 or 2 years
- To allow different views to emerge – the difference between responses given by two groups of board members or by the board and senior staff can be tracked and used to start a discussion

Superior board performance across the full range of nonprofit institutions cannot be precisely defined. Distinctive performance for each of the dimensions is therefore not intended to be precisely accurate for any single institution. In fact, institutions rarely need to perform at a distinctive level in every area. A board committee, rather than the entire board, can often handle specific responsibilities and bring topics forward for full board discussion as needed. Respondents should use their best judgment to rate their board in the spirit if not in the letter of the performance description. The scores are meant to provide a general indication – a "temperature" taking – of a board's performance, in order to identify potential areas for improvement.

Please make generous use of the comments section to expand on or explain your ratings. We typically find summaries of anonymous comments as helpful as the ratings themselves in surfacing issues.

This tool is meant to create an informed starting point for discussion among the leadership of a nonprofit. Informed discussion and commitment to address priorities results in board effectiveness. We encourage you to adapt the tool to meet your own organization's governance needs, and we appreciate any feedback on how to improve the usefulness of this tool.

GUIDELINES FOR ASSESSORS

The Nonprofit Board Self Assessment Tool has three sections:

1. Performance of the board (or board committee) on its core responsibilities
2. Perceived importance of responsibilities for the next 1-2 years
3. Quality of enablers in place to support board effectiveness

In sections 1 and 3, '"Performance of board on its core responsibilities" and "Enablers of board effectiveness," mark the box in each row that is closest to describing the situation at hand; descriptions will rarely be a perfect match, so use the comments section to expand on any aspect of performance that you wish.

If a row is not relevant to the organization assessed, write "N/A" in the comments section; if you simply have no knowledge, write "D/K."

For each of the responsibilities in Section 2, "Perceived importance of responsibilities for the next 1-2 years," indicate how important you believe it will be for the board to focus on each area in order to make the most positive impact on the performance of the organization. Since the board cannot focus on all responsibilities with equal weight at the same time, the ratings are intended to indicate relative priorities for each responsibility.

Please return your completed tool to the administrator, who will collate the results and compile an anonymous summary of comments for board discussion.

Please identify your role in the organization:
Board Member _____ Management_____ Other_____

Approximate time needed for completion: 30 minutes

AREAS COVERED BY THE ASSESSMENT'S THREE SECTIONS

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Shape mission and strategic direction
- Clarify mission and vision
- Participate in and approve strategic and policy decisions

Ensure leadership and resources
- Select, evaluate, and develop CEO
- Ensure adequate financial resources
- Provide expertise and access for organizational needs
- Build reputation

Monitor and improve performance
- Oversee financial and risk management
- Monitor organizational performance
- Improve board performance

SECTION 2: PERCEIVED IMPORTANCE OF RESPONSIBILITIES FOR THE NEXT 1-2 YEARS

SECTION 3: QUALITY OF BOARD EFFECTIVENESS ENABLERS

- Size and structure
- Composition
- Leadership
- Processes

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Shape the mission and vision	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Common understanding of mission	Active and open disagreement about mission	Board members appear to share surface understanding of mission; disagreements may exist at deeper level although they have not been raised	Board members share common understanding of mission although it has not been stressed tested through discussion	All board members share a common understanding of the mission that has been stress tested through discussion	
Common understanding of vision (i.e., what the organization aspires to become in 5 years)	Board members lack understanding of vision is as distinct from mission	Vision not formalized; board members' understanding of vision not aligned with likely disagreement over what is achievable	Board members appear to have a common understanding of the vision; vision not documented and/or lacks concrete goals	All board members share common understanding of where organization wants to be in 5-10 years; vision is well documented with concrete goals	
Use of mission and vision in policy/strategy decisions	Board members do not refer to mission and vision in their discussions on policy/strategy	Board members infrequently refer to mission and vision in discussions on policy/ strategy	Although not formalized, board members frequently refer to mission and vision in discussions on policy/strategy	All major policy/strategy discussions include explicit consideration of fit with mission and vision	
Process for raising mission and vision issues	Board has no formal process to engage board in reviewing the mission and vision	Informal discussion within small groups on mission or vision; Issues of mission/vision rarely raised to board for broad discussion	Informal and active discussion within small groups with issues (e.g., relevance of mission) brought before the board on ad-hoc basis when there is enough momentum	Formalized process (e.g., board retreats) to foster active board member participation in examining mission-related issues	

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Engage in strategic planning and policy decisions	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Process for strategic planning and quality of board participation	No formal process for strategic planning and little takes place	Formal process exists but used on ad-hoc basis; mainly staff driven with very little involvement by board members in developing the plan; board largely "rubber stamps" plan with limited discussion	Process exists for developing strategic plan but does not specify the framework for strategic planning (e.g., main elements/issues that plan must address); mainly staff-driven; active discussion by the entire board before approving the strategic plan	Formal process for board involvement that specifies broad framework (timing and content) for strategic planning; joint board and staff ownership of strategic plan with some board members heavily involved; active discussion by the entire board supported by needed facts/materials before final approval	
Quality of strategic plan	No formal plan; board members/staff would not describe key points of the strategy in the same way	Strategic plan exists but has major holes in one or more of: goals, situation analysis, options considered, expected outcomes, resource implications, responsibilities	All key strategic elements addressed in plan; clear linkage of programs to mission and vision; unresolved issues identified for further investigation	Robust plan covers all key strategic elements; agreed upon program outcomes are tightly linked to mission and vision and results inform subsequent decisions; clear plan for closing resource gaps if any	

Engage in strategic planning and policy decisions	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Agreement on distinction between board-level and management-level decisions	There is frequent disagreement between board/individual members and staff on appropriate level of board involvement in issues; CEO/staff feel "micromanaged" or "unsupported"; board feels disconnected	Debates, when they occur, usually involve the behaviors of one/a few members; board/staff feel surprises (need for rapid decisions or surprising decision outcomes) occur more frequently than necessary	Board and staff have high-level understanding of distinction between board and management decisions; all parties believe current model generally works well, but a few notable surprises mark recent history	Board and staff have a shared understanding of relative roles (written or explicitly discussed); all parties feel their views are heard in the process; frequent interaction between CEO and Board Chair ensure "no surprises" environment	

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Select, evaluate and develop CEO	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Succession planning	Board has no clear succession plan	Board has informal discussion with CEO on succession and on identifying candidates before need for a CEO transition arises	Board has explicit view on succession and works with CEO to identify internal candidates with leadership potential	Board has explicit view on succession and actively works with the CEO to identify internal candidates and provide development opportunities for the top 3-5 candidates to "round out" their skills	
Evaluation and development process	Evaluations are subjective and occur on ad-hoc basis; most board members are unaware of process or feedback messages	Evaluations performed annually against pre-agreed criteria; board members have opportunity to provide input to process	Evaluations performed formally and at least annually against pre-agreed criteria; written feedback messages reinforced through CEO compensation	Evaluations performed at least annually against pre-defined criteria; evaluation includes 360-degree feedback and includes a self-assessment by the CEO. Written feedback includes skill development plan. CEO compensation decision reinforces view of performance	
Search process (when required)	Little discussion of criteria for new CEO; roles/ decision-making process unclear	Limited discussion of criteria and search plan by board; board members feel "left out" of process; frustration with quality of candidates considered	Formal criteria and plan discussed at board; internal and external candidates considered and at least one strong candidate emerges	Formal search criteria, expectations for first 2 years, and search plan receive broad board support; internal and external candidates reviewed and "true choice" between qualified candidates can be made	

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Ensure adequate financial resources	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Financial needs assessment	No clear understanding of gaps in resources needed	Board has some understanding of resources needed, mainly from discussions around budget	Board understands gaps in resources needed for coming year and feels "ownership" of need, given the potential impact on current programs	Board works with staff as a part of strategic planning process to develop a multi-year view of funding requirements and trade-offs embedded in different resource levels; board feels strong ownership for the targets	
Individual donations to the organization	Individual board members' financial support is inconsistent and routinely misses goals set for the board; board members are unclear on collective and individual expectations	Board members' financial support varies by individual; Some board members give consistently; others could give/were expected to give more; expectations for support not well understood prior to joining board	Most board members donate consistently to the level they are expected to give; board meets but does not usually exceed "'donation" goals	All board members financially support organization, which is a priority for each board member's charitable giving; board consistently meets/ sometimes exceeds "donation" goals	
Involvement in fundraising planning and execution	Board members' role in raising funds is not commonly shared and involvement in fund-raising is isolated in a few directors.	Board occasionally introduces staff to contacts for fund-raising but no systematic effort undertaken	Directors acknowledge fund-raising responsibility and work with staff to develop fund-raising plan and introduce staff to contacts with some frequency	Board and staff develop clear plan to meet fund-raising targets; board introduces staff to potential donors and drives fund-raising activities when necessary	

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Provide expertise and access for organizational needs	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Board understanding of needed access and influence to support organizational objectives, (e.g., legislative access, community access)	Topic of access not specifically discussed or seen as source of board assistance to organization	Board understanding of needs for access based on periodic requests from CEO; needs largely determined on reactive basis to need of the moment	Board understands needs based on strategic planning discussions with CEO/staff, although specific plans or relationship goals are not identified	Needs for access and influence based on strategic view of organizational objectives; needs identified in detail to allow meaningful roles to be identified for individual directors	
Ability of board to provide access and influence needed	Board plays no role providing access or influence for organizational needs	Board provides access and influence sporadically but many needs not addressed, or support is seen to be of little value to the organization	Board provides access to most needed individuals and institutions; access and influence seen as of moderate value to institution	Board proactively reaches out to further organizational goals and is frequently very influential in achieving them	
Board understanding of expertise needed for organizational objectives, e.g., financial, strategic, subject matter expertise	Topic of expertise not specifically discussed or seen as source of board assistance to organization	Board understanding of needs for expertise based on periodic requests from CEO, needs largely determined on reactive basis to need of the moment	Board understands needs based on strategic planning discussions with CEO/staff	Needs for expertise based on strategic view of organizational objectives; needs identified in detail to allow meaningful roles to be identified for individual directors	
Ability of board to provide expertise	Board does not see providing expertise as a vital role and rarely offers assistance	CEO reaches out to individuals for assistance; help generally seen as of modest value to organization; some gaps in available expertise versus needs	Board members volunteer/ access expertise and can cover most typical needs; skills seen as valuable to organization	Board expertise addresses most needs and is seen as source of distinctive value to organization	

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Build reputation	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Board understanding of reputation objectives and of the role the board can play in building/enhancing reputation	Topic of building reputation not a priority and not specifically discussed/seen as a board role	Reputation objectives understood in vague terms with little differentiation of the message between target communities	Board understands key goals and differences between target communities; plan for board activity is largely undeveloped	Needs for reputation building based on strategic view of organizational objectives; needs identified in detail to allow meaningful roles to be identified for individual directors	
Board effectiveness in enhancing reputation of organization in the relevant communities	Board plays almost no role in helping build/enhance the reputation of the organization in relevant community	Individual board members participate when invited to community events; effectiveness of board activity unclear	Gaps exist vis-à-vis some key constituencies; board member effectiveness as reputation builders varies greatly	Board members proactively reach out in community to build awareness and excitement about the organization; board members seen to be very effective ambassadors for organization	

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Oversee financial performance, ensure risk management	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Board role in financial planning	1-year budgets prepared with little input from board	Board actively reviews annual financial plan; investment objectives generally understood, but not clearly communicated to fund managers	Board reviews and approves 3- to 5-year financial plan; written investment policy guides actions of fund managers	Board's active involvement in preparing/reviewing multi-year financial plan results in robust discussion of resource allocation, funding plans, and investment objectives in context of strategic goals	
Ongoing monitoring of financial and investment performance	Sporadic or infrequent review of results vs. budget with little opportunity for timely intervention; few board members feel they understand financial reports	Board monitors financial statements at set intervals (monthly or quarterly); open issues requiring more investigation or "surprise results" are common occurrences	Board monitors financial results regularly; staff can answer most questions and responds in timely and thoughtful manner to more complex inquiries; discussion not as "forward-looking" as some board members would like	Board monitors financial statements regularly; key performance indicators routinely reported to whole board; well-prepared staff can explain variances and discuss potential corrective actions; "no surprises" because of trust-based communication with staff	
Fiduciary and other regulatory compliance	No independent audit of financial results or processes; Limited understanding of the compliance required to regulatory bodies	Independent audit performed and results discussed between board and auditor; little board involvement with compliance to other regulatory bodies	Independent audit performed; results discussed with the board; doard reviews reports to/from key regulatory bodies	Board ensures timely, independent audit of results and internal processes; board understands compliance required to regulatory bodies; feedback from auditors/regulators forms basis of recovery plan monitored by board	

Oversee financial performance, ensure risk management	**1** **Poor**	**2** **Average**	**3** **Good**	**4** **Distinctive**	**Comments**
Board role in risk management	No clear understanding or discussion of risks/ exposures facing organization	Some discussion of key risks and mitigation strategies (insurance), but effort is largely ad hoc or in response to an event and does not cover all major exposure categories	Board annually reviews financial and other risks as well as mitigation policies, but surprises regarding exposure or gaps in coverage do occur	Board annually reviews potential sources of risk and mitigation plans; surprises or gaps in coverage are few	

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Monitor performance and ensure accountability	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Board involvement in developing performance metrics	Performance against mission is discussed infrequently with no pre-determined goals	Discussion of strategy leads to setting programmatic goals for year. Most goals focus on activity levels (e.g., meals served)	Board works with staff to set goals for 1- to 3-year period; metrics include activity levels and some efficiency or effectiveness measures	Board works with staff to set outcome based metrics and goals as well as activity/efficiency metrics; targets set for 1 to 3 year period. Performance of comparable institutions is used to inform targets	
Process for monitoring performance	No formal process for monitoring program performance exists	Infrequent discussion of performance and no feedback to the strategic planning or CEO evaluation	Routine discussion of performance against programmatic objectives but no clear feedback mechanism into strategic planning or CEO evaluation	Board routinely monitors and discusses the performance of program/organization and uses results to inform the strategic plan, resource allocation, and evaluation of the CEO	
Board understanding of accountability	Board does not view itself accountable to any stakeholders	Limited discussion of accountability. Divergent views regarding key stakeholders	Board discussion of accountability occurs in unstructured format results in consensus; discussion not turned into action, e.g., stakeholders communications	Board identifies primary stakeholders and ensures that performance results are communicated effectively to the stakeholders	

Monitor performance and ensure accountability	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Process for obtaining and using feedback from stakeholders	Board has no process to obtain feedback from mechanism stakeholders	Feedback from stakeholders is limited to presentations by staff or "highlights"/ presentations/ interactions with service recipients at board meetings; not all stakeholders represented.	Board does receive positive and negative feedback from stakeholders but feedback is anecdotal; board discusses feedback with CEO/staff and agrees on areas of improvement	Board has formal process in place (e.g., stakeholder committee) to obtain feedback from stakeholders without filters by the staff; board ensures that the results from the stakeholder feedback are used to inform strategy and resource allocation	

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Improve board performance	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Goal setting for the board as a follow-on to strategic planning	No specific goals exist for the board	Board translates strategic plan into goals in an ad-hoc manner and does not assign responsibilities to board committees	Board translates strategic plan into goals only in certain categories like fund-raising	Board translates the strategic plan for the organization into a set of concrete goals for the board and board committees, including timelines and required staff support	
Evaluation of board performance against goals	No evaluation is conducted by the board on its performance against the goals	Board informally evaluates its performance on major objectives	Board formally evaluates its performance on major goals but no feedback mechanism exists to improve board functioning	Board evaluates its performance against the goals and uses the lessons learned to develop plans to improve board effectiveness	
Process for evaluating individual directors	No process in place for individual member performance	Evaluations of individual directors occur informally as part of re-nomination process. Evaluations are light touch and board seems to have a lot of "deadwood"	Board committee in place to evaluate individual director performance jointly with director at time of re-nomination; most board members are seen as valuable contributors to organization governance	Board committee in place to evaluate individual director performance periodically and jointly discusses how to help a director give his/her best to the organization; little collective tolerance for directors who are not active in organization governance and support	
Developing a plan for improving board performance over time	Board discussion of its own performance is very limited and largely unstructured	Informal process for evaluating board performance is largely CEO/chair driven and plan for improvement is not widely known by directors	Board organizes to review performance every several years; board leadership generally seen to have a plan for improving performance	Formal process (e.g., annual self assessment) results in a clear plan for improvement; board collectively owns the topic of improving its value to the organization	

SECTION 2: PERCEIVED IMPORTANCE OF RESPONSIBILITIES FOR THE NEXT 1-2 YEARS

A nonprofit board adds value by undertaking each of the nine responsibilities identified; however, boards rarely have time to focus on all the responsibilities. Good nonprofits prioritize their activities depending the context of the organization. As you complete this section please choose those areas of potential board focus that are most needed over the next 1 to 2 years to ensure the organization succeeds against its mission.

How important is it for your board to focus on:	Low	Medium	High
Clarifying the organization's mission or vision		☐	☐
Resolving key strategic or policy issues (please identify issues below)	☐	☐	☐
Developing (or replacing) the CEO	☐	☐	☐
Developing the financial resources needed to support the strategy	☐	☐	☐
Providing expertise or access to support organizational priorities (please identify priorities below)	☐	☐	☐
Building/enhancing reputation of organization with key stakeholders/community (please identify stakeholders/community targets below)	☐	☐	☐
Overseeing financial performance and ensuring adequate risk management	☐	☐	☐
Assessing performance against mission and key program priorities	☐	☐	☐
Improving board performance	☐	☐	☐

Please add any additional thoughts to explain your answers or identify additional needs:

SECTION 3: ENABLERS OF BOARD EFFECTIVENESS

McKINSEY & COMPANY NONPROFIT BOARD SELF ASSESSMENT TOOL – LONG FORM

Size and structure	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Board size	Board either too small, creating heavy work for volunteer members or inadequate coverage of key responsibilities, or too large to form cohesive group; board has not addressed size as issue to be resolved	Board size is largely legacy of past decisions; imbalances exist in workload and/or coverage of board roles.	While not a topic of discussion, board size for most part adequately meets the board's needs	Board discusses issue of size explicitly and directors widely believe the current size adequately balances: ▪ Coverage of roles ▪ Cohesiveness among members ▪ Work load	
Executive committee (if it exists)	Executive committee acts as de-facto board, which tends to demoralize other board members	Executive committee exists although role is not clearly understood by all board members; emerging sense that executive committee may overstep its appropriate bounds	Executive committee has clear role, well understood and supported by all board members; value of executive committee as resource not completely exploited by the organization	Executive committee has clear role, well understood and supported by all board members; serves as a valuable resource to the board chair and CEO in guiding the organization and also in improving the overall board performance	
Committee structure: Purpose and charter of committees	Committee structure mirrors staff functions and not organizational priorities; charter unclear or indistinguishable from staff functions	Committees are logically organized and reflect organizational priorities but few have clear charter/ goals	Most standing committees have clear charter and reflect organizational priorities with few exceptions	Committee structure explicitly designed with clear charter around organizational priorities; board effectively uses mix of ad-hoc and standing committees to fulfill objectives	
Mechanisms for affiliation with organization other than governance board membership	Non-board mechanisms to increase affiliation with organization have not been considered, although some members see potential benefits	Organization has non-governance board affiliation options but there is considerable role confusion or options do not seem to achieve desired objectives	Mechanisms in place but effectiveness or coverage of key constituencies varies	Board has effective structures/mechanisms for affiliation such as advisory groups with well-defined roles or, such options have been considered and rejected as not necessary	

SECTION 3: ENABLERS OF BOARD EFFECTIVENESS

Composition	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Understanding of board composition needed to meet organizational goals	There is little discussion of desired board member skills/attributes; as a result board composition seems to be a legacy of random conversations/initiatives	Needs discussed are largely about how we can get more large donors. Significant gaps exist in skills needed by board	IThe process of identifying board needs is not as strong as it could be, but for the most part few gaps exist	Systematic process for identifying needed board skills driven by strategic plan; gaps are understood and agreed to by the entire board; most new board members seem to "fit our needs well"	
Process and criteria for recruitment	Recruitment process is ad-hoc; Board is largely reactive to the suggestions of a few board members/ CEO	Formal process exists to identify and cultivate potential members. Candidate pool is generally seen as more narrow and a sense exists that other boards in area attract a stronger pool of directors	Formal recruitment process with clear criteria in place; Board seems to surface a strong list of potential candidates, but converts on a smaller percentage than it would like	Formal process with clear evaluative criteria in place; whole board reaches out to potential members from a wide range sources; recruitment process is continuous and with multi-year horizon; new members are seen as great additions to the board	
Diversity on the board	Diversity not a topic of conversation and no material representation of potentially useful sources of diversity	Board's view of diversity not tailored to the needs of the organization and board has not achieved the desired composition	Board understands the types of diversity needed, has a plan to achieve the desired diversity and is on its way to fulfilling it	Board understands types of diversity needed for organization and the value of diversity; current diversity on the board adequately reflects the diversity needed	

Composition	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Term limits	No clear policy on term limits exists	Term limits policy exists, but the board tends to reappoint current members until term limits are reached	Although term limits works for the most part, exceptions exist, tilting to either the need for new members or the desire to retain a few exceptional long-standing members. Exiting directors are frequently "lost" to the organization	Term limits effectively balance: ▪ Need for new members/skills ▪ Retention of valuable directors Mechanisms are in place for ensuring continued involvement of high-performing retiring board members	
Orientation of new members	No formal orientation for new board members	Formal orientation exists but misses key topics; new directors feel welcomed, but take a while to get up to speed	Effective formal orientation covers key topics, but misses the opportunity to welcome/listen to new directors. Initial new director roles sometimes don't make sense/inspire new members	Formal orientation process covers key topics (mission, organization, finances, responsibilities of directors); committee assignments are welcomed by new directors who quickly become effective members of the board	

SECTION 3: ENABLERS OF BOARD EFFECTIVENESS

Leadership (board chair and committee leaders)	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Process for deciding who leads and for how long	No clear process exists for selecting the leadership and/or most members do not know the selection process	Process exists for selecting/transitioning board and committee leadership; Some confusion within board about process or election criteria or leadership tenures	Process exists for selecting leadership at board and committee levels although leadership criteria not articulated. Expected duration of leadership positions not articulated	Clear, well-understood, and accepted process is in place to select and transition board and committee leadership. Board leadership decisions seen to strengthen performance of institution	
Succession planning and development of board leaders	No process (formal or informal) in place to cultivate next generation of board leaders	Next generation of leaders has yet to be identified by current leaders. Succession decisions result in need for much learning on the job	Future leaders are identified and given opportunities to lead. Most transitions are seen as appropriate and timely	Process in place to identify and develop board leaders; committee assignments rotated to give board members experience and opportunity to lead; board seen to have a rich set of future leaders	
Quality of leadership relationship with CEO/ key staff	Leadership working relationship with the CEO is strained	Board chair has a good relationship with CEO though relationships with staff are under-developed; committee leaders do not interact with CEO or staff very often or effectively	The board chair has an effective relationship with the CEO and key staff although at the committee level, the quality of relationship varies	Board leadership has an effective working relationship with the CEO and key staff	
Effectiveness of board leadership	Current board leadership is largely ineffective given the needs of the organization	Current effectiveness of board leadership group (chair, committee chairs) is mixed, due to varying degrees of skill and enthusiasm	For the most part, board leadership is effective with a few exceptions	Current board leadership has the necessary skills, enthusiasm, energy, and time to provide leadership to the board	

SECTION 3: ENABLERS OF BOARD EFFECTIVENESS

Processes	1 Poor	2 Average	3 Good	4 Distinctive	Comments
Quality of preparation	Calendar of meetings for the year and agenda for individual meetings not established in timely manner; Board receives materials during meetings	Calendar of meetings established although anticipated content not included; Board receives agenda and some materials ahead of meeting; Materials not of appropriate quality for board to prepare; Additional meeting time required to get board up to speed	Board receives agenda and meeting materials for individual meetings in a timely manner; Annual calendar allows appropriate time for previewing/ consideration of key decisions	Calendar of meetings set and distributed for the year; agenda for the individual meetings sent out ahead of time with indication of expected focus/ high impact areas for board consideration; board receives quality background materials well in advance of meetings and arrive prepared	
Effective meeting processes	Meetings often start late and run long; Majority of time spend on presentations to board without sufficient time for board debate and discussion	Meetings start and end on time although structure of agenda revolves around CEO/staff 'show and tell'; Significant board debate on issues not expected or desired	Significant amount of agenda is CEO/staff 'show and tell'; Board has some time to debate but discussion is often cut short due to time constraints. Some members do not contribute, although they could	Meetings start and end on time and time is managed to ensure board discussion on all important topics; minimal 'show and tell' by the CEO/staff; most time dedicated to board discussion and debate on important issues. Board members feel involved and their contributions valued	
Fun and Passion	Board views meetings as a chore; board members do not socialize before or after the meetings	Board meetings are for the most part work driven and lack opportunities for camaraderie building and connecting to the mission; Members don't mind having to miss a meeting now and then	Board meetings are for the most part productive and fun; some attempts are made to include activities to build camaraderie and connect board members with the mission; attendance is typically high	Board interactions are productive and enjoyable; good mixture of work and fun activities including effective efforts to connect board members to the mission (e.g., site visits); board members hate to miss meetings	

OTHER COMMENTS:



The Dynamic Board:

Lessons from High-Performing Nonprofits

McKinsey&Company

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Preface

Does a great nonprofit need an exemplary board of directors? If an organization has a visionary leader, a skilled staff, loyal donors, and a substantial endowment, what does the board really add? While just about everyone would agree that boards offer crucial support to nonprofits as they pursue their missions, most in the field believe that boards have the potential to be even more effective. With substantial and growing pressures on nonprofits, we think it crucial to clarify what a board is there to accomplish and ensure that it contributes as much as it can.

In our consulting work, we are frequently asked to assess board performance and identify opportunities for improvement. To get a more precise view of what makes board governance effective, we interviewed the directors or board chairs of 32 of the 100 organizations named as top performers by Worth Magazine in 2001. We selected organizations engaged in a broad scope of nonprofit activities, from groups providing social services such as CARE USA and Easter Seals, to organizations focused on conservation such as The Trust For Public Land, to education-focused groups including Teach For America and ZERO TO THREE.

This report summarizes the best practices that we heard described in our interviews. While we offer guidance on many types of board activities, we especially emphasize the need for a board to be "dynamic" – ready to shift priorities when conditions change. No executive team will always have the full range of skills required to ensure that their organization thrives and survives in a time of shifting government priorities, evolving social needs, increasing scrutiny of nonprofits, and changing donor expectations. Similarly, boards also need to respond to changing internal needs as nonprofits mature and grow. A dynamic board can help weather change and build for the future.

Our hope is that nonprofit boards will evaluate their own performance against the standards that we describe here. While we did not interview representatives from foundations or major regional charities such as universities or art museums, the conclusions should apply to these types of institutions as well. We also include a simple, easy-to-use assessment tool that nonprofit leaders can employ to stimulate discussion on the effectiveness and scope of activities of their own boards. We believe it is essential for boards to actively manage their time and contributions and engage in explicit discussions about whether priorities should be shifted.

We are sharing our insights broadly with the sector through this report. We intend our conclusions to be helpful, and we hope they will be refined by those using the report and the assessment tool. If organizations use, modify, and improve our thinking, nonprofits everywhere should benefit.

* * *

This report is issued by the Nonprofit Practice at McKinsey & Company. The primary authors are Andrea Kilpatrick, Vishy Cvsa, and Paul Jansen. We want to thank many people, starting with our interviewees, for generously sharing their perspectives and stories. (A list of the organizations interviewed is included in the appendix.) We also benefited from the significant body of written material concerning boards in both the for-profit and nonprofit sectors.

Our colleagues at McKinsey who helped structure, edit, and improve this work have helped us immeasurably with their own thoughts and experiences serving on and consulting to nonprofit boards. A number of people bear special mention: Bill Meehan, Les Silverman, Lynn Taliento, Stephanie Lowell, Caroline Pung, Maisie O'Flanagan, Paul Coombes, Mark Watson, Dave Wenner, Bob Felton, Mike Nevens, Myrna Hymans, Eileen Harrington, Cathy Boeckmann, and Paul Shoemaker of SVP.

Executive summary

Boards of directors can and do fill many different roles for nonprofit organizations, running the gamut from policy oversight to helping secure resources to serving as partners with management. Opinions on what the proper role for the board should be are equally divergent, ranging from a conviction that the board should simply raise money and focus on policy to the view that the board can, and indeed must, take on a more robust set of responsibilities. Perhaps the most practical way to approach the issue of effective governance is to ask the leaders of boards of organizations that are recognized for success how they spend their time.

After conducting interviews with the board chairs or CEOs (or executive directors) of 32 top nonprofit organizations, we catalogued the practices of effective boards. As a result of this research, we have concluded that a high-performing board plays three distinct roles:

- First, the board must shape the direction for the nonprofit through its mission, strategy, and key policies.
- Second, the board needs to ensure that the leadership, resources, and finances in place are commensurate with the vision.
- Finally, the board must monitor performance and ensure prompt corrective action when needed.

The first three chapters of this report review these roles in detail, elaborating on the specific set of nine responsibilities that a board must take on in order to fulfill each role. We provide examples and anecdotes to illustrate each of the responsibilities we identify.

Our interviewees also impressed upon us how much the focus of a board's activities can shift over a 1- or 2-year period, depending on the situation facing the nonprofit. According to the people we spoke with, good boards are dynamic, particularly adept at understanding the external and internal context of the nonprofit and at shifting focus to respond to or anticipate changes in the environment. As a result, strong boards develop an independent view that helps shape the organization's agenda rather than simply responding to the views of management. Composed of busy volunteers, these boards also recognize that time constraints force them to select a narrower set of priorities for helping the organization, both as individuals and as a group. The fourth chapter expands on the need for a board to dynamically balance the time that it devotes to each of its responsibilities.

Interviewees also stressed that high-performing boards excel at the basics, such as actively managing their composition or committee structure. In the fifth chapter, we review the enabling practices that support a board as it works to meet its responsibilities. We

did not find hard and fast rules such as "good boards are small" or "five committees are key." Common-sense dictums to focus on important issues, run effective meetings, and make sure the right people are in the right jobs seem to be at the core of good performance. Strong boards invest in making sure that these tasks are done well, which suggests they are not small at all in terms of effective governance.

Exhibit 1

The dynamic nonprofit board framework



Exhibit 1 summarizes these findings. In short, a good board plays three clearly understood roles, responds dynamically to the environment, and sustains a commitment to the enabling practices that make a board effective.

In the last chapter, "Building a dynamic board: converting desire to reality," we describe the process several nonprofits we interviewed used to assess and strengthen their board. To help any organization begin this process, the appendix includes a self-assessment tool for diagnosing board practices against the gold standard. This version and two shorter versions are posted on our website (www.mckinsey.com/practices/nonprofit). The version in the appendix includes detailed descriptions of practices along a continuum from poor to distinctive for each of the board responsibilities. This version builds a learning opportunity into the self-diagnosis process, but at the cost of an extra 15 to 20 minutes

for completion. This range of tools reflects our view that the self-diagnostic process should be organization specific, and we encourage nonprofits to customize our templates to make them more relevant.

At different points in this report we touch on themes from our interviews that cut across descriptions of roles and responsibilities. For example, in every organization we spoke to, the board collaborates closely with the nonprofit CEO but still preserves the ultimate authority to make decisions. Also, we heard frequently that boards don't perform equally well in all areas; strengthening the board was on the agenda for most of our interviewees. And finally, many boards are wrestling with the challenge of measuring the performance of their organization in a meaningful way, reflecting both increasing donor expectations and a growing emphasis on good governance. Only a few interviewees felt they were really addressing some governance issues now on the minds of their for-profit peers, such as risk management and stakeholder communications; we have taken note of these potential "new frontier" responsibilities in several places throughout the report.

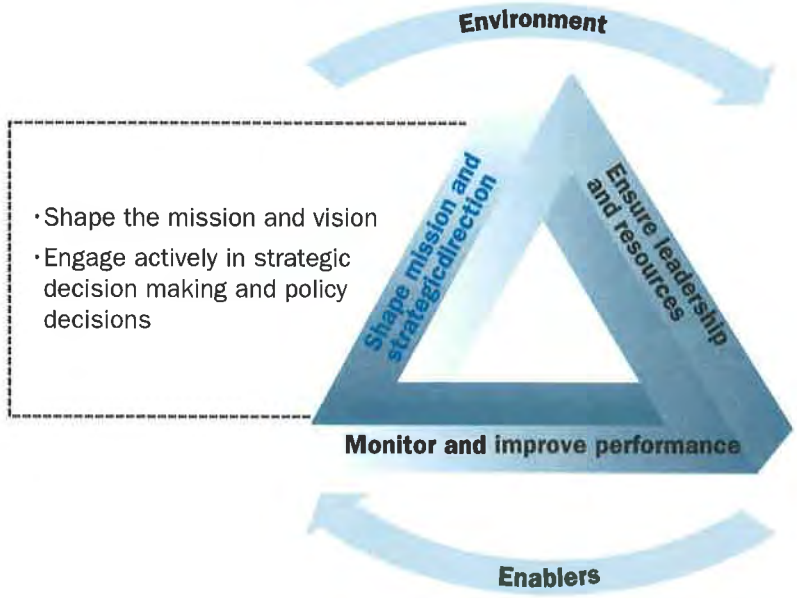
All the board chairs and CEOs we spoke to agreed that a strong board is a critical piece of the puzzle for increasing the effectiveness of their organization; a nonprofit can only sustain high performance over the long term when it has a great board. According to these leaders, when boards move beyond policy setting and fundraising and devote time to providing expertise, helping managers get access to people and resources, and building managerial capacity, their organizations benefit the most.

Shaping the mission and strategic direction

The first step toward achieving nonprofit effectiveness is to define a clear and compelling mission, vision, and strategy. The boards we interviewed work hand-in-hand with the staff to shape the mission and direction of the organization. This includes periodically revisiting the rationale for the organization's existence, clarifying the vision for what the organization wants to become over time, and setting a strategy for getting there. The board has two primary responsibilities in fulfilling this role: shaping the mission and vision, and actively engaging in strategic planning and policy decisions (Exhibit 2).

Exhibit 2

Key responsibilties in shaping the mission and strategic direction



SHAPE THE MISSION AND VISION

Dr. Lincoln Chen, the board chair of CARE USA, noted that the most important question a board can ask is, "Why should the organization exist?" An organization' s mission should change only infrequently over time. In most cases this is the norm. Best practice suggests, however, that a mission should be tested to ensure continuing validity. Unfortunately, management is often so focused on day-to-day business that the relevance of the mission goes unquestioned, or the mission changes in reaction to funder interests rather than by conscious design. Good boards ensure a vibrant discussion about the mission and are willing to consider altering that mission when needed. That said, they are

also the final guardians against "mission creep," the subtle expanding of the mission to accommodate the interests or passions of leaders, funders, or outside agents.

Even if the mission goes unchanged, renewed commitment and common understanding improves the board's ability to guide and promote the organization. When directors speak passionately, clearly, and in concert about the mission and value of their organization they are better able to raise funds, garner non-financial resources, and lobby key officials. Whatever the organization's need, directors who have recommitted to the mission become more effective ambassadors for the organization in the community as well as better directors.

Mission/vision and strategy

Mission: Why does the organization exist?

Vision: What does the organization want to achieve in the next 5-10 years?

Strategy: How will we achieve these goals?

Derived from the mission is the organization's vision, a perspective of where the organization seeks to be in a 5- or 10-year time horizon. The vision should include both internal, organizational aspirations and the outcomes the organization seeks to have regarding the social issue at the core of the mission. Good visions are quantifiable enough to allow an objective assessment of progress. The vision for an organization is equally critical to informing board decision making, particularly in regards to the strategic plan, which provides the critical link between where the organization is today and where it wants to be.

Effective boards build their common understanding of the mission and vision into most discussions. According to Dr. William Nelsen, the CEO of Scholarship America (formerly known as Citizens' Scholarship Foundation of America), "We have explicitly incorporated into the decision making process the question 'Is this decision consistent with the mission of the organization?'"

In addition to a periodic assessment, strong boards have developed other mechanisms to generate this clear and shared understanding of the mission and vision. William Rudnick, the board chair of America's Second Harvest, commented that, "Not only are the board members committed to the mission, but they can also give you a '20-second elevator speech,' which will describe the mission to anyone with an interest."

Our interviews uncovered other mechanisms for maintaining commitment to the mission and vision, including:

- Encouraging board member participation in the organization's grassroots activities to build the commitment and understanding necessary for engaging in mission discussions

- Starting each board meeting with a recitation of the mission as CARE USA does
- Discussing whether individual decisions are consistent with the mission and vision and building up a "case law" of shared understanding
- Periodically investing a day or more in a retreat-like setting to discuss the relevance of the mission and the vision of the organization for the next 5 to 10 years.

ENGAGE ACTIVELY IN STRATEGIC PLANNING AND POLICY DECISIONS

The responsibility of the board in strategic decision making and policy decisions flows directly from the mission and informs almost all its other activities. The mission, often described in broad terms with high-level qualitative aspirations, must be translated into tangible outcomes and a strategy, or plan, for achieving those outcomes. The boards we spoke with addressed their responsibility for strategy in two ways: implementing a robust formal strategic planning process, and ensuring the existence of mechanisms to address ad hoc decisions that require a thoughtful response from the board.

A formal strategic planning process ensures that the board has the opportunity to revisit the environment periodically, assess the organization's capabilities, and evaluate its success against the outcomes suggested by the mission. Nelsen noted that for Scholarship America, the "strategic planning process provides the platform for the board to debate new programs, the performance of current programs, fund raising objectives, capabilities, and strategies." The planning process is an opportunity to formalize a key component of the board's strategic role: the ability to take a forward-looking view, figure out what really matters, and recognize when the organization needs to change or transition. It is the board's responsibility to take a step back and view the organization in its larger context to make sure that transitions are timely and effective.

Effective boards have in common not only multi-year horizons for their strategic plans, but also an explicitly formalized strategic planning process, a "plan to plan." This plan to plan confirms the expected level of board involvement, timing of the process, and the broad framework for developing the strategic plan.

The board of Easter Seals has a strategic planning process that starts in January of every year with a draft of the strategic plan prepared by the CEO and senior staff. This multi-year view ties together an analysis of the external environment, performance of programs, and fund raising requirements. The board debates this draft extensively at a meeting in March. Once the staff incorporates the feedback, the board then votes on the strategic plan in July and the staff begins to implement it in the new fiscal year beginning in September.

Some decisions cannot follow such a predictable schedule. In these cases, thorough staff and committee work leading to a robust discussion of an issue or policy proposal at consecutive board meetings is best practice. Major decisions are rarely introduced and completed at a single board meeting. The use of ad hoc, time-limited committees to enable the board to focus its skills and engage in detailed discussions is also on the rise. These committees are often powerful centers of action as urgency and clear objectives can bring out the best in an organization. This kind of facilitated discussion is the most effective use of a talented board as opposed to the staff trying to "manage" the board.

Elements of a strategic plan

- Situation analysis including current performance, competitive position, overview of sector and threats/opportunities
- Organization goals for next 5 years
- Specific strategies and initiatives for each major goal
  - Programs and services
  - Funding
  - Organization structure and staff
- Budget
- Timeline, key activities, and responsibilities
- Monitoring and management requirements

Executive committees with a small group of board leadership are used for decisions that cannot be anticipated in a formal way, such as emergency decisions on allocation of resources. All but the largest boards, however, ensure that this emergency capacity does not become a de facto board-within-the-board.

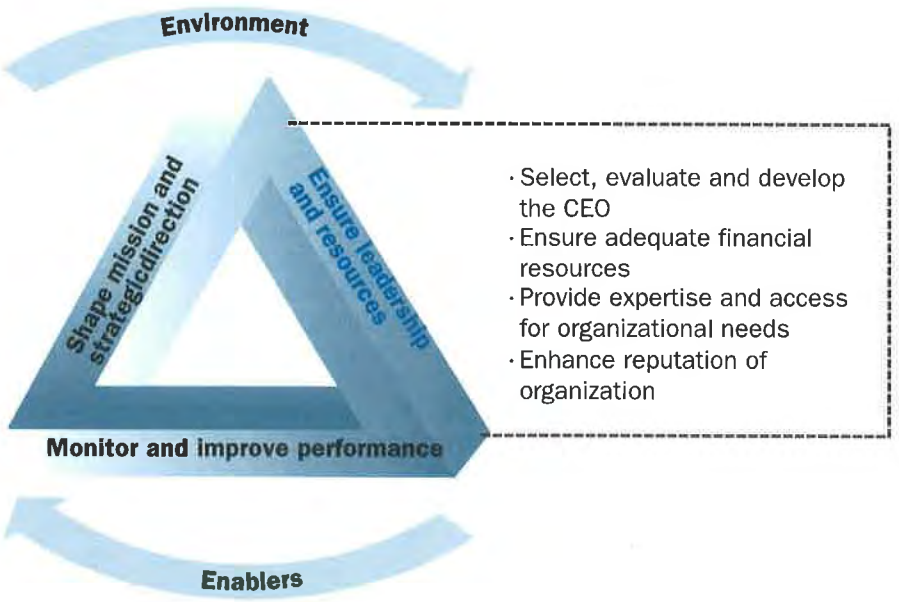
The distinction between management decisions and policy decisions requiring board-level resolution was not consistently defined by our interviewees. A talented board can represent a source of otherwise inaccessible consultative insight. As volunteers, individual directors can get quite involved in implementing strategy or policy decisions. Overinvolvement, however, can discourage talented staff. Committee leaders and the board chair play a critical role in ensuring that discussions stay at the right level. All board members have the responsibility to question whether "we're getting too detailed here." Management has an obligation to ensure that the materials given to the board are governance, as opposed to managerial, in their make-up. Excessive involvement in strategy execution is a sign of a meddlesome board or of underskilled managers, both of which are cause for an explicit conversation aimed at achieving a more productive balance.

Ensuring leadership and resources

A board that shapes the mission, vision, and strategy of a nonprofit is well-positioned to assess the leadership and resources required for the organization to be successful. These include finding and evaluating a CEO, ensuring adequate financial resources, addressing organizational needs for expertise or access, and building the nonprofit's reputation with important constituencies. These four responsibilities reflect the dual nature of the nonprofit board: collective governance accountability and implementation support provided by individual, involved volunteers lending a hand in their own distinctive way (Exhibit 3).

Exhibit 3

Key responsibilties in ensuring leadership and resources



SELECT, EVALUATE, AND DEVELOP THE CEO

Dr. James Strickler, the co-chair of International Rescue Committee's board, maintains that the "single most important role and decision of a board is the selection of a CEO." "Thinking about the question of CEO succession with a view on internal and external candidates is a top of the mind item for our board leadership," observed Dr. Chen of CARE USA. Good boards place a significant emphasis on the selection and development of the CEO and seemed to reflect three beliefs:

- The role of the board in selecting the CEO starts well before the actual selection. It starts by working with the current CEO to identify potential leaders within the organization and by providing adequate opportunities to groom these candidates for succession.

- The selection process begins with a clear articulation of the desired skills and the expectations for the new CEO over the first 2 years of his or her leadership. The new CEO of Direct Relief International, Thomas Tighe, argued, "the board and I must be on the same page about what constitutes success for Direct Relief International."

- The search process includes both internal and external candidates. The actual process for selection is usually led by a sub-group of board members through an ad hoc committee.

At the core of effective CEO evaluation is a focus on developing the individual. Peter Bell, CARE USA's CEO, described a development-oriented evaluation this way: "The evaluation process is viewed by the board as a chance not only to assess the performance of the CEO, but also to provide feedback aimed at improving performance and exploring the support needed from the board to achieve the desired result." Determining CEO compensation, a related board responsibility, must reinforce the performance feedback.

In addition, several best practices emerge. At a minimum, formal written evaluation of the CEO is done annually, working from a set of previously agreed upon goals. The pre-agreed criteria are at the core of successful evaluation and leadership development. A strategic plan tightly linked to a performance management process often provides the platform for setting these expectations. For example, the outcome of the Easter Seals' strategic planning process is, at the highest level, a set of three to five goals for the year. These goals, in turn, form the basis for evaluating the CEO as the year progresses. Finally, as Bell remarked, evaluations should be "360 degrees starting with a self-assessment by the CEO."

ENSURE ADEQUATE FINANCIAL RESOURCES

The oft-quoted phrase "give, get, or get off" underscores the importance nonprofit organizations place on the fund-raising role of the board. This responsibility has two components: ensuring that the level of resources that can be developed is consistent with the vision and strategic plan the board approved, and helping raise the necessary funds by working effectively with the nonprofit's development staff. In only two of the 30 organizations we interviewed were there no fund-raising expectations of the board, and in both cases the CEO wanted to revisit that policy.

CEOs of even some of the best organizations complain that board members lack commitment to raising money and feel uncomfortable asking for it. According to one CEO, "the biggest issue in general with nonprofits is the reluctance of the board members to ask for money." Given this, what do good nonprofits do to get their boards to successfully raise funds?

As individuals. At an individual director level, boards begin during the recruiting process to set and manage fund-raising expectations for board members. The fund-raising expectations are based not only on the ability of the individual to donate but also on their ability to provide access to potential donors. While not all directors will participate equally given means and other non-financial contributions, board membership suggests that the nonprofit should be high on a director's charitable priorities. Good boards often provide training to board members to build comfort and skills in fund raising and also back up the training with staff support to follow up on contacts generated by board members. As Tighe put it, "we don't necessarily need our board members to solicit funds. But we do need them to be engaged in a meaningful way, such as making introductions to potential donors. Our staff can do much of the follow-up." The fund-raising performance of board members is usually one dimension of the director evaluation process.

Advisory boards. At a board level, some nonprofits have created an advisory board free from the duties and commitment of board governance as a mechanism for expanding access to potential funders. These advisory boards often include members who have the potential to "give or get" funds as well as other more technical skills. Success in creating a functioning advisory board often depends on whether the board has carefully and consciously weighed the benefits of increased fundraising potential against the increased management overhead. Nelsen of Scholarship America remarked, "Managing the relationship and expectations and clarifying the role of an advisory board are critical to ensure that they do not take up the role of the regular board."

During a capital campaign, the board is even more important. Directors must provide financial support and exhibit commitment by providing connections to potential donors. For major fund-raising drives, board leaders described a two-pronged approach. First, they emphasize the need for recruiting a committed chairperson for the campaign and for developing a sound plan to raise the required money. Second, they build commitment from directors by linking the decision to proceed with the campaign to a clearly articulated strategic goal and to the expectations for the board to participate in the campaign. Approving the budget and writing the check are linked activities on a committed board.

PROVIDE EXPERTISE AND ACCESS FOR ORGANIZATIONAL NEEDS

Whether they were referring to "Work, Wealth, or Wisdom" or "Time, Treasure, or Talent," all of our CEO interviews touched on two facets of board responsibility in fulfilling organizational needs: providing expertise and providing access.

First, the interviewees emphasized the responsibility of individual board members to provide expertise in the form of professional wisdom or talent drawn from the member's day job. A well-constructed board can provide critical skills to address organizational needs, ranging from personal counsel to a CEO to legal, financial, strategic, or technical advice. Sometimes the expertise comes from a director via their corporate resources rather than through their personal expertise.

While some of this counsel is delivered in the boardroom as part of a full board discussion, valuable advice is more often delivered one-on-one to staff from an expert director wearing her volunteer hat. The board of American Refugee Committee has experts in public health and international aid. In addition to participating in the regular business of the board, these board members review grant applications written by the staff. Similarly, at another of our interviewees, board members who are legal experts have often been helpful in commenting on legal briefs filed by the organization. This individualized volunteer help from board members often saves time and money and is an important function of the collective board.

Second, board members are called upon to provide access to legislative or community leaders to support advocacy by the organization. We were surprised by the importance that interviewees placed on this role. Clearly, the public nature of funding, services, and advocacy provided by nonprofits makes for a tighter connection with government than frequently occurs in the for-profit world. The Natural Resources Defense Council, for example, is involved in environmental advocacy. Its Deputy Director, Patricia Sullivan, puts access at the core of achieving the mission: "For us to be successful, we need the board to open doors and introduce us to policy makers." In the current difficult funding environment, organizations will increasingly call on board members to support advocacy efforts.

So how do boards ensure the requirements of access are fulfilled? Good boards not only recruit influential members, they look to build coalitions, mobilize membership, and build the organization's brand as ways to increase their reach. These boards invest in developing access well in advance of when it will be needed, since recruiting the right board member may be a multi-year process and building alliances in the areas of interest to the organization also takes time.

A case in point is National Organization for Victim Assistance (NOVA). This group is passionate about achieving one of the toughest goals imaginable – seeking an amendment to the U.S. constitution recognizing the fundamental rights of crime victims

Tips for accessing expertise well

Formalize a "go-to" point for the staff (usually CEO or board liaison). This is especially critical in large board. CARE USA has a staff position called "board secretary" whose full-time job is to manage board-staff interactions including staff requests for expertise and access

Manage the requests for help. Dean Wilkerson, CEO of Mothers Against Drunk Driving, "ensures that every request to the board is crisp and well defined" to most productively engage board members.

Disseminate outcomes to all board members. The CEO of the American Heart Association, M. Cass Wheeler, leaves a voice or e-mail to the entire board highlighting not only the successes of the organization but also acknowledging the board members who contributed to the success.

to be treated with dignity, fairness, and respect. Given the nature of the goal, access for NOVA not only means recruiting the right board members, but actively looking for coalitions to build. In the quest for a constitutional amendment they have been active in building a coalition of other organizations, Mothers Against Drunk Driving and the National Center for Missing and Exploited Children, in the form of National Victims' Constitutional Amendment Network. Although it has taken about 20 years to gather momentum, NOVA's recent successes include endorsement of the amendment by the White House. Access is not just about individuals opening doors; on a broader scale it means the board is working strategically to put the building blocks of success in place.

Wise recruiting is key for board effectiveness in this role. The nominating committee needs to identify the likely organizational needs and to diversify its recruitment to attract potential directors with these skills; complementing the board's role, staff also has a responsibility to call on the board members in an effective way. A skills-seeking approach is often compelling to potential board members who are frequently recruited for their wealth alone. The goal of both access- and expertise-based recruiting is to have a board diverse enough to cover most organizational needs before they surface.

ENHANCE THE REPUTATION OF THE NONPROFIT

Nonprofit boards have long been active in championing their organization's causes in public forums. These activities not only build the brand, but also help board members gather feedback on the organization, which can be used to assess performance and to modify strategies.

Reputation and credibility in the community often pay great dividends to a nonprofit. Whether the goal is increased public involvement in the cause, greater fundraising or more effective advocacy, reputation matters. A good board can improve an organization's reputation by virtue of who they are and the role they play in advocating for the nonprofit. Boards have often recruited famous personalities with explicit expectations for their role in brand building. For example, NRDC recruited Robert Redford, a popular film star and well-known environmentalist, and employs his name not only to open doors to policy makers, but also in the mass mailings to build membership support.

In addition, investment in reputation building has also been used to increase a board's access. The board of ZERO TO THREE, an organization committed to infant and toddler development, has as its members some of the preeminent experts in the area of child development. By building a reputation for unequalled authorities on its board, President Sam Meisels says ZERO TO THREE has seen "involvement and solicitation of our advice on most policy issues concerning child development."

Speak for yourself

Nothing reinforces passion and commitment to an organization more than having one of its leaders speak on its behalf. Interestingly, with this responsibility, nonprofit boards are ahead of their for-profit brethren, who are now being called upon more to play a more public role with shareholders and other stakeholders.

Can each director summarize the mission of the nonprofit, where it hopes to be in 5 years, why it is an effective agent of change? Good nonprofits provide the information that enables directors to speak on the organization's behalf.

To help directors "stay in the know," they also augment standard materials with answers to topical questions that might come up in response to public events or recent press coverage.

Monitoring and improving performance

Beyond shaping the mission and providing resources, boards also perform the governance function of overseeing performance – the organization's and their own. Increased public scrutiny of for-profit boards has begun to spill over to the nonprofit world, enhancing the need for boards to serve as a real performance partner with management. Lacking the continuous feedback of a stock market and complicated by the challenge of figuring out what is good performance for a nonprofit, the board's role of performance partner is arguably more complex in the nonprofit world (Exhibit 4).

Exhibit 4

Key responsibilties in monitoring and improving performance



OVERSEE FINANCIAL PERFORMANCE AND ENSURE APPROPRIATE RISK MANAGEMENT

While most donor decisions are based more on mission-related factors than public financial reports, the emergence of charity comparators or rating services is undoubtedly going to increase demand for financials that accurately portray the organization's

activities. For a well-run organization, boards have at a minimum made sure that sound accounting and internal control procedures and annual external audits are in place to maintain the integrity of accounting reports. Any issues raised in management letters from accounting firms are an ongoing topic of the Finance committee until the issue is resolved. In addition, most boards have developed a set of practices to help them keep a finger on the pulse of the organization's financial health:

- Train new board members to read financial statements and understand the business model of the nonprofit. Many nonprofits use fund accounting, which requires some training for even the experienced businessperson.

- Develop a short list of closely watched metrics to alert the board to potential financial issues. These metrics could be as basic as cost, revenue, and balance sheet ratios that signal a change in results or track variance from budget.

- Require the creation of a multi-year financial plan so the longer term impact of decisions can be assessed and results can be put in the appropriate historical and future context.

In addition to monitoring financial results, nonprofit boards, like for-profit ones, are beginning to address the question of risk. Risk management is a sophisticated skill that requires the board to recognize sources of risk, estimate the potential exposure, and review the mitigation strategies proposed by staff. Several nonprofit leaders have predicted that their board members will increasingly be drawn into risk management. The types of risk facing nonprofits typically include: financial, operational, professional liability, statutory liability, and reputation.

- Mitigating against financial risk requires boards to be aware of their organization's financial exposure. Can the organization sustain a financial loss? For how long? Boards should know how much of their funding is tied to potentially volatile funding sources. On the asset side, organizations that have endowments should know the risk profile of their investments and have it explicitly addressed in a written investment policy.

- Boards should be aware of the operational risks inherent in the operation of a business, for example, risk associated with a local computer system failure or the risks inherent in the organization's cash handling procedures.

- Boards should be aware of the professional liability risks an organization faces. A blood donation center, for example, must guard against the possibility of contaminated supply; child-care centers must take special precautions to guard against child abuse.

- Boards should also ensure that their organizations steer clear of any potential statutory liability by double-checking, for example, organizational compliance with equal opportunity employment or workplace environment guidelines.

- One risk that does not often come to mind, but should, is reputation risk. Damage to an organization's image often has a direct impact on its ability to raise funds. Strategic decisions should always include an assessment of how the course of action might influence the non-profit's reputation.

Four components of effective risk management

Risk management means much more than having insurance and enumerating policies. Best practices include four essential elements;

- Clear **policies** that cover the range of potential risk topics
- Complete **communications** to all employees who could play a part in risk creation or management
- Effective **processes** for dealing with risk-related issues when they arise
- **Consequences** for those who violate risk management policies

As is clear from the above, risks can far exceed the obvious. So while reviewing an organization's Directors & Officers and Property & Casualty insurance coverage is a necessary step in risk management, it falls well short of emerging best practice.

MONITOR PERFORMANCE AND ENSURE ACCOUNTABILITY

In sharp contrast to many for-profit boards, which are accountable to shareholders, monitored by the Securities and Exchange Commission, and evaluated daily by the capital markets, most nonprofit boards are relatively sheltered from issues of accountability and performance oversight. Indeed, many nonprofit boards consider themselves the ultimate oversight authority, charged with ensuring the financial prudence and societal impact of their organizations. Not surprisingly, many responses to our query "To whom is the board accountable?" started with "Good question!" followed by, "That's a tough one." The challenge of accountability and the difficulty of measuring impact, however, are the core reasons why nonprofit boards must take up the mantle and ensure that the objective assessment of performance is central to the organization's management agenda.

So how should nonprofits think about accountability? The first step in thinking about accountability is to put it on the table for discussion at a board level. Rudnick of Second Harvest recounted, "We raised the question of accountability at the board and had a lively

debate with several suggestions and questions about various stakeholder groups." Ultimately Second Harvest agreed on "Americans concerned about hunger" as the broad constituency to whom they are accountable. This definition is in sharp contrast to the traditional laundry list of service recipients, donors, and staff as the key stakeholders. It includes as stakeholders other organizations working towards eliminating hunger. This framing moved the organization actively to seek out and collaborate with like-minded entities.

Once the board addresses the issue of accountability, it must ask, "Are we listening to our stakeholders?" This question often drives directors to engage directly by going on field visits or asking staff to bring in service recipients to board meetings. However, these methods leave a lot to chance. For instance, the ability of the directors to see beyond the managed presentations and ability of the stakeholders to articulate the problems within the limited time of a board meeting become significant challenges.

A few boards recognized these challenges and have formalized approaches to close the feedback loop. Second Harvest constituted a "stakeholders committee" explicitly charged with obtaining feedback from and maintaining relationships with stakeholders. Similarly, the governance committee of another organization uses "governance volunteers," a pool of volunteers pulled from the organization to conduct a survey of participants and to bring back the results directly to the board. Beneficial changes often result from such feedback. An Easter Seals affiliate, for example, "changed the service delivery model to deliver services directly at recipients' homes" based on the feedback from the recipients. Lastly nonprofits are becoming more articulate about reporting their impact in annual reports and communicating the results to funders, employees, and other stakeholders.

"The impact of our organization is often intangible or only shown over a long period of time and hence difficult to measure" was a claim we heard often in our discussions about performance measurement in the nonprofit sector. Certainly, there is truth to this perspective. Think of the complexity involved in measuring the impact of activities of American Heart Association, which aims to "reduce disability and death from cardiovascular diseases and stroke." Our interviews did not uncover a silver-bullet answer to performance measurement in the nonprofit sector. However, there is much to learn by culling the best practices of some of the boards we have interviewed.

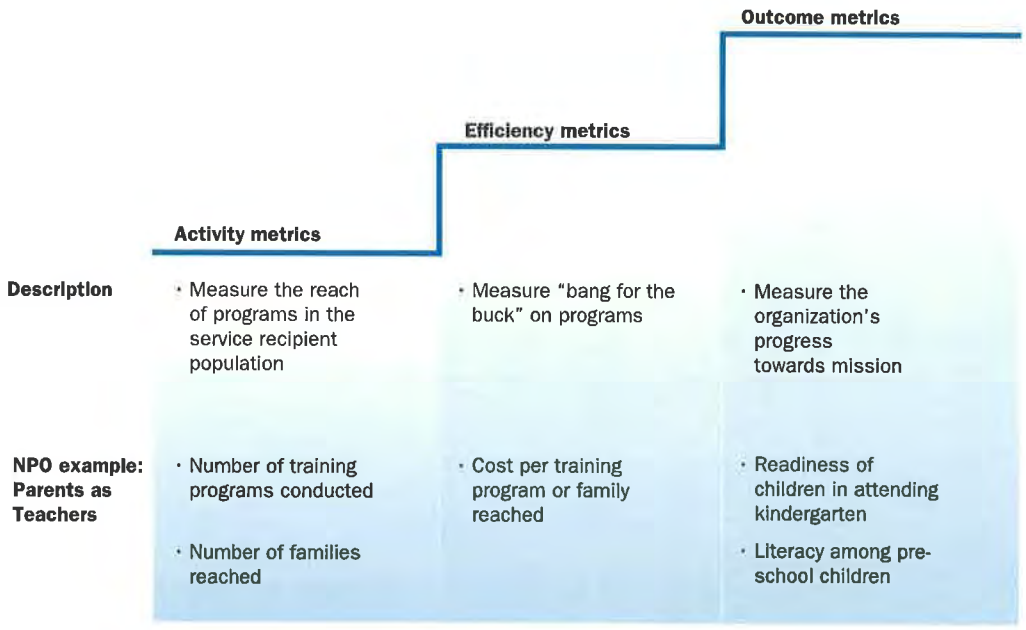
An important message coming out of the interviews is that organizations must commit to improving performance measurement if they are ever going to make progress on this challenge. This is the first step in moving up the "performance management staircase," which results in an increasingly sophisticated understanding of organizational impact (Exhibit 5). Experience gained largely by testing measurement approaches, recognizing their inadequacy, and trying something new is what ultimately drives the development of appropriate performance measures and goals. The progression from measuring activities

to measuring efficiency and ultimately to measuring effectiveness and outcomes is a multi-year journey for most organizations.

Boards play a central role in ensuring that the performance measurement journey begins with a clear mission and strategy. An overly vague mission is a hurdle few organizations

Exhibit 5

Performance management staircase



can overcome. When discussing the direction of the organization in a strategic planning exercise with the staff, boards can begin with the question, "How do we know when we get there?" William Nelsen described Scholarship America's approach: "The performance metrics and targets we use are an outcome of our strategic planning process. The board refers back to the strategic plan periodically to ensure that we are on track against numerical goals such as the number of students supported and the amount of dollars distributed to these students."

Articulating a good metric or a method to measure performance is more than half the battle. Several organizations that have progressed up the performance management staircase have used the technique of thinking about outcome metrics without reference to the cost or difficulty in measurement. They then replace those idealized metrics with

substitutes that are relatively easier to measure, but retain the necessary link to the desired outcome. Given the American Heart Association's mission, for example, any impact-based measurement for the effectiveness of their programs would need to draw on cross-sectional and multi-year studies. Usually the cost involved in conducting such studies is prohibitive. But by first articulating the optimal method for impact-based measurements, they have been able to find studies done by the Department of Health and Human Services or the Center for Disease Control that serve as more economical proxies.

The role that a board plays in performance measurement is most critical. While performance monitoring is frequently the province of specific program area committees, the final responsibility for fulfilling the role of performance partner lies with the board as a whole. Performance measurement is not a license for a board to meddle in operational details. Instead, we have found that clarity about expectations can be very liberating for staff, giving them the freedom and accountability to operate. An effective test for the clarity of an organization's expectations is whether board and staff members can describe in a few points the impact the organization has had over the last 3 years and its goals for the next 3 years.

IMPROVE BOARD PERFORMANCE

Boards of high-performing nonprofits are self-aware and committed to continuous improvement. Self-awareness means that these boards periodically take a hard look at their own performance, identify opportunities for improvement, and change practices or leaders in order to close the gap. While many boards do self-examinations, they are often done informally to avoid the appearance of questioning their leadership. Questions like "How can we improve our board meeting?" may come up following a particularly frustrating discussion. However, under these circumstances, improvements are made only when sufficient momentum or leadership materializes. By way of contrast, most of the boards we interviewed appear to have accepted self-improvement as a permanent responsibility and they have undertaken a disciplined review of their own effectiveness in the last 2 years.

Structurally, the most common vehicle for continuous improvement is expanding the role of the nominating committee to include assessing and improving board performance. Often this is accompanied by recommissioning the committee as a governance committee or a committee on the board. Nelsen of Scholarship America told us, "Changing the nominating committee into a governance committee is one of the most beneficial structural changes [our board] made." According to Meisels of ZERO TO THREE, the governance committee is also the natural place for boards to consider committee structure or reorganization options. On one board, for example, the committee

recommended a separation of the role of Chairperson and CEO, thereby clarifying two key leadership roles.

In addition to its role in recruiting and evaluating individual directors, the governance committee assesses the board's performance by formally seeking feedback from board members and management, usually through a questionnaire. No subject is taboo in this questionnaire, and topics range from the effectiveness of meeting management to the effectiveness of committee and board leadership. This broad-based assessment is performed regularly, sometimes annually, with participation from all board members. In addition to this annual feedback, some boards have also instituted a much shorter questionnaire after each board meeting to gather members' perceptions on whether the right topics were addressed and whether the meeting was managed well.

This relentless focus on improving board performance pays off. For example, the board of Scholarship America, based on the recommendations of the governance committee, changed their meeting format to approve non-controversial topics as consent items. This made the meetings more efficient and freed up board time to debate important topics. Boards must set a tone where self-criticism is an obligation and seen as constructive.

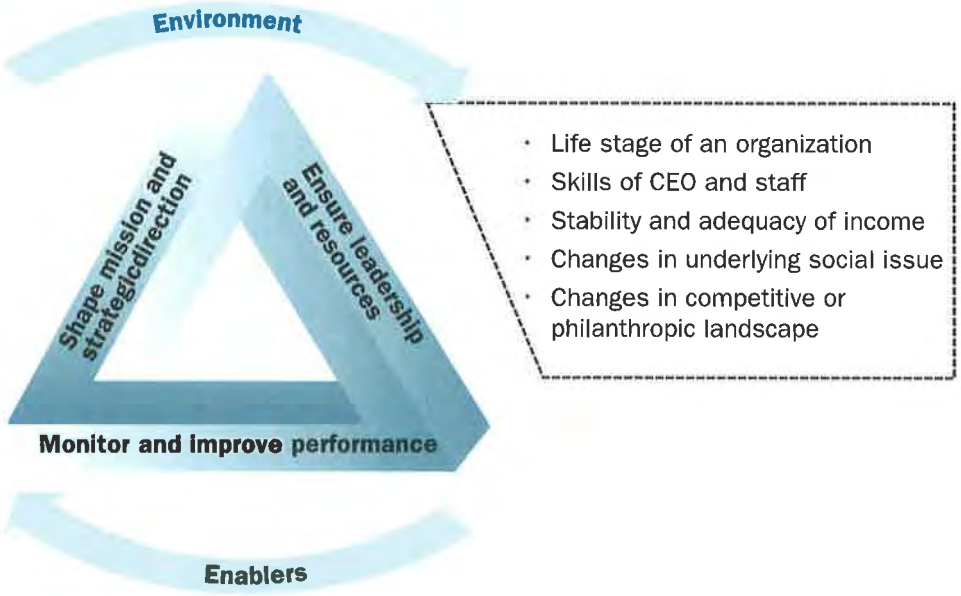
A sample board self assessment grid is available in the appendix of this document.

Dynamic response to shifting environmental factors

While nonprofit board responsibilities fall into the categories we have discussed, the time spent on each responsibility will not be the same for every board. More than a few of the leaders we interviewed commented, "I would guess that our organization would be quite different on this dimension than some of the other *Worth* top 100." The differences, however, were not in the nature of the roles the board plays, but in the degree to which a board allocates its scarce time across its various responsibilities. This priority setting has less to do with the sector focus of the organization and more to do with the specific environmental factors affecting the organization (Exhibit 6). Priority-setting, based on these factors, also helps a board be more forward-looking, ensuring that the board is not merely reacting to changes driven by others. The dynamic nature of board focus is a distinguishing characteristic for ensuring boards perform at the highest level. One key role for the board is recognizing when the time is right for the organization to make a transition and avoiding change that comes too late or in an uninformed, reactive manner.

Exhibit 6

Key environmental factors impacting the focus of the board



The challenge in determining where to place board focus is twofold. First, prioritizing some roles for a period of time does not mean completely ignoring others. "For a well-run

organization, the time spent by the board on fiduciary oversight can be limited, but oversight responsibilities must be met," noted Patricia Sullivan, Deputy Director at NRDC, "and then the board can focus on other roles." For strong boards, such an approach is possible because they put practices in place that allow them to focus on priority roles without sacrificing the standard of performance in less critical roles. For example, by investing in needed information systems, strengthening management development, and instituting strategic and performance review processes strong boards buy the time and leverage to upgrade their own contributions.

Second, less effective boards run the risk of making decisions on where to allocate their time based on the crisis of the moment or the passion of a particular board member or CEO. In contrast, more effective boards periodically take the time to examine the organization and its surroundings in a structured and rigorous way to ensure that the board is spending its time wisely and focusing on the areas in which the organization requires the most support. As Dr. Lincoln Chen of CARE USA commented, "A board must be willing to change and grow to fit the organization's needs."

Although the nonprofit leaders we interviewed mentioned numerous factors that influence board focus which were specific to their own organizations, there are elements that apply broadly across all organizations. They include internal factors such as life stage of the organization, strength of the CEO and staff, or stability and adequacy of income. External factors such as changes in the core social issue or the competitive/philanthropic environment can also require boards to shift focus and should always be on the "watch list" for any dynamic board.

INTERNAL FACTORS

Good boards weigh the internal situation of their organization in order to understand where to place their focus.

Life stage of the organization. One of the factors most often cited as shaping the board's activities was organizational life stage. Typically, newer organizations still have their founder on board and it is frequently that person's vision that drives the organization. These boards prioritize activities that support the CEO in the management of the organization and the execution of the strategy. Hugh Parmer, President of American Refugee Committee recounted, "Our organization was started by the commitment of a few business persons to the cause of refugees. During the initial phase the board was actively involved in the operations and participated in the programs." The lack of financial resources and staff in most newer organizations often dictates a board that rolls up its sleeves and gets to work on tasks that older organizations would leave to an Executive Director or staff. In addition to a willingness to serve as part-time staff-members, boards of younger organizations must be comfortable

with ambiguity as roles are more fluid in these organizations and processes are still being developed and fine-tuned.

On the other hand, the board of a more mature nonprofit should expect a more formalized process for their engagement. These boards also focus their efforts on a different set of activities. As Hugh Parmer recounted, "As we grew our staff, we have evolved to the board focusing more on strategy and policy and less on operations." Boards in more mature nonprofits need to have a voice distinct from the Executive Director. Whereas in a newer organization, support for the founder is critical to get the operation off the ground, in a more established organization, a board can and should challenge the Executive Director.

Perhaps the most important thing the board of a young nonprofit can do is work itself out of a job. A successful nonprofit start up often means programmatic expansion, the need for incremental and diversified sources of funds, a professionalization of management and new policy debates. As an organization grows, its board should anticipate new demands for fundraising, expertise and guidance that accompany success in the nonprofit world. Not surprisingly, this is often a difficult challenge for a board to address as founding boards are often very personally invested in their organizations. However, effective boards help their leadership recognize the need to evolve and drive the process rather than resist reconfiguring to meet new challenges.

Managing the life stage transition

- Focus discussions on emerging organizational needs in order to build a consensus on potential new roles for the board
- Interview directors from more mature organizations as a way to highlight necessary changes
- To build board confidence in recruiting high-caliber individuals, focus on one or two new recruits at a time
- Consider expanding the number of directors to inject new blood while allowing founding members to "term out"
- Formalize board processes including director evaluation to set expectations and change behavior or motivate exits
- Celebrate the contributions of departing directors

Skills of the CEO and staff. Several organizations reported focusing their board's activity around monitoring and improving the performance of the business during a period when they felt the CEO or his staff was not as strong as they would have liked. These same organizations worked to refocus their boards when a stronger CEO replacement was found. According to one CEO, "We are in the process of shifting the board to higher level, more strategic decision making, and away from tactical activities. The board was performing its role correctly under the circumstances we were facing at the time, but now we need to change with the organization." As we would expect, the board chairs we interviewed had significant

experience working with very strong CEOs. These board members noted that working with a strong CEO not only focused the board's role more on strategic support, but also forced the board to find additional ways of adding value by providing access to resources, influence, or expertise. Thinking through new options for adding value also allowed these board members to avoid the complacency that often occurs in the face of a strong CEO and staff.

Stability and adequacy of income. Several of the leaders we interviewed distinguished their organization on the basis of its revenue model. As fund raising is traditionally a focus for board activity, an organization's funding situation would have significant impact on a board's role. Those organizations with a large and stable funding base tend to have boards that spend more time on other activities. The American Heart Association, for example, has a stable local fund-raising process, allowing the national board to focus on strategic and performance management issues. Conversely, a board that has determined that their current funding situation is not adequate in the face of, say, a major infrastructure project, would focus a significant amount of time on securing financial resources.

Organizations with a revenue model that brings significant earned income also reported less board time spent on ensuring financial resources and more time on the strategic decisions associated with improving their service provision. One CEO reported: "Our business model revolves around the ability to execute complex real estate transactions that allow us to protect land and fund our organization. We have developed a board with distinctive knowledge on these kinds of transactions; however, as we consider other potential strategies for growing our activities, the focus of the board may need to evolve yet again."

EXTERNAL FACTORS

Factors outside the boundaries of the nonprofit also play a major role in shifting the emphasis of board activities. In general, external factors emerge as important when they result in a challenge to the organization's mission, strategy, or financial stability. The relevance of the mission – and the strategy chosen to achieve that mission – can be at risk when there are changes in the underlying social issue or new competitors emerge with more effective approaches. Frequently donors provide the catalyst for asking the question about mission or strategic misalignment. As one interviewee told us: "In light of our recent difficulties in securing funds, we have to ask ourselves if funders are trying to tell us something. Have we let our organization become less relevant to solving this problem?"

Changes in the underlying social issue. Our interviews highlighted several examples in which a board found that the organization's strategy was out of step with the outside environment. Most notable were stories of a change or innovation in the social issue(s) addressed by a nonprofit. If, for example, the eradication of a disease is a significant component of an institution's purpose, the discovery of a cure for that disease, while wonderful, will push the board to reexamine the organization's mission. Welfare legislation passed in 1996 prompted thousands of nonprofits to revisit their services and their boards' activities. Several of the

organizations we interviewed faced similar, if less extreme, pressures on the relevance of their mission. The board of the International Rescue Committee (IRC), for example, observed a gap in post emergency relief programs even as more organizations began to provide direct relief. The board actively debated and ultimately directed the development of programs to rebuild the lives of refugees as a complement to other programs. Whether driven by market changes or new legislation, these kinds of changes in social issues force a board to focus a disproportionate amount of time on mission, vision, and strategy roles.

Changes in the competitive or philanthropic landscape. The existence of other, more successful organizations in the same space can raise similar issues for boards. As one interviewee explained, "We finally reviewed the landscape and saw that whereas 20 years ago we were the only organization serving our target population, now there are numerous organizations." While this new development could be considered positive ("Our cause is significant enough to support multiple organizations"), the reality that this particular organization was facing a decline in funding led to the contrary conclusion ("Our mission is out of line with societal needs").

Similarly, changes in the availability of donated funds can influence the way nonprofit boards spend their time. The events of September 11 caused many donors to rethink their priorities, putting pressure on fundraising for many nonprofits. The list of potential "other factors" that can cause a board to rethink its activities is long. The question for an effective board is, "How do we stay abreast of events and systematically assess their impact on our organization and our own activities?"

As we suggested earlier, there is no one formula for staying current, but the best boards use both informal mechanisms and systematic approaches to recognize changes in the factors outlined above. Several boards mentioned the use of financial reviews, tracking the results of nonprofit peers, creating a set of leading indicators of performance, or employing the strategic planning process to raise issues of environmental change or financial stability. While the frequency and level of participation can vary, the board of one organization, March of Dimes, conducts an assessment of the environment on a quarterly basis.

The skill of effective boards is to synthesize many factors into a single, cohesive picture that allows them to tailor their approach for their particular organization at a particular point in time. This task is made more difficult as none of the factors can be assessed in isolation. They impact one another, building a stronger or weaker case for board emphasis. A new organization with a strong CEO could argue, on the one hand, for a board more active in overseeing the business while, on the other hand, suggesting the need to pull back to more strategic decision making. Transitions in board focus are notoriously difficult. The hands-on directors who helped run an organization in its early days may not want to or be able to adopt a new, more strategic perspective. In the end, strong boards bring together all of the necessary information and make the implications for the role of the board an explicit part of the conversation. They then tailor their activities accordingly. This dynamic process is at the heart of board effectiveness.

Enabling the dynamic board: four key elements

A poorly run meeting, an unfocused committee, or underinformed board members can undermine board effectiveness as surely as focusing on the wrong role. The boards of the nonprofits we spoke with all highlighted practices that enabled them to deliver on their key responsibilities. More common sense than revelation, these findings nonetheless indicate that the boards of high-performing nonprofits are committed to making sure that the small things are done well.

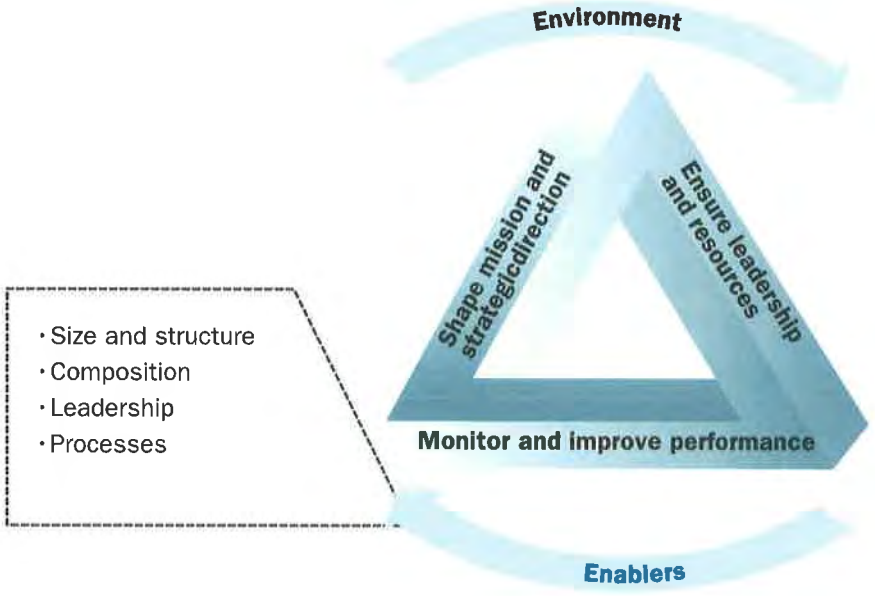
Broadly these enablers can be classified into four categories (Exhibit 7):

- Careful decisions on board size and structure
- Actively managed board composition
- Inspired board and committee leadership
- Simple administrative practices and processes made routine

Well executed, these enablers build on the passion board members have for the cause by making their service personally rewarding, efficiently delivered, and valuable to the organization.

Exhibit 7

Four enablers supporting board performance



THOUGHTFUL DECISIONS ON SIZE AND STRUCTURE

The boards of top-performing nonprofits we studied varied in size from 10 to 87 members with a mean of 29 members. The number of board members appears to be a determining decision from which many subsequent board attributes flow. However, size must be tailored to board goals and needs and may fluctuate over time. Finding the right is size is essentially a balance between being large enough to discharge all roles effectively and small enough to ensure a cohesive team in which members can work together productively. Achieving the right balance results in a board that places manageable demands on the directors and the organization's leadership.

Large boards have the ability to connect to many aspects of a nonprofit's community and provide a strong cadre of committed volunteers and fund-raisers. But large boards frequently require strong executive committees to ensure effective and timely decision making. In contrast, a smaller board is easier to manage and support, and its restricted membership can provide the exclusivity and ability to influence that is attractive to some board members. However, small boards can lack the scale and diversity of expertise necessary for effective committee work. Some smaller boards form an advisory board to access additional skills or fund-raising capacity. No formula for either structure or the size is preordained. Each option comes with its own trade-offs and challenges in ensuring a board's effectiveness given the organization's.

Committee structure

Committee structure and activity scope are intimately related to the size of the board and to its ability to fulfill its primary responsibilities. For example, a larger board typically dictates that most of the work be done in committees and places a high importance on clarifying committee roles and developing many leaders within the board.

As with board size, there is no predetermined right structure. However, as Patricia Sullivan of NRDC told us, "Designing a good committee structure is important, as most members get their sense of involvement in the organization from committee service." A core principle in effective committee design is to make the role and charter of the committee clear. In addition, the boards we talked with appear to have gone beyond clarity in charter to incorporate several other principles in designing their committee structure.

First, high-performing boards are willing to use a few standing committees for recurring needs and ad hoc committees for many other needs. As James E. Williams, Jr, CEO of Easter Seals, explained, "We moved away from a model where we had a large number of standing committees, catering to all possible needs, to a structure with few standing committees and with the board retaining the flexibility to form an ad hoc committee to address any particular issue." This flexibility enables the board to tailor its focus to current needs and to put the most qualified members against an issue with a clear goal,

all without the burden of standing committees. That said, board functions that are recurring and need continuity of activity and expertise warrant a standing committee. Typically, financial oversight, fund raising, board governance, marketing/PR, and one or more program oversight roles are performed by standing committees.

Second, organizing committees around strategic priorities rather than the functional organization structure of staff helps ensure that the board weighs in on the most important issues facing the organization. Teach For America, for example, targeted a committee on the strategic priority of teacher recruitment, which has in turn uncovered the need for new marketing and recruiting skills in future directors.

Third, it is important that any structure should have a clearly defined mechanism for recruiting and for improving board performance. Most boards we talked with opted to have a standing committee to make sure the board has continuity of activity and expertise for this important task.

Using committees well

Involve each board member in at least one committee, particularly in their area of expertise.

Actively monitor director participation as a precursor to a friendly "check in" when a director's involvement seems to wane.

Periodically inform the entire board of activities undertaken elsewhere in organization. Scholarship America's board chair and CEO play a crucial role in not only keeping the board updated but also in identifying opportunities for involving board members.

Finally, if there is an executive committee, it is generally designed to act in lieu of the full board in between board meetings. On larger boards, we saw a tendency for the executive committee to emerge as a de facto board. This can actually disrupt the board's ability to function by spawning feelings of resentment and disengagement. Any executive committee should be designed with a clear view of what it can and cannot do, and the bias should be in favor of including all board members in major issues.

Overall, effective boards have involved committed members. Staff and board leadership need to consciously manage individual director involvement to ensure committee work is productive and rewarding.

Role of an advisory board

Strategies for addressing lack of expertise, access, or fund-raising capacity on a board include asking outsiders to serve on board committees as non-director advisors or forming an independent advisory board. The American Heart Association, for example, effectively incorporates various competencies at the committee level without actually

enlarging the size of the board. Although these experts have a vote on the committee level, they do not have a formal vote on board level decisions. Advisory boards are much more common in our leading organizations than we suspected. Seven of the 32 organizations, particularly those with smaller boards, had some form of separate advisory board as a complement to the governing board (e.g., Direct Relief International, Trust for Public Land, March of Dimes).

"An advisory board enables us to involve 'friends' of the organization who want to help us without the responsibility or burden of being on the board," explained one of our interviewees. These friends can contribute to fundraising, provide access, or simply offer their business or technical expertise. Advisory boards also become scouting grounds to recruit future board members. However, using an advisory board involves some trade-offs, including increased burden on operating management. In addition, clear roles are essential to ensure that the advisory board does not overlap with the roles of the actual board. One CEO with years of advisory board experience pointed out that "advisory boards should in fact be truly advisory."

The honorary board is a variant of the advisory board used by some nonprofits. In addition to recruiting prominent people, the honorary board can be a mechanism to maintain the involvement of retiring board members who have rendered exceptional service.

One of the biggest challenges in making advisory or honorary boards work is engaging the members. One approach that may be taken, depending on how much involvement is needed, is to give these boards a collective (single) vote on the larger board. Another approach is to allocate time at board meetings to hear concerns and suggestions from the advisory board. Finally, frequent communication from the CEO and board chair helps the members stay engaged. One CEO stressed the importance of this kind of communication: "If we keep these advisory board members in the loop through frequent communications, it becomes easier to approach them for organizational needs." As a practical matter, it helps for the CEO to meet the advisory board members at least once a year, preferably coinciding with a board meeting.

ACTIVELY MANAGED COMPOSITION

Composition refers to the mix of experience, skills, demographics, and stakeholder representation among individuals who serve on boards. Effective boards manage their composition as a key enabler of board performance. These boards look for diversity in composition, and they tend to manage board composition against three dimensions: how well members represent the nonprofit's community of interest, the impact members can have against the board's goals, and what levels of tenure and turnover will ensure ongoing board effectiveness.

Dimensions of composition

The National Assembly, an association of nonprofit health and human services organizations, recently sponsored a report entitled "Clients on Board: Profiles of Effective Governance." The report stresses the need for nonprofit organizations to ensure that the people they serve are represented in the membership of their boards. We found that effective boards do look at their own composition to determine first and foremost whether there is adequate representation from the nonprofit's community of interest. Dr. James Strickler of IRC noted that, "80 percent of refugees are women and children. It is absolutely important [for IRC] to strive for a board that reflects this reality." This basic need for representation drives boards to look at racial, ethnic, and gender diversity to ensure that communities from which the organization draws its mandate are accessible for all policy discussions. Few of the boards we talked to felt they had reached the level of diversity appropriate for their mission.

A number of the boards we interviewed had positions set aside for representatives of regional or affiliated organizations. This is also often the case for membership organizations that must balance the need to honor and incorporate the interests of their members while at the same time ensuring an effective board. Our interviewees reported mixed feelings about this approach to composition. While designated seats can increase governance legitimacy and reinforce organizational linkages, issues such as to whom the representative directors owe their fiduciary loyalty can create counterproductive behaviors. Effective new director orientation, the occasional heart-to-heart talk with the board chair, and, when necessary, processes for removing directors who cannot fulfill their responsibilities, were cited as ways to prevent or mitigate potential problems.

Aspects of diversity

Many of the nonprofits we spoke with described diversity as having a board that reflects their constituency, especially in terms of race and gender. However, a properly diverse board also has the right mix of skills/expertise and access, all of which should be regularly rebalanced to meet the organization's needs.

Nested boards, the layering of local, regional, and national boards within a single organization, can create unique challenges as well. Our discussions pointed out the need to clarify the roles of each board level and the decision rights that result rather than allowing directors at all levels to make their own assumptions. These matters are of considerable importance and require thoughtful discussion. This report speaks to the issue of board governance assuming that roles have been negotiated already.

Effective boards also look to composition for the impact it can have on fulfilling their many responsibilities. This is partly captured by the familiar phrase "Work, Wealth, or Wisdom," to which we would add "Wow." Good boards ensure that board composition flows out of institutional priorities. Fund raising is almost always important, hence it is almost always a priority in determining board composition. Other priorities, such as a focus on education and advocacy, led ZERO TO THREE to emphasize technical expertise in infant and toddler development in its composition. Subject matter experts can play a critical empowering role in balancing the expertise of management with the collective judgment of the board. If they cannot be persuaded to sit on the board, boards must develop mechanisms to access their knowledge regularly.

Other forms of diversity can also be important. Given its mission, NRDC recognizes that geographic representation is extremely important to achieve credibility in local areas. "Wow" is also an attractive attribute for board composition. As we mentioned earlier, NRDC recruited Robert Redford on to its board. They recognized how much he could help build public awareness and interest in the cause. Some board members strengthen the brand of the organization simply through affiliation and a few high leverage activities that no number of dedicated volunteers could replicate. The challenge in including board members of very different backgrounds is to ensure all board members appreciate the unique strengths each of them brings and not have unrealistic expectations that each member will conform to a single norm in how they support the board.

Boards often design term limits to ensure diversity in the tenure of board members. They balance the need for "new blood" and fresh ideas against the desire to benefit from retiring but exceptional board members. There are several options for boards when approaching the issue of term limits, ranging from no term limits at one extreme to strict term limits without possibility of reelection at the other. Ten years emerged as the upper limit for our interviewees, with a number opting for shorter periods. With any choice of term limits, good boards have developed mechanisms to balance the pull for the new and the desire to retain retiring exceptional members. For example, the board of Scholarship America created its "Honor Roll Trustees," a special board to which exceptional board members who are retiring are elected by their peers. To involve the members more concretely, the honorary board is collectively given one seat on the board. At each board meeting, time is dedicated to get the advice from the honorary board through their nominee on the board. In addition, the CEO meets with the honorary board at least once a year and taps into its expertise whenever necessary. Another mechanism adopted by some boards is to have a 1-year rest period following the term limit, after which the member can be reelected to the board to serve another full term.

Recruiting and transition practices

Dynamic boards really work hard to assemble their desired membership. As one board member put it, "Recruiting is a central pillar of effective board functioning. Getting the right people on the board is essential." To build the required composition, boards identify the gaps in composition based on institutional priorities. These gaps then inform the recruiting process by identifying what kind of capabilities candidates should have. To identify the gaps, boards take inventory of diversity both formally and periodically. Several boards use a "composition grid" of some form to help this process (Exhibit 8). If done periodically, the composition grid not only identifies holes in board makeup, but also enables the board to assess its performance in closing gaps over time.

While the details of the board recruiting process varied among the boards we interviewed, several best practices emerged. First, boards often constitute a standing nominating committee with the charter of prioritizing needs and leading the board in recruiting the right people. Dr. Jennifer Howse of March of Dimes commented, "For us, the board's nominating committee plays a crucial role in recruiting the right quality of individuals who genuinely enjoy each other."

Second, the process is ongoing and increases in effectiveness only when viewed as a multi-year activity. Maintaining an up-to-date view on the best available candidates ensures that the pipeline for potential directors is full. Thus, when the need arises for a board to recruit, instead of rushing into a search process the nominating committee is prepared to recommend the best candidate. For example, the nominating committee of one organization creates a target list of A and B candidates, where the A list includes candidates that can be recommended for board membership immediately while B candidates are potentially attractive, but will require thoughtful, sustained cultivation.

Third, a method for understanding specific board needs is critical to effective recruitment. By definition, this means that the recruitment process must have at its heart a component of board self-evaluation. William Nelsen described how Scholarship America does this: "We actively monitor the composition of our board and feed it into the recruiting process to ensure adequate diversity on the board." The composition grid can be a useful tool for accomplishing this goal.

Finally, a test for commitment to the mission must be incorporated into the process. Committed board members who are inspired by the mission and respect and trust each other are essential for good board functioning. Often this criterion takes a second place to other, more concrete capabilities of the candidate such as fundraising or providing access.

Exhibit 8

Sample composition grid – an aid for managing board membership

	Primary board needs						Other forms of valuable diversity				
	Fund raising	Program Expertise	Legal skills	Financial management	Other needs	Leadership potential	Affiliation	Gender	Location	Board tenure	Race/ethnicity
Jane Doe	✔	✔				✔	Corporate	Female	San Francisco	3 yrs	Asian
John Smith		✔		✔			Community Represent-ative	Male	Silicon Valley	1 yrs	African American
Eric Ramos			✔		✔		Political	Male	East Bay	2 yrs	Hispanic
Totals											

Board building is a multi-year process. The best director candidates may already have an affiliation with an organization, but frequently they do not. Good governance committees develop a process for identifying and cultivating strong director candidates aware that they may be competing for their services with other nonprofits. Cultivation that involves any contacts the board might have, builds awareness of and enthusiasm for the mission of the organization, and recognizes that board service must be fun as well as rewarding can create a strong pipeline of potential directors. Only in rare cases can boards achieve rapid transformation. The incoming director of one of our interviewees recognized the need for substantial change at all levels of the organization and requested that the current board of directors resign en masse. This enabled a complete re-composition of the board, but it also raised issues of board independence. A less extreme option is to increase the size of the board – temporarily or permanently – to allow current members to transition based on term limits, while great effort is put into filling the new vacancies with the desired profiles.

INSPIRED LEADERSHIP

The leadership provided by the board chair, committee chairs, and the executive director plays a critical role in determining how well nonprofit boards coalesce around an effective set of roles and whether they deliver on them. Leaders shape the agenda, style, and quality of deliberations of a nonprofit board. After the mission, no other factor influences

the desirability of board service more than the leadership provided by a few key individuals. Leadership designation – getting the right people in the right roles at a time when they have the energy and commitment – is tough. It is, however, key to good governance and a topic that many of the leaders we interviewed discussed at length.

Effective nonprofit leaders we talked to described using two forms of leadership: aspirational and transactional leadership. They characterized aspirational leadership as the leader's charisma and ability to provide motivation and inspiration to other members for engaging in shared goals and activities. Transactional leadership is more managerial in nature; it ensures that the board can produce outcomes beneficial to the organization in an efficient manner. Our interviews suggest that both styles are necessary for the overall effectiveness of the board, and the relative balance between them is once again a function of explicitly considering the current and prospective needs of the organization.

Aspirational leadership on the board is especially useful in cases of start-up nonprofits or organizations undergoing significant change or challenge. Boards of start-up nonprofits, Teach For America or Share Our Strength, for instance, depended in their early years on the aspiration-based leadership of the founder. Behaving in a manner that reinforces the mission and models desired behaviors is powerful in any context, but particularly when many board members may be new to board-level roles and responsibilities. Leadership in this context is not only about inspiring commitment to mission but also about providing the opportunities for board members to help the organization mature. But aspirational styles have a role in long-serving boards as well: "Part of being a board chair is to inspire other board members and staff by being the volunteer-in-chief," according to Williams of Easter Seals.

Transactional leadership, by contrast, is about conducting the business of the board in an efficient way. As practiced in the nonprofit world, it is about setting the agenda for the board or committee in consultation with other board members and staff, and facilitating the board meetings to ensure that they are goal-driven while enabling a diverse range of perspectives to inform the debate. "Listening to comments made by board members during meetings, pondering on the unifying themes behind these comments, and bringing them back to board meetings" are parts of the board and committee leaderships' role, according to Dr. Chen of CARE USA. The board chair and committee chairs play an essential role in making sure the board conducts its business at the right level of abstraction on policy rather than being driven solely by an implementation schedule.

Continuity for the board and the organization's leadership forms another dimension of leadership responsibility. "The question of succession is always on the minds of the board leadership," commented Dr. James Strickler of IRC, "so that other members are being groomed for leadership roles." Many boards use term limits for key roles to support the development of a cadre of future leaders and to ensure that current leaders do not

become stale in their roles. Several board chairs mentioned the challenge addressing under-performing board leaders as one of the most difficult roles they had to play, but one with great benefits for the organization because of the multiplier effect good leadership has on other board members.

COMMON-SENSE PROCESSES

Unlike their for-profit peers, nonprofit directors are unpaid volunteers for whom board membership is a labor of love. In fact, board members often commit to support the organization financially. Their motivations for serving usually spring from the mission but often include other elements such as the desire to network with like-minded peers or build new relationships. The processes used by a board to fulfill its responsibilities can have a tremendous impact on whether top quality members feel valued and remain involved.

Planning is the starting point. An annual calendar enables directors to "lock in" their participation by protecting the time on busy calendars. Topics that require in-depth debate are undertaken at an annual retreat or over several board meetings. Major decisions are previewed so directors can identify concerns prior to staff completing their work. Committee schedules are coordinated with the overall board schedule to ensure committees have the time to provide input prior to whole-board deliberations. Agendas are designed to ensure the right topics get enough time for thoughtful discussion. Planning takes time, so it is not surprising that Howse remarked, "I am in contact with the [March of Dimes] board chair at least twice a month. These discussions often shape the agenda of the board." The CEO must in turn make sure that appropriate materials are prepared and sent out well in advance to all the board members. Well-prepared board members require well-prepared staff work. Finally, "individual members [should] feel empowered to bring any issue which they consider critical to the attention of the board," noted Dr. Chen of CARE USA.

Walking the talk

Most of our interviewees identified practices in three areas as essential to showing an organization values its directors. Interestingly, they combine both aspirational and transactional leadership styles:

- Planning for effective board interactions with a thoughtful annual calendar, well-designed agendas, and materials delivered in advance of meetings
- Running effective meetings that enable true value-added board participation
- Structuring events to reinforce director passion for the institution and a sense of collegiality among board members

Good meeting management can often mean the difference between long, drawn-out board meetings and efficient, inspirational ones. Board meetings are the vehicles by which the right people focus on the right issues. Good meetings start and end on time. Several of the CEOs and board chairs we interviewed described their meeting management process by what it was not: "Traditionally, when the board's role was predominantly viewed as fiduciary oversight, board meetings were typically run as a 'show and tell' by the staff. Essentially this involved listening to reports presented by the staff and presentations by service recipients for a majority of the meeting." In addition to creating a largely passive and reactive model of board governance, the continued presence of staff in meetings can disrupt the cohesion of the board and prevent members from speaking freely. According to one of our interviewees: "Our meetings couldn't be further from that model." Many boards have rejected the passive model. In general, good boards have moved away from a staff-driven, show-and-tell meeting to a board-driven meeting with debates focused on important issues. To support such a move, these boards again emphasized sending the material for the meeting well in advance to other members, giving them a chance to formulate their thoughts ahead of time.

Clearly the transition from a show-and-tell meeting to a board-driven meeting does not happen overnight – boards need to make it happen. The CARE USA board, for example, circulates a brief questionnaire at the end of every meeting to get members' perceptions on how the meeting could be improved. This constant monitoring and adjustment has streamlined the meetings and engaged the members in the discussion.

Sustaining board member passion for the organization is the last hallmark of effective board processes. Board events structured to reinforce the value of the mission and build collegiality make board work more engaging. Whether it is behind-the-scenes events, informal interactions with sector innovators, or just the chance to network and enjoy each other's company, thought must be given to finding the right balance of this form of payback for hours of volunteer work on behalf of the cause.

Building a dynamic board: converting desire to reality

Did top-performing nonprofits excel because they had a great, dynamic board, or did their strong performance attract a strong board? The answer is both. In the case of a start-up founded by a charismatic and visionary founder, a strong mission or organizational performance can attract a strong board. However, beyond the start-up stage, a strong board appears to have a clear link with the performance of an organization. That is, an effective board is essential for the nonprofit to move past the performance expectations of a startup and deliver strong performance on a sustained basis or on a larger scale. Performance in turn attracts highly talented people to the board. This symbiotic relationship suggests that the pay-off in building a strong board is well worth the effort at any stage in an organization's development. This final chapter describes the process some of our interviewees used to embark on strengthening their board.

Converting the desire to build a high-performing board into a reality requires a combination of commitment and patience. How long will it take? Our interviews suggest that the answer to this question is appropriately measured in years, not months. The actual time required depends on how much needs to be done and the level of urgency for doing it. The board of CARE USA took 2 to 3 years to redesign itself. Conversely, the example cited in an earlier chapter where an organization solicited a mass resignation of directors, although an anomaly, reflects that urgency is an important design parameter in any board-building program.

While the appropriate time horizon varies from organization to organization, the board's understanding and willingness to commit the time and work required is critical to the effort's success. For many of the organizations we interviewed, a major event or change precipitated the move to evaluate the board. CEOs or a small group of directors seized what they saw as an opportunity to open up the discussion on board performance: "We were doing a complete review of all programs of the organization. We took this opportunity to do a thorough review of the board as well." Other boards were spurred into action by less positive occurrences: "We had a financial crisis that prompted not only a reevaluation of our relevance but also a reconstitution of the board." Finally, there are some situations in which action is not triggered by a seminal event. Rather, a groundswell of support builds from within the board. In most cases a small group, frequently including the board chair and the CEO, sound the call for self-examination and the rest of the board rallies to the cause.

Most of the boards we interviewed (over 70 percent) had recently undergone some sort of board review process. While the details of the exercise varied from board to board, the boards in general followed a four-step process. The first step, establishing a formal process, ensures commitment and legitimacy, and the second, undertaking a diagnostic, identifies what needs to be done. Urgency and leadership will drive the rest of the process, which includes building consensus around the diagnostic findings and goals and then moving toward implementation.

Step 1: Establish explicit, formal process with clear accountability and leadership

To ensure a successful board improvement program, the process must begin with a clear understanding that a formal exercise, with a series of activities, responsibilities, and end products, is being undertaken. Meisels of ZERO TO THREE echoed the importance of accountability and leadership, "The committee on the board provided a focal point for ensuring a timely process and generating the recommendations for change." Many boards chose to use outside consultants to lead the evaluation and provide objectivity and anonymity to board comments. Other boards establish ad hoc committees to serve similar functions. Regardless of the approach, the common starting point for all of the boards we interviewed was the establishment of a group of people formally tasked with the job of leading the broader group through the review process.

Step 2: Identify opportunities through diagnostic process

Several of the boards we interviewed had conducted some form of a diagnostic to help them assess their current performance levels and to prioritize their activities going forward. The format and methods used to administer the diagnostic varied. In some cases, boards said that the diagnostic was conducted during the course of a board retreat; other times, members completed a survey on their own and returned it. Some were anonymous. Others discussed their opinions openly as a group. Some focused on open-ended questions. Others used quantitative scoring systems.

The diagnostic tool in the appendix to this report – and the alternative versions available for download at *www.mckinsey.com/practices/nonprofit* – provide a range of options for performing a comprehensive self-assessment based on the best practices we uncovered during our interviews. They are designed to allow a board to evaluate its current performance against a best practice definition for each board responsibility. In addition, they allow a board to assess which board roles should be of higher relative priority given the board's current performance and perception of role importance (Exhibit 9).

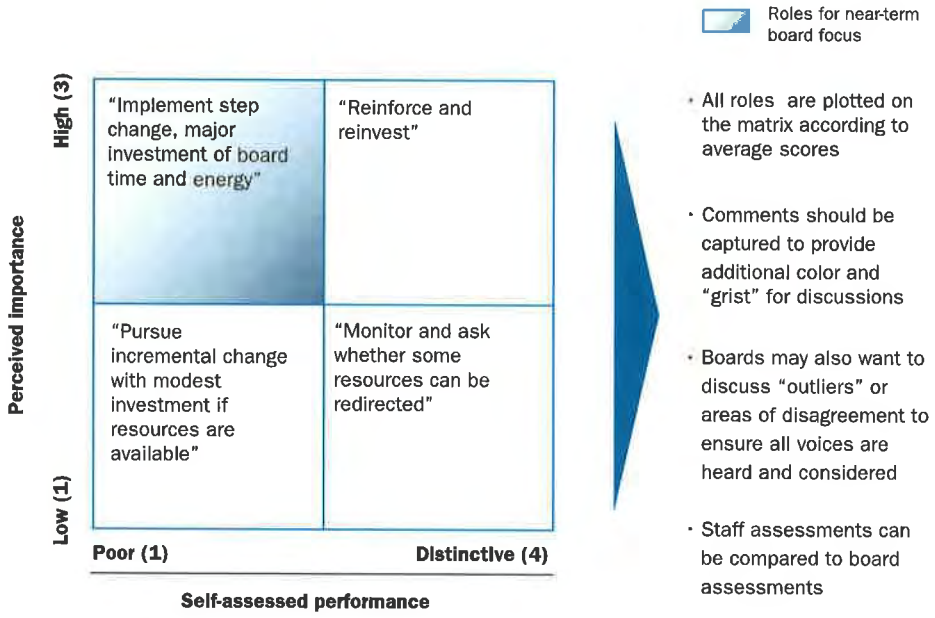
Step 3: Share and discuss the implications of the diagnostic

A significant step in the board improvement process relates to how the board translates its performance evaluation into action. For some boards we interviewed, the diagnostic revealed one or two areas requiring incremental improvement. For others, a more comprehensive overhaul appeared necessary. In all cases, it was not until the entire board had a shared understanding of the results that a consensus on next steps could be developed.

To facilitate this process, most board evaluation committees syndicated their diagnostic results among all board members. Then, boards met to discuss the implications of the findings: Should a new committee be formed to address one of the specific areas needing improvement? Are there enough issues raised that a committee should be left standing

Exhibit 9

Prioritization: comparing performance to importance



to guide an overall board improvement process? Will the board use outside help? These are questions that the boards which engaged in a diagnostic addressed before moving on to the final step.

Step 4: Agree on goals and create an implementation plan

To keep motivated, groups set up a series of concrete goals. They created timelines and assigned responsibilities. "We set a series of goals for ourselves, written out, so we would be sure to make them," said one executive director, "This was particularly helpful as new members transitioned onto the board. It provided a roadmap so they could see where we were going." Many boards set targets and agreed to re-evaluate their performance periodically. In all cases, the boards that had undergone a self-assessment had positive things to say about the experience. "We moved to a stage where board members now say that this is the best board they ever served on," notes Peter Bell of CARE USA, "It was certainly time well spent." Many other interviewees echoed that sentiment.

Conclusion

Most nonprofit leaders agree that building an effective board is critical to a nonprofit's success. Our investigation shows that strong nonprofit boards contribute well beyond their traditional governance responsibilities. But many nonprofit leaders would say that their boards are good – or good enough – rather than undertake the challenge of a multi-year board development program.

For a manager, finding the time to get a board working at peak performance may be difficult given all of the other pressures of running the organization. For an individual board member, pushing a group of capable and already generous volunteers to change their behavior can seem like a thankless task. And getting a board to be dynamic – the main recommendation of this report – requires that performance and challenges be assessed on an ongoing basis.

The investment in building board effectiveness is worthwhile because the pressure on nonprofit organizations is increasing. The advent of charity rating services, internet-based information sources, increased competition for donated funds, growth of earned income, and other changes in the social-need landscape all demand more of nonprofit managers. An effective board is an essential element of organizational capacity. Great boards, once developed, actually remove burdens from management's shoulders and inspire individual board members to increase their commitment. More importantly, great boards bring the expertise, strategic guidance, financial support, and passion required to fulfill an organization's highest aspirations. That is why visionary nonprofit leaders like Lincoln Chen, Sam Meisels, and Patricia Sullivan have dedicated a significant amount of time to the continuous improvement of their boards.

The good news is that board improvement, unlike many other improvement programs that nonprofits and their boards may be contemplating, does not require extensive outside funding. Boosting board performance brings enormous benefits. Receiving these rewards lies completely within the hands of a committed board and its leaders. Since nonprofit boards are comprised of dedicated volunteers who give their time freely to further their organizations' mission, they mostly likely will welcome the opportunity to increase the impact of that investment.

Board members and nonprofit mangers should be encouraged to take on the challenge of board improvement. Good boards don't just happen. The representatives from effective nonprofits we spoke with made board effectiveness a priority, and the benefit for their organization will end up being a benefit for society as a whole.

Appendix: list of organizations interviewed

American Heart Association

American Refugee Committee

America's Second Harvest

Boys & Girls Clubs of America

Business Volunteers Unlimited

CARE USA

Direct Relief International

Easter Seals

Girl Scouts of the USA

Global Health Council

Habitat for Humanity

International Rescue Committee

Jumpstart

March of Dimes

Mothers Against Drunk Driving

National Council on Aging

National Kidney Foundation

National Organization for Victim Assistance

National Wildlife Federation

Natural Resources Defense Council

Nature Conservancy

Oxfam America

Parents as Teachers

Reading Is Fundamental

Scholarship America

Share Our Strength

Special Olympics

Teach For America

TechnoServe

Trust for Public Land

U.S. Committee for Refugees

ZERO TO THREE

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Sewerage & Water Board of New Orleans

Audit Committee Charter

2015

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Charter Purpose

1. Developing a charter is key to audit committee effectiveness. This audit committee charter was developed as recommended by the National Association of Corporate Directors blue ribbon commission on audit committees. The commission's report states that, "…to oversee financial reporting, risk management (including controls), and the audit function, the audit committee must have a charter. The audit committee should develop and maintain a charter, and assess the committee's performance against this charter periodically." Therefore, the Sewerage & Water Board has developed this audit committee charter as a best practice in corporate governance.

Committee Role

2. The committee's role is to act on behalf of the Board and oversee all material aspects of the company's reporting, control, and audit functions, except those specifically related to the responsibilities of another standing committee of the Board. The audit committee's role includes a particular focus on the qualitative aspects of financial reporting and on company processes for the management of business/financial risk and for compliance with significant applicable legal, ethical, and regulatory requirements as they relate to such business and financial risks.

3. The role also includes coordination with other Board committees and maintenance of strong positive working relationships with management, external and internal auditors, counsel, and other committee advisors.

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Committee Membership

4. The Committee shall consist of at least three independent Board members. Committee members shall have (1) a working knowledge of the water industry; (2) a firm understanding of Sewerage & Water Board's financial statements, including the balance sheet, income statement, statement of cash flow, and key performance indicators; and (3) a sound grasp of key business and financial risks and related controls and control processes. The committee shall have access to its own counsel and other advisors at the committee's sole discretion.

5. One member, preferably the chairperson, should be literate in business and financial reporting and control, including knowledge of the accounting regulatory requirements, and should have past employment experience in finance or accounting or other comparable experience or background. Committee membership should be considerate of corporate values for diversity. Committee

appointments and the committee chairperson shall be approved annually by the full Board upon recommendation of the President.

Committee Operating Principles

The committee shall fulfill its responsibilities within the context of the following overriding principles:

6. **Communications** – The chairperson and others on the committee shall, to the extent appropriate, have contact throughout the year with senior management, other board members, etc., as applicable, to strengthen the committee's knowledge of relevant current and prospective business issues.

7. **Committee Education/Orientation** – The committee, with management, shall develop and participate in a process for review of important financial and reporting topics that present potential significant risk to the company. Additionally, individual committee members are encouraged to participate in relevant and appropriate self-study education to assure understanding of the business environment in which the company operates.

8. **Annual Plan** – The committee, with input from management and other key committee advisors, shall develop an annual plan responsive to the "primary committee responsibilities" detailed herein. The annual plan shall be reviewed and approved by the full Board.

9. **Meeting Agenda** – Committee meeting agendas shall be the responsibility of the committee chairperson, with input from committee members, management, internal audit, and other committee advisors as appropriate.

10. **Committee Expectations and Information Needs** – The committee shall communicate committee expectations and the nature, timing, and extent of committee information needs to management, internal audit, and external parties, including external auditors. Written materials, including audit reports, financial reports, and other appropriate management documentation, shall be received from management, auditors, and others at least three working days in advance of meeting dates.

11. **External Resources** – The committee shall be authorized to access internal and external resources, including authority to engage and funding for independent counsel and public accounting firms and other advisors, as the committee requires, to carry out its responsibilities.

12. **Committee Meeting Attendees** – The committee shall request members of management, counsel, internal audit, and external auditors, as applicable, to participate in committee meetings, as necessary, to carry out the committee's

responsibilities. Periodically, and at least annually, the committee shall meet in private session with only the committee members. It shall be understood that either internal or external auditors, or counsel, may, at any time, request a meeting with the audit committee or committee chairperson with or without management attendance. In any case, the committee shall consider meeting without management attendance separately with internal and external auditors, at least annually.

13. **Reporting to the Full Board** – The committee, through the committee chairperson, shall report periodically, as deemed necessary, but at least semi-annually, to the full Board. In addition, summarized minutes from the committee meetings, separately identifying monitoring activities from approvals, shall be available to each board member prior to the subsequent Board Meeting.

14. **Committee Self Assessment** – The committee shall review, discuss, and assess its own performance as well as the committee role and responsibilities, seeking input from senior management, the full board, and others. Changes in role and/or responsibilities, if any, shall be recommended to the full board for approval.

Meeting Frequency

15. The committee shall meet at least quarterly. Additional meetings shall be scheduled as considered necessary by the committee or chairperson.

Committee's Relationship with External and Internal Auditors

16. The external auditors, in their capacity as independent public accountants, shall report to the board of directors and the audit committee as representatives of the citizens.

17. The committee shall be responsible for pre-approving all audit and non-audit services, including the scope of such work performed by the external auditors.

18. As the external auditors review financial reports, they will be reporting to the audit committee. They shall report all relevant issues, including any new information, to the committee responsive to agreed-upon committee expectations. They shall immediately notify the committee of any material weakness in internal controls or potential fraud identified during an audit engagement. In executing its oversight role, the board of committee should review the methods, audit techniques, and the basis for any findings of external auditors.

19. The committee shall annually review the performance (effectiveness, objectivity, and independence) of the external and internal auditors. The external auditors shall conduct their audit engagement under the independence rules of the AICPA.

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The committee shall ensure receipt of a formal written statement from the external auditors consistent with standards set by the Independence Standards Board. Additionally, the committee shall discuss with the auditor relationships or services that may affect auditor objectivity or independence. If the committee is not satisfied with the auditor's assurances of independence, it shall take or recommend to the full board appropriate action to ensure the independence of the external auditor.

20. If the committee decides to retain an audit firm following review, the committee shall, at a minimum, rotate the lead audit partner and audit review partner every five years.

21. The committee shall review annually the external auditor's policies and certifications regarding workpaper retention and destruction.

22. If either the internal or the external auditors identify significant issues relative to the overall board responsibility that have been communicated to management but, in their judgment, have not been adequately addressed, they should communicate these issues to the committee chairperson.

23. Changes in the director of internal audit shall be subject to committee approval.

Primary Committee Responsibilities

The committee should review and assess:

24. ***Risk Management*** – The Company's business risk management process, including the adequacy of the company's overall control environment and controls in selected areas representing significant financial and business risk.

25. ***Annual Reports and Other Major Regulatory Filings*** – All major financial reports in advance of filing or distribution.

26. ***Internal Controls and Regulatory Compliance*** – Management's assessment of the system of internal controls for detecting accounting and reporting financial errors, fraud and defalcations, legal violations, and noncompliance with the corporate code of conduct.

27. ***Internal Audit Responsibilities*** – The annual audit plan and the process used to develop the plan. Status of activities, significant findings, recommendations, and management's response.

28. ***Regulatory Examinations*** – The results of examinations by regulatory authorities in terms of important findings, recommendations, and management's response.

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29. ***External Audit Responsibilities*** – Auditor independence and the overall scope and focus of the annual/interim audit, including the scope and level of involvement with unaudited interim-period information.

30. ***Financial Reporting and Controls*** – Key financial statement issues and risks, their impact or potential effect on reported financial information, the processes used by management to address such matters, related auditor views, and the basis for audit conclusions. Important conclusions on interim and/or year-end audit work in advance of the public release of financials.

31. ***Auditor Recommendations*** – Important internal and external auditor recommendations on financial reporting, controls, other matters, and management's response. The views of management and auditors on the overall quality of annual and interim financial reporting.

32. ***Complaint Procedures*** – Procedures established for the receipt, retention, and treatment of complaints received regarding accounting, auditing matters, and internal controls.

33. ***Officer Questionnaire Responses*** – Review the Code of Ethics Questionnaire responses and Internal Control Questionnaire responses from Company officers.

The committee should review, assess, and approve:

34. The Code of ethical conduct.

35. The internal audit charter.

36. Changes in important accounting principles and the application thereof in both interim and annual financial reports.

37. Significant conflicts of interests and related-party transactions.

38. External auditor performance and changes in external audit firm (subject to ratification by the full board.

39. Internal auditor performance and changes in internal audit leadership and/or key financial management.

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Audit Committee Charter 2015

_____ _____

Chair, Audit Committee Date

_____ _____

Vice Chair Date

_____ _____

Executive Director Date

DRAFT

Sewerage and Water Board of New Orleans

Louisiana R.S. 33:4091

Reports of Board

September 2015

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Section A. Financial Report of Acts, Doings, Receipts, and Expenditures

Comprehensive Annual Financial Report

Sewerage and Water Board

OF NEW ORLEANS, LOUISIANA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2014 and 2013

About The Cover

The photo shows a blown or failed pump discharge pipe of a 45,000 gpm pump being repaired and fabricated by the Welding Shop. The pipe is from Wastewater Pump Station A that serves the Central Business District for sewage collection from lift stations and pumps to the East Bank Wastewater Treatment Plant. The aged discharge pipe is of a size that is no longer available for purchase; therefore, the Welding and Fabrication Division of Facility Maintenance fabricated an identical replacement to achieve the repair. The facility maintenance team is essential and responds to small and large routine and emergency system repairs twenty-four hours a day, seven days a week.

The procedure involved taking critical dimensions, material selection, angle configuration, material forming and fitting and welding process. The pipe was formed and fitted and tack welded together then transported to the station for a preliminary installment. After identical fit was confirmed it was transported back to the Shop for 100% penetration finish welding and then epoxy coated for extended life. Then it was scheduled for final installation.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report
For The Years Ended
December 31, 2014 and 2013

Prepared by:
Finance Administration
Rosita P. Thomas
Interim Finance Administrator

Mission, Vision, and Values

Our mission is to provide safe drinking water to everyone in New Orleans; to remove waste water for safe return to the environment; to drain away storm water; to provide water for fire protection; to provide information about products and services; and to do all of this continuously at a reasonable cost to the community.

Our vision is to have the trust and confidence of our customers for reliable and sustainable water services.

We believe in these values as the foundation for how we will perform our mission and pursue our vision:

- We will focus on our customers and stakeholders.
- We will treat each customer and employee with dignity and respect.
- We will value each employee, their work, and their commitment.
- We will be truthful, trustworthy and transparent.
- We will be knowledgeable and diligent in the performance of our duties.
- We will use financial resources prudently.
- We will be accountable for our performance.
- We will continuously improve our performance.
- We will ensure that the systems that provide our services remain viable for future generations.
- We will remain on the job and will be prepared for storms and other risks.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report
Years ended December 31, 2014 and 2013

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

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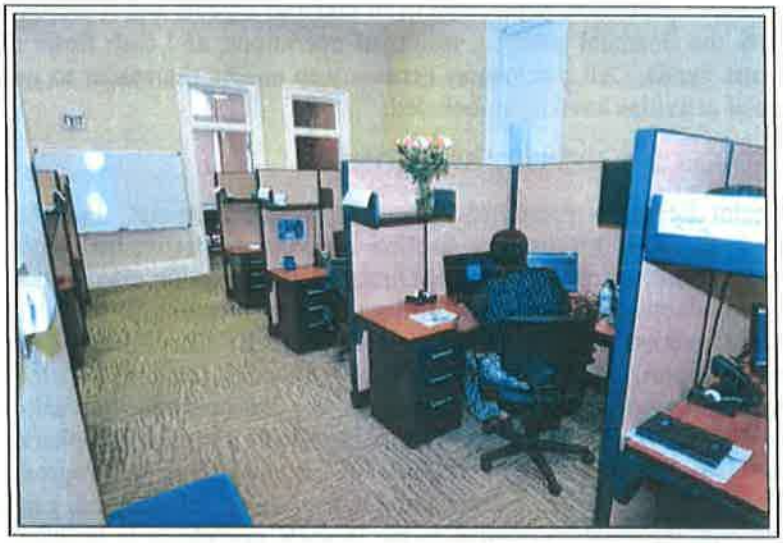
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Algiers Customer Service Center



Julia Street Special Projects Office



St. Joseph Street Customer Service Center

Customer Service is an integral part and the life-blood of the Sewerage and Water Board. The customer is the business, the most vital asset. The goal of the Customer Service Department is to make customers continue to feel important and appreciated.

There have been many improvements to the department during the last few years to provide better customer service.

One example is a new Customer Service Center in Algiers. This office was opened to improve our customers' experience and for the convenience of those who live on the west bank of the city. It offers a larger and brighter customer wait area, with individual offices for the Customer Service reps to offer customers more privacy when sharing personal information. The office is also conveniently located in a Shopping Center, so customers can pay their bills and do their daily shopping all in one trip.

Another improvement is office space dedicated for special training at the new Julia Street Special Projects Center. This location was designed for Customer Information System (CIS) project members to work together in a team environment.

Here a member of the team is working on the new customer information system's billing processes. In the future, this office will be used by other teams working on special projects, such as, the Human Resources software upgrade team.

Also shown is One of our Customer Service Representatives helping a customer who has come to the main office at St. Joseph Street seeking assistance.

"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board OF NEW ORLEANS

MITCHELL J. LANDRIEU, President
WM. RAYMOND MANNING, President Pro-Tem

625 ST. JOSEPH STREET
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52W-ATER
www.swbno.org

May 28, 2015

TO: THE HONORABLE PRESIDENT AND MEMBERS OF
SEWERAGE AND WATER BOARD OF NEW ORLEANS

We are pleased to present the Comprehensive Annual Financial Report of Sewerage and Water Board of New Orleans for the years ended December 31, 2014 and 2013. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest solely with the Board. It is our belief that the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position, results of operations, and cash flows of the Board's Enterprise and Pension Trust Funds. All disclosures necessary to enable the reader to gain an understanding of the Board's financial activities have been included.

COMPREHENSIVE ANNUAL FINANCIAL REPORT SECTIONS

The Comprehensive Annual Financial Report is presented in four (4) major sections: Introductory, Financial, Statistical and Supplemental. The Introductory Section includes the transmittal letter and listings of the officers, members and committees of the Board of Directors. This section also includes the Board's organizational chart and a reproduction of the 2013 Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association. The Financial Section includes the independent auditors' report, along with the basic financial statements, required supplementary information, accompanying notes and other supplementary information. The individual fund statements for the Enterprise and Pension Trust Funds are included. Required supplementary includes management's discussion and analysis and a schedule of pension funding progress and contributions. The Statistical Section includes selected financial and demographic information, generally in a multi-year presentation. Additional information relative to the Board's operations is included in a Supplemental Section.

The independent audit of the financial statements of the Board was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Board's separately issued Single Audit Report. The Board's internal control over financial reporting is a process designed by, or under the supervision of, the Board's executive director and financial administrator, and effected by the Board of Directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Board's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Board; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Board are being made only in

Members of the Board: ALAN ARNOLD • ROBIN BARNES • MARION BRACY • DR. TAMIKA DUPLESSIS • SCOTT JACOBS • KERRI KANE
MITCHELL J. LANDRIEU • WM. RAYMOND MANNING • MARK MOODY • JOSEPH PEYCHAUD • KIMBERLY THOMAS
"An Equal Opportunity Employer"

accordance with authorizations of management and Board of Directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Board's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Board meets the criteria for classification as an "other stand-alone government" as described in Governmental Accounting Standards Board Statement No. 61. The reporting entity includes the Enterprise Fund and the Pension Trust Fund. The Enterprise Fund is composed of three (3) independent systems: Water, Sewerage and Drainage.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Sewerage and Water Board's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF SEWERAGE AND WATER BOARD OF NEW ORLEANS

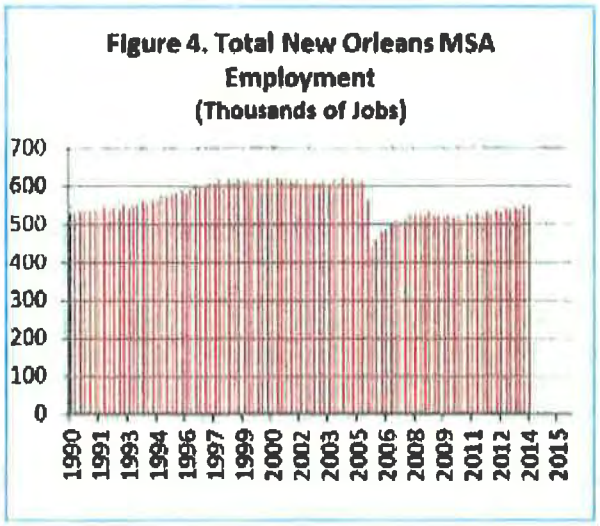
Sewerage and Water Board of New Orleans is a political subdivision created in 1899 by Louisiana State Statutes. The Board is charged with construction, operation, and maintenance of Water, Sewerage and Drainage Systems for the City of New Orleans. By agreement, approximately 2,550 acres of adjourning Jefferson Parish is served by the Board's drainage facilities for which Jefferson Parish pays it's pro rata share of expenses. In addition, the Board provides sewerage services to Jefferson Parish businesses the majority of which are restaurants located in the West End neighborhood near the Lakefront. Additionally, the Board provides water and sewerage services to the Plaquemines Parish Industrial Park. The Board was established as a "special board" operating independently of city government. Effective January 1, 2014, the Board's makeup changed to eleven members, including the Mayor to serve as the President of the Board of Directors, two (2) members of the Board of Liquidation, City Debt and eight (8) citizens, as designated by the State Statutes. The initial terms of office shall be staggered from one year to four years, as designated by State Statues, as well.

ECONOMIC CONDITION AND OUTLOOK

The Board's service area includes the Civil Parish of Orleans in the state of Louisiana and covers 364 square miles. Based on the 2010 census, the population of Orleans Parish was 369,250. Major industries include tourism, oil and gas, transportation, health and other services, such as legal, education and entertainment. According to the September 2014, the latest issue of the Metropolitan Report, Economic Indicator for the New Orleans Area (University of New Orleans Report), in the most current quarter of 2014. Employment growth increased by 3.6% or by approximately 6,400 jobs.

Employment growth in the New Orleans area for the next two years will continue to be positive displaying a fair amount of seasonality. By the second quarter of 2016, the area is projected to support approximately 559,000 jobs, according to the UNO report (See Figure 4).

In the first six months of 2014, employment in *Leisure and Hospitality* increased by about 3,400 jobs or 4% over 2013 figures. This particular sector has outweighed most other employment sectors in the local metro area. Out of the total number of new jobs added, nearly 2,100 were accounted for in the *Food Services and Drinking Places* subsector.



Professional and Business Services represent one of the primary hiring sectors in the New Orleans area. In the first half of 2014, the second biggest gain was recorded in *Professional and Business Services* where about 2,300 (3%) new jobs were added to the local economy.

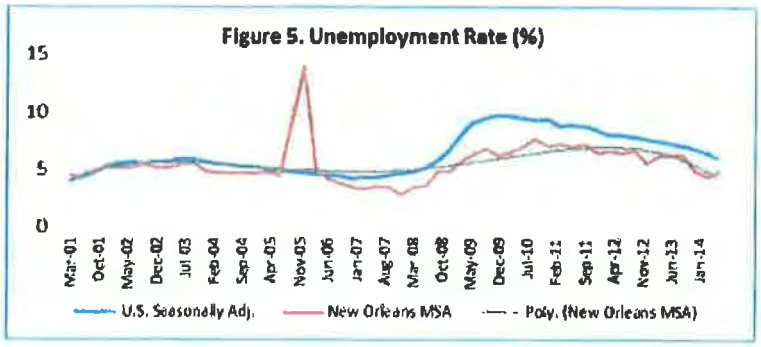
Educational Services had the third highest gain, with about 2,100 new positions added over the first half of 2013. *Transportation, Warehousing, and Utilities* was right behind, and saw an increase of about 1,300 jobs over the same time frame in 2013.

Job losses in the New Orleans area were most notable in the following Sectors: *Information* and *Government (all levels).* In the first half of 2014, about 2000 jobs were lost in the Information Sector and the Government Sector experienced a loss of 1600 jobs (2%) over 2013. Despite some of these losses, the job market in the New Orleans area remained solid during the first half of 2014. While still displaying a fair amount of volatility on a quarterly basis, the number of jobs in the metro area has been increasing every year since 2012.

Unemployment

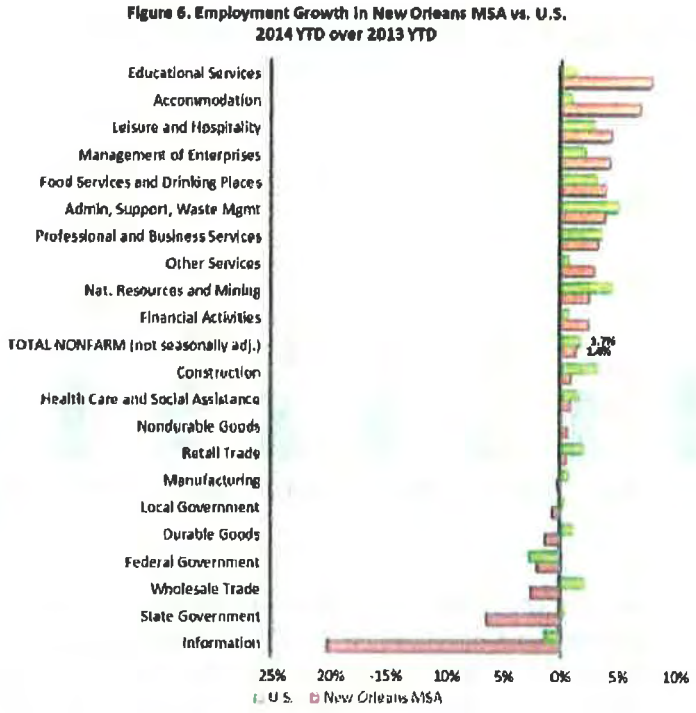
On average, the labor market in the New Orleans area continued to improve throughout 2014. The general downward trend can be spotted fairly easy in the first half of this year (Figure 5). Similarly, the national unemployment rate continued to decrease throughout 2014. The national rate was at 6.2%, down from 7.5% in the second quarter of 2013; the New Orleans MSA rate was 5.1%, thus reaching levels that have not been seen since the recession in 2008.

Other signs of a strong labor market can be seen in the local initial and continued unemployment claims. Initial claims were down 8% over the same quarter in 2013, while continued claims were also down about 11% compared to the same quarter in 2013. Such positive figures suggest a strong local labor market that is likely to continue in the upcoming quarters.



New Orleans MSA and U.S. Employment

In the first half of 2014, the overall rate of employment growth in the U.S. (1.7%) was marginally higher than the New Orleans metropolitan area (1.4%). Figure 6 illustrates the contrast in employment growth across sectors of employment between the U.S. and the New Orleans MSA.



The most significant decrease for the New Orleans area was observed in *Information* jobs which declined about 20% from 2013. This employment sector remains very volatile in the local area.

The U.S. as a whole lost about 1% in this particular sector. In addition, at the MSA level, the *State Government* incurred another 6% loss and continued to reduce its work force. At the national level, *State Government* employment remained relatively flat. The number of jobs in *Federal Government* continued to decrease as well. While the nation lost about 3% of these jobs, the metro area was down by about 2%.

Employment growth in the New Orleans area outpaced nationwide employment growth in several sectors, such as *Educational Services, Leisure and Hospitality,* and *Management of Enterprises*.

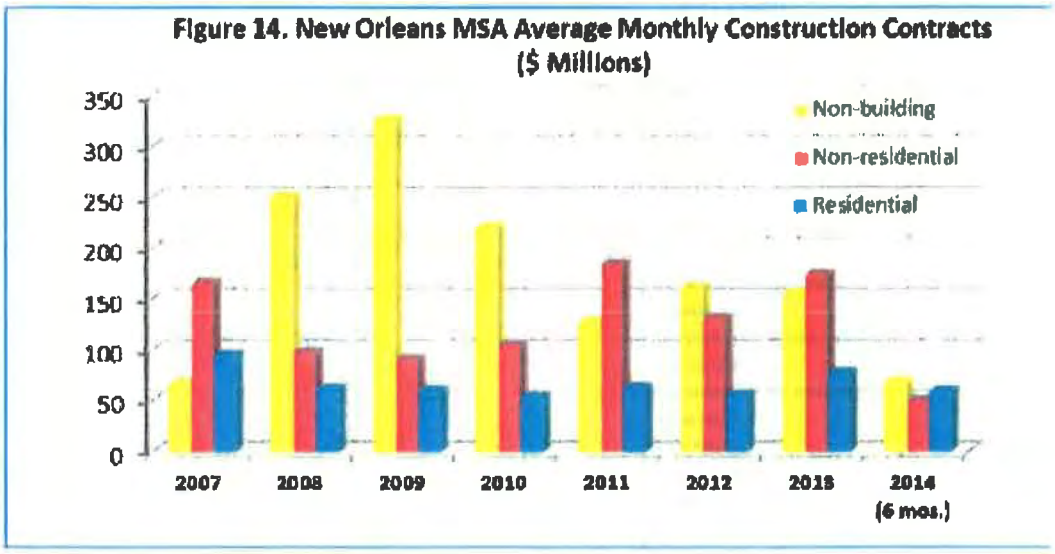
Oil and Gas Production

In the first six months of 2014, oil production in Louisiana was slightly down (1%) compared to the first half of 2013. Midyear 2014 natural gas production was down 20% from midyear 2013, and 34% from midyear 2012 after reaching a peak at the end of 2011.

Construction

The New Orleans MSA construction industry reported about 31,000 jobs during the second quarter of 2014. That represents about 6% of the total nonfarm jobs in the metro area, thus remaining an important employment industry for residents.

Construction activity during 2013 looked very similar to 2007 and 2011 when non-residential contracts were predominant. Ongoing projects such as the rebuilding of New Orleans public schools, the University Medical Center, the Veterans Affairs Hospital and the construction of an ammonia plant by Dyno Nobel in Jefferson Parish, continued to drive up non-residential construction. Major non-building construction projects were represented by general repairs of streets in New Orleans which are expected to be completed by late 2017, or early 2018. (Figure 14)



By midyear 2014, non-building construction topped non-residential and residential projects. According to the most recent "*Top Construction Projects 2014*" by New Orleans City Business, 55 repair projects that were started in 2013 will be finished this year, and another 72 projects will begin in 2014. For non-residential construction, many of the projects that were in progress in 2013 will continue throughout 2014.

Restaurants and Tourism

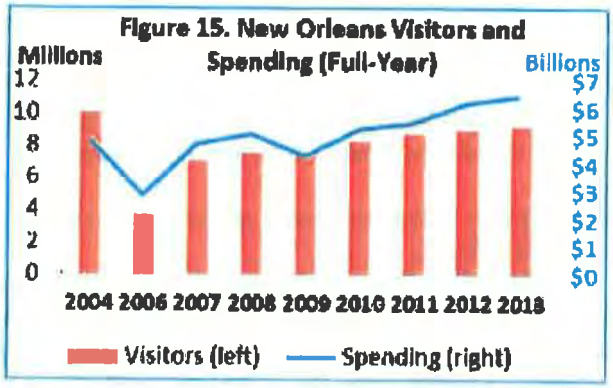
Food plays an important role in the everyday lives of New Orleans area residents; it also represents a very important factor in the decision of visitors who come to New Orleans. If at the beginning of 2007 there were about 750 restaurants, by midyear 2014 that number went up by almost 87%, to about 1,400 available restaurants in the New Orleans area. (Figure 13)

In 2013, the New Orleans tourism industry continued to grow, as the city welcomed more visitors than in the previous year, a trend that has persisted since 2010. About 9.28 million visitors came to the New Orleans area

in 2013, representing a 3% increase over the 9.01 million visitors who came in 2012. Spending estimates, including gambling, were $6.47 billion.



Such growth in the tourism industry greatly benefits New Orleans locals. Increasing visitor spending in the New Orleans metropolitan area results in additional tourism-related employment opportunities for local residents. Between 2006 and 2013, about 24,000 tourism-related jobs were added. As of June 2014, about 81,000 people were working in the hospitality industry. (Figure 15)



WATER SYSTEM MAJOR INITIATIVES

Water Purification Division

- Water Quality Master Plan draft engineering report submitted December 2014.
- Response to DHH Emergency Disinfection Rule successfully implemented. Monitoring and system flushing plan resulted in 100% compliance for 2014.
- Aggressive Operator Certification training program has successfully provided several much needed DHH certified Water Treatment operators for the system. Program will continue to meet system needs.
- Water quality instrumentation with remote monitoring capability added to Algiers Elevated Tank site.

Carrollton Water Purification Plant

- G4 flocculation/sedimentation work is completed and is on standby ready for service.
- Staff is currently washing L3 basin. Flocculation basin will need a thorough mechanical overhaul in 2015. Facility Maintenance is currently assessing material needs and ordering materials. Also, in the process of developing a schedule to initiate repairs.

- Floating dredge for in-situ basin cleaning purchased and on-site ready for service.

Water Quality Laboratory

- Lab has been inspected for State certification for Total Organic Carbon analysis and anticipating certification approval in early 2015.
- Corrosion control monitoring program: Data collection continues to gauge the effectiveness of the treatment processes and any process change on corrosivity.
- Lab staff continuing work on establishing a new protocol to analyze haloacetic acids.
- Participated in required sampling for EPA's Unregulated Contaminant Monitoring Rule.
- Participated in Water Research Foundation Project 4491 – Unintended Consequences of Implementing Nitrosamine Control Strategies.

Algiers Water Purification Plant

- Additional sodium hypochlorite metering pumps were purchased and are in the process of being installed by staff.
- New flow and head loss instrumentation for the Filter Gallery operations was purchased. Half of the instrumentation has been installed by staff and is operational. The second half of the installation is in process.
- Additional SCADA node added to Algiers Chemical Building for process monitoring.

Water Pumping & Power

- The $12.8 M Turbine 4 (20 MW) project replaces the steam path, rotor, auxiliaries and condenser. A new modernized governor control system is included in the project which will add stability and better control to the unit. Additionally, the 20 megawatt, 25 cycle generator is being totally rewound and restacked to like new condition making the entire driver generator package whole. The project is scheduled to be completed by mid-2015.
- Turbine 6 (15 MW 60 Hz) is currently in final testing phase. The federally funded project was awarded in November 2009 and will enable the Board to power 60 Hz equipment in the event of commercial power interruption.
- The $2.8 M project to replace boiler pre-heater at the power complex was awarded in November 2011. The project was completed in 2014.
- The $12.7 M reconditioning of the DeLaval steam driven portable water distribution pumps and turbines continues. One pump unit is complete with the second unit scheduled for completion in mid-2015. FEMA also funded addition of a 60 HZ motor and pump reconditioning of No. 2 pump unit at Panola St. High Lift Station. This addition coupled with the complete overhaul of the 48 million gallon/day pump is complete and currently in testing period.
- The $32.6 M FEMA Water Hammer project to repair the pumps at Claiborne and the Panola Pump Stations and add new storage tanks is under design.
- Corps storm proofing projects have been completed at the power plant, the Oak River and New River Intake Stations, and the plant frequency changer building.
- The Retrofit Power Plant Hazard Mitigation Project design is underway for the power plant (boilers, turbines, structural hardening), fuel tank, and power network. Repairs to Generator No. 4 and installation of two 60-HZ feeders are scheduled to be completed in mid-2015.
- Installation of two new transformers and construction of new electrical duct bank was awarded in December 2014.

Water Distribution System

- A new leak detection contract was awarded in 2014.
- Over 14,563 work activities occurred in the water system in 2014. These included 309 water leaks investigations, 2,260 water valves inspected, and repairs to 10,221 water service lines, 1,647 water mains,

1,190 valves, 1,074 fire hydrants and 39 water manholes. Also, 3,337 water meters were installed, removed or reset.

- Preventative maintenance of fire hydrants is continuing in coordination with the local fire department. The Board has performed preventative maintenance for 3,742 of the 16,500 fire hydrants mapped.
- The Board is continuing to coordinate with Department of Transportation (DODT) and Development and Department of Public Works (DPW) to repair or replace water lines associated with the Submerged Roads Program and other roadway repair projects. FEMA has to date obligated $185 M for water line replacements.

SEWER SYSTEM MAJOR INITIATIVES

East Bank Wastewater Treatment Plant

- Repairs were made to the fluidized bed incinerator (installation of venturi throat liners, replacement of failed tubers and rehab of the refractory wall and dome).
- Bids for the new sludge dryer were rejected and the project is being reevaluated with input from Veolia, the contracted operator for the facility.
- Influent TSS and BOD concentration are approx. 108 milligrams per liter (mg/L) and 90 mg/L, respectively. Effluent quality has been good with five (5) exceedences: two (2) BOD exceedences in February and April, one (1) TSS exceedence in April, and two (2) daily fecal coliform permit violation occurred in January and December 2015. The East Bank plant has again earned the Silver Award for environmental compliance from the National Association of Clean Water Agencies.
- The Central Wetland Assimilation project is under construction and expected to be completed in 2015.
- The construction of a +17'MSL $24.4 M earthen/structural berm was awarded March 2012 and is scheduled to be completed by early 2015.
- Contract to rehabilitate the Bio-Reactor Train No. 1 was awarded in December 2014.

West Bank Wastewater Treatment Plant

- Treatment was exceptional with zero permit violations or process overflows in 2014. This treatment plant has earned the Platinum Award from the National Association of Clean Water Agencies or zero permit exceedances during the past five (5) years.
- Repairs were made to the main breaker for the standby power generator to ensure its continued reliability in the event of a power outage.

Sewage Pumping and Lift Stations

- All the sewer pump stations are operational having undergone FEMA funded rehabilitation, i.e., electrical repair, pump and motor repair/replacement, and flood proofing.
- Design funded by hazard mitigation grant is continuing in the elevation and rebuilding of nine sewer pump stations. Eight of the projects are in construction.

Sewer Collection System

- Final sewer rehabilitation construction project for the Ninth Ward basin awarded in 2014.
- Design continuing for multiple point repair and replacement of sanitary sewers in the Carrollton, Mid-City, New Orleans East and South Shore areas.
- Construction projects for replacement of sewer mains from manhole to manhole for various sites throughout Orleans Parish were awarded.
- DOTD and DPW coordination in repair of sewer lines (Submerged Roads Program, SSERP, ESSA) as well as routine reconstruction and maintenance.
- Preventative maintenance of the collection system included inspection of 976,130 ft. of sewer line utilizing closed circuit television and smoke testing, cleaning 1,539,899 ft., inspection of 9,616 sewer

- manholes and repairs to 1,276 sewer breaks, inspection and maintenance of 34 air release valves and 390,196 ft. of the force main.
- Cathodic protection survey is performed annually on the 22 systems in the collection system. Repairs were completed in 2013.

DRAINAGE SYSTEM MAJOR INITIATIVES

Pump Stations

- The Corps ($23.8 M) project to install two new 300 cfs pumps and a generator at DPS 5 is expected was completed in 2014. The $15.9 M storm-proofing project for DPS-1, 2, 3, 4 and I-10 was completed by the 2nd quarter of 2014.
- Repair work to several of underpasses pumping stations are in progress as part of FEMA funded program.
- The Corps began the design build of three new permanent pump stations at 17th Street, Orleans and London Canal at Lake Pontchartrain was awarded.

Canals

- Florida Ave. Canal Phases II and III from Peoples Ave. are in design.
- Napoleon Ave. Canal Phase II ($55.1 M) 4,300 ft. canal from S. Claiborne Ave. to Carondelet St. and Phase III ($38.1 M) 2,800 ft. canal to Constance St. are in construction.
- S. Claiborne Ave. Canal Phase I ($27.1 M) 2,500 ft. canal and Phase II ($27.8 M) 3,500 ft. canal is from Leonidas St. to Lowerline St. are in construction.
- Jefferson Ave. Canal Phase I ($59.9 M) 4,400 ft. canal and Phase II ($46.2) 3,200 ft. canal are in construction.
- Louisiana Ave. Canal from S. Claiborne Ave. to Constance St. (82.6) is in construction.
- Reconstruction of the Florida Canal between Spain & Music Streets began in 2014.
- Algiers area drainage improvements Phase I is in design.
- Green infrastructure projects from creation of K-4th grade education program, providing professional workshops, and demonstration bioswales, green roofs and rain garden projects were awarded in June 2014.

Central Yard

- Construction of a new Annex Building shall be completed in early 2015.
- Construction of a new $1.8 M site relocation facility is expected to be completed in early 2015. The facility shall allow for the temporary relocation of staff and equipment from Garages 1 and 2, the machine and mill, body and tire shop while repairs are being made to those facilities.
- Repairs to Garage No. 1 and the Generator Building began in mid-2014.

FINANCIAL INFORMATION

The Enterprise Fund's Water and Sewerage systems are financed by user fees. The unique characteristics of the services provided by the Drainage System of New Orleans require the use of Enterprise Fund accounting in order to obtain a meaningful measure of the cost of providing the services and capital maintenance. On November 14, 2012 the Board approved both sewer and water rate increases commencing January 1, 2013.

The sewer and water rates increase approximately 10% each year until the year 2020. This increase was approved by the New Orleans City Council on December 6, 2012. Revenues from the three-(3) mill, six-(6) mill and nine-(9) mill ad valorem taxes, which are restricted exclusively for drainage services, finance the Drainage System. These ad valorem taxes are the operating revenues of the drainage system. Also, there exists a potential for additional financing by additional user service charges.

Budgetary Control:
The Board maintains an internal budgetary control through the preparation and monitoring of an annual operating and capital budget for the Water, Sewerage, and Drainage funds. Monthly budget reports are provided to department level managers to assist them in their fiscal responsibilities.

General Operations:
The change in net position for the year ended December 31, 2014 was an increase of approximately $152.7 million, as opposed to approximately $153.7 million for the year ended December 31, 2013. The Board's total operating revenues increased by 9.7% to approximately $163.0 million due primarily for rate increases effective January 1, 2014, and total non-operating revenue decreased by 41.5% to approximately $46.2 million due primarily to the forgiveness of the outstanding principal and interest due on the Special Community Disaster Loan in 2013 totaling $30.1 million.

Debt Administration:
The Sewerage and Water Board of New Orleans sold bonds on June 17, 2014 for its water and sewer systems to refinance outstanding debt and fund its capital improvement program. The $103,525,000 water system revenue bonds and $158,990,000 sewer system revenue were sold by the Board of Liquidation through a negotiated underwriting process. The refinancing of previous debt achieved one-time savings of more than $2.4 million for the water system and $9.0 million for the sewer system. The water bonds carried an average interest rate of 4.47% while the higher-rated sewer bonds carried a rate of 3.91%.

The bond sale followed significant increases in water and sewer rates in December 2012. The rate increases were used to increase cash reserves, pay down other liabilities, and improve debt service coverage in advance of the sale, resulting in higher bond ratings announced in May 2014. Sewerage and Water Board and Board of Liquidation staff worked with a financing team composed of financial advisors, bond counsels, underwriters, and underwriters counsels to develop new bond documents for these deals.

The capital improvement program for the water system received $77.0 million and the sewer system received $47.3 million. These bond proceeds represent the first occasion when the capital programs have been fully funded for a plan year in more than twenty-five years. Additional bond issues will be needed every one-to-two years for the next several years.

The Board subsequently issued Drainage System Refunding Bonds of $14,900,000 on November 5, 2014 with savings of $1.5 million.

Other Information
State Statutes and covenants governing outstanding bond issues require an annual audit of the Board's financial records by independent certified public accountants. The accounting firm of Postlethwaite & Netterville was selected by the Board to perform this audit through a competitive bid process. The independent auditors' report on the basic financial statements is included in the Financial Section of the report. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sewerage and Water Board of New Orleans for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2013. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. The Sewerage and Water Board of New Orleans has received a Certificate of Achievement for thirty-one (31) years. We believe our current report continues to conform to the Certification of Achievement Program requirements and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The Comprehensive Annual Financial Report was prepared by the dedicated staff of the Director's Office, particularly the Finance Administration and Printing Department. Additionally, we realize that the cooperation of each Department of the Sewerage & Water Board of New Orleans is essential, and we appreciate the willingness to work together toward this endeavor.

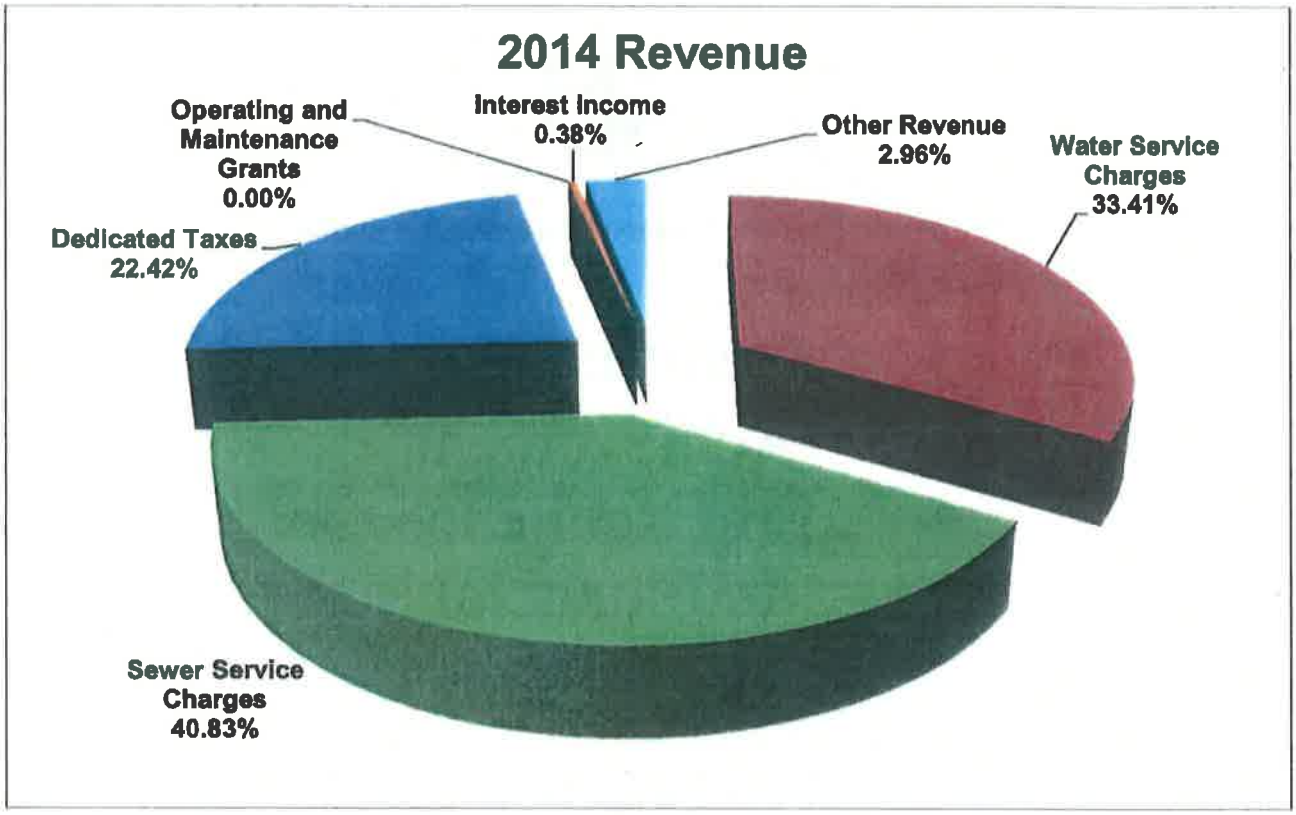
We also wish to thank the members of the Board for their interest and support in our efforts to achieve greater fiscal efficiency and accountability.

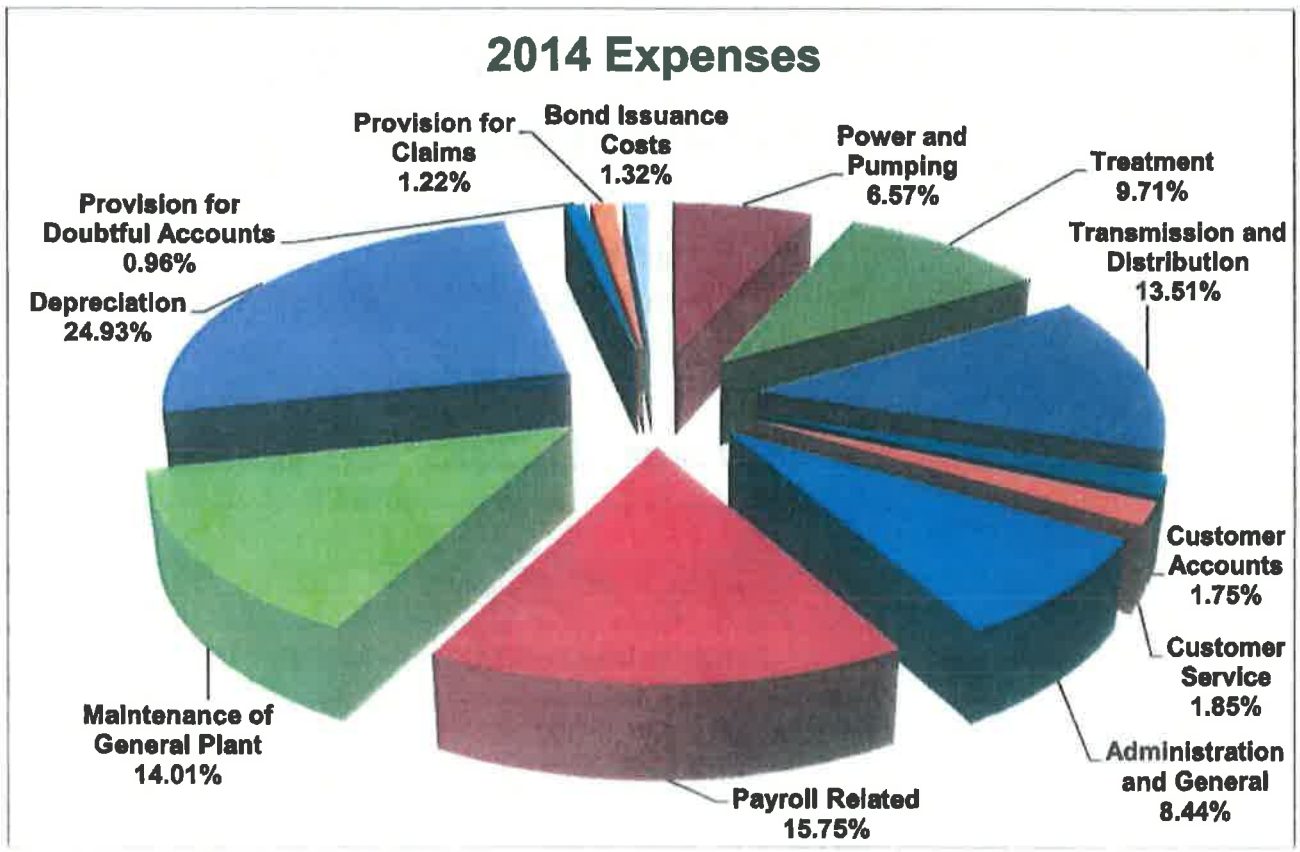
Yours very truly,

Cedric S. Grant
Executive Director

Robert K. Miller
Deputy Director

Rosita P. Thomas
Interim Finance Administrator


2014 Revenue
Operating and Maintenance Grants 0.00%
Interest Income 0.38%
Other Revenue 2.96%
Water Service Charges 33.41%
Dedicated Taxes 22.42%
Sewer Service Charges 40.83%


2014 Expenses
Provision for Claims 1.22%
Bond Issuance Costs 1.32%
Power and Pumping 6.57%
Treatment 9.71%
Provision for Doubtful Accounts 0.96%
Transmission and Distribution 13.51%
Depreciation 24.93%
Customer Accounts 1.75%
Customer Service 1.85%
Maintenance of General Plant 14.01%
Administration and General 8.44%
Payroll Related 15.75%

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sewerage and Water Board of New Orleans

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

OFFICERS
of the
SEWERAGE AND WATER BOARD
OF NEW ORLEANS

December 31, 2014

MITCHELL J. LANDRIEU.....President
Mayor, City of New Orleans

WILLIAM RAYMOND MANNING.....President Pro Tem

CEDRIC S. GRANT.....Executive Director

ROBERT K. MILLER.....Deputy Director

JOSEPH R. BECKER.....General Superintendent

MADELINE F. GODDARD.....Deputy General Superintendent

NOLAN LAMBERT.....Special Counsel

MEMBERS OF
SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2014

MITCHELL J. LANDRIEU.....Mayor

ALAN ARNOLD.....Board of Liquidation Appointment

ROBIN BARNES.....Council District B Appointment

MARION BRACY.....Council District D Appointment

TAMIKA DUPLESSIS, Ph.D.....At-Large Appointment

SCOTT JACOBS.....Council District A Appointment

KERRI KANE.....Council District C Appointment

WILLIAM RAYMOND MANNING.....Board of Liquidation Appointment

MARK M. MOODY.....Council District E Appointment

JOSEPH PEYCHAUD.....Consumer/Community Advocate

KIMBERLY THOMAS, JD.....Consumer/Community Advocate

COMMITTEES OF THE
SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2014

EXECUTIVE COMMITTEE
WILLIAM RAYMOND MANNING – Chairperson

ALAN ARNOLD
MARION BRACY
KERRI KANE
MARK MOODY

FINANCE COMMITTEE
MARK MOODY– Chairperson

ROBIN BARNES
SCOTT JACOBS
KERRI KANE
WILLIAM RAYMOND MANNING

INFRASTRUCTURE COMMITTEE
KERRI KANE - Chairperson

ALAN ARNOLD
TAMIKA DUPLESSIS, Ph.D
JOSEPH PEYCHAUD
KIMBERLY THOMAS, JD

OPERATIONS COMMITTEE
MARION BRACY, Chairperson

TAMIKA DUPLESSIS, Ph.D
SCOTT JACOBS
MARK MOODY
KIMBERLY THOMAS, JD

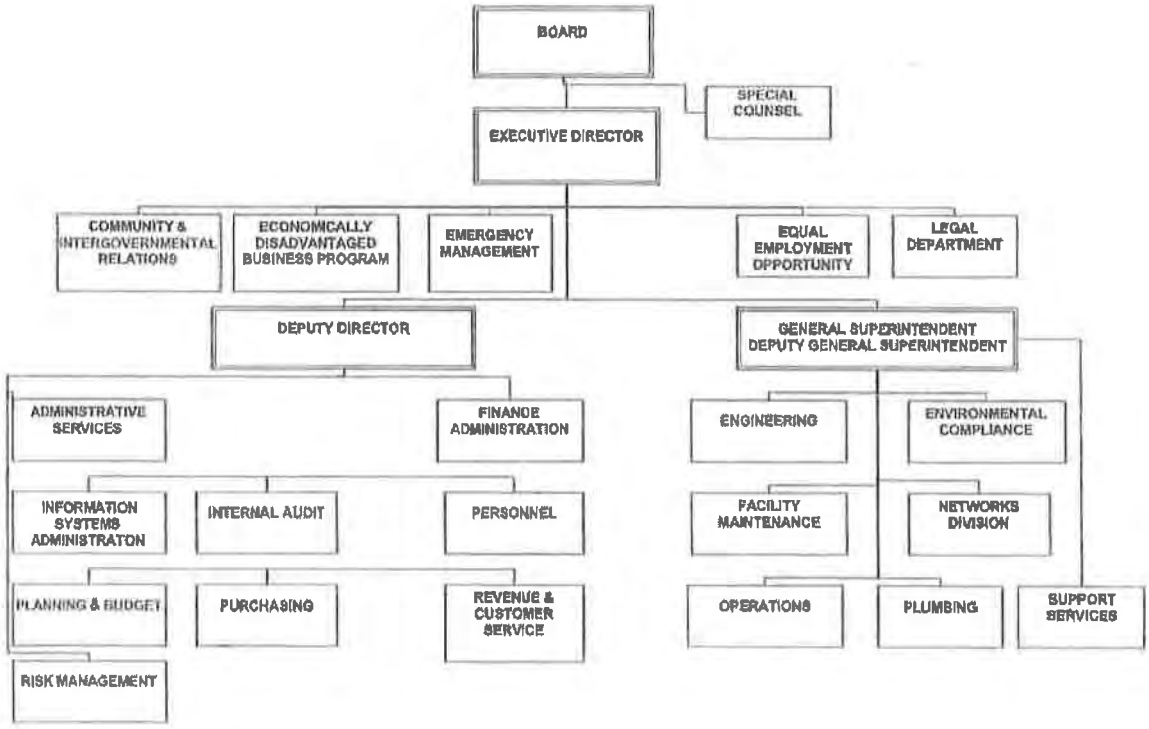
PENSION COMMITTEE
WILLIAM RAYMOND MANNING – Chairperson

ALAN ARNOLD
ROBIN BARNES
MARION BRACY
HAROLD HELLER
JOSEPH PEYCHAUD
MARVIN RUSSELL
GERALD TILTON
JOHN WILSON

MICHAEL CONEFRY & COMPANY, ACTUARY

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ORGANIZATION CHART

2014



THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
DIVISION HEADS OF EXECUTIVE DIRECTOR'S OFFICE

December 31, 2014

CEDRIC S. GRANT
EXECUTIVE DIRECTOR

DEPUTY DIRECTOR
ROBERT K. MILLER

GENERAL SUPERINTENDENT
JOSEPH BECKER

DEPUTY GENERAL SUPERINTENDENT
MADELINE E. GODDARD

COMMUNITY & INTERGOVERNMENTAL RELATIONS
ROBERT B. JACKSON

ECONOMICALLY DISADVANTAGED BUSINESS PROGRAM
TIFFANY CARTER

EMERGENCY MANAGEMENT
JASON HIGGINBOTHAM

EQUAL EMPLOYMENT OPPORTUNITY
BOBBY NATHAN

LEGAL DEPARTMENT
NOLAN LAMBERT

THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
DIVISION HEADS OF DEPUTY DIRECTOR

December 31, 2014

ROBERT K. MILLER
DEPUTY DIRECTOR

ADMINISTRATIVE SERVICES
LYNN COBETTE

FINANCE ADMINISTRATION
ROSITA P. THOMAS

INFORMATION SYSTEMS ADMINISTRATION
MELINDA NELSON

INTERNAL AUDIT
RAYMOND GABLE

PERSONNEL ADMINISTRATION
AUDREY LEE

PLANNING AND BUDGET
DEXTER JOSEPH

PURCHASING ADMINISTRATION
WILLIE M. MINGO, JR.

REVENUE AND CUSTOMER SERVICES ADMINISTRATION
JACQUELINE K. SHINE

RISK MANAGEMENT
STEVEN KLEPEIS

THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
DIVISION HEADS OF GENERAL SUPERINTENDENT

December 31, 2014

JOSEPH BECKER
GENERAL SUPERINTENDENT

MADELINE F. GODDARD
DEPUTY GENERAL SUPERINTENDENT

ENGINEERING DIVISION
MELVIN R. SPOONER

ENVIRONMENTAL COMPLIANCE
ANN WILSON

FACILITY MAINTENANCE DIVISION
GABE SIGNORELLI

NETWORKS DIVISION
RUDY AUGUST

OPERATIONS DIVISION
BOB MOEINIAN

PLUMBING DIVISION
JAMES J. ARNOLD

SUPPORT SERVICES
JOHN WILSON



Staffed by chemists, microbiologists and technicians, the Sewerage and Water Board Water Quality Laboratory assures the safety and purity of the city's water by testing for some 150,000 organic, inorganic and microbiological compounds. The 8,500 square foot lab is located within the Carrollton Water Plant and monitors river water and finished water sampled from both the East Bank and Algiers. Pictured here, a Laboratory chemist performs water analysis.



The vehicle and equipment repair and service garages at Central Yard are being repaired and constructed. These facilities are critical to operations. Thus, FEMA funded a facility to serve as an interim location to service light and large vehicles and heavy equipment. This new facility is a temporary location while Garages I and II repairs and construction is completed. It houses personnel and equipment needed to service the vehicle fleet and equipment. It is called a site relocation facility. The FEMA funding for the project was $1.8 million. Upon completion, the new garage will be the home of the body shop. Besides the garages, Central Yard is the service facility of the board. The site, also, includes support services, networks, meter reading, environmental affairs and the warehouse.

FINANCIAL SECTION

P&N Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

INDEPENDENT AUDITORS' REPORT

Members of the Board
Sewerage and Water Board of New Orleans

Report on the Financial Statements

We have audited the accompanying financial statements of the Sewerage and Water Board of New Orleans (the Board) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Board'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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

30th Floor - Energy Centre • 1100 Poydras Street • New Orleans, LA 70163-3000 • Tel: 800.201.7332
One Galleria Blvd., Suite 2100 • Metairie, LA 70001 • Tel: 504.837.5990 • Fax: 504.834.3609

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Board, as of December 31, 2014 and 2013, and the changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Board implemented GASB Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* in 2014. The objective of this Statement is to improve financial reporting by state and local government pension plans. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages II-4 through II-16 and the schedules presented on pages II-65 through II-68 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The Introductory Section, Schedules 1 through 7, the Statistical Information section, and Supplementary Information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 1 through 7 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2015, on our consideration of the Board'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 Board's internal control over financial reporting and compliance.



New Orleans, Louisiana
May 28, 2015

P&N

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2014 AND 2013

This section of the Sewerage & Water Board of New Orleans' (the Board) annual financial report presents a discussion and analysis of the Board's financial performance during the fiscal years that ended December 31, 2014 and 2013. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal. The Board's financial statements follow this section.

FINANCIAL HIGHLIGHTS

The Board adopted a financial plan for 2011 through 2020 that is anticipated to result in improved debt service coverage, increased liquidity, increased funding for operations and maintenance, and full funding for the capital improvement program.

Recovery from Hurricane Katrina and the resulting flooding continued to be a significant event during 2014. Repairs to water, sewerage, and drainage systems, building repairs, and vehicle and equipment replacements continued throughout 2014. Management anticipates this recovery work to continue through 2025.

Enterprise Fund

The major highlights in the Board's enterprise fund were as follows:

2014

- The Board's additions to its major systems approximated $262.7 million.
- The Southeast Louisiana (SELA) project which is a major upgrade to the drainage system by the Corps of Engineers resulted in additions of approximately $104.1 million to work in progress during the year.
- Federal Emergency Management Agency (FEMA) Disaster Public Assistance grants revenues totaled approximately $35.7 million in Disaster Assistance grants and $26.6 million in Hazard Mitigation grants for capital contributions.

2013

- The Board's additions to its major systems approximated $183.0 million.
- The Southeast Louisiana (SELA) project which is a major upgrade to the drainage system by the Corps of Engineers resulted in additions of approximately $52.7 million to work in progress during the year.
- Federal Emergency Management Agency (FEMA) Disaster Public Assistance grants expended totaled approximately $60.7 million, of which approximately $58.9 million were capital contributions and approximately $1.8 million were for operating and maintenance expenses.

Pension Trust Fund

2014

The major highlight in the Board's pension trust fund was the financial performance in the stock market. The appreciation of the fair value of investments was $10.8 million in 2014 compared to $21.4 million in 2013. The plan net position available for benefits had a net increase of $2.2 million to $236.6 million in 2014.

2013

The major highlight in the Board's pension trust fund was the financial performance in the stock market. The appreciation of the fair value of investments was $21.4 million in 2013 compared to $20.6 million in 2012. The plan net position available for benefits had a net increase of $13.7 million to $234.4 million in 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of five parts: management's discussion and analysis (this section), the financial statements, the notes to the financial statements, required supplementary information, and other supplementary information.

Government-wide Financial Statements – Enterprise Fund

The Board's principal activities of providing water, sewerage, and drainages services are accounted for in a single proprietary fund – the enterprise fund. Enterprise funds are used to report business activities. Since the enterprise fund is the Board's single activity, its financial statements are presented as the Board's government-wide financial statements.

The financial statements provide both long-term and short-term information about the Board's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

The Board's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the Board are included in the Statements of Net Position.

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

Fund Financial Statements – Pension Trust Fund

The Board's fund financial statements consist of its pension trust fund. As a fiduciary fund, the pension trust fund is held for the benefit of employees and retirees of the Board. The pension trust fund is not reflected in the government-wide financials because the resources are not available to the Board for its activities. The accounting for the pension trust fund is much like that used by the enterprise fund.

FINANCIAL ANALYSIS OF THE BOARD

ENTERPRISE FUND

2014 Net Position

The Board's total assets at December 31, 2014 were approximately $2.6 billion, a 14.1% increase from December 31, 2013 (see Table A-1).

Table A-1
Sewerage & Water Board of New Orleans
Net Position

	2014	2013	Increase (Decrease)	Increase (Decrease)
Current unrestricted assets	$ 142,627,550	$ 120,398,207	$ 22,229,343	18.5%
Restricted assets	126,226,933	40,288,338	85,938,595	213.3%
Property, plant and equipment - net	2,319,999,281	2,107,837,751	212,161,530	10.1%
Other assets	10,753,170	10,157,732	595,438	5.9%
Total assets	2,599,606,934	2,278,682,028	320,924,906	14.1%
Deferred outflows of resources	4,307,394	-	4,307,394	0.0%
Total deferred outflows of resources	4,307,394	-	4,307,394	0.0%
Total assets and deferred outflows	$ 2,603,914,328	$ 2,278,682,028	$ 325,232,300	14.3%
Current liabilities	$ 120,746,138	$ 114,794,520	$ 5,951,618	5.2%
Long-term liabilities	514,368,833	347,754,894	166,613,939	47.9%
Total liabilities	635,114,971	462,549,414	172,565,557	37.3%
Net position:				
Net investment in capital assets	2,013,060,377	1,919,436,757	93,623,620	4.9%
Restricted	99,356,835	33,405,265	65,951,570	197.4%
Unrestricted	(143,617,855)	(136,709,408)	(6,908,447)	5.1%
Total net position	1,968,799,357	1,816,132,614	152,666,743	8.4%
Total liabilities and net position	$ 2,603,914,328	$ 2,278,682,028	$ 325,232,300	14.3%

The net increase in total assets of $320.9 million resulted primarily due to an increase in property, plant, and equipment of $212.2 million, an increase of $85.9 million in restricted assets, and an increase in current unrestricted assets of $22.2 million. The increase in restricted assets was primarily due to unspent 2014 bond proceeds that are restricted for debt service and capital projects. The increase in current unrestricted assets is due primarily to the increase in grants receivable of $40.0 million as a result of delays in reimbursements from the governments in addition, to an increase in reimbursable expenditures in 2014. Long-term liabilities increased by $166.6 million primarily due to an increase in long-term portion of bonds payable of $123.4 million as a result of the issuance of the Series 2014 Water Revenue and Refunding Bonds, Series 2014 Sewerage Revenue and Refunding Bonds, and Series 2014 Drainage Refunding Bonds, in addition to an increase of $37.3 million in the Southeast Louisiana Project liability.

2013 Net Position

The Board's total assets at December 31, 2013 were approximately $2.3 billion, a 6.2% increase from December 31, 2012 (see Table A-2).

Table A-2
Sewerage & Water Board of New Orleans
Net Position

	2013	2012	Increase (Decrease)	Increase (Decrease)
Current unrestricted assets	$ 120,398,207	$ 124,587,034	$ (4,188,827)	-3.4%
Restricted assets	40,288,338	42,198,721	(1,910,383)	-4.5%
Property, plant and equipment - net	2,107,837,751	1,968,531,923	139,305,828	7.1%
Other assets	10,157,732	9,544,303	613,429	6.4%
Total assets	$ 2,278,682,028	$ 2,144,861,981	$ 133,820,047	6.2%
Current liabilities	$ 114,794,520	$ 108,721,790	$ 6,072,730	5.6%
Long-term liabilities	347,754,894	373,728,517	(25,973,623)	-6.9%
Total liabilities	462,549,414	482,450,307	(19,900,893)	-4.1%
Net position:				
Net investment in capital assets	1,919,436,757	1,762,070,381	157,366,376	8.9%
Restricted	33,405,265	35,186,883	(1,781,618)	-5.1%
Unrestricted	(136,709,408)	(134,845,590)	(1,863,818)	1.4%
Total net position	1,816,132,614	1,662,411,674	153,720,940	9.2%
Total liabilities and net position	$ 2,278,682,028	$ 2,144,861,981	$ 133,820,047	6.2%

The net increase in total assets of $133.8 million resulted primarily due to an increase in property, plant, and equipment of $139.3 million and a decrease of $4.2 million in current unrestricted assets. The decrease in current unrestricted assets was primarily due to an increase of $21.7 million in unrestricted and undesignated cash and cash equivalents as a result of FEMA advancements received for payments of committed project costs, offset by a decrease in grants receivable of $11.1 million due to more timely collections from the federal government and a decrease in cash designated by the Board for capital projects of $15.8 million. Current liabilities increased by $6.1 million primarily due to unspent advances received from the federal government of $10.9 million received in 2013 and an increase in retainers and estimates payable of $3.2 million offset by a decrease in the Disaster Reimbursement Revolving Loan of $11.7 million as a result of loan payments made during 2013. Long-term liabilities decreased by $26.0 million primarily due primarily to the forgiveness of principal and accrued interest on the Special Community Disaster loan totaling $30.1 million and a decrease of $18.8 million in long-term bonds payable offset by an increase of $6.7 million in other postretirement benefits liability and an increase of $15.7 million in the Southeast Louisiana Project liability.

2014 Changes in Net Position

The change in net position for the year ended December 31, 2014 was an increase of approximately $152.7 million, as opposed to approximately $153.7 million for the year ended December 31, 2013. The Board's total operating revenues increased by 9.7% to approximately $163.1 million due primarily for rate increases effective January 1, 2014, and total non-operating revenue decreased by 41.5% to approximately $46.3 million primarily due to the forgiveness of the outstanding principal and interest due on the Special Community Disaster Loan in 2013 totaling $30.1 million, bond issuances costs of $2.6 million in 2014, and a decrease in operating and maintenance grants of $2.1 million. Capital contributions from federal grants and construction of Board property was approximately $141.9 million resulting primarily from capital additions reimbursable under the FEMA Disaster Public Assistance and FEMA Hazard Mitigation grants of approximately $35.7 million and $26.6 million, respectively, and approximately $66.8 million of capital contributions by the Army Corps of Engineers. The changes in net position are detailed in Table A-3; operating expenses are detailed in Table A-4.

Table A-3
Sewerage & Water Board of New Orleans
Revenues , Expenses and Change in Net Position

	2014	2013	Increase (Decrease)	Increase (Decrease)
Operating revenues:				
Charges for services	$ 158,049,869	$ 143,577,430	$ 14,472,439	10.1%
Other	5,024,480	5,119,368	(94,888)	-1.9%
Total operating revenues	163,074,349	148,696,798	14,377,551	9.7%
Operating expenses (Table A-4)	198,551,645	188,341,071	10,210,574	5.4%
Operating loss	(35,477,296)	(39,644,273)	4,166,977	10.5%
Non-operating revenues:				
Property taxes	47,534,646	46,455,330	1,079,316	2.3%
Other taxes	572,083	494,106	77,977	15.8%
Operating and maintenance grants	1,502	2,054,492	(2,052,990)	-99.9%
Bond issuance costs	(2,649,339)	-	(2,649,339)	0.0%
Investment income (expense)	811,263	(17,719)	828,982	-4678.5%
Forgiveness of Community Disaster Loan	-	30,061,368	(30,061,368)	0.0%
Total non-operating revenues	46,270,155	79,047,577	(32,777,422)	-41.5%
Income before capital contributions	10,792,859	39,403,304	(28,610,445)	-72.6%
Capital contributions	141,873,884	114,317,636	27,556,248	24.1%
Change in net position	152,666,743	153,720,940	(1,054,197)	-0.7%
Net position, beginning of year	1,816,132,614	1,662,411,674	153,720,940	9.2%
Net position, end of year	$ 1,968,799,357	$ 1,816,132,614	$ 152,666,743	8.4%

Table A-4 Sewerage & Water Board Operating Expenses				
	2014	2013	Increase (Decrease)	Increase (Decrease)
Power and pumping	$ 13,227,389	$ 12,572,620	$ 654,769	5.2%
Treatment	19,527,000	18,143,049	1,383,951	7.6%
Transmission and distribution	27,186,606	23,323,900	3,862,706	16.6%
Customer accounts	3,514,360	3,425,934	88,426	2.6%
Customer service	3,717,925	3,464,197	253,728	7.3%
Administration and general	16,976,430	17,333,945	(357,515)	-2.1%
Payroll related	31,679,813	34,928,822	(3,249,009)	-9.3%
Maintenance of general plant	28,178,593	27,647,127	531,466	1.9%
Depreciation	50,157,869	43,648,267	6,509,602	14.9%
Provision for doubtful accounts	1,940,782	2,052,096	(111,314)	-5.4%
Provision for (benefit of) claims	2,444,878	1,801,114	643,764	35.7%
Total operating expenses	$ 198,551,645	$ 188,341,071	$ 10,210,574	5.4%

Total operating expenses increased by approximately $10.2 million or 5.4% compared to 2013. In 2014, the Board placed several construction projects in service, which caused an increase of $6.5 million or 14.9% in depreciation expenses. Provisions for claims increased to $2.4 million in 2014 as compared to $1.8 million 2013. Claims expense varies due to the number and severity of the claims during any period. The increase is primarily due to adjustments in overall claims reserve at year-end in addition to claims payments made during 2014. The transmission and distribution expenses increased by $3.9 million, or 16.6%, due to water and sewer paving and point repairs. Payroll related expenses decreased by $3.2 million, or 9.3%, due to a decrease in employer contributions by the Board. As the employees paid more in pension contributions, the Board was required to pay less.

2013 Changes in Net Position

The change in net position for the year ended December 31, 2013 was an increase of approximately $153.7 million, as opposed to approximately $124.4 million for the year ended December 31, 2012. The Board's total operating revenues increased by 8.6% to approximately $148.7 million due primarily for rate increases effective January 1, 2013, and total non-operating revenue increased by 53.1% to approximately $79.0 million due primarily to the forgiveness of the outstanding principal and interest due on the Special Community Disaster Loan in 2013 totaling $30.1 million. The changes in net position are detailed in Table A-5; operating expenses are detailed in Table A-6.

Table A-5
Sewerage & Water Board of New Orleans
Revenues , Expenses and Change in Net Position

	2013	2012	Increase (Decrease)	Increase (Decrease)
Operating revenues:				
Charges for services	$ 143,577,430	$ 132,351,945	$ 11,225,485	8.5%
Other	5,119,368	4,626,276	493,092	10.7%
Total operating revenues	148,696,798	136,978,221	11,718,577	8.6%
Operating expenses (Table A-4)	188,341,071	178,705,276	9,635,795	5.4%
Operating loss	(39,644,273)	(41,727,055)	2,082,782	5.0%
Non-operating revenues:				
Property taxes	46,455,330	44,061,990	2,393,340	5.4%
Other taxes	494,106	278,394	215,712	77.5%
Operating and maintenance grants	2,054,492	7,624,526	(5,570,034)	-73.1%
Investment expense	(17,719)	(336,506)	318,787	-94.7%
Forgiveness of Community Disaster Loan	30,061,368	-	30,061,368	0.0%
Total non-operating revenues	79,047,577	51,628,404	27,419,173	53.1%
Income before capital contributions	39,403,304	9,901,349	29,501,955	298.0%
Capital contributions	114,317,636	114,530,907	(213,271)	-0.2%
Change in net position	153,720,940	124,432,256	29,288,684	23.5%
Net position, beginning of year	1,662,411,674	1,537,979,418	124,432,256	8.1%
Net position, end of year	$ 1,816,132,614	$ 1,662,411,674	$ 153,720,940	9.2%

Capital contributions from federal grants and construction of Board property was approximately $114.3 million resulting primarily from capital additions reimbursable under the FEMA Disaster Public Assistance grant of approximately $60.7 million and approximately $37.5 million of capital contributions by the Army Corps of Engineers. Operating and maintenance grants decreased in 2013 to $2.1 million for operation and maintenance expenditures made during 2013 under the FEMA Disaster Public Assistance grant.

Table A-6 Sewerage & Water Board Operating Expenses				
	2013	2012	Increase (Decrease)	Increase (Decrease)
Power and pumping	$ 12,572,620	$ 11,951,746	$ 620,874	5.2%
Treatment	18,143,049	18,906,540	(763,491)	-4.0%
Transmission and distribution	23,323,900	26,019,713	(2,695,813)	-10.4%
Customer accounts	3,425,934	3,334,652	91,282	2.7%
Customer service	3,464,197	3,332,300	131,897	4.0%
Administration and general	17,333,945	15,879,736	1,454,209	9.2%
Payroll related	34,928,822	33,980,859	947,963	2.8%
Maintenance of general plant	27,647,127	24,480,560	3,166,567	12.9%
Depreciation	43,648,267	39,011,955	4,636,312	11.9%
Provision for doubtful accounts	2,052,096	1,676,511	375,585	22.4%
Provision for (benefit of) claims	1,801,114	130,704	1,670,410	1278.0%
Total operating expenses	$ 188,341,071	$ 178,705,276	$ 9,635,795	5.4%

Total operating expenses increased by approximately $9.6 million or 5.4% compared to 2012. In 2013, the Board placed several construction projects in service, which caused an increase of $4.6 million, or 11.9%, in depreciation expenses. Provisions for claims increased to $1.8 million in 2013 as compared to 2012. Claims expense varies due to the number and severity of the claims during any period. The increase is primarily due to adjustments in overall claims reserve at year-end in addition to claims payments made during 2013. Maintenance of general plant expenses increased by $3.1 million, or 12.9%, due to ongoing repairs to plant facility and the intake filter gallery, and labor required to maintain the facility.

PENSION TRUST FUND

2014 Plan Net Position

The Board's total plan net position of its pension trust fund at December 31, 2014 was approximately $236.6 million, a 0.9% increase from December 31, 2013 (see table A-7). Total assets increased 0.9% to $236.6 million.

Plan net position increased by approximately $2.2 million in 2014 primarily due to unrealized gains on investments of $10.8 million and contributions of $9.6 million offset by benefit payments and other deductions totaling $18.7 million in 2014.

Table A-7 Sewerage & Water Board of New Orleans Plan Net Position				
	2014	2013	Increase (Decrease)	Increase (Decrease)
Cash	$ 1,950,862	$ 1,145,702	$ 805,160	70.3%
Investments	233,026,769	232,097,196	929,573	0.4%
Receivables	146,366	128,169	18,197	14.2%
Other assets	1,432,674	987,498	445,176	45.1%
Total assets	236,556,671	234,358,565	2,198,106	0.9%
Plan net position	$ 236,556,671	$ 234,358,565	$ 2,198,106	0.9%

2013 Plan Net Position

The Board's total plan net position of its pension trust fund at December 31, 2013 was approximately $234.4 million, a 6.2% increase from December 31, 2012 (see table A-8). Total assets increased 6.2% to $234.4 million.

Plan net position increased by approximately $13.7 million in 2013 primarily due to unrealized gains on investments of $21.4 million and contributions of $8.4 million offset by benefit payments and other deductions totaling $18.0 million in 2013.

Table A-8 Sewerage & Water Board of New Orleans Plan Net Position				
	2013	2012	Increase (Decrease)	Increase (Decrease)
Cash	$ 1,145,702	$ 755,634	$ 390,068	51.6%
Investments	232,097,196	218,299,235	13,797,961	6.3%
Receivables	128,169	81,122	47,047	58.0%
Other assets	987,498	1,568,064	(580,566)	-37.0%
Total assets	234,358,565	220,704,055	13,654,510	6.2%
Plan net position	$ 234,358,565	$ 220,704,055	$ 13,654,510	6.2%

2014 Changes in Plan Net Position

Net income on investments decreased by $11.4 million or 50.1% during 2014 due to market conditions in 2014 compared to 2013. The decrease in the change in plan net position of $11.5 million resulted primarily from the decrease noted above in unrealized gains on investments compared to 2013.

Table A-9 Sewerage & Water Board of New Orleans Change in Plan Net Position				
	2014	2013	Increase (Decrease)	Increase (Decrease)
Additions:				
Contributions	$ 9,592,835	$ 8,477,553	$ 1,115,282	13.2%
Net income on investments	11,354,226	22,737,697	(11,383,471)	-50.1%
Total additions	20,947,061	31,215,250	(10,268,189)	-32.9%
Deductions:				
Benefits	(13,973,343)	(13,243,522)	(729,821)	5.5%
Employee refunds	(140,938)	(191,867)	50,929	-26.5%
Employee DROP contributions	(4,634,674)	(4,125,351)	(509,323)	12.3%
Total deductions	(18,748,955)	(17,560,740)	(1,188,215)	6.8%
Change in net position	2,198,106	13,654,510	(11,456,404)	-83.9%
Plan net position, beginning of year	234,358,565	220,704,055	13,654,510	6.2%
Plan net position, end of year	$ 236,556,671	$ 234,358,565	$ 2,198,106	0.9%

2013 Changes in Plan Net Position

Net income on investments increased by $1.4 million, or 6.4%, during 2013 due to the positive performance of the investment portfolio in 2013 related to the higher value of investment in 2013 as compared to 2012. The decrease in the change in plan net position of $956,000 resulted primarily from an increase in unrealized gains on investments compared to 2012 offset by a decrease in contributions of approximately $456,000, or 5.1%, and an increase of $1.9 million, or 11.9%, in deductions compared to 2012.

Table A-10 Sewerage & Water Board of New Orleans Change in Plan Net Position				
	2013	2012	Increase (Decrease)	Increase (Decrease)
Additions:				
Contributions	$ 8,477,553	$ 8,933,937	$ (456,384)	-5.1%
Net income on investments	22,737,697	21,372,939	1,364,758	6.4%
Total additions	31,215,250	30,306,876	908,374	3.0%
Deductions:				
Benefits	(13,243,522)	(12,568,639)	(674,883)	5.4%
Employee refunds	(191,867)	(111,854)	(80,013)	71.5%
Employee DROP contributions	(4,125,351)	(3,016,084)	(1,109,267)	36.8%
Total deductions	(17,560,740)	(15,696,577)	(1,864,163)	11.9%
Change in net position	13,654,510	14,610,299	(955,789)	-6.5%
Plan net position, beginning of year	220,704,055	206,093,756	14,610,299	7.1%
Plan net position, end of year	$ 234,358,565	$ 220,704,055	$ 13,654,510	6.2%

CAPITAL ASSET AND DEBT ADMINISTRATION

2014 Capital Assets

As of December 31, 2014, the Board had invested approximately $3.15 billion in capital assets. Net of accumulated depreciation, the Board's net capital assets at December 31, 2014 totaled approximately $2.32 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately $212.2 million, or 10.1%, over December 31, 2013.

At December 31, 2014, the Board's budget for its ten year capital improvements program totaled approximately $2.62 billion including $1.07 billion for water, $667.4 million for sewerage and $885.0 million for drainage. Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2014, the Board has committed or appropriated $22.2 million in investments for use in future capital projects and has approximately $93.4 million remaining for construction. The capital project investments are included in designated assets and restricted assets.

The capital improvements budget for 2015 is $394.0 million, including $293.1 million for projects which are expected to be funded by federal grants and programs. Significant projects included in property, plant and equipment in progress as of December 31, 2014 include the following:

Hurricane Katrina-related Repairs and Replacements
Southeast Louisiana Flood Control Program
Sewer System Sanitation Evaluation and Rehabilitation Program
Eastbank Sewer Treatment Plant
Westbank Sewer Treatment Plant
Wetlands Assimilation Project
Hazard Mitigation Grant Program

See Note 4 for detailed capital asset activity during 2014.

2013 Capital Assets

As of December 31, 2013, the Board had invested approximately $2.89 billion in capital assets. Net of accumulated depreciation, the Board's net capital assets at December 31, 2013 totaled approximately $2.11 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately $139.9 million or 7.1% over December 31, 2012.

At December 31, 2013, the Board's budget for its ten year capital improvements program totaled approximately $2.52 billion including $836.5 million for water, $601.0 million for sewerage and $1.08 billion for drainage. Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2013, the Board has committed or appropriated $45.5 million in investments for use in future capital projects and has approximately $190,000 of bond proceeds remaining for construction. The capital project investments are included in designated assets and restricted assets.

2014 Debt Administration

During 2014, the Board refunded the Series 1997, 1998, 2000, 2000B, 2001, 2002, 2003, 2004, and 2009 Sewerage bonds. The Board issued $158,990,000 in Series 2014 Sewerage Service Revenue and Refunding Bonds with a final maturity of June 1, 2044. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the sewerage bonds in the amount of $121,870,000. By refunding these bonds, the Board estimated $20,696,313 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately $18,397,306. The cost of issuance of the Series 2014 Sewerage Bonds totaled $1,345,380 and the deferred loss on refunding was $4,078,925. Bond proceeds of $47,300,000 were restricted for capital projects.

During 2014, the Board refunded the Series 1998 and 2002 Water Bonds. The Board issued $103,525,000 in Series 2014 Water Revenue and Refunding Bonds with a final maturity of December 1, 2044. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the Water Bonds in the amount of $27,655,000. By refunding these bonds, the Board estimated $1,359,352 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately $2,738,262. The cost of issuance of the Series 2014 Water Bonds totaled $1,040,131 and the deferred loss on refunding was $34,901. Bond proceeds of $77,000,000 were restricted for capital projects.

During 2014, the Board refunded the Series 1998 and 2002 Drainage Bonds. The Board issued $14,900,000 in Series 2014 Drainage Refunding Bonds with a final maturity of December 1, 2022. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the Drainage Bonds in the amount of $16,205,000. By refunding these bonds, the Board estimated $2,968,676 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately $2,846,558. The cost of issuance of the Series 2014 Drainage Refunding Bonds totaled $263,828 and the deferred loss on refunding was $347,533.

The Board continues to make its regularly scheduled payments on its bonds. During 2014, $14.8 million in principal payments were made.

The Louisiana Department of Health and Hospitals committed to loan the Board up to $3.4 million to fund the installation of a new sodium hypochlorite storage and feed facility as well as the installation of a new sludge line into the Mississippi River (project). The project has been completed and the loan has been paid in full as of December 31, 2014.

The Louisiana Department of Environmental Quality has committed to loan the Board up to $9 million to fund construction of sewerage treatment works, implementing a management program under Section 1329 of the Water Quality Act of 1987, and developing and implementing a conservation and management plan under Section 1330 of the Federal Act. The outstanding balance is $8,174,000 at December 31, 2014.

See Note 6 for detailed long term debt activity during 2014.

2013 Debt Administration

The Board continues to make its regularly scheduled payments on its bonds. During 2013, $19.4 million in principal payments were made.

The Louisiana Department of Health and Hospitals has committed to loan the Board up to $3.4 million to fund the installation of a new sodium hypochlorite storage and feed facility as well as the installation of a new sludge line into the Mississippi River (project). The outstanding balance is $3,865 at December 31, 2013.

The Louisiana Department of Environmental Quality has committed to loan the Board up to $9 million to fund construction of sewerage treatment works, implementing a management program under Section 1329 of the Water Quality Act of 1987, and developing and implementing a conservation and management plan under Section 1330 of the Federal Act. The outstanding balance is $8,420,403 at December 31, 2013.

See Note 6 for detailed long term debt activity during 2013.

ECONOMIC FACTORS AND RATES

The Board, the City Council, and the Board of Liquidation City Debt approved a rate increase of ten percent for the Water and Sewer Departments effective January 1, 2013 and annually thereafter through 2020. The Board also authorized a study to identify the long-term revenue requirement for the drainage system and implementation methodologies for potential new revenue streams.

To meet the 2014 bond covenant for the 2014 Water and Sewer Revenue and Refunding Bonds, the cash in days is required to maintain 90 days of cash monthly. The Board has exceeded the goals by 81 days and 114 days in the Water and Sewer system, respectively.

The total number of open accounts continues to increase modestly on an annual basis. The total open accounts in 2014, was 132,091, an increase of 2,084 over 2013 open accounts of 130,007.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Sewerage & Water Board of New Orleans at (504) 585-2356.

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BASIC FINANCIAL STATEMENTS

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SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF NET POSITION
December 31, 2014 and 2013

ASSETS AND DEFERRED OUTLFOWS OF RESOURCES	2014	2013
Current assets:		
Unrestricted and undesignated		
Cash and cash equivalents	$ 38,878,196	$ 30,326,340
Accounts receivable:		
Customers, net of allowance	16,351,281	13,944,271
Taxes	8,130,947	8,119,202
Grants	44,246,154	11,841,893
Miscellaneous	2,402,226	3,517,548
Inventory of supplies	5,467,101	6,935,599
Prepaid expenses	902,717	976,007
Total unrestricted and undesignated	116,378,622	75,660,860
Designated cash, cash equivalents, and investments:		
Cash and cash equivalents designated for capital projects	22,249,657	41,099,522
Other	3,999,271	3,637,825
Total designated cash, cash equivalents, and investments	26,248,928	44,737,347
Total current assets	142,627,550	120,398,207
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents restricted for capital projects	93,402,475	4,555,573
Debt service reserve	30,846,959	33,405,265
Health insurance reserve	1,977,499	2,327,500
Total restricted cash, cash equivalents, and investments	126,226,933	40,288,338
Property, plant and equipment	3,149,067,389	2,891,420,305
Less: accumulated depreciation	829,068,108	783,582,554
Property, plant and equipment, net	2,319,999,281	2,107,837,751
Other assets:		
Designated cash for customer deposits	10,701,855	10,106,417
Deposits	51,315	51,315
Total other assets	10,753,170	10,157,732
Total noncurrent assets	2,456,979,384	2,158,283,821
Total assets	2,599,606,934	2,278,682,028
Deferred outflows of resources		
Deferred loss on bond refunding	4,307,394	-
Total deferred outflows of resources	4,307,394	-
Total assets and deferred outflows of resources	$ 2,603,914,328	$ 2,278,682,028

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF NET POSITION
December 31, 2014 and 2013
(Continued)

LIABILITIES AND NET POSITION	2014	2013
Current liabilities (payable from current unrestricted assets):		
Accounts payable	$ 35,923,044	$ 37,622,061
Due to City of New Orleans	160,172	160,122
Disaster Reimbursement Revolving Loan (Note 13)	17,895,041	11,693,325
Retainers and estimates payable	7,946,275	6,548,281
Due to pension trust fund	293,670	278,639
Accrued salaries	1,977,169	1,750,469
Accrued vacation and sick pay	9,202,614	9,806,913
Claims payable	10,220,039	11,000,794
Debt Service Assistance Fund loan payable	4,225,892	4,038,502
Advances from federal government	6,157,549	10,887,732
Other liabilities	74,209	28,108
Total current liabilities (payable from current unrestricted assets):	94,075,674	93,814,946
Current liabilities (payable from current restricted assets):		
Accounts payable	10,806,104	-
Accrued interest	2,481,678	2,243,581
Bonds payable	13,259,000	18,145,000
Retainers and estimates payable	123,682	590,993
Total current liabilities (payable from current restricted assets):	26,670,464	20,979,574
Total current liabilities	120,746,138	114,794,520
Long-term liabilities:		
Claims payable	2,594,154	1,913,607
Net pension obligation	17,875,060	15,430,336
Other postretirement benefits liability	61,208,745	54,778,434
Bonds payable, net of current maturities	293,679,904	170,255,994
Southeast Louisiana Project liability	66,655,976	29,391,071
Debt Service Assistance Fund loan payable, net of current maturities	61,653,139	65,879,035
Customer deposits	10,701,855	10,106,417
Total long-term liabilities	514,368,833	347,754,894
Total liabilities	635,114,971	462,549,414
Net position:		
Net investment in capital assets	2,013,060,377	1,919,436,757
Restricted for debt service	30,846,959	33,405,265
Restricted for capital improvements	68,509,876	-
Unrestricted	(143,617,855)	(136,709,408)
Total net position	1,968,799,357	1,816,132,614
Total net position and liabilities	$ 2,603,914,328	$ 2,278,682,028

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2014 and 2013

	2014	2013
Operating revenues:		
Sales of water and delinquent fees	$ 70,818,255	$ 64,398,609
Sewerage service charges	86,553,262	78,535,785
Plumbing inspection and license fees	678,352	643,036
Other revenue	5,024,480	5,119,368
Total operating revenues	163,074,349	148,696,798
Operating expenses:		
Power and pumping	13,227,389	12,572,620
Treatment	19,527,000	18,143,049
Transmission and distribution	27,186,606	23,323,900
Customer accounts	3,514,360	3,425,934
Customer service	3,717,925	3,464,197
Administration and general	16,976,430	17,333,945
Payroll related	31,679,813	34,928,822
Maintenance of general plant	28,178,593	27,647,127
Depreciation	50,157,869	43,648,267
Provision for doubtful accounts	1,940,782	2,052,096
Provision for claims	2,444,878	1,801,114
Total operating expenses	198,551,645	188,341,071
Operating loss	(35,477,296)	(39,644,273)
Non-operating revenues (expenses):		
Three-mill tax	13,481,526	13,175,711
Six-mill tax	13,626,539	13,317,505
Nine-mill tax	20,425,388	19,962,114
Two-mill tax	1,193	-
Other taxes	572,083	494,106
Operating and maintenance grants	1,502	2,054,492
Interest income	811,263	353,630
Bond issuance costs	(2,649,339)	-
Interest expense	-	(371,349)
Forgiveness of Community Disaster Loan (Note 6)	-	30,061,368
Total non-operating revenues	46,270,155	79,047,577
Income before capital contributions	10,792,859	39,403,304
Capital contributions	141,873,884	114,317,636
Change in net position	152,666,743	153,720,940
Net position, beginning of year	1,816,132,614	1,662,411,674
Net position, end of year	$ 1,968,799,357	$ 1,816,132,614

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUND
For the years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Cash received from customers	$ 153,619,213	$ 141,106,556
Cash payments to suppliers for goods and services	(68,821,523)	(68,748,901)
Cash payments to employees for services	(66,688,600)	(64,830,644)
Other revenue	6,818,154	4,882,014
Net cash provided by operating activities	24,927,244	12,409,025
Cash flows from noncapital financing activities		
Proceeds from property taxes	48,094,984	46,562,686
Proceeds from federal operating and maintenance grants	1,502	4,189,318
Net cash provided by noncapital financing activities	48,096,486	50,752,004
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(136,140,125)	(111,163,921)
Principal payments and refundings of bonds payable	(184,846,812)	(19,358,003)
Proceeds from bonds payable	299,773,229	1,432,130
Payments for bond issuance costs	(2,649,339)	-
Principal payments on Debt Service Assistance Fund loan	(4,038,506)	(3,859,430)
Interest paid on bonds payable	(13,931,057)	(12,588,862)
Payments to construction fund (Note 13)	(4,595,235)	(39,175,928)
Proceeds from construction fund (Note 13)	10,796,951	41,965,831
Capital contributed by developers and federal grants	37,920,709	83,907,507
Net cash provided by (used in) capital and related financing activities	2,289,815	(58,840,676)
Cash flows from investing activities		
Proceeds from sales of investments	-	115,278
Investment income	1,283,925	221,783
Net cash provided by investing activities	1,283,925	337,061
Net increase in cash	76,597,470	4,657,414
Cash at the beginning of the year	119,566,718	114,909,304
Cash at the end of the year	$ 196,164,188	$ 119,566,718
Reconciliation of cash, designated cash, and restricted cash (Note 2)		
Current assets - cash	$ 38,878,196	$ 30,326,340
Designated assets - cash	33,700,783	51,593,764
Restricted assets -cash	123,585,209	37,646,614
Total cash	$ 196,164,188	$ 119,566,718

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUND
For the years ended December 31, 2014 and 2013
(Continued)

	2014	2013
Reconciliation of operating loss to net cash provided by operating activities is as follows:		
Operating loss	$ (35,477,296)	$ (39,644,273)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	50,157,869	43,648,267
Provision for claims	2,444,878	1,801,114
Provision for doubtful accounts	1,940,782	2,052,096
Change in operating assets and liabilities:		
Increase in customer receivables	(4,347,792)	(2,441,296)
Decrease in inventory	1,468,498	762,728
(Increase) decrease in prepaid expenses and other receivables	1,188,612	(1,105,291)
Increase in net pension obligation	2,444,724	4,306,446
Increase (decrease) in accounts payable	988,824	(2,347,269)
Increase (decrease) in accrued salaries, due to pension and accrued vacation and sick pay	(362,568)	154,711
Increase in customer deposits	595,438	613,429
Increase in net other postretirement benefits liability	6,430,311	6,706,231
Decrease in other liabilities	(2,545,036)	(2,097,868)
Net cash provided by operating activities	$ 24,927,244	$ 12,409,025
Schedule of non-cash capital and related financing activities		
Contributions of capital assets	$ 103,953,175	$ 30,410,129
Purchase of property, plant and equipment on account	$ 34,899,482	$ 26,781,219

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF FIDUCIARY NET POSITION
PENSION TRUST FUND
December 31, 2014 and 2013

	2014	2013 (Restated)
Assets:		
Cash	$ 1,950,862	$ 1,145,702
Receivables:		
Investment income	81,832	73,525
Employee contributions receivable	64,534	54,644
Due from other fund	1,432,674	987,498
Investments:		
Money market	1,197,144	2,383,876
LAMP	13,364,160	13,327,265
Debt securities	77,137,785	72,940,474
Hedge funds	20,978,122	20,511,668
Equities	120,349,558	122,933,913
Total assets	236,556,671	234,358,565
Net position - restricted for pension benefits	$ 236,556,671	$ 234,358,565

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CHANGES IN FIDUCIARY PLAN NET POSITION
PENSION TRUST FUND
For the years ended December 31, 2014 and 2013

	2014	2013
Additions:		
Contributions:		
Employee contributions	$ 1,535,723	$ 1,465,774
Employer contributions	6,055,890	5,946,614
City annuity and other transfers in	2,001,222	1,065,165
Total contributions	9,592,835	8,477,553
Investment income:		
Interest income	172,220	165,614
Dividend income	1,392,860	2,049,463
Net appreciation	10,808,910	21,386,511
	12,373,990	23,601,588
Less: investment expense	1,019,764	863,891
Net investment income	11,354,226	22,737,697
Total additions	20,947,061	31,215,250
Deductions:		
Benefits	(13,973,343)	(13,243,522)
Employee refunds	(140,938)	(191,867)
Employee contributions to DROP	(4,634,674)	(4,125,351)
Total deductions	(18,748,955)	(17,560,740)
Change in net position	2,198,106	13,654,510
Net position restricted for pension benefits at beginning of year, as restated	234,358,565	220,704,055
Net position restricted for pension benefits at end of year	$ 236,556,671	$ 234,358,565

See accompanying notes to financial statements.

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NOTES TO
BASIC FINANCIAL STATEMENTS

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(1) Summary of Significant Accounting Policies

History and Organization

The major operation of the Sewerage and Water Board of New Orleans (the Board) is providing water, sewerage and drainage services for the City of New Orleans (the City). The Sewerage and Water Board of New Orleans was created by Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In 1903, the Legislature gave the Board control of and responsibility for the City's major drainage system and relieved the City of the duty of providing in its annual operating budget or otherwise for the maintenance and operations of the water, sewerage and drainage systems.

In accordance with the Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The rates are based on the actual water consumed and on the costs of maintenance and operation of the water and sewerage systems, including the costs of improvements and replacements. The collections of water and sewerage revenues are to be used by the Board for the maintenance and operation of the systems, the cost of improvements, betterments, and replacements and to provide for the payments of interest and principal on the bonds payable. On November 14, 2012, the Board approved both sewer and water rate increases commencing January 1, 2013. The sewer and water rates increase approximately 10% each year until the year of 2020. This increase was approved by the New Orleans City Council on November 14, 2012.

The Board has also been given the authority to levy and collect various tax millages which are used for the operation and maintenance of the drainage operations. All excess revenues collected are made available for capital development of the system. The proceeds of the rate collections and tax millages are invested in such investments as authorized by the LRS. These investments are reflected in the combined statement of net position, as "restricted assets," as they are restricted to the purposes as described above.

In 2013, the Board was composed of thirteen members, including the Mayor of the City, three City Council members, at least one an at-large member, selected by the City Council, two members of the Board of Liquidation and seven citizens appointed by the Mayor. The appointed members of the Board served staggered nine year terms. Effective January 1, 2014, the Board's makeup was changed to eleven members, including the Mayor of the City as the President of the Board, two members of the Board of Liquidation, City Debt and eight citizens, as designated by the State statutes. The terms of office are staggered from one year to four years, as designated by State statues.

The Board's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to utilities and to governmental units. The following is a summary of the more significant policies.

(1) Summary of Significant Accounting Policies (continued)

(A) Reporting Entity (continued)

In conformity with the Governmental Accounting Standards Board's definition of a reporting entity, the Board includes an enterprise fund and a pension trust fund for financial reporting purposes. The Board is considered a reporting entity based on the following criteria:

(a) Responsibility for surpluses/deficits. The Board is solely responsible for its surpluses/deficits. In accordance with Louisiana Revised Statutes, no other governmental unit is responsible for the Board's deficits or has a claim to its surpluses. The Board's operations are self-sustaining; revenues are generated through charges to customers and dedicated property taxes. Other than grants, no funding is received from the State of Louisiana or the City of New Orleans.

(b) Budget Approval. The Board is solely responsible for reviewing, approving and revising its budget.

(c) Responsibility for Debt. The Louisiana Revised Statutes authorize the Board to issue bonds; such bonds must bear on their face a statement that they do not constitute a debt of the City. The Board is solely responsible for payments to the bondholders. No other governmental unit is required by statute to make any payments to bondholders nor have any payments to bondholders ever been made by any governmental unit, except the Board.

(d) Designation of Management. The Board controls the hiring of management and employees.

(e) Special Financial Relationship. The Board has no special financial relationships with any other governmental unit.

(f) Statutory Authority. The Board's statutory authority was created by the State of Louisiana as an independent governmental unit. Only an amendment to the state statutes can change or abolish the Board's authority.

The Board is a stand-alone entity as defined by Governmental Accounting Standards Board Statement 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The Board is a legally-separate governmental organization that does not have a separately elected governing body and does not meet the definition of a component unit. As a result of a Louisiana Supreme Court decision on March 21, 1994, the Board was declared to be an autonomous or self-governing legal entity, legally independent of the City, State and other governments, created and organized pursuant to Louisiana Revised Statutes 33:4071 as a board, separate and independent of the governing authorities of the City and vested with autonomous or self-governing authority. No other government can mandate actions of the Board nor impose specific financial burdens. The Board is fiscally independent to operate under its bond covenant and the provisions of Louisiana Revised Statute provisions.

(1) Summary of Significant Accounting Policies (continued)

(B) Basis of Financial Statement Presentation

The Board's basic financial statements consist of the government-wide statements which include the proprietary fund (the enterprise fund) and the fund financial statements which includes the fiduciary fund (the pension trust fund).

The operations of the Board are accounted for in the following fund types:

Proprietary Fund Type

The proprietary fund is used to account for the Board's ongoing operations and activities which are similar to those often found in the private sector. The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Net position are segregated into amounts invested in capital assets (net of related debt), restricted for debt service, restricted for capital projects and unrestricted. The Board's restricted assets are expendable for their purposes. The Board utilizes available unrestricted assets before utilizing restricted assets. The operating statements present increases (revenues) and decreases (expenses) in net position. The Board maintains one proprietary fund type – the enterprise fund. The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance.

Operating revenues include all charges for service; other revenues include reconnection fees and other miscellaneous charges. Operating expenses include the costs associated with providing water, sewerage and drainage services. Interest income, interest expense and tax revenues are presented as non-operating items.

The enterprise fund is presented in the government-wide financial statements.

Fiduciary Fund Type

The fiduciary fund is used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Board maintains one fiduciary fund type - the pension trust fund. The pension trust fund uses the flow of economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included in the statement of plan net assets. The pension trust fund is used to account for the activity of the Board's employee retirement plan.

The pension trust fund is presented in the fund financial statements.

(1) Summary of Significant Accounting Policies (continued)

(C) Basis of Accounting

The enterprise fund and the pension trust fund prepare their financial statements on the accrual basis of accounting. Unbilled utility service charges are not recorded as management considers the effect of not recording such unbilled receivables as not material. Property taxes are recorded as revenue in the year for which they are levied. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the pension plan are recognized when due and the employer has made a commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

(D) Investments

Investments are reported at fair value, except for short-term investments (maturity of one year or less) which are reported at amortized cost, which approximates fair value. Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. All investment income including changes in the fair value of the investments is recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

(E) Inventory of Supplies

Inventory is valued at the lower of cost or market. Cost is determined by weighted average cost method.

(F) Vacation and Sick Pay

Vacation (annual leave) and sick pay (sick leave) are accrued when earned. Annual leave is accrued at the rate of .6923 of a workday for each bi-weekly accrual period for all employees on the payroll as of December 31, 1978. Employees hired after that date earn leave at a rate of .5 of a workday per bi-weekly pay period.

All employees on the payroll as of December 31, 1978 receive three bonus days each year; all employees hired after that date receive three bonus days each year for five through nine calendar years of continuous service; six bonus days each year for ten through fourteen years; nine bonus days each year for fifteen through nineteen years; and, twelve days for twenty or more years of continuous service. Civil Service's policy permits employees a limited amount of earned but unused annual leave which will be paid to employees upon separation from the Board. The amount shall not exceed ninety days for employees hired before January 1, 1979, and forty-five days for employees hired after December 31, 1978.

Sick leave is accumulated on a bi-weekly basis by all employees hired prior to December 31, 1978 at an accrual rate of .923 of a workday. For employees hired subsequent to December 31, 1978, the accrual rate is .5 of a workday for each bi-weekly period, plus a two day bonus each year for employees with six through fifteen calendar years of continuous service, and seven bonus days each year for employees with sixteen or more calendar years of continuous service.

(1) Summary of Significant Accounting Policies (continued)

(F) Vacation and Sick Pay (continued)

Upon separation from the Board, an employee can elect to convert unused sick leave for retirement credits or cash. The conversion to cash is determined by a rate ranging from one day of pay for five days of leave for the 1st through 100th leave day to one day of pay for one day of leave for all days in excess of the 400th leave day. The total liability for unconverted sick leave as of December 31, 2014 and 2013 is approximately $13,127,000 and $13,764,000, respectively. The amount included in the statements of net position as of December 31, 2014 and 2013 is $9,202,614 and $9,806,913, respectively, which represents the annual leave and the converted sick leave since virtually all employees convert their sick leave to cash. Therefore, the Board books the compensated absences as a current liability. The amounts for compensated absences include the salary cost as well as certain salary related costs, such as the Board's share of social security expense. The following table summarizes changes in the Board's vacation and sick pay liability.

Year	Beginning of Year Liability	Current Year Earned and Changes in Estimate	Payments	End of Year Liability
2014	$ 9,806,913	$ 2,403,257	$ (3,007,556)	$ 9,202,614
2013	$ 9,803,436	$ 3,262,185	$ (3,258,708)	$ 9,806,913

(G) Property, Plant and Equipment

Property, plant and equipment are carried at historical cost. The Board capitalizes moveable equipment with a value of $10,000 or greater, stationary, network and other equipment with a value of $5,000 or greater and all real estate. The cost of additions includes contracted work, direct labor, materials and allocable cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest is capitalized on property, plant and equipment acquired and/or constructed with tax exempt debt. Depreciation is computed using the straight-line method over the estimated useful life of the asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue for the period. The cost of maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized. Deductions are made for retirements resulting from renewals or betterments.

(1) Summary of Significant Accounting Policies (continued)

(H) Self-Insurance/Risk Management

The Board is self-insured for general liability, workers' compensation, unemployment compensation and hospitalization benefits and claims. The accrued liability for the various types of claims represents an estimate by management of the eventual loss on the claims arising prior to year-end, including claims incurred and not yet reported including estimates of both future payments of losses and related claims adjustment and expense. Estimated expenses and recoveries are based on a case by case review.

(I) Bond Issuance Costs and Refinancing Gains (Losses)

Costs related to issuing bonds are expensed when incurred. Premiums and discounts associated with bond issues are amortized over the interest yield method.

(J) Deferred Inflows/Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Board did not have any items recognized as deferred outflows of resources as of December 31, 2013, however as of December 31, 2014, the Board has one item that qualifies for reporting in this category. The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board does not have any items recognized as deferred inflows of resources as of December 31, 2014 and 2013.

(K) Pension

The Board may fund all or part of the accrued pension cost, depending on the resources that are available at the time of contribution, for its contributory pension plan which covers substantially all employees. Annual costs are actuarially computed using the entry age normal cost method.

(L) Drainage System

In 1903, the Legislature gave the Board control of and responsibility for the City's drainage system. The Drainage System was established as a department of the enterprise fund to account for the revenues from three-mill, six-mill and nine-mill ad valorem taxes designated exclusively for drainage services. These revenues have been supplemented by inspection and license fees collected by the Board. There exists a potential for additional financing by additional user service charges. Expenditures from the system are for the debt service of three-mill, six-mill and nine-mill tax bonds and drainage related operation, maintenance and construction.

(1) Summary of Significant Accounting Policies (continued)

(M) Capital Contributions

Contributions from developers and others, and receipts of Federal, State and City grants for acquisition of property, plant and equipment are recorded as capital contributions in the statement of revenues, expenses and changes in net position.

(N) Net Position Flow Assumption

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

(O) Net Position

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in this component of net position. Rather, that portion of debt is included in the same component of net position as the unspent proceeds.

Restricted – This component reports those net position with externally imposed constraints placed on their use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

(P) Cash Flows

For purposes of the statement of cash flows, only cash on hand and on deposit at financial institutions is considered to be cash equivalents. Certificates of deposits, treasury bills and other securities are considered investments.

(Q) Operating and Nonoperating Revenues

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with principal ongoing operations. The principal operating revenues of the Board are charges to customers for sales and services . Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(1) Summary of Significant Accounting Policies (continued)

(R) 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 as of the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(S) New Accounting Pronouncement

The Board adopted and implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25* for 2014. The objective of this Statement is to improve financial reporting by state and local government pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*

Highlights of the changes to these financial statements as a result of implementing GASB No. 67 are as follows:

- The Statements of Plan Net Position and Statements of Changes in Plan Net Position have now been retitled as Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position, respectively.

- New Required Supplementary Information includes a Schedule of New Pension Liability, Schedule of Changes in Net Pension Liability, Schedule of Employer Contributions, and Schedule of Investment Returns. Notes to RSI include significant methods and assumptions used in calculating the actuarially determined contributions.

- GASB No. 67 only affects reporting requirements and does not prescribe funding methods.

- The discount rate used to calculate the present value of future benefit payments for reporting purposes is based on the projected plan net position using actuarial assumptions about contributions, benefit payments, and long-term rate of return.

(1) Summary of Significant Accounting Policies (continued)

(S) New Accounting Pronouncement (continued)

The Board implemented this statement effective January 1, 2013. The impact to the pension trust fund is as follows:

Previously reported net position as of January 1, 2013	$ 209,873,350
Adjustment as a result of the implementation of GASB Statement No. 67	10,830,705
Net position as of January 1, 2013, as restated	$ 220,704,055

Previously reported change in net position for the year ended December 31, 2013	$ 13,212,677
Adjustment as a result of the implementation of GASB Statement No. 67	441,833
Change in net position for the year ended December 31, 2013, as restated	$ 13,654,510

(2) Cash and Investments

The Board's investments and cash consist primarily of investments in direct obligations of the United States or agencies thereof and deposits with financial institutions.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes require that the Board's cash and certificates of deposit be covered by federal depository insurance or collateral. At December 31, 2014, the Board's interest bearing deposits with banks consisted of cash and money market funds totaling $210,961,268 and certificates of deposit of $273,208. At December 31, 2013, the Board's interest bearing deposits with banks consisted of cash and money market funds totaling $122,650,709 and certificates of deposit of $273,070. The Board's cash bank balances and all certificates of deposit for 2014 and 2013 were covered by federal depository insurance or collateral held by custodial agents of the financial institutions in the name of the Board.

In accordance with GASB 40, unless there is information to the contrary, obligations of the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

(2) Cash and Investments (continued)

The following are the components of the Board's cash and investments as of December 31 for the Enterprise Fund:

2014	Unrestricted	Restricted	Total
Enterprise Fund:			
Cash and money market funds	$ 72,305,771	$ 123,585,209	$ 195,890,980
Certificates of deposit	273,208	-	273,208
	72,578,979	123,585,209	196,164,188
Investments	3,250,000	2,641,724	5,891,724
Total cash and investments at fair value	$ 75,828,979	$ 126,226,933	$ 202,055,912

2013	Unrestricted	Restricted	Total
Enterprise Fund:			
Cash and money market funds	$ 81,647,034	$ 37,646,614	$ 119,293,648
Certificates of deposit	273,070	-	273,070
	81,920,104	37,646,614	119,566,718
Investments	3,250,000	2,641,724	5,891,724
Total cash and investments at fair value	$ 85,170,104	$ 40,288,338	$ 125,458,442

The composition and carrying value of investments is as follows:

	2014	2013
Enterprise Fund:		
LAMP	$ 5,891,724	$ 5,891,724

	2014	2013
Pension Trust Fund:		
Money market	$ 1,197,144	$ 2,383,876
LAMP	13,364,160	13,327,265
Debt Securities	77,137,785	72,940,474
Hedge funds	20,978,121	20,511,668
Equities	120,349,558	122,933,913
	$ 233,026,768	$ 232,097,196

Investments - Statutes authorize the Board to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poors Corporation or P-1 by Moody's Commercial Paper Record, repurchase agreements, and the Louisiana Asset Management Pool (LAMP). In addition, the pension trust fund is authorized to invest in corporate bonds rated BBB or better by Standard & Poors Corporation or Baa or better by Moody's Investors Service, and equity securities.

(2) Cash and Investments (continued)

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

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

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 52 as of December 31, 2014.
- Foreign currency risk: Not applicable to 2a7-like pools.

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

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

Under the provisions of its benefit plan and state law, the Board's pension benefit trust engages in securities lending to broker dealers and other entities for cash collateral that will be returned for the same securities in the future. The cash collateral cannot be liquidated by the Board unless the borrower defaults. Cash collateral is initially pledged at 102.28% of the market value of securities lent and additional collateral is provided by the next business day if the value falls to less than 100% of the market value of the securities lent. No collateral exposure existed at December 31, 2014 and 2013. The value of securities lent at December 31, 2014 and 2013 was $58,183,456 and $52,255,686, respectively. The market value of the cash collateral at December 31, 2014 and 2013 was $59,510,293 and $53,692,957, respectively.

(2) Cash and Investments (continued)

Credit Risk - State law limits investments in securities issued, or backed by United States Treasury obligations, and U.S. Government instrumentalities, which are federally sponsored. The Board's investment policy does not further limit its investment choices. LAMP is rated AAAm by Standard & Poor's. The Pension Trust Fund's investment policy requires that fixed income investments be investment grade (BBB or higher as rated by Standard & Poor's or Baa or higher as rated by Moody's). Bonds rated below BBB/Baa are not to exceed 15% of the portfolio and non-rated bonds are not to exceed 1% of the portfolio.

Following are the credit risk ratings of the pension trust fund's investments in debt securities as of December 31, 2014:

Rating	Corporate Bonds	Foreign Government Bonds	Government Bonds and U.S. Treasury Notes	Other	Total	Percentage of Total
AAA	$ -	$ 6,202,579	$ 20,154,100	$ 13,477,575	$ 39,834,254	51.64%
AA+	276,276	2,002,462	-	46,037	2,324,775	3.01%
AA	72,506	-	-	169,007	241,513	0.31%
AA-	261,035	129,745	356,350	270,099	1,017,229	1.32%
A+	889,230	-	162,522	205,760	1,257,512	1.63%
A	3,882,801	59,244	-	240,185	4,182,230	5.42%
A-	2,561,780	111,425	684,657	1,077,177	4,435,039	5.75%
BBB+	3,498,462	851,613	-	61,969	4,412,044	5.72%
BBB	4,251,352	309,144	-	1,056,591	5,617,087	7.28%
BBB-	3,505,538	140,378	5,826	515,056	4,166,798	5.40%
BB+	656,710	92,346	-	35,683	784,739	1.02%
BB	864,997	15,130	-	222,909	1,103,036	1.43%
BB-	972,691	100,090	-	69,295	1,142,076	1.48%
B+	625,253	52,846	-	40,976	719,075	0.93%
B	674,772	47,342	-	71,639	793,753	1.03%
B-	470,612	64,262	-	23,812	558,686	0.72%
CCC+	451,518	38,763	-	34,677	524,958	0.68%
CCC	124,668	47,957	22,015	148,756	343,396	0.45%
CCC-	-	-	-	-	-	0.00%
CC	70,265	-	-	41,178	111,443	0.14%
C	-	-	-	16,706	16,706	0.02%
D	-	-	-	37,930	37,930	0.05%
Not Rated	71,708	74,508	-	3,367,290	3,513,506	4.55%
Total	$ 24,182,174	$ 10,339,834	$ 21,385,470	$ 21,230,307	$ 77,137,785	100%

(2) Cash and Investments (continued)

Following are the credit risk ratings of the pension trust fund's investments in debt securities as of December 31, 2013:

Rating	Corporate Bonds	Foreign Government Bonds	Government Bonds and U.S. Treasury Notes	Other	Total	Percentage of Total
AAA	$ -	$ 2,016,564	$ 6,544,432	$ 7,578,114	$ 16,139,110	22.13%
AA+	376,754	6,673,148	28,235,518	-	35,285,420	48.38%
AA	27,365	186,663	-	-	214,028	0.29%
AA-	121,314	44,165	-	-	165,479	0.23%
A+	188,293	263,001	-	-	451,294	0.62%
A	1,162,795	-	-	-	1,162,795	1.59%
A-	3,179,116	17,082	-	-	3,196,198	4.38%
BBB+	2,640,648	221,782	-	-	2,862,430	3.92%
BBB	3,325,379	1,351,594	-	-	4,676,973	6.41%
BBB-	3,866,882	50,065	-	-	3,916,947	5.37%
BB+	803,854	99,569	-	-	903,423	1.24%
BB	780,366	56,752	-	-	837,118	1.15%
BB-	712,208	91,871	-	-	804,079	1.10%
B+	463,792	40,120	-	-	503,912	0.69%
B	445,530	-	-	-	445,530	0.61%
B-	313,821	156,040	-	-	469,861	0.64%
CCC+	405,635	3,987	-	-	409,622	0.56%
CCC	17,026	-	-	-	17,026	0.02%
CCC-	22,981	-	-	-	22,981	0.03%
Not Rated	297,863	158,385	-	-	456,248	0.63%
Total	$ 19,151,622	$ 11,430,788	$ 34,779,950	$ 7,578,114	$ 72,940,474	100%

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Board has a formal investment policy that states that the investment portfolio shall remain sufficiently liquid to meet all operating and capital requirements that may be reasonably anticipated and that maturities of investments are to be structured concurrent with cash needs to meet anticipated demand.

(2) Cash and Investments (continued)

As of December 31, 2014, the pension trust fund had the following investments in debt securities and maturities:

	Duration					
Investment Type	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years	Duration Not Available	Total
Corporate Bonds	$ 1,468,137	$ 11,577,681	$ 9,053,511	$ 1,963,484	$ 119,361	$ 24,182,174
Foreign Government Bonds	89,521	1,834,613	3,550,670	4,865,030	-	10,339,834
Government Bonds and U.S. Treasury Notes	-	11,225,045	5,267,986	4,892,439	-	21,385,470
Other	4,590,668	11,542,936	4,541,676	507,283	47,744	21,230,307
Total	$ 6,148,326	$ 36,180,275	$ 22,413,843	$ 12,228,236	$ 167,105	$ 77,137,785

As of December 31, 2013, the pension trust fund had the following investments in debt securities and maturities:

	Duration					
Investment Type	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years	Duration Not Available	Total
Corporate Bonds	$ 938,373	$ 8,855,540	$ 6,107,850	$ 2,655,538	$ 594,321	$ 19,151,622
Foreign Government Bonds	29,615	897,088	3,941,482	6,230,706	331,897	11,430,788
Government Bonds and U.S. Treasury Notes	629,103	17,031,754	10,673,838	2,297,929	4,147,326	34,779,950
Other	1,687,480	4,296,847	487,560	1,106,227	-	7,578,114
Total	$ 3,284,571	$ 31,081,229	$ 21,210,730	$ 12,290,400	$ 5,073,544	$ 72,940,474

(3) Defined Benefit Pension Plan

The Board has a single-employer contributory retirement plan covering all full-time employees, the Pension Trust Fund (PTF). The Board's payroll for current employees covered by the PTF for the years ended December 31, 2014 and 2013 was $31,378,001 and $29,706,715, respectively; such amounts exclude overtime and standby payroll. Total payroll, including overtime and standby payroll, was $48,630,751 and $47,025,321 for the years ended December 31, 2014 and 2013, respectively. At December 31, the PTF membership consisted of:

	2014	2013
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	837	840
Current employees:		
Vested	523	531
Non-vested	393	340
	916	871
Total	1,753	1,711

The benefit provisions were established by action of the Board in 1956 in accordance with Louisiana statutes. The Board retains exclusive control over the plan through the Pension Committee of the PTF. Effective January 1, 1996, the plan became qualified under Internal Revenue Code Section 401(a) and thus is tax exempt.

The plan provides for retirement benefits as well as death and disability benefits. All benefits vest after ten years of service. Employees who retire at or after age sixty-five with ten years of credited service are entitled to an annual retirement benefit, payable biweekly for life, in an amount equal to two percent of their average compensation for each year of credited service up to ten years, increasing by (1) one-half percent per year for service years over ten years, (2) an additional one-half percent per year for service years over twenty years and (3) an additional one percent per year for service years over thirty years, for a maximum of four percent for each year of credited service. Average compensation is the average annual earned compensation (prior to 2002, less $1,200) for the period of thirty-six successive months of service during which the employee's compensation was the highest. Employees with thirty years or more of credited service may retire without a reduction in benefits. Employees may retire prior to age sixty-two without thirty years of service with a reduction in benefits of three percent for each year of age below the age of sixty-two. If an employee leaves covered employment or dies before three years of credited service, the accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary.

The retirement allowance for retirees over age sixty-two is subject to a cost of living adjustment each January 1, provided that the member retired on or after January 1, 1984. The adjustment is based on the increase in the Consumer Price Index for all urban wage earners published by the U.S. Department of Labor, but is limited to an annual maximum of two percent on the first $10,000 of initial retirement benefits.

(3) Defined Benefit Pension Plan (continued)

Effective September 23, 1993, employers may transfer credit between the Board's plan and the City of New Orleans' retirement system with full credit for vested service. The Board and its employees are obligated under plan provisions to make all required contributions to the plan. The required contributions are actuarially determined. Level percentage of payroll employer contribution rates is determined using the entry age normal actuarial funding method. Employees are required to contribute four percent of their regular salaries or wages.

A separate report on the pension trust fund is not issued.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the entry age normal cost method. Under the entry age normal cost method, the normal cost of the plan is designed to be a level percentage of payroll, calculated on an aggregate basis, spread over the entire working lifetime of the participants. The future working lifetime is determined from each participant's hypothetical entry age into the plan assuming the plan had always been in existence, to his expected retirement date. The actuarial accrued liability is the amount of total liability not covered by future entry age normal costs. This amount is composed of the actuarial value of benefits already funded (assets) and those not yet funded (unfunded actuarial liability). The amortization basis for amortizing the remaining unfunded actuarial liability is a level dollar amortization for an open ten year amortization period effective on each valuation date. At December 31, 2014 and 2013, the actuarially computed pension liability was unfunded by $68,269,305 and $62,379,320, respectively. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increase of 5.0% per year. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of assets was determined using a seven-year weighted market average.

The Board's net pension activity for the years ended December 31 was as follows:

	2014	2013
Annual required contribution	$ 11,171,823	$ 11,086,546
Interest on net pension obligation	1,031,629	778,672
Adjustments to annual required contribution	(3,702,838)	(1,612,158)
Annual pension cost	8,500,614	10,253,060
Employer contributions made	(6,055,890)	(5,946,614)
Increase in net pension liability	2,444,724	4,306,446
Net pension liability, beginning of year	15,430,336	11,123,890
Net pension obligation, end of year	$ 17,875,060	$ 15,430,336

(3) Defined Benefit Pension Plan (continued)

Trend information for Board and employee contributions is as follows:

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Liability) Asset
Fiscal year ending:			
December 31, 2014	$ 8,500,614	71%	$ (17,875,060)
December 31, 2013	$ 10,253,060	58%	$ (15,430,336)
December 31, 2012	$ 8,523,216	59%	$ (11,123,890)

The actuarially determined contribution requirement for the Board was 35.604% and 34.988% for 2014 and 2013. The contribution requirement for employees for the years ended December 31, 2014 and 2013 is 5.0%. The employee contribution rate increased to 6.0% effective January 1, 2015. The actual Board's and employees' contributions (including contributions for transferred employees from other pension plans) for the years ended December 31 were as follows:

	2014	2013
Employer and other transfers	$ 8,057,112	$ 7,011,779
Employee	1,535,723	1,465,774
Total contributions	$ 9,592,835	$ 8,477,553

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2014 and 2013, respectively, is based on the most recent actuarial valuation as follows:

Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability-(UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2014	$223,689,647	$291,958,952	$ 68,269,305	76.62%	$ 31,378,001	217.57%
2013	$226,423,894	$288,803,214	$ 62,379,320	78.40%	$ 29,706,715	209.98%

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

(3) Defined Benefit Pension Plan (continued)

DROP

Beginning in 1996, the Board offered employees a "Deferred Retirement Option Plan" (DROP), an optional retirement program which allows an employee to elect to freeze his or her retirement benefits, but continue to work and draw a salary for a minimum period of one year to a maximum period of five years. While continuing employment, the retirement benefits are segregated from overall plan assets available to other participants. As of December 31, 2014 and 2013, 129 and 134 employees, respectively, participated in the plan. The amount of plan assets segregated for these individuals was $13,364,160 and $13,327,265 as of December 31, 2014 and 2013, respectively.

GASB Statement No. 67 Disclosures

Net Pension Liability of the Board

The components of the net pension liability of the Board calculated in accordance with GASB Statement No. 67 as of December 31, 2014 and 2013 are as follows:

	2014	2013
Total pension liability	$ 296,244,723	$ 290,919,481
PTF fiduciary net position	236,556,671	234,358,565
Net pension liability	$ 59,688,052	$ 56,560,916
Pension trust fund fiduciary net position as a percentage of the total pension liability	79.85%	80.56%

The PTF's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2014 and 2013, using the following actuarial assumptions:

	2014	2013
Investment rate of return	7.00%	7.00%
Inflation	2.50%	2.50%
Salary increases including inflation	5.00%	5.00%

(3) Defined Benefit Pension Plan (continued)

GASB Statement No. 67 Disclosures (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are development for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension trust fund's current and expected asset allocation as of December 31, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equities	8.5%
Fixed Income	6.5%
Alternative	7.0%
Cash and Equivalents	–

Discount Rate

The discount rate used to measure the total pension liability was 7% for the 2014 and 2013 plan years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that the plan's contributions will be made at rates equal to the difference between actuarially determined contribution rate sand the member rate. Based on those assumptions, the PTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(3) Defined Benefit Pension Plan (continued)

GASB Statement No. 67 Disclosures (continued)

Investment Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2014, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expenses, was 4.87% for 2014.

Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following presents the net pension liability of the Board as of December 31, 2014, calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate.

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
Total pension liability	$ 322,684,321	$ 296,244,723	$ 271,393,249
Fiduciary net position	236,556,671	236,556,671	236,556,671
Net pension liability	86,127,650	59,688,052	34,836,578

(4) Property, Plant and Equipment

The useful lives of property, plant and equipment consisted of the following:

Power and pumping stations - buildings	57 years
Power and pumping stations - machinery	40 years
Distribution systems	75 years
Sewerage collection	75 years
Canals and subsurface drains	75 to 100 years
Treatment plants	50 years
Connections and meters	50 years
Power transmission	50 years
General plant	12 years
General buildings	25 years

(4) Property, Plant and Equipment (continued)

Property, plant and equipment consisted of the following as of December 31:

	2014			
	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Cost				
Real estate rights, non depreciable	$ 13,354,233	$ 221,025	$ -	$ 13,575,258
Power and pumping stations - buildings	366,990,744	1,685,888	-	368,676,632
Power and pumping stations - machinery	300,051,510	2,352,463	-	302,403,973
Distribution systems	228,861,614	689,376	(1,727,912)	227,823,078
Sewerage collection	455,438,197	-	(2,579,838)	452,858,359
Canals and subsurface drainage	391,473,632	160,455,144	-	551,928,776
Treatment plants	194,886,446	-	-	194,886,446
Connections and meters	94,299,195	1,001	(161,573)	94,138,623
Power transmission	28,187,555	-	-	28,187,555
General plant	265,264,618	3,202,646	(195,659)	268,271,605
General buildings	7,586,547	-	(364,933)	7,221,614
Total property, plant, and equipment in service	2,346,394,291	168,607,543	(5,029,915)	2,509,971,919
Construction in progress	545,026,014	262,677,000	(168,607,544)	639,095,470
Total property, plant and equipment	2,891,420,305	431,284,543	(173,637,459)	3,149,067,389
Accumulated Depreciation				
Power and pumping stations - buildings	125,713,978	6,531,409	-	132,245,387
Power and pumping stations - machinery	153,632,670	7,558,819	-	161,191,489
Distribution systems	48,725,329	3,030,047	(1,727,912)	50,027,464
Sewerage collection	47,655,402	6,023,016	(2,579,838)	51,098,580
Canals and subsurface drainage	73,829,280	5,824,180	-	79,653,460
Treatment plants	60,713,747	3,897,729	-	64,611,476
Connections and meters	32,925,379	1,882,772	(161,573)	34,646,578
Power transmission	14,486,916	563,751	-	15,050,667
General plant	219,098,926	14,549,948	(195,659)	233,453,215
General buildings	6,800,927	653,798	(364,933)	7,089,792
Total accumulated depreciation	783,582,554	50,515,469	(5,029,915)	829,068,108
Net property, plant and equipment	$ 2,107,837,751	$ 380,769,074	$ (168,607,544)	$ 2,319,999,281

(4) Property, Plant and Equipment (continued)

	2013			
	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Cost				
Real estate rights, non depreciable	$ 13,354,233	$ -	$ -	$ 13,354,233
Power and pumping stations - buildings	366,990,744	-	-	366,990,744
Power and pumping stations - machinery	297,641,612	2,409,898	-	300,051,510
Distribution systems	222,536,901	7,540,656	(1,215,943)	228,861,614
Sewerage collection	455,694,460	1,609,364	(1,865,627)	455,438,197
Canals and subsurface drainage	386,968,482	4,505,150	-	391,473,632
Treatment plants	194,704,036	182,410	-	194,886,446
Connections and meters	94,136,184	-	163,011	94,299,195
Power transmission	28,187,555	-	-	28,187,555
General plant	265,334,126	-	(69,508)	265,264,618
General buildings	7,586,547	-	-	7,586,547
Total property, plant, and equipment in service	2,333,134,880	16,247,478	(2,988,067)	2,346,394,291
Construction in progress	378,319,397	182,953,094	(16,246,477)	545,026,014
Total property, plant and equipment	2,711,454,277	199,200,572	(19,234,544)	2,891,420,305
Accumulated Depreciation				
Power and pumping stations - buildings	121,817,090	3,896,888	-	125,713,978
Power and pumping stations - machinery	146,132,663	7,500,007	-	153,632,670
Distribution systems	46,897,413	3,043,859	(1,215,943)	48,725,329
Sewerage collection	43,463,701	6,057,328	(1,865,627)	47,655,402
Canals and subsurface drainage	70,058,917	3,770,363	-	73,829,280
Treatment plants	56,816,018	3,897,729	-	60,713,747
Connections and meters	30,876,384	1,885,984	163,011	32,925,379
Power transmission	13,923,165	563,751	-	14,486,916
General plant	206,439,538	12,728,896	(69,508)	219,098,926
General buildings	6,497,465	303,462	-	6,800,927
Total accumulated depreciation	742,922,354	43,648,267	(2,988,067)	783,582,554
Net property, plant and equipment	$ 1,968,531,923	$ 155,552,305	$ (16,246,477)	$ 2,107,837,751

(4) Property, Plant and Equipment (continued)

Interest capitalized was as follows for the years ended December 31:

	2014	2013
Interest income	$ 684,259	$ 27,354
Interest expense	(13,730,951)	(12,460,047)
Net interest capitalized	$ (13,046,692)	$ (12,432,693)

(5) Customer Receivables

Customer receivables as of December 31 consist of the following:

		Customer Accounts	Allowance for Doubtful Accounts	Net
2014	Water	$ 12,691,550	$ 4,057,981	$ 8,633,569
	Sewer	11,060,721	3,343,009	7,717,712
		$ 23,752,271	$ 7,400,990	$ 16,351,281
2013	Water	$ 11,338,749	$ 4,015,056	$ 7,323,693
	Sewer	9,720,593	3,100,015	6,620,578
		$ 21,059,342	$ 7,115,071	$ 13,944,271

(6) Changes in Long-term Obligations

(A) Bonds Payable

Bonds payable consisted of the following as of December 31:

	Principal Balances	
	2014	2013
5.00% to 6.25% sewerage revenue bonds, series 1997 (initial average interest cost 5.36%), due in annual principal installments ranging from $1,100,000 to $2,425,000; final payment due June 1, 2017 (Refunded in 2014)	$ -	$ 8,935,000
4.125% to 6.125% water revenue bonds, series 1998 (initial average interest cost 4.82%), due in annual principal installments ranging from $625,000 to $1,220,000; final payment due December 1, 2018 (Refunded in 2014)	-	5,570,000
4.125% to 6.000% sewerage revenue bonds, series 1998 (initial average interest cost 4.82%), due in annual principal installments ranging from $950,000 to $1,910,000; final payment due June 1, 2018 (Refunded in 2014)	-	8,705,000
4.10% to 6.10% drainage system bonds, series 1998 (initial average interest cost 4.84%), due in annual principal installments ranging from $370,000 to $760,000; final payment due December 1, 2018 (Refunded in 2014)	-	3,445,000
5.25% to 6.50% sewerage revenue bonds, series 2000 (initial average interest cost 5.48%), due in annual principal installments ranging from $820,000 to $2,205,000; final payment due June 1, 2020 (Refunded in 2014)	-	13,040,000
5.00% to 7.00% sewer revenue bonds, series 2000B (initial average interest cost 5.43%), due in annual principal installments ranging from $640,000 to $1,660,000; final payment due June 1, 2020 (Refunded in 2014)	-	9,875,000
4.40% to 6.70% sewer revenue bonds, series 2001 (initial average interest cost 5.02%), due in annual principal installments ranging from $1,100,000 to $2,455,000; final payment due June 1, 2021 (Refunded in 2014)	-	16,685,000
3.00% to 5.00% sewerage service revenue bonds, series 2002 (initial average interest cost 4.36%; due in annual principal installments ranging from $1,635,000 to $4,520,000; final payment due June 1, 2022. (Refunded in 2014)	-	33,160,000

(6) Changes in Long-term Obligations (continued)

(A) Bonds Payable (continued)

	Principal Balances 2014	2013
3.00% to 5.00% water revenue bonds, series 2002 (initial average interest cost 4.57%, due in annual principal installments ranging from $945,000 to $3,658,000. (Refunded in 2014)	$ -	$ 22,085,000
3.45% to 6.00% drainage system bonds, series 2002 (initial average interest cost 4.46%), due in annual principal installments ranging from $510,000 to $2,155,000. (Refunded in 2014)	-	12,760,000
2.20% to 5.00% sewerage service revenue bonds, series 2003 (initial average interest cost 3.94%); due in annual principal installments ranging from $140,000 to $395,000. (Refunded in 2014)	-	3,270,000
3.25% to 6.00% sewerage service revenue bonds, series 2004 (initial average interest cost 4.26%); due in annual principal installments ranging from $945,000 to $3,685,000. (Refunded in 2014)	-	21,400,000
3.40% to 6.25% sewerage service revenue refunding bonds, series 2009 (initial average interest cost 6.68%); due in annual principal installments ranging from $680,000 to $1,945,000; (Refunded in 2014)	-	20,495,000
2.95% LADHH Loan Revenue bonds, series 2010B; due in certain percentage of total drawdown.	-	3,865
0.45% sewerage service subordinate revenue bonds, series 2011 (initial average interest cost 0.95%); due in annual principal installments ranging from $411,000 to $491,000; final payment due December 1, 2032.	8,174,000	8,420,403
2.00% to 4.00% drainage system bonds, series 2014 (initial average interest cost 1.88%); due in annual principal installments ranging from $535,000 to $2,000,000; final payment due December 1, 2022.	14,365,000	-
2.00% to 5.00% sewerage service revenue bonds (initial average interest cost 3.86%); series 2014, due in annual principal installments ranging from $1,970,000 to $12,970,000; final payment due June 1, 2044.	158,990,000	-
5.00% water revenue bonds, series 2014 initial average interest cost 4.43%); due in annual principal installments ranging from $325,000 to $6,225,000; final payment due December 1, 2044.	103,525,000	-
	285,054,000	187,849,268
Less: bond discount	-	(230,636)
Plus: bond premiums	21,884,904	782,362
Total	306,938,904	188,400,994
Less: current maturities	(13,259,000)	(18,145,000)
Bond payable, long-term	$ 293,679,904	$ 170,255,994

(6) Changes in Long-term Obligations (continued)

(A) Bonds Payable (continued)

The changes in long-term debt were as follows:

	2014	2013
Balance, beginning of year	$ 187,849,268	$ 205,775,141
Payments	(14,809,418)	(19,358,003)
Refunded	(165,730,000)	-
Proceeds	277,744,150	1,432,130
Balance, end of year	$ 285,054,000	$ 187,849,268

The annual requirements to amortize bonds payable as of December 31, 2014, are as follows:

Year	Principal	Interest	Total
2015	$ 13,259,000	$ 12,855,149	$ 26,114,149
2016	14,827,000	12,490,114	27,317,114
2017	17,627,000	11,866,115	29,493,115
2018	16,761,000	11,064,118	27,825,118
2019	16,125,000	10,284,379	26,406,379
2020-2024	57,721,000	41,503,721	99,224,721
2025-2029	26,834,000	33,178,029	60,012,029
2030-2034	32,336,403	26,550,666	58,887,069
2035-2039	39,270,000	18,186,000	57,456,000
2040-2044	50,293,597	7,217,750	57,511,347
	$ 285,054,000	$ 185,196,041	$ 470,250,041

The amount of revenue bonds and tax bonds payable as of December 31, 2014, are as follows:

Year	Revenue Bonds	Tax Bonds	Total
2015	$ 11,644,000	$ 1,615,000	$ 13,259,000
2016	13,177,000	1,650,000	14,827,000
2017	15,937,000	1,690,000	17,627,000
2018	15,016,000	1,745,000	16,761,000
2019	14,310,000	1,815,000	16,125,000
2020-2024	51,871,000	5,850,000	57,721,000
2025-2029	26,834,000	-	26,834,000
2030-2034	32,336,403	-	32,336,403
2035-2039	39,270,000	-	39,270,000
2040-2044	50,293,597	-	50,293,597
	$ 270,689,000	$ 14,365,000	$ 285,054,000

(6) Changes in Long-term Obligations (continued)

(A) Bonds Payable (continued)

The indentures under which these bonds were issued provide for the establishment of restricted funds for debt service as follows:

1. Debt service funds are required for the payment of interest and principal on the revenue and tax bonds. Monthly deposits on revenue bonds, excluding bond anticipation notes, are required to be made into this fund from operations in an amount equal to 1/6 of the interest falling due on the next interest payment date, and an amount equal to 1/12 of the principal falling due on the next principal payment date. All debt service funds are administered by the Board of Liquidation. The required amount to be accumulated in this fund was $12,439,178 and $9,135,509 at December 31, 2014 and 2013, respectively; the accumulated balance at December 31, 2014 and 2013 was $12,439,178 and $13,105,720 respectively. Monthly deposits to the debt service funds were temporarily suspended due to debt service payments being paid directly by the State of Louisiana through a Cooperative Endeavor Agreement and resumed as of June 2008. See note (6) (D) for additional information.

2. A debt service reserve is required for an amount equal to but not less than fifty percent of the amount required to be credited in said month to the debt service fund until there shall be accumulated in the debt service reserve account the largest amount required in any future calendar year to pay the principal and interest on outstanding bonds, except for the water and sewer bonds. The water bonds require an amount equal to the largest amount required in any future calendar year to pay the principal of and interest on outstanding bonds. There is no debt service reserve required for the 1998 and 2002 drainage 9 mill tax bonds. The sewer bonds require an amount equal to 125% of average aggregate debt service. The amounts required to be accumulated in this fund were $18,407,782 and $15,120,930 at December 31, 2014 and 2013 respectively; the accumulated balance at December 31, 2014 and 2013 was $18,407,782 and $20,092,504, respectively.

The Board was in compliance with the requirements of its long-term debt agreements for the Water Department and Sewer Department for the years ended December 31, 2014 and 2013.

(B) Special Community Disaster Loan Payable

During January 2006, the Board entered into a long-term agreement with the Federal Emergency Management Agency under the Community Disaster Loan Act of 2005 as a result of the major disaster declaration of August 29, 2005 for Hurricane Katrina. The interest rate was the latest five-year Treasury rate at the time of the closing date of the loan, plus one percent. Simple interest accrued from the date of each disbursement. Payments of principal and interest were deferred for five years. In 2010, the Board was granted a partial forgiveness of this loan in the amount of $36,790,000 of principal and $4,894,621 of accrued interest. In addition, the Board was granted a 5 year extension on the payment date. In 2013, the Board was granted forgiveness of the remaining outstanding balance of $25,166,747 of principal and $4,894,621 of accrued interest.

(6) Changes in Long-term Obligations (continued)

(C) LADHH Bonds Series 2010

The Board, in conjunction with the City, entered into an agreement with the Louisiana Department of Health and Hospitals (the Department) whereby the Department has committed to loan the City up to $3,400,000 to fund the installation of a new sodium hypochlorite storage and feed facility as well as the installation of a new sludge line into the Mississippi River (Project). The loan is to be advanced in incremental amounts as project costs are incurred. The indebtedness to the Department will be evidenced through the LADHH bonds payable and the Board will pay the bonds in 20 principal installments, payable annually beginning no later than 2 years after the Closing Date (February 1, 2010) or 1 year after the completion of the Project. Each annual installment due is based upon a pre-determined percentage of the ultimate amount of the borrowing that is not forgivable (see forgiveness provisions in the following paragraph). Principal payments of the amount repayable began February 1, 2011. Interest on the bonds is incurred at the rate of 2.95% and payment thereof began August 1, 2010 and is due semi-annually thereafter. The Project was completed in 2013, and the amount of advances totaled $3,346,418. A portion of the LADHH bonds payable was funded with amounts provided under the American Recovery and Reinvestment Act (ARRA) and $1,000,000 of the ARRA Loan was available to be forgiven. As of December 31, 2014, of the $3,346,418 of advances, $1,000,000 has been forgiven, $800,000 was granted, and the remaining balance of $1,546,418 was paid in full during 2014.

(D) Sewerage Service Subordinate Revenue Bonds, Series 2011

The City entered into an agreement with the Louisiana Department of Environmental Quality (LDEQ) whereby the LDEQ has committed to loan the Board $9,000,000 to fund sewer main replacements, point repairs, replacement of associated service connections and laterals, sewer line rehabilitation by cured in-place pipe lining and manhole rehabilitation. The loan is to be advanced in incremental amounts as project costs are incurred. The indebtedness to the LDEQ will be evidenced through the Sewerage Service Subordinate Revenue Bonds, Series 2011. Annual principal payments are due beginning November 1, 2013 and continuing through November 1, 2032. Interest on the bonds is incurred at the rate of 0.45%, and the LDEQ administrative fee rate is 0.5%. Interest and administrative fee payments began on May 1, 2012 and are due semi-annually thereafter. As of December 31, 2014 and 2013, $8,174,000 and $8,420,403 is recorded as bonds payable, respectively.

(E) Series 2014 Bonds

During 2014, the Board refunded the Series 1997, 1998, 2000, 2000B, 2001, 2002, 2003, 2004, and 2009 Sewerage bonds. The Board issued $158,990,000 in Series 2014 Sewerage Service Revenue and Refunding Bonds with a final maturity of June 1, 2044. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the sewerage bonds in the amount of $121,870,000. By refunding these bonds, the Board estimated $20,696,313 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately $18,397,306. The cost of issuance of the Series 2014 Sewerage Bonds totaled $1,345,380 and the deferred loss on refunding was $4,708,925. Bond proceeds of $47,300,000 were restricted for capital projects. The outstanding balance on defeased Sewerage bonds is $19,695,000 as of December 31, 2014.

(6) Changes in Long-term Obligations (continued)

(E) Series 2014 Bonds (continued)

During 2014, the Board refunded the Series 1998 and 2002 Water Bonds. The Board issued $103,525,000 in Series 2014 Water Revenue and Refunding Bonds with a final maturity of December 1, 2044. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the Water Bonds in the amount of $27,655,000. By refunding these bonds, the Board estimated $1,359,352 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately $2,738,262. The cost of issuance of the Series 2014 Water Bonds totaled $1,040,131 and the deferred loss on refunding was $34,901. Bond proceeds of $77,000,000 were restricted for capital projects.

During 2014, the Board refunded the Series 1998 and 2002 Drainage Bonds. The Board issued $14,900,000 in Series 2014 Drainage Refunding Bonds with a final maturity of December 1, 2022. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the Drainage Bonds in the amount of $16,205,000. By refunding these bonds, the Board estimated $2,968,676 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately $2,846,558. The cost of issuance of the Series 2014 Drainage Refunding Bonds totaled $263,828 and the deferred loss on refunding was $347,533

(F) Debt Service Assistance

In July 2006, the Board and the State of Louisiana (the State) entered into a Cooperative Endeavor Agreement whereby the State agreed to lend up to $77,465,247 from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2005 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006, to assist in payment of debt service requirements from 2006 through 2008 due to disruption of tax bases and revenue streams caused by Hurricanes Katrina and Rita. Draw downs on the loan will be made as debt service payments become due. No principal or interest shall be payable during the initial five year period of the loan. After the expiration of the initial five year period, the loan shall bear interest at a fixed rate of 4.64 percent. Principal payments on the bonds began in July 2012 and the loan will mature in July 2026. Interest is payable semi-annually on January 15 and July 15 beginning January 2012. The loan may be prepaid without penalty or premium.

As of December 31, 2014, debt service requirements relating to the bond are as follows:

Years Ending December 31	Principal	Interest	Total
2015	$ 4,225,892	$ 3,150,480	$ 7,376,372
2016	4,421,973	2,860,705	7,282,678
2017	4,627,153	2,655,526	7,282,679
2018	4,841,852	2,440,826	7,282,678
2019	5,066,514	2,216,164	7,282,678
2020-2024	29,084,760	7,328,632	36,413,392
2025-2026	13,610,887	954,477	14,565,364
	$ 65,879,031	$ 21,606,810	$ 87,485,841

(6) Changes in Long-term Obligations (continued)

(G) Southeast Louisiana Project

In 2010, the Coastal Protection and Restoration Authority of Louisiana entered into agreements (SELA PPA and SELA DPA) with the Department of the Army for the Southeast Louisiana, Louisiana Project in Jefferson and Orleans Parishes (the Project). The purpose of the Project is to provide flood damage reduction and interior drainage for Orleans and Jefferson Parishes in southeast Louisiana. The agreements set forth the obligations of the federal government and non-federal sponsors, including the Board, regarding the construction and the operation, maintenance, repair, rehabilitation, and replacement of the Project. For the projects, the federal government is responsible for 65% of the project costs and the non-federal sponsors are responsible for the remaining 35%. Under the agreement, the Department of the Army, subject to the availability of funds appropriated by the Congress of the United States, shall design and construct specified work at 100% federal expense. The Board will be allowed to defer payment of its required non-federal contribution of funds of 35% and to pay said contribution of funds with interest over a period of not more than 30 years from the date of completion of the project or separable element of the project. The interest rate to be used in computing the interest shall be determined by the Secretary of the Treasury, taking into consideration average market yields on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the payment period during the month preceding the Government fiscal year in which the first federal construction contract for such separable element is awarded to the SELA PPA, plus a premium of one-eighth of one percentage point for transaction costs. The amount due as of December 31, 2014 and 2013 is $66,655,976 and $29,391,071, respectively.

(7) Due to City of New Orleans

The Board bills and collects sanitation charges on behalf of the City of New Orleans (the City). The Board is not liable for any uncollected sanitation charges.

Additionally, amounts included in accounts payable due to the City were $11,341,072 and $12,967,655 at December 31, 2014 and 2013, respectively.

(8) Property Taxes

Property taxes are levied by the City of New Orleans. Taxes on real and personal property attach as an enforceable lien on the property as of January 1. Taxes are levied on January 1, payable on January 1, and delinquent on February 1.

The assessed value of the property is determined by an elected Assessor. The assessed value for 2014 and 2013 was $3,203,030,659 and $3,088,964,621, respectively. The combined tax rate dedicated for the Board for the years ended December 31, 2014 and 2013 was $16.43 per $1,000 of assessed valuation. These dedicated funds are available for operations, maintenance, construction and extension of the drainage system (except for subsurface systems).

(9) Commitments

(A) Capital Improvements

At December 31, 2014, the Board's budget for its ten year capital improvements program totaled $2,623,599,000 including $1,071,251,000 for water, $667,379,000 for sewerage and $884,969,000 for drainage.

Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2014, the Board has committed or appropriated $22,249,657 in cash and cash equivalents for use in future capital projects and has $93,402,475 of cash and cash equivalents restricted for future capital projects.

The capital improvements budget for 2014 is $393,989,000 including $293,177,000 for projects, which are expected to be funded by federal grants and programs. Significant projects included in property, plant and equipment in progress as of December 31, 2014 include the following:

Hurricane Katrina related Repairs and Replacements
Southeast Louisiana Flood Control Program
Sewer System Sanitation Evaluation and Rehabilitation Program
Eastbank Sewer Treatment Plant
Westbank Sewer Treatment Plant
Wetlands Assimilation Project
Hazard Mitigation Grant Program

(B) Self-insurance

The Board is self-insured for general liability, workers' compensation, and hospitalization benefits and claims. Settled claims have not exceeded excess coverage in any of the past three fiscal years. Hospitalization benefits are charged to payroll related expense.

General liability claims are segregated internally by "claims" and "suits" depending on the scope and type of claim, and are handled by the Office of the Special Counsel and Administrative Services. Individual general liability losses have ranged from $100 to $7,500,000, illustrating the volatility of this exposure. The claims expense provision for 2014 and 2013 amounted to $839,671 and $324,326, respectively.

Worker's compensation expense provision for 2014 and 2013 amounted to $697,183 and $2,249,578, respectively.

The hospitalization self-insurance benefits are administered by Blue Cross of Louisiana. The Board's expense provision in excess of employee contributions for 2014 and 2013 was $13,949,825 and $14,238,353, respectively, and is included in payroll related expenses.

(9) Commitments (continued)

(B) Self-insurance (continued)

Changes in the claims payable amount are as follows (health payments are reflected net):

Fiscal Year	Beginning of Year	Current Year Claims and Estimate Change	Claim Payments	End of Year
2014	$ 12,914,401	$ 14,989,093	$ (15,089,301)	$ 12,814,193
2013	$ 13,211,184	$ 16,140,604	$ (16,437,387)	$ 12,914,401

The composition of claims payable is as follows:

	2014	2013
Short-term:		
Workers' compensation	$ 1,041,926	$ 1,709,247
Health insurance	1,977,501	2,327,499
General liability	7,200,612	6,964,048
Total short-term	10,220,039	11,000,794
Long-term:		
Workers' compensation	2,594,154	1,913,607
Total long-term	2,594,154	1,913,607
Total	$ 12,814,193	$ 12,914,401

(C) Regulatory Matters

The Sewer System Evaluation and Rehabilitation Program (SSERP) was initially estimated to cost the Board $408.2 million by the original Consent Decree with an end date of 2015. However, the Board has negotiated, and continues to negotiate with U.S. Environmental Protection Agency (EPA), extensions beyond the original Consent Decree deadline. Consequently, the original Consent Decree has been modified to currently provide an end date of October 2019.

The Board is also participating in Federal financial award programs which are subject to financial and compliance audits by various agencies. No disallowed costs have been identified. As part of Federal and other governmental agency funding, the Board is required to match a portion of funding received. The Board believes it has sufficient funds to meet its matching requirements.

(9) Commitments (continued)

(D) Post-employment Healthcare Benefits

Plan Description – The Board's postemployment benefit plan is a single-employer defined benefit plan. The Board's post-employment medical benefits for retirees are provided through a self-insured medical plan and are made available to employees upon actual retirement.

The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 62 and 10 years of service; age 65 and 5 years of service; age 70 regardless of service; or, if age plus service equals at least 80. Complete plan provisions are contained in the official plan documents. Currently, the Board provides post-employment medical benefits to 584 retired employees.

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

Fund Policy - Until 2007, the Board recognized the cost of providing post-employment medical benefits (the Board's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2014 and 2013, the Board's portion of health care funding cost for retired employees totaled $7,067,777 and $6,643,309 respectively. Effective January 1, 2007, the Board applies this amount toward the Net OPEB Benefit Obligation as shown in the tables on the following page.

Annual Required Contribution - The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2014	2013
Normal cost	$ 4,362,501	$ 4,245,637
30-year UAL amortization amount	10,112,297	9,961,041
Annual required contribution (ARC)	$ 14,474,798	$ 14,206,678

(9) Commitments (continued)

(D) Post-employment Healthcare Benefits (continued)

Net Post-employment Benefit Obligation - The table below shows the Board's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending December 31:

	2014	2013
Beginning Net OPEB Obligation	$ 54,778,434	$ 48,072,203
Annual required contribution	14,474,798	14,206,678
Interest on Net OPEB Obligation	2,191,138	1,922,888
ARC Adjustment	(3,167,848)	(2,780,026)
OPEB Cost	13,498,088	13,349,540
Contribution	-	-
Current year retiree premium	(7,067,777)	(6,643,309)
Change in Net OPEB Obligation	6,430,311	6,706,231
Ending Net OPEB Obligation	$ 61,208,745	$ 54,778,434

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
December 31, 2014	$ 13,398,088	52.75%	$ 61,208,745
December 31, 2013	$ 13,349,540	46.80%	$ 54,778,434
December 31, 2012	$ 13,702,892	44.95%	$ 48,072,203

Funded Status and Funding Progress - In 2014 and 2013, the Board made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. As of January 1, 2014, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was $174,861,846 which is defined as that portion, as determined by a particular actuarial cost method (the Board uses the Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

(9) Commitments (continued)

(D) Postemployment Healthcare Benefits (continued)

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

	2014	2013
Actuarial Accrued Liability (AAL)	$ 174,861,486	$ 172,246,761
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	$ 174,861,486	$ 172,246,761
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	$ 36,051,903	$ 35,435,285
UAAL as a percentage of covered payroll	485.03%	486.09%

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

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

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

Actuarial Value of Plan Assets – Since the OPEB obligation has not as yet been funded, there are not any plan assets. It is anticipated that in future valuations, should funding take place, plan assets will be valued using a smoothed market value method consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

(9) Commitments (continued)

(D) Postemployment Healthcare Benefits (continued)

Turnover Rate - An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 8%. In addition to age related turnover, it has additionally been assumed that 10% of future eligible retirees will decline coverage upon retirement.

Post-employment Benefit Plan Eligibility Requirements - It is assumed that entitlement to benefits will commence five years after earliest eligibility for retirement (D.R.O.P. entry). The five years is to accommodate the anticipated period of the D.R.O.P. Also, if the initial eligibility for D.R.O.P. entry is prior to age 55, an additional one year delay has been assumed, and it has been assumed that members eligible for the "Rule of 80" retirement formula delay three years beyond that earliest retirement date. Medical benefits are provided to employees upon actual retirement. The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 62 and 10 years of service; age 65 and 5 years of service; age 70 regardless of service; or, if age plus service equals at least 80. Entitlement to benefits continues through Medicare to death.

Investment Return Assumption (Discount Rate) - GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

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

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

Method of Determining the Value of Benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The current premium schedules for active and retired are "unblended" rates, as required by GASB 45.

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

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

(9) Commitments (continued)

(D) Postemployment Healthcare Benefits (continued)

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

(10) Deferred Compensation Plan

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property, and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the employees, therefore the assets of the plan are not included in these financial statements.

(11) Budgets

Operating and capital expenditure budgets are adopted by the Board on a basis consistent with accounting principles generally accepted in the United States. While not legally required, this budgetary information is employed as a management control device during the year. Comparison between actual and budgeted expenses is not a required presentation for an Enterprise Fund.

(12) Segment Information

The Board issued revenue bonds to finance its water and sewerage departments which operate the Board's water and sewerage treatment plants and distribution and collection systems. These bonds are accounted for in a single fund; however, investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

(12) Segment Information (continued)

Summary financial information for these departments as of and for the years ended December 31 is as follows:

Condensed Statements of Net Position

	Water		Sewer	
	2014	2013	2014	2013
	(amounts in thousands)			
Assets:				
Current unrestricted assets	$ 44,717	$ 36,938	$ 66,911	$ 35,258
Restricted assets	69,308	8,655	51,655	29,044
Other assets	10,725	10,129	18	18
Property, plant and equipment	396,814	367,104	911,008	864,435
Total assets	521,564	422,826	1,029,592	928,755
Deferred outflows of resources	32	-	3,931	-
Total assets and deferred outflows	$ 521,596	$ 422,826	$ 1,033,523	$ 928,755
Liabilities:				
Current	$ 42,942	$ 38,975	$ 31,206	$ 35,564
Current liabilities payable from restricted assets	3,903	3,036	21,041	16,305
Noncurrent liabilities	156,915	67,546	248,709	210,219
Total liabilities	203,760	109,557	300,956	262,088
Net position:				
Net investment in capital assets	$ 285,590	$ 339,297	$ 730,163	$ 720,049
Restricted	58,690	5,292	40,510	28,023
Unrestricted	(26,444)	(31,320)	(38,106)	(81,405)
Total net position	317,836	313,269	732,567	666,667
Total liabilities and net position	$ 521,596	$ 422,826	$ 1,033,523	$ 928,755

(12) Segment Information (continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Water		Sewer	
	2014	2013	2014	2013
	(amounts in thousands)			
Service charges, pledged against bonds	$ 73,999	$ 67,974	$ 87,799	$ 79,623
Depreciation expense	(18,845)	(16,162)	(15,006)	(13,390)
Other operating expenses	(69,717)	(65,243)	(48,268)	(46,202)
Operating income (loss)	(14,563)	(13,431)	24,525	20,031
Nonoperating revenues (expenses):				
Investment earnings	350	84	257	177
Forgiveness of Community Disaster Loan	-	30,061	-	-
Bond issuance costs	(1,040)	-	(1,345)	-
Other	(128)	1,830	701	280
Total nonoperating revenues (expenses)	(818)	31,975	(387)	457
Capital contributions	19,948	37,805	41,762	34,959
Change in net position	4,567	56,349	65,900	55,447
Beginning net position	313,269	256,920	666,667	611,220
Ending net position	$ 317,836	$ 313,269	$ 732,567	$ 666,667

Condensed Statements of Cash Flows

	Water		Sewer	
	2014	2013	2014	2013
	(amounts in thousands)			
Net cash provided by (used in):				
Operating activities	$ 7,235	$ 6,159	$ 30,938	$ 33,614
Noncapital financing activities	255	3,990	701	694
Capital and related financing activities	43,978	2,497	(5,724)	(37,763)
Investing activities	647	61	(26)	68
Net increase (decrease)	52,115	12,707	25,889	(3,387)
Cash and cash equivalents:				
Beginning of year	43,741	31,034	52,446	55,833
End of year	$ 95,856	$ 43,741	$ 78,335	$ 52,446

(13) Natural Disaster

During the years ended, December 31, 2014 and 2013, the Board has cumulatively received approximately $330.0 million and $317.4 million, respectively, of cash reimbursements from the Federal Emergency Management Agency (FEMA). Included in accounts receivable as of December 31, 2014 and 2013 are $34,255,390 and $11,693,325, respectively, of reimbursements due from FEMA under the Disaster Grants program. Eligible FEMA grants totaling in excess of $665.7 million are in various stages of the approval process and include amounts for system repairs, building repairs, vehicle and equipment repairs and replacements, temporary power, supplies and other costs.

On June 29, 2007, the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana, City of New Orleans, Louisiana, and the Louisiana Public Facilities Authority (LPFA). The LPFA agreed to issue its bonds to provide the cash capital investment to pay for capital improvements of the City of New Orleans and the Board. The establishment of the construction fund permits the Board and City of New Orleans to publicly bid contracts that are subject to a Project Worksheet that has been obligated by FEMA or for which an award letter has been received and encumber such amounts. The State of Louisiana, City of New Orleans, and Sewerage and Water Board agree that as FEMA pays any reimbursement amounts related to projects for which disbursements have been made, or the City or the Sewerage and Water Board receives monies related to the hazard mitigation grant program for which disbursements have been made from the construction fund, the full amount of such projects shall be deposited in the construction fund and used to fund additional projects until all City of New Orleans and Sewerage and Water Board improvements are completed. The total amount made available to the Board under the agreement was $100,000,000. The agreement also permits disbursements from the construction fund for projects with a Project Worksheet that have not been obligated by FEMA, and as a result, will not be reimbursed by FEMA. The Board is not required to reimburse the construction fund for these unobligated projects. At December 31, 2014 and 2013, the Board had an outstanding obligation under the agreement of $17,895,041 and $11,693,325 included as a liability in due to other governments on the statements of net position, which represent amounts not yet reimbursed by FEMA for obligated projects and deposited back into the construction fund.

(14) New Pronouncements

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

(14) New Pronouncements (continued)

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

(15) Subsequent Event

Effective January 1, 2015, the required contribution for employees to the defined benefit plan increased from 5% to 6%.

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REQUIRED SUPPLEMENTARY INFORMATION
(GASB STATEMENTS NO. 25, NO. 67 AND NO. 45)

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SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 25
SCHEDULE OF FUNDING PROGRESS
Last Ten Years

Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL	Funded Ratio	Covered Payroll (millions)	Unfunded AAL as a Percentage of payroll
2014	$ 223,689,647	$ 291,958,952	$ 68,269,305	76.62%	31.38	217.57%
2013	226,423,894	288,803,214	62,379,320	78.40%	29.71	209.96%
2012	229,633,410	283,599,128	53,965,718	80.97%	29.07	185.64%
2011	229,137,699	285,509,317	56,371,618	80.26%	29.74	189.55%
2010	230,298,898	277,273,632	46,974,734	83.06%	29.67	158.32%
2009	228,999,660	269,506,028	40,506,368	84.97%	29.95	135.25%
2008	222,598,640	260,616,822	38,018,182	85.41%	29.47	129.01%
2007	223,583,589	245,202,189	21,618,600	91.18%	26.54	81.46%
2006	217,274,416	235,664,407	18,389,991	92.20%	25.93	70.92%
2005	209,829,340	225,544,886	15,715,546	93.03%	30.05	52.30%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
2014	$ 11,171,823	$ 6,055,890	54.21%
2013	11,086,546	5,946,614	53.64%
2012	9,127,733	6,114,997	66.99%
2011	9,815,493	5,436,700	55.39%
2010	8,385,788	5,146,081	61.37%
2009	7,591,507	5,247,031	69.12%
2008	7,146,647	4,915,512	68.78%
2007	4,598,587	3,885,124	84.49%
2006	4,073,502	3,343,713	82.08%
2005	4,702,354	3,716,381	79.03%

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 67
For the years ended December 31, 2014 and 2013

SCHEDULE OF NET PENSION LIABILITY

Actuarial Valuation Date December 31	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll (millions)	Unfunded AAL as a Percentage of payroll
2014	$ 296,244,723	$ 236,556,671	$ (59,688,052)	79.85%	$31,378,001	(0.00%)
2013	290,919,481	234,358,565	(56,560,916)	80.56%	29,706,715	(0.00%)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll Contribution	Contributions as a % of Covered Payroll
2014	$ 11,171,823	$ 6,055,890	$ 5,115,933	$ 31,378,001	19.30%
2013	11,086,546	5,946,614	5,139,932	29,706,715	20.02%
2012	9,127,658	6,287,658	2,840,000	29,074,529	21.63%
2011	9,815,606	5,564,936	4,250,670	29,774,937	18.69%
2010	8,358,739	5,140,096	3,218,643	29,670,378	17.32%
2009	7,591,495	5,188,175	2,403,320	39,947,906	12.99%
2008	7,146,527	5,104,789	2,041,738	29,466,571	17.32%
2007	4,598,587	4,169,892	428,695	26,544,603	15.71%
2006	4,073,593	4,057,774	15,819	25,931,584	15.65%
2005	4,702,354	4,255,498	446,856	30,050,827	14.16%

Note to schedule: *Method and assumptions used in calculations of actuarially determined contributions* The actuarially determined contribution rates in the schedule of employer contributions are calculated as of December 31, 2014. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	10 years
Asset valuation method	7-year weighted market average
Inflation	2.5%
Salary increases	5.0%, average, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

SCHEDULE OF INVESTMENT RETURNS

Year Ended	Net Money-Weighted Rate of Return
2014	4.87%

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 67, Continued
For the year ended December 31, 2014

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

Total Pension Liability	
Service cost	$ 3,417,599
Interest on total pension liability	20,364,364
Effect of plan changes	-
Effect of economic/demographic gains or (losses)	(1,721,210)
Effect of assumption changes or inputs	-
Benefit payments	(16,735,511)
Net change in total pension liability	5,325,242
Total pension liability, beginning	290,919,481
Total pension liability, ending (a)	$ 296,244,723
Plan Fiduciary Net Position	
Employer contributions	$ 6,055,890
Employee contributions	1,535,723
Investment income net of investment expenses	11,342,004
Benefit payments	(16,735,511)
Administrative expenses	-
Net change in plan fiduciary net position	2,198,106
Plan fiduciary net position, beginning	234,358,565
Plan fiduciary net position, ending (b)	$ 236,556,671
Board's net pension liability, ending = (a) - (b)	$ 59,688,052
Plan fiduciary net position as a % of total pension liability	79.85%
Covered payroll	$ 31,378,001
Board's net pension liability as a % of covered payroll	190.22%

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

Factors that significantly affect trends in amounts reported. For the periods presented, there were no changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or changes of assumptions which significantly affect trends in the amounts reported.

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 45
SCHEDULE OF FUNDING PROGRESS
Last Seven Years

Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL	Funded Ratio	Covered Payroll (millions)	Unfunded AAL as a Percentage of payroll
2014	$ -	$ 174,861,486	174,861,486	0.00%	36.10	484.38%
2013	-	172,246,761	172,246,761	0.00%	35.44	486.02%
2012	-	176,321,034	176,321,034	0.00%	35.11	502.25%
2011	-	178,681,549	178,681,549	0.00%	35.08	509.33%
2010	-	178,904,131	178,904,131	0.00%	34.74	514.92%
2009	-	184,174,734	184,174,734	0.00%	33.88	543.56%
2008	-	177,956,339	177,956,339	0.00%	29.47	603.93%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
2014	$ 14,474,798	$ 7,067,777	48.83%
2013	14,206,678	6,643,309	46.76%
2012	14,430,043	6,070,360	42.07%
2011	14,659,445	6,057,637	41.32%
2010	14,759,470	5,728,065	38.81%
2009	15,046,112	5,487,971	36.47%
2008	14,304,620	5,673,616	39.66%

See accompanying notes to financial statements.

SUPPLEMENTARY INFORMATION

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Schedule 1

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF NET POSITION BY DEPARTMENT
ENTERPRISE FUND
As of December 31, 2014 and 2013

	Water System		Sewerage System		Drainage System		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
ASSETS AND DEFERED OUTFLOWS OF RESOURCES								
Current assets								
Unrestricted and undesignated								
Cash and cash equivalents	$ 12,203,607	$ 16,029,725	$ 21,855,071	$ 12,124,365	$ 4,819,518	$ 2,172,250	$ 38,878,196	$ 30,326,340
Accounts receivable:								
Customers, net of allowance	8,633,569	7,349,193	7,717,712	6,595,078	-	-	16,351,281	13,944,271
Taxes	-	-	-	-	8,130,947	8,119,202	8,130,947	8,119,202
Grants	17,754,744	2,395,938	19,543,694	2,168,243	6,947,716	7,277,712	44,246,154	11,841,893
Miscellaneous	673,310	842,377	351,490	606,803	1,377,426	2,068,368	2,402,226	3,517,548
Due from (to) other internal departments	(8,311,670)	(9,614,307)	11,063,924	569,471	(2,752,254)	9,044,836	-	-
Inventory of supplies	3,689,872	4,528,425	1,170,801	1,507,642	606,428	899,532	5,467,101	6,935,599
Prepaid expenses	481,251	505,681	326,669	351,099	94,797	119,227	902,717	976,007
Total unrestricted and undesignated	35,124,683	22,037,032	62,029,361	23,922,701	19,224,578	29,701,127	116,378,622	75,660,860
Designated cash, cash equivalents, and investments								
Cash and cash equivalents designated for capital projects	7,916,252	13,346,275	3,699,309	10,272,939	10,634,096	17,480,308	22,249,657	41,099,522
Other	1,675,760	1,554,688	1,182,316	1,062,128	1,141,195	1,021,009	3,999,271	3,637,825
Total designated cash, cash equivalents, and investm	9,592,012	14,900,963	4,881,625	11,335,067	11,775,291	18,501,317	26,248,928	44,737,347
Total current assets	44,716,695	36,937,995	66,910,986	35,257,768	30,999,869	48,202,444	142,627,550	120,398,207
Noncurrent assets:								
Restricted cash, cash equivalents, and investments								
Cash and cash equivalents restricted for capital projects	58,426,768	2,586,668	30,527,953	244,566	4,447,754	1,724,339	93,402,475	4,555,573
Health insurance reserve	659,167	775,834	659,166	775,833	659,166	775,833	1,977,499	2,327,500
Debt service reserve	10,222,099	5,291,590	20,467,806	28,022,900	157,054	90,775	30,846,959	33,405,265
Total restricted cash, cash equivalents, and investme	69,308,034	8,654,092	51,654,925	29,043,299	5,263,974	2,590,947	126,226,933	40,288,338
Property, plant and equipment	718,045,763	671,440,879	1,137,527,934	1,078,657,752	1,293,493,692	1,141,321,674	3,149,067,389	2,891,420,305
Less: accumulated depreciation	321,231,714	304,336,346	226,520,199	214,222,257	281,316,195	265,023,951	829,068,108	783,582,554
Property, plant, and equipment, net	396,814,049	367,104,533	911,007,735	864,435,495	1,012,177,497	876,297,723	2,319,999,281	2,107,837,751
Other assets								
Designated cash for customer deposits	10,701,855	10,106,417	-	-	-	-	10,701,855	10,106,417
Deposits	22,950	22,950	17,965	17,965	10,400	10,400	51,315	51,315
Total other assets	10,724,805	10,129,367	17,965	17,965	10,400	10,400	10,753,170	10,157,732
Total noncurrent assets	476,846,888	385,887,992	962,680,625	893,496,759	1,017,451,871	878,899,070	2,456,979,384	2,158,283,821
Total assets	521,563,583	422,825,987	1,029,591,611	928,754,527	1,048,451,740	927,101,514	2,599,606,934	2,278,682,028
Deferred outflows of resources								
Deferred loss on bond refunding	32,719	-	3,931,602	-	343,073	-	4,307,394	-
Total deferred outflows of resources	32,719	-	3,931,602	-	343,073	-	4,307,394	-
Total assets and deferred outflows of resources	$ 521,596,302	$ 422,825,987	$ 1,033,523,213	$ 928,754,527	$ 1,048,794,813	$ 927,101,514	$ 2,603,914,328	$ 2,278,682,028

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF NET POSITION BY DEPARTMENT, CONTINUED
ENTERPRISE FUND
As of December 31, 2014 and 2013

	Water System		Sewerage System		Drainage System		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
LIABILITIES AND NET POSITION								
Current liabilities (payable from current assets):								
Accounts payable	$ 15,545,210	$ 16,232,169	$ 14,323,199	$ 16,725,760	$ 6,054,635	$ 4,664,132	$ 35,923,044	$ 37,622,061
Due to City of New Orleans	160,172	160,122	-	-	-	-	160,172	160,122
Disaster Reimbursement Revolving Loan	8,342,170	2,395,208	2,569,423	2,020,405	6,983,448	7,277,712	17,895,041	11,693,325
Retainers and estimates payable	2,991,694	2,071,365	4,502,890	4,119,264	451,691	357,652	7,946,275	6,548,281
Due to other fund	143,538	136,173	67,305	63,847	82,827	78,619	293,670	278,639
Accrued salaries	959,086	867,240	545,575	459,426	472,508	423,803	1,977,169	1,750,469
Accrued vacation and sick pay	4,347,626	4,574,360	2,807,187	2,997,773	2,047,801	2,234,780	9,202,614	9,806,913
Claims payable	3,851,003	3,982,894	2,770,772	3,004,311	3,598,264	4,013,589	10,220,039	11,000,794
Debt Service Assistance Fund loan payable	371,338	354,869	3,618,064	3,457,630	236,490	226,003	4,225,892	4,038,502
Advances from federal government	6,157,549	8,182,773	-	2,704,959	-	-	6,157,549	10,887,732
Other liabilities	72,630	17,606	1,553	10,502	26	-	74,209	28,108
Total Current liabilities (payable from current assets):	42,942,016	38,974,779	31,205,968	35,563,877	19,927,690	19,276,290	94,075,674	93,814,946
Current liabilities (payable from restricted assets):								
Accounts payable	3,268,988	-	7,537,116	-	-	-	10,806,104	-
Accrued interest	554,449	248,393	1,815,365	1,850,958	111,864	144,230	2,481,678	2,243,581
Bonds payable	-	2,545,000	11,644,000	14,110,000	1,615,000	1,490,000	13,259,000	18,145,000
Retainers and estimates payable	79,408	242,885	44,274	344,081	-	4,027	123,682	590,993
Total current liabilities (payable from restricted assets):	3,902,845	3,036,278	21,040,755	16,305,039	1,726,864	1,638,257	26,670,464	20,979,574
Total current liabilities	46,844,861	42,011,057	52,246,723	51,868,916	21,654,554	20,914,547	120,746,138	114,794,520
Long-term liabilities:								
Claims payable	864,718	637,869	864,718	637,869	864,718	637,869	2,594,154	1,913,607
Net pension obligation	5,863,196	5,048,288	5,993,142	5,178,234	6,018,722	5,203,814	17,875,060	15,430,336
Other postretirement benefits liability	22,844,081	20,700,644	19,865,733	17,722,296	18,498,931	16,355,494	61,208,745	54,778,434
Bonds payable, net of current maturities	111,224,183	25,264,041	169,200,679	130,276,953	13,255,042	14,715,000	293,679,904	170,255,994
Southeast Louisiana Project liability	-	-	-	-	66,655,976	29,391,071	66,655,976	29,391,071
Debt Service Assistance Fund loan payable, net of current maturities	5,417,603	5,788,945	52,785,300	56,403,364	3,450,236	3,686,726	61,653,139	65,879,035
Customer deposits	10,701,855	10,106,417	-	-	-	-	10,701,855	10,106,417
Total long-term liabilites	156,915,636	67,546,204	248,709,572	210,218,716	108,743,625	69,989,974	514,368,833	347,754,894
Total liabilities	203,760,497	109,557,261	300,956,295	262,087,632	130,398,179	90,904,521	635,114,971	462,549,414
Net position:								
Net investment in capital assets	285,589,866	339,295,492	730,163,056	720,048,542	997,307,455	860,092,723	2,013,060,377	1,919,436,757
Restricted for debt service	10,222,099	5,291,590	20,467,806	28,022,900	157,054	90,775	30,846,959	33,405,265
Restricted for capital improvements	48,467,852	-	20,042,024	-	-	-	68,509,876	-
Unrestricted	(26,444,012)	(31,318,356)	(38,105,968)	(81,404,547)	(79,067,875)	(23,986,505)	(143,617,855)	(136,709,408)
Total net position	317,835,805	313,268,726	732,566,918	666,666,895	918,396,634	836,196,993	1,968,799,357	1,816,132,614
Total net position and liabilities	$ 521,596,302	$ 422,825,987	$ 1,033,523,213	$ 928,754,527	$ 1,048,794,813	$ 927,101,514	$ 2,603,914,328	$ 2,278,682,028

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY DEPARTMENT
ENTERPRISE FUND
For the years ended December 31, 2014 and 2013

	Water System		Sewerage System		Drainage System		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Operating revenues:								
Sales of water and delinquent fees	$ 70,818,255	$ 64,398,609	$ -	$ -	$ -	$ -	$ 70,818,255	$ 64,398,609
Sewerage service charges	-	-	86,553,262	78,535,785	-	-	86,553,262	78,535,785
Plumbing inspection and license fees	339,176	321,518	339,176	321,518	-	-	678,352	643,036
Other revenues	2,841,110	3,253,430	906,120	766,030	1,277,250	1,099,908	5,024,480	5,119,368
Total operating revenues	73,998,541	67,973,557	87,798,558	79,623,333	1,277,250	1,099,908	163,074,349	148,696,798
Operating Expenses:								
Power and pumping	3,091,250	4,066,208	2,895,785	2,950,685	7,240,354	5,555,727	13,227,389	12,572,620
Treatment	8,259,326	7,827,508	11,157,841	10,315,541	109,833	-	19,527,000	18,143,049
Transmission and distribution	16,813,125	13,607,397	9,629,370	7,795,739	744,111	1,920,764	27,186,606	23,323,900
Customer accounts	1,753,536	1,690,798	1,753,536	1,690,795	7,288	44,341	3,514,360	3,425,934
Customer service	1,794,814	1,732,100	1,815,829	1,732,097	107,282	-	3,717,925	3,464,197
Administration and general	6,434,753	6,067,245	5,555,818	5,558,302	4,985,859	5,708,398	16,976,430	17,333,945
Payroll related	13,801,025	13,890,259	10,104,700	11,513,703	7,774,088	9,524,860	31,679,813	34,928,822
Maintenance of general plant	15,474,580	14,497,091	3,845,547	4,009,348	8,858,466	9,140,688	28,178,593	27,647,127
Depreciation	18,844,752	16,162,085	15,005,720	13,389,705	16,307,397	14,096,477	50,157,869	43,648,267
Provision for doubtful accounts	1,151,767	1,072,550	944,199	824,362	(155,184)	155,184	1,940,782	2,052,096
Provision for (benefit of) claims	1,143,350	791,721	565,222	(188,081)	736,306	1,197,474	2,444,878	1,801,114
Total operating expenses	88,562,278	81,404,962	63,273,567	59,592,196	46,715,800	47,343,913	198,551,645	188,341,071
Operating income (loss)	(14,563,737)	(13,431,405)	24,524,991	20,031,137	(45,438,550)	(46,244,005)	(35,477,296)	(39,644,273)
Non-operating revenues (expenses):								
Three-mill tax	-	-	-	-	13,481,526	13,175,711	13,481,526	13,175,711
Six-mill tax	-	-	-	-	13,626,539	13,317,505	13,626,539	13,317,505
Nine-mill tax	-	-	-	-	20,425,388	19,962,114	20,425,388	19,962,114
Two-mill tax	-	-	-	-	1,193	-	1,193	-
Other taxes	254,577	219,877	317,506	274,229	-	-	572,083	494,106
Operating and maintenance grants	(381,876)	1,981,568	383,354	5,367	24	67,557	1,502	2,054,492
Interest income	350,018	83,842	257,413	177,173	203,832	92,615	811,263	353,630
Bond issuance costs	(1,040,131)	-	(1,345,380)	-	(263,828)	-	(2,649,339)	-
Interest expense	-	(371,382)	-	33	-	-	-	(371,349)
Forgiveness of Community Disaster Loan (Note 6)	-	30,061,368	-	-	-	-	-	30,061,368
Total non-operating revenues	(817,412)	31,975,273	(387,107)	456,802	47,474,674	46,615,502	46,270,155	79,047,577
Income before capital contributions	(15,381,149)	18,543,868	24,137,884	20,487,939	2,036,124	371,497	10,792,859	39,403,304
Capital contributions	19,948,228	37,804,508	41,762,139	34,959,001	80,163,517	41,554,127	141,873,884	114,317,636
Change in net position	4,567,079	56,348,376	65,900,023	55,446,940	82,199,641	41,925,624	152,666,743	153,720,940
Net position, beginning of year	313,268,726	256,920,350	666,666,895	611,219,955	836,196,993	794,271,369	1,816,132,614	1,662,411,674
Net position, end of year	$ 317,835,805	$ 313,268,726	$ 732,566,918	$ 666,666,895	$ 918,396,634	$ 836,196,993	$ 1,968,799,357	$ 1,816,132,614

See accompanying independent auditors' report.

Schedule 3

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT BY DEPARTMENT
As of December 31, 2014 and 2013

	2014			
	Water	Sewer	Drainage	Total
Real estate rights, non depreciable	2,898,138	1,929,243	8,747,877	$ 13,575,258
Power and pumping stations - buildings	63,585,216	44,931,883	260,159,533	368,676,632
Power and pumping stations - machinery	134,739,687	44,850,479	122,812,807	302,402,973
Distribution systems	227,823,078	-	-	227,823,078
Sewerage collection	-	452,858,359	-	452,858,359
Canals and subsurface drainage	-	-	551,928,776	551,928,776
Treatment plants	-	194,886,446	-	194,886,446
Connections and meters	65,157,524	28,981,099	-	94,138,623
Power transmission	9,297,848	5,736,005	13,153,702	28,187,555
General plant	120,583,870	82,873,870	64,814,865	268,272,605
General buildings	2,160,615	1,093,325	3,967,674	7,221,614
Total property, plant and equipment in service	626,245,976	858,140,709	1,025,585,234	2,509,971,919
Construction in progress	91,799,787	279,387,225	267,908,458	639,095,470
Total property, plant and equipment	718,045,763	1,137,527,934	1,293,493,692	3,149,067,389
Accumulated depreciation	321,231,714	226,520,199	281,316,195	829,068,108
Net property, plant and eqiupment	$ 396,814,049	$ 911,007,735	$ 1,012,177,497	$ 2,319,999,281

	2013			
	Water	Sewer	Drainage	Total
Real estate rights, non depreciable	$ 2,898,138	$ 1,929,243	$ 8,526,852	$ 13,354,233
Power and pumping stations - buildings	63,131,396	44,931,883	258,927,465	366,990,744
Power and pumping stations - machinery	134,560,447	44,793,404	120,697,659	300,051,510
Distribution systems	228,861,614	-	-	228,861,614
Sewerage collection	-	455,438,197	-	455,438,197
Canals and subsurface drainage	-	-	391,473,632	391,473,632
Treatment plants	-	194,886,446	-	194,886,446
Connections and meters	65,268,811	29,030,384	-	94,299,195
Power transmission	9,297,848	5,736,005	13,153,702	28,187,555
General plant	119,411,456	82,043,071	63,810,091	265,264,618
General buildings	2,525,548	1,093,325	3,967,674	7,586,547
Total property, plant and equipment in service	625,955,258	859,881,958	860,557,075	2,346,394,291
Construction in progress	45,485,621	218,775,794	280,764,599	545,026,014
Total property, plant and equipment	671,440,879	1,078,657,752	1,141,321,674	2,891,420,305
Accumulated depreciation	304,336,346	214,222,257	265,023,951	783,582,554
Net property, plant and eqiupment	$ 367,104,533	$ 864,435,495	$ 876,297,723	$ 2,107,837,751

See accompanying independent auditors' report.

Schedule 4

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF BONDS PAYABLE
For the year ended December 31, 2014

	Annual Interest Rates	Interest Payment Dates	Issue Date	Final Maturity Date	Outstanding as of 12/31/2013	New Debt in 2014	Payments in 2014	Bond Refunded in 2014	Outstanding as of 12/31/2014
Drainage System Bonds, 1998 (9-Mills)	4 84%	(6/1;12/1)	12/01/98	12/01/18	$ 3,445,000	$ -	$ -	$ 3,445,000	$ -
Drainage System Bonds, 2002 (9-Mills)	4 46%	(6/1;12/1)	10/01/02	12/01/22	12,760,000	-	-	12,760,000	-
Drainage System Bonds, 2014 (9-Mills)	4 53%	(6/1;12/1)	12/01/14	06/01/22	-	14,900,000	535,000	-	14,365,000
					16,205,000	14,900,000	535,000	16,205,000	14,365,000
Sewer Revenue Bonds, 1997	5 36%	(6/1;12/1)	06/01/97	06/01/17	8,935,000	-	2,050,000	6,885,000	-
Sewer Revenue Bonds, 1998	4 82%	(6/1;12/1)	12/01/98	06/01/18	8,705,000	-	1,585,000	7,120,000	-
Sewer Revenue Bonds, 2000	5.48%	(6/1;12/1)	05/01/00	06/01/20	13,040,000	-	1,555,000	11,485,000	-
Sewer Revenue Bonds, 2000-B	5.43%	(6/1;12/1)	11/01/00	06/01/20	9,875,000	-	1,185,000	8,690,000	-
Sewer Revenue Bonds, 2001	5.02%	(6/1;12/1)	12/01/01	06/01/21	16,685,000	-	1,760,000	14,925,000	-
Sewer Revenue Bonds, 2002	4 36%	(6/1;12/1)	12/01/02	06/01/22	33,160,000	-	2,945,000	30,215,000	-
Sewer Revenue Bonds, 2003	3 94%	(6/1;12/1)	12/03/03	06/01/23	3,270,000	-	270,000	3,000,000	-
Sewer Revenue Bonds, 2004	4.26%	(6/1;12/1)	12/01/04	06/01/24	21,400,000	-	1,545,000	19,855,000	-
Sewer Revenue Bonds, 2009	6 68%	(6/1;12/1)	12/01/09	06/01/29	20,495,000	-	800,000	19,695,000	-
Sewer Revenue Bonds, 2011	0.95%	(1/1-12/1)	12/01/11	12/01/32	8,420,403	168,597	415,000	-	8,174,000
Sewer Revenue Bonds, 2014	4.87%	(6/1;12/1)	12/01/14	06/01/44	-	158,990,000	-	-	158,990,000
					143,985,403	159,158,597	14,110,000	121,870,000	167,164,000
Water Revenue Bonds, 1998	4.82%	(6/1;12/1)	12/01/98	12/01/18	5,570,000	-	-	5,570,000	-
Water Revenue Bonds, 2002	4.57%	(6/1;12/1)	10/01/02	12/01/22	22,085,000	-	-	22,085,000	-
LADHH Loan Revenue Bonds, 2010B	2.95%	(2/1)	02/11/10	02/01/30	3,865	160,553	164,418	-	-
Water Revenue Bonds, 2014	5 00%	(6/1;12/1)	02/11/10	02/01/30	-	103,525,000	-	-	103,525,000
					27,658,865	103,685,553	164,418	27,655,000	103,525,000
TOTAL					$ 187,849,268	$ 277,744,150	$ 14,809,418	$ 165,730,000	$ 285,054,000

See accompanying independent auditors' report

Schedule 5

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
DEBT SERVICE AND DEBT SERVICE RESERVE
REQUIRED BY BOND RESOLUTION
For the year ended December 31, 2014

	Debt Service Account					Debt Service Reserve Accounts		
	Water Revenue Bonds	Sewer Revenue Bonds	Drainage Revenue Bonds	LADHH Loan Revenue Bonds	Total	Water Revenue Bonds	Sewer Revenue Bonds	Total
Cash and investments at beginning of year	$ 1,267,565	$ 11,858,776	$ 90,775	$ 95,645	$ 13,312,761	$ 3,928,380	$ 16,164,124	$ 20,092,504
Cash receipts:								
Bond proceeds and accrued interest	110,711,984	172,035,747	15,473,649	-	298,221,380	-	-	-
Transfers from operating cash and debt service reserve	1,083,147	32,353,954	2,622,345	69,434	36,128,880	3,771,620	(5,456,342)	(1,684,722)
Excess debt service reserve fund applied to BANS 2006 Maturity	40,076	79,029	-	68	119,173	-	-	-
Total cash and investments	113,102,772	216,327,506	18,186,769	165,147	347,782,194	7,700,000	10,707,782	18,407,782
Cash disbursements:								
Principal and interest payments, cost of issuance and transfers	110,580,673	206,567,482	18,029,715	165,147	335,343,017	-		-
Total cash disbursements	110,580,673	206,567,482	18,029,715	165,147	335,343,017	-	-	-
Cash and investments at end of year	$ 2,522,099	$ 9,760,024	$ 157,054	$ -	$ 12,439,177	$ 7,700,000	$ 10,707,782	$ 18,407,782

See accompanying independent auditors' report.

Schedule 6

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CHANGES IN SELF-INSURANCE LIABILITIES BY DEPARTMENT
For the year ended December 31, 2014

	Beginning of Year	Current Year Claims and Estimate Change	Payments	End of Year
WATER				
Short-term:				
Workers' compensation	$ 569,751	$ (91,982)	$ 130,458	$ 347,311
Health insurance	775,831	6,385,688	6,502,354	659,165
General liability	2,637,312	590,802	383,586	2,844,528
Total short-term	3,982,894	6,884,508	7,016,398	3,851,004
Long-term:				
Workers' compensation	637,869	226,848	-	864,717
Total long-term	637,869	226,848	-	864,717
Total	$ 4,620,763	$ 7,111,356	$ 7,016,398	$ 4,715,721
SEWERAGE				
Short-term:				
Workers' compensation	$ 569,749	$ 259,708	$ 482,148	$ 347,309
Health insurance	775,832	4,198,493	4,315,159	659,166
General liability	1,658,730	324,087	218,519	1,764,298
Total short-term	3,004,311	4,782,288	5,015,826	2,770,773
Long-term:				
Workers' compensation	637,869	226,848	-	864,717
Total long-term	637,869	226,848	-	864,717
Total	$ 3,642,180	$ 5,009,136	$ 5,015,826	$ 3,635,490
DRAINAGE				
Short-term:				
Workers' compensation	$ 569,750	$ (151,090)	$ 71,350	$ 347,310
Health insurance	775,832	2,868,061	2,984,727	659,166
General liability	2,668,007	(75,218)	1,000	2,591,789
Total short-term	4,013,589	2,641,753	3,057,077	3,598,265
Long-term:				
Workers' compensation	637,869	226,848	-	864,717
Total long-term	637,869	226,848	-	864,717
Total	$ 4,651,458	$ 2,868,601	$ 3,057,077	$ 4,462,982
TOTAL				
Short-term:				
Workers' compensation	$ 1,709,250	$ 16,636	$ 683,956	$ 1,041,930
Health insurance	2,327,495	13,452,242	13,802,240	1,977,497
General liability	6,964,049	839,671	603,105	7,200,615
Total short-term	11,000,794	14,308,549	15,089,301	10,220,042
Long-term:				
Workers' compensation	1,913,607	680,544	-	2,594,151
Total long-term	1,913,607	680,544	-	2,594,151
Total	$ 12,914,401	$ 14,989,093	$ 15,089,301	$ 12,814,193

See accompanying independent auditors' report.

Schedule 7

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE EXECUTIVE DIRECTOR
For the year ended December 31, 2014

Cedric S. Grant, Executive Director (5 months of service)

Purpose		Amount
Salary	$	82,788
Benefits-hospitalization		2,007
Benefits-life insurance		93
Benefits-retirement		16,787
Car allowance		240
Reimbursements		1,165
Conference travel		1,109

Robert K. Miller, Interim Executive Director (6 months of service)

Purpose		Amount
Salary	$	78,058
Benefits-insurance		5,276
Benefits-retirement		14,529
Car allowance		372
Reimbursements		135
Registration fees		125

Marcia A. St. Martin, Executive Director (1 month of service)

Purpose		Amount
Salary	$	27,739
Benefits-insurance		1,301
Car allowance		243

See accompanying independent auditors' report.

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The board's 25 cycle Power Generation System, located at the Carrollton Water Plant, provides power for portions of the Water Purification Plant, two large vertical sewer units at the main central business district sewage pumping station and powers approximately 60 percent of the system's drainage pumps. The benefit of the board's own power generation is that the feeders to the multiple pump stations are underground and during storms when commercial power lines are down the system is still up and running. Shown is a component of the power plant which is the Turbine 4. Funding from FEMA for repairs to the power house has included the boiler, repairs to Turbine 4, A and B steam pumps, replacement of high lift steam turbine equipment and replacement of the boiler pre-heater. Under FEMA public assistance, the board has a FEMA 404 Hazard Mitigation Grant for the Retrofit and Hardening of the power houses equipment and building. The combined amount of funds received is $232 million.



After the disastrous flood of May, 1995, the United States Congress authorized the design and construction of the Southeast Louisiana Flood Control Project (SELA) in 1996 in partnership with the U.S. Army Corps of Engineers. SELA consists of canal and pumping station projects that are designed and constructed to reduce flooding. New Orleans could not exist without a modern and strong drainage system. Twenty projects were funded in Orleans Parish, eleven projects are complete and nine projects are under construction. The project shown is Claiborne Avenue Phase II. It will provide increased drainage for the Carrollton area. It includes drainage canal improvements along South Claiborne Avenue between Leonidas and Lowerline Streets. The $27.8 million project is the construction of 3,500 feet of covered drainage canal. The Corps continues to work closely with its partners at the Louisiana Coastal Protection and Restoration Authority and the Sewerage and Water Board of New Orleans.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SUMMARY OF STATISTICAL INFORMATION
(Unaudited)

This part of the Board's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosure, and required supplementary information says about the Board's overall financial health.

Financial Trends:

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

Revenue Capacity:

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

Debt Capacity:

These schedules present information to help the reader assess the affordability of the Board's current levels of outstanding debt and the Board's ability to issue additional debt in the future.

Demographic and Economic Information:

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

Operating Information:

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

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Unaudited - accrual basis of accounting)

	Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-type activities										
Net investment in capital assets	$ 2,013,060,377	$ 1,919,436,757	$ 1,762,389,823	$ 1,602,767,538	$ 1,481,320,632	$ 1,367,130,463	$ 1,306,085,162	$ 1,265,078,240	$ 1,191,197,682	$ 1,092,139,700
Restricted for debt service	30,846,959	33,405,265	35,186,883	33,137,542	32,774,880	30,040,670	32,075,521	27,986,164	26,803,911	21,768,747
Restricted for capital improvements	68,509,876	-	-	-	-	-	-	-	-	-
Unrestricted	(143,617,855)	(136,709,408)	(135,165,032)	(97,925,662)	(82,369,095)	(81,717,627)	(89,154,640)	(7,414,567)	3,614,224	41,752,104
Total business-type activities net position	$ 1,968,799,357	$ 1,816,132,614	$ 1,662,411,674	$ 1,537,979,418	$ 1,431,726,417	$ 1,315,453,506	$ 1,249,006,043	$ 1,285,649,837	$ 1,221,615,817	$ 1,155,660,551

Source: Audited Comprehensive Annual Financial Reports

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CHANGES IN NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Unaudited - accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating revenues:										
Sales of water and delinquent fees	$ 70,818,255	$ 64,398,609	$ 60,256,304	$ 59,890,312	$ 55,079,772	$ 50,677,054	$ 42,995,732	$ 37,795,522	$ 33,799,760	$ 38,727,266
Sewerage service charges	86,553,262	78,535,785	71,407,835	70,358,076	69,534,779	66,102,946	61,877,246	68,304,547	62,657,636	57,329,963
Plumbing inspection and license fees	678,352	643,036	687,806	758,072	746,426	484,448	590,604	542,340	590,242	175,260
Other revenue	5,024,480	5,119,368	4,626,276	8,581,123	4,702,753	3,814,564	2,487,983	2,927,070	3,290,683	3,171,703
Total operating revenues	163,074,349	148,696,798	136,978,221	139,587,583	130,063,730	121,079,012	108,951,565	109,569,479	100,338,321	99,404,192
Operating Expenses:										
Power and pumping	13,227,389	12,572,620	11,951,746	11,787,614	12,606,851	12,950,788	14,178,641	13,041,954	11,576,640	11,818,104
Treatment	19,527,000	18,143,049	18,906,540	18,081,523	19,029,752	19,910,557	18,243,782	16,280,975	13,518,870	13,736,515
Transmission and distribution	27,186,606	23,323,900	26,019,713	27,216,035	15,915,361	21,466,523	18,994,209	19,832,226	13,845,793	18,432,531
Customer accounts	3,514,360	3,425,934	3,334,652	3,369,643	3,314,887	3,044,936	2,719,594	2,290,092	1,910,612	2,413,631
Customer service	3,717,925	3,464,197	3,332,300	3,320,100	3,386,338	3,417,239	3,323,696	2,670,145	2,265,250	2,645,604
Administration and general	16,976,430	17,333,945	15,879,736	16,054,154	16,060,032	13,504,125	15,173,190	14,899,028	13,714,644	12,130,773
Payroll related	31,679,813	34,928,822	33,980,859	34,770,439	33,616,025	35,085,953	31,549,622	28,259,815	17,914,694	19,780,248
Maintenance of general plant	28,178,593	27,647,127	24,480,560	25,185,237	30,723,060	24,969,819	33,613,093	27,151,645	23,552,712	28,351,895
Depreciation	50,157,869	43,648,267	39,011,955	34,772,279	35,216,611	34,692,628	31,546,017	25,377,733	28,703,469	39,187,670
Provision for doubtful accounts	1,940,782	2,052,096	1,676,511	867,460	4,855,325	889,811	(12,225,825)	12,613,283	22,355,906	6,582,465
Provision for claims	2,444,878	1,801,114	130,704	(4,680,454)	3,186,714	58,860	587,465	(2,448,965)	2,658,657	7,289,990
Total operating expenses	198,551,645	188,341,071	178,705,276	170,744,030	177,910,956	169,991,239	157,703,484	159,967,931	152,017,247	162,369,426
Operating loss	(35,477,296)	(39,644,273)	(41,727,055)	(31,156,447)	(47,847,226)	(48,912,227)	(48,751,919)	(50,398,452)	(51,678,926)	(62,965,234)
Non-operating revenues (expenses):										
Two-mill tax	1,193	-	-	4,870	1,045	-	-	120	3,699	1,407
Three-mill tax	13,481,526	13,175,711	12,497,723	11,129,376	10,378,060	10,302,545	11,294,822	10,381,155	9,682,028	12,990,040
Six-mill tax	13,626,539	13,317,505	12,630,977	11,242,927	10,498,580	10,410,524	11,406,361	10,513,559	9,803,052	13,152,643
Nine-mill tax	20,425,388	19,962,114	18,933,290	16,855,081	15,672,791	15,485,030	17,001,253	15,773,070	13,686,249	19,707,787
Other taxes	572,083	494,106	278,394	316,079	333,795	371,006	515,735	443,122	634,321	631,818
Operating and maintenance grants	1,502	2,054,492	7,624,526	11,479,664	9,367,940	19,373,185	(3,973)	1,777,188	35,013,143	9,338,528
Interest income	811,263	353,630	401,387	426,870	274,323	885,723	3,545,564	5,826,769	4,115,003	3,291,489
Hurricane gain (loss)	-	-	-	-	-	-	-	205,995	2,303,397	(55,909,262)
Bond issuance costs	(2,649,339)	-	-	-	-	-	-	-	-	-
Interest expense	-	(371,349)	(737,893)	(736,878)	(1,687,603)	(1,766,553)	(1,720,030)	(2,443,612)	(252,435)	(2,992)
Forgiveness of Community Disaster Loan	-	30,061,368	-	-	41,438,410	-	-	-	-	-
Total non-operating revenues (expenses)	46,270,155	79,047,577	51,628,404	50,717,989	86,277,341	55,061,460	42,039,732	42,477,366	74,988,457	3,201,458
Income (loss) before capital contributions	10,792,859	39,403,304	9,901,349	19,561,542	38,430,115	6,149,233	(6,712,187)	(7,921,086)	23,309,531	(59,763,776)
Capital contributions	141,873,884	114,317,636	114,530,907	115,575,107	48,959,148	60,298,230	(29,931,607)	71,955,106	42,645,735	35,351,561
Change in net position	152,666,743	153,720,940	124,432,256	135,136,649	87,389,263	66,447,463	(36,643,794)	64,034,020	65,955,266	(24,412,215)
Net position:										
Beginning of year	1,816,132,614	1,662,411,674	1,537,979,418	1,402,842,769	1,315,453,506	1,249,006,043	1,285,649,837	1,221,615,817	1,155,660,551	1,180,072,766
End of year	$ 1,968,799,357	$ 1,816,132,614	$ 1,662,411,674	$ 1,537,979,418	$ 1,402,842,769	$ 1,315,453,506	$ 1,249,006,043	$ 1,285,649,837	$ 1,221,615,817	$ 1,155,660,551

Source: Audited Comprehensive Annual Financial Reports - Information available for nine years

SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE AND EXPENSES BY SOURCE
ENTERPRISE FUND
Last Ten Years
(Unaudited)

Revenues	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Charges for service	$ 96,232,489	$ 97,047,638	$ 106,642,409	$ 106,463,582	$ 117,264,448	$ 125,360,977	$ 131,006,460	$ 132,351,945	$ 143,577,430	$ 158,049,869
Dedicated taxes	45,850,470	33,171,329	36,667,784	39,702,436	36,198,099	36,549,431	39,227,384	44,061,990	46,455,330	47,533,453
Two-mill tax	1,407	3,699	120	-	-	1,045	4,870	-	-	1,193
Interest on investments	3,291,489	4,115,003	5,826,769	3,545,564	885,723	274,323	426,870	401,387	353,630	811,263
Other taxes and revenue	13,142,049	38,938,147	5,147,380	2,999,745	23,558,755	55,842,898	20,376,866	12,529,196	37,729,334	5,598,065
	$ 158,517,904	$ 173,275,816	$ 154,284,462	$ 152,711,327	$ 177,907,025	$ 218,028,674	$ 191,042,450	$ 189,344,518	$ 228,115,724	$ 211,993,843

Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Personnel services	$ 58,322,684	$ 49,118,747	$ 61,421,931	$ 68,605,280	$ 74,540,678	$ 72,725,464	$ 73,834,142	$ 74,358,288	$ 75,998,997	$ 75,201,085
Services and utilities	45,606,037	43,170,196	52,966,504	56,428,567	50,787,395	47,125,394	42,417,785	40,621,806	44,686,711	46,739,864
Materials and supplies	5,020,134	5,649,827	9,879,426	12,603,961	8,880,950	12,535,610	23,532,818	22,906,012	20,153,886	22,067,167
Depreciation and amortization	39,548,115	29,063,914	25,535,752	31,704,036	34,833,545	35,381,030	34,850,026	39,011,955	43,648,267	50,157,869
Provision for doubtful accounts	6,582,465	22,355,906	12,613,283	(12,225,825)	889,811	4,855,325	867,460	1,676,511	2,052,096	1,940,782
Provision for claims	7,289,990	2,658,657	(2,448,965)	587,465	58,860	3,186,714	(4,680,454)	130,704	1,801,114	2,444,878
Hurricane Loss	55,909,262	(2,303,397)	(205,995)	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	2,649,339
Interest	2,993	252,435	2,443,612	1,720,030	1,766,553	1,687,603	736,878	737,893	371,349	-
	$ 218,281,680	$ 149,966,285	$ 162,205,548	$ 159,423,514	$ 171,757,792	$ 177,497,140	$ 171,558,655	$ 179,443,169	$ 188,712,420	$ 201,200,584

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited - amounts in thousands)

Fiscal Year	Net Assessed Value		Total Net Assessed Value	Total Estimated Actual Value (1)	Ratio of Total Net Assessed to Total Estimated Actual Value
	Real Estate	Personal Property			
2005	1,492,750	620,797	2,113,547	16,774,183	12.6%
2006	1,103,604	565,287	1,668,891	13,245,167	12.6%
2007	1,362,097	483,200	1,845,297	14,645,214	12.6%
2008	2,004,624	539,492	2,544,116	20,698,664	12.3%
2009	2,042,426	557,039	2,599,465	21,974,841	11.8%
2010	2,489,813	387,334	2,877,147	21,974,841	13.1%
2011	2,584,334	385,700	2,970,034	21,974,841	13.5%
2012	2,760,973	390,952	3,151,925	21,974,841	14.3%
2013	2,920,015	413,120	3,333,135	21,974,841	15.2%
2014	3,065,164	405,514	3,470,678	21,974,841 (2)	15.8%

Source: City of New Orleans

(1) Amounts are net of the homestead exemption.
(2) Latest date available for total estimated actual value is 2009.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(Unaudited)

Number of Mills
(Per $1,000 of assessed value)

Fiscal Year	City of New Orleans	Orleans Levee Board	Orleans Levee District Eastbank	Algiers Levee District	Sewerage & Water Board of New Orleans	Orleans Parish School Board	Audubon Park & Zoo	Total
2005	78.59	12.76	0*	0***	22.59**	52.80	4.55	171.29
2006	89.89	12.76	0*	0***	22.59**	58.55	4.55	188.34
2007	82.39	12.76	0*	0***	22.59**	52.90	4.55	175.19
2008	61.34	0*	9.65	9.28	16.43**	38.47	3.31	129.20
2009	61.34	0*	10.95	12.76	16.03**	38.47	3.31	130.10
2010	64.31	0*	11.67	12.76	16.43**	44.12	3.31	140.93
2011	72.05	0*	11.67	12.76	16.43**	44.12	3.31	148.67
2012	72.05	0*	11.67	12.76	16.43**	43.60	3.31	148.15
2013	72.05	0*	11.67	12.36	16.43**	44.81	3.31	136.60
2014	72.05	0*	11.67	12.76	16.43**	45.31	3.31	147.58

Source: City of New Orleans

*Special millage beginning in 2008 and no longer City-wide.

**3 mills adopted in 1967 expires in 2017

**6 mills adopted in 1978 expires in 2027

**9 mills adopted in 1982 expires in 2032

SEWERAGE AND WATER BOARD OF NEW ORLEANS
TEN LARGEST TAXPAYERS
December 31, 2014 and Nine Years Ago
(Unaudited)

Name of Taxpayer	Type of Business	2014 Assessed Value	Percentage of Total Assessed Value
Entergy	Electric and gas utilities	$ 101,230,460	3.04%
Capital One Bank	Financial institution	57,187,770	1.72%
Marriott Hotel	Hospitality	41,292,140	1.24%
BellSouth	Telephone utilities	37,998,320	1.14%
Harrah's	Hospitality and gaming	29,003,530	0.87%
J P Morgan Chase Bank	Financial institution	20,119,210	0.60%
International Rivercenter	Real Estate	18,886,030	0.57%
Royal Sonesta Hotel	Hospitality	18,445,430	0.55%
Sheraton Hotel	Hospitality	18,041,330	0.54%
Folger Coffee	Coffee Roasting Plant	17,982,060	0.54%
		$ 360,186,280	10.81%

Name of Taxpayer	Type of Business	2005 Assessed Value	Percentage of Total Assessed Value
Entergy Service	Utility	$ 75,766,000	3.58%
BellSouth Telecommunications	Telephone Utility	57,952,000	2.74%
Hibernia National Bank	Bank	44,500,000	2.10%
Bank One	Bank	26,701,000	1.26%
Whitney National Bank	Bank	21,671,000	1.03%
Harrah's Entertainment	Casino	21,043,000	1.00%
Tenet	Health & Hospital	19,197,000	0.91%
International River Center	Shopping Mall; Hotel	19,058,000	0.90%
Marriott Hotel Properties	Hotel	14,219,000	0.67%
C S & M Associates	Commerical Real Estate	11,247,000	0.53%
		$ 311,354,000	14.72%

Source: City of New Orleans

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY TAX
LEVIES AND COLLECTIONS BY THE CITY OF NEW ORLEANS
Last Ten Fiscal Years
(Unaudited - Amounts in Thousands)

Fiscal Year	Total Levied	Collected Through December 31, 2014 Amount	Collected Through December 31, 2014 Percent	Collections in Subsequent Years Amount	Total Collections to Date Amount	Total Collections to Date Percentage of Levy
Real Estate Taxes:						
2005	$ 267,327	$ 248,381	92.91%	$ 15,720	$ 264,101	98.79%
2006	219,991	194,337	88.34%	23,686	218,023	99.11%
2007	250,462	225,743	90.13%	21,675	247,418	98.78%
2008	269,746	243,204	90.16%	23,438	266,642	98.85%
2009	275,869	257,219	93.24%	15,219	272,438	98.76%
2010	309,800	291,078	93.96%	14,598	305,676	98.67%
2011	339,370	320,437	94.42%	13,717	334,154	98.46%
2012	362,262	342,248	94.48%	13,528	355,776	98.21%
2013	382,902	363,026	94.81%	8,642	371,668	97.07%
2014	393,304	375,815	95.55%	-	375,815	95.55%
Personal Property Taxes:						
2005 *	$ 106,354	$ 99,120	93.20%	$ 1,689	$ 100,809	94.79%
2006	99,477	87,878	88.34%	7,279	95,157	95.66%
2007	82,046	74,258	90.51%	3,709	77,967	95.03%
2008	67,548	59,645	88.30%	4,429	64,074	94.86%
2009	69,935	63,118	90.25%	3,444	66,562	95.18%
2010	74,530	68,508	91.92%	2,242	70,750	94.93%
2011	78,996	74,204	93.93%	1,653	75,857	96.03%
2012	81,685	78,275	95.83%	1,550	79,825	97.72%
2013	87,058	84,410	96.96%	365	84,775	97.38%
2014	84,620	81,926	96.82%	-	81,926	96.82%

* 2005 and prior personal property receivables were considered prescribed and no longer legally enforcible during 2012.

Source: City of New Orleans

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER AND SEWER RATES
Last Nine Fiscal Years
(Unaudited)

	Water					Sewer	
		Rate per 1,000 Gallons					
Year	Monthly Base Rate	First 3,000 Gallons	Next 17,000 Gallons	Next 980,000 Gallons	All Gallons Over 1,000,000	Monthly Base Rate	Rate per 1,000 Gallons
2006	$ 3.50	$ 2.31	$ 2.31	$ 2.07	$ 1.59	$ 11.60	$ 4.04
2007	$ 3.50	$ 1.94	$ 3.31	$ 2.60	$ 2.19	$ 11.60	$ 4.04
2008	$ 3.50	$ 2.35	$ 4.01	$ 3.15	$ 2.65	$ 11.60	$ 4.04
2009	$ 3.70	$ 2.47	$ 4.21	$ 3.31	$ 2.78	$ 11.60	$ 4.04
2010	$ 3.90	$ 2.59	$ 4.42	$ 3.48	$ 2.92	$ 11.60	$ 4.04
2011	$ 4.05	$ 2.69	$ 4.60	$ 3.62	$ 3.04	$ 11.60	$ 4.04
2012	$ 4.05	$ 2.69	$ 4.60	$ 3.62	$ 3.04	$ 11.60	$ 4.04
2013	$ 4.91	$ 2.96	$ 5.06	$ 3.98	$ 3.34	$ 14.04	$ 4.44
2014	$ 4.91	$ 3.26	$ 5.57	$ 4.38	$ 3.67	$ 14.04	$ 4.88

Note: Rates are based on 5/8" meter, which is the standard household meter size.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Nine Fiscal Years
(Unaudited)

Fiscal Year	Personal Income (1) (in thousands)	Population (2)	Revenue Bonds	Special Tax Bonds	LDHH Bonds	Special Community Disaster Loan Payable	Debt Service Assistance Fund Loan	Capital Leases Payable	Total Debt	Percentage of Personal Income	Debt per Capita
2006	$ 12,739,309	208,548	$ 258,047,868	$ 24,905,000	$ -	$ 46,011,566	$ 40,494,073	$ 2,760,672	$ 372,219,179	3.42%	$ 1,785
2007	$ 14,831,565	288,113	$ 246,907,968	$ 23,835,000	$ -	$ 61,956,747	$ 64,655,122	$ 104,445	$ 397,459,282	3.73%	$ 1,380
2008	$ 15,802,534	336,644	$ 235,216,902	$ 22,710,000	$ -	$ 61,956,747	$ 77,460,393	$ -	$ 397,344,042	3.98%	$ 1,180
2009	$ 15,260,613	354,850	$ 221,958,520	$ 21,525,000	$ -	$ 61,956,747	$ 77,460,393	$ -	$ 382,900,660	3.99%	$ 1,079
2010	$ 15,260,613	347,907	$ 208,422,155	$ 20,290,000	$ 632,842	$ 25,166,747	$ 77,460,393	$ -	$ 331,972,137	4.60%	$ 954
2011	$ 15,260,613	360,740	$ 194,330,103	$ 18,990,000	$ 1,503,834	$ 25,166,747	$ 77,465,247	$ -	$ 317,455,931	4.81%	$ 880
2012	$ 15,346,678	369,250	$ 186,832,906	$ 17,630,000	$ 1,998,636	$ 25,166,747	$ 73,776,967	$ -	$ 305,405,256	5.03%	$ 827
2013	$ 15,888,893	378,715	$ 172,192,129	$ 16,205,000	$ 3,865	$ -	$ 69,917,529	$ -	$ 258,318,523	6.15%	$ 682
2014	$ 16,437,492 (3)	378,715 (4)	$ 292,068,863	$ 14,870,042	$ 3,865	$ -	$ 65,879,031	$ -	$ 372,821,801	4.41%	$ 984

(1) Source: Bureau of Economic Analysis.
(2) Source: www.census.gov/popest.
(3) Most recent available is as of March 2014.
(4) Most recent population estimate is as of 2013.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2014
(Unaudited)

	Net Outstanding Debt	Percentage Overlapping	Overlapping Debt
Direct debt:			
Sewerage and Water Board, net of debt service funds (tax bonds only)	$ 14,365,000	100%	$ 14,365,000
Overlapping debt:			
City of New Orleans	524,591,267	100%	524,591,267
Audubon Park Commission	23,005,000	100%	23,005,000
Orleans Parish School Board (1)	153,803,877	100%	153,803,877
Total overlapping debt	701,400,144	100%	701,400,144
Total direct and overlapping debt	$ 715,765,144	100%	$ 715,765,144

(1) The fiscal year of the Orleans Parish School Board ends on June 30th; overlapping debt is based on June 30, 2014 financial information.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE BONDS DEBT SERVICE COVERAGE
WATER BONDS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Operating Revenue	Direct Operating Expenses	Net Revenue Available for Debt Services	Debt Service Requirement*			Coverage
				Principal	Interest	Total	
2005	40,716,893	53,450,918	(12,734,025)	1,655,000	2,110,155	3,765,155	(3.38)
2006	36,378,265	41,970,320	(5,592,055)	1,735,000	2,032,524	3,767,524	(1.48)
2007	35,098,826	58,708,774	(23,609,948)	1,820,000	1,980,068	3,800,068	(6.21)
2008	47,435,375	66,989,084	(19,553,709)	1,920,000	1,917,131	3,837,131	(5.10)
2009	70,211,761	51,983,869	18,227,892	2,115,000	1,771,268	3,886,268	4.69
2010	77,837,538	58,180,206	19,657,332	2,220,000	1,685,618	3,905,618	5.03
2011	76,400,717	64,677,227	11,723,490	2,325,000	1,592,393	3,917,393	2.99
2012	73,802,442	61,988,096	11,814,346	2,435,000	1,493,380	3,928,380	3.01
2013	100,320,212	64,170,029	36,150,183	2,545,000	1,374,043	3,919,043	9.22
2014	74,221,260	66,607,501	7,613,759	-	2,829,414	2,829,414	2.69

* Payments are based on future payments subsequent to the year of calculation.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE BONDS DEBT SERVICE COVERAGE
SEWER BONDS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Operating Revenue	Direct Operating Expenses	Net Revenue Available for Debt Services	Debt Service Requirements*			Coverage
				Principal	Interest	Total	
2005	58,494,963	33,072,494	25,422,469	8,265,000	9,873,999	18,138,999	1.40
2006	63,907,388	33,435,068	30,472,320	8,685,000	9,453,651	18,138,651	1.68
2007	64,750,010	38,899,024	25,850,986	9,130,000	10,211,257	19,341,257	1.34
2008	70,836,988	42,135,587	28,701,401	15,035,000	3,326,538	18,361,538	1.56
2009	69,501,438	49,879,875	19,621,563	11,255,000	9,058,968	20,313,968	0.97
2010	87,569,727	44,361,297	43,208,430	11,815,000	8,435,057	20,250,057	2.13
2011	74,173,489	43,173,641	30,999,848	12,400,000	7,863,432	20,263,432	1.53
2012	72,399,088	44,869,796	27,529,292	13,431,000	7,282,082	20,713,082	1.33
2013	80,080,102	45,378,129	34,701,973	14,110,000	6,616,719	20,726,719	1.67
2014	88,756,831	45,943,518	42,813,313	13,695,000	5,445,799	19,140,799	2.24

* Payments are based on future payments subsequent to the year of calculation.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM UNRESTRICTED CASH AND CASH EQUIVALENTS
DAYS OF OPERATING AND MAINTENANCE EXPENSE AT YEAR END
Last Three Fiscal Years
(unaudited)

Fiscal Year	Cash Balance	One Day O&M	Measurement
2012	26,040,630	176,867	147.23
2013	40,314,163	169,210	238.25
2014	32,497,474	188,711	172.21

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM UNRESTRICTED CASH AND CASH EQUIVALENTS
DAYS OF OPERATING AND MAINTENANCE EXPENSE AT YEAR END
Last Three Fiscal Years
(unaudited)

Fiscal Year	Cash Balance	One Day O&M	Measurement
2012	27,306,436	123,693	220.76
2013	23,010,471	121,350	189.62
2014	26,736,696	130,990	204.11

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DEMOGRAPHIC STATISTICS
Last Nine Fiscal Years
(Unaudited)

Fiscal Year	Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income	Unemployment Rate (3)
2006	208,548	$ 12,739,309	$ 61,086	4.30%
2007	288,113	$ 14,831,565	$ 51,478	3.50%
2008	336,644	$ 15,802,534	$ 46,941	4.40%
2009	354,850	$ 15,260,613	$ 35,507	6.80%
2010	347,907	$ 15,260,613	$ 35,507	8.50%
2011	360,740	$ 15,260,613	$ 38,578	7.30%
2012	369,250	$ 15,346,678	$ 41,562	5.50%
2013	378,715	$ 15,888,893	$ 41,955	4.20%
2014	378,715 (5)	$ 16,437,492 (4)	$ 43,403	7.50%

(1) Source: www.census.gov/popest/
(2) Source: Estimates- Bureau of Economic Analysis.
(3) Source: U.S. Bureau of Labor Statistics.
(4) Most recent available is as of March 2014.
(5) Most recent population estimate is as of 2013.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NEW ORLEANS AREA PRINCIPAL EMPLOYERS
Last Ten Fiscal Years
(Unaudited)

Rank / Number of Employees

	2005 *	2006	2007	2008	2009	2010	2011	2012	2013	2014 (1)
Acme Truck Line Inc.			8 / 250				8 / 2,500			10 / 3,100
Al Copeland Investments				10 / 2,000	7 / 2,000	7 / 2,000	9 / 2,200	9 / 2,000		
Boh Bros. Construction					9 / 1,500	9 / 1,500				
Boomtown Casino Westbank		9 / 790	6 / 781							
Capital One Bank N.A.				9 / 2,150	6 / 2,150	6 / 2,150		8 / 2,150		
City of New Orleans				5 / 3,500						
Dow Chemical Company					8 / 2,000	8 / 2,000		10 / 2,000		
East Jefferson General Hospital				6 / 3,150				5 / 3,150		
Harrah's New Orleans Casino		3 / 4,500		8 / 2,200	5 / 2,200	5 / 2,200	7 / 2,700	7 / 2,200	7 / 2,700	
Hilton New Orleans					10 / 1,400	10 / 1,400				4 / 5,000
Hope Haven Center			10 / 150							
Houma Industries			9 / 160							
Ingalls Shipbuilding										3 / 6,000
JCC Holding Co. LLC		4 / 4,000								
Lockheed Martin Manned Space Systems		5 / 2,000	2 / 2,832	7 / 2,832	4 / 2,832	4 / 2,832		7 / 2,800		
Louisiana Children's Medical Center										7 / 4,500
LSU Health Sciences Center New Orleans				3 / 5,000			2 / 7,000	3 / 5,000	2 / 7,000	2 / 7,000
LSU Public Hospital										5 / 5,000
NASA Michoud							10 / 2,000		9 / 2,000	
North Oaks Health System									7 / 2,700	
Northrup Grumman Avondale		1 / 6,000	1 / 5,400	2 / 5,400	2 / 5,400	2 / 5,400	3 / 6,000	2 / 5,400	3 / 6,000	
Ochsner Medical Institutions / Health System		6 / 2,000		1 / 9,107	1 / 9,107	1 / 9,107	1 / 9,800	1 / 9,100	1 / 9,100	1 / 9,800
Superior Energy Services, Inc.		10 / 750	7 / 750							
Textron Marine & Land Systems			5 / 1,165							
Tulane University		2 / 5,000		4 / 4,410	3 / 4,410	3 / 4,410	4 / 5,000	4 / 4,400	4 / 5,000	6 / 4,700
University of New Orleans							6 / 3,114		6 / 3,114	9 / 3,100
US Post Office							5 / 4,000	6 / 2,900	5 / 4,000	8 / 4,000
USDA, National Finance Center		8 / 1250	4 / 1,300							
West Jefferson Medical Center		7 / 1,904	3 / 1,654						10 / 1,904	

(1) Source: Greater New Orleans Inc. and New Orleans City Business

* This year is unavailable.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CAPITAL EXPENDITURES BY DEPARTMENT
ENTERPRISE FUND
Last Ten Fiscal Years
(Unaudited)

Year	Water (1)	Sewer (1)	Drainage (1)	Total
2005	$ 10,380,889	$ 46,550,580	$ 23,709,553	$ 80,641,022
2006	$ 36,481,683	$ 49,891,752	$ 19,515,232	$ 105,888,667
2007	$ 19,053,142	$ 56,093,058	$ 16,250,996	$ 91,397,196
2008	$ 19,938,659	$ 25,608,236	$ 28,592,805	$ 74,139,700
2009	$ 22,465,931	$ 56,010,946	$ 47,185,424	$ 125,662,301
2010	$ 32,248,119	$ 58,682,400	$ 51,465,065	$ 142,395,584
2011	$ 20,374,785	$ 53,662,611	$ 66,821,905	$ 140,859,301
2012	$ 33,888,620	$ 60,658,231	$ 90,435,159	$ 184,982,010
2013	$ 37,552,122	$ 63,172,589	$ 79,241,317	$ 179,966,028
2014	$ 46,604,884	$ 58,870,182	$ 152,172,018	$ 257,647,084

(1) Includes contributed assets

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
December 31, 2014
(Unaudited)

		Water Revenue Bonds	
		Series 2014	All Bond Issues
2015	Principal	-	-
	Interest	5,146,250	5,146,250
2016	Principal	325,000	325,000
	Interest	5,176,250	5,176,250
2017	Principal	2,540,000	2,540,000
	Interest	5,160,000	5,160,000
2018	Principal	2,660,000	2,660,000
	Interest	5,033,000	5,033,000
2019	Principal	2,800,000	2,800,000
	Interest	4,900,000	4,900,000
2020	Principal	2,930,000	2,930,000
	Interest	4,760,000	4,760,000
2021	Principal	3,070,000	3,070,000
	Interest	4,613,500	4,613,500
2022	Principal	3,225,000	3,225,000
	Interest	4,460,000	4,460,000
2023	Principal	2,230,000	2,230,000
	Interest	4,298,750	4,298,750
2024	Principal	2,345,000	2,345,000
	Interest	4,187,250	4,187,250
2025	Principal	2,460,000	2,460,000
	Interest	4,070,000	4,070,000
2026	Principal	2,585,000	2,585,000
	Interest	3,947,000	3,947,000
2027	Principal	2,715,000	2,715,000
	Interest	3,817,750	3,817,750
2028	Principal	2,850,000	2,850,000
	Interest	3,682,000	3,682,000
2029	Principal	2,990,000	2,990,000
	Interest	3,539,500	3,539,500
2030	Principal	3,140,000	3,140,000
	Interest	3,390,000	3,390,000
2031	Principal	3,300,000	3,300,000
	Interest	3,233,000	3,233,000
2032	Principal	3,460,000	3,460,000
	Interest	3,068,000	3,068,000
2033	Principal	3,635,000	3,635,000
	Interest	2,895,000	2,895,000
2034	Principal	3,820,000	3,820,000
	Interest	2,713,250	2,713,250
2035	Principal	4,010,000	4,010,000
	Interest	2,522,250	2,522,250
2036	Principal	4,210,000	4,210,000
	Interest	2,321,750	2,321,750
2037	Principal	4,420,000	4,420,000
	Interest	2,111,250	2,111,250
2038	Principal	4,645,000	4,645,000
	Interest	1,890,250	1,890,250
2039	Principal	4,875,000	4,875,000
	Interest	1,658,000	1,658,000
2040	Principal	5,120,000	5,120,000
	Interest	1,414,250	1,414,250
2041	Principal	5,370,000	5,370,000
	Interest	1,158,250	1,158,250
2042	Principal	5,645,000	5,645,000
	Interest	889,750	889,750
2043	Principal	5,925,000	5,925,000
	Interest	607,500	607,500
2044	Principal	6,225,000	6,225,000
	Interest	311,250	311,250
Total Principal		103,525,000	103,525,000
Total Interest		96,975,000	96,975,000
Total Future Debt Payments		$ 200,500,000	$ 200,500,000

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
December 31, 2014
(Unaudited)

		Sewer Revenue Bonds		
		Series 2011	Series 2014	All Bond Issues
2015	Principal	419,000	11,225,000	11,644,000
	Interest	36,024	7,273,525	7,309,549
2016	Principal	422,000	12,430,000	12,852,000
	Interest	34,139	6,912,675	6,946,814
2017	Principal	427,000	12,970,000	13,397,000
	Interest	32,240	6,339,825	6,372,065
2018	Principal	431,000	11,925,000	12,356,000
	Interest	30,318	5,717,450	5,747,768
2019	Principal	435,000	11,075,000	11,510,000
	Interest	28,379	5,142,450	5,170,829
2020	Principal	439,000	11,660,000	12,099,000
	Interest	26,421	4,574,075	4,600,496
2021	Principal	443,000	9,050,000	9,493,000
	Interest	24,446	4,056,325	4,080,771
2022	Principal	447,000	7,445,000	7,892,000
	Interest	22,452	3,643,950	3,666,402
2023	Principal	451,000	3,920,000	4,371,000
	Interest	20,440	3,359,825	3,380,265
2024	Principal	456,000	3,760,000	4,216,000
	Interest	18,412	3,167,825	3,186,237
2025	Principal	460,000	1,970,000	2,430,000
	Interest	16,360	3,024,575	3,040,935
2026	Principal	464,000	2,070,000	2,534,000
	Interest	14,290	2,923,575	2,937,865
2027	Principal	469,000	2,175,000	2,644,000
	Interest	12,202	2,817,450	2,829,652
2028	Principal	473,000	2,280,000	2,753,000
	Interest	10,090	2,706,075	2,716,165
2029	Principal	478,000	2,395,000	2,873,000
	Interest	7,962	2,589,200	2,597,162
2030	Principal	482,000	2,515,000	2,997,000
	Interest	5,812	2,475,881	2,481,693
2031	Principal	487,000	2,620,000	3,107,000
	Interest	3,642	2,366,762	2,370,404
2032	Principal	322,403	2,735,000	3,057,403
	Interest	1,450	2,252,969	2,254,419
2033	Principal	-	2,850,000	2,850,000
	Interest	-	2,134,287	2,134,287
2034	Principal	-	2,970,000	2,970,000
	Interest	-	2,010,613	2,010,613
2035	Principal	-	3,095,000	3,095,000
	Interest	-	1,870,125	1,870,125
2036	Principal	-	3,250,000	3,250,000
	Interest	-	1,711,500	1,711,500
2037	Principal	-	3,415,000	3,415,000
	Interest	-	1,544,875	1,544,875
2038	Principal	-	3,585,000	3,585,000
	Interest	-	1,369,875	1,369,875
2039	Principal	-	3,765,000	3,765,000
	Interest	-	1,186,125	1,186,125
2040	Principal	-	3,950,000	3,950,000
	Interest	-	993,250	993,250
2041	Principal	-	4,150,000	4,150,000
	Interest	-	790,750	790,750
2042	Principal	-	4,360,000	4,360,000
	Interest	-	578,000	578,000
2043	Principal	-	4,575,000	4,575,000
	Interest	-	354,625	354,625
2044	Principal	-	4,973,597	4,973,597
	Interest	-	120,125	120,125
Total Principal		8,005,403	159,158,597	167,164,000
Total Interest		345,079	86,008,562	86,353,641
Total Future Debt Payments		$ 8,350,482	$ 245,167,159	$ 253,517,641

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
December 31, 2014
(Unaudited)

		Drainage Special Tax Bonds	
		Series 2014	All Bond Issues
2015	Principal	1,615,000	1,615,000
	Interest	399,350	399,350
2016	Principal	1,650,000	1,650,000
	Interest	367,050	367,050
2017	Principal	1,690,000	1,690,000
	Interest	334,050	334,050
2018	Principal	1,745,000	1,745,000
	Interest	283,350	283,350
2019	Principal	1,815,000	1,815,000
	Interest	213,550	213,550
2020	Principal	1,895,000	1,895,000
	Interest	140,950	140,950
2021	Principal	1,955,000	1,955,000
	Interest	84,100	84,100
2022	Principal	2,000,000	2,000,000
	Interest	45,000	45,000
Total Principal		14,365,000	14,365,000
Total Interest		1,867,400	1,867,400
Total Future Debt Payments		$ 16,232,400	$ 16,232,400

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
December 31, 2014
(Unaudited)

		All Departments			
		Water	Sewer	Drainage	Total
2015	Principal	$ -	$ 11,644,000	$ 1,615,000	$ 13,259,000
	Interest	5,146,250	7,309,549	399,350	12,855,149
2016	Principal	325,000	12,852,000	1,650,000	14,827,000
	Interest	5,176,250	6,946,814	367,050	12,490,114
2017	Principal	2,540,000	13,397,000	1,690,000	17,627,000
	Interest	5,160,000	6,372,065	334,050	11,866,115
2018	Principal	2,660,000	12,356,000	1,745,000	16,761,000
	Interest	5,033,000	5,747,768	283,350	11,064,118
2019	Principal	2,800,000	11,510,000	1,815,000	16,125,000
	Interest	4,900,000	5,170,829	213,550	10,284,379
2020	Principal	2,930,000	12,099,000	1,895,000	16,924,000
	Interest	4,760,000	4,600,496	140,950	9,501,446
2021	Principal	3,070,000	9,493,000	1,955,000	14,518,000
	Interest	4,613,500	4,080,771	84,100	8,778,371
2022	Principal	3,225,000	7,892,000	2,000,000	13,117,000
	Interest	4,460,000	3,666,402	45,000	8,171,402
2023	Principal	2,230,000	4,371,000	-	6,601,000
	Interest	4,298,750	3,380,265	-	7,679,015
2024	Principal	2,345,000	4,216,000	-	6,561,000
	Interest	4,187,250	3,186,237	-	7,373,487
2025	Principal	2,460,000	2,430,000	-	4,890,000
	Interest	4,070,000	3,040,935	-	7,110,935
2026	Principal	2,585,000	2,534,000	-	5,119,000
	Interest	3,947,000	2,937,865	-	6,884,865
2027	Principal	2,715,000	2,644,000	-	5,359,000
	Interest	3,817,750	2,829,652	-	6,647,402
2028	Principal	2,850,000	2,753,000	-	5,603,000
	Interest	3,682,000	2,716,165	-	6,398,165
2029	Principal	2,990,000	2,873,000	-	5,863,000
	Interest	3,539,500	2,597,162	-	6,136,662
2030	Principal	3,140,000	2,997,000	-	6,137,000
	Interest	3,390,000	2,481,693	-	5,871,693
2031	Principal	3,300,000	3,107,000	-	6,407,000
	Interest	3,233,000	2,370,404	-	5,603,404
2032	Principal	3,460,000	3,057,403	-	6,517,403
	Interest	3,068,000	2,254,419	-	5,322,419
2033	Principal	3,635,000	2,850,000	-	6,485,000
	Interest	2,895,000	2,134,287	-	5,029,287
2034	Principal	3,820,000	2,970,000	-	6,790,000
	Interest	2,713,250	2,010,613	-	4,723,863
2035	Principal	4,010,000	3,095,000	-	7,105,000
	Interest	2,522,250	1,870,125	-	4,392,375
2036	Principal	4,210,000	3,250,000	-	7,460,000
	Interest	2,321,750	1,711,500	-	4,033,250
2037	Principal	4,420,000	3,415,000	-	7,835,000
	Interest	2,111,250	1,544,875	-	3,656,125
2038	Principal	4,645,000	3,585,000	-	8,230,000
	Interest	1,890,250	1,369,875	-	3,260,125
2039	Principal	4,875,000	3,765,000	-	8,640,000
	Interest	1,658,000	1,186,125	-	2,844,125
2040	Principal	5,120,000	3,950,000	-	9,070,000
	Interest	1,414,250	993,250	-	2,407,500
2041	Principal	5,370,000	4,150,000	-	9,520,000
	Interest	1,158,250	790,750	-	1,949,000
2042	Principal	5,645,000	4,360,000	-	10,005,000
	Interest	889,750	578,000	-	1,467,750
2043	Principal	5,925,000	4,575,000	-	10,500,000
	Interest	607,500	354,625	-	962,125
2044	Principal	6,225,000	4,973,597	-	11,198,597
	Interest	311,250	120,125	-	431,375
Total Principal		103,525,000	167,164,000	14,365,000	285,054,000
Total Interest		96,975,000	86,353,641	1,867,400	185,196,041
Total Future Debt Payments		$ 200,500,000	$ 253,517,641	$ 16,232,400	$ 470,250,041

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY VALUE, NEW CONSTRUCTION AND BANK DEPOSITS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	New Commercial Construction (1) Number of units	New Commercial Construction (1) Value (in thousands)	New Residential Construction (1) Number of units	New Residential Construction (1) Value (in thousands)	Bank deposits (2) (in thousands)	Estimated actual property value (3) (in thousands)
2005	176	329,401	555	76,400	8,951,961	16774183
2006	473	139,866	667	95,552	11,252,684	13,245,167
2007	2,044	506,281	1,427	182,729	10,062,454	14,645,214
2008	1,929	550,895	1,215	160,387	10,553,556	20,698,664
2009	364	220,748	1,862	227,714	10,480,561	21,974,841
2010	349	549,906	1,102	160,331	12,175,831	
2011	365	266,981	1,047	161,875	10,024,118	
2012					10,862,390	
2013					15,738,913	
2014					16,043,233	

(1) City of New Orleans (2011 latest year for which information is available).

(2) Summary of Deposits (as of June 30, 2014) - bank branches located in New Orleans, Federal Depository Insurance Corporation.

(3) Source: City of New Orleans - Latest date available 2009

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CAPITAL ASSET STATISTICS BY FUNCTION
Last Nine Fiscal Years
(Unaudited)

		Year								
		2006	2007	2008	2009	2010	2011	2012	2013	2014
Water:										
	Water lines (miles)	1,582	1,583	1,586	1,587	1,590	1,597	1,599	1,805	1,812
	Water manholes	29,576	29,632	29,673	29,741	29,957	30,150	30,194	30,297	30,402
	Water valves	29,219	29,246	29,255	29,277	29,366	29,611	29,521	29,629	29,730
	Fire hydrants	22,771	22,780	22,785	22,894	22,989	23,045	23,078	23,099	23,117
Sewer:										
	Sewers lines (miles)	1,486	1,503	1,507	1,512	1,518	1,519	1,520	1,536	1,547
	Sewer manholes	22,829	22,922	22,974	22,998	23,047	22,977	22,983	22,987	23,042

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NUMBER OF ACTIVE EMPLOYEES
Last Eight Fiscal Years
(Unaudited)

Year	Number of Active Employees
2014	1060
2013	1025
2012	991
2011	994
2010	974
2009	964
2008	940
2007	899

Source: Sewerage and Water Board of New Orleans.

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Because of Hurricane Katrina's storm surge the East Bank Wastewater Treatment Plant was almost destroyed. As result of the impact of the storm to this critical facility that provides waste treatment services to the entire East Bank of the city, FEMA funded through its Hazard Mitigation Grant Program a Berm/Floodwall of +17 feet. The berm/floodwall is designed to reduce the risk of future flood damage by providing protection to the wastewater treatment plant. It replaces a 7 foot high earthen levee that previously surrounded the plant. The berm/floodwall was designed to enhance reliability and resiliency for the future. The new T-Wall berm which includes closure gates that are closed and sealed during flooding events began construction in March 2012 and was recently completed. It is designed to protect 26.4 acres of land. FEMA funding for the project was $33M.



This photo shows crews replacing a water line in the Lower Ninth Ward neighborhood, an area of the city severely impacted by Hurricane Katrina. This is a part of the larger city-wide multi-year infrastructure repair/recovery effort funded by FEMA. This program is designed to restore the city's water distribution system. To ensure that the city is maximizing available funding, various agencies are involved in the co-ordination efforts of the program. The program is managed on a neighborhood by neighborhood basis. The Sewerage and Water Board co-ordinates with the Department of Transportation and Development (DOTD) and the Department of Public Works (DPW) to repair or replace water lines with roadway repair projects. FEMA has obligated to date $185 million.

SUPPLEMENTAL SECTION

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2014

2014 ACTUAL CAPITAL EXPENDITURES

WATER DEPARTMENT

C.P.#	WATERWORKS		
110	Normal Extension & Replacement	$	2,321,770.42
122	Sycamore and Claiborne filter Rehabilitation		10,150.00
135	Improvement of Chemical System		32,506.76
160	SELA Water Relocation Costs		6,718,170.90
175	Water Hurricane Recovery Bonds		13,391,997.80
180	FEMA Review of Change Orders - Water		10,228,007.55
	TOTAL WATERWORKS	$	32,702,603.43
	WATER DISTRIBUTION		
214	Normal Extension & Replacement	$	1,475,493.90
216	Water System Replacement Program		125,159.56
239	Mains DPW Contracts		915,557.00
	TOTAL WATER DISTRIBUTION	$	2,516,210.46
	GENERAL BUDGET		
600	Water Share of Power Projects	$	1,543,634.23
700	Water Reserve for Emergencies	$	461,081.88
800	Water Share of General Budget Items		7,895,110.09
	GENERAL BUDGET	$	9,899,826.20
	TOTAL WATER DEPARTMENT	$	45,118,640.09

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2014
2014 ACTUAL CAPITAL EXPENDITURES

SEWERAGE DEPARTMENT

C.P.#	SEWERAGE SYSTEM		
317	Normal Extensions & Replacement of Gravity Mains	$	1,693,411.34
318	Rehabilitation Gravity Sewer System		1,942,478.81
339	Main in Streets Dept. Contracts		231,983.78
340	Sewerage Hurricane Recovery Bonds (FEMA)		1,644,079.67
348	Normal Extensions & Replacements		2,703,684.65
360	SELA Sewerage Relocation Costs		8,898,652.50
368	Wetlands Assimilation Project		414,892.48
375	Sewerage Hurricane Recovery Bonds		15,044,952.69
380	FEMA Review of Change Orders-Sewer		11,767,351.16
	TOTAL SEWERAGE SYSTEM	$	44,341,487.08
	POWER PROJECTS AND GENERAL BUDGET		
600	Sewerage Share of Power Projects	$	590,213.09
700	Sewer Reserve for Emergencies		736,183.77
800	Sewerage Share of General Budget Items		6,176,388.47
	TOTAL GENERAL BUDGET	$	7,502,785.33
	TOTAL SEWERAGE DEPARTMENT	$	51,844,272.41

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2014
2014 ACTUAL CAPITAL EXPENDITURES

DRAINAGE DEPARTMENT

C.P.#	CANALS		
418	Normal Extension & Replacements	$	160,347.44
439	Major Drainage Participation in DPW Projects		3,844.48
466	Louisiana Avenue Canal (SELA)		548,180.25
471	SELA Program Management		2,107,472.19
478	S. Claiborne-Lowerline to Monticello Street		2,121,031.84
480	FEMA Review of Change Orders-Drainage		12,494,056.16
486	Napoleon Avenue Canal Improvements (SELA-B)		1,698,525.23
497	Florida Ave. Canal - DPS#19 to Peoples Ave. (SELA-B)		12,379,021.30
498	Dwyer Intake Canal (St. Charles to Dwyer (DPS)(SELA-A)		901,604.26
499	Jefferson Avenue Canal		6,122,637.96
	TOTAL DRAINAGE CANALS	$	38,536,721.11
	PUMPING STATIONS		
511	Normal Extension & Rep./Stations	$	7,794.92
574	Emergency Electrical Repairs for DPS #3	$	(604.69)
575	Drainage Hurricane Recovery Bonds		467,934.83
	TOTAL DRAINAGE PUMPING STATIONS	$	475,125.06
	GENERAL BUDGET		
600	Drainage Share of Power Projects	$	2,491,420.37
700	Drainage Reserve for Emergencies		2,884,370.87
800	Drainage Share of General Budget Items		3,568,601.72
	TOTAL GENERAL BUDGET	$	8,944,392.96
	TOTAL DRAINAGE DEPARTMENT	$	47,956,239.13

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2014

2014 ACTUAL CAPTIAL EXPENDITURES

POWER PROJECTS

C.P.#	POWER PROJECTS	Water	Sewerage	Drainage	Total
676	Modification to Power Generating System (HMGP)	1,543,634.23	590,213.09	2,491,420.37	4,625,267.69
701	Water Reserve for Emergencies	461,081.88	28,623.74	27,781.88	517,487.50
702	Sewer Reserve for Emergencies		707,560.03		707,560.03
703	Drainage Reserve for Emergencies			2,856,588.99	2,856,588.99
	TOTAL POWER PROJECTS	$ 2,004,716.11	$ 1,326,396.86	$ 5,375,791.24	$ 8,706,904.21

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2014

2014 ACTUAL CAPITAL EXPENDITURES

GENERAL BUDGET ITEMS

C.P.#	General Budget Items	Water	Sewerage	Drainage	Total
803	Property Acquisition	$ 4,311.66	$ 32,665.68	$ 43,411.66	$ 80,389.00
808	Improvements to Customer Service Satellite	59,571.76	59,571.64		119,143.40
810	Major Equipment Purchases	618,759.00			618,759.00
812	Computer Systems Development	844,664.54	844,664.18	157,644.40	1,846,973.12
820	Overhead Charged to Capital	4,241,712.25	4,063,649.09	3,067,477.52	11,372,838.86
823	Purchase of Water Meters	951,043.51	951,043.51		1,902,087.02
824	Meter Boxes and Meter Parts	42,338.76	42,338.74		84,677.50
843	Minor Equipment Purchases	166,943.43	182,455.63	190,015.68	539,414.74
862	Fire Hydrants and Related Parts	178,983.00	-	-	178,983.00
864	Meter Boxes	786,782.18	-	-	786,782.18
879	Green Infrastructure			110,052.46	110,052.46
	TOTAL GENERAL BUDGET ITEMS	$ 7,895,110.09	$6,176,388.47	$ 3,568,601.72	$ 17,640,100.28

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANALYSIS OF PUMPING AND POWER DEPARTMENT
POWER PURCHASED AND PRODUCED
NATURAL GAS AND FUEL OIL CONSUMED
TEN YEARS 2005 THROUGH 2014

YEAR	ELECTRIC POWER PURCHASED		ELECTRIC & STEAM POWER GENERATED BY THE S&WB		NATURAL GAS & FUEL OIL USED TO GENERATE ELECTRIC & STEAM POWER			
					NATURAL GAS		FUEL OIL	
	KW-HRS	$ AMOUNT	KW-HRS	$ AMOUNT	MCF	$ AMOUNT	GALLONS	$ AMOUNT
2005	56,511,639	$5,038,729	32,232,480	$15,857,910	1,442,440	$15,834,817	27,168	$23,093
2006	67,474,620	$7,371,029	37,464,720	$14,587,880	1,285,200	$14,587,701	211	$179
2007	68,574,205	$7,278,339	39,421,440	$15,138,653	1,464,900	$15,131,635	1,464	$7,018
2008	62,579,355	$7,051,655	40,407,984	$19,125,397	1,535,660	$18,895,716	85,222	$229,681
2009	67,889,778	$6,422,589	37,716,720	$10,651,094	1,449,540	$10,651,094	0	$0
2010	70,609,461	$6,653,752	39,090,720	$9,719,013	1,332,770	$9,669,414	12,883	$49,600
2011	70,049,094	$6,180,373	27,351,600	$10,721,624	1,552,330	$10,721,356	315	$268
2012	63,873,900	$5,941,992	44,819,460	$9,180,160	1,605,720	$9,174,678	1,459	$5,482
2013	67,980,940	$6,725,811	35,005,422	$11,648,150	1,830,890	$11,648,148	9	$34
2014	68,632,618	$7,052,078	32,407,296	$12,442,213	1,643,347	$12,442,282	9	$69
TOTALS	664,175,610	$65,716,348	365,917,842	$129,072,093	15,142,797	$128,756,840	128,740	$315,423

SEWERAGE AND WATER BOARD OF NEW ORLEANS

POWER PURCHASED AND PRODUCED
NATURAL GAS AND FUEL OIL CONSUMED - 2014

	KW-HOURS	COST
ELECTRIC POWER PURCHASED	68,632,618	$7,052,078.41
ELECTRIC AND STEAM POWER GENERATED BY THE S.& W.B.*	32,407,296	$12,442,213.21
TOTAL	101,039,914	$19,494,291.62

NOTE: *NATURAL GAS CONSUMED IN OPERATION WAS 1,643,347 MCF AT A COST OF $12,442,282.06. FUEL OIL CONSUMED WAS 9 GALLONS AT A COST OF $69

SEWERAGE AND WATER BOARD OF NEW ORLEANS

GALLONS METERED - PAY WATER CONSUMPTION - 2014

Month	Consumption
January	1,046,687,900
February	1,140,486,800
March	1,058,260,400
April	868,646,800
May	1,066,659,400
June	1,148,704,700
July	1,199,422,400
August	1,219,333,500
September	1,237,506,200
October	1,126,013,300
November	1,039,002,800
December	1,202,259,000
Gross Total	**13,352,983,200**

SEWERAGE AND WATER BOARD OF NEW ORLEANS

MONTHLY WATER CHARGES COLLECTED - 2014

Months	Water Service Charges & Fees	Delinquent Fees	Total
January	$ 5,652,782.51	$ 88,425.18	$ 5,741,207.69
February	5,744,059.74	96,406.44	5,840,466.18
March	5,831,390.11	89,488.75	5,920,878.86
April	5,751,112.33	96,554.86	5,847,667.19
May	5,488,204.26	93,070.30	5,581,274.56
June	5,896,979.69	82,232.89	5,979,212.58
July	6,623,092.73	96,930.26	6,720,022.99
August	6,299,615.69	90,221.89	6,389,837.58
September	6,775,491.57	101,633.01	6,877,124.58
October	6,432,236.44	103,444.29	6,535,680.73
November	4,821,918.22	93,263.74	4,915,181.96
December	6,414,535.36	70,291.04	6,484,826.40
	$ 71,731,418.65	$ 1,101,962.65	$ 72,833,381.30

MONTHLY SEWERAGE CHARGES COLLECTED - 2014

Months	Sewerage Service Charges	Delinquent Fees	Total
January	$ 6,586,065.08	$ 59,072.44	$ 6,645,137.52
February	6,833,478.50	64,392.56	6,897,871.06
March	6,811,978.31	59,778.27	6,871,756.58
April	7,327,124.10	64,491.39	7,391,615.49
May	6,661,474.76	62,166.92	6,723,641.68
June	7,475,422.21	54,938.28	7,530,360.49
July	7,632,072.47	64,748.37	7,696,820.84
August	6,894,535.86	60,265.22	6,954,801.08
September	8,004,881.17	67,884.75	8,072,765.92
October	7,344,858.86	69,088.53	7,413,947.39
November	5,744,086.13	62,282.75	5,806,368.88
December	8,158,085.18	86,042.68	8,244,127.86
	$ 85,474,062.63	$ 775,152.16	$ 86,249,214.79

SEWERAGE AND WATER BOARD OF NEW ORLEANS

YEAR ENDED DECEMBER 31, 2014

TABLE I

CARROLLTON TURBIDITIES

	River (NTU)					Effluent Settling Reservoirs (NTU)					Filters (NTU)				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Maximum	274	282	159	281	277	8.3	10	7.3	9.3	12	0.26	0.22	0.35	0.25	0.24
Minimum	5	11	5	5	8	1.1	1.0	0.5	0.8	0.9	0.07	0.08	0.08	0.07	0.05
Average	71	51	34	70	75	3.2	2.9	2.0	2.8	2.7	0.13	0.13	0.12	0.11	0.11

TABLE II

CARROLLTON ALKALINITIES
PARTS PER MILLION

	River					Effluent Settling Reservoirs					Filters				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Maximum	212	163	154	139	146	202	165	146	127	140	225	195	168	144	157
Minimum	93	83	81	72	75	76	66	53	53	54	98	88	99	74	78
Average	143	125	122	101	109	135	115	110	89	93	155	135	135	115	120

TABLE II A

CARROLLTON HARDNESS
PARTS PER MILLION

	NON-CARBONATE HARDNESS										TOTAL HARDNESS									
	RIVER					FILTERS					RIVER					FILTERS				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Maximum	84	105	104	86	74	91	83	109	93	101	238	220	214	188	211	278	238	242	206	225
Minimum	0	17	19	18	14	0	26	1	23	25	116	115	115	101	91	140	132	143	115	132
Average	36	47	43	40	46	41	55	55	49	57	178	172	164	141	155	195	191	190	164	177

TABLE III

CARROLLTON BACTERIAL CHARACTERISTICS
TOTAL COLIFORM ANALYSIS

2014	River	Plant Tap	Distribution System
Maximum (Colonies / 100 ml)	2,900	13	2
Minimum (Colonies / 100 ml)	57	0	0
Average (colonies / 100 ml)	510	0	0
Number of Samples	362	365	2,008
Number of Samples Negative	0	364	2,005
Number of Samples Positive	362	1	3[4]

* None of these 3 total coliform positive samples was *E. coli* positive, and none resulted in a violation of the Total Coliform Rule.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-A

PRINCIPLE RESULTS OF OPERATION OF THE G3 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2014

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent
January	Max.		71.25				5.70		6.59	281	109	8.4
	Min.	1,240.30	20.21	0		55,481	4.62	64,095	5.31	80	72	2.0
	Avg.		40.01				4.69		5.42	149	86	4.3
February	Max.		91.63				5.24		6.02	221	89	7.4
	Min.	1,701.92	40.00	0		69,087	4.43	79,503	5.09	76	73	2.0
	Avg.		60.78				4.82		5.55	127	79	3.6
March	Max.		96.46				5.24		6.05	275	108	7.5
	Min.	1,036.38	11.08	0		42,926	4.76	49,420	5.47	41	73	1.9
	Avg.		33.43				2.25		2.59	100	89	4.0
April	Max.											
	Min.											
	Avg.											
May	Max.											
	Min.											
	Avg.											
June	Max.											
	Min.											
	Avg.											
July	Max.											
	Min.											
	Avg.											
August	Max.		82.79				5.23		6.32	50	146	2.7
	Min.	1,518.21	46.79	0		50,197	3.32	60,453	3.95	8	114	1.0
	Avg.		48.97				2.59		3.09	21	138	1.9
September	Max.		77.29				4.23		4.89	185	130	3.9
	Min.	2,244.79	73.00	0		68,895	3.40	81,549	4.04	11	105	1.1
	Avg.		74.83				3.68		4.36	59	120	2.2
October	Max.		78.25				4.42		7.15	22	137	11.0
	Min.	2,261.88	68.33	0		77,402	3.94	93,243	4.69	27	105	1.1
	Avg.		72.96				4.10		4.94	93	120	2.8
November	Max.		74.33				4.09		4.92	244	144	6.2
	Min.	2,112.21	65.17	0		70,082	3.77	83,938	4.47	13	111	1.0
	Avg.		70.41				3.98		4.76	48	129	2.4
December	Max.		74.83				4.63		5.55	96	137	3.6
	Min.	2,182.83	68.17	0		75,357	3.73	89,729	4.42	11	105	0.9
	Avg.		70.41				4.14		4.93	36	125	2.1
Total		14,298.51				509,427		601,931				
General	Max.	2,261.88	96.46			77,402	5.70	93,243	7.15	277	146	11.0
	Min.	1,036.38	11.08			42,926	2.25	49,420	2.59	8	75	0.9
	Avg.	1,787.31	140.18			63,678	4.21	75,241	5.02	75	109	2.3

Note: G3 Basin in service from 1/5/14 through 4/17/14 and 8/12/14 through 12/31/14

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-B

PRINCIPLE RESULTS OF OPERATION OF THE G4 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2014

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent
January	Max. Min. Avg.											
February	Max. Min. Avg.											
March	Max. Min. Avg.											
April	Max. Min. Avg.											
May	Max. Min. Avg.											
June	Max. Min. Avg.											
July	Max. Min. Avg.											
August	Max. Min. Avg.											
September	Max. Min. Avg.											
October	Max. Min. Avg.											
November	Max. Min. Avg.											
December	Max. Min. Avg.											
Total												
General	Max. Min. Avg.											

Note: G4 Basin was not in service in 2014.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-C

PRINCIPLE RESULTS OF OPERATION OF THE L3 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2014

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent
	Max.		72.33				5.95		6.91	281	109	4.5
January	Min.	1,635.75	36.13	0		74,003	4.49	83,703	5.16	80	72	1.9
	Avg.		52.77				5.41		6.13	149	86	3.2
	Max.		61.79				5.73		6.69	221	89	4.8
February	Min.	1,450.39	43.29	0		59,444	4.23	68,952	4.89	76	73	1.4
	Avg.		49.76				4.59		5.31	127	79	2.9
	Max.		74.21				6.53		6.98	275	108	4.4
March	Min.	1,775.67	67.71	0		84,084	5.37	98,787	6.35	41	73	1.3
	Avg.		71.53				5.65		6.67	100	89	2.9
	Max.		74.00				5.89		6.92	187	106	4.8
April	Min.	2,037.38	62.42	0		94,935	4.97	111,836	5.89	51	81	1.4
	Avg.		67.91				5.59		6.59	103	95	3.0
	Max.		68.54				5.99		6.90	103	113	3.2
May	Min.	2,026.21	62.42	0		95,102	5.35	111,637	6.30	41	90	1.2
	Avg.		65.36				5.63		6.61	70	98	2.1
	Max.		73.29				5.83		6.87	277	109	6.5
June	Min.	1,924.20	62.58	0		85,617	5.03	100,645	5.94	39	93	1.4
	Avg.		66.03				5.61		6.59	103	99	2.3
	Max.		63.74				6.02		6.17	181	127	6.6
July	Min.	1,870.61	57.54	0		79,485	5.32	89,775	5.20	57	98	1.5
	Avg.		60.34				5.60		5.76	112	112	2.6
	Max.		67.46				5.14		5.83	50	146	3.8
August	Min.	1,783.08	46.88	0		67,931	3.88	76,616	4.38	8	114	1.0
	Avg.		57.52				4.55		5.14	21	138	2.5
	Max.		59.08				4.88		5.58	185	130	4.4
September	Min.	533.21	19.71	0		17,903	3.82	20,161	4.31	11	105	2.0
	Avg.		53.32				4.08		4.61	59	120	2.8
	Max.											
October	Min.											
	Avg.											
	Max.											
November	Min.											
	Avg.											
	Max.											
December	Min.											
	Avg.											
Total		15,036.49				658,503		762,113				
	Max.	2,037.38	74.21			95,102	6.53	111,836	6.98	277	146	6.6
General	Min.	533.21	19.71			17,903	3.82	20,161	4.31	8	75	1.0
	Avg.	1,670.72	59.67			73,167	5.23	84,679	5.95	75	109	2.7

Note: L3 Basin in service from 1/1/14 through 9/10/14

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-D

PRINCIPLE RESULTS OF OPERATION OF THE L4 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2014

1	2	3	4	5	6	7	8	9	10	13	14	15
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent
	Max.		65.33				7.20		8.08	281	109	12.0
January	Min.	1,497.18	37.21	0		78,037	5.09	87,606	5.69	80	72	2.4
	Avg.		48.30				6.26		7.03	149	86	5.3
	Max.		50.00				7.46		8.64	221	89	7.2
February	Min.	824.79	12.42	0		36,288	4.78	40,845	5.34	76	73	2.3
	Avg.		33.50				5.89		6.73	127	79	4.5
	Max.		66.71				5.39		6.06	275	108	3.9
March	Min.	1,430.83	13.13	0		60,821	4.62	68,200	5.16	41	73	0.9
	Avg.		46.16				4.09		4.58	100	89	2.3
	Max.		67.88				5.64		6.20	187	106	5.1
April	Min.	1,964.25	64.71	0		83,154	4.89	93,327	5.46	51	81	1.3
	Avg.		66.32				5.04		5.67	103	95	2.6
	Max.		70.17				5.78		6.47	103	113	5.3
May	Min.	2,019.92	63.04	0		92,692	4.81	103,810	5.38	41	90	1.3
	Avg.		65.16				5.51		6.17	70	98	3.2
	Max		65.88				6.16		6.91	277	109	5.3
June	Min.	1,890.50	59.00	0		84,590	4.90	94,737	5.48	39	93	2.1
	Avg.		63.02				5.35		6.01	103	99	3.6
	Max.		73.58				6.02		6.77	181	127	4.6
July	Min.	2,115.37	62.75	0		98,685	5.32	110,746	5.96	57	98	2.4
	Avg.		68.24				5.60		6.28	112	112	3.3
	Max.		70.75				5.75		6.44	50	146	3.8
August	Min.	744.50	21.71	0		32,591	4.56	36,501	5.12	8	114	1.7
	Avg.		62.04				5.24		5.89	21	138	2.9
	Max.		60.58				4.21		4.73	185	130	6.7
September	Min.	1,187.92	38.00	0		39,990	3.53	44,855	3.98	11	105	1.0
	Avg.		56.57				4.03		4.52	59	120	1.8
	Max.		64.04				4.41		4.90	22	137	4.0
October	Min.	1,794.79	55.08	0		61,114	3.89	68,546	4.49	27	105	1.0
	Avg.		56.99				4.11		4.61	93	120	2.1
	Max.		61.88				4.29		4.82	244	144	3.3
November	Min.	1,719.08	53.96	0		58,118	3.90	65,381	4.39	13	111	1.0
	Avg.		57.30				4.05		4.56	48	129	1.9
	Max.		62.25				7.89		4.72	96	137	3.8
December	Min.	1,813.83	55.13	0		62,415	3.64	67,924	4.09	11	105	1.3
	Avg.		58.51				4.13		4.49	36	125	2.2
Total		19,002.97				788,494		882,480				
	Max.	2,115.37	73.58			98,685	7.89	110,746	8.64	277	146	12.0
General	Min.	744.50	12.42			32,591	3.53	36,501	3.98	8	75	0.9
	Avg.	1,583.58	59.38			65,708	5.10	73,540	5.61	75	109	3.0

Note: L4 Basin in service from 1/1/14 through 2/20/14, 3/7/14 through 8/12/14, and 9/10/14 through 12/31/14

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-E

MONTHLY SUMMARY OF COMBINED OPERATION OF CONVENTIONAL UNITS AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2014

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total pounds of Polymer used at Intake	Total Pounds of Polymer used in Plant	Total Pounds of Fluoride (100%) used During Month	Fluoride Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Total Pounds of Lime Used During Month	Lime Parts per Million	Total Pounds of Chlorine Used During Month	Chlorine Parts Per Million	Total Pounds of Anhydrous Ammonia Used During Month	Ammonia Parts Per Million	Total Pounds of Polyphosphate Used During Month	Polyphosphate Parts Per Million	Alkalinity of Filtered Water Parts Per Million (OFE)	Estimated High Lift Pumpage	
																		Total M.G.	M.G.D.
January	Max.	4,373.23	154.96	0	207,521	11,943	0.36	235,405	657,944	19.73	180,279	5.26	37,846	1.10	22,623	0.78	116	4,336.00	150.67
	Min.		129.29				0.29			15.06		4.45		0.92		0.37	85		132.50
	Avg.		141.07				0.33			18.04		4.94		1.04		0.62	99		139.87
February	Max.	3,977.14	157.30	0	164,819	12,429	0.52	189,301	643,064	21.73	170,193	5.56	35,689	1.17	20,198	0.80	130	3,924.33	146.75
	Min.		137.46				0.28			17.22		4.71		1.00		0.48	88		133.25
	Avg.		142.04				0.38			19.40		5.13		1.08		0.61	110		140.15
March	Max.	4,290.10	144.38	0	187,831	18,259	0.54	216,407	717,748	29.17	177,741	5.20	36,970	1.11	21,973	0.70	127	4,238.83	140.79
	Min.		131.79				0.49			15.60		3.00		0.98		0.52	78		133.08
	Avg.		138.39				0.51			20.10		4.89		1.03		0.61	99		136.74
April	Max.	4,001.64	139.33	0	178,089	17,139	0.57	205,163	841,637	28.52	175,090	5.49	36,456	1.13	20,850	0.78	127	4,043.13	141.75
	Min.		128.63				0.47			22.36		4.97		1.04		0.52	100		122.00
	Avg.		133.39				0.51			25.22		5.25		1.09		0.62	111		134.77
May	Max.	4,046.15	136.29	0	187,794	17,361	0.54	215,447	797,035	28.74	188,467	5.84	38,745	1.19	21,408	0.77	135	4,015.79	136.75
	Min.		126.50				0.49			16.56		5.26		1.10		0.55	101		123.38
	Avg.		130.52				0.52			23.65		5.59		1.15		0.63	113		129.54
June	Max.	3,816.16	135.67	0	170,207	17,084	0.56	195,382	857,347	37.53	185,362	6.18	38,348	1.28	22,378	0.79	125	3,818.04	132.46
	Min.		122.50				0.50			22.71		5.49		1.13		0.55	102		122.38
	Avg.		127.21				0.54			26.91		5.84		1.21		0.70	112		127.27
July	Max.	3,986.02	135.25	0	178,169	15,470	0.54	200,521	958,176	37.61	208,514	6.63	43,354	1.37	23,712	0.79	142	4,003.71	136.50
	Min.		122.08				0.41			19.00		5.93		1.24		0.58	111		120.21
	Avg.		128.58				0.46			28.53		6.27		1.30		0.71	128		129.15
August	Max.	4,045.82	135.00	0	150,718	16,597	0.52	173,570	1,197,776	44.46	216,538	6.77	44,888	1.41	22,277	0.79	154	4,102.75	136.21
	Min.		125.96				0.00			24.83		6.10		1.27		0.61	128		125.79
	Avg.		130.51				0.47			35.54		6.42		1.33		0.70	142		132.35
September	Max.	3,965.91	134.83	0	126,788	15,889	0.51	146,565	990,483	42.09	207,536	6.58	42,956	1.38	22,700	0.83	145	3,954.63	137.04
	Min.		128.38				0.45			18.80		6.09		1.14		0.62	108		122.83
	Avg.		132.20				0.48			29.96		6.28		1.30		0.69	129		131.82
October	Max.	4,056.70	142.29	0	138,516	15,774	0.53	161,790	1,167,935	40.12	211,003	6.52	43,915	1.34	22,505	0.74	148	4,010.08	139.92
	Min.		127.25				0.39			21.63		5.80		1.23		0.61	111		121.38
	Avg.		130.86				0.47			34.50		6.24		1.30		0.67	133		129.36
November	Max.	3,831.32	130.29	0	128,199	13,266	0.46	149,320	504,638	23.78	182,581	6.13	38,002	1.28	22,902	1.04	157	3,881.63	135.29
	Min.		124.13				0.36			9.51		5.37		1.12		0.63	115		118.42
	Avg.		127.71				0.41			15.79		5.71		1.19		0.72	135		129.39
December	Max.	3,996.69	131.50	0	137,772	13,736	0.61	157,653	546,495	20.79	174,987	5.99	35,993	1.18	24,134	0.84	146	4,018.25	136.83
	Min.		126.54				0.38			12.26		4.83		0.95		0.64	115		122.29
	Avg.		128.93				0.41			16.40		5.25		1.08		0.72	132		129.62
Total		48,386.88		0	1,956,424	184,945		2,246,524	9,880,278		2,278,291		473,162		267,661			48,347.2	
General	Max.	4,373.23	157.30	0	207,521	18,259	0.61	235,405	1,197,776	44.46	216,538	6.77	44,888	1.41	24,134	1.04	157	4,336.00	150.67
	Min.	3,816.16	122.08	0	126,788	11,943	0.00	146,565	504,638	9.51	170,193	3.00	35,689	0.92	20,198	0.37	78	3,818.04	118.42
	Avg.	4,032.24	132.57	0	163,035	15,412	0.46	187,210	823,357	24.48	189,858	5.65	39,430	1.17	22,305	0.66	120	4,028.93	132.46

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE V

PRINCIPLE RESULTS OF OPERATION OF THE ALGIERS WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2014

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polyelec-trolyte Used During Month	Polyelec-trolyte Parts Per Million	Total Pounds of Fluoride (100%) Used During Month	Fluoride Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	Total Pounds of Lime Used During Month	Lime Parts Per Million	Total Pounds of Anhydrous Ammonia Used During Month	Anhydrous Ammonia Parts Per Million	Total Pounds Chlorine Used During Month	Chlorine Parts Per Million	Total Pounds Polyphos-phate Used During Month	Polyphos-phate Parts Per Million	NTU Turbidity of Clarifer Effluent	PPM Clear Well Alkalinity of Filter Effluent	High Lift Pumpage	
																				Total M.G.D.	M.G.D.
January	Max.	332.60	12.00	11,855	4.31	1,284	0.48	13,337	6.60	98,041	43.47	2,026	0.77	13,975	5.40	2,067	0.80	18.0	80	295.57	10.86
	Min.		10.00		4.24		0.44		3.68		24.93		0.70		4.80		0.66	0.6	58		8.14
	Avg.		10.73		4.28		0.46		4.82		35.46		0.73		5.04		0.75	4.1	67		9.53
February	Max.	301.49	14.00	10,752	4.31	1,164	0.49	13,503	7.66	76,874	42.53	1,682	0.71	12,567	5.55	1,600	0.80	8.5	89	285.60	11.67
	Min.		10.00		4.26		0.43		4.31		22.39		0.65		4.62		0.43	0.3	50		9.45
	Avg.		10.77		4.28		0.47		5.43		30.66		0.67		4.99		0.64	2.1	67		10.20
March	Max.	315.34	12.00	11,235	4.32	1,204	0.47	14,080	7.36	110,014	60.14	1,887	0.74	13,369	5.44	2,000	0.80	7.4	88	291.49	10.45
	Min.		10.00		4.26		0.46		4.40		30.14		0.70		4.34		0.50	0.2	52		8.30
	Avg.		10.17		4.27		0.46		5.36		41.79		0.72		5.08		0.76	1.5	64		9.40
April	Max.	304.42	12.00	10,843	4.29	1,162	0.50	13,860	6.60	96,910	51.51	1,944	0.80	13,565	6.47	2,000	1.20	15.0	88	296.93	11.08
	Min.		10.00		4.27		0.44		5.28		29.93		0.72		4.89		0.60	0.2	56		9.24
	Avg.		10.15		4.27		0.46		5.45		38.10		0.77		5.38		0.79	1.8	68		9.90
May	Max.	326.99	13.92	11,681	4.52	1,413	0.57	14,740	7.54	138,462	65.04	2,468	1.01	13,199	7.02	1,867	0.80	4.2	69	310.82	12.22
	Min.		10.00		4.26		0.48		4.52		35.11		0.82		4.11		0.50	0.3	48		9.10
	Avg.		10.55		4.28		0.52		5.40		50.94		0.91		4.82		0.69	1.3	56		10.03
June	Max.	312.33	12.00	11,143	4.31	1,380	0.56	14,080	6.59	135,357	65.04	2,936	1.38	15,574	7.48	2,000	1.13	6.5	67	304.63	10.89
	Min.		10.00		4.27		0.51		4.40		40.00		0.98		4.96		0.56	0.2	44		9.20
	Avg.		10.41		4.14		0.53		5.41		51.91		1.13		5.99		0.77	1.0	54		10.15
July	Max.	316.05	12.00	11,268	4.31	1,392	0.56	14,520	7.91	196,576	129.18	3,091	1.24	16,869	6.75	2,267	1.20	23.0	70	312.22	11.03
	Min.		9.63		4.27		0.51		5.26		58.81		1.10		6.06		0.68	0.3	34		9.08
	Avg.		10.20		4.28		0.53		5.49		74.06		1.17		6.40		0.86	1.8	54		10.07
August	Max.	317.10	15.04	11,124	4.41	1,413	0.58	14,695	6.83	193,948	89.93	2,939	1.17	16,102	6.40	1,999	1.33	21.0	81	314.05	12.19
	Min.		9.00		3.54		0.51		4.40		50.52		1.01		5.34		0.50	0.8	35		9.30
	Avg.		10.23		4.21		0.53		5.61		73.50		1.11		6.09		0.77	5.9	56		10.13
September	Max.	299.54	12.00	8,959	3.64	1,272	0.56	13,466	6.83	158,719	75.14	2,745	1.26	15,311	7.15	2,034	1.33	15.0	67	294.12	10.99
	Min.		9.00		3.54		0.44		4.40		50.04		0.99		5.40		0.53	0.8	44		8.89
	Avg.		9.98		3.59		0.51		5.44		63.61		1.10		6.13		0.82	3.7	52		9.80
October	Max.	303.41	12.00	10,018	4.08	1,312	0.55	14,336	8.30	123,822	69.64	2,609	1.17	14,917	6.72	1,900	1.25	26.0	108	283.98	10.09
	Min.		9.00		3.58		0.47		3.68		28.36		0.95		5.38		0.53	1.7	58		8.22
	Avg.		9.79		3.96		0.52		5.71		49.36		1.03		5.90		0.76	5.3	83		9.16
November	Max.	324.64	12.00	10,903	4.08	1,298	0.51	14,160	6.59	110,590	54.96	2,492	1.14	17,353	8.55	1,650	1.20	6.4	115	291.64	10.66
	Min.		9.71		4.00		0.46		4.17		24.73		0.78		5.65		0.50	0.7	72		8.14
	Avg.		10.82		4.03		0.48		5.25		40.86		0.92		6.43		0.62	2.5	91		9.72
December	Max.	354.08	15.58	11,878	4.06	1,408	0.51	15,125	6.59	117,780	61.94	2,402	0.88	16,121	5.88	2,017	1.07	5.0	115	308.68	12.18
	Min.		10.00		3.99		0.43		3.67		19.03		0.74		5.06		0.50	1.0	82		8.99
	Avg.		11.42		4.02		0.48		5.17		39.84		0.81		5.47		0.69	2.2	96		9.96
Total		3,807.99		131,659		15,702		169,902		1,557,093		29,221		178,922		23,401				3,589.73	
General	Max.	354.08	15.58	11,878	4.52	1,413	0.58	15,125	8.30	196,576	129.18	3,091	1.38	17,353	8.55	2,267	1.33	26.0	115	314.05	12.22
	Min.	299.54	9.00	8,959	3.54	1,162	0.43	13,337	3.67	76,874	19.03	1,682	0.65	12,567	4.11	1,600	0.43	0.2	34	283.98	8.14
	Avg.	317.33	10.43	10,972	4.15	1,309	0.49	14,159	5.35	129,758	49.03	2,435	0.92	14,910	5.63	1,950	0.74	2.8	67	299.14	9.83

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VI-A

MONTHLY SUMMARY OF CARROLLTON WATER PURIFICATION PLANT FILTER OPERATIONS FOR THE YEAR ENDING: December 31, 2014

1	2	3		4		5		6		7		8		9		10		11	
Month		Total Million Gallons Water Filtered During Month		Total Number of Runs		Length of Runs in Hours		Million Gallons of Water Filtered Per Run		Million Gallons Per Day Per Filter		Total Amount in Million Gallons of Wash Water Used		Million Gallons of Wash Water Used Per Run		Percentage of Wash Water Used Per Run		Million Gallons Filtered Per Acre Per Day	
		Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
January	Max.	1,858.447	2,471.855	98	72	212	209	26.875	51.049	2.824	5.590	29.400	61.560	0.300	0.855	3.38	3.83	85.969	87.786
	Min.					90	115	8.875	22.339							1.12	1.67		
	Avg.					161	156	18.964	34.331							1.58	2.49		
February	Max.	1,560.573	2,628.572	81	58	219	236	27.375	61.297	2.746	6.168	19.500	43.390	0.241	0.748	3.90	14.19	83.597	102.343
	Min.					115	23	6.617	5.271							0.88	1.22		
	Avg.					168	176	19.266	45.317							1.25	1.65		
March	Max.	1,610.838	2,624.443	81	76	172	214	21.750	51.813	2.737	5.252	25.200	52.300	0.311	0.688	2.30	8.85	83.320	87.144
	Min.					139	42	13.500	7.779							1.43	1.33		
	Avg.					174	158	19.887	34.532							1.56	1.99		
April	Max.	1,740.086	2,322.598	91	74	169	191	21.500	43.542	2.752	4.931	27.300	47.700	0.300	0.959	2.25	4.21	83.761	81.828
	Min.					161	135	13.334	22.780							1.40	2.20		
	Avg.					167	153	19.122	31.386							1.57	3.06		
May	Max.	1,697.840	2,345.563	88	80	191	184	23.500	42.167	2.772	4.857	31.800	54.590	0.361	0.687	2.60	3.31	84.368	80.598
	Min.					146	111	13.917	20.734							1.54	1.63		
	Avg.					167	145	19.294	29.320							1.87	2.34		
June	Max.	1,574.548	2,212.878	84	76	172	182	25.200	41.708	2.567	4.589	25.200	53.300	0.300	0.701	2.17	3.97	78.140	76.144
	Min.					167	136	21.500	17.676							1.40	1.68		
	Avg.					175	152	18.745	29.117							1.60	2.41		
July	Max.	1,707.756	2,164.384	89	72	189	235	23.625	49.375	2.746	4.511	27.300	42.400	0.307	0.589	2.27	3.44	83.598	74.851
	Min.					161	121	13.500	17.115							1.30	1.19		
	Avg.					168	160	19.188	30.061							1.60	1.96		
August	Max.	1,602.703	2,050.139	84	76	168	191	21.000	42.002	2.753	4.054	25.200	45.300	0.300	0.596	2.17	4.58	83.807	67.123
	Min.					121	139	13.834	23.098							1.43	2.66		
	Avg.					166	160	19.080	26.976							1.57	4.12		
September	Max.	1,606.467	2,311.021	83	70	172	199	21.709	42.002	2.787	4.882	25.200	33.900	0.304	0.484	2.24	2.10	84.842	81.005
	Min.					162	139	13.834	23.098							1.40	1.15		
	Avg.					167	162	19.355	33.015							1.57	1.47		
October	Max.	1,715.014	2,276.144	88	70	173	203	26.400	47.350	2.800	4.725	26.400	47.350	0.300	0.658	2.16	3.86	85.233	78.402
	Min.					162	140	21.961	43.870							1.37	1.50		
	Avg.					167	161	19.489	31.613							1.54	2.08		
November	Max.	1,545.170	2,387.081	78	72	171	192	20.875	42.728	2.930	4.911	24.300	43.700	0.312	0.607	2.29	2.65	89.180	81.491
	Min.					143	135	13.583	22.934							1.49	1.42		
	Avg.					162	162	19.810	33.154							1.57	1.83		
December	Max.	1,688.006	2,390.212	88	72	193	261	24.000	56.226	2.763	4.856	27.300	46.600	0.310	0.647	2.33	3.20	84.091	80.575
	Min.					118	121	13.334	20.243							1.29	1.15		
	Avg.					167	164	19.182	33.197							1.62	1.95		
Total		19,907.448	28,184.890	1,033	868	5,895	5,763	682.980	1,210.215	33.177	59.326	314.100	572.090	3.646	8.219	65.01	104.34	1,009.906	979.290
General	Max.	1,858.447	2,628.572	98	80	219	261	27.375	61.297	2.930	6.168	31.800	61.560	0.361	0.959	3.90	14.19	89.180	102.343
	Min.	1,545.170	2,050.139	78	58	90	23	6.617	5.271	2.567	4.054	19.500	33.900	0.241	0.484	0.88	1.15	78.140	67.123
	Avg.	1,658.954	2,348.741	86	72	167	159	19.271	32.471	2.765	4.944	26.175	47.674	0.304	0.685	1.58	2.03	84.159	81.608

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VI-B

MONTHLY SUMMARY OF ALGIERS FILTER OPERATIONS FOR THE YEAR ENDING: December 31, 2014

1	2	3	4	5	6	7	8	9	10
Month		Total Million Gallons Water Filtered During Month of Runs	Total Number of Runs	Length of Runs in Hours	Million Gallons of Water Filtered Per Run	Million Gallons Per Day Per Filter	Total Amount in Million Gallons of Wash Water Used	Million Gallons of Wash Water Used Per Run	Percentage of Wash Water Used Per Run
January	Max.	323.68	72	168	7.000	0.88	6.91	0.096	7.41
	Min.			59	1.292				1.34
	Avg.			122	4.496				2.13
February	Max.	303.64	58	168	6.959	0.91	6.34	0.109	14.97
	Min.			35	0.730				1.57
	Avg.			138	5.235				2.09
March	Max.	304.88	53	170	7.083	0.93	6.12	0.115	12.04
	Min.			23	0.958				1.63
	Avg.			148	5.752				2.01
April	Max.	310.37	58	171	7.083	0.86	6.75	0.116	22.34
	Min.			25	0.521				1.64
	Avg.			149	5.351				2.17
May	Max.	317.47	51	171	7.084	0.89	6.13	0.120	3.19
	Min.			163	3.771				1.70
	Avg.			167	6.224				1.93
June	Max.	307.81	52	169	7.042	0.87	6.00	0.115	5.53
	Min.			77	2.083				1.64
	Avg.			164	5.919				1.95
July	Max.	335.83	57	169	7.042	0.85	6.61	0.116	3.33
	Min.			164	3.479				1.65
	Avg.			167	5.891				1.97
August	Max.	293.47	51	193	8.104	0.86	6.13	0.120	41.16
	Min.			7	0.292				1.48
	Avg.			161	5.754				2.09
September	Max.	305.76	54	169	7.042	0.83	5.93	0.110	2.55
	Min.			141	4.312				1.56
	Avg.			163	5.662				1.94
October	Max.	305.72	55	171	7.125	0.81	6.27	0.114	27.38
	Min.			10	0.416				1.60
	Avg.			164	5.556				2.05
November	Max.	315.16	49	169	10.188	0.95	6.18	0.126	7.96
	Min.			45	1.584				1.24
	Avg.			163	6.432				1.96
December	Max.	376.62	65	219	10.480	0.94	8.23	0.127	31.97
	Min.			19	0.396				1.12
	Avg.			148	5.794				2.19
Total		3800.40	675	4.729	180.132	10.58	77.59	1.3843	222.48
General	Max.	376.62	72	219	10.480	0.95	8.23	0.1270	41.16
	Min.	293.47	49	7	0.292	0.81	5.93	0.0958	1.12
	Avg.	316.70	56	151	5.611	0.88	6.47	0.1154	2.05

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VII

FIVE YEAR ANALYSIS COMPOSITE DATA (2010 - 2014) FOR NEW ORLEANS DRINKING WATER PURIFICATION SYSTEM

PARAMETER	MISSISSIPPI RIVER (Before Purification)			FINISHED WATER (After Purification)		
	MAX	MIN	AVG	MAX	MIN	AVG
Total Alkalininty (ppm as $CaCO_3$)	212	72	120	227	78	131
Total Hardness (ppm as $CaCO_3$)	238	91	162	270	122	183
Noncarbonate Hardness (ppm as $CaCO_3$)	105	0	42	120	2	52
Calcium Hardness (ppm as $CaCO_3$)	187	69	110	204	75	131
Magnesium Hardness (ppm as $CaCO_3$)	104	1	52	118	2	52
Nephelometric Turbidity (NTU)	282	4.6	60	0.25	0.06	0 12
pH	8 47	7.00	7.76	9.53	7.70	8.86
Chloride (ppm)	63	10	31	65	14	35
Fluoride (ppm)	0.65	0.08	0.29	1.19	0 44	0 78
Total Dissolved Solids (ppm)	490	146	255	526	130	286
Total Suspended Solids (ppm)	396	7	95	-----	-----	-----
Free Chlorine Residual (ppm as Cl_2)	-----	-----	-----	0.6	0.0	0.2
Total Chlorine Residual (ppm as Cl_2)	-----	-----	-----	5.5	0.0	3.1
Ammonia (ppm as N)	-----	-----	-----	0.73	0.00	0.15
Nitrate + Nitrite (ppm as N) *	-----	-----	-----	3	1	2
Sulfate (ppm) *	-----	-----	-----	69	0	45
Conductivity (µS/cm)	610	179	417	650	185	469
Temperature (°F)	90	37	65	91	41	73
Aluminum (ppm) *	-----	-----	-----	0.08	0.00	0.02
Antimony (ppm) *	-----	-----	-----	0.002	0.000	0.000
Arsenic (ppm) *	-----	-----	-----	0 001	0 000	0.000
Barium (ppm) *	-----	-----	-----	0	0	0
Beryllium (ppm) *	-----	-----	-----	0.000	0.000	0 000
Cadmium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Chromium (ppm) *	-----	-----	-----	0.00	0 00	0.00
Copper (ppm) *	-----	-----	-----	0 3	0.0	0.1
Iron (ppm) *	-----	-----	-----	0.05	0 00	0.01
Lead (ppm) *	-----	-----	-----	0.033	0.000	0 004
Manganese (ppm) *	-----	-----	-----	0 00	0.00	0.00
Mercury (ppm) *	-----	-----	-----	0.000	0.000	0.000
Nickel (ppm) *	-----	-----	-----	0.0	0.0	0.0
Selenium (ppm) *	-----	-----	-----	0.00	0.00	0.00
Silver (ppm) *	-----	-----	-----	0.00	0.00	0.00
Thallium (ppm) *	-----	-----	-----	0.000	0 000	0.000
Zinc (ppm) *	-----	-----	-----	0	0	0
Potassium (ppm) *	-----	-----	-----	8.8	2.8	5.0
Sodium (ppm) *	-----	-----	-----	41.8	23.3	28.4
Cyanide (ppb) *	-----	-----	-----	0.0	0.0	0.0
Haloacetic Acids (HAA5) (ppb)	-----	-----	-----	33.9	8.6	17.2
Total Organic Carbon (ppm)	4.7	2.9	3.8	4.1	1.9	2.8
Total Trihalomethanes (ppb)	25.7	0.0	0.0	85.1	6.8	23.7
1, 2-Dichloroethane (ppb)	0.0	0.0	0.0	0.6	0.0	0.0
Chloroform (ppb)	25.7	0.0	0.0	62.1	5 2	14 8
Carbon Tetrachloride (ppb)	3.1	0.0	0.0	0.0	0.0	0 0
Bromodichloromethane (ppb)	0.0	0 0	0.0	13.2	0.0	6.0
Tetrachloroethene (ppb)	0.0	0.0	0.0	0 0	0.0	0 0
BTX (Benzene, Toluene & Xylenes) (ppb)	0.6	0.0	0.0	0 0	0 0	0.0
Total Coliforms (CFUs/100 ml)	4500	44	700	36	0	0
Fecal Coliforms (CFUs/100 ml)	660	7	47	0	0	0

The results for constituents indicated with asterisks are from the Louisiana Department of Health and Hospitals.
Total Organic Carbon and Haloacetic Acid results are from a DHH certified contract laboratory.
All other results are from testing by the S&WB Water Quality Laboratory.
Lead and Copper results are from 2010 and 2013; testing is only required triennially.
Concerning the chemical results, the S&WB Laboratory does not meet the higher criteria required by DHH to be classified as a "DHH-OPH *Certified* Chemical Laboratory/Drinking Water;" therefore, any results reported by this laboratory for chemical drinking water parameters which are required to be analyzed in a certified laboratory are officially deemed invalid.
The S&WB Laboratory is certified by DHH for Total Coliform and Fecal Coliform testing.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VIII
YEAR ENDED DECEMBER 31, 2014

CARROLLTON OPERATION

CHEMICAL	CHEMICAL COST	CHEMICAL COST PER MILLION GALLONS
Lime	$793,040.51	$16.39
Ferric Coagulant	$1,450,805.17	$29.98
Chlorine & Sodium Hypochlorite	$1,022,917.51	$21.14
Sodium Polyphosphate	$109,740.95	$2.27
Polyelectrolyte	$555,624.38	$11.48
Fluoride	$233,214.14	$4.82
Ammonia	$293,360.29	$6.06
Carbon	$0.00	$0.00
TOTAL CHEMICALS	$4,458,702.95	$92.15

Purification Plant Operating Cost:
Total Water Treated in 2014: 48,386,880,000 Gallons

TOTAL COST
PER MILLION GALLONS

YEAR	TOTAL WATER TREATED IN MILLION GALLONS	OPERATING COST	TOTAL COST PER MILLION GALLONS
2014	48,386.88	$8,585,082	$177.43
2013	47,842.43	$8,119,447	$169.71
2012	50,240.70	$8,294,045	$165.09
2011	50,870.78	$7,342,571	$144.34
2010	50,040.84	$7,868,284	$157.24

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IX
YEAR ENDED DECEMBER 31, 2014

ALGIERS OPERATION

CHEMICAL	CHEMICAL COST	CHEMICAL COST PER MILLION GALLONS
Lime	$157,518.54	$41.37
Ferric Coagulant	$109,722.71	$28.81
Sodium Hypochlorite	$81,315.16	$21.35
Sodium Polyphosphate	$24,076.04	$6.32
Polyelectrolyte	$37,391.16	$9.82
Fluoride (100%)	$19,800.05	$5.20
Ammonia	$21,915.75	$5.76
Carbon	$0.00	$0.00
TOTAL CHEMICALS	$451,739.40	$118.63

Purification Plant Operating Cost:
Total Water Treated in 2014: 3,807,990,000 Gallons

TOTAL COST
PER MILLION GALLONS

YEAR	TOTAL WATER TREATED IN MILLION GALLONS	OPERATING COST	TOTAL COST PER MILLION GALLONS
2014	3,807.99	$1,835,436.00	$482.00
2013	4,115.36	$1,967,690.00	$478.13
2012	4,227.86	$2,061,032.00	$487.49
2011	4,280.60	$1,834,511.00	$428.56
2010	4,105.81	$1,995,926.00	$486.12
2009	3,935.84	$1,894,092.00	$481.24

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE X
YEAR ENDED DECEMBER 31, 2014

SLUDGE REMOVED FROM THE "G" BASINS PRIMARY TREATMENT UNITS DOOR MONORAKE CONVENTIONAL SYSTEM

Total Million Gallons Water Treated	14,298.51
Total Tons Dry Sludge Deposited in Basins Including suspended and Dissolved Solids Removed and Reacting Chemicals	7,003
Total Million Gallons Wet Sludge Withdrawn from Basins	566.25
Average Percent solids in Wet Sludge	0.30
Total Million Gallons Water Used in withdrawing Sludge	565.55
Percent of Total Water Treated Used in Withdrawing Wet Sludge	3.96

TABLE X-A
YEAR ENDED DECEMBER 31, 2014

SLUDGE REMOVED FROM THE "L" BASINS PRIMARY TREATMENT UNITS DOOR MONORAKE CONVENTIONAL SYSTEM

Total Million Gallons Water Treated	34,039.46
Total Tons Dry Sludge Deposited in Basins Including suspended and Dissolved Solids Removed and Reacting Chemicals	15,902
Total Million Gallons Wet Sludge Withdrawn from Basins	422.44
Average Percent solids in Wet Sludge	0.89
Total Million Gallons Water Used in withdrawing Sludge	420.85
Percent of Total Water Treated Used in Withdrawing Wet Sludge	1.24

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE XI

2014 ANALYSIS DATA FOR NEW ORLEANS CARROLLTON DRINKING WATER PURIFICATION SYSTEM - 2014

PARAMETER	MISSISSIPPI RIVER (Before Purification)			FINISHED WATER (After Purification)		
	MAX	MIN	AVG	MAX	MIN	AVG
Total Alkalininty (ppm as $CaCO_3$)	146	75	109	152	84	119
Total Hardness (ppm as $CaCO_3$)	211	91	155	235	130	176
Noncarbonate Hardness (ppm as $CaCO_3$)	74	14	46	91	14	58
Calcium Hardness (ppm as $CaCO_3$)	136	74	101	154	98	124
Magnesium Hardness (ppm as $CaCO_3$)	89	17	54	84	5	53
Nephelometric Turbidity (NTU)	277	7.9	75	0.25	0.06	0.11
pH	8.22	7.00	7.58	9.26	8.13	8.82
Chloride (ppm)	48	19	29	51	22	33
Fluoride (ppm)	0.36	0.13	0.23	0.91	0.46	0.72
Total Dissolved Solids (ppm)	291	161	225	339	244	289
Total Suspended Solids (ppm)	234	41	131	----	----	----
Free Chlorine Residual (ppm as Cl_2)	----	----	----	0.4	0.1	0.2
Total Chlorine Residual (ppm as Cl_2)	----	----	----	4.9	0.5	3.1
Ammonia (ppm as N)	----	----	----	0.57	0.03	0.15
Nitrate (ppm as N)	2.93	1.00	1.60	3.10	0.82	1.64
Nitrite (ppm as N)	0.09	0.00	0.02	0.49	0.00	0.04
Sulfate (ppm) *	----	----	----	45	45	45
Conductivity (µS/cm)	554	230	381	568	318	435
Temperature (°F)	86	37	64	89	44	74
Aluminum (ppm) *	----	----	----	0.01	0.01	0.01
Antimony (ppm) *	----	----	----	0.000	0.000	0.000
Arsenic (ppm) *	----	----	----	0.000	0.000	0.000
Barium (ppm) *	----	----	----	0	0	0
Beryllium (ppm) *	----	----	----	0.000	0.000	0.000
Cadmium (ppm) *	----	----	----	0.000	0.000	0.000
Chromium (ppm) *	----	----	----	0.00	0.00	0.00
Copper (ppm) *	----	----	----	0.2	0.0	0.1
Iron (ppm) *	----	----	----	0.00	0.00	0.00
Lead (ppm) *	----	----	----	0.016	0.000	0.003
Manganese (ppm) *	----	----	----	0.00	0.00	0.00
Mercury (ppm) *	----	----	----	0.000	0.000	0.000
Nickel (ppm) *	----	----	----	0.0	0.0	0.0
Selenium (ppm) *	----	----	----	0.00	0.00	0.00
Silver (ppm) *	----	----	----	0.00	0.00	0.00
Thallium (ppm) *	----	----	----	0.000	0.000	0.000
Zinc (ppm) *	----	----	----	0	0	0
Potassium (ppm) *	----	----	----	3.6	3.5	3.6
Sodium (ppm) *	----	----	----	24.0	23.3	23.7
Cyanide (ppb) *	----	----	----	0.0	0.0	0.0
Haloacetic Acids (HAA5) (ppb)	----	----	----	30.1	9.5	15.6
Total Organic Carbon (ppm)	4.1	3.0	3.6	2.9	2.1	2.6
Total Trihalomethanes (ppb)	0.0	0.0	0.0	36.9	9.4	21.6
1, 2-Dichloroethane (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
Chloroform (ppb)	0.0	0.0	0.0	22.6	5.2	13.0
Carbon Tetrachloride (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
Bromodichloromethane (ppb)	0.0	0.0	0.0	12.7	3.1	6.8
Tetrachloroethene (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
BTX (Benzene, Toluene & Xylenes) (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
Total Coliforms (CFUs/100 ml)	2900	57	510	2	0	0
Fecal Coliforms (CFUs/100 ml)	71	7	26	0	0	0

The results for constituents indicated with asterisks are from the Louisiana Department of Health and Hospitals.
Total Organic Carbon and Haloacetic Acid results are from a DHH certified contract laboratory.
All other results are from testing by the S&WB Water Quality Laboratory.
Lead and Copper testing is performed triennially. The results in this table are from 2013.
Concerning the chemical results, the S&WB Laboratory does not meet the higher criteria required by DHH to be classified as a "DHH-OPH *Certified* Chemical Laboratory/Drinking Water;" therefore, any results reported by this laboratory for chemical drinking water parameters which are required to be analyzed in a certified laboratory are officially deemed invalid.
The S&WB Laboratory is certified by DHH for Total Coliform and Fecal Coliform testing.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE XII

EXTRACTS FROM TABLES IV-E AND V

20 Year Period, 1995 to 2014 Inclusive
Maximum, Minimum, and Average Amount of
Water Treated Per Day
(M.G. per 24 Hours)

YEAR	CARROLLTON			ALGIERS		
	MAX.	MIN.	AVG.	MAX.	MIN.	AVG.
1995	142.83	104.67	121.40	18.14	9.00	11.55
1996	198.42	91.59	128.97	18.27	9.00	11.47
1997	156.53	112.70	128.73	18.83	9.58	12.06
1998	152.96	98.48	126.86	22.96	12.00	12.36
1999	168.25	122.55	140.26	22.00	8.90	15.19
2000	152.50	126.71	128.10	18.83	7.58	12.13
2001	153.93	107.75	126.70	15.76	6.00	10.90
2002	128.67	87.00	106.63	14.00	6.66	9.80
2003	144.26	90.75	115.35	13.16	8.00	10.06
2004	145.83	102.92	122.57	13.16	8.00	10.15
2005	144.00	0.00	115.47	22.67	7.00	10.20
2006	165.63	115.33	139.73	18.34	8.00	11.67
2007	144.75	124.00	134.06	16.00	10.00	12.13
2008	143.50	114.08	133.88	13.58	6.92	10.38
2009	147.92	129.83	138.17	14.00	8.00	10.78
2010	156.50	125.33	137.10	15.67	8.00	11.25
2011	150.83	127.17	139.37	16.83	10.00	11.73
2012	163.29	117.96	137.65	15.50	10.00	11.58
2013	141.83	120.00	131.08	15.25	10.00	11.27
2014	157.30	122.08	132.57	15.58	9.00	10.43

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE XIII
YEAR ENDED DECEMBER 31, 2014

Monthly Temperature (Degrees Farenheit) of the Mississippi River Water at the Carrollton Plant

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
January	49	50	52	50	50	41	43	48	47	42
February	48	51	47	53	46	41	43	48	47	40
March	51	55	56	55	51	48	51	57	49	46
April	62	63	63	63	58	62	61	69	57	59
May	71	74	71	68	69	71	68	74	66	69
June	81	83	79	77	79	81	80	81	76	79
July	85	86	82	80	85	85	84	85	81	83
August	88	88	85	82	84	86	87	87	83	84
September	*	86	82	78	81	83	80	82	83	83
October	76	78	75	71	70	72	72	72	76	72
November	66	63	63	63	59	61	62	60	62	59
December	51	54	58	55	49	50	50	55	48	49
Maximum	90	90	89	85	86	89	90	89	86	86
Minimum	42	46	40	42	42	37	40	46	45	37
Average	66	69	68	66	65	65	65	68	65	64

Ten Year Period

Maximum:	90
Minimum:	37
Average:	66

* Data not available for September 2005 due to hurricane Katrina.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE XIV
December 31, 2014
Monthly Temperature (Degrees Farenheit) of the Tap Water at the Carrollton Plant

	2010	2011	2012	2013	2014
January	61	61	64	65	62
February	61	60	65	66	61
March	66	67	69	66	66
April	70	71	74	69	72
May	76	73	77	73	77
June	80	79	82	81	80
July	82	82	84	81	83
August	84	85	79	81	84
September	80	80	78	84	84
October	75	76	73	78	79
November	66	69	69	72	69
December	60	63	68	64	65
Maxiumum	88	90	89	91	89
Minimum	41	44	51	49	44
Average	72	72	73	73	74

Five Year Period

Maximum:	91
Minimum:	41
Average:	73

SEWERAGE AND WATER BOARD OF NEW ORLEANS

New Orleans West Bank Sewerage Treatment Plant
2014 Yearly Summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014
Plant Ef Flow (MGD)													
Average	10 813	12.258	11.564	9.419	9.815	10 431	10.392	7.690	8.448	6 453	6 28	7.22	**9.23**
Maximum	23.166	30 333	29.529	20 718	28.873	24 098	18.911	16.423	14.54	10 397	8 17	13.92	**30.33**
INFLUENT BOD (mg/L)													
Average	77.1	70.1	63 6	76.4	89.1	64.3	60.4	73.3	73.9	88 9	107	105 8	**79.16**
Maximum	148	110	134	126	161	93	94	100	124	116	167	144	**167**
INFLUENT TSS (mg/L)													
Average	94 8	89.4	76.4	98.3	110	82 5	73	70 7	66.3	67.8	110.4	98.8	**86.53**
Maximum	221	162	172	310	304	144	161	108	117	121	234	280	**310**
INFLUENT BOD (lbs/day)													
Average	6,049	6,422	5,004	5,426	5,963	5,239	4,298	4,191	4,753	4,560	5,306	5,866	**5,256**
Maximum	11,873	10,565	7,927	8,399	17,608	9,932	7,036	6,846	7,623	5,580	7,811	9,369	**17,608**
INFLUENT TSS (lbs/day)													
Average	7,400	8,458	6,083	7,380	8,858	6,923	5,090	4,114	4,446	3,528	5,765	5,618	**6,139**
Maximum	16,143	17,488	14,724	23,506	60,807	16,269	8,582	8,874	7,318	6,565	14,594	13,425	**60,807**
EFFLUENT BOD (mg/L)													
Average	9.6	12 1	12	12	10.6	7 3	5.2	6.2	5 5	9 5	5.6	8 6	**8.68**
Weekly Maximum	13	21	17	23	17	11	8	10	14	22	8	18	**23**
EFFLUENT TSS (mg/L)													
Average	10.8	16.7	12 6	15.2	13.4	12.5	8.3	8 6	7 7	10	7	7.2	**10.83**
Weekly Maximum	24	42	23	27	19	20	12	12	10	23	10	20	**42**
EFFLUENT BOD (lbs/day)													
Average	889	1,384	1,039	1,013	731	655	451	374	375	503	291	523	**685.65**
Weekly Maximum	1,739	4,190	1,948	3,754	1,775	1,809	1,213	648	748	1,180	477	2,090	**4,190**
EFFLUENT TSS (lbs/day)													
Average	1,019	2,174	1,163	1,318	948	1,087	720	527	523	536	370	458	**903.69**
Weekly Maximum	2,372	7,980	3,366	4,407	2,662	2,613	1,819	985	962	1,214	649	2,323	**7,980**
EFFLUENT CL2 (mg/L)													
Average	1 21	1.27	1 29	1.28	1.27	1 2	1.1	1 15	1.19	1.26	1 34	1.19	**1.23**
Maximum	1 4	1 4	1 4	1 4	1 4	1 4	1 4	1 4	1 4	1 4	1 4	1 4	**1.40**
EFFLUENT COLIFORM (col/100-ml)													
Average (Geo)	2.4	2.92	2.11	3.36	5 09	21.12	2 58	2.68	2 36	2.29	2 11	2 12	**4.26**
Weekly Maximum (Geo)	3 52	2.99	2	8 11	6 8	71 06	3 42	3 83	2	3.74	2	2 71	**71.06**
EFFLUENT pH (su)													
Minimum	726	7 57	7 46	7.31	6.99	7.30	7.26	7.08	7.09	7 11	7.29	7.37	**6.99**
Maximum	7 78	7 87	7 71	7.63	7 59	7 60	7 6	7 4	7 38	7 5	7 5	7 38	**7.87**
DISPOSED SLUDGE (dry tons)													
Average per day	2 48	3 99	9 81	9 2	7.78	6 75	5 98	6 51	5 51	4.18	4.08	9.28	**6**
Total	47.05	75.78	225 59	230 11	155.57	128.18	125 56	143 18	99.24	108 7	122 29	80 3	**1.542**
ELECTRICITY (kwhr)													
Average per day	10,478	10,400	9,883	9,334	9,142	9,200	9,520	8,146	5,310	5,950	6,865	6,800	**8,419**
Total (kwhr)	324,817	291,210	336,015	252,011	310,815	257,612	285,614	268,819	154,000	190,400	212,819	238,013	**3,122,145**
RAINFALL (inches) West Bank													
TOTAL	2 63	7 50	7.79	3 61	8 04	1 79	4 86	2 51	1.96	1 41	0 64	2 09	**44.83**

SEWERAGE AND WATER BOARD OF NEW ORLEANS

New Orleans East Bank Sewerage Treatment Plant
2014 Yearly Summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014
Plant EF Flow (MGD)													
Average	95.132	108.2	104.4	92.327	90.274	100.687	102.803	83.623	102.02	80.671	75.1	86.374	93
Maximum	167.7	170.3	189.7	159	167	152.1	167	163.7	158.3	116.7	91.9	149.2	190
INFLUENT BOD (mg/L)													
Average	71	90.4	94.3	83.3	94.6	67.7	58.5	96.5	76.3	91.9	132.4	120.9	90
Maximum	120	360	163	155	304	161	102	685	301	259	322	362	685
INFLUENT TSS (mg/L)													
Average	74	120.5	107.6	104.6	125.4	86.8	68.8	137.4	91.4	107.3	147.8	128.2	108
Maximum	166	746	291	195	224	207	120	1398	264	257	414	371	1,398
INFLUENT BOD (lbs/day)													
Average	56,169	77,948	81,517	60,715	72,915	58,958	49,637	41,545	59,231	67,495	81,476	85,016	66,052
Maximum	91,746	413,776	141,259	109,131	177,781	122,726	81,824	426,137	95,353	166,535	221,371	155,438	426,137
INFLUENT TSS (lbs/day)													
Average	58,601	110,292	96,242	75,073	231,858	75,975	60,843	103,164	78,190	73,802	96,593	91,036	95,972
Maximum	153,128	856,926	259,072	175,466	101,203	151,921	112,732	869,606	180,718	179,310	282,157	179,500	869,606
EFFLUENT BOD (mg/L)													
Average	24	32.2	28.4	31.5	22.5	17.9	19.5	15.7	20.8	22.7	19.2	23.6	23.2
Weekly Maximum	42.2	45.2	52.2	64.9	39	41	29	22	35	37	38	38	64.9
EFFLUENT TSS (mg/L)													
Average	20	26.6	17.9	30.2	17.5	13	10.2	8.8	12.4	9.5	11.1	12.5	15.8
Weekly Maximum	30	81	48	145	50	65	26	14	26	20	23	40	145.0
EFFLUENT BOD (lbs/day)													
Average	18,884	29,282	25,279	24,599	16,647	15,130	16,426	10,959	17,684	15,424	12,097	17,424	18,320
Weekly Maximum	32,586	57,238	58,379	58,744	37,605	40,964	29,814	18,465	32,439	32,118	22,438	42,753	58,744
EFFLUENT TSS (lbs/day)													
Average	15,972	25,589	16,511	25,120	13,875	11,830	9,096	6,364	11,153	6,579	7,010	9,712	13,234
Weekly Maximum	32,168	115,044	57,446	121,998	52,042	64,944	33,090	16,383	330,006	19,466	17,072	45,003	330,006
EFFLUENT CL2 (mg/L)													
Average	0.49	0.49	0.49	0.49	0.48	0.48	0.49	0.46	0.45	0.48	0.48	0.48	0.48
Maximum	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.50
EFFLUENT COLIFORM (col/100-ml)													
Average (Geo)	3.33	2.54	3.37	3.62	4.01	2.33	2.84	5.09	2.66	2.77	2.75	3.28	3
Weekly Maximum (Geo)	13.17	2.94	7.51	6.8	5.4	2.58	3.04	14.5	6.46	2.93	4.22	3.28	15
EFFLUENT pH (su)													
Minimum	6.69	6.84	6.81	6.76	6.44	6.88	6.87	6.78	6.68	6.70	6.81	6.75	6.44
Maximum	7.42	7.02	6.99	6.88	7.09	7.06	6.99	6.94	6.92	6.92	7.81	6.76	7.81
DISPOSED SLUDGE (dry tons)													
Average per day	27.49	12.93	27.26	28	17.76	18.99	31.32	29.67	26.37	20.84	28.6	29.1	24.03
Total	824.73	362.1	599.64	341.91	372.99	455.82	469.9	890.0	580.03	568.63	858.31	785.75	7,110
ELECTRICITY (kwhr)													
Average per day	64,400	72,258	71,587	71,587	80,026	83,440	82,826	78,852	79,800	75,040	72,240	76,774	75,736
Total (kwhr)	1,996,400	2,240,000	2,147,600	2,147,600	2,480,800	2,503,200	2,567,600	2,444,400	2,394,000	2,251,200	2,167,200	2,380,000	27,720,000
RAINFALL (inches) East Bank													
TOTAL	2.76	6	7.63	3.13	7.41	7.97	5.9	6.35	4.92	1.64	1.47	4	59.16

SEWERAGE AND WATER BOARD OF NEW ORLEANS

SEWER TABULATION NUMBER 1
SEWER LINES AND MANHOLES IN THE SYSTEM AS OF DECEMBER 31, 2014

SEWER LINES DISCARDED AND INSTALLED IN 2014

ORIGINAL CONSTRUCTION (FEET)	DESTROYED OR ABANDONED IN 2014 (FEET)	BUILT IN 2014 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2014 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2014 (MILES)
8,113,385.2	112,796.7	168,743.8	8,169,332.3	1,547.222

SEWER MANHOLES REMOVED AND INSTALLED IN 2014

ORIGINAL CONSTRUCTION	REMOVED IN 2014	BUILT IN 2014	REMAINING IN THE SYSTEM AS OF 12/31/2014
22,987	0	55	23,042

DETAILS OF SEWER LINES AND SEWER MANHOLES INSTALLED (CONSTRUCTED) IN 2014

ITEMS	BOARD FUNDED	BY OTHERS	TOTAL FEET	TOTAL MILES
6" P.V.C.	30,673.5	6,033.8	36,707.3	6.952
8" P.V.C.	109,728.6	17,917.6	127,646.2	24.175
10" P.V.C.	3,496.5	0.0	3,496.5	0.662
12" P.V.C.	0.0	0.0	0.0	0.000
15" P.V.C.	0.0	28.0	28.0	0.005
18" P.V.C.	748.0	0.0	748.0	0.142
21" P.V.C.	117.8	0.0	117.8	0.022
TOTAL SEWER LINES CONSTRUCTED IN 2014	144,764.4	23,979.4	168,743.8	32.0

SEWER MANHOLES CONSTRUCTED IN 2014	BOARD FUNDED	BY OTHERS	TOTAL MANHOLES BUILT IN 2014
	6	49	55

SEWERAGE AND WATER BOARD OF NEW ORLEANS

SEWER TABULATION NUMBER 2
LENGTH OF SEWER LINES OF EACH SIZE AND MATERIAL DISCARDED, BUILT, AND NOW REMAINING IN THE SYSTEM
ANNUAL REPORT 2014 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2014

SIZE & MATERIAL OF SEWER	TOTAL LENGTH IN SYSTEM AS OF 12/31/2013	DESTROYED OR ABANDONED IN 2014	BUILT IN 2014	NOW REMAINING IN THE SYSTEM AS OF 12/31/2014
72" Steel	29,182.4			29,182.4
68" Steel	9,061.9			9,061.9
66" Steel	28,979.7			28,979.7
66" Concrete	13,740.7			13,740.7
60" Steel	2,577.7			2,577.7
60" Concrete	722.8			722.8
57" Concrete	1,766.8			1,766.8
54" Steel	44,014.5			44,014.5
54" Concrete	7,030.4			7,030.4
51" Concrete	755.9			755.9
50" Steel	135.0			135.0
48" Steel	21,147.2			21,147.2
48" Concrete	10,127.6			10,127.6
48" Fiberglass Reinforced	10,900.2			10,900.2
48" P.V.C.	3,663.4			3,663.4
45" Concrete	3,048.4			3,048.4
42" Steel	3,580.2			3,580.2
42" Concrete	19,121.2			19,121.2
39" Brick	832.8			832.8
39" Concrete	3,871.8			3,871.8
36" Vitrified Clay	1,894.9			1,894.9
36" Cast Iron	431.0			431.0
36" Steel	332.6			332.6
36" Pretressed Concrete	11,273.0			11,273.0
36" Reinforced Concrete	9,312.7			9,312.7
36" P.V.C.	10,604.0			10,604.0
33" Brick	3,080.9			3,080.9
33" Vitrified Clay	562.3			562.3
33" Reinforced Concrete	1,381.4			1,381.4
30" Brick	2,763.0			2,763.0
30" Vitrified Clay	7,538.5			7,538.5
30" Cast Iron	4,305.9			4,305.9
30" Steel	3,535.2			3,535.2
30" Prestressed Concrete	484.0			484.0
30" Reinforced Concrete	33,920.5			33,920.5
30" Fiberglass Reinforced	16,400.0			16,400.0
30" P.V.C.	996.0			996.0
27" Vitrified Clay	24,440.4			24,440.4
27" Reinforced Concrete	13,336.4			13,336.4
27" P.V.C	4,622.0			4,622.0
24" Vitrified Clay	31,572.2			31,572.2
24" Cast Iron	16,269.2			16,269.2
24" Ductile Iron	619.0			619.0
24" Steel	87.0			87.0
24" Reinforced Concrete	26,537.0			26,537.0
24" Asbestos Cement	4,924.2			4,924.2
24" P.V.C.	5,949.6			5,949.6
21" Reinforced Concrete	11,238.1			11,238.1
21" P.V.C.	4,746.4		117.8	4,864.2
20" Ductile Iron Pipe	1,991.4			1,991.4
18" P.V.C	17,960.0		748.0	18,708.0
16" Steel	120.0			120.0
16" Asbestos Cement	28,460.9			28,460.9
16" Plastic	1,913.1			1,913.1
15" Vitrified Clay	99,743.6			99,743.6
15" P.V.C.	13,046.9		28.0	13,074.9
15" Plastic Truss	1,766.8			1,766.8
12" Vitrified Clay	109,268.1			109,268.1
12" P.V.C.	65,590.9			65,590.9
10" Vitrified Clay	157,926.9	2,245.8		155,681.1
10" Steel	130.0			130.0
10" Concrete	50,586.1	1,250.7		49,335.4
10" Asbestos Cement	4,356.2			4,356.2
10" P.V.C	127,827.8		3,496.5	131,324.3
10" Plastic Truss	4,983.5			4,983.5
8" Terra Cotta	322,377.9	3,514.2		318,863.7
8" Vitrified Clay	4,156,768.2	100,310.7		4,056,457.5
8" Cast Iron	32,210.2			32,210.2
8" Ductile Iron	2,233.0			2,233.0
8" Concrete	275,113.1	3,495.3		271,617.8
8" Asbestos Cement	3,887.9	12.0		3,875.9
8" P.V.C.	658,328.6		127,646.2	785,974.8
8" Plastic Truss	63,412.1			63,412.1
8" Plastic	693,119.6	1,968.0		691,151.6
6" Terra Cotta	9,194.7			9,194.7
6" Vitrified Clay	76,522.4			76,522.4
6" Cast Iron	4,204.4			4,204.4
6" Asbestos Cement	4,493.9			4,493.9
6" P.V.C	285,083.3		36,707.3	321,790.4
6" Plastic Truss	1,763.3			1,763.3
6" Plastic	364,876.3			364,876.3
4" Cast Iron	874.2			874.2
4" Ductile Iron	180.4			180.4
4" P.V.C.	5,525.7			5,525.7
4" Plastic	126.0			126.0
Total Linear Feet	**8,113,385.2**	**112,796.7**	**168,743.8**	**8,169,332.3**
Total Miles	**1,536.626**	**21.363**	**31.959**	**1,547.222**

SEWERAGE AND WATER BOARD OF NEW ORLEANS

WATER TABULATION NUMBER 1
WATER LINES, MANHOLES, VALVES, AND FIRE HYDRANTS IN THE SYSTEM AS OF DECEMBER 31, 2014

WATER LINES DISCARDED AND INSTALLED IN 2014

ORIGINAL CONSTRUCTION (FEET)	DESTROYED OR ABANDONED IN 2014 (FEET)	BUILT IN 2014 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2014 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2014 (MILES)
9,534,838.9	4,268.0	39,035.8	9,569,606.7	1,812.426

WATER MANHOLES REMOVED AND INSTALLED IN 2014

ORIGINAL CONSTRUCTION	REMOVED IN 2014	BUILT IN 2014	REMAINING IN THE SYSTEM AS OF 12/31/2014
30,297	25	130	30,402

WATER VALVES REMOVED AND INSTALLED IN 2013

ORIGINAL CONSTRUCTION	REMOVED IN 2014	INSTALLED IN 2014	REMAINING IN THE SYSTEM AS OF 12/31/2014
29,629	29	130	29,730

FIRE HYDRANTS REMOVED AND INSTALLED IN 2013

ORIGINAL CONSTRUCTION	REMOVED IN 2014	INSTALLED IN 2014	REMAINING IN THE SYSTEM AS OF 12/31/2014
23,099	10	28	23,117

DETAILS OF WATER LINES, MANHOLES, VALVES, AND FIRE HYDRANTS INSTALLED (CONSTRUCTED) IN 2014

ITEMS	BOARD FUNDED	BY OTHERS	TOTAL FEET	TOTAL MILES
2" P.V.C.	0.0	381.0	381.0	0.072
4" P.V.C.	0.0	343.0	343.0	0.065
4" P.V.C.	0.0	266.0	266.0	0.050
6" DUCTILE IRON	0.0	770.9	770.9	0.146
6" P.V.C.	0.0	1,333.9	1,333.9	0.253
8" DUCTILE IRON	166.0	531.0	697.0	0.132
8" P.V.C.	2,464.0	22,044.0	24,508.0	4.642
12" DUCTILE IRON	270.0	0.0	270	0.051
12" P.V.C.	3,150.0	6,287.0	9,437.0	1.787
16" P.V.C.	0.0	102.0	102.0	0.019
30" DUCTILE IRON	57.0	0.0	57.0	0.011
30" P.V.C	870.0	0.0	870.0	0.165
TOTAL WATER LINES CONSTRUCTED IN 2014	6,977.0	32,058.8	39,035.8	7.4

WATER MANHOLES CONSTRUCTED IN 2014	BOARD FUNDED	BY OTHERS	TOTAL MANHOLES BUILT IN 2014
	36	94	130

WATER VALVES INSTALLED IN 2014	BOARD FUNDED	BY OTHERS	TOTAL WATER VALVES INSTALLED IN 2014
	40	90	130

FIRE HYDRANTS INSTALLED IN 2014	BOARD FUNDED	BY OTHERS	TOTAL FIRE HYDRANTS INSTALLED IN 2014
	10	18	28

SEWERAGE AND WATER BOARD OF NEW ORLEANS

WATER TABULATION NUMBER 2

LENGTH OF WATER LINES OF EACH SIZE AND MATERIAL, NUMBER OF VALVES OF EACH SIZE, BOTH GATE AND CHECK, ORIGINALLY INSTALLED, THE QUANTITIES DISCARDED OR BUILT, AND THE QUANTITIES NOW REMAINING IN THE DISTRIBUTION SYSTEM

ANNUAL REPORT 2014 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2014

WATER LINES					
SIZE	MATERIAL	TOTAL LENGTH IN SYSTEM AS OF 12/31/2013	DESTROYED OR ABANDONED IN 2014	BUILT IN 2014	NOW REMAINING IN THE SYSTEM AS OF 12/31/2014
54"	Concrete Pipe	7,535.1			7,535.1
50"	Steel Pipe	88,374.0			88,374.0
48"	Cast Iron Pipe	12,759.3			12,759.3
48"	Steel Pipe	36,637.1			36,637.1
48"	Concrete Pipe	4,982.9			4,982.9
43"	Cast Iron Pipe	11,170.1			11,170.1
42"	Cast Iron Pipe	4,349.6			4,349.6
42"	Concrete Pipe	9,361.9			9,361.9
36"	Cast Iron Pipe	4,523.3			4,523.3
36"	Steel Pipe	16,922.0			16,922.0
36"	Concrete Pipe	37,374.7			37,374.7
36"	Prestressed Concrete	675.0			675.0
30"	Cast Iron Pipe	59,740.1			59,740.1
30"	Ductile Iron Pipe	35.0		57.0	92.0
30"	Steel Pipe	19,863.1			19,863.1
30"	Concrete Pipe	72,143.4	927.0		71,216.4
30"	Prestressed Concrete	36,654.4			36,654.4
30"	Reinforced Concrete	3,919.6			3,919.6
30"	P.V.C. Pipe	2,602.1		870.0	3,472.1
24"	Cast Iron Pipe	30,450.0			30,450.0
24"	Concrete Pipe	4,062.5			4,062.5
21"	P.V.C. Pipe	10,270.5			10,270.5
20"	Cast Iron Pipe	87,785.9			87,785.9
20"	Ductile Iron Pipe	10,405.4			10,405.4
20"	Concrete Pipe	18,755.8			18,755.8
20"	Prestressed Concrete	212.5			212.5
20"	Asbestos Cement	12,688.0			12,688.0
18"	Reinforced Concrete	970.5			970.5
16"	Cast Iron Pipe	112,496.7			112,496.7
16"	Ductile Iron Pipe	6,692.7			6,692.7
16"	Concrete Pipe	5,681.6			5,681.6
16"	Asbestos Cement	65,284.2			65,284.2
16"	P.V.C. Pipe	12,154.4		102.0	12,256.4
15"	Reinforced Concrete	1,069.3			1,069.3
12"	Cast Iron Pipe	840,745.1			840,745.1
12"	Ductile Iron Pipe	16,756.5		270.0	17,026.5
12"	Steel Pipe	1,272.9			1,272.9
12"	Asbestos Cement	360,060.2	1,771.0		358,289.2
12"	P.V.C. Pipe	221,490.5		9,437.0	230,927.5
10"	Cast Iron Pipe	10,271.7			10,271.7
10"	Ductile Iron Pipe	670.0			670.0
10"	Asbestos Cement	12,763.6			12,763.6
10"	P.V.C. Pipe	7,896.0			7,896.0
8"	Cast Iron Pipe	115,284.2			115,284.2
8"	Ductile Iron Pipe	37,555.0		697.0	38,252.0
8"	Asbestos Cement	697,824.4			697,824.4
8"	P.V.C. Pipe	808,742.1		24,508.0	833,250.1
8"	Plastic Pipe	318,036.5			318,036.5
6"	Cast Iron Pipe	2,472,577.0	23.0		2,472,554.0
6"	Ductile Iron Pipe	20,765.0		770.9	21,535.9
6"	Asbestos Cement	1,038,898.5			1,038,898.5
6"	P.V.C. Pipe	298,479.8		1,333.9	299,813.7
6"	Plastic Pipe	121,385.5			121,385.5
4"	Cast Iron Pipe	1,168,079.5	1,547.0		1,166,532.5
4"	Ductile Iron Pipe	2,845.8		266.0	3,111.8
4"	Asbestos Cement	22,250.8			22,250.8
4"	P.V.C. Pipe	23,127.9		343.0	23,470.9
4"	Plastic Pipe	3,833.1			3,833.1
3"	Galvanized Steel	3,361.7			3,361.7
2"	Cast Iron Pipe	7,909.9			7,909.9
2"	Galvanized Steel	9,620.0			9,620.0
2"	P.V.C. Pipe	78,386.0		381.0	78,767.0
1"	Galvanized Steel	5,346.6			5,346.6
Total Linear Feet		9,534,838.9	4,268.0	39,035.8	9,569,606.3
Total Miles		1.805.841	0.808	7.393	1.812.425

VALVES				
SIZE	EXISTING IN SYSTEM AS OF 12/31/2013	REMOVED IN 2014	INSTALLED IN 2014	REMAINING IN SYSTEM AS OF 12/31/2014
48"	16			16
42"	4			4
36"	18			18
30"	66	1	1	66
24"	39			39
20"	133			133
16"	193			193
14"	3			3
12"	2,309	12	12	2,309
10"	65		7	72
8"	6,667	16	63	6,714
6"	12,964		37	13,001
4"	7,152		10	7,162
Total	29,629	29	130	29,730

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Table of Rainfall in New Orleans

As of December 2014

Last Ten Years

YEAR	JANUARY	FEBRUARY		MARCH		APRIL		MAY		JUNE		JULY		AUGUST		SEPTEMBER		OCTOBER		NOVEMBER		DECEMBER		ANNUAL MONTHLY AVERAGE	EXCESS OR DEFICIT
	AMOUNT	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE		
2005	3.65	9.03	12.68	3.86	16.54	6.48	23.02	4.01	27.03	4.29	31.32	11.62	42.94	14.55	57.49	0.86	58.35	0.06	58.41	1.23	59.64	2.96	62.60	5.22	3.19
total	515.41	519.77	1037.45	576.48	1613.93	544.79	2165.68	537.63	2703.35	632.40	3343.79	728.46	4072.25	662.31	4734.56	630.85	5365.39	354.31	5719.70	415.79	6138.55	517.91	6653.81		
avg.	4.60	4.64	9.26	5.15	14.41	4.86	19.34	4.80	24.14	5.65	29.86	6.50	36.36	5.91	42.27	5.63	47.91	3.16	51.07	3.71	54.81	4.62	59.41		
2006	2.60	2.72	5.32	0.25	5.57	3.16	8.73	0.76	9.49	2.16	11.65	8.40	20.05	6.40	26.45	2.89	29.34	3.03	32.37	2.94	35.31	10.55	45.86	3.82	-13.43
total	518.01	522.49	1042.77	576.73	1619.50	547.95	2174.41	538.39	2712.84	634.56	3355.44	736.86	4092.30	668.71	4761.01	633.74	5394.73	357.34	5752.07	418.73	6173.86	528.46	6699.67		
avg.	4.58	4.62	9.23	5.10	14.33	4.85	19.24	4.76	24.01	5.62	29.69	6.52	36.22	5.92	42.13	5.61	47.74	3.16	50.90	3.71	54.64	4.68	59.29		
2007	4.12	1.81	5.93	1.38	7.31	1.81	9.12	8.51	17.63	4.43	22.06	7.66	29.72	1.64	31.36	4.42	35.78	11.62	47.40	1.21	48.61	4.52	53.13	4.43	-6.11
total	522.13	524.30	1048.70	578.11	1626.81	549.76	2183.53	546.90	2730.47	638.99	3377.50	744.52	4122.02	670.35	4792.37	638.16	5430.51	368.96	5799.47	419.94	6222.47	532.98	6752.80		
avg.	4.58	4.60	9.20	5.07	14.27	4.82	19.15	4.80	23.95	5.61	29.63	6.53	36.16	5.88	42.04	5.60	47.64	3.24	50.87	3.68	54.58	4.68	59.24		
2008	6.32	5.64	11.96	2.57	14.53	7.88	22.41	7.76	30.17	6.52	36.69	3.91	40.60	7.77	48.37	7.87	56.24	1.36	57.60	2.06	59.66	1.86	61.52	5.13	2.27
total	528.45	529.94	1060.66	580.68	1641.34	557.64	2205.94	554.66	2760.64	645.51	3414.19	748.43	4162.62	678.12	4840.74	646.03	5486.75	370.32	5857.07	422.00	6282.13	534.84	6814.32		
avg.	4.60	4.61	9.22	5.05	14.27	4.85	19.18	4.82	24.01	5.61	29.69	6.51	36.20	5.90	42.09	5.62	47.71	3.22	50.93	3.67	54.63	4.65	59.25		
2009	5.16	2.97	8.13	6.17	14.30	1.21	15.51	2.46	17.96	2.40	20.36	3.82	24.18	4.62	28.80	7.45	36.25	7.57	43.82	0.78	44.60	19.81	64.41	5.37	5.11
total	533.61	532.91	1068.79	586.85	1655.64	558.85	2221.45	557.12	2778.60	647.91	3434.55	752.25	4186.80	682.74	4869.54	653.48	5523.00	377.89	5900.89	422.78	6326.73	554.65	6878.73		
avg.	4.60	4.59	9.21	5.06	14.27	4.82	19.15	4.80	23.95	5.59	29.61	6.48	36.09	5.89	41.98	5.63	47.61	3.26	50.87	3.64	54.54	4.78	59.30		
2010	1.75	5.91	7.66	2.74	10.40	2.97	13.37	6.12	19.49	7.24	26.73	5.62	32.35	9.58	41.93	2.26	44.19	0.39	44.58	2.32	46.90	1.58	48.49	4.04	-10.72
total	535.36	538.82	1076.45	589.59	1666.04	561.82	2234.81	563.24	2798.09	655.15	3461.28	757.87	4219.15	692.32	4911.47	655.74	5567.19	378.29	5945.47	425.10	6373.64	556.23	6927.21		
avg.	4.58	4.61	9.20	5.04	14.24	4.80	19.10	4.81	23.92	5.60	29.58	6.48	36.06	5.92	41.98	5.60	47.58	3.23	50.82	3.63	54.48	4.75	59.21		
2011	2.99	1.59	4.59	6.49	11.08	0.27	11.35	0.90	12.25	4.18	16.42	11.48	27.91	1.57	29.48	9.99	39.47	0.14	39.61	1.66	41.27	0.78	42.04	3.50	-17.02
total	538.35	540.42	1081.04	596.08	1677.12	562.09	2246.17	564.13	2810.34	659.33	3477.71	769.35	4247.06	693.89	4940.95	665.73	5606.66	378.43	5985.08	426.76	6414.91	557.00	6969.26		
avg.	4.56	4.58	9.16	5.05	14.21	4.76	19.04	4.78	23.82	5.59	29.47	6.52	35.99	5.88	41.87	5.64	47.51	3.21	50.72	3.62	54.36	4.72	59.06		
2012	1.74	3.38	5.12	6.16	11.28	8.14	19.42	2.45	21.87	4.84	26.71	12.89	39.60	17.79	57.39	3.83	61.22	0.15	61.36	2.13	63.50	2.30	65.80	5.48	6.68
total	540.09	543.79	1086.16	602.24	1688.39	570.23	2265.58	566.58	2832.21	664.17	3504.42	782.25	4286.66	711.68	4998.34	669.55	5667.88	378.57	6046.45	428.90	6478.40	559.30	7035.06		
avg.	4.54	4.57	9.13	5.06	14.19	4.79	19.04	4.76	23.80	5.58	29.45	6.57	36.02	5.98	42.00	5.63	47.63	3.18	50.81	3.60	54.44	4.70	59.12		
2013	5.14	6.82	11.96	0.55	12.51	12.51	25.01	4.51	29.52	4.55	34.08	4.43	38.51	4.58	43.09	5.44	48.53	2.19	50.72	2.81	53.53	4.48	58.01	4.83	-1.10
total	545.24	550.61	1098.12	602.78	1700.90	582.74	2290.60	571.09	2861.73	668.72	3538.49	786.68	4325.17	716.26	5041.43	674.99	5716.41	380.76	6097.17	431.71	6531.94	563.78	7093.07		
avg.	4.54	4.59	9.15	5.02	14.17	4.86	19.09	4.76	23.85	5.57	29.49	6.56	36.04	5.97	42.01	5.62	47.64	3.17	50.81	3.60	54.43	4.70	59.11		
2014	2.72	6.54	9.26	6.44	15.70	2.19	17.89	7.68	25.57	6.41	31.98	6.49	38.47	4.74	43.21	4.20	47.41	1.94	49.35	1.47	50.82	3.70	54.52	4.54	-4.55
total	547.96	557.15	1107.37	609.22	1716.60	584.93	2308.48	578.78	2887.30	675.13	3570.47	793.17	4363.64	721.00	5084.64	679.19	5763.82	382.71	6146.52	433.17	6582.76	567.49	7147.60		
avg.	4.53	4.60	9.15	5.03	14.19	4.83	19.08	4.78	23.86	5.58	29.51	6.56	36.06	5.96	42.02	5.61	47.63	3.16	50.80	3.58	54.40	4.69	59.07	4.92	-4.55

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2014
COST OF OPERATIONS IDENTIFICATION PROGRAM
BENCHMARKING

ADMINISTRATIVE SERVICES DEPARTMENT		
Insurance Cost per Employee:		
Workers' Compensation	$	1,326.00
Auto Liability	$	2,062.00
General Liability	$	150.00
ENGINEERING DEPARTMENT		
Total Capital Program Design and Construction Contracts Cost Growth		7.2%
ENVIRONMENTAL DEPARTMENT		
Cost of Typical Industry Sampling Event	$	1,270.47
FACILITY MAINTENANCE DEPARTMENT		
Cost to set 5/8" water meter	$	94.59
MANAGEMENT SERVICES DEPARTMENT		
FINANCE:		
Cost to Process a Miscellaneous Invoice	$	35.99
Cost to Process a Vendor Invoice	$	18.04
Cost to Process a Paycheck	$	5.54
INFORMATION SYSTEM:		
Cost to Image a Document	$	0.33
Cost to Retrieve a Document	$	1.94
PERSONNEL:		
Cost to Hire an Employee	$	157.06
Cost to complete a Voluntary - Employee Termination	$	16.68
Employee Turnover Rate		12.46%
Cost to Train an Employee		
PURCHASING:		
Cost to Process a Sundry Purchase Order	$	52.15
REVENUE:		
Cost to Read a Meter	$	1.33
Cost to Render a Bill (Less Meter Reading)	$	0.85
Cost to Manage a Customer by Phone	$	2.99
Cost to Manage a Customer by Mail	$	8.24
Cost to Manage a Walk-in Customer	$	5.11
Cost to Process a Mail-in Payment	$	0.53
Cost to Process a Walk-in Payment	$	1.68
SUPPORT SERVICES DEPARTMENT		
Average Annual Maintenance Cost	$	1,700.00
Per Piece of Equipment		20%

Section A. Financial Report of Acts, Doings, Receipts, and Expenditures

Interim Financial Report

Sewerage and Water Board of New Orleans
Summary of Financial Results
Through July 31, 2015

Prior Year Variances	Water	Sewer	Drainage
Revenues	4,720,137	5,619,017	(302,057)
Operating Expenses	3,320,478	4,691,284	3,355,114
Non-Operating Revenues and Expenses	1,213,350	1,366,798	2,896,666
Income before Capital Contributions	2,613,009	2,294,531	(760,505)

Budget Variances	Water	Sewer	Drainage
Revenues	(296,194)	175,683	274,482
Operating Expenses	(3,130,449)	(1,998,253)	(7,394,455)
Non-Operating Revenues and Expenses	321,149	1,554,141	1,073,792
Income before Capital Contributions	3,155,404	3,728,077	8,742,729

	Water	Sewer	Drainage
Days of Cash	154.2	188.9	381.5

	Water	Sewer	Drainage
Projected Debt Service Coverage Times	3.28	3.04	Not Applicable

SEWERAGE AND WATER BOARD OF NEW ORLEANS

September 14, 2015

Finance and Administration Committee
Sewerage and Water Board of New Orleans
New Orleans, Louisiana

Re: Financial Results through July 2015

Attached are *the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position* with budget and prior year comparisons for the water, sewer, drainage and total systems through July 2015. Significant variances to budget and prior year results are described below. The Variance Indicators for Financial Results through July 2015 and the *Statement of Cash Flows* are also attached.

Operating Revenues:

Water System Fund (pages 7 and 8, line 5) for July of $7,644,304 is $739,076 or 10.7% more than budgeted and $996,461 or 15.0% more than July 2014. July YTD operating revenues of $46,404,000 is $296,194 or 0.6% less than budgeted and $4,720,137 or 11.3% more than July YTD 2014. MTD and YTD budget variances are due to rate increase implemented January 1.

Sewer System Fund (pages 13 and 14, line 5) for July of $8,758,249 is $636,583 or 7.8% more than budgeted and $1,116,585 or 14.6% more than July 2014. July YTD operating revenues of $55,029,014 is $175,683 or 0.3% more than budgeted and $5,619,017 or 11.4% more than July YTD 2014. MTD and YTD budget variances are due to rate increase implemented January 1.

Drainage System Fund (pages 19 and 20, line 5) for July of $254,325 is $254,325 or 100.0% more than budgeted and $4,552 or 1.8% less than for July 2014. July YTD operating revenues of $274,482 is $274,482 or 100.0% more than budgeted and $302,057 or 52.4% less than July YTD 2014.

Total System Funds (pages 1 and 2, line 5) for July of $16,656,878 are $1,629,984 or 10.8% more than budgeted and $2,108,494 or 14.5% more than July 2014. July YTD operating revenues of $101,707,496 is $153,971 or 0.2% more than budgeted and $10,037,097 or 10.9% more than July YTD 2014.

Operating Expenses:

Water System Fund (pages 7 and 8, line 18) for July of $5,393,757 is $2,423,100 or 31.0% less than budgeted and $951,893 or 15.0% less than July 2014. July YTD operating expenses of $49,839,662 is $3,130,449 or 5.9% less than budgeted and $3,320,478 or 7.1% more than July YTD 2014. MTD and YTD budget variances are due to allocation of a portion of overhead from expense to capital.

Sewer System Fund (pages 13 and 14, line 18) for July of $4,788,064 is $1,294,229 or 21.3% less than budgeted and $437,654 or 10.1% more than July 2014. July YTD operating expenses of $39,322,220 is $1,998,253 or 4.8% less than budgeted and $4,691,284 or 13.5% more than July YTD 2014. MTD and YTD budget variances are due to allocation of a portion of overhead from expense to capital.

Drainage System Fund (pages 19 and 20, line 18) for July of $3,356,127 is $1,514,312 or 31.1% less than budgeted and $3,182 or 0.1% more than July 2014. July YTD operating expenses of $28,631,864 is $7,394,455 or 20.5% less than budgeted and $3,355,114 or 13.3% more than July YTD 2014. MTD and YTD budget variances are due to allocation of a portion of overhead from expense to capital.

Total System Funds (pages 1 and 2, line 18) for July of $13,537,948 are $5,231,642 or 27.9% less than budgeted and $511,057 or 3.6% less than July 2014. July YTD operating expenses of $117,793,746 is $12,523,157 or 9.6% less than budgeted and $11,366,876 is 10.7% more than July YTD 2014.

Net Non-Operating Revenues:

Water System Fund (pages 7 and 8, line 28) for July of -$105 is $11,096 or 101.0% less than budgeted and $957,715 or 100.0% more than July 2014. July YTD net non-operating revenues of $398,087 are $321,149 or 417.4% more than budgeted and $1,213,350 or 148.8% more than July YTD 2014.

Sewer System Fund (pages 13 and 14, line 28) for July of $2,352 is $181,237 or 101.3% more than budgeted and $1,230,792 or 100.2% more than July 2014. July YTD net non-operating revenues of $301,945 are $1,554,141 or 124.1% more than budgeted and $1,366,798 or 128.4% more than July YTD 2014.

Drainage System Fund (pages 19 and 20, line 28) for July of $280,663 is $243,451 or 654.2% more than budgeted and $543,030 or 65.9% less July 2014. July YTD net non-operating revenues of $48,556,632 are $1,073,792 or 2.3% more than budgeted and $2,896,666 are 6.3% more than July YTD 2014.

Total System Funds (pages 1 and 2, line 28) for July of $282,910 is $413,592 or 316.5% more than budgeted and $1,645,477 or 120.8% more than July 2014. July YTD net non-operating revenues of $49,256,664 are $2,949,082 or 6.4% more than budgeted and $5,476,814 or 12.5% more than July YTD 2014.

Income Before Contributions in Aid of Construction:

Water System Fund (pages 7 and 8, line 29) for July of $2,250,442 is $2,906,069 or 443.3% more than budgeted and $2,906,069 or 443.3% more than July 2014. July YTD income before capital contributions of -$3,037,575 is $3,155,404 or 57.0% more than budgeted and $2,613,009 or 46.2% more than July YTD 2014.

Sewer System Fund (pages 13 and 14, line 29) for July of $3,972,537 is $1,909,723 or 92.6% more than budgeted and $1,909,723 or 92.6% more than July 2014. July YTD income before capital contributions of $16,008,739 is $3,728,077 or 30.4% more than budgeted and $2,294,531 or 16.7% more than July YTD 2014.

Drainage System Fund (pages 19 and 20, line 29) for July of -$2,821,139 is $2,012,088 or 41.6% more than budgeted and $550,764 or 24.3% less than July 2014. July YTD income before capital contributions of $20,199,250 is $8,742,730 or 76.3% more than budgeted and $760,505 or 3.6% less than July YTD 2014.

Total System Funds (pages 1 and 2, line 29) for July of $3,401,840 is $7,275,218 or 187.8% more than budgeted and $4,265,028 or 494.1% more than July 2014. July YTD income before capital contributions of $33,170,414 is $15,626,211 or 89.1% more than budgeted and $4,147,035 or 14.3% more than July YTD 2014.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

The balances of funds from the Series 2014 bond proceeds available for capital construction as of June 30, 2015 are:

	Water	Sewer	Total
Original Balance	43,688,241.76	12,869,216.45	56,557,458.21
Less Disbursements	(1,000,000.00	(3,500,000.00)	(4,500,000.00)
Plus Reimbursements	593,976.97	833,712.93	1,427,689.90
Plus Income	35,298.72	8,155.04	43,453.76
Ending Balance	43,317,517.45	10,211,084.42	53,528,601.87

The days-of-cash at July 31, 2015 were 154.2 for the water system, 188.9 for the sewer system, and 381.5for the drainage system.

The projected coverage for the year ending December 31, 2015, based upon financial results through June 30, 2015, remains at the budgeted level of 3.28 times for the water system and 3.04 times for the sewer system.

Certification. In connection with the accompanying monthly financial report of the Sewerage and Water Board of New Orleans for the period ended July 31, 2015, I hereby certify that, to my knowledge, the information contained in the report fairly presents, in all material respects, the financial condition and results of the Board.

Robert K. Miller
Deputy Director

Sewerage and Water Board of New Orleans
Comparative Variance Indicators for Financial Results
Through July 2015

Statement of Revenues, Expenses, and Changes in Net Position with Prior Year Comparisons	Total	Water	Sewer	Drainage
Revenues				
Operating Expenses				
Non-Operating Revenues and Expenses				
Income before Capital Contributions				

Statement of Revenues, Expenses, and Changes in Net Position with Budget Comparisons	Total	Water	Sewer	Drainage
Revenues				
Operating Expenses				
Non-Operating Revenues and Expenses				
Income before Capital Contributions				

Statement of Net Position with Prior Year Comparisons	Total	Water	Sewer	Drainage
Plant, Property, and Equipment				
Restricted Current Assets				
Unrestricted Designated Current Assets				
Unrestricted Undesignated Current Assets				
Net Position				
Long-Term Liabilities				
Current Liabilities from Unrestricted Assets				
Current Liabilities from Restricted Assets				

Statement of Cash Flows with Prior Year Comparisons	Total	Water	Sewer	Drainage
Operating Activities				
Non-Capital Financing Activities				
Capital and Related Financing Activities				
Investing Activities				
Net Increase in Cash				

Green = Favorable Variance

Yellow = Unfavorable Variance / No Action Recommended

Red = Unfavorable Variance / Action Recommended

Sewerage and Water Board of New Orleans
Total System Unrestricted Cash and Cash Equivalents in Days of O&M Expenses at Month End

EUM Attribute:
Financial Viability

Description: Establish and maintain an effective balance between long-term debt, assets values, operations and maintenance expenditures, and operating revenues.

Constituency:
Suppliers and Bondholders

Objective: Provide adequate cash to pay invoices on a timely basis

Goal: Cash balance of at least 180 days of O&M expenses.

Currently Meeting Goal: Yes

Process Operating Within Control Limits: Yes

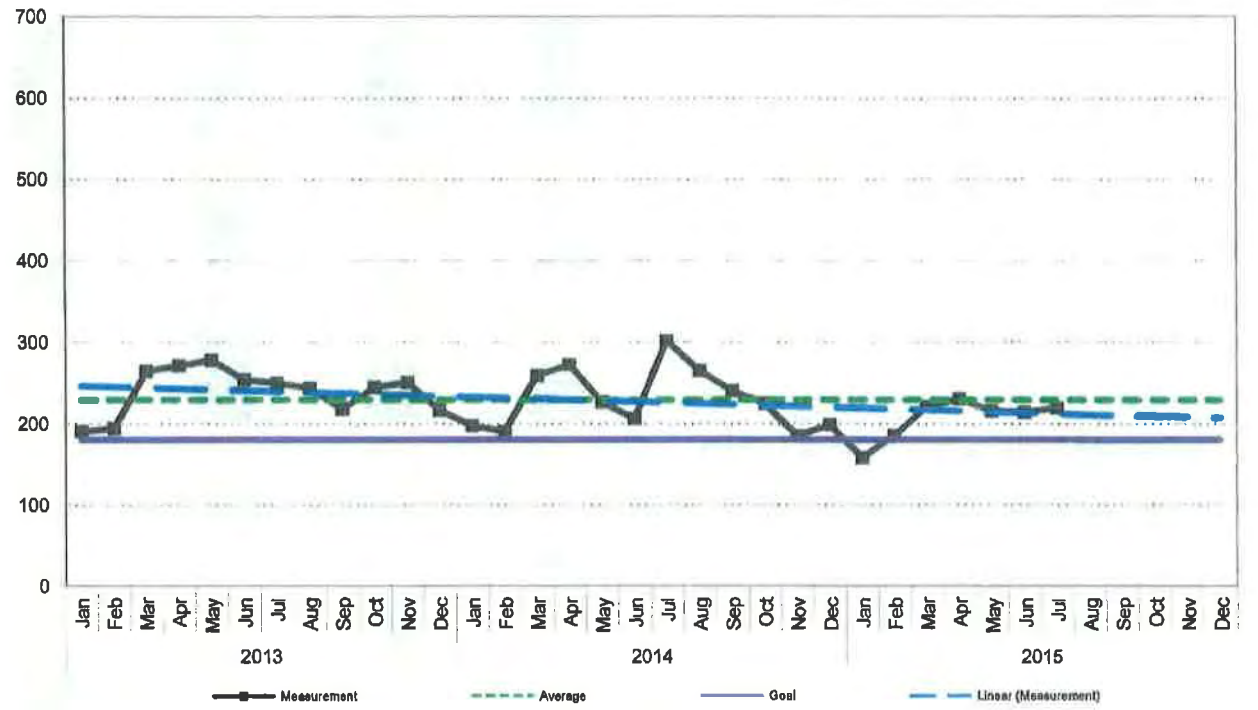
Trend: Favorable

Analysis

Monthly cash balances have remained stable except for repayment of previous inter-system loans. Note: Reclassification of certain currents assets from restricted to unrestricted in October 2013 resulted in higher unrestricted balances.

Plans for Improvement

Utilize revenues generated from operations to increase cash balances according to 2011-2020 Financial Plan.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	190.6	194.5	264.6	271.5	278.3	254.4	250.3	244.0	218.2	244.8	250.9	217.0
2014	197.8	190.6	259.3	272.6	226.7	206.7	301.8	265.2	240.8	225.2	185.2	199.1
2015	158.8	185.6	221.5	230.9	216.1	214.6	220.1					

Sewerage and Water Board of New Orleans
Water System Unrestricted Cash and Cash Equivalents in Days of O&M Expenses at Month End

EUM Attribute:
Financial Viability

Description: Establish and maintain an effective balance between long-term debt, assets values, operations and maintenance expenditures, and operating revenues.

Constituency:
Suppliers and Bondholders

Objective: Provide adequate cash to pay invoices on a timely basis

Goal: Cash balance of at least 180 days of O&M expenses.

Currently Meeting Goal: No

Process Operating Within Control Limits: Yes

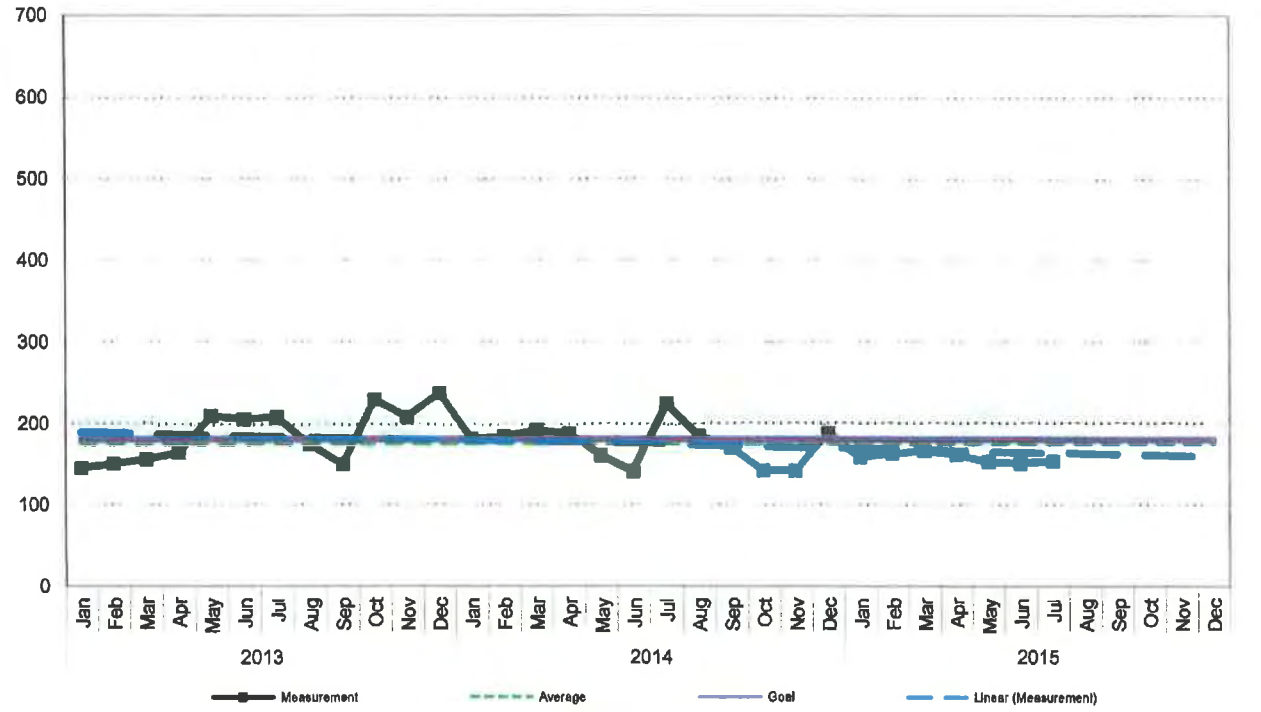
Trend: Unfavorable

Analysis

Monthly cash balances have remained stable except for repayment of previous inter-system loans. Note: Reclassification of certain currents assets from restricted to unrestricted in October 2013 resulted in higher unrestricted balances.

Plans for Improvement

Utilize revenues generated from operations to increase cash balances according to 2011-2020 Financial Plan.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	145.7	151.1	156.7	164.7	210.8	206.5	209.5	175.1	150.3	230.8	209.5	238.2
2014	182.5	185.4	193.5	189.0	160.4	141.3	224.6	185.3	170.4	143.0	142.9	188.1
2015	158.9	163.6	167.0	162.1	153.4	151.6	154.2					

Sewerage and Water Board of New Orleans

Sewer System Unrestricted Cash and Cash Equivalents in Days of O&M Expenses at Month End

EUM Attribute:
Financial Viability

Description: Establish and maintain an effective balance between long-term debt, assets values, operations and maintenance expenditures, and operating revenues.

Constituency:
Suppliers and Bondholders

Objective: Provide adequate cash to pay invoices on a timely basis

Goal: Cash balance of at least 180 days of O&M expenses.

Currently Meeting Goal: Yes

Process Operating Within Control Limits: Yes

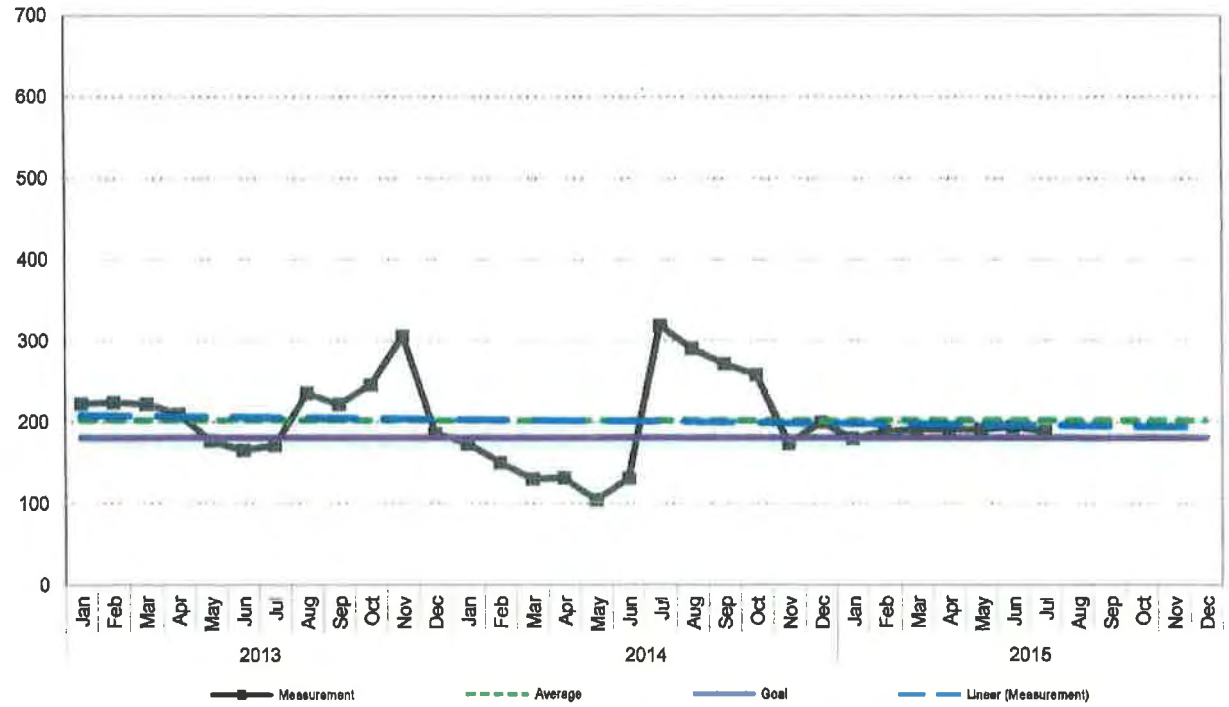
Trend: Favorable

Analysis

Monthly cash balances have remained stable except for repayment of previous inter-system loans. Note: Reclassification of certain currents assets from restricted to unrestricted in October 2013 resulted in higher unrestricted balances.

Plans for Improvement

Utilize revenues generated from operations to increase cash balances according to 2011-2020 Financial Plan.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	222.4	224.0	222.2	210.2	176.8	165.7	171.4	235.5	221.9	245.6	305.7	186.0
2014	173.5	150.4	130.5	131.7	104.5	130.8	319.0	290.3	271.4	258.1	174.1	199.8
2015	180.0	188.6	191.4	191.4	191.1	194.5	188.9					

Sewerage and Water Board of New Orleans
Drainage System Unrestricted Cash and Cash Equivalents in Days of O&M Expenses at Month End

EUM Attribute:
Financial Viability

Description: Establish and maintain an effective balance between long-term debt, assets values, operations and maintenance expenditures, and operating revenues.

Constituency:
Suppliers and Bondholders

Objective: Provide adequate cash to pay invoices on a timely basis

Goal: Cash balance of at least 180 days of O&M expenses.

Currently Meeting Goal: Yes

Process Operating Within Control Limits: Yes

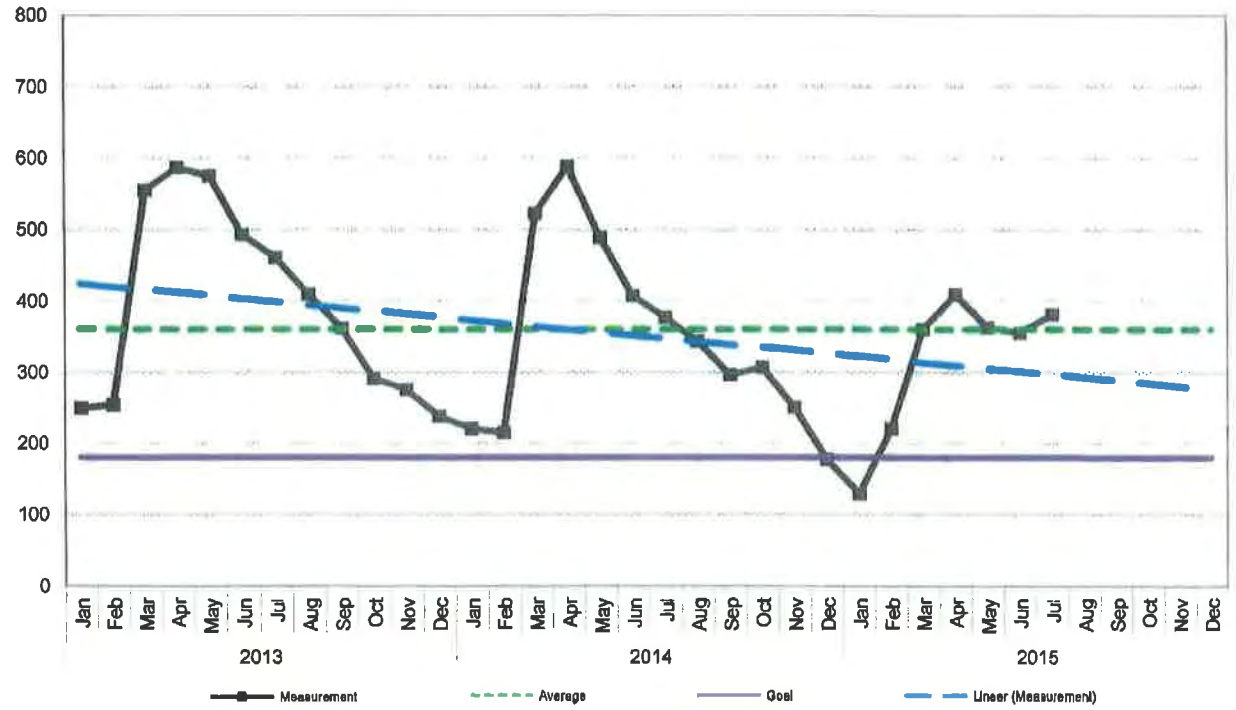
Trend: Favorable

Analysis

Monthly cash balances typically increase during the first quarter from property tax collections and then decrease for the remainder of the year. The long-term goal will not be met until a new revenue stream for the drainage system is created and implemented.

Plans for Improvement

Utilize revenues generated from operations to increase cash balances according to 2011-2020 Financial Plan.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	248.8	253.6	555.2	587.3	575.5	493.6	461.4	410.0	362.5	291.8	275.4	238.4
2014	220.7	215.0	522.7	588.7	489.2	407.8	377.6	343.8	296.8	306.8	251.0	177.3
2015	129.2	220.6	360.8	409.2	363.2	355.3	381.5					

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH PRIOR YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	H	
		MTD Actual	MTD Prior Year	MTD Variance	%	YTD Actual	YTD Prior Year	YTD Variance	%	
	Operating revenues:									
1	Sales of water and delinquent fees	7,302,229	6,325,465	976,764	15.4%	44,280,877	39,745,287	4,535,590	11.4%	1
2	Sewerage service charges and del fees	8,674,225	7,547,623	1,126,602	14.9%	54,636,417	48,872,744	5,763,673	11.8%	2
3	Plumbing inspection and license fees	55,770	63,160	(7,390)	-11.7%	359,568	407,786	(48,218)	-11.8%	3
4	Other revenues	624,654	612,136	12,518	2.0%	2,430,634	2,644,582	(213,948)	-8.1%	4
5	Total operating revenues	16,656,878	14,548,384	2,108,494	14.5%	101,707,496	91,670,399	10,037,097	10.9%	5
	Operating Expenses:									
6	Power and pumping	1,179,052	1,013,998	165,054	16.3%	7,009,588	7,146,631	(137,043)	-1.9%	6
7	Treatment	1,582,767	1,673,453	(90,686)	-5.4%	10,680,127	10,935,892	(255,765)	-2.3%	7
8	Transmission and distribution	2,462,330	2,246,508	215,822	9.6%	15,299,657	13,450,731	1,848,926	13.7%	8
9	Customer accounts	267,500	265,191	2,309	0.9%	2,037,110	1,997,830	39,280	2.0%	9
10	Customer service	245,195	330,560	(85,365)	-25.8%	2,179,037	2,122,909	56,128	2.6%	10
11	Administration and general	(2,821,731)	830,893	(3,652,624)	-439.6%	10,932,757	11,364,401	(431,644)	-3.8%	11
12	Payroll related	3,211,531	1,501,229	1,710,302	113.9%	20,523,307	20,453,670	69,637	0.3%	12
13	Maintenance of general plant	2,263,474	2,768,350	(504,876)	-18.2%	14,163,359	15,541,113	(1,377,754)	-8.9%	13
14	Depreciation	4,679,821	3,074,342	1,605,479	52.2%	32,758,747	21,520,394	11,238,353	52.2%	14
15	Amortization	-	-	-	0.0%	-	-	-	0.0%	15
16	Provision for doubtful accounts	185,403	165,235	20,168	12.2%	1,297,821	1,156,646	141,175	12.2%	16
17	Provision for claims	282,606	179,246	103,360	57.7%	912,236	736,653	175,583	23.8%	17
18	Total operating expenses	13,537,948	14,049,005	(511,057)	-3.6%	117,793,746	106,426,870	11,366,876	10.7%	18
19	Operating income (loss)	3,118,930	499,379	2,619,551	524.6%	(16,086,250)	(14,756,471)	(1,329,779)	9.0%	19
	Non-operating revenues (expense):									
20	Two-mill tax	117	-	117	0.0%	869	-	869	0.0%	20
21	Three-mill tax	137,043	231,173	(94,130)	-40.7%	13,820,306	12,938,270	882,036	6.8%	21
22	Six-mill tax	138,519	233,651	(95,132)	-40.7%	13,968,458	13,076,912	891,546	6.8%	22
23	Nine-mill tax	-	350,208	(350,208)	-100.0%	20,730,308	19,601,758	1,128,550	5.8%	23
24	Interest income	7,231	207,815	(200,584)	-96.5%	448,304	263,925	184,379	69.9%	24
25	Other Income	-	-	-	0.0%	288,285	283,796	4,489	1.6%	25
26	Interest expense	-	(2,385,511)	2,385,511	-100.0%	-	(2,385,511)	2,385,511	-100.0%	26
27	Operating and maintenance grants	-	97	(97)	-100.0%	134	700	(566)	-80.9%	27
28	Total non-operating revenues	282,910	(1,362,567)	1,645,477	-120.8%	49,256,664	43,779,850	5,476,814	12.5%	28
29	Income before capital contributions	3,401,840	(863,188)	4,265,028	-494.1%	33,170,414	29,023,379	4,147,035	14.3%	29
30	Capital contributions	14,650,006	6,337,222	8,312,784	131.2%	17,961,397	30,081,235	(12,119,838)	-40.3%	30
31	Change in net position	18,051,846	5,474,034	12,577,812	229.8%	51,131,811	59,104,614	(7,972,803)	-13.5%	31
32	Net position, beginning of year					1,968,799,361	1,816,132,598	152,666,763	8.4%	32
33	Net position, end of year					2,019,931,172	1,875,237,212	144,693,960	7.7%	33

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SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH BUDGET COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	H	
		MTD Actual	MTD Budget	MTD Variance	%	YTD Actual	YTD Budget	YTD Variance	%	
	Operating revenues:									
1	Sales of water and delinquent fees	7,302,229	6,609,060	693,169	10 5%	44,280,877	44,627,016	(346,139)	-0.8%	1
2	Sewerage service charges and del fees	8,674,225	8,070,794	603,431	7.5%	54,636,417	54,497,229	139,188	0.3%	2
3	Plumbing inspection and license fees	55,770	53,586	2,184	4.1%	359,568	375,103	(15,535)	-4 1%	3
4	Other revenues	624,654	293,454	331,200	112.9%	2,430,634	2,054,177	376,457	18.3%	4
5	Total operating revenues	16,656,878	15,026,894	1,629,984	10 8%	101,707,496	101,553,525	153,971	0 2%	5
	Operating Expenses:									
6	Power and pumping	1,179,052	1,121,475	57,578	5 1%	7,009,588	7,850,322	(840,734)	-10 7%	6
7	Treatment	1,582,767	1,727,477	(144,710)	-8 4%	10,680,127	12,092,341	(1,412,214)	-11 7%	7
8	Transmission and distribution	2,462,330	2,806,939	(344,609)	-12 3%	15,299,657	14,535,761	763,896	5 3%	8
9	Customer accounts	267,500	287,327	(19,827)	-6.9%	2,037,110	2,011,288	25,822	1.3%	9
10	Customer service	245,195	375,995	(130,800)	-34.8%	2,179,037	2,631,968	(452,931)	-17.2%	10
11	Administration and general	(2,821,731)	3,203,992	(6,025,723)	-188.1%	10,932,757	20,263,920	(9,331,163)	-46.0%	11
12	Payroll related	3,211,531	2,362,837	848,694	35.9%	20,523,307	16,539,858	3,983,449	24 1%	12
13	Maintenance of general plant	2,263,474	2,774,663	(511,189)	-18 4%	14,163,359	19,422,642	(5,259,283)	-27 1%	13
14	Depreciation	4,679,821	3,885,847	793,974	20 4%	32,758,747	32,758,747	-	0 0%	14
15	Amortization	-	-	-	0.0%	-	-	-	0 0%	15
16	Provision for doubtful accounts	185,403	-	185,403	0 0%	1,297,821	1,297,821	-	0 0%	16
17	Provision for claims	282,606	223,038	59,569	26 7%	912,236	912,236	-	0.0%	17
18	Total operating expenses	13,537,948	18,769,590	(5,231,642)	-27 9%	117,793,746	130,316,903	(12,523,157)	-9 6%	18
19	Operating income (loss)	3,118,930	(3,742,696)	6,861,626	-183.3%	(16,086,250)	(28,763,378)	12,677,128	-44.1%	19
	Non-operating revenues (expense):									
20	Two-mill tax	117	-	117	0.0%	869	-	869	0.0%	20
21	Three-mill tax	137,043	-	137,043	0 0%	13,820,306	13,357,609	462,697	3.5%	21
22	Six-mill tax	138,519	-	138,519	0 0%	13,968,458	13,500,746	467,712	3.5%	22
23	Nine-mill tax	-	-	-	0 0%	20,730,308	20,364,000	366,308	1.8%	23
24	Interest income	7,231	-	7,231	0.0%	448,304	-	448,304	0.0%	24
25	Other Income	-	131,095	(131,095)	-100 0%	288,285	917,665	(629,380)	-68.6%	25
26	Interest expense	-	(261,777)	261,777	-100 0%	-	(1,832,438)	1,832,438	-100.0%	26
27	Operating and maintenance grants	-	-	-	0.0%	134	-	134	0.0%	27
28	Total non-operating revenues	282,910	(130,682)	413,592	-316.5%	49,256,664	46,307,582	2,949,082	6.4%	28
29	Income before capital contributions	3,401,840	(3,873,378)	7,275,218	-187.8%	33,170,414	17,544,203	15,626,211	89.1%	29
30	Capital contributions	14,650,006	-	14,650,006	0.0%	17,961,397	-	17,961,397	0.0%	30
31	Change in net position	18,051,846	(3,873,378)	21,925,224	-566.0%	51,131,811	17,544,203	33,587,608	191.4%	31
32	Net position, beginning of year					1,968,799,361	1,816,132,598	152,666,763	8.4%	32
33	Net position, end of year					2,019,931,172	1,827,589,118	192,342,054	10.5%	33

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS
STATEMENTS OF NET POSITION
WITH PRIOR YEAR AND BEGINNING OF YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	
	Assets								
	Noncurrent assets:	Prior Year	Variance	%	Current Year	Variance	%	Beginning of Year	
1	Property, plant and equipment	2,945,390,061	246,650,030	8.4%	3,192,040,091	42,972,702	1.4%	3,149,067,389	1
2	Less: accumulated depreciation	805,102,950	56,723,903	7.0%	861,826,853	32,758,745	4.0%	829,068,108	2
3	Property, plant, and equipment, net	2,140,287,111	189,926,127	8.9%	2,330,213,238	10,213,957	0.4%	2,319,999,281	3
	Restricted cash, cash equivalents, and investments								
4	Cash and cash equivalents restricted for capital projects	7,201,079	62,411,373	866.7%	69,612,452	(23,790,023)	-25.5%	93,402,475	4
5	Debt service reserve	32,568,219	21,241,743	65.2%	53,809,962	22,963,003	74.4%	30,846,959	6
6	Health insurance reserve	2,327,499	(350,000)	-15.0%	1,977,499	-	0.0%	1,977,499	7
7	Total restricted cash, cash equivalents, and investments	42,096,797	83,303,116	197.9%	125,399,913	(827,020)	-0.7%	126,226,933	8
	Designated cash, cash equivalents, and investments								
8	Cash and cash equivalents designated for capital projects	139,965,487	(88,440,199)	-63.2%	51,525,288	29,275,631	131.6%	22,249,657	8
9	Customer deposits	10,556,747	491,235	4.7%	11,047,982	346,127	3.2%	10,701,855	9
10	Other	3,643,497	361,460	9.9%	4,004,957	5,686	0.1%	3,999,271	10
11	Total designated cash and cash equivalents, and investments	154,165,731	(87,587,504)	-56.8%	66,578,227	29,627,444	80.2%	36,950,783	11
	Current assets:								
	Unrestricted and undesignated								
12	Cash and cash equivalents	59,434,675	(24,951,534)	-42.0%	34,483,141	(4,395,055)	-11.3%	38,878,196	12
	Accounts receivable:								
13	Customers (net of allowance for doubtful accounts)	14,202,625	2,855,853	20.1%	17,058,478	707,197	4.3%	16,351,281	13
14	Taxes	7,998,106	(110,523)	-1.4%	7,887,583	(243,364)	-3.0%	8,130,947	14
15	Interest	115	(57)	-49.6%	58	58	0.0%	-	15
16	Grants	16,596,851	18,131,619	109.2%	34,728,470	(9,517,684)	-21.5%	44,246,154	16
17	Miscellaneous	1,798,541	688,547	38.3%	2,487,088	84,862	3.5%	2,402,226	17
18	Due from enterprise fund	-	-	0.0%	-	-	0.0%	-	18
19	Inventory of supplies	6,935,600	(1,468,499)	-21.2%	5,467,101	-	0.0%	5,467,101	19
20	Prepaid expenses	976,007	(73,290)	-7.5%	902,717	-	0.0%	902,717	20
21	Total unrestricted current assets	107,942,520	(4,927,884)	-4.6%	103,014,636	(13,363,986)	-11.5%	116,378,622	21
	Other assets:								
22	Bond issue costs	-	-	0.0%	-	-	0.0%	-	22
23	Deposits	51,315	-	0.0%	51,315	-	0.0%	51,315	23
24	Total other assets	51,315	-	0.0%	51,315	-	0.0%	51,315	24
25	TOTAL ASSETS	2,444,543,474	180,713,855	7.4%	2,625,257,329	25,650,395	1.0%	2,599,606,934	25
	Deferred outflows or resources:								
26	Deferred charge on refunding	4,095,599	211,795	5.2%	4,307,394	-	0.0%	4,307,394	26
27	TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,095,599	211,795	5.2%	4,307,394	-	0.0%	4,307,394	27
28	TOTAL ASSETS AND TOTAL DEFERRED OUTFLOWS	2,448,639,073	180,925,650	12.6%	2,629,564,723	25,650,395	1.0%	2,603,914,328	28

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS
STATEMENTS OF NET POSITION
WITH PRIOR YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	
	NET ASSETS AND LIABILITIES	Prior Year	Variance	%	Current Year	Variance	%	Beginning of Year	
	Net position								
1	Net investments in capital assets	1,853,231,433	200,406,376	10 8%	2,053,637,809	40,577 432	2 0%	2,013,060,377	1
2	Restricted for Debt Service	30,570,929	23,139,033	75 4%	53,809,962	22,963,003	74.4%	30,846,959	2
3	Unrestricted	(8,665,150)	(78,851,449)	910 0%	(87,516,599)	(12,408,619)	16.5%	(75,107,980)	3
4	Total net position	1,875,237,212	144,693,960	7 7%	2,019,931,172	51,131,816	2.6%	1,968,799,356	4
	Long-term liabilities								
5	Claims payable	1,913,608	680,546	35 6%	2,594,154	-	0 0%	2,594,154	5
6	Net pension obligation	17,942,428	3,104,172	17 3%	21,046,600	3,171,540	17 7%	17,875,060	6
7	Other postretirement benefits liability	58,690,401	5,683,077	9 7%	64,373,478	3,164,733	5 2%	61,208,745	7
8	Bonds payable (net of current maturities)	306,787,727	(13,107,823)	-4 3%	293,679,904	-	0 0%	293,679,904	8
9	Special Community Disaster Loan Payable	-	-	0 0%	-	-	0.0%	-	9
10	Southeast Louisiana Project liability	29,391,071	37,264,905	126 8%	66,655,976	-	0 0%	66,655,976	10
11	Debt Service Assistance Fund Loan payable	65,879,035	(4,225,896)	-6 4%	61,653,139	-	0.0%	61,653,139	11
12	Total long-term liabilities	480,604,270	29,398,981	6 1%	510,003,251	6,336,273 00	1 3%	503,666,978	12
	Current liabilities (payable from current assets)								
13	Accounts payable and other liabilities	15,371,414	2,303,285	15 0%	17,674,699	(29,054,449)	-62 2%	46,729,148	13
14	Due to City of New Orleans	753,958	(429,452)	-57 0%	324,506	164.334	102 6%	160,172	14
15	Disaster Reimbursement Revolving Loan	17,233,390	(2,319,280)	-13 5%	14,914,110	(2,980,931)	-16 7%	17,895,041	15
16	Retainers and estimates payable	7,126,607	290,898	4 1%	7,417,505	(528,770)	-6 7%	7,946,275	16
17	Due to other fund	276,242	15,030	5 4%	291,272	(2,398)	-0 8%	293,670	17
18	Accrued salaries, vacation and sick pay	11,295,121	(2,375,298)	-21 0%	8,919,823	(2,259.960)	-20 2%	11,179,783	18
19	Claims payable	11,000,796	(780,757)	-7 1%	10,220,039	-	0 0%	10,220,039	19
20	Debt Service Assistance Fund Loan payable	4,038,501	187,391	4 6%	4,225,892	-	0 0%	4,225,892	20
21	Advances from federal government	10,887,732	(2,677,427)	-24 6%	8,210,305	2,052,756	33 3%	6,157,549	21
22	Other Liabilities	193,095	228,995	118 6%	422,090	347,881	468 8%	74,209	22
23	Total current liabilities (payable from current assets)	78,176,856	(5,556,615)	-7 1%	72,620,241	(32,261 537)	-30 8%	104,881,778	23
	Current liabilities (payable from restricted assets)								
24	Accrued interest	1,897,290	584,388	30 8%	2,481,678	-	0 0%	2,481,678	24
25	Bonds payable	1,905,000	11,354,000	596 0%	13,259,000	-	0 0%	13,259,000	25
26	Retainers and estimates payable	261,698	(40,299)	-15 4%	221,399	97,716	79 0%	123,683	26
27	Customer deposits	10,556,747	491,235	4 7%	11,047,982	346,127	3.2%	10,701,855	27
28	Total current liabilities (payable from restricted assets	14,620,735	12,389,324	84 7%	27,010,059	443,843	1 7%	26,566,216	28
29	Total current liabilities	92,797,591	6,832,709	7 4%	99,630,300	(31,817,694)	-24 2%	131,447,994	29
30	Total liabilities	573,401,861	2,606,813	0 5%	609,633,551	(25,481,421)	-4 0%	635,114,972	30
	Deferred inflows or resources:								
31	Unavailable revenue -refunding of bonds	-	-	0 0%	-	-	0 0%	-	31
32	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	0 0%	-	-	0 0%	-	32
33	Total Net Position, Liabilities and Deferred Inflows of Resources	2,448,639,073	147,300,773	6 0%	2,629,564,723	25,650,395	1 0%	2,603,914,328	33

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS
STATEMENTS OF CASH FLOWS
JULY 2015

		A YTD Current Year	B YTD Prior Year	C YTD Variance	D %	
	Cash flows from operating activities					
1	Cash received from customers	97,428,568	88,247,198	9,181,370	10.4%	1
2	Cash payments to suppliers for goods and services	(77,186,883)	(63,752,889)	(13,433,994)	21.1%	2
3	Cash payments to employees for services	(35,188,284)	(39,787,341)	4,599,057	-11.6%	3
4	Other revenue	2,699,509	4,771,375	(2,071,866)	-43.4%	4
5	Net cash used in operating activities	(12,247,090)	(10,521,657)	(1,725,433)	16.4%	5
	Cash flows from noncapital financing activities					
6	Proceeds from property taxes	49,033,539	46,021,832	3,011,707	6.5%	6
7	Proceeds from federal operating and maintenance grants	-	4,189,318	(4,189,318)	-100.0%	7
8	Cash received paid to an other government	-	-	-	0.0%	8
9	Net cash provided by noncapital financing activities	49,033,539	50,211,150	(1,177,611)	-2.3%	9
	Cash flows from capital and related financing activities					
10	Acquisition and construction of capital assets	(39,703,331)	(11,542,449)	(28,160,882)	244.0%	10
11	Principal payments on bonds payable	-	(13,695,000)	13,695,000	-100.0%	11
12	Proceeds from bonds payable	-	284,063,460	(284,063,460)	-100.0%	12
13	Payments for bond issuance costs	-	-	-	0.0%	13
14	Payment to refunded bond ecrow agent	-	(154,451,191)	154,451,191	-100.0%	14
15	Interest paid on bonds payable	304,928	(3,195,336)	3,500,264	-109.5%	15
16	Proceeds from construction fund, net	(2,980,945)	5,540,047	(8,520,992)	-153.8%	16
17	Capital contributed by developers and federal grants	29,531,971	(16,366,650)	45,898,621	-280.4%	17
18	Net cash used in capital and related financing activities	(12,847,377)	90,352,881	(103,200,258)	-114.2%	18
	Cash flows from investing activities					
19	Payments for purchase of investments	-	-	-	0.0%	19
20	Proceeds from maturities of investments	(33,306,813)	(66,481,352)	33,174,539	-49.9%	20
21	Investment income	466,297	196,386	269,911	137.4%	21
22	Net cash provided by investing activities	(32,840,516)	(66,284,966)	33,444,450	-50.5%	22
23	Net increase in cash	(8,901,444)	63,757,408	(72,658,852)	-114.0%	23
24	Cash at the beginning of the year	185,414,816	119,451,442	65,963,374	55.2%	24
25	Cash at the end of the period	176,513,372	183,208,850	(6,695,478)	-3.7%	25
	Reconciliation of cash and restricted cash					
26	Current assets - cash	34,483,141	59,434,674	(24,951,533)	-42.0%	26
27	Current assets - designated	19,387,318	84,434,379	(65,047,061)	-77.0%	27
28	Restricted assets -cash	122,642,913	39,339,797	83,303,116	211.8%	28
29	Total cash	176,513,372	183,208,850	(6,695,478)	-3.7%	29

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ALL SYSTEM FUNDS
STATEMENTS OF CASH FLOWS
JULY 2015

		A YTD Current Year	B YTD Prior Year	C YTD Variance	D %	
	Reconciliation of operating loss to net cash used in operating activities is as follows:					
1	**Operating loss**	(16,086,250)	(14,756,471)	(1,329,779)	9.0%	1
	Adjustments to reconcile net operating loss to net cash used in operating activities:					
2	**Depreciation**	32,758,747	21,520,394	11,238,353	52.2%	2
3	**Provision for claims**	912,236	736,653	175,583	23.8%	3
4	**Provision for (revision) doubtful accounts**	1,291,990	1,156,646	135,344	11.7%	4
5	**Amortization**	-	-	-	0.0%	5
	Change in operating assets and liabilities:	-	-			
6	**(Increase) decrease in customer and other receivables**	(1,653,061)	(964,670)	(688,391)	71.4%	6
7	**Increase in inventory**	-	-	-	0.0%	7
8	**Increase (decrease) in prepaid expenses and other receivables**	(84,861)	1,719,006	(1,803,867)	-104.9%	8
9	**Decrease in net pension asset**	-	-	-	0.0%	9
10	**Increase (decrease) in accounts payable**	(32,754,876)	(25,951,074)	(6,803,802)	26.2%	10
11	**Increase (decrease) in accrued salaries, due to pension and accrued vacation and sick pay**	(2,262,358)	(264,658)	(1,997,700)	754.8%	11
12	**Increase in net other postretirement benefits liability**	3,164,733	3,911,967	(747,234)	-19.1%	12
13	**Increase (decrease) in net pension obligation**	3,171,540	2,512,092	659,448	26.3%	13
14	**Decrease in other liabilities**	(704,930)	(141,542)	(563,388)	398.0%	14
15	**Net cash used in operating activities**	(12,247,090)	(10,521,657)	(1,725,433)	16.4%	15

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH PRIOR YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	H	
		MTD Actual	MTD Prior Year	MTD Variance	%	YTD Actual	YTD Prior Year	YTD Variance	%	
	Operating revenues:									
1	Sales of water and delinquent fees	7,302,229	6,325,465	976,764	15.4%	44,280,877	39,745,287	4,535,590	11.4%	1
2	Sewerage service charges and del fees	-	-	-	0.0%	-	-	-	0.0%	2
3	Plumbing inspection and license fees	27,885	31,580	(3,695)	-11.7%	179,784	203,893	(24,109)	-11.8%	3
4	Other revenues	314,190	290,798	23,392	8.0%	1,943,339	1,734,683	208,656	12.0%	4
5	Total operating revenues	7,644,304	6,647,843	996,461	15.0%	46,404,000	41,683,863	4,720,137	11.3%	5
	Operating Expenses:									
6	Power and pumping	270,826	173,754	97,072	55.9%	1,500,759	1,601,615	(100,856)	-6.3%	6
7	Treatment	665,555	774,447	(108,892)	-14.1%	4,377,391	4,729,722	(352,331)	-7.4%	7
8	Transmission and distribution	746,480	1,410,562	(664,082)	-47.1%	7,983,261	8,800,729	(817,468)	-9.3%	8
9	Customer accounts	133,656	132,317	1,339	1.0%	1,017,176	996,869	20,307	2.0%	9
10	Customer service	120,329	158,358	(38,029)	-24.0%	1,048,472	1,022,576	25,896	2.5%	10
11	Administration and general	(1,046,026)	281,958	(1,327,984)	-471.0%	3,964,302	4,111,316	(147,014)	-3.6%	11
12	Payroll related	1,370,270	584,767	785,503	134.3%	8,692,069	8,756,529	(64,460)	-0.7%	12
13	Maintenance of general plant	1,207,652	1,603,950	(396,298)	-24.7%	8,070,530	8,048,149	22,381	0.3%	13
14	Depreciation	1,737,062	1,046,508	690,554	66.0%	12,159,434	7,325,556	4,833,878	66.0%	14
15	Amortization	-	-	-	0.0%	-	-	-	0.0%	15
16	Provision for doubtful accounts	95,834	117,022	(21,188)	-18.1%	670,838	819,155	(148,317)	-18.1%	16
17	Provision for claims	92,119	62,007	30,112	48.6%	355,430	306,968	48,462	15.8%	17
18	Total operating expenses	5,393,757	6,345,650	(951,893)	-15.0%	49,839,662	46,519,184	3,320,478	7.1%	18
19	Operating income (loss)	2,250,547	302,193	1,948,354	644.7%	(3,435,662)	(4,835,321)	1,399,659	-28.9%	19
	Non-operating revenues (expense):									
20	Two-mill tax	-	-	-	0.0%	-	-	-	0.0%	20
21	Three-mill tax	-	-	-	0.0%	-	-	-	0.0%	21
22	Six-mill tax	-	-	-	0.0%	-	-	-	0.0%	22
23	Nine-mill tax	-	-	-	0.0%	-	-	-	0.0%	23
24	Interest income	(105)	82,214	(82,319)	-100.1%	269,666	97,925	171,741	175.4%	24
25	Other Income	-	-	-	0.0%	128,287	126,289	1,998	1.6%	25
26	Interest expense	-	(1,040,131)	1,040,131	-100.0%	-	(1,040,131)	1,040,131	-100.0%	26
27	Operating and maintenance grants	-	97	(97)	-100.0%	134	654	(520)	-79.5%	27
28	Total non-operating revenues	(105)	(957,820)	957,715	-100.0%	398,087	(815,263)	1,213,350	-148.8%	28
29	Income before capital contributions	2,250,442	(655,627)	2,906,069	-443.3%	(3,037,575)	(5,650,584)	2,613,009	-46.2%	29
30	Capital contributions	5,120,625	774,036	4,346,589	561.5%	5,661,056	5,899,212	(238,156)	-4.0%	30
31	Change in net position	7,371,067	118,409	7,252,658	6125.1%	2,623,481	248,628	2,374,853	955.2%	31
32	Net position, beginning of year					317,835,814	313,268,717	4,567,097	1.5%	32
33	Net position, end of year					320,459,295	313,517,345	6,941,950	2.2%	33

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH BUDGET COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	H	
		MTD Actual	MTD Budget	MTD Variance	%	YTD Actual	YTD Budget	YTD Variance	%	
	Operating revenues:									
1	Sales of water and delinquent fees	7,302,229	6,609,060	693,169	10.5%	44,280,877	44,627,016	(346,139)	-0.8%	1
2	Sewerage service charges and del fees	-	-	-	0.0%	-	-	-	0.0%	2
3	Plumbing inspection and license fees	27,885	26,793	1,092	4.1%	179,784	187,552	(7,768)	-4.1%	3
4	Other revenues	314,190	269,375	44,815	16.6%	1,943,339	1,885,627	57,712	3.1%	4
5	Total operating revenues	7,644,304	6,905,228	739,076	10.7%	46,404,000	46,700,194	(296,194)	-0.6%	5
	Operating Expenses:									
6	Power and pumping	270,826	252,605	18,221	7.2%	1,500,759	1,768,234	(267,475)	-15.1%	6
7	Treatment	665,555	749,153	(83,598)	-11.2%	4,377,391	5,244,071	(866,680)	-16.5%	7
8	Transmission and distribution	746,480	1,514,064	(767,584)	-50.7%	7,983,261	8,160,306	(177,045)	-2.2%	8
9	Customer accounts	133,656	143,362	(9,706)	-6.8%	1,017,176	1,003,532	13,644	1.4%	9
10	Customer service	120,329	182,539	(62,210)	-34.1%	1,048,472	1,277,774	(229,302)	-17.9%	10
11	Administration and general	(1,046,026)	1,112,068	(2,158,094)	-194.1%	3,964,302	6,702,463	(2,738,161)	-40.9%	11
12	Payroll related	1,370,270	1,105,844	264,427	23.9%	8,692,069	7,740,905	951,164	12.3%	12
13	Maintenance of general plant	1,207,652	1,126,732	80,920	7.2%	8,070,530	7,887,126	183,404	2.3%	13
14	Depreciation	1,737,062	1,537,917	199,145	12.9%	12,159,434	12,159,434	-	0.0%	14
15	Amortization	-	-	-	0.0%	-	-	-	0.0%	15
16	Provision for doubtful accounts	95,834	-	95,834	0.0%	670,838	670,838	-	0.0%	16
17	Provision for claims	92,119	92,574	(455)	-0.5%	355,430	355,430	-	0.0%	17
18	Total operating expenses	5,393,757	7,816,857	(2,423,100)	-31.0%	49,839,662	52,970,111	(3,130,449)	-5.9%	18
19	Operating income (loss)	2,250,547	(911,629)	3,162,176	-346.9%	(3,435,662)	(6,269,917)	2,834,255	-45.2%	19
	Non-operating revenues (expense):									
20	Two-mill tax	-	-	-	0.0%	-	-	-	0.0%	20
21	Three-mill tax	-	-	-	0.0%	-	-	-	0.0%	21
22	Six-mill tax	-	-	-	0.0%	-	-	-	0.0%	22
23	Nine-mill tax	-	-	-	0.0%	-	-	-	0.0%	23
24	Interest income	(105)	-	(105)	0.0%	269,666	-	269,666	0.0%	24
25	Other Income	-	33,375	(33,375)	-100.0%	128,287	233,626	(105,339)	-45.1%	25
26	Interest expense	-	(22,384)	22,384	-100.0%	-	(156,687)	156,687	-100.0%	26
27	Operating and maintenance grants	-	-	-	0.0%	134	-	134	0.0%	27
28	Total non-operating revenues	(105)	10,991	(11,096)	-101.0%	398,087	76,938	321,149	417.4%	28
29	Income before capital contributions	2,250,442	(900,638)	3,151,080	-349.9%	(3,037,575)	(6,192,979)	3,155,404	-51.0%	29
30	Capital contributions	5,120,625	-	5,120,625	0.0%	5,661,056	-	5,661,056	0.0%	30
31	Change in net position	7,371,067	(900,638)	8,271,705	-918.4%	2,623,481				31
32	Net position, beginning of year					317,835,814	313,268,717	4,567,097	1.5%	32
33	Net position, end of year					320,459,295	313,268,717	7,190,578	2.3%	33

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND
STATEMENTS OF NET POSITION
WITH PRIOR YEAR AND BEGINNING OF YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	
	Assets								
	Noncurrent assets:	Prior Year	Variance	%	Current Year	Variance	%	Beginning of Year	
1	Property, plant and equipment	$ 687,302,037	44,554,940	6 5%	731,856,977	13,811,214	1 9%	718,045,763	1
2	Less: accumulated depreciation	311,661,903	21,729,244	7 0%	333,391,147	12,159,433	3 8%	321,231,714	2
3	Property, plant, and equipment, net	375,640,134	22,825,696	6 1%	398,465,830	1,651,781	0 4%	396,814,049	3
	Restricted cash, cash equivalents, and investments								
4	Cash and cash equivalents restricted for capital projects	2,584,823	46,933,994	1815 8%	49,518,817	(8,907,951)	-15 2%	58,426,768	4
5	Debt service reserve	11,480,250	2,833,068	24 7%	14,313,318	4,091,219	40 0%	10,222,099	5
6	Health insurance reserve	775,833	(116,666)	-15 0%	659,167	-	0 0%	659,167	6
7	Total restricted cash, cash equivalents, and investments	14,840,906	49,650,396	334 6%	64,491,302	(4,816,732)	-6 9%	69,308,034	7
	Designated cash, cash equivalents, and investments								
8	Cash and cash equivalents designated for capital projects	69,731,352	(62,146,973)	-89 1%	7,584,379	(331,873)	-4 2%	7,916,252	8
9	Customer deposits	10,556,747	491,235	4 7%	11,047,982	346,127	3 2%	10,701,855	9
10	Other	1,556,872	121,077	7 8%	1,677,949	2,189	0 1%	1,675,760	10
11	Total designated cash and cash equivalents, and investments	81,844,971	(61,534,661)	-75 2%	20,310,310	16,443	0 1%	20,293,867	11
	Current assets:								
	Unrestricted and undesignated								
12	Cash and cash equivalents	22,445,668	(12,466,240)	-55 5%	9,979,428	(2,224,179)	-22 3%	12,203,607	12
	Accounts receivable:								
13	Customers (net of allowance for doubtful accounts)	7,360,946	1,753,923	23 8%	9,114,869	481,300	5 3%	8,633,569	13
14	Taxes	-	-	0 0%	-	-	0 0%	-	14
15	Interest	-	-	0 0%	-	-	0 0%	-	15
16	Grants	6,573,596	8,766,319	133 4%	15,339,915	(2,414,829)	-13 6%	17,754,744	16
17	Miscellaneous	781,419	(54,013)	-6 9%	727,406	54,096	8 0%	673,310	17
18	Due from enterprise fund	(9,359,628)	1,332,886	-13 5%	(8,526,742)	(215,072)	2 6%	(8,311,670)	18
19	Inventory of supplies	4,528,425	(838,553)	-18 5%	3,689,872	-	0 0%	3,689,872	19
20	Prepaid expenses	505,681	(24,430)	-4 8%	481,251	-	0 0%	481,251	20
21	Total unrestricted current assets	32,336,107	(1,530,108)	-4 7%	30,805,999	(4,318,684)	-12 3%	35,124,683	21
	Other assets:								
22	Bond issue costs	-	-	0 0%	-	-	0 0%	-	22
23	Deposits	22,950	-	0 0%	22,950	-	0 0%	22,950	23
24	Total other assets	22,950	-	0 0%	22,950	-	0 0%	22,950	24
25	TOTAL ASSETS	504,685,068	9,411,323	1 9%	514,096,391	(7,467,192)	-1 4%	521,563,583	25
	Deferred outflows or resources:								
26	Deferred charge on refunding	34,901	(2,182)	-6 3%	32,719	-	0 0%	32,719	26
27	TOTAL DEFERRED OUTFLOWS OF RESOURCES	34,901	(2,182)	-6 3%	32,719	-	0 0%	32,719	27
28	TOTAL ASSETS AND TOTAL DEFERRED OUTFLOWS	504,719,969	9,409,141	-4 4%	514,129,110	(7,467,192)	-1 4%	521,596,302	28

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND
STATEMENTS OF NET POSITION
WITH PRIOR YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	
	NET ASSETS AND LIABILITIES	Prior Year	Variance	%	Current Year	Variance	%	Beginning of Year	
	Net position								
1	Net investments in capital assets	271,737,742	27,091,875	10.0%	298,829,617	13,239,751	4.6%	285,589,866	1
2	Restricted for Debt Service	11,289,109	3,024,209	26.8%	14,313,318	4,091,219	40.0%	10,222,099	2
3	Unrestricted	30,490,494	(23,174,134)	-76.0%	7,316,360	(14,707,480)	-66.8%	22,023,840	3
4	Total net position	313,517,345	6,941,950	2.2%	320,459,295	2,623,490	0.8%	317,835,805	4
	Long-term liabilities								
5	Claims payable	637,869	226,849	35.6%	864,718	-	0.0%	864,718	5
6	Net pension obligation	5,885,652	1,034,724	17.6%	6,920,376	1,057,180	18.0%	5,863,196	6
7	Other postretirement benefits liability	22,004,633	1,894,359	8.6%	23,898,992	1,054,911	4.6%	22,844,081	7
8	Bonds payable (net of current maturities)	111,228,048	(3,865)	0.0%	111,224,183	-	0.0%	111,224,183	8
9	Special Community Disaster Loan Payable	-	-	0.0%	-	-	0.0%	-	9
10	Southeast Louisiana Project liability	-	-	0.0%	-	-	0.0%	-	10
11	Debt Service Assistance Fund Loan payable	5,788,945	(371,342)	-6.4%	5,417,603	-	0.0%	5,417,603	11
12	Total long-term liabilities	145,545,147	2,780,725	1.9%	148,325,872	2,112,091	1.4%	146,213,781	12
	Current liabilities (payable from current assets)								
13	Accounts payable and other liabilities	6,801,278	1,513,350	22.3%	8,314,628	(10,499,570)	-55.8%	18,814,198	13
14	Due to City of New Orleans	753,958	(429,452)	-57.0%	324,506	164,334	102.6%	160,172	14
15	Disaster Reimbursement Revolving Loan	6,778,343	261,459	3.9%	7,039,802	(1,302,368)	-15.6%	8,342,170	15
16	Retainers and estimates payable	2,318,888	407,342	17.6%	2,726,230	(265,464)	-8.9%	2,991,694	16
17	Due to other fund	135,358	7,365	5.4%	142,723	(815)	-0.6%	143,538	17
18	Accrued salaries, vacation and sick pay	5,320,010	(1,037,679)	-19.5%	4,282,331	(1,024,381)	-19.3%	5,306,712	18
19	Claims payable	3,982,895	(131,892)	-3.3%	3,851,003	-	0.0%	3,851,003	19
20	Debt Service Assistance Fund Loan payable	354,869	16,469	4.6%	371,338	-	0.0%	371,338	20
21	Advances from federal government	8,182,774	(1,866,537)	-22.8%	6,316,237	158,688	2.6%	6,157,549	21
22	Other Liabilities	199,007	94,299	47.4%	293,306	220,676	303.8%	72,630	22
23	Total current liabilities (payable from current assets)	34,827,380	(1,165,276)	-3.3%	33,662,104	(12,548,900)	-27.2%	46,211,004	23
	Current liabilities (payable from restricted assets)								
24	Accrued interest	191,142	363,307	190.1%	554,449	-	0.0%	554,449	24
25	Bonds payable	-	-	0.0%	-	-	0.0%	-	25
26	Retainers and estimates payable	82,208	(2,800)	-3.4%	79,408	-	0.0%	79,408	26
27	Customer deposits	10,556,747	491,235	4.7%	11,047,982	346,127	3.2%	10,701,855	27
28	Total current liabilities (payable from restricted assets)	10,830,097	851,742	7.9%	11,681,839	346,127	3.1%	11,335,712	28
29	TOTAL CURRENT LIABILITIES	45,657,477	(313,534)	-0.7%	45,343,943	(12,202,773)	-21.2%	57,546,716	29
30	TOTAL LIABILITIES	191,202,624	2,467,191	1.3%	193,669,815	(10,090,682)	-5.0%	203,760,497	30
	Deferred inflows or resources:								
31	Unavailable revenue -refunding of bonds	-	-	0.0%	-	-	0.0%	-	31
32	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	0.0%	-	-	0.0%	-	32
33	Total Net Position, Liabilities and Deferred Inflows of Resources	504,719,969	9,409,141	1.9%	514,129,110	(7,467,192)	-1.4%	521,596,302	33

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND
STATEMENTS OF CASH FLOWS
JULY 2015

		A YTD Current Year	B YTD Prior Year	C YTD Variance	D %	
	Cash flows from operating activities					
1	Cash received from customers	43,639,200	39,958,545	3,680,655	9.2%	1
2	Cash payments to suppliers for goods and services	(29,725,722)	(26,571,573)	(3,154,149)	11.9%	2
3	Cash payments to employees for services	(17,207,846)	(19,696,114)	2,488,269	-12 6%	3
4	Other revenue	2,069,027	1,999,534	69,493	3.5%	4
5	Net cash used in operating activities	(1,225,340)	(4,309,608)	3,084,268	-71.6%	5
	Cash flows from noncapital financing activities					
6	Proceeds from property taxes	128,287	126,289	1,998	1.6%	6
7	Proceeds from federal operating and maintenance grants	-	3,770,115	(3,770,115)	-100.0%	7
8	Cash received paid to an other government	-	-	-	0.0%	8
9	Net cash provided by noncapital financing activlties	128,287	3,896,404	(3,768,117)	-96.7%	9
	Cash flows from capital and related financing activities					
10	Acquisition and construction of capital assets	(13,350,087)	(15,047,719)	1,697,632	-11 3%	10
11	Principal payments on bonds payable	-	-	-	0.0%	11
12	Proceeds from bonds payable	-	111,224,183	(111,224,183)	-100.0%	12
13	Payments for bond issuance costs	-	-	-	0.0%	13
14	Payment to refunded bond escrow agent	-	(27,884,012)	27,884,012	-100.0%	14
15	Interest paid on bonds payable	220,676	(858,730)	1,079,406	-125.7%	15
16	Proceeds from construction fund, net	(1,302,377)	4,383,126	(5,685,503)	-129.7%	16
17	Capital contributed by developers and federal grants	8,234,707	(2,047,907)	10,282,614	-502.1%	17
18	Net cash used in capital and related financing activities	(6,197,081)	69,768,941	(75,966,022)	-108.9%	18
	Cash flows from investing activities					
19	Payments for purchase of investments	-	-	-	0.0%	19
20	Proceeds from maturities of investments	-	(66,481,352)	66,481,352	-100.0%	20
21	Investment income	269,666	84,609	185,057	218.7%	21
22	Net cash provided by investing activities	269,666	(66,396,743)	66,666,409	-100.4%	22
23	Net increase in cash	(7,024,468)	2,958,994	(9,983,462)	-337.4%	23
24	Cash at the beginning of the year	95,855,508	43,741,197	52,114,311	119.1%	24
25	Cash at the end of the period	88,831,040	46,700,191	42,130,849	90.2%	25
	Reconciliation of cash and restricted cash					
26	Current assets - cash	9,979,428	22,445,666	(12,466,238)	-55.5%	26
27	Current assets - designated	17,060,310	12,113,619	4,946,691	40.8%	27
28	Restricted assets -cash	61,791,302	12,140,906	49,650,396	409.0%	28
29	Total cash	88,831,040	46,700,191	42,130,849	90.2%	29

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM FUND
STATEMENTS OF CASH FLOWS
JULY 2015

		A YTD Current Year	B YTD Prior Year	C YTD Variance	D %	
	Reconciliation of operating loss to net cash used in					
	Operating activities is as follows:					
1	**Operating loss**	(3,435,662)	(4,835,321)	1,399,659	-28.9%	1
	Adjustments to reconcile net operating loss to net cash					
	used in operating activities:					
2	**Depreciation**	12,159,434	7,325,556	4,833,878	66.0%	2
3	**Provision for claims**	355,430	306,968	48,462	15.8%	3
4	**Provision for (revision) doubtful accounts**	670,838	819,155	(148,317)	-18.1%	4
5	**Amortization**	-	-	-	0.0%	5
	Change in operating assets and liabilities:					
6	**(Increase) decrease in customer and other receivables**	(806,011)	(380,578)	(425,433)	111.8%	6
7	**Increase in inventory**	-	-	-	0.0%	7
8	**Increase (decrease) in prepaid expenses and other receivables**	160,976	306,279	(145,303)	-47.4%	8
9	**Decrease in net pension asset**	-	-	-	0.0%	9
10	**Increase (decrease) in accounts payable**	(11,226,162)	(10,157,483)	(1,068,679)	10.5%	10
11	**Increase (decrease) in accrued salaries, due to pension and accrued vacation and sick pay**	(1,025,196)	(122,405)	(902,791)	737.5%	11
12	**Increase in net other postretirement benefits liability**	1,054,911	1,303,989	(249,078)	-19.1%	12
13	**Increase (decrease) in net pension obligation**	1,057,180	837,364	219,816	26.3%	13
14	**Decrease in other liabilities**	(191,078)	286,868	(477,946)	-166.6%	14
15	**Net cash used in operating activities**	(1,225,340)	(4,309,608)	3,084,268	-71.6%	15

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH PRIOR YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	H	
		MTD Actual	MTD Prior Year	MTD Variance	%	YTD Actual	YTD Prior Year	YTD Variance	%	
	Operating revenues:									
1	Sales of water and delinquent fees	-	-	-	0.0%	-	-	-	0.0%	1
2	Sewerage service charges and del fees	8,674,225	7,547,623	1,126,602	14.9%	54,636,417	48,872,744	5,763,673	11.8%	2
3	Plumbing inspection and license fees	27,885	31,580	(3,695)	-11.7%	179,784	203,893	(24,109)	-11.8%	3
4	Other revenues	56,139	62,461	(6,322)	-10.1%	212,813	333,360	(120,547)	-36.2%	4
5	Total operating revenues	8,758,249	7,641,664	1,116,585	14.6%	55,029,014	49,409,997	5,619,017	11.4%	5
	Operating Expenses:									
6	Power and pumping	246,513	247,057	(544)	-0.2%	1,509,508	1,572,567	(63,059)	-4.0%	6
7	Treatment	905,512	890,267	15,245	1.7%	6,247,519	6,148,993	98,526	1.6%	7
8	Transmission and distribution	1,654,782	771,622	883,160	114.5%	6,727,235	4,239,173	2,488,062	58.7%	8
9	Customer accounts	133,656	132,316	1,340	1.0%	1,017,174	996,866	20,308	2.0%	9
10	Customer service	121,645	159,839	(38,194)	-23.9%	1,059,704	1,035,146	24,558	2.4%	10
11	Administration and general	(1,058,756)	255,953	(1,314,709)	-513.7%	3,707,869	3,869,163	(161,294)	-4.2%	11
12	Payroll related	1,018,699	508,392	510,307	100.4%	6,613,916	6,503,344	110,572	1.7%	12
13	Maintenance of general plant	222,786	283,377	(60,591)	-21.4%	1,667,353	2,650,573	(983,220)	-37.1%	13
14	Depreciation	1,417,143	1,011,382	405,761	40.1%	9,920,001	7,079,674	2,840,327	40.1%	14
15	Amortization	-	-	-	0.0%	-	-	-	0.0%	15
16	Provision for doubtful accounts	88,736	48,213	40,523	84.0%	621,152	337,491	283,661	84.0%	16
17	Provision for claims	37,348	41,992	(4,644)	-11.1%	230,789	197,946	32,843	16.6%	17
18	Total operating expenses	4,788,064	4,350,410	437,654	10.1%	39,322,220	34,630,936	4,691,284	13.5%	18
19	Operating income (loss)	3,970,185	3,291,254	678,931	20.6%	15,706,794	14,779,061	927,733	6.3%	19
	Non-operating revenues (expense):									
20	Two-mill tax	-	-	-	0.0%	-	-	-	0.0%	20
21	Three-mill tax	-	-	-	0.0%	-	-	-	0.0%	21
22	Six-mill tax	-	-	-	0.0%	-	-	-	0.0%	22
23	Nine-mill tax	-	-	-	0.0%	-	-	-	0.0%	23
24	Interest income	2,352	116,940	(114,588)	-98.0%	141,947	122,997	18,950	15.4%	24
25	Other Income	-	-	-	0.0%	159,998	157,507	2,491	1.6%	25
26	Interest expense	-	(1,345,380)	1,345,380	-100.0%	-	(1,345,380)	1,345,380	-100.0%	26
27	Operating and maintenance grants	-	-	-	0.0%	-	23	(23)	-100.0%	27
28	Total non-operating revenues	2,352	(1,228,440)	1,230,792	-100.2%	301,945	(1,064,853)	1,366,798	-128.4%	28
29	Income before capital contributions	3,972,537	2,062,814	1,909,723	92.6%	16,008,739	13,714,208	2,294,531	16.7%	29
30	Capital contributions	5,045,001	8,626,275	(3,581,274)	-41.5%	7,811,617	16,707,322	(8,895,705)	-53.2%	30
31	Change in net position	9,017,538	10,689,089	(1,671,551)	-15.6%	23,820,356	30,421,530	(6,601,174)	-21.7%	31
32	Net position, beginning of year					732,566,915	666,666,891	65,900,024	9.9%	32
33	Net position, end of year					756,387,271	697,088,421	59,298,850	8.5%	33

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SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH BUDGET COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	H	
		MTD Actual	MTD Budget	MTD Variance	%	YTD Actual	YTD Budget	YTD Variance	%	
	Operating revenues:									
1	Sales of water and delinquent fees	-	-	-	0.0%	-	-	-	0.0%	1
2	Sewerage service charges and del fees	8,674,225	8,070,794	603,431	7.5%	54,636,417	54,497,229	139,188	0.3%	2
3	Plumbing inspection and license fees	27,885	26,793	1,092	4.1%	179,784	187,552	(7,768)	-4.1%	3
4	Other revenues	56,139	24,079	32,060	133.1%	212,813	168,551	44,262	26.3%	4
5	Total operating revenues	8,758,249	8,121,666	636,583	7.8%	55,029,014	54,853,331	175,683	0.3%	5
	Operating Expenses:									
6	Power and pumping	246,513	214,284	32,229	15.0%	1,509,508	1,499,991	9,517	0.6%	6
7	Treatment	905,512	964,066	(58,554)	-6.1%	6,247,519	6,748,463	(500,944)	-7.4%	7
8	Transmission and distribution	1,654,782	1,231,476	423,306	34.4%	6,727,235	5,945,660	781,575	13.1%	8
9	Customer accounts	133,656	143,362	(9,706)	-6.8%	1,017,174	1,003,532	13,642	1.4%	9
10	Customer service	121,645	184,088	(62,443)	-33.9%	1,059,704	1,288,618	(228,914)	-17.8%	10
11	Administration and general	(1,058,756)	1,180,864	(2,239,620)	-189.7%	3,707,869	7,184,040	(3,476,171)	-48.4%	11
12	Payroll related	1,018,699	726,300	292,399	40.3%	6,613,916	5,084,099	1,529,817	30.1%	12
13	Maintenance of general plant	222,786	256,304	(33,518)	-13.1%	1,667,353	1,794,128	(126,775)	-7.1%	13
14	Depreciation	1,417,143	1,121,055	296,088	26.4%	9,920,001	9,920,001	-	0.0%	14
15	Amortization	-	-	-	0.0%	-	-	-	0.0%	15
16	Provision for doubtful accounts	88,736	-	88,736	0.0%	621,152	621,152	-	0.0%	16
17	Provision for claims	37,348	60,493	(23,145)	-38.3%	230,789	230,789	-	0.0%	17
18	Total operating expenses	4,788,064	6,082,293	(1,294,229)	-21.3%	39,322,220	41,320,473	(1,998,253)	-4.8%	18
19	Operating income (loss)	3,970,185	2,039,372	1,930,813	94.7%	15,706,794	13,532,858	2,173,936	16.1%	19
	Non-operating revenues (expense):									
20	Two-mill tax	-	-	-	0.0%	-	-	-	0.0%	20
21	Three-mill tax	-	-	-	0.0%	-	-	-	0.0%	21
22	Six-mill tax	-	-	-	0.0%	-	-	-	0.0%	22
23	Nine-mill tax	-	-	-	0.0%	-	-	-	0.0%	23
24	Interest income	2,352	-	2,352	0.0%	141,947	-	141,947	0.0%	24
25	Other Income	-	39,245	(39,245)	-100.0%	159,998	274,717	(114,719)	-41.8%	25
26	Interest expense	-	(218,131)	218,131	-100.0%	-	(1,526,914)	1,526,914	-100.0%	26
27	Operating and maintenance grants	-	-	-	0.0%	-	-	-	0.0%	27
28	Total non-operating revenues	2,352	(178,885)	181,237	-101.3%	301,945	(1,252,196)	1,554,141	-124.1%	28
29	Income before capital contributions	3,972,537	1,860,487	2,112,050	113.5%	16,008,739	12,280,662	3,728,077	30.4%	29
30	Capital contributions	5,045,001	-	5,045,001	0.0%	7,811,617	-	7,811,617	0.0%	30
31	Change in net position	9,017,538	1,860,487	7,157,051	384.7%	23,820,356				31
32	Net position, beginning of year					732,566,915	666,666,891	65,900,024	9.9%	32
33	Net position, end of year					756,387,271	666,666,891	89,720,380	13.5%	33

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND
STATEMENTS OF NET POSITION
WITH PRIOR YEAR AND BEGINNING OF YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	
	Assets	Prior Year	Variance	%	Current Year	Variance	%	Beginning of Year	
	Noncurrent assets:								
1	Property, plant and equipment	1,098,442,359	57,981,103	5.3%	1,156,423,462	18,895,528	1.7%	1,137,527,934	1
2	Less: accumulated depreciation	221,301,932	15,138,268	6.8%	236,440,200	9,920,001	4.4%	226,520,199	2
3	Property, plant, and equipment, net	877,140,427	42,842,835	4.9%	919,983,262	8,975,527	1.0%	911,007,735	3
	Restricted cash, cash equivalents, and investments								
4	Cash and cash equivalents restricted for capital projects	173,556	15,333,073	8834.7%	15,506,629	(15,021,324)	-49.2%	30,527,953	4
5	Debt service reserve	19,054,848	17,868,325	93.8%	36,923,173	16,455,367	80.4%	20,467,806	5
6	Health insurance reserve	775,833	(116,667)	-15.0%	659,166	-	0.0%	659,166	6
7	Total restricted cash, cash equivalents, and investments	20,004,237	33,084,731	165.4%	53,088,968	1,434,043	2.8%	51,654,925	7
	Designated cash, cash equivalents, and investments								
8	Cash and cash equivalents designated for capital projects	42,465,672	(30,757,993)	-72.4%	11,707,679	8,008,370	216.5%	3,699,309	8
9	Customer deposits	-	-	0.0%	-	-	0.0%	-	9
10	Other	1,063,872	120,193	11.3%	1,184,065	1,749	0.1%	1,182,316	10
11	Total designated cash and cash equivalents, and investments	43,529,544	(30,637,800)	-70.4%	12,891,744	8,010,119	164.1%	4,881,625	11
	Current assets:								
	Unrestricted and undesignated								
12	Cash and cash equivalents	32,851,014	(16,835,955)	-51.2%	16,015,059	(5,840,012)	-26.7%	21,855,071	12
	Accounts receivable:								
13	Customers (net of allowance for doubtful accounts)	6,841,679	1,101,930	16.1%	7,943,609	225,897	2.9%	7,717,712	13
14	Taxes	-	-	0.0%	-	-	0.0%	-	14
15	Interest	115	(57)	-49.6%	58	58	0.0%	-	15
16	Grants	2,183,323	13,837,854	633.8%	16,021,177	(3,522,517)	-18.0%	19,543,694	16
17	Miscellaneous	658,329	721,620	109.6%	1,379,949	1,028,459	292.6%	351,490	17
18	Due from enterprise fund	1,071,412	10,467,338	977.0%	11,538,750	474,826	4.3%	11,063,924	18
19	Inventory of supplies	1,507,642	(336,841)	-22.3%	1,170,801	-	0.0%	1,170,801	19
20	Prepaid expenses	351,099	(24,430)	-7.0%	326,669	-	0.0%	326,669	20
21	Total unrestricted current assets	45,464,613	8,931,459	19.6%	54,396,072	(7,633,289)	-12.3%	62,029,361	21
	Other assets:								
22	Bond issue costs	-	-	0.0%	-	-	0.0%	-	22
23	Deposits	17,965	-	0.0%	17,965	-	0.0%	17,965	23
24	Total other assets	17,965	-	0.0%	17,965	-	0.0%	17,965	24
25	TOTAL ASSETS	986,156,786	54,221,225	5.5%	1,040,378,011	10,786,400	1.0%	1,029,591,611	25
	Deferred outflows or resources:								
26	Deferred charge on refunding	4,060,698	(129,096)	-3.2%	3,931,602	-	0.0%	3,931,602	26
27	TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,060,698	(129,096)	-3.2%	3,931,602	-	0.0%	3,931,602	27
28	TOTAL ASSETS AND TOTAL DEFERRED OUTFLOWS	990,217,484	54,092,129	2.3%	1,044,309,613	10,786,400	1.0%	1,033,523,213	28

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND
STATEMENTS OF NET POSITION
WITH PRIOR YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	
	NET ASSETS AND LIABILITIES	Prior Year	Variance	%	Current Year	Variance	%	Beginning of Year	
	Net position								
1	Net investments in capital assets	703,076,978	44,155,289	6 3%	747,232,267	17,069,211	2.3%	730,163,056	1
2	Restricted for Debt Service	17,492,930	19,430,243	111 1%	36,923,173	16,455,367	80 4%	20,467,806	2
3	Unrestricted	(23,481,487)	(4,286,682)	18.3%	(27,768,169)	(9,704,224)	53 7%	(18,063,945)	3
4	Total net position	697,088,421	59,298,850	8.5%	756,387,271	23,820,354	3 3%	732,566,917	4
	Long-term liabilities								
5	Claims payable	637,869	226,849	35 6%	864,718	-	0 0%	864,718	5
6	Net pension obligation	6,015,598	1,034,724	17 2%	7,050,322	1,057,180	17.6%	5,993,142	6
7	Other postretirement benefits liability	19,026,285	1,894,359	10.0%	20,920,644	1,054,911	5 3%	19,865,733	7
8	Bonds payable (net of current maturities)	180,844,679	(11,644,000)	-6.4%	169,200,679	-	0 0%	169,200,679	8
9	Special Community Disaster Loan Payable	-	-	0 0%	-	-	0 0%	-	9
10	Southeast Louisiana Project liability	-	-	0.0%	-	-	0.0%	-	10
11	Debt Service Assistance Fund Loan payable	56,403,364	(3,618,064)	-6.4%	52,785,300	-	0 0%	52,785,300	11
12	Total long-term liabilities	262,927,795	(12,106,132)	-4.6%	250,821,663	2,112,091	0 8%	248,709,572	12
	Current liabilities (payable from current assets)								
13	Accounts payable and other liabilities	8,465,004	(1,168,525)	-13.8%	7,296,479	(14,563,836)	-66 6%	21,860,315	13
14	Due to City of New Orleans	-	-	0 0%	-	-	0 0%	-	14
15	Disaster Reimbursemeot Revolving Loan	2,644,277	(1,754,688)	-66.4%	889,589	(1,679,834)	-65 4%	2,569,423	15
16	Retainers and estimates payable	4,353,990	(114,754)	-2 6%	4,239,236	(263,654)	-5 9%	4,502,890	16
17	Due to other fund	63,536	3,457	5 4%	66,993	(312)	-0 5%	67,305	17
18	Accrued salaries, vacation and sick pay	3,362,368	(724,051)	-21 5%	2,638,317	(714,445)	-21 3%	3,352,762	18
19	Claims payable	3,004,311	(233,539)	-7.8%	2,770,772	-	0 0%	2,770,772	19
20	Debt Service Assistance Fund Loan payable	3,457,629	160,435	4 6%	3,618,064	-	0 0%	3,618,064	20
21	Advances from federal government	2,704,958	(810,890)	-30 0%	1,894,068	1,894,068	0 0%	-	21
22	Other Liabilities	(7,186)	92,991	-1294 1%	85,805	84,252	5425 1%	1,553	22
23	Total current liabilities (payable from current assets)	28,048,887	(4,549,564)	-16 2%	23,499,323	(15,243,761)	-39 3%	38,743,084	23
	Current liabilities (payable from restricted assets)								
24	Accrued interest	1,561,918	253,447	16 2%	1,815,365	-	0 0%	1,815,365	24
25	Bonds payable	415,000	11,229,000	2705 8%	11,644,000	-	0 0%	11,644,000	25
26	Retainers and estimates payable	175,463	(33,472)	-19 1%	141,991	(97,716)	-220 7%	44,275	26
27	Customer deposits	-	-	0.0%	-	-	0.0%	-	27
28	Total current liabilities (payable from restricted assets	2,152,381	11,448,975	531.9%	13,601,356	97,716	0.7%	13,503,640	28
29	TOTAL CURRENT LIABILITIES	30,201,268	6,899,411	22.8%	37,100,679	(15,146,045)	-29.0%	52,246,724	29
30	TOTAL LIABILITIES	293,129,063	(5,206,721)	-1.8%	287,922,342	(13,033,954)	-4.3%	300,956,296	30
	Deferred inflows or resources:								
31	Unavailable revenue -refunding of bonds	-	-	0 0%	-	-	0 0%	-	31
32	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	0.0%	-	-	0.0%	-	32
33	Total Net Position, Liabilities and Deferred Inflows of Resources	990,217,484	54,092,129	5.5%	1,044,309,613	10,786,400	1.0%	1,033,523,213	33

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND
STATEMENTS OF CASH FLOWS
JULY 2015

		A YTD Current Year	B YTD Prior Year	C YTD Variance	D %	
	Cash flows from operating activities					
1	Cash received from customers	53,789,368	48,288,653	5,500,715	11.4%	1
2	Cash payments to suppliers for goods and services	(33,714,631)	(23,970,025)	(9,744,606)	40.7%	2
3	Cash payments to employees for services	(11,249,869)	(12,502,338)	1,252,469	-10.0%	3
4	Other revenue	(635,862)	485,727	(1,121,589)	-230.9%	4
5	Net cash used in operating activities	8,189,006	12,302,017	(4,113,011)	-33.4%	5
	Cash flows from noncapital financing activities					
6	Proceeds from property taxes	141,947	157,507	(15,560)	-9.9%	6
7	Proceeds from federal operating and maintenance grants	-	419,203	(419,203)	-100.0%	7
8	Cash received paid to an other government	-	-	-	0.0%	8
9	Net cash provided by noncapital financing activities	141,947	576,710	(434,763)	-75.4%	9
	Cash flows from capital and related financing activities					
10	Acquisition and construction of capital assets	(16,519,361)	(17,176,393)	657,032	-3.8%	10
11	Principal payments on bonds payable	-	(13,695,000)	13,695,000	-100.0%	11
12	Proceeds from bonds payable	-	172,839,277	(172,839,277)	-100.0%	12
13	Payments for bond issuance costs	-	-	-	0.0%	13
14	Payment to refunded bond escrow agent	-	(126,567,179)	126,567,179	-100.0%	14
15	Interest paid on bonds payable	84,252	(1,363,068)	1,447,320	-106.2%	15
16	Proceeds from construction fund, net	(1,679,836)	623,866	(2,303,702)	-369.3%	16
17	Capital contributed by developers and federal grants	13,228,202	16,273,062	(3,044,860)	-18.7%	17
18	Net cash used in capital and related financing activities	(4,886,743)	30,934,565	(35,821,308)	-115.8%	18
	Cash flows from investing activities					
19	Payments for purchase of investments	-	-	-	0.0%	19
20	Proceeds from maturities of investments	(11,707,679)	-	(11,707,679)	0.0%	20
21	Investment income	159,940	68,774	91,166	132.6%	21
22	Net cash provided by investing activities	(11,547,739)	68,774	(11,616,513)	-16890.8%	22
23	Net increase in cash	(8,103,529)	43,882,066	(51,985,595)	-118.5%	23
24	Cash at the beginning of the year	78,334,621	52,445,731	25,888,890	49.4%	24
25	Cash at the end of the period	70,231,092	96,327,797	(26,096,705)	-27.1%	25
	Reconciliation of cash and restricted cash					
26	Current assets - cash	16,015,059	32,851,016	(16,835,957)	-51.2%	26
27	Current assets - designated	1,184,065	43,529,544	(42,345,479)	-97.3%	27
28	Restricted assets -cash	53,031,968	19,947,237	33,084,731	165.9%	28
29	Total cash	70,231,092	96,327,797	(26,096,705)	-27.1%	29

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SEWER SYSTEM FUND
STATEMENTS OF CASH FLOWS
JULY 2015

		A YTD Current Year	B YTD Prior Year	C YTD Variance	D %	
	Reconciliation of operating loss to net cash used in operating activities is as follows:					
1	**Operating loss**	15,706,794	14,779,061	927,733	6.3%	1
	Adjustments to reconcile net operating loss to net cash used in operating activities:					
2	**Depreciation**	9,920,001	7,079,674	2,840,327	40.1%	2
3	**Provision for claims**	230,789	197,946	32,843	16.6%	3
4	**Provision for (revision) doubtful accounts**	621,152	337,491	283,661	84.0%	4
5	**Amortization**	-	-	-	0.0%	5
	Change in operating assets and liabilities:					
6	**(Increase) decrease in customer and other receivables**	(847,049)	(584,092)	(262,957)	45.0%	6
7	**Increase in inventory**	-	-	-	0.0%	7
8	**Increase (decrease) in prepaid expenses and other receivables**	(1,503,285)	(553,467)	(949,818)	171.6%	8
9	**Decrease in net pension asset**	-	-	-	0.0%	9
10	**Increase (decrease) in accounts payable**	(17,105,941)	(10,802,861)	(6,303,080)	58.3%	10
11	**Increase (decrease) in accrued salaries, due to pension and accrued vacation and sick pay**	(714,757)	(95,142)	(619,615)	651.3%	11
12	**Increase in net other postretirement benefits liability**	1,054,911	1,303,989	(249,078)	-19.1%	12
13	**Increase (decrease) in net pension obligation**	1,057,180	837,364	219,816	26.3%	13
14	**Decrease in other liabilities**	(230,789)	(197,946)	(32,843)	16.6%	14
15	**Net cash used in operating activities**	8,189,006	12,302,017	(4,113,011)	-33.4%	15

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH PRIOR YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	H	
		MTD Actual	MTD Prior Year	MTD Variance	%	YTD Actual	YTD Prior Year	YTD Variance	%	
	Operating revenues:									
1	Sales of water and delinquent fees	-	-	-	0.0%	-	-	-	0.0%	1
2	Sewerage service charges and del fees	-	-	-	0.0%	-	-	-	0.0%	2
3	Plumbing inspection and license fees	-	-	-	0.0%	-	-	-	0.0%	3
4	Other revenues	254,325	258,877	(4,552)	-1.8%	274,482	576,539	(302,057)	-52.4%	4
5	Total operating revenues	254,325	258,877	(4,552)	-1.8%	274,482	576,539	(302,057)	-52.4%	5
	Operating Expenses:									
6	Power and pumping	661,713	593,187	68,526	11.6%	3,999,321	3,972,449	26,872	0.7%	6
7	Treatment	11,700	8,739	2,961	33.9%	55,217	57,177	(1,960)	-3.4%	7
8	Transmission and distribution	61,068	64,324	(3,256)	-5.1%	589,161	410,829	178,332	43.4%	8
9	Customer accounts	188	558	(370)	-66.3%	2,760	4,095	(1,335)	-32.6%	9
10	Customer service	3,221	12,363	(9,142)	-73.9%	70,861	65,187	5,674	8.7%	10
11	Administration and general	(716,949)	292,982	(1,009,931)	-344.7%	3,260,586	3,383,922	(123,336)	-3.6%	11
12	Payroll related	822,562	408,070	414,492	101.6%	5,217,322	5,193,797	23,525	0.5%	12
13	Maintenance of general plant	833,036	881,023	(47,987)	-5.4%	4,425,476	4,842,391	(416,915)	-8.6%	13
14	Depreciation	1,525,616	1,016,452	509,164	50.1%	10,679,312	7,115,164	3,564,148	50.1%	14
15	Amortization	-	-	-	0.0%	-	-	-	0.0%	15
16	Provision for doubtful accounts	833	-	833	0.0%	5,831	-	5,831	0.0%	16
17	Provision for claims	153,139	75,247	77,892	103.5%	326,017	231,739	94,278	40.7%	17
18	Total operating expenses	3,356,127	3,352,945	3,182	0.1%	28,631,864	25,276,750	3,355,114	13.3%	18
19	Operating income (loss)	(3,101,802)	(3,094,068)	(7,734)	0.2%	(28,357,382)	(24,700,211)	(3,657,171)	14.8%	19
	Non-operating revenues (expense):									
20	Two-mill tax	117	-	117	0.0%	869	-	869	0.0%	20
21	Three-mill tax	137,043	231,173	(94,130)	-40.7%	13,820,306	12,938,270	882,036	6.8%	21
22	Six-mill tax	138,519	233,651	(95,132)	-40.7%	13,968,458	13,076,912	891,546	6.8%	22
23	Nine-mill tax	-	350,208	(350,208)	-100.0%	20,730,308	19,601,758	1,128,550	5.8%	23
24	Interest income	4,984	8,661	(3,677)	-42.5%	36,691	43,003	(6,312)	-14.7%	24
25	Other Income	-	-	-	0.0%	-	-	-	0.0%	25
26	Interest expense	-	-	-	0.0%	-	-	-	0.0%	26
27	Operating and maintenance grants	-	-	-	0.0%	-	23	(23)	-100.0%	27
28	Total non-operating revenues	280,663	823,693	(543,030)	-65.9%	48,556,632	45,659,966	2,896,666	6.3%	28
29	Income before capital contributions	(2,821,139)	(2,270,375)	(550,764)	24.3%	20,199,250	20,959,755	(760,505)	-3.6%	29
30	Capital contributions	4,484,380	(3,063,089)	7,547,469	-246.4%	4,488,724	7,474,701	(2,985,977)	-39.9%	30
31	Change in net position	1,663,241	(5,333,464)	6,996,705	-131.2%	24,687,974	28,434,456	(3,746,482)	-13.2%	31
32	Net position, beginning of year					918,396,632	836,196,990	82,199,642	9.8%	32
33	Net position, end of year					943,084,606	864,631,446	78,453,160	9.1%	33

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
WITH BUDGET COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	H	
		MTD Actual	MTD Budget	MTD Variance	%	YTD Actual	YTD Budget	YTD Variance	%	
	Operating revenues:									
1	Sales of water and delinquent fees	-	-	-	0.0%	-	-	-	0.0%	1
2	Sewerage service charges and del fees	-	-	-	0.0%	-	-	-	0.0%	2
3	Plumbing inspection and license fees	-	-	-	0.0%	-	-	-	0.0%	3
4	Other revenues	254,325	-	254,325	0.0%	274,482	-	274,482	0.0%	4
5	Total operating revenues	254,325	-	254,325	0.0%	274,482	-	274,482	0.0%	5
	Operating Expenses:									
6	Power and pumping	661,713	654,585	7,128	1.1%	3,999,321	4,582,097	(582,776)	-12.7%	6
7	Treatment	11,700	14,258	(2,558)	-17.9%	55,217	99,807	(44,590)	-44.7%	7
8	Transmission and distribution	61,068	61,399	(331)	-0.5%	589,161	429,795	159,366	37.1%	8
9	Customer accounts	188	604	(416)	-68.9%	2,760	4,225	(1,465)	-34.7%	9
10	Customer service	3,221	9,368	(6,147)	-65.6%	70,861	65,576	5,285	8.1%	10
11	Administration and general	(716,949)	911,060	(1,628,009)	-178.7%	3,260,586	6,377,417	(3,116,831)	-48.9%	11
12	Payroll related	822,562	530,694	291,869	55.0%	5,217,322	3,714,855	1,502,468	40.4%	12
13	Maintenance of general plant	833,036	1,391,627	(558,591)	-40.1%	4,425,476	9,741,388	(5,315,912)	-54.6%	13
14	Depreciation	1,525,616	1,226,875	298,741	24.3%	10,679,312	10,679,312	-	0.0%	14
15	Amortization	-	-	-	0.0%	-	-	-	0.0%	15
16	Provision for doubtful accounts	833	-	833	0.0%	5,831	5,831	-	0.0%	16
17	Provision for claims	153,139	69,970	83,169	118.9%	326,017	326,017	-	0.0%	17
18	Total operating expenses	3,356,127	4,870,439	(1,514,312)	-31.1%	28,631,864	36,026,319	(7,394,455)	-20.5%	18
19	Operating income (loss)	(3,101,802)	(4,870,439)	1,768,637	-36.3%	(28,357,382)	(36,026,319)	7,668,937	-21.3%	19
	Non-operating revenues (expense):									
20	Two-mill tax	117	-	117	0.0%	869	-	869	0.0%	20
21	Three-mill tax	137,043	-	137,043	0.0%	13,820,306	13,357,609	462,697	3.5%	21
22	Six-mill tax	138,519	-	138,519	0.0%	13,968,458	13,500,746	467,712	3.5%	22
23	Nine-mill tax	-	-	-	0.0%	20,730,308	20,364,000	366,308	1.8%	23
24	Interest income	4,984	-	4,984	0.0%	36,691	-	36,691	0.0%	24
25	Other Income	-	58,475	(58,475)	-100.0%	-	409,322	(409,322)	-100.0%	25
26	Interest expense	-	(21,263)	21,263	-100.0%	-	(148,838)	148,838	-100.0%	26
27	Operating and maintenance grants	-	-	-	0.0%	-	-	-	0.0%	27
28	Total non-operating revenues	280,663	37,212	243,451	654.2%	48,556,632	47,482,840	1,073,792	2.3%	28
29	Income before capital contributions	(2,821,139)	(4,833,227)	2,012,088	-41.6%	20,199,250	11,456,520	8,742,730	76.3%	29
30	Capital contributions	4,484,380	-	4,484,380	0.0%	4,488,724	-	4,488,724	0.0%	30
31	Change in net position	1,663,241	(4,833,227)	6,496,468	-134.4%	24,687,974	11,456,520	13,231,454	115.5%	31
32	Net position, beginning of year					918,396,632	836,196,990	82,199,642	9.8%	32
33	Net position, end of year					943,084,606	847,653,510	95,431,096	11.3%	33

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND
STATEMENTS OF NET POSITION
WITH PRIOR YEAR AND BEGINNING OF YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	
	Assets								
	Noncurrent assets:	**Prior Year**	**Variance**	**%**	**Current Year**	**Variance**	**%**	**Beginning of Year**	
1	**Property, plant and equipment**	1,159,645,665	144,113,987	12.4%	1,303,759,652	10,265,960	0 8%	1,293,493,692	1
2	**Less: accumulated depreciation**	272,139,115	19,856,391	7.3%	291,995,506	10,679,311	3.8%	281,316,195	2
3	**Property, plant, and equipment, net**	887,506,550	124,257,596	14.0%	1,011,764,146	(413,351)	0.0%	1,012,177,497	3
	Restricted cash, cash equivalents, and investments								
4	**Cash and cash equivalents restricted for capital projects**	4,442,700	144,306	0.0%	4,587,006	139,252	3.1%	4,447,754	4
5	**Debt service reserve**	2,033,121	540,350	26.6%	2,573,471	2,416,417	1538.6%	157,054	5
6	**Health insurance reserve**	775,833	(116,667)	-15.0%	659,166	-	0.0%	659,166	6
7	**Total restricted cash, cash equivalents, and investments**	7,251,654	567,989	7.8%	7,819,643	2,555,669	48.6%	5,263,974	7
	Designated cash, cash equivalents, and investments								
8	**Cash and cash equivalents designated for capital projects**	27,768,463	4,464,767	16.1%	32,233,230	21,599,134	203 1%	10,634,096	8
9	**Customer deposits**	-	-	0.0%	-	-	0.0%	-	9
10	**Other**	1,022,753	120,190	11.8%	1,142,943	1,748	0.2%	1,141,195	10
11	**Total designated cash and cash equivalents, and investments**	28,791,216	4,584,957	15.9%	33,376,173	21,600,882	1892.8%	11,775,291	11
	Current assets:								
	Unrestricted and undesignated								
12	**Cash and cash equivalents**	4,137,993	4,350,661	105.1%	8,488,654	3,669,136	76 1%	4,819,518	12
	Accounts receivable:								
13	**Customers (net of allowance for doubtful accounts)**	-	-	0.0%	-	-	0.0%	-	13
14	**Taxes**	7,998,106	(110,523)	-1.4%	7,887,583	(243,364)	-3.0%	8,130,947	14
15	**Interest**	-	-	0.0%	-	-	0.0%	-	15
16	**Grants**	7,839,932	(4,472,554)	-57.0%	3,367,378	(3,580,338)	-51.5%	6,947,716	16
17	**Miscellaneous**	358,793	20,940	5.8%	379,733	(997,693)	-72.4%	1,377,426	17
18	**Due from enterprise fund**	8,788,216	(11,800,224)	-134.3%	(3,012,008)	(259,754)	9.4%	(2,752,254)	18
19	**Inventory of supplies**	899,533	(293,105)	-32.6%	606,428	-	0.0%	606,428	19
20	**Prepaid expenses**	119,227	(24,430)	-20.5%	94,797	-	0.0%	94,797	20
21	**Total unrestricted current assets**	30,141,800	(12,329,235)	-40.9%	17,812,565	(1,412,013)	-7.3%	19,224,578	21
	Other assets:								
22	**Bond issue costs**	-	-	0.0%	-	-	0 0%	-	22
23	**Deposits**	10,400	-	0.0%	10,400	-	0.0%	10,400	23
24	**Total other assets**	10,400	-	0.0%	10,400	-	0.0%	10,400	24
25	**TOTAL ASSETS**	953,701,620	117,081,307	12.3%	1,070,782,927	22,331,187	2.1%	1,048,451,740	25
	Deferred outflows or resources:								
26	**Deferred charge on refunding**	-	343,073	0.0%	343,073	-	0.0%	343,073	26
27	**TOTAL DEFERRED OUTFLOWS OF RESOURCES**	-	343,073	0.0%	343,073	-	0.0%	343,073	27
28	**TOTAL ASSETS AND TOTAL DEFERRED OUTFLOWS**	953,701,620	117,424,380	12.3%	1,071,126,000	22,331,187	2.1%	1,048,794,813	28

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND
STATEMENTS OF NET POSITION
WITH PRIOR YEAR COMPARISONS
JULY 2015

		A	B	C	D	E	F	G	
	NET ASSETS AND LIABILITIES	Prior Year	Variance	%	Current Year	Variance	%	Beginning of Year	
	Net position								
1	Net investments in capital assets	878,416,713	129,159,212	14.7%	1,007,575,925	10,268,470	1.0%	997,307,455	1
2	Restricted for Debt Service	1,888,890	684,581	36.2%	2,573,471	2,416,417	1538.6%	157,054	2
3	Unrestricted	(15,674,157)	(51,390,633)	327.9%	(67,064,790)	12,003,085	-15.2%	(79,067,875)	3
4	Total net position	864,631,446	78,453,160	9.1%	943,084,606	24,687,972	2.7%	918,396,634	4
	Long-term liabilities								
5	Claims payable	637,870	226,848	35.6%	864,718	-	0.0%	864,718	5
6	Net pension obligation	6,041,178	1,034,724	17.1%	7,075,902	1,057,180	17.6%	6,018,722	6
7	Other postretirement benefits liability	17,659,483	1,894,359	10.7%	19,553,842	1,054,911	5.7%	18,498,931	7
8	Bonds payable (net of current maturities)	14,715,000	(1,459,958)	-9.9%	13,255,042	-	0.0%	13,255,042	8
9	Special Community Disaster Loan Payable	-	-	0.0%	-	-	0.0%	-	9
10	Southeast Louisiana Project liability	29,391,071	37,264,905	126.8%	66,655,976	-	0.0%	66,655,976	10
11	Debt Service Assistance Fund Loan payable	3,686,726	(236,490)	-6.4%	3,450,236	-	0.0%	3,450,236	11
12	Total long-term liabilities	72,131,328	38,724,388	53.7%	110,855,716	2,112,091	1.9%	108,743,625	12
	Current liabilities (payable from current assets)								
13	Accounts payable and other liabilities	105,132	1,958,460	1862.9%	2,063,592	(3,991,043)	-65.9%	6,054,635	13
14	Due to City of New Orleans	-	-	0.0%	-	-	0.0%	-	14
15	Disaster Reimbursement Revolving Loan	7,810,770	(826,051)	-10.6%	6,984,719	1,271	0.0%	6,983,448	15
16	Retainers and estimates payable	453,729	(1,690)	-0.4%	452,039	348	0.1%	451,691	16
17	Due to other fund	77,348	4,208	5.4%	81,556	(1,271)	-1.5%	82,827	17
18	Accrued salaries, vacation and sick pay	2,612,743	(613,568)	-23.5%	1,999,175	(521,134)	-20.7%	2,520,309	18
19	Claims payable	4,013,590	(415,326)	-10.3%	3,598,264	-	0.0%	3,598,264	19
20	Debt Service Assistance Fund Loan payable	226,003	10,487	4.6%	236,490	-	0.0%	236,490	20
21	Advances from federal government	-	-	0.0%	-	-	0.0%	-	21
22	Other Liabilities	1,274	41,705	3273.5%	42,979	42,953	165203.8%	26	22
23	Total current liabilities (payable from current assets)	15,300,589	158,225	1.0%	15,458,814	(4,468,876)	-22.4%	19,927,690	23
	Current liabilities (payable from restricted assets)								
24	Accrued interest	144,230	(32,366)	-22.4%	111,864	-	0.0%	111,864	24
25	Bonds payable	1,490,000	125,000	8.4%	1,615,000	-	0.0%	1,615,000	25
26	Retainers and estimates payable	4,027	(4,027)	-100.0%	-	-	0.0%	-	26
27	Customer deposits	-	-	0.0%	-	-	0.0%	-	27
28	Total current liabilities (payable from restricted assets	1,638,257	88,607	5.4%	1,726,864	-	0.0%	1,726,864	28
29	Total current liabilities	16,938,846	246,832	1.5%	17,185,678	(4,468,876)	-20.6%	21,654,554	29
30	Total liabilities	89,070,174	38,971,220	43.8%	128,041,394	(2,356,785)	-1.8%	130,398,179	30
	Deferred inflows or resources:								
31	Unavailable revenue -refunding of bonds	-	-	0.0%	-	-	0.0%	-	31
32	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	0.0%	-	-	0.0%	-	32
33	Total Net Position, Liabilities and Deferred Inflows of Resources	953,701,620	117,424,380	12.3%	1,071,126,000	22,331,187	2.1%	1,048,794,813	33

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND
STATEMENTS OF CASH FLOWS
JULY 2015

		A YTD Current Year	B YTD Prior Year	C YTD Variance	D %	
	Cash flows from operating activities					
1	Cash received from customers	-	-	-	0.0%	1
2	Cash payments to suppliers for goods and services	(13,746,530)	(13,211,291)	(535,239)	4 1%	2
3	Cash payments to employees for services	(6,730,570)	(7,588,889)	858,319	-11 3%	3
4	Other revenue	1,266,344	2,286,114	(1,019,770)	-44.6%	4
5	Net cash used in operating activities	(19,210,756)	(18,514,066)	(696,690)	3.8%	5
	Cash flows from noncapital financing activities					
6	Proceeds from property taxes	48,763,305	45,738,036	3,025,269	6.6%	6
7	Proceeds from federal operating and maintenance grants	-	-	-	0.0%	7
8	Cash received paid to an other government	-	-	-	0.0%	8
9	Net cash provided by noncapital financing activities	48,763,305	45,738,036	3,025,269	6.6%	9
	Cash flows from capital and related financing activities					
10	Acquisition and construction of capital assets	(9,833,883)	20,681,663	(30,515,546)	-147.5%	10
11	Principal payments on bonds payable	-	-	-	0.0%	11
12	Proceeds from bonds payable	-	-	-	0.0%	12
13	Payments for bond issuance costs	-	-	-	0.0%	13
14	Payment to refunded bond escrow agent	-	-	-	0.0%	14
15	Interest paid on bonds payable	-	(973,538)	973,538	-100.0%	15
16	Proceeds from construction fund, net	1,268	533,055	(531,787)	-99.8%	16
17	Capital contributed by developers and federal grants	8,069,062	(30,591,805)	38,660,867	-126.4%	17
18	Net cash used in capital and related financing activities	(1,763,553)	(10,350,625)	8,587,072	-83.0%	18
	Cash flows from investing activities					
19	Payments for purchase of investments	-	-	-	0.0%	19
20	Proceeds from maturities of investments	(21,599,134)	-	(21,599,134)	0.0%	20
21	Investment income	36,691	43,003	(6,312)	-14.7%	21
22	Net cash provided by investing activities	(21,562,443)	43,003	(21,605,446)	-50241.7%	22
23	Net increase (decrease) in cash	6,226,553	16,916,348	(10,689,795)	-63.2%	23
24	Cash at the beginning of the year	11,224,687	23,264,514	(12,039,827)	-51.8%	24
25	Cash at the end of the period	17,451,240	40,180,862	(22,729,622)	-56.6%	25
	Reconciliation of cash and restricted cash					
26	Current assets - cash	8,488,654	4,137,992	4,350,662	105.1%	26
27	Current assets - designated	1,142,943	28,791,216	(27,648,273)	-96.0%	27
28	Restricted assets -cash	7,819,643	7,251,654	567,989	7.8%	28
29	Total cash	17,451,240	40,180,862	(22,729,622)	-56.6%	29

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DRAINAGE SYSTEM FUND
STATEMENTS OF CASH FLOWS
JULY 2015

		A YTD Current Year	B YTD Prior Year	C YTD Variance	D %	
	Reconciliation of operating loss to net cash used in operating activities is as follows:					
1	Operating loss	(28,357,382)	(24,700,211)	(3,657,171)	14.8%	1
	Adjustments to reconcile net operating loss to net cash used in operating activities:					
2	Depreciation	10,679,312	7,115,164	3,564,148	50.1%	2
3	Provision for claims	326,017	231,739	94,278	40.7%	3
4	Provision for (revision) doubtful accounts	-	-	-	0.0%	4
5	Amortization	-	-	-	0.0%	5
	Change in operating assets and liabilities:					
6	(Increase) decrease in customer and other receivables	-	-	-	0.0%	6
7	Increase in inventory	-	-	-	0.0%	7
8	Increase (decrease) in prepaid expenses and other receivables	1,257,448	1,966,195	(708,747)	-36.0%	8
9	Decrease in net pension asset	-	-	-	0.0%	9
10	Increase (decrease) in accounts payable	(4,422,773)	(4,990,730)	567,957	-11.4%	10
11	Increase (decrease) in accrued salaries, due to pension and accrued vacation and sick pay	(522,405)	(47,111)	(475,294)	1008.9%	11
12	Increase in net other postretirement benefits liability	1,054,911	1,303,989	(249,078)	-19.1%	12
13	Increase (decrease) in net pension obligation	1,057,180	837,364	219,816	26.3%	13
14	Decrease in other liabilities	(283,064)	(230,465)	(52,599)	22.8%	14
15	Net cash used in operating activities	(19,210,756)	(18,514,066)	(696,690)	3.8%	15

Section B. All Contracts

Sewerage and Water Board of New Orleans
Quarterly Board Report of All Contracts
August 31, 2015

Year to Date Summary			
Total Number of Contracts	28	Percentage of Contracts to Local DBEs of Total Number of Contracts	68%
Total Value of All Contracts	$ 27,848,128.35	Percentage of Contracts to Local Businesses of Total Number of Contracts	79%
Total Number of Contracts with DBE Participation	19	Percentage of Contracts to Local DBEs of Total Value of All Contracts	30%
Total DBE Participation Value	$ 8,458,763.46	Percentage of Contracts to Local Businesses of Total Value of All Contracts	91%
Total Number of Contracts with Local Business Participation	22	Percentage of Contracts to 50/50 Joint Ventures of Total Number of All Contracts	0%
Total Value of Contracts with Local Business Participation	$ 25,424,321.33		
Total Number of Contracts to 50/50 Joint Venture Enterprise	0		
Total Value of Contracts to 50/50 Joint Venture Enterprise	$ -		

Notes:

Data extracted from monthly publications of the S&WB General Superintendent's Report and SLDBE Participation Summary.

"Local Business" is defined a business located within the New Orleans-Metairie-Kenner Metropolitan Area (Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, and St. Tammany parishes).

"DBE" is defined as a business that has been certified as Socially and/or Economically Disadvantaged by an Independent Panel of experts in the field of Economics and Sociology through the Economically Disadvantaged Business Program of the S&WB.

Sewerage and Water Board of New Orleans
Quarterly Board Report of All Contracts
August 31, 2015

1st Quarter

January

Construction

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Contract 8143 - Katrina Related Repairs to Garage #2 at Central Yard	$ 802,620.00	36%	$ 288,943.20	Yes	Yes	No
	TOTAL	$ 802,620.00		$ 288,943.20			

February

Construction

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Buisness?	50/50 Joint Venture?
1	Contract 3792 - Central Wetlands Unit Wetlands Assimilation Project - Phase Two	$ 3,389,000.00	36%	$ 1,220,040.00	Yes	Yes	No
	TOTAL	$ 3,389,000.00		$ 1,220,040.00			

Goods and Services

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Furnishing Limestone	$ 148,778.25	30%	$ 44,633.48	Yes	Yes	No
	TOTAL	$ 148,778.25		$ 44,633.48			

March

Construction

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Contract 6251 - Purchase of Replacement Transformers T2 and T3 at the Carrollton Water Plant	$ 250,000.00	0%	$ -	No	Yes	No
	TOTAL	$ 250,000.00		$ -			

END OF 1ST QUARTER CONTRACT VALUE TOTAL	$ 4,590,398.25
END OF 1ST QUARTER DBE PATICIPATION VALUE TOTAL	$ 1,553,616.68
END OF 1ST QUARTER LOCAL BUSINESS PARTICIPATION VALUE TOTAL	$ 4,590,398.25
END OF 1ST QUARTER 50/50 JOINT VENTURE VALUE TOTAL	$ -

Sewerage and Water Board of New Orleans
Quarterly Board Report of All Contracts
August 31, 2015

2nd Quarter

April

Construction

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Contract 2106 - Installation of New Water, Sewer and Drainage Service Connections at Various Sites Throughout Orleans Parish	$ 2,336,550.00	36%	$ 841,158.00	Yes	Yes	No
2	Contract 2110 - Water Main Line Replacements and Extensions at Scattered Locations Throughout Orleans Parish	$ 988,150.00	36%	$ 355,734.00	Yes	Yes	No
3	Contract 2111 - Water Main Point Repair, Water Service Connection, Water Valve and Fire Hydrant Replacement at Various Sites Throughout Orleans Parish	$ 3,197,190.00	36%	$ 1,150,988.40	Yes	Yes	No
	TOTAL	**$ 6,521,890.00**		**$ 2,347,880.40**			

Goods and Services

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Furnishing & Delivering Automotive Batteries	$ 56,922.27	0%	$ -	No	No	No
2	Furnishing Janitorial Services for the Carrollton Water Plant Complex	$ 76,120.00	30%	$ 22,836.00	Yes	Yes	No
3	Furnishing Janitorial Services at Central Yard Complex	$ 44,368.32	33%	$ 14,641.55	Yes	Yes	No
	TOTAL	**$ 177,410.59**		**$ 37,477.55**			

Renewals

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Buisness?	50/50 Joint Venture?
1	Furnishing Air Conditioning and Heating Maintenance	$ 61,767.00	0%	$ -	No	No	No
2	Furnishing Fire Extinguisher Service for Sewerage and Water Board	$ 50,496.00	5%	$ 2,524.80	Yes	Yes	No
3	Furnishing Flashlights & Batteries	$ 42,222.40	20%	$ 8,444.48	Yes	Yes	No
4	Furnishing Positive Displacement Type Cold Water Meters for the Meter Shop at the Main Water Plant	$ 1,830,900.00	0%	$ -	No	No	No
	TOTAL	**$ 1,985,385.40**		**$ 10,969.28**			

May

Sewerage and Water Board of New Orleans
Quarterly Board Report of All Contracts
August 31, 2015

Construction

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Contract 1369 - HMGP Emergency Fuel Storage Retrofit Power Plant Main Water Purification Plant Power Complex	$ 7,486,250.00	36%	$ 2,695,050.00	No	Yes	No
2	Contract 1382 - Replacement of Media of Filters 1A, 1B, 5A and 5B at the Claiborne Filter Gallery at the Main Water Purification Plant	$ 1,079,536.00	35%	$ 377,837.60	Yes	Yes	No
	TOTAL	**$ 8,565,786.00**		**$ 3,072,887.60**			

Renewals

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Furnishing and Delivering Complete Fleet Tire Service	$ 344,199.80	20%	$ 68,839.96	Yes	Yes	No
2	Furnishing River Sand, Mason Sand, and Washed Gravel	$ 225,125.00	30%	$ 67,537.50	Yes	Yes	No
3	Furnishing Rough Pine and Oak Hardwood Lumber	$ 63,933.75	0%	$ -	No	No	No
4	Furnishing Solid Waste Disposal Services	$ 109,356.00	30%	$ 32,806.80	Yes	Yes	No
5	Contract 8138 - Furnishing Skilled and Unskilled Labor for Maintenance Services	$ 2,428,498.00	30%	$ 728,549.40	Yes	Yes	No
	TOTAL	**$ 3,171,112.55**		**$ 897,733.66**			

Emergency

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	2015 Rewind of the Sewage Pump Motor and Cleaning of the Drainage Pump Motor at Drainage Pumping Station D	$ 304,634.00	0%	$ 304,634.00	No	No	No
	TOTAL	**$ 304,634.00**		**$ 304,634.00**			

June

Sewerage and Water Board of New Orleans
Quarterly Board Report of All Contracts
August 31, 2015

Construction

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Contract 3795 - Modification to the Return Acticated Sludge PS and Pipeline at the East Bank Sewer Treatment Plant	$ 1,677,000.00	5%	$ 83,850.00	Yes	Yes	No
	TOTAL	**$ 1,677,000.00**		**$ 83,850.00**			

Goods and Services

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Furnshing & Delivering Hand Tools, Hardware Supplies, Paint & Paint Supplies	$ 360,281.60	30%	$ 108,084.48	Yes	Yes	No
2	Furnishing & Delivering Hoses & Accessories	$ 168,813.91	0%	$ -	No	Yes	No
3	Furnishing & Delivering Safety Supplies	$ 138,766.05	30%	$ 41,629.82	Yes	Yes	No
	TOTAL	**$ 667,861.56**		**$ 149,714.30**			

Renewals

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Furnishing #1 All Purpose Rag Wipers	$ 81,000.00	0%	$ -	No	Yes	No
2	Furnishing Safety Shoes	$ 105,650.00	0%	$ -	No	No	No
	TOTAL	**$ 186,650.00**		**$ -**			

END OF 2ND QUARTER CONTRACT VALUE TOTAL	**$ 23,257,730.10**
END OF 2ND QUARTER DBE PATICIPATION VALUE TOTAL	**$ 6,905,146.78**
END OF 2ND QUARTER LOCAL BUSINESS PARTICIPATION VALUE TOTAL	**$ 20,833,923.08**
END OF 2ND QUARTER 50/50 JOINT VENTURE VALUE TOTAL	**$ -**

Section B. Construction Contracts

Sewerage and Water Board of New Orleans
Quarterly Report of Construction Contracts
August 31, 2015

Year to Date Summary			
Total Number of Contracts	9	Percentage of Contracts to Local DBEs of Total Number of Contracts	89%
Total Value of All Contracts	$ 21,206,296.00	Percentage of Contracts to Local Businesses of Total Number of Contracts	100%
Total Number of Contracts with DBE Participation	8	Percentage of Contracts to Local DBEs of Total Value of All Contracts	33%
Total DBE Participation Value	$ 7,013,601.20	Percentage of Contracts to Local Businesses of Total Value of All Contracts	100%
Total Number of Contracts with Local Business Participation	9	Percentage of Contracts to 50/50 Joint Ventures of Total Number of All Contracts	0%
Total Value of Contracts with Local Business Participation	$ 21,206,296.00		
Total Number of Contracts to 50/50 Joint Venture Enterprise	0		
Total Value of Contracts to 50/50 Joint Venture Enterprise	$ -		

Notes:

Data extracted from monthly publications of the S&WB General Superintendent's Report and SLDBE Participation Summary.

"Local Business" is defined a business located within the New Orleans-Metairie-Kenner Metropolitan Area (Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, and St. Tammany parishes).

"DBE" is defined as a business that has been certified as Socially and/or Economically Disadvantaged by an Independent Panel of experts in the field of Economics and Sociology through the Economically Disadvantaged Business Program of the S&WB.

Sewerage and Water Board of New Orleans
Quarterly Report of Construction Contracts
August 31, 2015

1st Quarter

January

Construction

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Contract 8143 - Katrina Related Repairs to Garage #2 at Central Yard	$ 802,620.00	36%	$ 288,943.20	Yes	Yes	No
	TOTAL	**$ 802,620.00**		**$ 288,943.20**			

February

Construction

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Buisness?	50/50 Joint Venture?
1	Contract 3792 - Central Wetlands Unit Wetlands Assimilation Project - Phase Two	$ 3,389,000.00	36%	$ 1,220,040.00	Yes	Yes	No
	TOTAL	**$ 3,389,000.00**		**$ 1,220,040.00**			

March

Construction

	Contract Name/ Number	Contract Value ($)	DBE Participation Goal (%)	DBE Participation Dollar Value	Local DBE?	Local Business?	50/50 Joint Venture?
1	Contract 6251 - Purchase of Replacement Transformers T2 and T3 at the Carrollton Water Plant	$ 250,000.00	0%	$ -	No	Yes	No
	TOTAL	**$ 250,000.00**		**$ -**			

END OF 1ST QUARTER CONTRACT VALUE TOTAL	**$ 4,441,620.00**
END OF 1ST QUARTER DBE PATICIPATION VALUE TOTAL	**$ 1,508,983.20**
END OF 1ST QUARTER LOCAL BUSINESS PARTICIPATION VALUE TOTAL	**$ 4,441,620.00**
END OF 1ST QUARTER 50/50 JOINT VENTURE VALUE TOTAL	**$ -**

Sewerage and Water Board of New Orleans
Quarterly Report of Construction Contracts
August 31, 2015

2nd Quarter

April

Construction

	Contract Name/ Number	*Contract Value ($)*	*DBE Participation Goal (%)*	*DBE Participation Dollar Value*	*Local DBE?*	*Local Business?*	*50/50 Joint Venture?*
1	Contract 2106 - Installation of New Water, Sewer and Drainage Service Connections at Various Sites Throughout Orleans Parish	$ 2,336,550.00	36%	$ 841,158.00	Yes	Yes	No
2	Contract 2110 - Water Main Line Replacements and Extensions at Scattered Locations Throughout Orleans Parish	$ 988,150.00	36%	$ 355,734.00	Yes	Yes	No
3	Contract 2111 - Water Main Point Repair, Water Service Connection, Water Valve and Fire Hydrant Replacement at Various Sites Throughout Orleans Parish	$ 3,197,190.00	36%	$ 1,150,988.40	Yes	Yes	No
	TOTAL	**$ 6,521,890.00**		**$ 2,347,880.40**			

May

Construction

	Contract Name/ Number	*Contract Value ($)*	*DBE Participation Goal (%)*	*DBE Participation Dollar Value*	*Local DBE?*	*Local Business?*	*50/50 Joint Venture?*
1	Contract 1369 - HMGP Emergency Fuel Storage Retrofit Power Plant Main Water Purification Plant Power Complex	$ 7,486,250.00	36%	$ 2,695,050.00	No	Yes	No
2	Contract 1382 - Replacement of Media of Filters 1A, 1B, 5A and 5B at the Claiborne Filter Gallery at the Main Water Purification Plant	$ 1,079,536.00	35%	$ 377,837.60	Yes	Yes	No
	TOTAL	**$ 8,565,786.00**		**$ 3,072,887.60**			

June

Sewerage and Water Board of New Orleans
Quarterly Report of Construction Contracts
August 31, 2015

Construction

	Contract Name/ Number	*Contract Value ($)*	*DBE Participation Goal (%)*	*DBE Participation Dollar Value*	*Local DBE?*	*Local Business?*	*50/50 Joint Venture?*
1	Contract 3795 - Modification to the Return Acticated Sludge PS and Pipeline at the East Bank Sewer Treatment Plant	$ 1,677,000.00	5%	$ 83,850.00	Yes	Yes	No
TOTAL		**$ 1,677,000.00**		**$ 83,850.00**			

END OF 2ND QUARTER CONTRACT VALUE TOTAL	**$ 16,764,676.00**
END OF 2ND QUARTER DBE PATICIPATION VALUE TOTAL	**$ 5,504,618.00**
END OF 2ND QUARTER LOCAL BUSINESS PARTICIPATION VALUE TOTAL	**$ 16,764,676.00**
END OF 2ND QUARTER 50/50 JOINT VENTURE VALUE TOTAL	**$ -**

Section C. Statistics and Reports

1. Standard Industry Metrics

Sewerage and Water Board of New Orleans
Customer Service Report
Indicators of Metric Results
August 2015

Operations Support	Goal	Goal Met		Within Control Limits		Trend
Billing Accuracy / Reasonable						
	Meters Read					
	Estimated Bills					
	High Bill Complaints					
	Adjusted Bills					
Problem Resolution	Customer Contacts					
	Call Wait Time					
	Abandoned Calls					
	Emergency Abandoned Calls					
	Low Water Pressure					
	Water System Leaks					
	Sewer System Leaks					
Collections Effectiveness	Accounts Off for Non-Payment					
	Receivables 30 to 120 Days Old					
	Receivables 120 Days and Older					

Green = Favorable Variance
Yellow = Minimal Variance / No Action Recommended
Red = Unfavorable Variance / Action Recommended

Sewerage and Water Board of New Orleans
Meters Read as a Percentage of Total Meters

Constituency:
Customer Ratepayers

Objective: Provide Accurate Bills

Goal: Read 98% or more of meters each month

Currently Meeting Goal: No

Process Operating Within Control Limits:
Yes

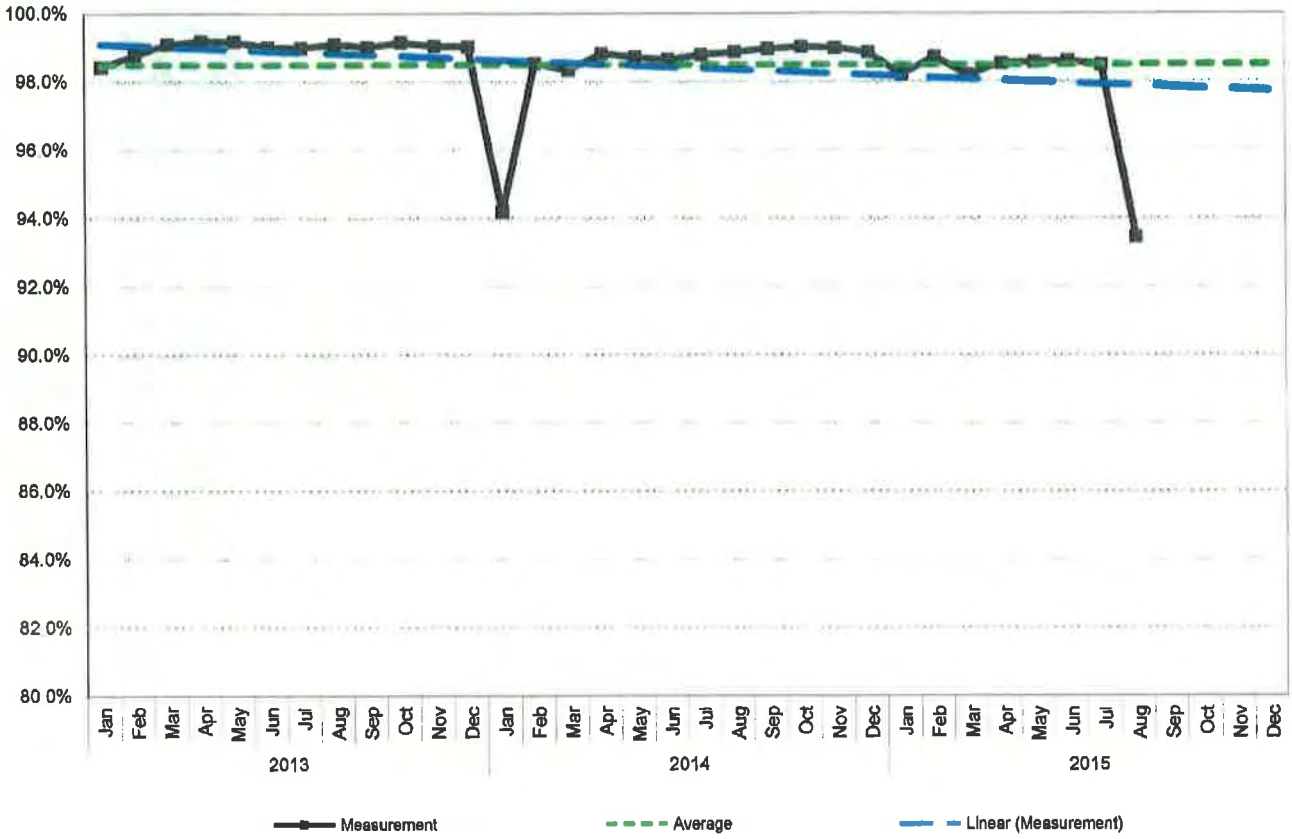
Trend: Level

Analysis

The purpose of the customer billing and collection processes is to collect revenues from customer accounts that are billed according to the service rules and are based upon accurate metered consumption. Obtaining an accurate reading is the first step in that process. Staff has maintained a reading rate near or above the goal since since April 2010 except for three months affected by Hurricane Isaac in 2012 and a winter freeze in January 2014 and extreme heat in August 2015.

Plans for Improvement

Staff is working to reduce the number of estimated and erroneous readings. Also, the Automated Meter Reading pilot project is also intended to reduce the number of estimated and erroneous readings, as well as to reduce the cost of obtaining a validated reading.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	98.4%	98.8%	99.1%	99.2%	99.2%	99.0%	99.0%	99.1%	99.0%	99.2%	99.1%	99.0%
2014	94.2%	98.5%	98.3%	98.8%	98.7%	98.6%	98.8%	98.9%	99.0%	99.0%	99.0%	98.9%
2015	98.2%	98.7%	98.2%	98.5%	98.6%	98.6%	98.5%	93.5%				

Sewerage and Water Board of New Orleans
Bills Estimated as a Percentage of Total Bills

EUM Attribute:
Customer Satisfaction

Description: Provides reliable, responsive, and affordable services in line with explicit, customer-accepted service levels. Receives timely customer feedback to maintain responsiveness to customer needs and emergencies.

Constituency:
Customer Ratepayers

Objective: Provide Accurate Bills

Goal: Bill Accounts With Less Than 2% Estimated

Currently Meeting Goal: No

Process Operating Within Control Limits:
Yes

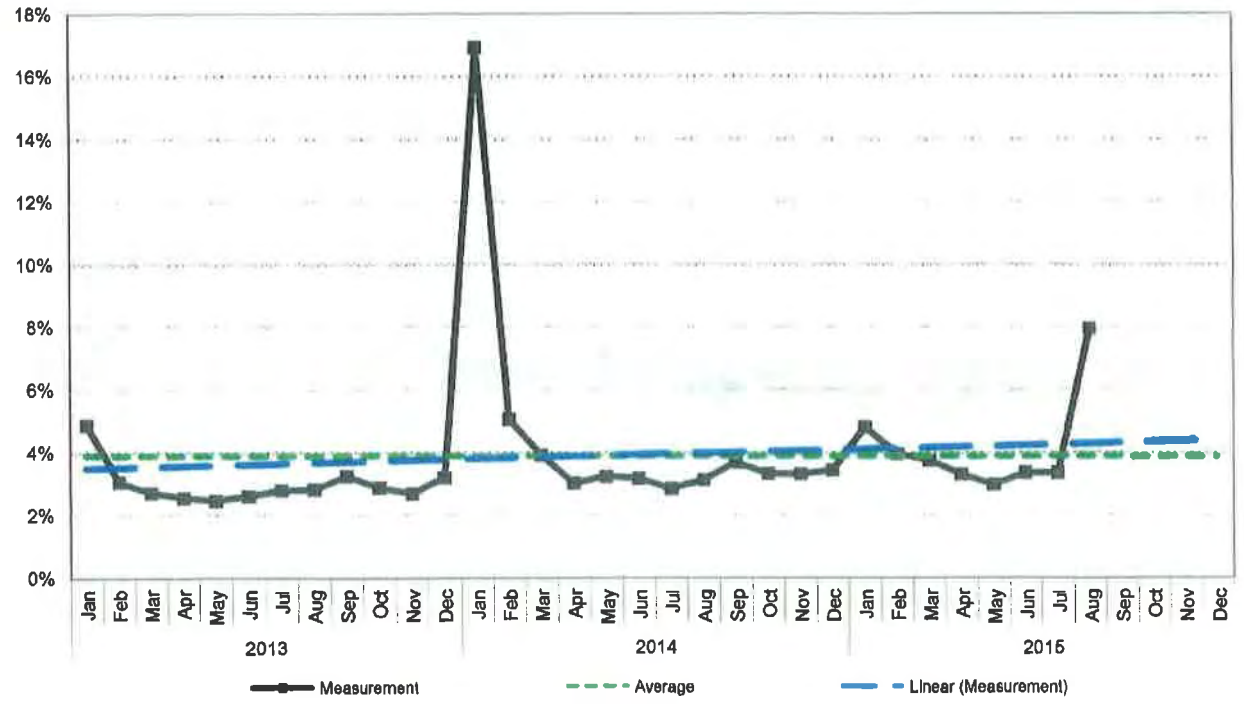
Trend: Level

Analysis

A bill is estimated if the meter is not read by the designated billing date. Bills are also estimated when a meter is read and the reliability of the reading is doubtful and the account is placed on an exception report. If the reading is not verified by the billing date, the bill will be estimated. Spikes in estimated bills usually occur when the Meter Reading department is unable to read a large section of meters during extreme weather.

Plans for Improvement

Current plans are focused on obtaining readings for accounts each month and verifying the reliability of each reading. Future plans will focus on advanced matering infrastructure that allows for readings to be obtained automatically several times daily.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	4.9%	3.1%	2.7%	2.6%	2.5%	2.6%	2.8%	2.8%	3.3%	2.9%	2.7%	3.2%
2014	16.9%	5.1%	3.9%	3.0%	3.2%	3.2%	2.8%	3.1%	3.7%	3.3%	3.3%	3.4%
2015	4.8%	4.0%	3.7%	3.3%	3.0%	3.4%	3.4%	7.9%				

Sewerage and Water Board of New Orleans
Bills Adjusted as a Percentage of Total Bills Computed

Constituency:
Customer Ratepayers

Objective: Provide Accurate Bills

Goal: Reduce percentage over time

Currently Meeting Goal: No

Process Operating Within Control Limits:
Yes

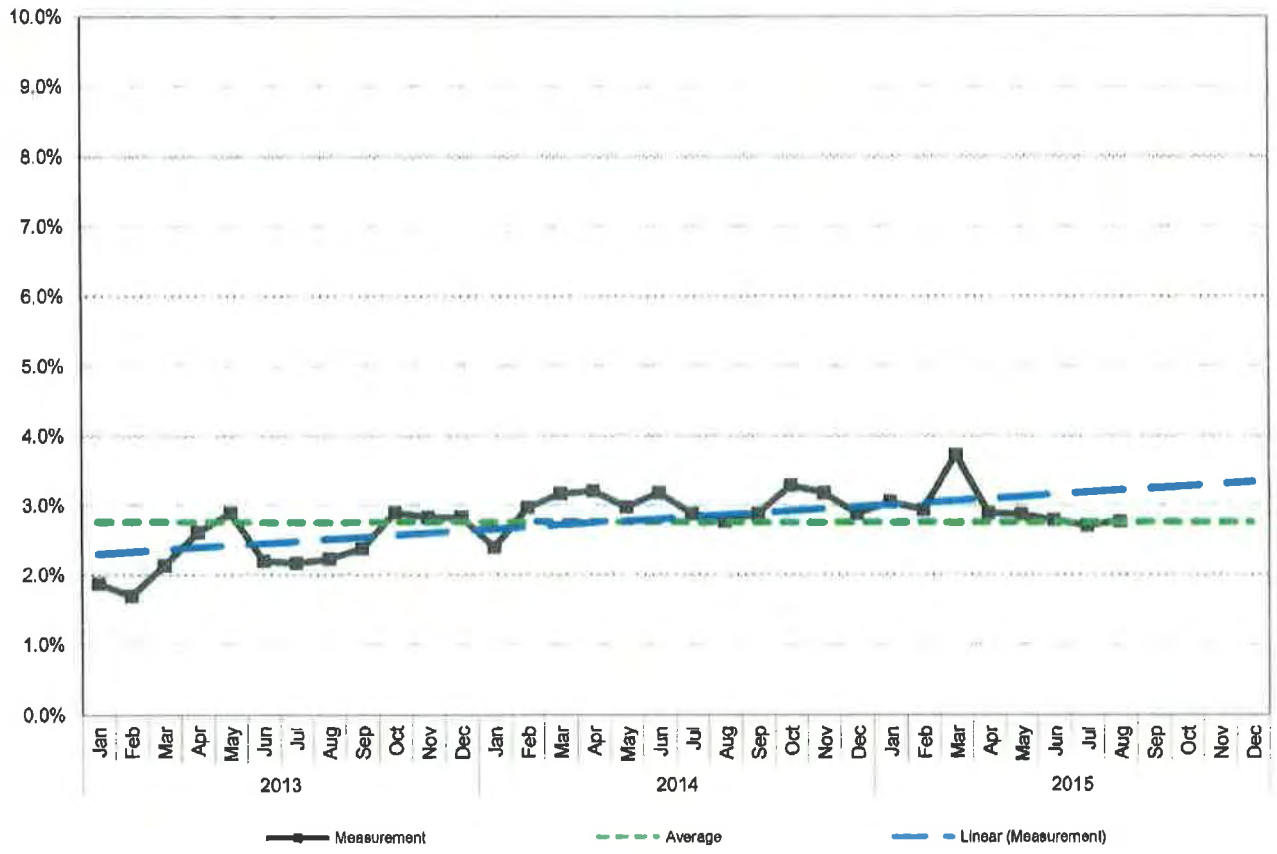
Trend: Unfavorable

Analysis

Customers request adjustments to their bill due to higher than normal amounts. The higher billed amount may be due to: a leak; one or more estimated readings followed by an actual reading; an erroneous meter reading; or increased water, sewer, or sanitation rates. Before an adjustment can be made, an inspection of the meter and service line must be performed.

Plans for Improvement

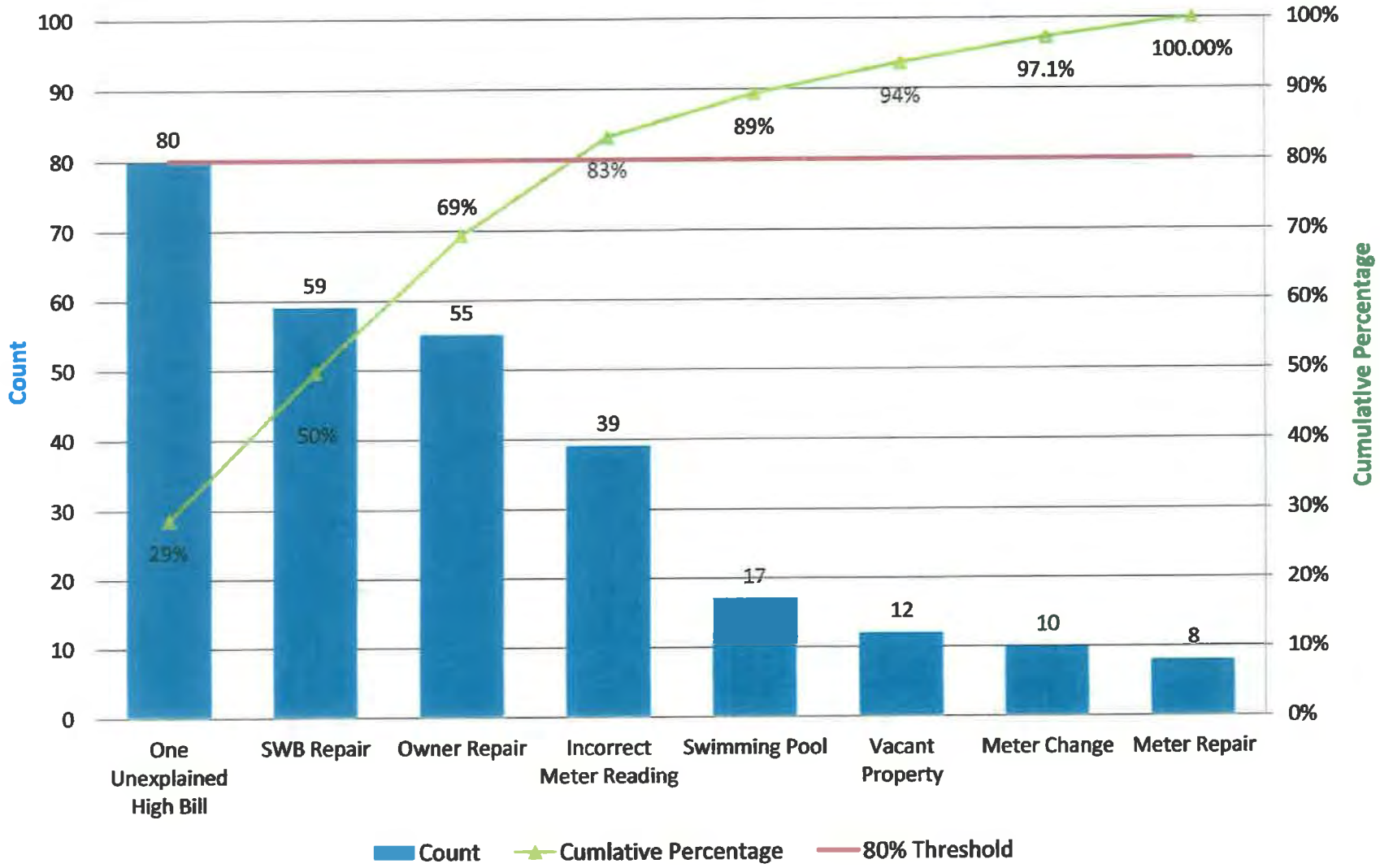
Staff is working to reduce the number of estimated and erroneous readings. Also, the Automated Meter Reading pilot project is also intended to reduce the number of estimated and erroneous readings, as well as to reduce the cost of obtaining a validated reading.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	1.9%	1.7%	2.1%	2.6%	2.9%	2.2%	2.2%	2.2%	2.4%	2.9%	2.8%	2.8%
2014	2.4%	3.0%	3.2%	3.2%	3.0%	3.2%	2.9%	2.8%	2.9%	3.3%	3.2%	2.9%
2015	3.1%	2.9%	3.7%	2.9%	2.9%	2.8%	2.7%	2.8%				

Sewerage and Water Board of New Orleans
Chart of Reasons for Adjustments
August 2015



Sewerage and Water Board of New Orleans Investigations from High Bill Complaints as a Percentage of Total Bills

Constituency: **Customer Ratepayers**

Objective: Provide Accurate Bills

Goal: Reduce percentage over time

Currently Meeting Goal: No

Process Operating Within Control Limits: **Yes**

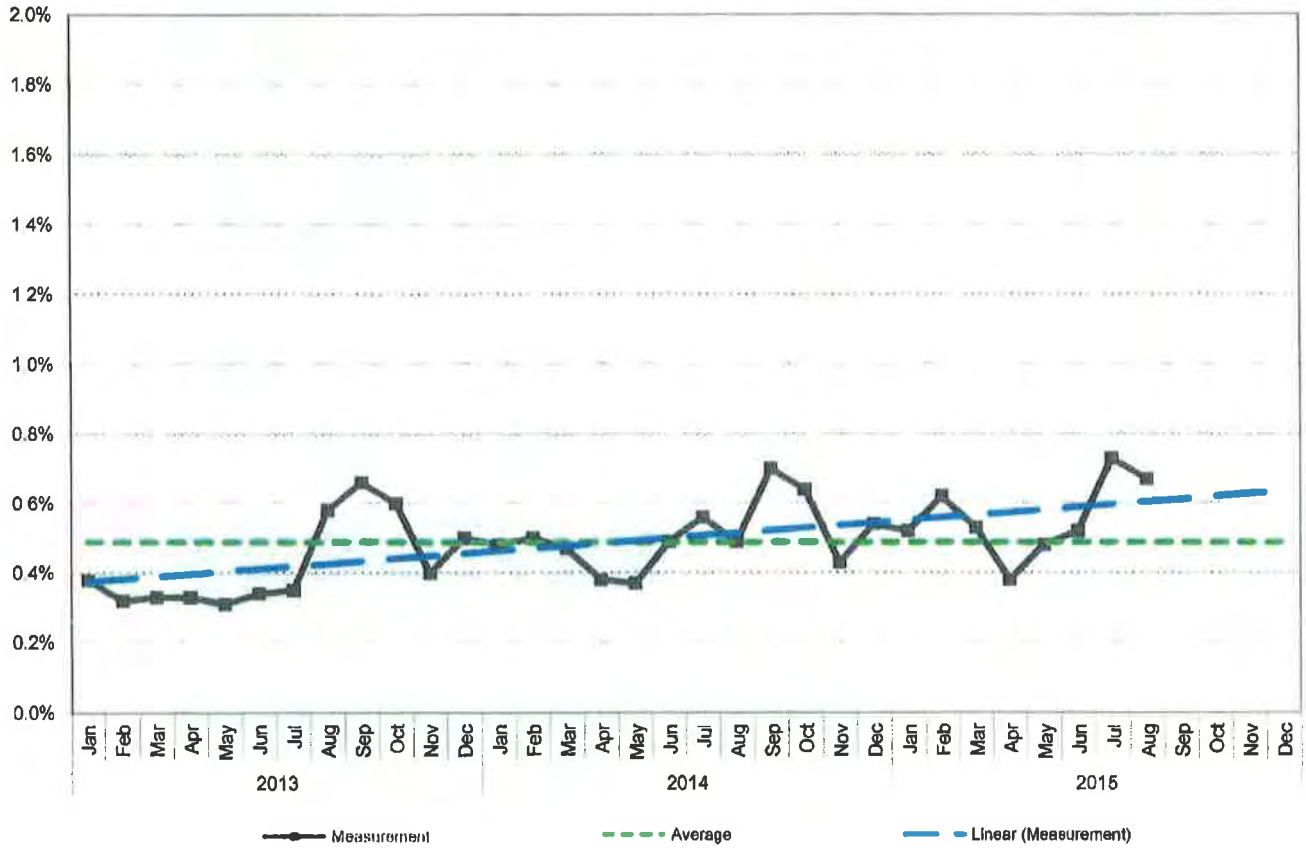
Trend: Unfavorable

Analysis

Customers request an investigation about their usage when the bill is higher than normal amounts. The higher billed amount may be due to: a leak; one or more estimated readings followed by an actual reading; an erroneous meter reading; or increased water, sewer, or sanitation rates. Before an adjustment can be made, an inspection of the meter and service line must be performed.

Plans for Improvement

Staff is working to reduce the number of estimated and erroneous readings. Also, the Automated Meter Reading pilot project is also intended to reduce the number of estimated and erroneous readings, as well as to reduce the cost of obtaining a validated reading.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.6%	0.7%	0.6%	0.4%	0.5%
2014	0.5%	0.5%	0.5%	0.4%	0.4%	0.5%	0.6%	0.5%	0.7%	0.6%	0.4%	0.5%
2015	0.5%	0.6%	0.5%	0.4%	0.5%	0.5%	0.7%	0.7%				

Sewerage and Water Board of New Orleans
Total Inbound Customer Contacts

Constituency:
Customer Ratepayers

Objective: Provide Timely Information and Respond Promptly to Requests

Goal: Reduce Triggers of Customer Calls

Currently Meeting Goal: No

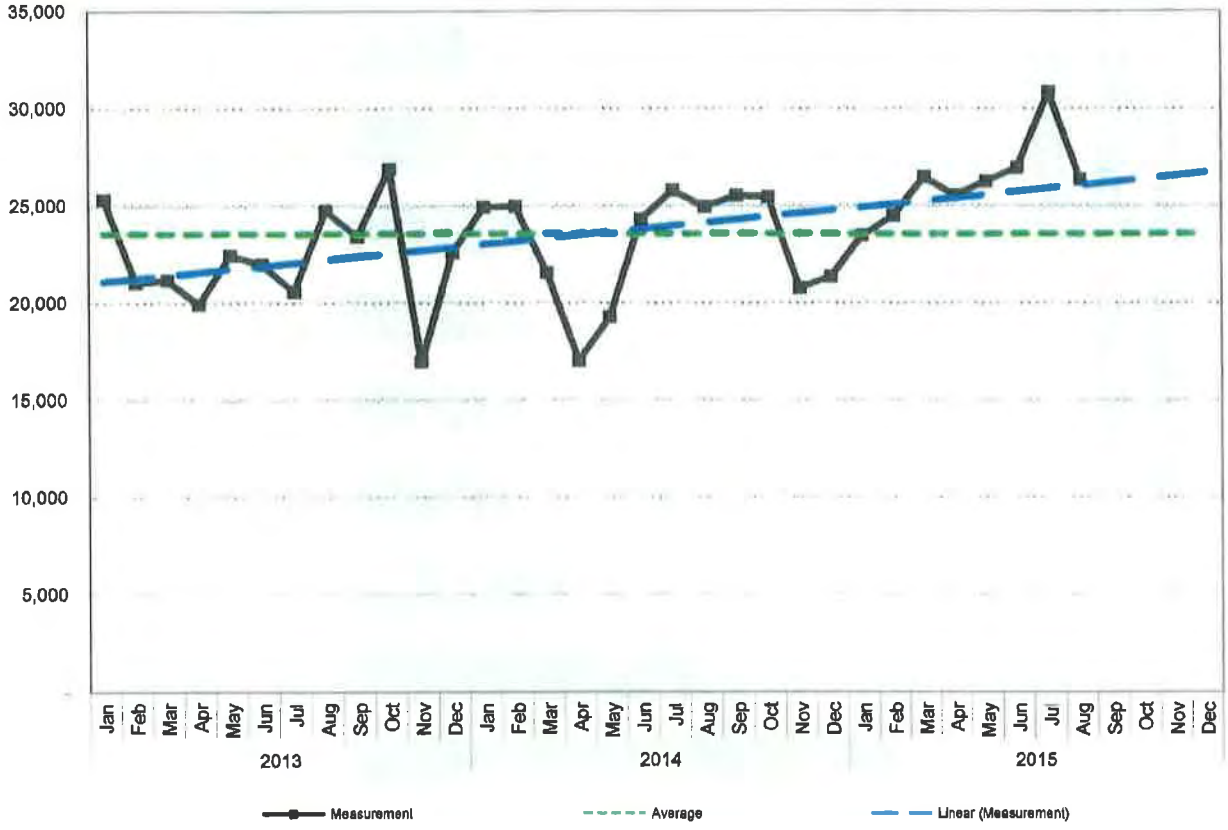
Process Operating Within Control Limits: Yes

Trend: Unfavorable

Customers contact the Sewerage and Water Board to start or end service; to request information about their bill; to report concerns about their water service, sewer connection, street flooding, or solid waste sanitation service; and other matters. The Call Center for emergency repairs is operated continously, while the Call Center for billing and non-emergency issues is operated from 7 AM to 7 PM. Call volumes can vary significantly month to month.

Plans for Improvement

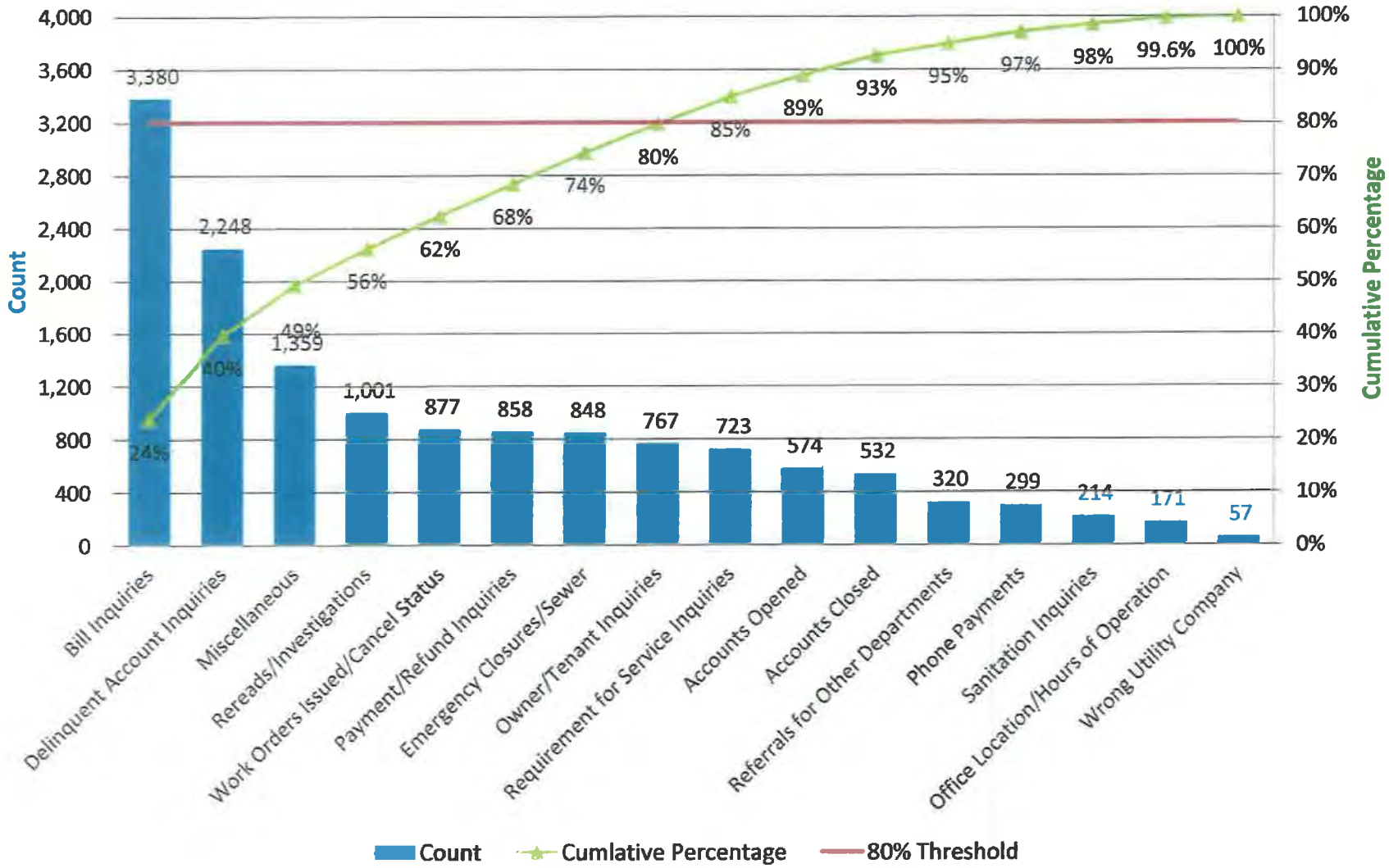
Staff is analyzing the events that trigger calls in order to determine methods to reduce the volume. Short term plans for improvement will focus on creating more efficient "scripts" for handling routine call matters. Longer term plans will focus on reducing the overall call volumes with interactive voice response capabilities.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	25,331	21,051	21,194	19,937	22,446	21,994	20,602	24,764	23,439	26,892	16,980	22,610
2014	24,945	24,992	21,579	17,032	19,276	24,315	25,800	24,967	25,532	25,467	20,775	21,366
2015	23,470	24,496	26,486	25,565	26,261	26,963	30,836	26,368				

Sewerage and Water Board of New Orleans
Chart of Types of Customer Calls
August 2015



Sewerage and Water Board of New Orleans
Average Call Wait Time

Constituency:
Customer Ratepayers

Objective: Provide Accurate Bills

Goal: Reduce over time

Currently Meeting Goal: No

Process Operating Within Control Limits:
Yes

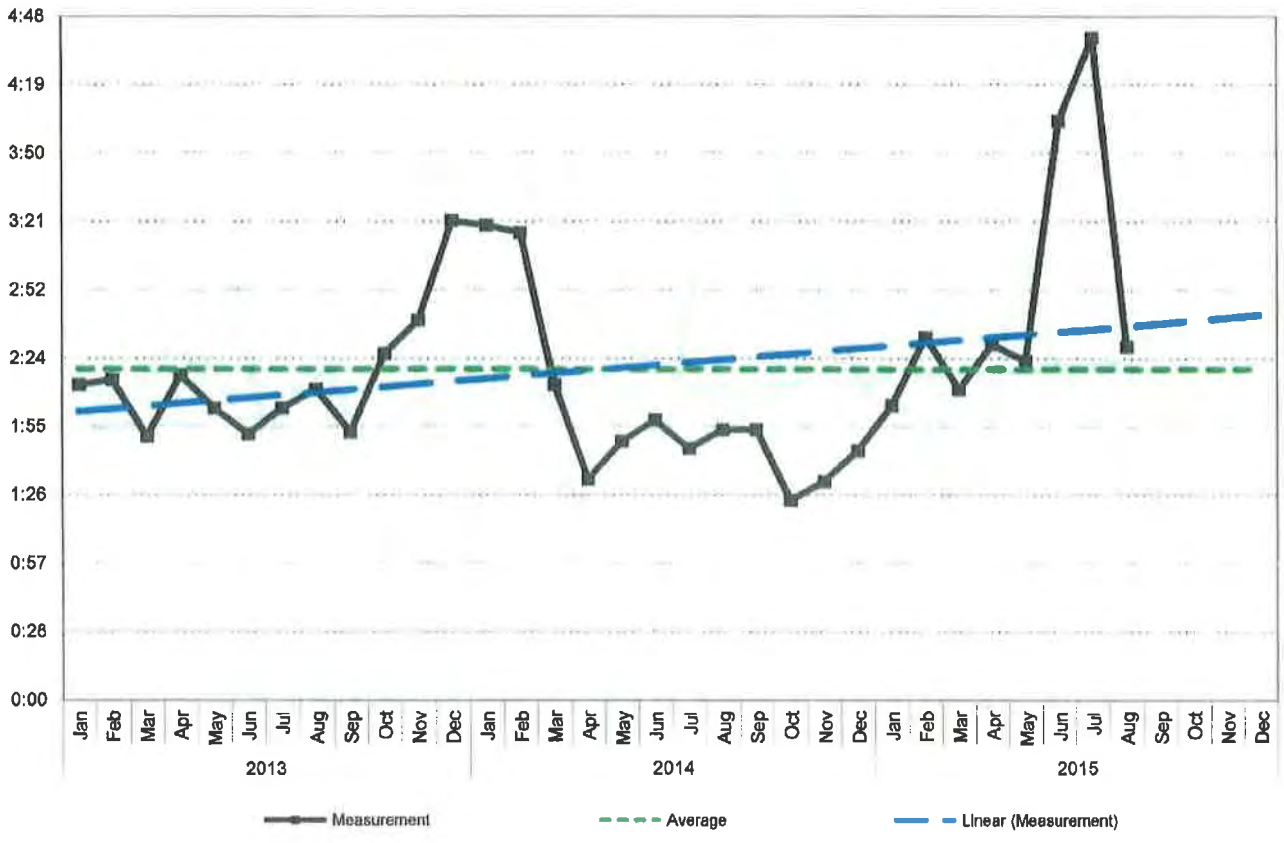
Trend: Unfavorable

Analysis

Customers contact the Sewerage and Water Board to start or end service; to request information about their bill; to report concerns about their water service, sewer connection, street flooding, or solid waste sanitation service; and other matters. The Call Center for emergency repairs is operated continously, while the Call Center for billing and non-emergency issues is operated from 7 AM to 7 PM. Call volumes can vary significantly month to month.

Plans for Improvement

Staff is analyzing the events that trigger calls in order to determine methods to reduce the volume. Short term plans for improvement will focus on creating more efficient "scripts" for handling routine call matters. Longer term plans will focus on reducing the overall call volumes with interactive voice response capabilities.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	2:13	2:15	1:51	2:17	2:03	1:52	2:03	2:11	1:53	2:26	2:40	3:22
2014	3:20	3:17	2:13	1:33	1:49	1:58	1:46	1:54	1:54	1:24	1:32	1:45
2015	2:04	2:33	2:11	2:30	2:23	4:04	4:39	2:29				

Sewerage and Water Board of New Orleans
Calls Abandoned by Customers as a Percentage of Total

Constituency:
Customer Ratepayers

Objective: Provide Timely Information and Respond Promptly to Requests

Goal: Respond to calls with less than 10% abandoned

Currently Meeting Goal: No

Process Operating Within Control Limits: Close

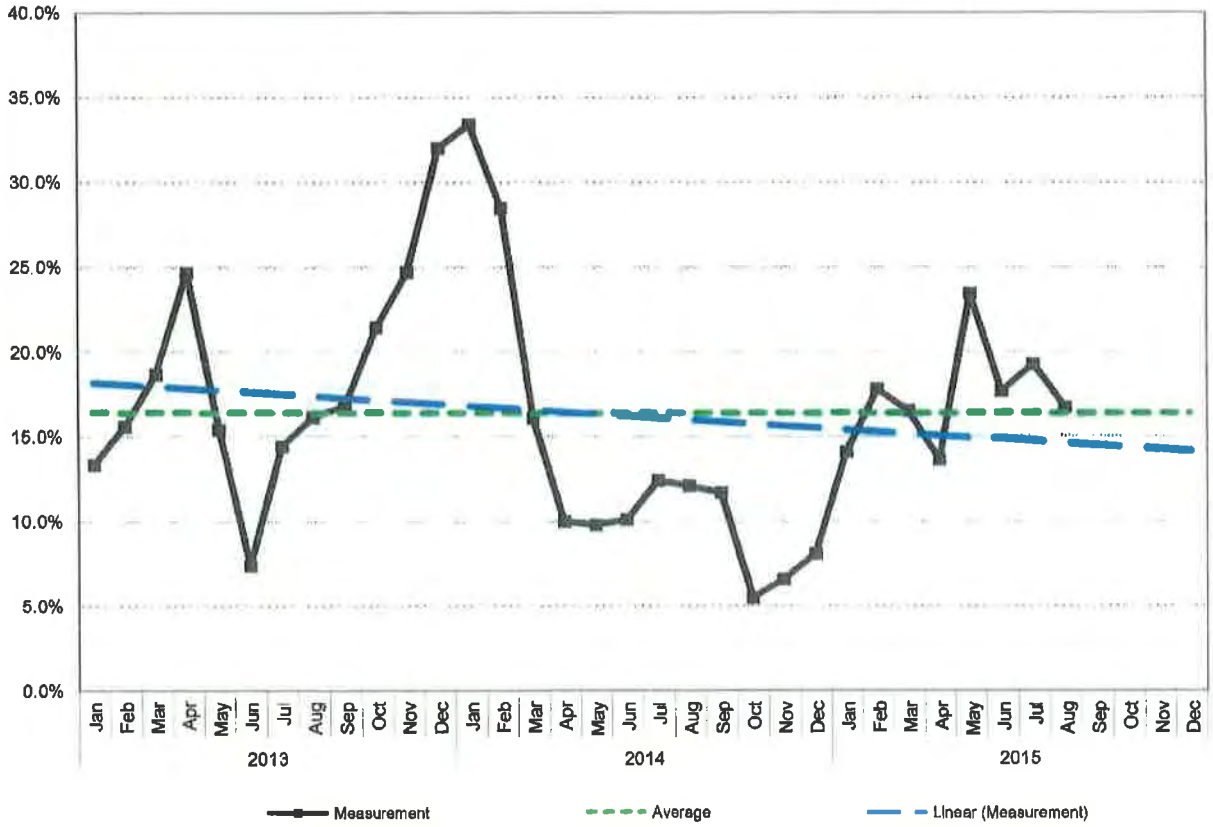
Trend: Favorable

Analysis

Customers abandon their call after waiting for an amount of time considered inconvenient, which varies from customer to customer. Some portion of the volume of abandoned calls is from customers calling and hanging up on multiple occasions.

Plans for Improvement

In order to resolve the significant increase in abandoned calls, additional employees have been hired and are being trained. Call rollover time has been reduced from 3 minutes to 20 seconds. Medium term plans for improvement will focus on creating more efficient "scripts" for handling routine call matters. Longer term plans will focus on reducing the overall call volumes with interactive voice response capabilities.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	13.3%	15.6%	18.7%	24.7%	15.4%	7.4%	14.5%	16.2%	16.8%	21.5%	24.7%	32.0%
2014	33.4%	28.5%	16.1%	10.0%	9.8%	10.1%	12.4%	12.1%	11.7%	5.5%	6.6%	8.1%
2015	14.1%	17.8%	16.6%	13.7%	23.4%	17.7%	19.3%	16.7%				

Sewerage and Water Board of New Orleans

Emergency Calls Abandoned by Customers as a Percentage of Total Emergency Calls

Constituency:
Customer Ratepayers

Objective: Provide Timely Information and Respond Promptly to Requests

Goal: Respond to calls with less than 10% abandoned

Currently Meeting Goal: No

Process Operating Within Control Limits: Yes

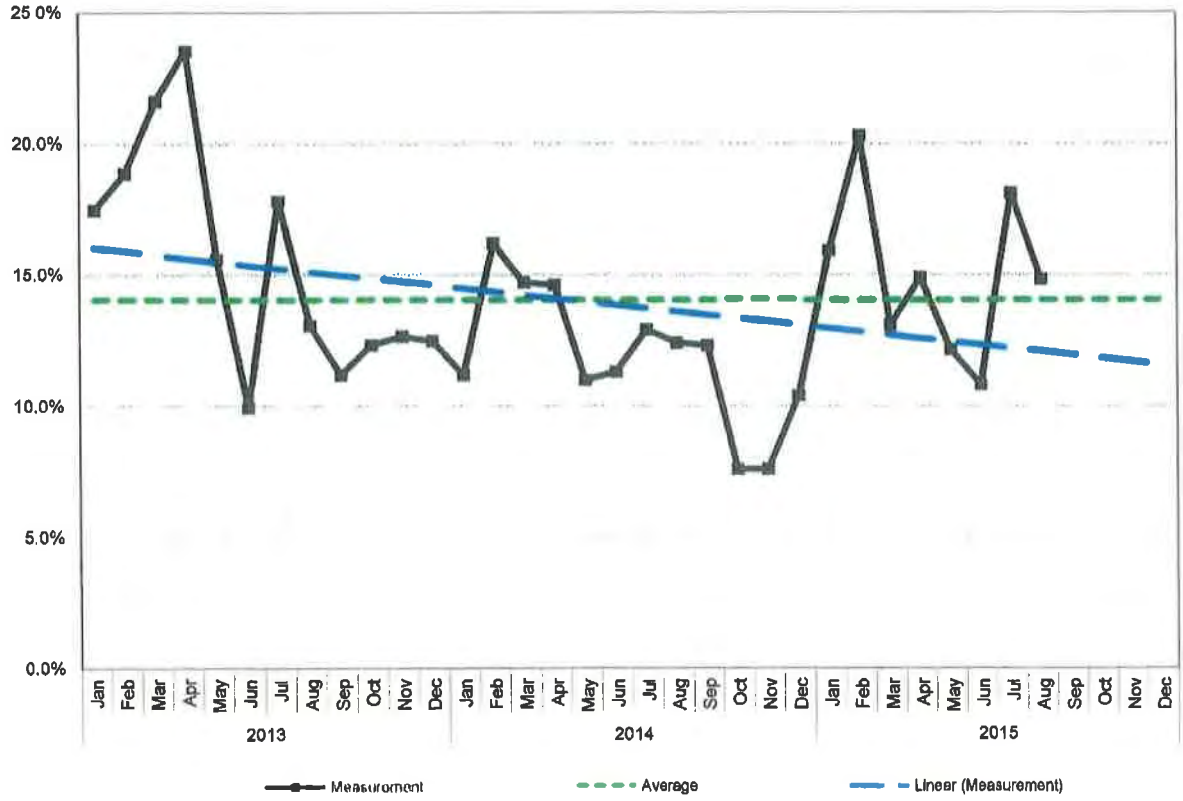
Trend: Favorable

Analysis

Customers abandon their call after waiting for an amount of time considered inconvenient, which varies from customer to customer. Some portion of the volume of abandoned calls is from customers calling and hanging up on multiple occasions. Staff is addressing this issue as a top priority. The telephone system was recently upgraded.

Plans for Improvement

In order to resolve the significant increase in abandoned calls, additional employees have been hired and are being trained. Call rollover time has been reduced from 3 minutes to 20 seconds. Scripts were created for more efficient handling of routine call matters. Longer term plans will focus on reducing the overall call volumes with interactive voice response capabilities.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	17.5%	18.9%	21.6%	23.5%	15.6%	10.0%	17.8%	13.1%	11.2%	12.3%	12.7%	12.5%
2014	11.2%	16.2%	14.7%	14.6%	11.0%	11.3%	12.9%	12.4%	12.3%	7.6%	7.6%	10.4%
2015	15.9%	20.3%	13.1%	14.9%	12.2%	10.8%	18.1%	14.8%				

Sewerage and Water Board of New Orleans
Total Service Requests about Low Water Pressure

Constituency:
Customer Ratepayers

Objective: Provide Timely Information and Respond Promptly to Requests

Goal: Reduce Number of Service Requests

Currently Meeting Goal: Yes

Process Operating Within Control Limits: Yes

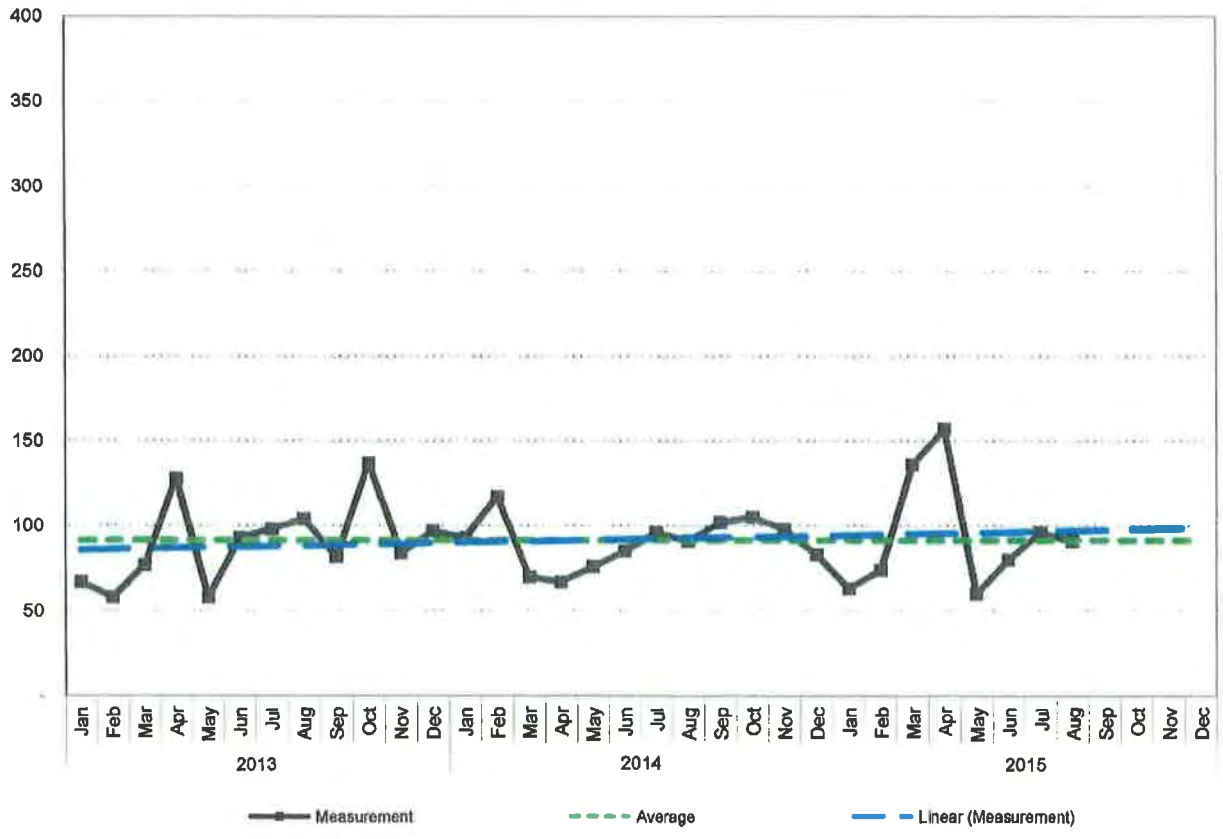
Trend: Level

Analysis

Customers contact the Sewerage and Water Board to request resolution to low water pressure. System pressure can be impaired by power failures at the treatment plants, by water main breaks, and by certain types of repair activities.

Plans for Improvement

Staff continues to make repairs to the water system to reduce the number of occasions of low pressure.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	67	58	77	128	58	93	98	104	82	137	84	97
2014	93	117	70	67	76	85	96	91	102	105	98	83
2015	63	74	136	157	60	80	96	91				

Sewerage and Water Board of New Orleans
Total Service Requests for Water System Leaks

Constituency:
Customer Ratepayers

Objective: Provide Timely Information and Respond Promptly to Requests

Goal: Reduce Number of Service Requests

Currently Meeting Goal: Yes

Process Operating Within Control Limits: Yes

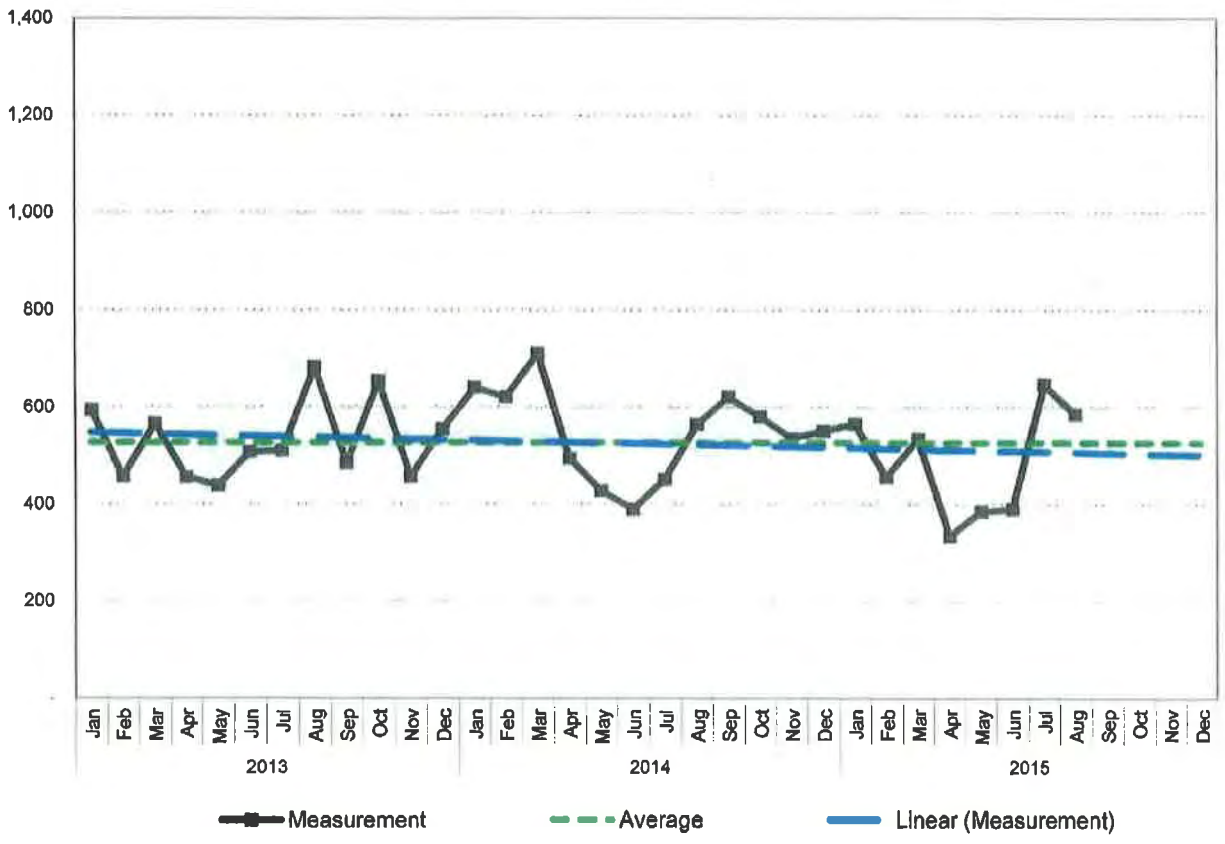
Trend: Favorable

Analysis

Customers contact the Sewerage and Water Board to request repairs to leaking mains, services and fire hydrants.

Plans for Improvement

Staff is working with FEMA to expand beyond point repairs to line replacements for water mains with high frequency of failure.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	594	457	567	456	439	508	511	683	485	654	457	556
2014	641	621	711	495	428	390	451	565	621	581	536	551
2015	566	456	535	335	385	390	647	586				

Sewerage and Water Board of New Orleans
Total Service Requests for Sewer System Leaks

Constituency:
Customer Ratepayers

Objective: Provide Timely Information and Respond Promptly to Requests

Goal: Reduce Number of Service Requests

Currently Meeting Goal: Yes

Process Operating Within Control Limits: Yes

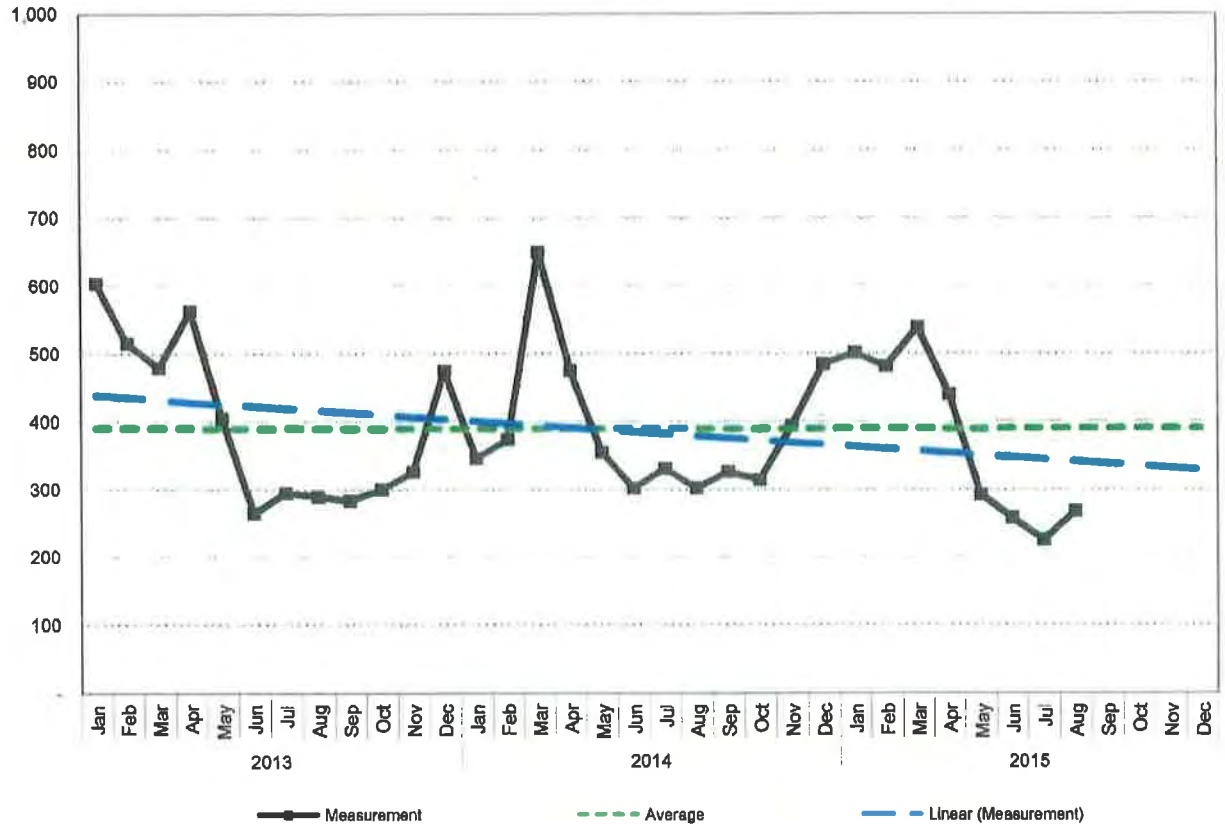
Trend: Favorable

Analysis

Customers contact the Sewerage and Water Board to request repairs to leaking sewer collection mains and service lines.

Plans for Improvement

Staff has recently expanded the use of Networks Department field staff focused on sewer system repairs.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	604	516	480	563	406	264	295	289	283	300	326	475
2014	346	374	650	476	355	302	331	302	326	314	394	485
2015	502	482	539	441	292	257	225	267				

Sewerage and Water Board of New Orleans
Total Accounts Turned Off for Non-Payment

Constituency: Customer Ratepayers

Objective: Ensure Collection of Payments for Services Provided

Goal: None Established

Currently Meeting Goal: Not Applicable

Process Operating Within Control Limits: Yes

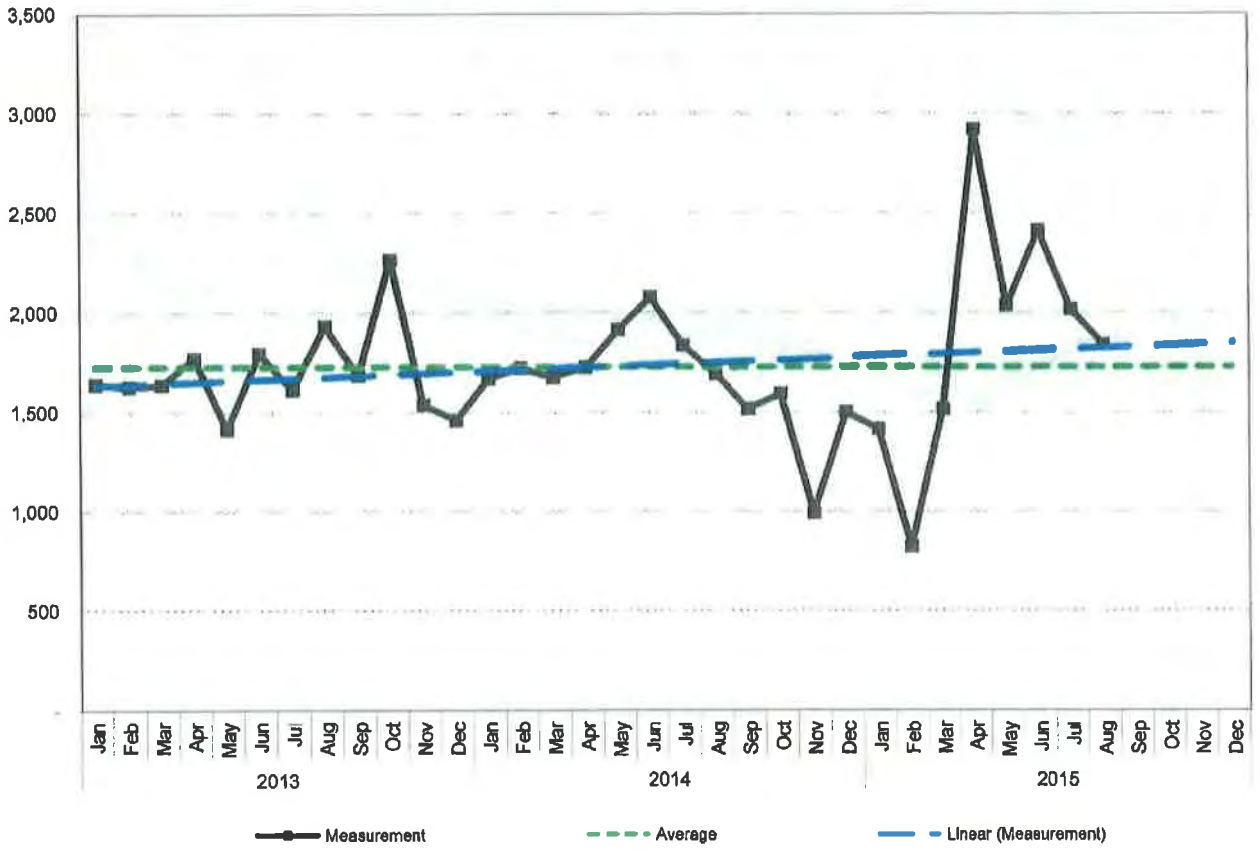
Trend: Level

Analysis

Customers accounts are turned-off for non-payment for balances more than $50 and over sixty days past due.

Plans for Improvement

Staff is monitoring the number of accounts turned-off for non-payment to determine trend directions. No actions are contemplated at this time.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	1,641	1,628	1,638	1,770	1,415	1,795	1,613	1,932	1,687	2,265	1,540	1,461
2014	1,670	1,723	1,675	1,727	1,915	2,077	1,836	1,694	1,518	1,594	993	1,502
2015	1,417	823	1,517	2,920	2,033	2,411	2,016					

Sewerage and Water Board of New Orleans
Water and Sewer Receivables 30 to 120 Days Old

EUM Attribute:
Financial Viability

Description: Establishes and maintains an effective balance between long-term debt, asset values, operations and maintenance expenditures, and operating revenues

Constituency:
Customer Ratepayers

Objective: Efficient use of resources in providing services

Goal: None established

Currently Meeting Goal: Not Applicable

Process Operating Within Control Limits: Yes

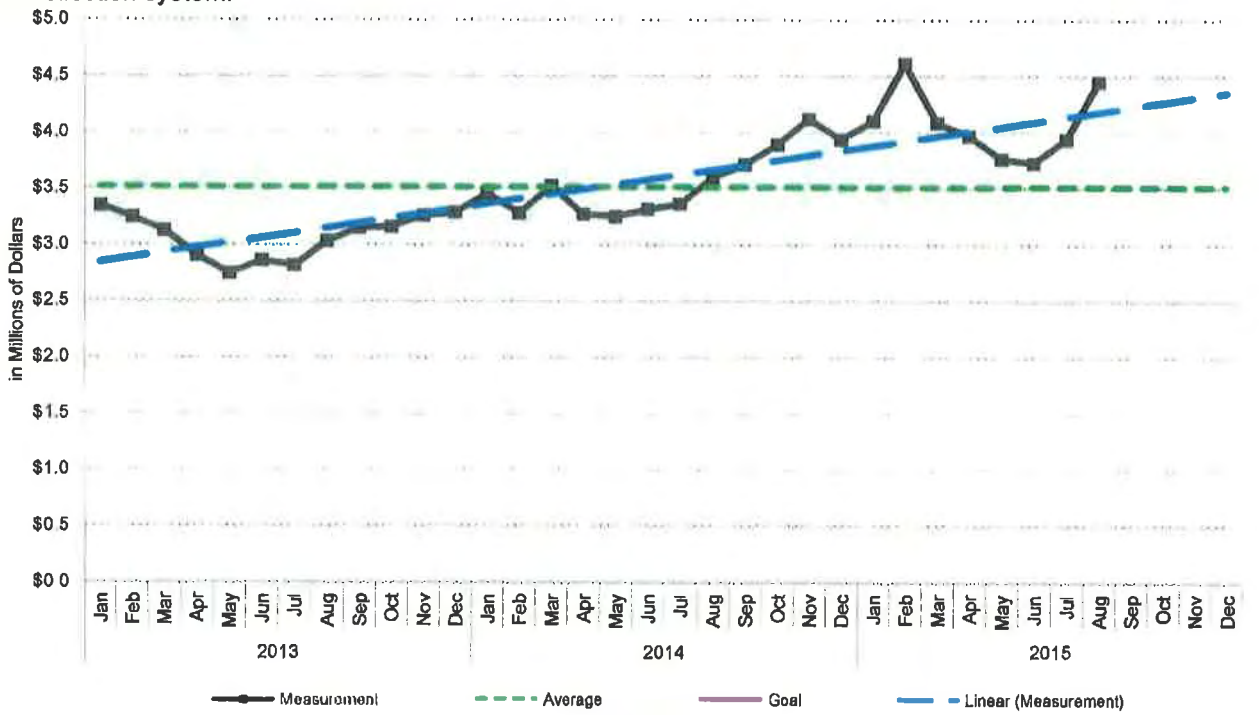
Trend: Level, when adjusted for rate increases.

Analysis

Water and sewer accounts receivable that are 30 to 120 days old are handled by internal staff using service disconnection. When those accounts are turned-off and final bills sent, the remaining balances after 30 days are sent to a collection agency. The uncollectable balances for 2007 and 2008 were higher than normal due to accounts that remained open for vacated facilities and were written off in 2011 and 2012,

Plans for Improvement

It appears that the higher post-Katrina accounts receivable balances have been resolved through standard collection practices and that annual collection rates now exceed 98% of annual billings. Staff intends to use standard process improvement methods to continue collection practices pending implementation of new billing and collection system.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	$3.348	$3.243	$3.127	$2.907	$2.748	$2.860	$2.819	$3.031	$3.149	$3.161	$3.258	$3.287
2014	$3.458	$3.280	$3.524	$3.271	$3.249	$3.314	$3.361	$3.598	$3.715	$3.893	$4.122	$3.941
2015	$4.104	$4.612	$4.091	$3.971	$3.769	$3.732	$3.941	$4.451				

Sewerage and Water Board of New Orleans
Water and Sewer Receivables 120 Days and Older

EUM Attribute:
Financial Viability

Description: Establishes and maintains an effective balance between long-term debt, asset values, operations and maintenance expenditures, and operating revenues

Constituency:
Customer Ratepayers

Objective: Efficient use of resources in providing services

Goal: None established

Currently Meeting Goal: Not Applicable

Process Operating Within Control Limits: Yes

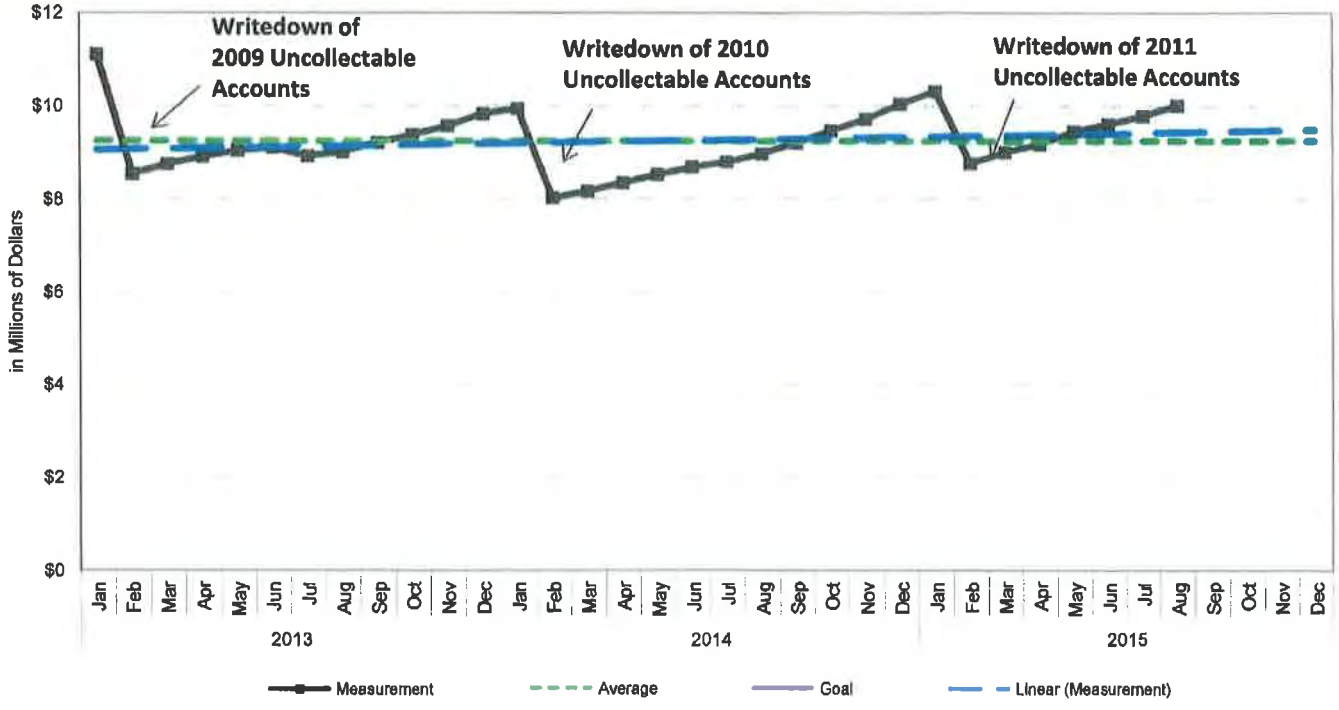
Trend: Level

Analysis

Water and sewer accounts receivable that are 120 days and older are handled by a collection agency. When those accounts remain uncollected after three years, the balances are written off as part of an annual process. The uncollectable balances for 2007 and 2008, which were written off early in 2011 and 2012, were higher than normal due to accounts that remained open post-Katrina for residences and businesses but were not occupied.

Plans for Improvement

It appears that the higher post-Katrina accounts receivable balances have been resolved through standard collection practices and that annual collection rates now exceed 98% of annual billings. Staff intends to use standard process improvement methods to continue collection practices pending implementation of new billing and collection system.



Data Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	$11.104	$ 8.552	$ 8.766	$ 8.928	$ 9.055	$ 9.113	$ 8.939	$ 9.029	$ 9.224	$ 9.398	$ 9.585	$ 9.839
2014	$ 9.946	$ 8.032	$ 8.185	$ 8.360	$ 8.536	$ 8.694	$ 8.807	$ 8.977	$ 9.218	$ 9.478	$ 9.728	$10.046
2015	$10.317	$ 8.781	$ 9.012	$ 9.188	$ 9.471	$ 9.625	$ 9.796	$10.018				

Section C. Statistics and Reports

2. Processes and Indicators for Prevention of Waste and Fraud

Section C. Statistics and Reports

3. Performance Metrics for Employees and Contractors

Section C. Statistics and Reports

4. Benchmarks of Success Regarding Improved Coordination between the Board and the Department of Public Works

Section C. Statistics and Reports

5. Report on the Efficiency and Effectiveness of Information Systems

Sewerage and Water Board of New Orleans
Report on Efficiency and Effectiveness of Information Systems
September 2015

Summary. Sewerage and Water Board utilizes automated information systems to support operations and maintenance activities of the water, sewer, and drainage systems:

- Tracking Maintenance Work Orders for the Water Distribution and Sewer Collection Systems
- Creating and Updating Maps of Facilities
- Reading Meters
- Billing and Collecting Customer Accounts
- Tracking Information on Employees
- Paying Employees
- Paying Suppliers
- Preparing Financial Reports
- Supporting Facilities Security
- Supporting Office Communications
- Providing Access to Internet

Most of these information systems been utilized well beyond their designed lifespan and are in need of replacement. These systems remain effective due to the commitment by staff to support and maintain them during the extended period when funding for normal life cycle replacements was not available. The two primary deficiencies with existing systems are (1) the difficulty to maintain support on aged information technology architectures and software languages and (2) the difficulty in creating capabilities to meet evolving customer expectations.

Sewerage and Water Board intends to contract with a consulting firm specializing in information technology planning to develop an Information Technology Strategic Plan for 2016-2020 to assess current capabilities, prioritize needs, develop strategies and tactics, and identify investments needed over the next five years.

Meanwhile, replacement of the Customer Account Management System is underway, replacement of the Human Resources and Payroll Systems will begin shortly, piloting of Automated Meter Reading software is underway, and planning for replacement of the Work Order Management System will begin in 2016.

Tracking Maintenance Work Orders for the Water Distribution and Sewer Collection Systems. Sewerage and Water Board utilizes asset management and work order software from RJN:

RJN Cassworks, Version 7
Networks
Plant

Monitoring System Operations. Sewerage and Water Board utilizes Supervisory Control and Data Acquisition Software from:

GE PROFICY HMI / SCADA-iFIX, Version 5.5
GE PROFICY Historian Enterprise Server, Version 4.5

Creating and Updating Maps of Facilities. Sewerage and Water Board utilizes GIS software from ESRI and drafting software from AutoCAD

ESRI ARC GIS Server and Desktop, Version 10.2
AutoCAD 2010

Reading Meters. Sewerage and Water Board utilizes meter reading software from Itron to support the manual reading of water meters:

Itron MVRS, Version 8.2.5

Sewerage and Water Board has piloted software from Itron, Sensus, and Mueller as part of a larger procurement planning process. Implementation of automated meter reading capabilities will follow upon the successful implementation of the new billing system.

Billing and Collecting Customer Accounts. Sewerage and Water Board utilizes an in-house developed billing system:

Customer Account Management System CAM

Sewerage and Water Board is implementing the Cogsdale Customer Service Management System with go-live scheduled in early 2016.

Tracking Information on Employee and Paying Employees. Sewerage and Water Board utilizes human resources software from CGI/AMS:

Advantage Human Resources GHRS System, Version 2.3.2
Personnel Management
Payroll Management
Position Control
Employee Benefits
Employee Relations

Paying Suppliers and Preparing Financial Reports. Sewerage and Water Board utilizes accounting and financial software from CGI/AMS:

Advantage Financial AFIN System, Version 2.2
General Ledger
Accounts Payable

Accounts Receivable
Workers' Comp
Bank Recon
Budget
Purchasing
Inventory Control
Fixed Assets

Supporting Facilities Security. Sewerage and Water Board utilizes security camera and badge access software from LENEL:

LENEL On Guard, Version 6

Supporting Office Communications. Sewerage and Water Board utilizes Microsoft Office 2010 suite of software to support office automation:

Microsoft Access
Microsoft Excel
Microsoft One Note
Microsoft Outlook
Microsoft Power Point
Microsoft Project
Microsoft Publisher
Microsoft Visio
Microsoft Word

Sewerage and Water Board utilizes Microsoft and Symantec software to support email communications:

Microsoft Exchange 2007 Server Software
Symantec Email Vault Server, Version 8
Symantec Messaging Gateway, Version 10
Symantec Mail Security for Microsoft Exchange, Version 6.5
Symantec Anti-Virus, Versions 11, 12
Symantec Enterprise Vault, Version 12.6

Providing Access to Internet. Sewerage and Water Board utilizes these software products to provide employee access to the Internet:

Web Browsing Software: Microsoft Internet Explorer, Version 11
Web Filtering Software: Websense Filtering Software, Version 7
Streaming Software: Microsoft Media Services 2008, Version 2
Firewall Software: Microsoft Firewall Server with ISA 2000 and Forefront TMG 2010
Terminal Emulation Software: Access Data Host Explorer, Version 8

Fleet Management. Sewerage and Water Board utilizes software from CYNDRUS and Motion Link for Fleet Management and Vehicle Tracking:

Fleet Management Software, CYNDRUS, Version 3.5
Fleet Tracking Software: Motion Link Vehicle Tracking and Monitoring

Backflow Prevention. Sewerage and Water Board utilizes backflow prevention program software from BPMS for monitoring potential points of backflow:

BPM, Version 6.11a

Section C. Statistics and Reports

6. Report on Assessment and Status of Technologies

REPORT ON OPERATIONS FOR 2013

BLACK & VEATCH PROJECT NO. 183103

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PREPARED FOR

Sewerage and Water Board of New Orleans

17 NOVEMBER 2014

BLACK & VEATCH
Building a world of difference.

MISSION STATEMENT

Our mission is to provide safe drinking water to everyone in New Orleans;
To remove waste water for safe return to the environment;
To drain away storm water;
To provide water for fire protection;
To provide information about products and services;
And to do all of this continuously at a reasonable cost to the community

VISION STATEMENT

Our vision is to have the trust and confidence of our customers
for reliable and sustainable water services

OUR VALUES

We will focus on our customer and stakeholders
We will teach each customer and employee with dignity and respect
We will value each employee, their work, and their commitment
We will be trustful, trustworthy and transparent
We will be knowledgeable and diligent in the performance of our duties
We will use financial resources prudently
We will be accountable for our performance
We will continuously improve our performance
We will ensure that the systems that provide our services remain viable for future generations
We will remain on the job and will be prepared for storms and other risks

BLACK & VEATCH
Building a world of difference.

BLACK & VEATCH CORPORATION
11401 LAMAR AVENUE, OVERLAND PARK, KS 66211
+1 913-458-3363| LAMPELK@BV.COM

November 17, 2014

Sewerage & Water Board of New Orleans
625 St. Joseph Street
New Orleans, LA 70165

Dear Board Members:

In accordance with our agreement, we are submitting this Report on Operations of the Water, Sewerage, and Drainage Departments for the year 2013. The report presents the findings of our analysis to confirm compliance with the covenants of the General Water Revenue Bond Resolution and the General Sewerage Revenue Bond Resolution.

The report also contains projections of expected future financial activity for the three departments for the period 2014 through 2018. These projections are based upon historical trends and the Board's operating and capital budgets. Projected costs include an allowance for anticipated future price inflation.

Bound separately is the Executive Summary for the Report on Operations for 2013.

We wish to acknowledge the cooperation and assistance of utility staff in providing guidance and information for the study.

We appreciate the opportunity to be of service to the Sewerage and Water Board.

Very truly yours,
BLACK & VEATCH CORPORATION

Les K. Lampe
Vice President

Anna White
Project Manager

Enclosure

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Introduction

PURPOSE AND SCOPE

This report covers operations of the Sewerage and Water Board of New Orleans for the year ended December 31, 2013. The report presents findings of studies made in compliance with covenants of the 1997 and Supplemental Sewerage Revenue Bond Resolutions and the 1998 and Supplemental Water Revenue Bond Resolutions. The report includes recommendations designed to assist the Sewerage and Water Board of New Orleans and its staff in planning future operational policies. Subjects covered include the following:

1. Adherence to covenants of the Water Revenue Bond Resolutions and the Sewerage Revenue Bond Resolutions.
2. Ability to finance projected revenue requirements including proposed capital improvements.
3. Operations of the water, sewerage, and drainage systems.

DEFINITIONS

In this report, "Sewerage and Water Board of New Orleans," "Sewerage and Water Board," and "Board" are used synonymously. "General Resolution" refers to either the 1997 and Supplemental Sewerage Revenue Bond Resolutions or the1998 and Supplemental Water Revenue Bond Resolution.

"Water Department" is the Sewerage and Water Board organization providing domestic water service to residents of the City of New Orleans. "Sewerage Department" is the organization providing wastewater service, and "Drainage Department" is the organization providing stormwater conveyance and pumping. The Board organization includes some groups who participate in two or more operational activities.

HISTORY

The Sewerage and Water Board of New Orleans was created by Act No. 6 of the Louisiana Legislature in 1899 as a special board independent of City government to develop, operate, and maintain the water and sewerage systems in the City of New Orleans. In 1903, the Louisiana Legislature gave control of the City's drainage system to the Board. Since that time, growth of the service area and increased service requirements have expanded the magnitude and complexity of operations.

Available sources of funds prior to 1958 for financing utility operations and improvements included ad valorem taxes, contributions-in-aid-of-construction, general obligation bonds of the City of New Orleans, and water revenues.

In 1974, the American Institute of Certified Public Accountants expanded their reporting guidelines for government operated utilities to include depreciation accounting. As a result, the Board initiated a preliminary system of accounting recognizing estimated historical investment as a basis for annual depreciation accruals. Implementation of the detailed plant accounting and record keeping required was started in 1979.

The Board's computer based budget code system provides a method of identification of operation and maintenance expenses for the Water, Sewerage, and Drainage Departments. Allocation of

expenses is based upon actual or direct expenses of each Department together with an apportionment of joint expenses. The procedures permit utility plant accounting with annual costs charged to the appropriate property account instead of being charged to current Department income. In accounting for debt service, interest is charged to current year's income and principal and debt service reserve payments are charged to the respective account balances. Historical operating costs, discussed later in this report, reflect the functional classifications.

Water Department

Act No. 541 increased the Board's ability to finance needed water system improvements by authorizing the Board to issue water revenue bonds. Subsequently, water revenue bonds in the amounts of $6,200,000 in 1960, $1,500,000 in 1961, $2,500,000 in 1964, $4,000,000 in 1971, $6,000,000 in 1978, $17,000,000 in 1980, $3,000,000 in 1981, and $5,000,000 in 1982 were issued. All water system revenue bonds outstanding in 1986 were defeased by the $31,350,000 Series 1986 Water Revenue Refunding bond issue. Additional revenue bonds in the amount of $16,000,000 were issued in 1998 and $34,000,000 were issued in 2002. As of December 31, 2013, $27,655,000 remained outstanding on the 1998 and 2002 issues, as shown in the table below.

Outstanding Water Utility Debt Issues

DESCRIPTION	ISSUE AMOUNT	AMOUNT OUTSTANDING [a]
Series 1998	$16,000,000	$5,570,000
Series 2002	$34,000,000	$22,085,000
Total	$50,000,000	$27,655,000

[a] As of December 31, 2013

In February 2010, the Department of Health and Hospitals (DHH) committed to loan to the Board up to $3,400,000 with a $1,000,000 principal forgiveness to fund the installation of a new sodium hypochlorite storage and feed facility as well as the installation of a new sludge line into the Mississippi River. A total of $3,185,740 has been drawn from the loan fund and as of December 31, 2013, $2,185,875 has been repaid, $1,000,000 has been forgiven, and the remaining amount outstanding is $3,865.

Act No. 566 reauthorized the Board to fix and administer a schedule of water rates to meet the operational and capital costs of the public water system, to issue water revenue bonds, and discontinue the free water allowance for sewerage purposes effective November 9, 1966.

Sewerage Department

Act No. 567 gave the Board authority to set and collect sewerage service charges, to be used for operational and capital costs of the Sewerage Department, and to issue sewerage service revenue bonds. This Act permitted the Board, for the first time in its history, to charge users of the sewerage system directly for related costs. Under the authority of Act No. 567, sewerage service charges were implemented May 1, 1967; and subsequently, sewerage service revenue bonds totaling $33,000,000 were sold in 1968, 1976, 1982 (2 issues), and 1983. All sewerage system revenue bonds outstanding in 1986 were defeased by the $21,280,000 Series 1986 Sewerage Service Revenue bonds. These bonds were fully retired in 1994. Sewerage system revenue bonds in the amount of $30,000,000

were issued in 1997; $25,000,000 in 1998; $47,100,000 in 2000 (two issues); $32,720,000 in 2001; $57,000,000 in 2002; and $5,500,000 in 2003. $33,000,000 in revenue bonds, $25,200,000 in Bond Anticipation Notes (BANs), and $111,800,000 in Refunding BANs were issued in 2004. The 2004 BANs were defeased by the $137,000,000 Refunding BANs Series 2005A. A portion of the 2005 BANs was refinanced with the Refunding BANs Series 2006. The remaining balance on the 2005 BANs were paid from funds on hand. The Refunding BANs Series 2006 were due July 15, 2009 and were paid in full by the issuance of Refunding Bonds Series 2009 in the amount of $23,375,000.

In November 2011, the Board and Louisiana Department of Environmental Quality (LADEQ) entered into a loan agreement whereby $9,000,000 of proceeds from the Revolving Loan Fund were borrowed through the issuance of Sewerage Service Subordinate Revenue Bonds, Series 2011. Debt service payments assume a 20-year term with a 0.45 percent interest rate plus an administrative fee of 0.5 percent. The Board began drawing down the funds during the first quarter of 2012 and as of December 31, 2013, had received a total of $8,831,402 in disbursements. The Board began making payments in November of 2013. Total outstanding principal on revenue bonds totaled $143,985,000 as of December 31, 2013 and is summarized in the table below.

Outstanding Sewerage Utility Debt Issues

DESCRIPTION	ISSUE AMOUNT	AMOUNT OUTSTANDING [a]
Series 1997	$30,000,000	$8,935,000
Series 1998	$25,000,000	$8,705,000
Series 2000A	$26,800,000	$13,040,000
Series 2000B	$20,300,000	$9,875,000
Series 2001	$37,720,000	$16,685,000
Series 2002	$57,000,000	$33,160,000
Series 2003	$5,500,000	$3,270,000
Series 2004	$33,000,000	$21,400,000
Series 2009	$23,375,000	$20,495,000
Series 2011 [b]	$9,000,000	$8,420,000
Total	$267,695,000	$143,985,000

[a] As of December 31, 2013
[b] The LADEQ has committed $9,000,000, the actual amount outstanding will be based on the project costs incurred.

Drainage Department

In 1966 three constitutional amendments, Acts No. 565, 566, and 567 were enacted by the Louisiana Legislature and subsequently approved by the State's voters. Act No. 565 authorized the City of New Orleans to levy a three-mill ad valorem tax, effective January 1, 1967, to be used solely for operations and capital costs of the drainage system. Provision for issuance of bonds repayable solely from the three-mill tax was also included in the Act. In 1967, the Board issued $15,000,000 of three-mill tax bonds. These bonds were fully retired in 1992.

Under the Louisiana State Constitution, all assessments beginning in 1978 were equalized, with residential property assessed at 10 percent of its market value and commercial and personal property assessed at 15 percent of market value. The constitution also provides that no tax revenues shall be lost by reassessments; thus, it has been necessary to revise the millage rates in effect at various times. If reassessment results in a lower tax base, the millage rate may be adjusted upward. If a larger tax base results, the millage rates must be rolled back. However, by state law, the City Council, upon request and after a public hearing, may increase the millage rates to the prior year's level. The three-mill tax rate, 6.01 mills since 1988, was increased to 6.40 mills in 1992 due to reassessment, and remained at that level through 2007. In 2007, it was reduced to 4.544 and in 2010 it was increased to the current rate of 4.66 mills.

Passage of a referendum in April 1977, authorized the collection of an additional six-mill, ad valorem tax for drainage purposes, effective January 1, 1978. The six-mill ad valorem tax was increased to 6.09 mills in 1988 and to 6.48 mills in 1992 due to reassessment and remained at that level through 2007. In 2007, it was reduced to 4.60 and in 2010 it was increased to the current rate of 4.71 mills. In 1978, the State Legislature authorized a debt limit of $18,000,000 as sought by the Board of Liquidation, City Debt. That debt limit was eliminated by Legislative action in 2003. The Board issued $18,000,000 in Series A, six-mill tax bond in November 1978. During 1994 the Board issued Drainage System Refunding Bonds, Series 1994, for the purpose of refunding the six-mill 1978 bonds. The 1994 bonds were considered to be an obligation of the six-mill ad valorem tax revenue and have been repaid.

In 1980, a constitutional amendment, Act No. 844, authorized an increase in the exemption of each homestead from ad valorem taxes from $5,000 to $7,500, and provided for periodic reassessment.

In 1981, a nine-mill ad valorem tax was approved and became effective January 1, 1982. The purpose of the nine-mill tax levy is to provide funds for the operation, maintenance, and construction of the drainage system. State law set the authorized debt limit for nine-mill bonds at $68,000,000. That debt limit was eliminated by Legislative action in 2003. The Board sold nine-mill bond issues of $22,000,000 in 1982 and $30,000,000 in 1983. In 1986, $12,525,000 Drainage System Bonds Series 1986A and $15,755,000 Drainage System Bonds Series 1986B were authorized and sold for the purpose of refunding a portion the 1982 nine-mill bonds and a portion of the 1983 nine-mill bonds, respectively. In 1992 the Drainage System Bonds, Series 1982, was fully refunded, and beginning in 1993, debt service payments on the Drainage System Bonds, Series 1986A was paid from nine-mill tax revenue. In 1993, proceeds from the Drainage System Bonds, Series 1986B fully refunded the Drainage System Bonds, issue of 1983, and the debt service on these bonds became the obligation of nine-mill tax revenue. All Series 1986A and Series 1986B bonds have been retired. In 1998 nine-mill bonds in the amount of $10,000,000 were issued and as of December 31, 2013, the outstanding balance was $3,445,000. Additional nine-mill bonds in the amount of $20,000,000 were issued in 2002, bringing the total of six-mill and nine-mill Drainage System Bonds outstanding as of December 31, 2013 to $16,205,000 as shown in the table on the following page.

Outstanding Drainage Utility Debt Issues

DESCRIPTION	ISSUE AMOUNT	AMOUNT OUTSTANDING [a]
Series 1998	$10,000,000	$3,445,000
Series 2002	$20,000,000	$12,760,000
Total	$30,000,000	$16,205,000

[a] As of December 31, 2013

In 1988, reassessment caused the nine-mill ad valorem tax to be increased to 9.13 mills, and it was increased due to reassessment again in 1992 to 9.71 mills, and remained at this level through 2007. In 2007, it was reduced to 6.89 and in 2010 it was increased to the current rate of 7.06 mills.

Collection of the three-mill ad valorem tax levy is authorized until the year 2017; six-mill tax until 2028; and nine-mill tax until 2032.

General

During January 2006, the Board entered into a long-term agreement with the Federal Emergency Management Agency (FEMA) under the Community Disaster Loan Act of 2005. The Board has drawn down $61,956,747 of the funds available. In December 2010, the Board was granted a partial forgiveness in the amount of $36,790,000 of principal and $4,648,410 of accrued interest, leaving a balance of $25,166,747 in principal. In September of 2013, the Board was granted full forgiveness of the remaining balance of $25,166,747.

In July of 2006 the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana to secure proceeds from the State's Gulf Opportunity Tax Credit Bond Loan Program to assist in payment of debt service requirements from 2006 through 2008. The Board has borrowed $77,465,247, which was the total amount available to the Board. Of that amount, $31,500,000 was used to make a partial payment on the Sewerage Service Refunding BANs Series 2005A that matured on July 26, 2006. The remainder was used to make debt service payments on the Drainage System special tax bonds, the Sewerage Service revenue bonds, and the Water revenue bonds that were due on December 1, 2006; June 1, 2007; December 1, 2007; and June 1, 2008. Principal payments on the bonds began in July 2012 and continue through July 2026. As of December 31, 2013, the amount outstanding was $69,617,529.

The Board is currently receiving funds from the U.S. Army Corps of Engineers (COE) sponsored and congressionally authorized Southeast Louisiana Urban Flood Control (SELA) Project. This funding will allow additional construction projects which were identified in the 1970's, but which have not been completed because of funding limitations. The identified projects are to be funded either 100 percent from federal funds or 65 percent from federal funds and 35 percent from local funds. The payback period for the local share is 30 years and is anticipated to begin in 2016.

The Board provides water and sewer for public services to the City of New Orleans and its public institutions as mandated by state law in accordance with R.S. 33:4096 and R.S. 33:4121, respectively. During 2013, the Board provided 745,453,200 gallons of water for public services to agencies of the

City of New Orleans. The value of this water, at current rates, is $2,648,570. The value of the sewerage charges is $3,432,896.

The three revenue-generating public agencies - the New Orleans Museum of Art, City Park, and Audubon Park – continued to receive water for public services under "caps", or maximum annual limits, established by the Legislature in 1982. The Museum of Art used 162,400 gallons or 2,391,400 below its annual "cap" of 2,553,800 gallons. City Park used 28,044,900 gallons or 207,278,500 below its annual "cap" of 235,323,400 gallons. Audubon Park used 143,274,400 gallons or 96,725,600 gallons below its annual "cap" of 240,000,000 gallons.

The Sewerage and Water Board and the Orleans Parish School Board (OPSB) reached an agreement effective July 1, 1992, whereby the schools would be charged for any water exceeding an allowance of six gallons per day, for 365 days per year, for each student enrolled and any other person regularly assigned to that campus or facility. The allowance was lowered to four gallons per day effective July 1, 1993.

SOURCES OF FINANCIAL DATA

Financial information included in this report is obtained from audited financial reports provided by the Board.

SUMMARY OF FINDINGS

This section contains a summary of the financial operations of the Water, Sewerage, and Drainage Departments for the year 2013. Projections of future operations are also presented as a basis for determining the adequacy of present revenue sources to finance projected operating expenses and proposed capital program costs of the respective departments.

The statistical data maintained by the Board includes the compilation of detailed information on water sales and revenues. Information provided for 2013 includes a summary of the number of bills issued, billed volume, and revenues by customer class for both the Water and Sewerage Departments.

Under the current budget code system, costs are identified by general functional categories. Supplemental accounts are used for internal purposes to identify the cost in each functional category that is incurred for personal services, services and utilities, material and supplies, replacement and maintenance, and other special charges.

Water Department

Water Revenue Bond Resolution Requirements

Sewerage and Water Board financial operations for 2013 have complied with the requirements set forth in the 1998 and Supplemental Water Revenue Bond Resolutions.

Summary of 2013 Operations

Based upon a tabulation of water bills rendered during the year, the Water Department provided water service to an average of 126,106 regular billed customers and 1,128 governmental accounts, the latter of which are served without charge. According to the December 31, 2013 Comprehensive Annual Financial Report, of the 55,901.9 million gallons of water pumped by the Department during the year, 13,599.6 million gallons were sold, 745.5 million gallons were metered to customers

without charge, treatment plant process water totaled 593.1 million gallons, and unmetered uses accounted for the remaining 40,963.7 million gallons. Unmetered water uses include fire protection; flushing streets, sewers, and drains; chlorinating and flushing new water mains; construction of streets; Sewerage and Water Board plant uses; and unaccounted for system losses.

The total revenue from water sales, delinquent fees, interest income and other income decreased from $71,668,008 in 2012 to $70,257,896 in 2013. In 2013, the Board received $1,981,568 in operating and maintenance grants from FEMA for operating expenses incurred from water repairs performed by Board crews. This amount is included in other income. Operation and maintenance expenses (excluding claims paid) increased from $61,761,783 in 2012 to $63,378,612 in 2013. After adding claims of $791,721 and debt service payments of $3,928,380, a balance of $2,159,183 was available for capital related expenditures in 2013, unadjusted for depreciation.

Ability to Finance Future Operations and Proposed Improvements

A summary of projected financial operations of the Water Department for the period 2014 through 2018 is shown in Table 12 of the report. Revenues shown on Line 1 of Table 12 are based on rates that became effective January 1, 2014. Revenue from future annual water system revenue increases of 10 percent effective January 1, 2015 through January 1, 2018 are shown on Line 2 of Table 12.

In July of 2014 the Board issued Water Revenue and Refunding Bonds, Series 2014 in the amount of $103,525,000. A portion of the proceeds were used to refund all outstanding water revenue bonds and the remaining $77,000,000 will fund capital projects. Additional long term debt financing of $47,000,000 in 2015, $45,000,000 in 2016, $39,000000 in 2017, and $42,000,000 in 2018 is indicated to fund the proposed capital improvement program.

The Board has recognized that the adopted five-year capital improvement program has a significant amount of expense in the first three years and therefore, in an effort to more evenly spread the costs throughout the period, identified projects that could be deferred from 2015 and 2016 until later years. As demonstrated in Tables 11 and 12, it is anticipated that current revenue sources will be adequate to readily finance both projected capital program requirements, reflecting the deferment of capital from 2015 and 2016, and estimated future operation expenses of the Water Department during the 2014-2018 study period examined herein.

Sewerage Department

Sewerage Service Revenue Bond Resolution Requirements

Sewerage and Water Board financial operations for 2013 have complied with the requirements set forth in the 1997 and Supplemental Sewer Revenue Bond Resolutions.

Summary of 2013 Operations

The total revenue from sewer charges, delinquent fees, interest income and other income increased from $72,399,088 in 2012 to $80,081,051 in 2013. Operation and maintenance expenses (excluding claims paid) increased from $44,293,232 in 2012 to $45,566,211 in 2013. After adding claims reflecting a credit of $188,081 and debt service payments of $20,268,460, a balance of $14,434,460 was available for capital related expenditures in 2013, unadjusted for depreciation.

Ability to Finance Future Operations and Proposed Improvements

A summary of projected financial operations of the Sewerage Department for the period 2014 through 2018 is shown in Table 24 of the report. Revenues shown on Line 1 of Table 24 are based on rates that became effective January 1, 2014. Revenue from future annual wastewater system revenue increases of 10 percent effective January 1, 2015 through January 1, 2018 are shown on Line 2 of Table 24.

In July of 2014 the Board issued Sewerage Revenue and Refunding Bonds, Series 2014 in the amount of $158,990,000. A portion of the proceeds were used to refund all outstanding sewerage revenue bonds and the remaining $47,300,000 will fund capital projects. Additional long term debt financing of $23,500,000 in 2015, $24,500,000 in 2016, $21,000,000 in 2017 and $28,500,000 in 2018 is indicated to fund the proposed capital improvement program.

It is anticipated that current revenue sources will be adequate to readily finance both projected capital program requirements and estimated future operation expenses of the Sewerage Department during the 2014-2018 study period examined herein.

Drainage Department

Summary of 2013 Operations

Total revenues received from all sources including interest income totaled $46,619,029 in 2013, an increase of approximately 3 percent from $45,275,067 reported for the same sources in 2012. Total operation and maintenance expenses decreased about 0.2 percent, from $31,831,734 in 2012 to $31,893,808 in 2013. After adding claims of $1,197,474 and debt service payments of $2,216,497, a balance of $11,311,249 was available for capital related expenditures in 2013.

Ability to Finance Future Operations and Proposed Improvements

An analysis of financial operations projected for the Drainage Department for the period 2014 through 2018 is summarized in Table 35 of the report. Revenue from the three-mill, six-mill, and nine-mill ad valorem taxes may be used for operating expenses, debt service, and capital expenditures. It is assumed that the three-mill ad valorem tax will be reauthorized in 2017.

The analysis indicates that current revenue sources are not adequate to meet operation and maintenance expenses and total debt service on the proposed bond issues for each year of the study period. As indicated in the *Financial Plan and Rate Study 2011-2020* additional operating revenue is needed to help fund the capital program. The alternative source of operating revenue is shown on Lines 4 and 5 of Table 35.

It is anticipated that in November of 2014 the Board will issue Drainage Refunding Bonds, Series 2014 in the amount of $14,945,000. The proceeds of the bonds will be used to refund all outstanding drainage revenue bonds. Additional long term debt financing of $15,000,000 in 2015, $15,000,000 in 2016, $60,000,000 in 2017, and $60,000,000 in 2018 is indicated to fund the proposed capital improvement program.

Under the existing General Drainage Bond Resolution, the amount of additional debt that can be issued is limited to the additional bonds test which states that revenues derived from the nine-mill ad valorem tax are equal to a least one and one third (1–1/3) times the maximum debt service on all

outstanding and the additional bonds. Black & Veatch suggests that when a new funding source is developed, the Board work with its bond counsel and financial advisor to refund all outstanding debt at that time and issue new parity bonds reflecting a new general bond resolution that includes the new funding source in the coverage calculation and reflects covenants more consistent with the 2014 water and sewerage resolutions. Due to the requirements of the existing additional bonds test, it is anticipated that the capital projects in 2014 through 2017 will exceed the amount of funding available from the Drainage Department during the 2014-2018 study period examined herein. It is recommended that the Board defer capital projects in 2014 through 2017 until the general bond resolution has been revised and the Board has the capacity to debt finance more projects. This deferment is shown on Line 11 of Table 34.

Other Findings

The Board operates a power plant at the Carrollton Water Purification Plant which provides power for the water purification process as well backup power in the event that commercial power fails or becomes unavailable. The Board's analysis of power purchased and produced is shown in the supplemental section of the 2013 Comprehensive Annual Financial Report. In 2013, approximately 68 million kilowatt hour (kWh) of power was purchased and 35 million kWh of power was generated.

On a unit cost basis, the average cost of purchased power has increased over the past five years from about 9.5¢ per kWh in 2009 to about 9.9¢ per kWh in 2013. During the same period, the Board's unit cost for generated power has increased from about 28.2¢ per kWh to about 33.3¢ per kWh. The cost of Board generated power is almost 3.4 times higher than that of purchased power.

In conducting our analyses and in forming an opinion of the projection of future operations summarized in this report, Black & Veatch has made certain assumptions with respect to conditions, events, and circumstances that may occur in the future. The methodology utilized by Black & Veatch in performing the analysis follows generally accepted practices for such projections. Such assumptions and methodologies are summarized in this report and are reasonable and appropriate for the purpose for which they are used. While Black & Veatch believes the assumptions are reasonable and the projection methodology valid, actual results may differ materially from those projected, as influenced by the conditions, events, and circumstances that actually occur.

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Facilities Evaluation - Operation, Maintenance, and Reconstruction

This evaluation summarizes the findings of the onsite assessments of the Sewerage and Water Board of New Orleans (SWBNO) facilities conducted by Black & Veatch from March 10 to March 14, 2014. Site visits were conducted at the water and wastewater treatment plants, Carrollton power plant facilities, and Central Yard facilities to evaluate the condition and operational capabilities of these facilities. In addition, the sewage and drainage pump stations were inspected to evaluate the condition of those facilities. Interviews were conducted with management and supervisory level SWBNO personnel during the site visit to assess the current operations statuses of the various facilities.

INTRODUCTION

The Operations Department of the SWBNO comprises four units: (1) Water Purification, (2) Sewage Treatment, (3) Water Pumping and Power, and (4) Sewerage and Drainage Pumping. The SWBNO operates the Carrollton and Algiers Water Purification Plants (WPPs), which purify raw water from the Mississippi River and supply potable water to New Orleans residents. The Carrollton plant currently purifies approximately 135 million gallons per day (mgd) of water for the East Bank of Orleans Parish. The Algiers plant, which serves the predominantly residential West Bank portion of the parish, purifies roughly 11 mgd of water. The treated water from the two plants is pumped through approximately 1,800 miles of mains to the service connections within the City, as well as to several customers in adjacent parishes.

The collection system includes several miles of lateral sewers, trunk sewers, and 83 electrically operated pump stations. Raw sewage is conveyed through a force main system. Sewage Pumping Stations (SPSs) A and D on the East Bank and SPS C on the West Bank are attended stations. SPS A houses a supervisory control and data acquisition (SCADA) system which monitors operation of all other sewage stations.

The SWBNO operates two sewage treatment plants, one on the East Bank and one on the West Bank. The East Bank Sewage Treatment Plant has a treatment capacity of 122 mgd (dry weather) and treats sewage from the East Bank community. The West Bank Sewage Treatment Plant has a treatment capacity of 20 mgd (dry weather) and serves the West Bank community of New Orleans, as well as a few customers in Plaquemine Parish. Both plants were built or expanded in the 1970s and have been upgraded or expanded to increase reliability and capacity. The contract operator, Veolia Water, currently operates and maintains the plants for SWBNO.

In addition, the SWBNO is responsible for operating and maintaining the 24 major drainage pumping stations in New Orleans. The majority of those stations are manned 24 hours per day, 7 days per week. Each station is equipped with multiple pumps which are activated in response to increasing water levels. Personnel monitor these pumps and the numerous miles of drainage canals on a routine basis to ensure proper drainage in the area.

The 25 cycle power plant operated by the SWBNO provides power for portions of the WPPs and approximately 60 percent of the drainage pumps. Two large vertical sewage pumping units at Station A are also run on 25 cycle power. The following sections summarize key issues within several departments of the SWBNO.

STAFFING

Adequate staffing continues to be an issue for some departments of the SWBNO. Additional maintenance is required for the SWBNO facilities as equipment ages and more equipment is added at the facilities. Staffing levels have decreased as the system has aged and expanded within the SWBNO owned facilities. Vacancies still exist in several departments, especially those departments requiring highly educated and skilled personnel. These shortages are reflected within the more technical disciplines such as mechanical maintenance, electrical maintenance, plant maintenance, welding and fabrication, and operations. Engineering is still understaffed despite the addition of several new hires.

The SWBNO suspended the domicile policy following Hurricane Katrina, which required employees to live in the City of New Orleans. This suspension action allowed personnel hired by the SWBNO to live outside city limits, thus providing more housing options for employees. However, the City Council reinstated the residency requirements as of January 1, 2013. This reinstated requirement has slowed the hiring of individuals with an interest in working for the SWBNO but live outside City limits. Departments within the SWBNO continue to actively recruit from local college campuses, career job fairs, and trade schools to fill vacancies.

In addition to those highly skilled positions, a significant portion of the SWBNO's leadership will retire within the next 5 years. Very few potential successors have been identified to assume those leadership positions facing retirement.

All departments have staffing issues related to being inadequately staffed based on the current needs of the SWBNO. The table on the following page summarizes the number of staff on the payroll for each department and the percentage of staff eligible for retirement within the next 5 years as of April 2014. These conditions demonstrate the need for an effective succession action plan for the department heads and supervisors.

WATER PURIFICATION PLANTS

The Black & Veatch representative accompanied the WPP Superintendent on the facility tours of the Carrollton and Algiers WPPs. The Carrollton and Algiers WPPs are currently operational and producing water that meets or exceeds federal drinking water standards. Treatment systems at both plants are functioning well, and continue to produce potable water for the East and West Banks.

The staffing levels at the Carrollton and Algiers WPPs have been able to consistently produce finished water that complies with federal and state regulations and meets the capacity of the service population. The SWBNO is facing the industry-wide problem of an aging workforce; therefore, there is an immediate need to hire and train personnel for the future sustainability of plant operations. The SWBNO is in the process of hiring entry level personnel to begin addressing those long-term needs. In addition, licensed operators are in short supply, and are necessary to successfully operate the plants around the clock. The most senior operators will be retiring within the next few years and will need to be replaced in order to maintain compliance with the state requirements for operator certification in water treatment.

Current Number of Board Employees and Eligible for Retirement

DEPARTMENT	EMPLOYEES ON PAYROLL	ELIGIBLE FOR RETIREMENT	% ELIGIBLE FOR RETIREMENT
Operations - Water Purification Plants	54	22	40.7
Operations - Water Quality Laboratory at Carrollton Plant	11	2	18.2
Operations - Water Pumping and Power	78	18	23.1
Operations - Sewage and Drainage Pumping Stations	94	28	29.8
Facility Maintenance	65	18	27.7
Engineering	43	19	44.2
Networks	297	66	22.2
Support Services	71	30	42.3
Environmental Compliance	12	4	33.3
Total	726	208	28.7

Carrollton Water Purification Plant

The Carrollton WPP, which has a design capacity of 232 mgd, is currently treating approximately 135 mgd of water for the East Bank of Orleans Parish. The water treatment processes at the plant consist of flocculation with a polymer and ferric sulfate followed by pH adjustment with lime. The flocculated particles are allowed to settle in sedimentation basins, and traveling mechanical rakes remove the settled solids from the sedimentation basins for discharge to the Mississippi River.

Chlorine in the form of sodium hypochlorite is used to disinfect the clarified water. Anhydrous ammonia is then added to form chloramines for residual disinfection. Additional settling time and disinfection contact time occur in the secondary settling basins. The clarified water is also treated with sodium hexametaphosphate for calcium sequestration and hydrofluorosilicic acid for fluoride addition. At present, the SWBNO is feeding all chemicals at appropriate dosages and maintaining adequate chemical storage at each site.

Filtration is the final step in the treatment process, where the water is filtered through rapid sand filters. Finished water is then pumped to the populace through the distribution network.

The Carrollton WPP is currently treating approximately 135 mgd of water due to leaks in the water distribution system. Leaks in the distribution network are a source of persistent problems. These leaks are currently being addressed under the water main replacement program funded by the Federal Emergency Management Agency (FEMA). The water delivery pressure at 70 psi has been consistent throughout the last year.



Sedimentation Basin under Repair



Wash Water Pump at Carrollton WPP

Figure 1 - Carrollton Water Purification Plant

Improvements completed at the Carrollton WPP during 2013 are listed below:

- The G4 sedimentation basin has been removed from service for repairs to the flocculation equipment and to clean material from the sedimentation basin. Work on the flocculator needs to be completed before G4 can be returned to service.
- The sodium hypochlorite feed system commissioning was completed in 2013 and is performing well.

Maintenance and/or improvement projects the SWBNO has planned for existing facilities include the following:

- A filter rehabilitation program is needed for the Sycamore and Claiborne filter galleries. Valves, actuators, corroded piping supports, and leaking pipes associated with the filters need to be repaired or replaced. In addition, the media within the filters has reached the end of its service life and requires replacement. These activities are being hampered due to limited funds.
- The wash water pump for the filters needs replacement. The packing seal is currently leaking and the pump is nearing the end its service life.
- The recycle basin pumps need to be replaced. Two of the four pumps are currently inoperable, and the other two pumps are nearing the end of their service life. The design for the pump replacement is complete, and the project is awaiting funds prior to sending the project to bid.
- Design for a new 30 to 36 inch sludge discharge line needs to be completed. This new line will provide for much needed capacity and redundancy improvements for the Carrollton WPP. Construction of the new sludge discharge line is delayed due to limited funds.

Algiers Water Purification Plant

The Algiers WPP has a design capacity of 40 mgd. The treatment process at the plant is similar to that of the Carrollton facility, which uses the same chemicals with a slightly modified application scheme in the upflow clarifiers. At present, the plant is treating approximately 11 mgd of water and is serving the predominantly residential West Bank portion of the Parish.

The facility has partially commissioned a new ferric storage and feed system for flocculation at the WPP. This equipment, along with the existing temporary ferric storage and feed equipment, is supporting the needs of the plant with the goal of complete transition to the new facility by the end of 2014. Other improvements needed or ongoing at the plant include the following:

- The sodium hypochlorite generation system was not functioning at the time of inspection due to equipment issues. The manufacturer was contacted, and the system is now operational and supporting the needs of the plant, although mechanical problems continue to present challenges for the system. The system was not operational for 4 out of 12 months in 2013.
- The SCADA system is out of service, and its absence is impacting plant monitoring capabilities. Planned improvements to this system are on hold due to insufficient funding.
- EIMCO Clarifier No. 1 needs to be replaced. Clarifier components to be fixed include sludge trough, valves, and steel structure. EIMCO Clarifier No. 2 has been repaired and was placed in service in 2013.
- The raw water pumping and piping systems need to be improved in order to provide redundancy to the intake system.

WATER QUALITY LABORATORY

The water quality laboratory located at the Carrollton WPP conducts daily analyses of river water quality and purified water for both WPPs. Water samples from the distribution network are also analyzed at the laboratory facility. The lab continues to meet the state and federal mandated analytical requirements of the water plants, and is certified by the Louisiana Department of Health and Hospitals for analysis of coliform bacteria.

The laboratory collects samples for protozoan analysis in addition to coliform analysis. Other regular analyses include hardness, turbidity, fluoride, ammonia, pH, alkalinity, total organic carbon (TOC), dissolved organic carbon (DOC), phosphorus, corrosion monitoring, and chlorine residual at different stages of treatment. The solids are analyzed for total suspended solids (TSS) and total dissolved solids concentrations. The laboratory also analyzes river water and finished water samples for volatile organic compounds.

The laboratory continues to maintain its involvement in the Early Warning Organics Contamination Detection System (EWOCDS) run by the State Department of Environmental Quality (LDEQ); however, several upstream stations have proved unreliable. The EWOCDS program has also been underfunded by the State of Louisiana, which has caused a reduction in sampling and analysis.

Monitoring stations connected by telecommunications notify LDEQ if any of the 60 Environmental Protection Agency (EPA) listed pollutants are detected in the river water samples. The LDEQ disseminates the information to the program participants, allowing an early warning of possible problems. The LDEQ maintains EWOCDS equipment at all participating locations; the program participants provide the manpower to collect and analyze the samples.

The laboratory is currently adequately staffed with one supervisor, one microbiologist, four chemists, and four technicians. Much of the lab instrumentation and equipment is reaching or has reached the end of its service life and is in need of replacement. Analytical instruments and equipment, such as a

new gas chromatograph/mass spectrometer (GC/MS), autoclaves for the microbiology lab, and fume hoods in the chemistry lab are needed to perform other analyses. Currently, the laboratory staff is working toward certification of TOC analysis in order for TOC analysis to be performed at the SWBNO facility.

WATER PUMPING AND POWER

The primary function of the Water Pumping and Power unit of the Operations Department is the production of steam for the generation of 25 hertz (Hz) power in addition to providing potable water to the City of New Orleans. The facilities at the Carrollton power plant include three pumping steam turbines and one gas turbine for a total theoretical capacity of 61 megawatts (MW). The steam required for the turbines is generated in the six boilers at a total capacity of 650,000 pounds of steam per hour. In addition to the 25 Hz turbine, newly installed Turbine No. 6 produces 15 MW of 60 Hz power, but is not yet operational.

The generating station at the Algiers facility is capable of generating 60 cycle power using a diesel generator. The power generation facility can generate enough power to support operations at the Algiers plant. This station is also capable of performing a frequency change from 25 Hz power supplied from the Carrollton power plant to 60 Hz power.

The current capacity of the Carrollton power plant is 40 MW, which is less than the 61 MW design capacity. Turbine No. 4 is currently out of service and being repaired, and is scheduled to be back in service by early 2015. Boiler No. 6 and its associated equipment have been rehabbed and are presently in service.

A 200 psi high pressure natural gas line supplies fuel for the 15 MW 60 cycle, dual fuel generator turbine package (Turbine No. 6) and the existing Turbine No. 5. The 15 MW, 60 Hz generator facility supplements the commercial power available from Entergy to provide power redundancy and continued service in the event of a commercial power loss due to storms, hurricanes, etc. The generator serves the majority of the plant and raw water intake stations, and provides additional drainage station capacity.

Two steam-driven distribution pumps are located at the power plant. Pump A rehabilitation was completed in March 2014, and Pump B will be completed by the second quarter of 2015. The Claiborne Pumping Station, consisting of four water distribution pumps (two 60 Hz drive and two 25 Hz drive), and Panola Station, consisting of two pumping units (one with a 25 or 60 Hz motor and the other 25 Hz motor), are usually adequate for pumping finished water to the distribution network. The 25 Hz pump at Panola Station has been converted to operate on both 25 and 60 Hz power for more pumping operation redundancy. The water hammer program will provide for the replacement of equipment and associated valves at the Panola A & B Pump Room and Claiborne Pumping Stations. Two elevated tanks will also be installed to provide surge protection to the distribution system.

Storm-proofing projects for critical SWBNO facilities, including the power buildings, are currently under construction. Improvements for the power buildings include reinforcing the walls, roofing, doors, and windows. Additional hurricane damage-related work primarily includes valve replacement and repair to electrical components and controls. Related items for the Water Pumping and Power unit are in various stages of design or construction.



Steam Driven Water Distribution Pump A



Turbine 6

Figure 2 - Power Plant

The Water Pumping and Power unit has 78 current employees with 42 vacancies. Power for continued operations of the water, sewerage, and drainage systems requires staffing 24 hours per day, 7 days a week. Given the current levels of staffing, overtime is required to cover all the necessary areas within the Pumping and Power unit. In addition, approximately 18 senior operators or supervisors are set to retire in 5 years or less.

Central Control

The Central Control Power Dispatching Department is primarily responsible for the delivery of an adequate supply of Board generated electrical power, the continuous monitoring of the operational status of all electrical switchgear, and the testing of related electrical feeders and equipment. This Department also is responsible for verifying and enforcing the Board's safety clearance procedures and associated clearances within the power distribution system. In addition, this Department is monitors local and regional weather in order to provide advance warning of storms which could affect power generation requirements for the drainage and sewerage systems. Coordination of various power supplies, including alternative backup power supplies such as diesel generators and frequency changers, also comprise part of this Department's responsibilities. The Central Control Power Dispatching Department plays a vital role in many emergency operational situations. Serving as a hub of communications, Central Control informs the Board's management and senior level staff of changes in conditions that will affect the Board's ability to provide adequate sewerage, water, and drainage services. Central Control also provides valuable information during emergencies such as hurricanes, floods, freezes, etc., to the Office of Emergency Preparedness (OEP) through established Board protocols. Lack of staffing continues to be a major issue for this Department.

SEWAGE TREATMENT PLANTS

Black & Veatch, accompanied by the Plant Superintendent, visited both the East Bank and West Bank sewage treatment plants. Operations and maintenance activities of both plants have been contracted to Veolia Water. A representative of the SWBNO is to oversee the contract operator. This representative works in the Engineering Department within the SWBNO for the Operations Department. Both treatment plants were operational at the time of the site visits and were meeting the discharge limits according to treatment plant personnel. The contract to operate both facilities

was recently bid; Veolia won the contract and will continue to be the contract operator for the next 10 years.

East Bank Sewage Treatment Plant

The East Bank Plant has a treatment capacity of 122 mgd (dry weather). The plant is currently receiving approximately 98 mgd of flow, which is approximately 5 percent more than the flow received in 2012. The treatment facilities at the plant include bar screens, grit removal, a pure oxygen activated sludge system, final clarification, and disinfection. The solids generated during sewage treatment are thickened, dewatered (using belt filter presses), and finally incinerated. A new sludge dryer is currently under design as an alternative sludge treatment system to supplement the existing fluid bed incinerator (FBI).



Influent Screen



Liquid Oxygen Tank

Figure 3 - East Bank Sewage Treatment Plant

The following items summarize the improvements that will be or have been performed at the East Bank Plant:

- Reactors Nos. 1 and 4 were out of service for rehabilitation. There is excess solids buildup within the reactors which will require cleanout and disposal. Removal and rehabilitation of the reactors were delayed by limited funds.
- New Administrative Building has recently been completed.
- There is no automation for mechanical rake on the bar screens; raking must be conducted manually at regular intervals.
- Cyclone grit separators exhibited corrosion.
- Operator noted two channels from the grit chambers to the aerobic reactors will require cleaning.
- Return sludge line was corroded and out of service. A temporary, aboveground replacement line is being used to return sludge from the return activated sludge pump stations to the influent channel. Permanent repair is under design.
- Operator noted liquid oxygen tank is nearing the end of its useful life. High purity oxygen system components appeared in good condition.

- Several mechanical mixers on aerobic reactors were out of service, impacting the reliability of the treatment system.
- Effluent pumps appeared in fair condition. The operator noted there have been difficulties keeping these pumps operating reliably due to electrical system issues. The electrical system is being evaluated and will likely require upgrades to increase the reliability of the effluent pumps.
- Electrical controls and switchgear appeared in fair condition. The operator noted the older electrical equipment has ongoing maintenance issues.
- A flood protection berm is being completed at the plant to minimize future plant flooding.
- The effluent line requires minor repairs, as cracks have formed due to the berm construction.

The average influent TSS and BOD concentration for 2013 are approximately 150 milligrams per liter (mg/L) and 115 mg/L, respectively. These concentrations are significantly lower than normal, which is likely the result of a significant increase in the amount of inflow and infiltration in the collection system requiring treatment at the plant. Effluent quality has been adequate over the last year, with an average effluent TSS concentration of 16 mg/L and an average effluent BOD concentration of 21 mg/L. One permit violation, the fecal coliform permit limit, occurred during December 2013. This violation was attributed to a sampling error, and was immediately corrected by the plant staff.

West Bank Sewage Treatment Plant

The West Bank Plant has a treatment capacity of 20 mgd (dry weather). The plant is currently receiving approximately 10.1 mgd of flow. The West Bank treatment facility consists of bar screens, primary clarifiers, trickling filters, final clarifiers, and chlorine disinfection. Primary and secondary solids are co-thickened in a gravity thickener and hauled to the East Bank facility for incineration.



Corrosion of Primary Clarifier Weir



Existing Emergency Generator

Figure 4 - West Bank Sewage Treatment Plant

A summary of findings for the West Bank Plant follows below:

- Concrete and pavement adjacent to the bar screens and aerated grit basins showed cracks and settling.
- The second bar screen (of four bar screens) was inoperable, as the chain had jumped the sprocket.

- Grit cyclones for collecting grit from the grit basins exhibited significant corrosion.
- Two grit pumps are in need of replacement.
- Weirs and rotating arms of primary sedimentation basins show significant corrosion.
- Operator noted all five pumps in the main collection basin need to be rehabbed.
- The structural condition of the trickling filters appeared to be good. Minor structural issues with Trickling Filter No. 1 were noted.
- The drive motor for the arms on the trickling filters is currently inoperable and operates based on hydraulics; however, treatment is still acceptable.
- Check valve on effluent pump was leaking. Crews were onsite performing maintenance.
- Standby generator was out of service. A temporary emergency generator will be onsite until the repair parts arrive.

The monthly average TSS and BOD influent concentrations are approximately 86 and 85 mg/L, respectively. The monthly average effluent TSS and BOD concentrations for the last year have been approximately 10.4 and 8.8 mg/L, respectively.

SEWAGE AND DRAINAGE PUMPING STATIONS

Inspections of the drainage pump stations (DPSs) and sanitary sewage pump stations (SPSs) for both the East and West Banks of New Orleans were conducted over a 4 day period, beginning Monday, March 10, 2014, and ending Thursday, March 13, 2013. The observation report details the operational status of each SPS and DPS throughout the City of New Orleans. Pumps which were not turned on at the time of the observations were deemed to be either "in service" or "out of service" based on direction from SWBNO supervisors or pump station operators.

Upon inspection, all DPSs and SPSs were operational using either permanent or temporary pumps. All stations have either completed or are still under storm related construction repair or upgrades. These repairs will increase the probability the stations will remain functional in the event of a major storm or power loss. The repairs include, but are not limited to, the installation of industrial capacity generators, fuel storage tanks, electrical transformers, and storm proofing of pump motors. Several stations have also undergone structural related storm proofing measures, including new storm windows and doors. Finally, many station rooftops and wall framings have been reinforced to provide greater wind gust resistance.

A few stations still have not been repaired or are out of service due to maintenance issues in spite of all the repairs and upgrades to the DPS and SPSs. Two DPSs have remaining equipment damage which does not appear to be storm related. DPS 11 has a total of four filtering screens, with only one being operational, while DPS 19 has a substantial crack atop the water basin, allowing water leakage. While all stations are operational, several stations are not operating at full capacity due to inoperable pumps or the use of temporary pumps. Staffing also continues to be an issue according to the staff. Current staffing levels are less than expected for the size and scope of the sewage and drainage stations due to retirements and lack of qualified candidates.

FACILITY MAINTENANCE

The Facility Maintenance Department consists of four units: (1) Plant Maintenance, (2) Welding & Fabrication, (3) Electrical Maintenance, and (4) Mechanical Maintenance. These units provide meter repairs, removals and installations, major electrical, welding, and fabrication, as well as mechanical maintenance for all SWBNO facilities throughout the system, with the exception of Veolia Water operated sewage treatment plants. The Facility Maintenance Department possesses the specialized equipment and technology necessary to maintain the plant process equipment, drainage pumping stations, sewage pump stations, power generation equipment, and water meter servicing. Automated lathes and mills located in the machine shop and break press, as well as shear and other specialized repair equipment located in the welding and fabrication shop, provide the ability to fabricate parts when replacement parts are excessively expensive or no longer available due to equipment vintage.

In addition, new facilities such as Turbine No. 6 have been built within the SWBNO system which require additional staff to both operate and maintain. While the Facility Maintenance Department is well equipped, the lack of adequate numbers of trained personnel has hindered the Department's ability to perform in-house repairs. The Facility Maintenance Department has 65 authorized positions; however, only 60 positions are currently staffed, with most of the highly skilled positions remaining vacant. Overtime is necessary to compensate for the limited workforce, and more work is currently being contracted out to subcontractors than what was done in-house prior to Hurricane Katrina. The Department is presently facing a lack of qualified personnel to adequately supervise or oversee subcontractors. Approximately 28 percent of the Facility Maintenance employees are currently eligible for retirement or will be eligible to retire within 5 years, including the department head. The department is actively recruiting at job fairs and trade schools to hire additional personnel.

ENGINEERING

The Engineering Department includes Mechanical Engineering, Electrical Engineering, Civil Engineering, Construction Administration and Inspection, and Networks Engineering. The Engineering Department administers major contracts throughout the SWBNO facilities and coordinates with other agencies for the design and construction activities impacting SWBNO maintained facilities.

The present statuses of major contracts administered through the Engineering Department are itemized in the following list:

- The SWBNO plans on adding a sludge dryer at the East Bank plant. Engineering is currently working with the consultant to review bids from the contractors.
- Refurbishment of steam driven Pump B in the Power Generation Facility will be completed by the second quarter of 2015. Pump A was placed back in service in March of 2014.
- Flood mitigation contracts for nine sewage pump stations were awarded; the Engineering Department is supervising these contracts. A couple of the stations may experience delayed construction due to access and/or funds deficiencies to complete the flood mitigation. These delays will not impede the function of the station, only the facilities' storm proofing.

Additional projects planned by the Engineering Department include the following:

- Building or upgrading the City canal system at Florida and Louisiana Avenues.

- Rehabilitation of Turbine No. 4 followed by Turbines Nos. 5 and 3.
- Various water projects, including filter rehab, valve rehab, and pump replacement.
- Replacement of major electrical feeders throughout the SWBNO facilities.

In addition to contract administration, the Engineering Department has added geographical information system (GIS) technology to further enhance tracking water distribution and sewer piping capabilities. The FEMA funded water main replacement and emergency sewer system assessment require GIS to identify and fix broken or leaking pipes in the water distribution and collection system.

NETWORKS

The Networks Department is charged with maintaining the sanitary sewer system and the potable water distribution system. The water distribution network damaged by uprooted trees and other debris during Katrina still has not been fully repaired. Consequently, the Carrollton WPP is currently purifying approximately 135 mgd of water despite serving only 82 percent of the pre-Katrina population.

The Networks Department is divided into seven zones. Zone 2 performs preventive maintenance activities such exercising valves and fire hydrant maintenance. Zone 7 comprises the after-hours crews which respond to emergency calls. Zones 1, 3, 4, 5, and 6 represent geographical areas in New Orleans which provide repair services for their respective areas. Each zone has a staff of approximately 20 to 35 persons responsible for repairs within the designated areas. A three-man crew will typically complete a work order. More complex work orders may require additional crews on a single work order. Contractors are used to supplement repair work performed within each of the areas if sufficient manpower within the SWBNO is not available to perform necessary repairs.

According to SWBNO personnel, the biggest challenge in restoring normal operations at the WPPs has been the detection and repair of leaks in the distribution system. The SWBNO is currently conducting a system evaluation of the piping system to detect leaks. Contractor Ecologic has been hired to use acoustic technology to determine leaks in larger water mains (those exceeding 16 inches in diameter). Over 14,500 leaks have been repaired in the last year. Identification of leaks is ongoing, and will continue to incorporate identified leaks into the water main replacement program funded by FEMA. As part of the ESSA program, manholes are also being inspected as an ongoing inspection of the sewer system. In addition, over 2,100 sewer repairs were completed in 2013.

The Networks Department works in conjunction with the New Orleans Fire Department to monitor and maintain all fire hydrants located in the SWBNO's service area. The Networks Department inspects all fire hydrants within the system. All City hydrants have been mapped and assigned an identification number. The fire hydrants program requires the 16,500 fire hydrants in the database to be inspected once every 2 years to supplement the semiannual inspection cycle of the Fire Department.

The Networks Department completed over 4,300 paving projects in 2013, both in-house and in cooperation with Contractors. This Department has several maintenance contracts to assist with the maintenance of the water distribution, wastewater collection, and drainage stations. These contracts have subsequently increased the amount of work accomplished within the division.

SUPPORT SERVICES

The SWBNO owns 731 pieces of rolling stock, which includes trucks, backhoes, and sewer cleaning equipment. Approximately 80 pieces are at least 10 years old, and will require replacement in the next few years. The available equipment is being assigned to the various divisions based on the needs of all departments.

The Support Services Department performs most all-ground maintenance functions. In addition, Support Services operates the warehouse which stores valves, pipe, hydrants, tools, etc., required by the Networks Department for repair of existing water distribution and sewer pipelines.

Support Services also operates garages for vehicle repair. The garage areas were heavily damaged during Hurricane Katrina. Garages 1 and 2 are scheduled to be rehabilitated in 2014. FEMA will be reimbursing equipment and tools for each garage lost to the hurricane in addition to replacing some of the buildings, such as the Annex Building which will be used to house locker rooms, shower facilities, training rooms, etc. A new Site Relocation Facility will be constructed to house personnel until the garage renovations are completed. The Site Relocation Building will also be used to house the Body Repair Shop of Garage 2.

ENVIRONMENTAL COMPLIANCE

The Environmental Compliance Department oversees the Consent Decree and all administrative orders. This department reports sewer bypasses and overflow to the Region 6 EPA. Some activities being undertaken by the department include those listed below:

- Continuing to monitor industrial users through the pretreatment program.
- Permit compliance in air, water, wastewater, storm water management, solid waste, and underground fuel storage tanks.

The East Bank Sewage Treatment Plant wetlands assimilation project site is still under construction. The two demonstration cells adjacent to the East Bank Plant were constructed in 2013. The ferrator disinfection system treating the effluent was installed by June 2013. The construction of the effluent pipe has not been completed; the Engineering Department is currently working closely with the contractor to finish installing the effluent piping.

The components of the pretreatment program include the discharge monitoring of the East and West Bank Sewage Treatment Plants in addition to other significant industrial users during the year. An annual report is also submitted to LDEQ to demonstrate pretreatment performance.

In addition, yearly revenue has been received from the following sources associated with the pretreatment program:

- Industrial users billed monthly for excess strength surcharges.
- Sanitary sewerage discharged to the wastewater plant from special events.
- Septage disposal program.

The total revenue received in 2013 from these sources was approximately $500,000.

Air permits for 18 SWBNO facilities containing 50 emergency engines and generators were obtained in 2013. The use of diesel powered units to provide emergency power to drainage pump stations and other SWBNO facilities required these facilities to meet air quality regulations.

Currently, the SWBNO has an engineering consultant under contract to provide engineering services to the Environmental Compliance Department for the air quality program. The scope of work includes conducting environmental compliance audits for 23 SWBNO facilities, preparing all required air compliance reports, developing an environmental management system, developing a web-based compliance system, and training the SWBNO on air compliance procedures and the compliance tools developed. The cost of the project is $200,000 and will be completed in 2015.

On November 27, 2012, the LDEQ proposed to reissue the Louisiana Pollutant Discharge Elimination System (LPDES) Permit No. LAS000301 issued for discharge from the regulated Municipal Separate Storm Sewer Systems (MS4) within Orleans Parish owned or operated by the SWBNO. The permit was issued for public notice on February 13, 2013; the public comment period ended March 20, 2013. The new storm water permit has been in effect since the end of 2013.

The Environmental Compliance Department appears to have adequate staffing to perform the tasks necessary to maintain compliance with all the various rules and regulations which apply to the SWBNO. The Department is in the process of obtaining training and software systems to better track compliance within the SWBNO facilities.

STATUS OF CONSENT DECREE FOR SEWERAGE SYSTEM

The SWBNO is complying with the EPA Region 6 and Department of Justice Consent Decree, which requires cessation of unauthorized discharges and the development of a schedule for repairs to both the collection system and the treatment plant.

Some provisions outlined in the Consent Decree include those listed below:

- Quarterly and annual reporting requirements are to be submitted to the regulatory agency.
- The SWBNO will meet the preventive maintenance requirements of the Consent Decree.
- Repair to the collection systems will begin once the sewage pump stations have been repaired from hurricane damage.

The SWBNO is in compliance with the Consent Decree, as it has met every construction and reporting deadline in the Decree and has had no fines relative to construction or reporting schedules in 2013.

SUMMARY OF FINDINGS

The following items comprise a summary of findings during the 2013 site inspections:

- The management team consists of individuals with significant water, sewerage, and drainage experience. This experience has been developed both internally at SWBNO and at other respected major water and sewer utilities.
- Similar to water and sewer utilities across the U.S., the departments that comprise SWBNO are faced with a significant number of pending retirements. Approximately 40 percent of current employees are either on the Deferred Retirement Option Plan (DROP) program or are eligible for retirement. Unless these employees are replaced with a steady influx of qualified replacements,

these pending retirements pose a significant threat to SWBNO's ability to perform its core operational and administrative functions. Succession planning and recruitment of qualified employees will be a key element for SWBNO to mitigate the pending retirements.

- Several departments are experiencing vacancies, including the Water Purification unit of the Operations Department, as well as the Facilities Maintenance and Networks Departments. SWBNO needs to address these vacancies as soon as possible to ensure effective operational and maintenance performance and administrative oversight.
- The SWBNO has a clear understanding of the existing conditions of the drainage water and sewage facilities, and is aware of the immediate needs within each division and area; however, funding is needed for the SWBNO to address these issues. Only water and sewer customer rates increases have been approved, and the SWBNO is currently prioritizing immediate needs such as filter rehabilitation at the Carrollton WWP.
- The SWBNO should initiate the filter rehabilitation program at the Carrollton WPP, as the filter system is in need of extensive repairs due to leaking pipes, broken valves, broken actuators, and filter media being at the end of its expected service life.
- The recycle basin pumps at the Carrollton WPP need to be replaced; however, replacement is hampered by limited funding.
- The potable water distribution network and the sanitary sewer collection system present the two biggest challenges, and are being addressed in a systematic manner with the aid of contractors to identify leaks within each system. Continuation of the water main replacement program and ESSA through FEMA will reduce the number of major leaks in the water and sewer systems, respectively.
- The SWBNO is servicing 100 percent of the population within the collection system. Most of the sewer pump stations on the East and West Banks have been repaired and are operational.
- The sewage plants are meeting permit except for two excursions in 2013. One excursion was attributed to a sampling error, and the other was due to a contractor issue. The SWBNO and the contract operator, Veolia, have addressed each issue.

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Water Department

ADHERENCE TO WATER REVENUE BOND RESOLUTION REQUIREMENTS

In 1998, the Sewerage and Water Board sold $16,000,000 of Water Revenue Bonds. The sale of these bonds, as well as the 2002 Series Water Revenue bonds, has obligated the Board to fulfill the covenants of the current bond resolutions. The covenants are designed to protect the interests of the bond holders. Particular covenants of the Board in the General Water Revenue Bond Resolution pertain to the power to issue bonds and the pledge of system revenues; the extension of payment of bonds; the establishment of rates and charges; the sale, lease, and encumbrance of the system; the operation, maintenance, and reconstruction of the system; insurance; the preparation of an annual operating budget; the preparation of the capital improvements budget; the maintenance of accounts and reports; further assurances; and the issuance of additional bonds. The Requirements of the 1998 General Water Revenue Bond Resolution and Supplemental Resolutions adopted on August 21, 2002, (hereafter collectively called the General Resolution) are discussed in this section. Water Department tables are included at the end of this section.

The Board was in compliance with the 1998 General Water Revenue Bond Resolution and subsequent amendments in 2013.

Powers as to Bonds and Pledge

The General Resolution gives the Board the power to issue bonds and to pledge the revenues according to the resolution. The Resolution state that "... the revenues and other monies, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon with respect thereto prior to, or of equal rank with, the pledge created by the resolution except to the extent expressly permitted hereby. The Board shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the revenue and other monies, securities and lands pledged under the resolution and all the rights of the bondholders under the resolution against all claims and demands of all persons whomsoever."

The Extension of Payment of Bonds

The Board is obligated not to extend the maturity of the bonds. The Board still has the right to issue refunding bonds because the issuance of refunding bonds shall not constitute an extension of maturity of the bonds.

The Establishment of Rates and Charges

The General Resolution obligates the Board to establish and maintain rates and charges at levels sufficient so that total revenues over and above the amount required for operation and maintenance of the system be at least one hundred thirty percent (130%) of the bond debt service requirement.

The Board must engage a Consulting Engineer to annually review the adequacy of the rates and charges to satisfy the requirements of the resolution for the next succeeding year.

In addition, "...the Board shall not... furnish or supply any facilities, services or commodities afforded by it in connection with the system free of charge (except as required by law). The Board will promptly enforce in the manner and to the extent provided by law the payment of any and all

delinquent accounts except when the Board determines that such enforcement is no longer practicable or economically justified."

The Sale, Lease, and Encumbrance of the System

The General Resolution requires that, with exceptions, "... no part of the System shall be sold, mortgaged, leased (with the Board as lessor) or otherwise disposed of or encumbered." However, the Board may sell, mortgage, or lease any property that has become worn out or that is not useful.

The Operation, Maintenance, and Reconstruction of the System

The Board is obligated to "... operate, or cause to be operated, the System properly and in a sound, efficient and economical manner and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved, and kept in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that the operation of the System may be properly and advantageously conducted ..." The Board must reconstruct damaged or destroyed parts of the system, except in those cases where the market value of that part of the system is more than $100,000 and a Consulting Engineer certifies that the abandonment is economically justified and is not prejudicial to the interest of the bond owners and that failure to reconstruct the part will not impair the Board's ability to comply with the requirements of the rates and charges covenant in the current or any future fiscal year. The Board is continuing to repair or replace facilities damaged in 2005 by Hurricane Katrina.

Insurance and Condemnation

The Board agrees to "... keep all property which is a part of the System and which is of an insurable nature and of the character usually insured by operating systems similar to the Board insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are customary. The Board will also at all times maintain insurance against loss or damage from such hazards and risks to the persons and property of others as are usually insured against by those operating systems similar to the Board."

The Board also agrees that all insurance proceeds shall be applied to the restoration of the lost or damaged facilities, unless the Board determines not to replace the facilities according to the previous covenant. Any excess proceeds not applied to the reconstruction of facilities or remaining after the work is complete shall be deposited into the Water System Account.

The Board may also elect to insure itself if it determines that any policies required are not reasonably obtainable or may not be obtained at a reasonable cost.

The Board carries fire and extended coverage insurance on buildings connected with the treatment and supplying of water, and the collection and treatment of sewage. In addition, the Board carries the generally accepted coverage for water and wastewater utilities. This coverage consists of personal liability and property damage liability coverage; forgery, money, and securities dishonesty and disappearance coverage; and employees' faithful performance bonds. The Board also carries coverage on vehicles and equipment used in the operation of the water, sewerage and drainage systems. A summary of the insurance program of the Board is shown in Table 1.

The Board is self-insured for worker's compensation and comprehensive general liability. In addition, the Board maintains a self-insurance program of hospitalization benefits. Anticipated expenditures are budgeted annually.

The Preparation of an Annual Operating Budget

The Board agrees to prepare and adopt an annual operating budget not less than one day prior to the beginning of each fiscal year. The Board may adopt an amended or supplemental budget from time to time but not more than once a month. The Board is required not to "... incur aggregate Operating Expenses in any Fiscal Year in excess of the aggregate amount of Operating Expenses shown in the Annual Budget as amended and supplemented for such Fiscal Year except in case of emergency or as required by law."

The Board agrees that the "... amounts expended by the Board in any Fiscal Year for Current Expenses shall not exceed the reasonable and necessary amounts thereof and such amounts so expended in any Fiscal Year from Revenues shall not exceed the amounts provided therefore in the Annual Budget for such Fiscal Year as amended and supplemented from time to time."

The Preparation of the Capital Improvement Budget

The Board is required to prepare a proposed program of Capital Improvements for the current and next two fiscal years prior to the beginning of each fiscal year. The program must identify the capital improvements to be carried out, the estimated costs of the improvements, the period of construction and a proposed budget for the capital improvements to be undertaken in the first fiscal year of the budget period. The capital improvements budget is to be prepared showing projected quarterly requirements and can be amended or supplemented from time to time, but not more than once a month for the fiscal year in progress.

Employment of Consulting Engineer

The General Resolution requires the Board to employ a Consulting Engineer no later than the last day of each third full fiscal year following the delivery of the initial bonds to report on the properties and operations of the System. However, any report prepared by the Consulting Engineers for the issuance of additional bonds within a three year period will satisfy this requirement.

The Maintenance of Accounts and Reports

The Board is required to "... maintain its books and accounts in accordance with generally accepted accounting principles and in accordance with such other principles of accounting as the Board shall deem appropriate."

The Board is also required to file with the Board of Liquidation, City Debt an annual report with financial statements audited by and containing the report of a nationally recognized independent public accountant. The auditor's report is to include a statement that during their examination, made in accordance with generally accepted auditing standards, nothing came to their attention that would lead them to believe that a default had occurred under the resolution, or to state the nature of the default.

The Board engaged the firms of Postlethwaite & Netterville and Bruno & Tervalon to comply with this covenant. Financial reports with the Accountants' Certificate have been furnished to the Board of

Liquidation, City Debt and have been reproduced for public distribution. The Government Finance Officers Association (GFOA) has awarded to the Board the "Certificate of Achievement for Excellence in Financial Reporting" for their annual financial reports for 28 years.

Issuance of Additional Bonds

Additional bonds may be issued, but only after certain conditions have been met. These conditions are described in the following paragraphs.

The Board must deliver to the Board of Liquidation, City Debt a certificate of an authorized officer stating that the Resolution has not been repealed, and a certified copy of every supplemental resolution previously adopted by the Sewerage and Water Board.

The Board must deliver to the Board of Liquidation, City Debt the documents and monies, if any, required by this resolution and any applicable supplemental resolution.

The Board must provide to the Board of Liquidation, City Debt a certificate of an authorized officer stating that as of the delivery of the additional bonds no event of default has occurred.

The Board of Liquidation, City Debt is required to have a certificate of an authorized officer stating that for the two full fiscal years prior to the year of issuance, the average net revenues were equal to at least (1) the amount required by Louisiana law, and (2) 110 percent of the average bond debt service requirement on all bonds outstanding plus the average bond debt service requirement on the additional bonds.

The Board must provide to the Board of Liquidation, City Debt a certificate of the Consulting Engineer stating that projected net revenues for each of the five fiscal years following issuance of the additional bonds will be at least 130 percent of the debt service reserve fund requirement.

2013 WATER DEPARTMENT OPERATIONS

Funds for the operation and maintenance of Water Department properties were derived from sales of water, delinquent fees, plumbing inspection and license fees, charges for disconnections and reconnections, and from interest earned on available funds. Analyses of the 2013 Water Department operations are discussed in the following paragraphs.

Water Use

According to statistics provided by the Board during 2013 55,901,910,000 gallons of water were pumped by the Water Department. Water sales accounts for 13,599,636,000 gallons and 745,453,200 gallons were metered to City departments without charge. Metered treatment plant process water totaled 593,075,100 gallons. The remaining 40,963,745,700 gallons resulted from unmetered uses, such as fire protection; flushing streets, sewers, drains, and gutters; and unaccounted for system losses.

Number of Customers

Table 2 presents a summary of the historical and projected average number of treated water customers for the period 2009 through 2018. Based on year-end billing summaries, the number of monthly billed customers during 2013 averaged 126,106 compared with 121,435 for 2012. It is

projected that the Board will average approximately 128,628 open accounts in 2014 and that the number of accounts will continue to grow at approximately 1.20 percent each year.

In addition to regular customers, water is sold to construction contractors and other customers on an irregular basis. The Board, by law, also provides water service free of charge to certain municipal and public connections including the Board itself. In 2013 there were 1,128 connections in this group, compared with 955 for 2012.

Billed Water Usage

Table 2 also presents a summary of historical and projected treated water sales. Based on year-end billing summaries, a total of 13,573 million gallons of water sales were billed on a monthly basis in 2013, compared with a total of 13,752 million gallons in 2012. Projected water sales assume a growth rate of approximately 1.20 percent per year.

Operating Revenues

The 2014 schedule of rates for retail treated water service is presented in Table 3 and reflects a 10 percent rate increase over 2013 rates. The rates consist of monthly service charges, which vary by meter size, plus a 4-step declining block volume charge, with the exception of the first block, which is a life-line related charge. Current rates for flat rate fire service are also shown in Table 3. Separate rate schedules, not shown, are used for billing water sold to construction projects and other purposes.

A summary of historical treated water billings and other Water Department revenue is presented in Table 4 for the period 2009 through 2013. The historical revenues shown in Table 4 were developed from detailed records provided by Board Staff. Operating revenues are derived from charges for sale of water and delinquent fees. Sales of water in 2013 were $63,248,555 which, when compared with $59,208,198 for 2012, shows an increase of approximately 6.8 percent. Delinquent fee revenues were $1,150,054 in 2013 which represent a 9.7 percent decrease over 2012 delinquent fees.

Non-Operating Revenues

Also shown in Table 4, non-operating revenue of the Water Department includes interest earned on invested funds, and other income from miscellaneous sources. During 2013, non-operating revenue included $82,893 of interest earned from the investment of available funds in the Water System Fund and the Water Revenue Bond Account and $5,776,393 from other sources.

In 2013, the Board received $1,981,568 in operating and maintenance grants from FEMA for operating expenses incurred from water repairs performed by Board crews. This revenue is included as Other Income in Table 4.

Operation and Maintenance Expenses

The Sewerage and Water Board uses a system of accounts for budget purposes which groups expenses by water system function. Under the present system of accounts, expenses are categorized under the general classifications of management and general, operations expenses, and other expenses. Management and general expenses include wages, materials and supplies, services, and other costs of the Executive Director, Deputy Director, Office of the Management Services Director, Personnel Administration, Finance Department, Information Systems, Purchasing Administration,

Customer Services Department, and Legal Department. Operations expenses encompass the costs of source of supply, treatment, and delivery of potable water. Other expenses include such items as general insurance, outside services employed, social security, pension and medical insurance contributions, and miscellaneous expenditures.

Table 5 presents a summary of historical expenses as recorded under the present system of accounts by the Sewerage and Water Board. Expenditures in 2013 increased about 2.6 percent from 2012 expenditures and decreased about 1.8 percent from 2011 expenditures. Historical operation and maintenance expenses shown in Table 5 do not include the non-cash portion of Provision for Claims as recorded in the Comprehensive Annual Financial Report. Estimates of future Water Department claims are included on Line 14 of Table 12.

Capital Budget and Expenditures

Capital expenditures of the Water Department include the cost of replacements and improvements to waterworks facilities, the water distribution system, and the Water Department pro rata share of power projects and general budget costs.

The Water Department's 2013 capital expenditures, exclusive of prorated interest expense, totaled $36,210,871. The Water Department's capital improvement expenditures for the year are shown in Table 6.

Summary of Operations

The following tabulation shows a summary of the receipts and expenditures of the Water Department during 2013:

Total Revenues [a]	$70,257,896
Operation and Maintenance Expense	63,378,612
Claims	791,721
Debt Service Payments	3,928,380
Revenue Primarily Available for Capital Expenditures [b]	$2,159,183

[a] Includes operating and maintenance grant of $1,981,568.
[b] Excludes depreciation.

PROPOSED CAPITAL IMPROVEMENT PROGRAM

Table 7 presents a summary of the projected major capital improvement program for the period 2014 through 2018. Table 7 is based on the Board's 2014 -2023 Capital Program. The five-year major capital improvement program costs are estimated to total $475,731,000. About 63 percent of this amount, or $300,582,000, is for recurring annual capital improvements, with the remaining $175,149,000 for major improvements. The proposed routine annual capital expenditures for water system improvements and extensions include $71,050,000 for the Water Department's share of power projects, and $62,544,000 for its share of general budget items.

ABILITY TO FINANCE PROPOSED CAPITAL EXPENDITURES

This section of the report analyzes the adequacy of projected revenues to finance the proposed capital improvements shown in Table 7.

Operating Revenues

Operating revenues of the Water Department consist of revenues from water sales. Projected operating revenues for the years 2014 through 2018 are shown in Table 8. These estimates reflect the rate schedule effective January 1, 2014 applied to the projected number of customers and water usage and are projected to increase, on average, about 1.4 percent per year throughout the study period due to growth in the customer base. Projected revenue from adopted revenue increases is also shown in Table 8.

Other Revenue Sources

Based upon past practices, the Water Department can expect to obtain revenues or funds from non-operating sources. These include interest earned on available funds, participation by others, house connection charges, fire connections, fire hydrant relocations, and various other income sources. Also, by Board policy, the Water Department receives one-half of the plumbing inspection and license fees currently projected at $343,900 per year.

Interest income from the investment of funds held for future use depends upon the level of water revenue available for investment and the amount of revenue accrued towards payment of future capital expenditures.

Projections of other revenue sources are presented in a subsequent table, which summarizes the Department's financial position during the financing of projected operating and capital requirements.

Operation and Maintenance Expenses

A summary of projected operation and maintenance expense for the period 2014 through 2018 is shown in Table 9. Expenses are categorized by system function as now reflected in the accounting system of the Sewerage and Water Board. Estimates of future expenses are based on anticipated future operating conditions and allowances for inflationary factors.

Projected expenses shown for 2014 reflect the Board's adopted 2014 operating budget. Based on historical trends and conversations with utility staff, all costs are projected to increase 3.0 percent per year from the Board's recommended budget for 2014.

Debt Service Requirements

Future debt service requirements of the Water Department are made up of principal, interest, and reserve fund payments for currently outstanding and future water revenue bond issues. As of December 31, 2013, outstanding debt obligations consisted of $5,570,000 Water Revenue Bonds, Series 1998 and $22,085,000 Water Revenue Bonds Series 2002 for a total of $27,655,000. In February 2010, the Department of Health and Hospitals (DHH) committed a loan to the Board up to $3,400,000 with a $1,000,000 principal forgiveness. A total of $3,185,740 has been drawn from the loan fund and as of December 31, 2013, $2,185,875 has been repaid, $1,000,000 has been forgiven, and the remaining amount outstanding is $3,865.

To adequately fund the proposed capital improvements, additional revenue bonds are indicated as shown in Table 10. In July of 2014 the Board issued Water Revenue and Refunding Bonds, Series 2014 in the amount of $103,525,000. Approximately 74 percent of the proceeds are anticipated to provide new money to help fund planned major capital program needs, with the balance to be used to

refund outstanding Series 1998 and Series 2002 bonds. The debt service for the existing bonds shown in Table 10 reflects the refunding. The debt service on the 2014 bonds reflects an average annual interest rate of 5.0 percent for a term of 30 years and 2 years of capitalized interest. Projected bonds that are shown in Table 10 for 2015 through 2018 are assumed to be sold at an average annual interest rate of 6.0 percent for a term of 25 years with 2 years of capitalized interest.

The Water Department has borrowed from the City of New Orleans Department of Public Works (DPW) and from the Drainage Department. It is anticipated that these funds will be reimbursed during the study period.

Adequacy of Revenues to Finance Proposed Capital Improvements

Total revenue requirements for the Water Department recognized for purposes of this report include operation and maintenance expense, allowance for claims, debt service costs on major capital improvements financed through the sale of bonds, and expenditures for capital improvements not financed from bond proceeds. Table 11 examines the financing of the major capital improvement program and Table 12 summarizes the financing of operation and maintenance expense, debt service costs on outstanding and proposed bonds, and the transfer of operating funds for major capital improvement financing.

Capital Projects Funding

Table 11 presents the major capital improvement financing plan which summarizes the projected source and application of funds over the five-year study period. The amount of Funds Available at Beginning of Year, shown on Line 1, is $21,674,900. This amount is based on audited data provided by the Board.

Projected revenue bond proceeds are shown on Line 2. The amounts and years of issue are developed considering capital program needs, current policies, other sources of major capital improvement financing, and the debt service coverage requirements of the bond covenants regarding the issuance of parity revenue bonds. A portion of the Series 2014 bonds will be used to refund outstanding senior lien revenue bonds, with the balance to be used to help fund planned major capital program needs.

Financing of the major capital improvement program anticipates the transfer of a total of $48,000,000 of operating revenue as shown on Line 3. Other sources of funds available to meet major capital improvement expenditures are Participation by Others and interest income. Participation by Others, as shown on Line 4 includes anticipated funding by the U.S. Army Corps of Engineers (COE) and FEMA. Interest earnings recognize an assumed 1.0 percent average annual interest rate and are shown on Line 8. Lines 5 through 7 reflect additional sources of revenue related to the Series 2014 Bonds which include the original issue premium on the bonds and the release of the debt service reserve and debt service sinking fund for the defeased debt. Line 9 of the table shows the projected major capital improvement funds available each year.

As of December 31, 2013, the Board had $3,879,500 obligated for open contracts and capital jobs as shown on Line 10 of Table 11. Lines 11 and 12 show the projected Reinvestment in Assets and Major Capital Additions to be funded as shown in Table 7. The Board has recognized that the adopted five-year capital improvement program has a significant amount of expense in the first three years and therefore, in an effort to more evenly spread the costs throughout the period, identified projects that could be deferred from 2015 and 2016 until later years. This deferral is shown on Line 13 and

assumes 3 percent inflation each year the projects are deferred. Estimated issuance costs and capitalized interest related to the proposed bond issue amounts are shown on Lines 14 and 15.

Line 16 shows the required deposits into the Revenue Bond Reserve Fund associated with proposed bond issues. The debt service reserve on proposed debt is a three-prong test estimated as the lessor of (i) 10 percent of the original principal amount, (ii) the maximum annual debt service, or (iii) 125 percent of the average annual debt service.

Line 17 reflects the refunding of the Series 1998 and Series 2002 debt from the proceeds of the Series 2014 bonds. The Total Application of Funds is shown on Line 17 of Table 11. The net End of Year Balance is shown on Line 18.

Operating Fund

Line 1 of Table 12 shows projected Revenue from Charges under 2014 rates as previously presented in Table 8. In 2012, the New Orleans City Council approved eight consecutive annual 10 percent water rate increases beginning January 1, 2013. Revenue from these future annual revenue increases of 10 percent effective January 1, 2015 through January 1, 2018 is shown on Line 2.

Other revenue available for system operations is shown on Lines 4 through 9. Interest Income available to the operating fund, shown on Line 4, is estimated to be 1.0 percent of the average of the beginning and end of year Net Annual Balance, except as the average is affected by identifiable nonrecurring major receipts, transfers, or expenditures during the year. Revenue from Plumbing Inspection and License Fees and Other Miscellaneous Revenue are shown on Lines 5 and 6 of Table 12. The Board began conducting field account reviews in 2012 to determine whether meters are working accurately and bills are being computed correctly. Revenue from these reviews is shown on Line 7 and projected to be 1 percent of Total Service Charge Revenue on Line 3. The Board currently provides water service free of charge to the New Orleans School District; however, due to the amount of lost revenue from this source, the Board is considering eliminating free water for the School District for water service. It is anticipated that a resolution will be passed this year reflecting this change to become effective January 1, 2015. Projected revenue from this source is shown on Line 8.

Interest from the Bond Reserve Fund, shown on Line 9, is estimated to be 1.0 percent. Total Operating Revenue is shown on Line 10.

Operation and Maintenance expense, previously projected in Table 9, is shown on Line 11 of Table 12. Based on the *Financial Plan and Rate Study 2011-2020* report, additional operating costs required to achieve desired benchmarking levels is shown on Line 12 and projected operating cost savings due to efficiencies resulting from achieving these benchmarks are shown on Line 13. Line 14 shows the estimated allowance for claims. Bad debt expense is assumed to be 2 percent of projected revenue and is shown on Line 15. Projected Net Operating Revenue from system operations is shown on Line 16.

Lines 17 through 19 present debt service requirements on currently outstanding and proposed senior revenue bonds. Existing debt includes the Series 1998 and Series 2002 bonds which were refunded with the Series 2014 bonds that were issued in July. The amount shown on Line 17 reflects the projected principal and interest due on the existing debt prior to the refunding. Line 18 reflects projected principal and interest payments on the Series 2014 revenue bonds as well as additional

revenue bond debt financing of $47,000,000 in 2015, $45,000,000 in 2016, $39,000,000 in 2017, and $42,000,000 in 2018. This debt is assumed to be 25 year, 6.0 percent fixed interest rate bonds issued in July, with 2 years of capitalized interest and equal annual payments of principal and interest.

Subordinate revenue bonds are shown on Line 20 of Table 12 and reflect the final payment on the loan provided by the Louisiana Department of Health and Hospitals in 2010 to fund the installation of a new sodium hypochlorite storage feed facility.

In July of 2006 the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana to secure proceeds from the State's Gulf Opportunity Tax Credit Bond Loan Program to assist in payment of debt service requirements from 2006 through 2008. The Board has borrowed $77,465,247 on this agreement. No principal or interest was payable during the initial five-year period of the loan, but after that period, the loan began to bear an interest rate of 4.64 percent. Payments for the water portion of principal and interest began in July 2012 and are shown on Line 21 of Table 12.

Line 23 reflects the projected transfer of accumulated net earnings from system operations to assist in major capital financing. Typically, such accumulated net earnings may be used to help recover portions of the annual costs of system operations or to assist in major capital improvement financing. Line 24 reflects repayment to the Department of Public Works and the Drainage Department as well as claimants.

The general bond resolution for the Series 2014 bonds sets forth the requirement to maintain an operating reserve equal to 90 days of the previous year's operation and maintenance expense. Line 25 indicates the amount available to fund the operating reserve in 2014 followed by projected annual transfers to meet this requirement throughout the study period. It is anticipated that the balance in the reserve in 2014 will equal approximately 83 days of 2013 operation and maintenance expense. The general bond resolution also sets forth the option to maintain a rate stabilization fund. The amount to be transferred to this fund, as well as the timing, is determined by the Executive Director. There are no transfers currently anticipated during the study period as shown on Line 26 of Table 12.

Line 27 indicates the estimated Net Annual Balance from operations remaining at the end of each year.

The balance of operating funds available at the beginning of the year 2014, shown on Line 28, is comprised of the current cash assets and reflects a negative balance of $16,029,700. The End of Year Balance, which is exclusive of the operating reserve fund and rate stabilization fund, is shown on 29.

As demonstrated in Tables 11 and 12, it is anticipated that current revenue sources will be adequate to readily finance both projected capital program requirements and estimated future operation expenses of the Water Department during the 2014-2018 study period examined herein assuming that a portion of the adopted capital costs in the early years are deferred to later years within the five-year period.

Bond Coverage Requirements

An additional consideration in measuring the adequacy of revenues is the provision of sufficient debt service coverage to meet the bond covenant requirements for the issuance of parity revenue bonds.

With the defeasement of the Series 1998 and Series 2002 bonds, the 1998 General Water Bond Resolution is no longer applicable and in its place is the 2014 General Water Service Revenue Bond Resolution. The resolution provides that rates shall be maintained at levels which are expected to yield net revenues (as defined in the resolution) equal to at least 125 percent of the annual principal and interest requirement for senior debt and 110 percent for senior and subordinate debt in each fiscal year. In addition, net revenue excluding transfers from the rate stabilization fund and the proceeds of grants shall be equal to at least 100 percent of the annual principal and interest requirement for senior and subordinate debt in each fiscal year.

The calculation of net revenue is shown on Lines 1 through 14 of Table 13. The ability of the Water Department revenues to meet revenue bond coverage requirements is shown on Lines 15 through 24. The Adjusted Rate Covenant Coverage test reflects the exclusion of transfers from the rate stabilization fund and grant proceeds. As shown on Lines 17, 19, 20, and 24, the indicated projected revenue and revenue increases will provide sufficient net revenue to meet coverage requirements during the study period.

The General Water Bond Resolution further prescribes that additional parity revenue bonds may be issued if net revenue from a previous test year (any 12 consecutive months of the last 24 months) is equal to at least 125 percent of the maximum annual principal and interest requirement for senior debt and 110 percent for senior and subordinate debt. For purposes of the additional bonds test, net revenue may be adjusted to reflect any increases not in effect during the selected test year but have been approved by the Board, Board of Liquidation and City Council and will go into effect within the following five years.

The results of the additional bonds test are shown on Lines 25 through 31 of Table 13. Lines 29 and 31 of the table indicate that with the magnitude of the adopted annual revenue increases, required minimum levels of coverage are met in each year with indicated coverage levels ranging from 230 percent to 583 percent.

Table 1

Insurance in Force as of December 31, 2013

Coverage	Kind and / or Location	Amount of Coverage	Policy Period	
			From	To
		$		
Lexington Insurance Company	Fleet Physical Damage	$18,942,139 ($250,000 Deductible)	03/20/14	03/20/15
Zurich	Commercial Crime		05/01/11	05/01/14
Westport, Westchester	Property - Building, Contents, Mobile Equipment, Boiler/Machinery/ Gross Earnings/Extra Expense	$100,000,000 Building and Contents $6,568,829 Mobile Equipment, $25,000 Boiler/Machinery, $9,000,000 Gross Earnings/Extra Expense ($1,000,000 Deductible)	05/20/13	05/20/2014
Travelers/RSUI	Automobile Liability	Limit: $6,000,000 ($350,000 Deductible) ($200,000 Deductible)	06/20/13	06/20/14
Travelers	Fiduciary Liability		08/01/13	08/01/14
Wright Flood	Flood	$1,000,000,000	08/01/2013	08/01/2014
National Union	Public Officials/ Employees Liability Insurance	$10,000,000 ($250,000 Deductible)	11/20/13	11/20/14

Table 2

Water Department
Historical and Projected Sales and Average Number of Customers (a)

Customer Class	Historical					Projected				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single Family Residential (b)										
Customers	94,547	100,798	102,979	105,537	109,836	112,032	114,273	116,558	118,889	121,267
Sales (1,000,000 gal.)	6,196	6,276	6,592	6,461	6,475	6,605	6,737	6,872	7,009	7,149
Sales Per Customer (1,000 gal.)	66	62	64	61	59	59	59	59	59	59
Multi-family Residential										
Customers	4,267	4,416	4,439	4,467	4,549	4,640	4,640	4,640	4,640	4,640
Sales (1,000,000 gal.)	832	810	788	767	731	746	746	746	746	746
Sales Per Customer (1,000 gal.)	195	183	177	172	161	161	161	161	161	161
Commercial										
Customers	9,558	9,872	9,918	9,969	10,193	10,397	10,397	10,397	10,397	10,397
Sales (1,000,000 gal.)	3,570	3,682	3,683	3,694	3,681	3,754	3,754	3,754	3,754	3,754
Sales Per Customer (1,000 gal.)	374	373	371	371	361	361	361	361	361	361
Industrial										
Customers	21	20	17	19	20	20	20	20	20	20
Sales (1,000,000 gal.)	80	53	42	44	46	47	47	47	47	47
Sales Per Customer (1,000 gal.)	3,771	2,674	2,407	2,343	2,324	2,325	2,325	2,325	2,325	2,325
Dual Service & Metered Fire Service (c)										
Customers	1,247	1,321	1,392	1,443	1,509	1,539	1,570	1,601	1,633	1,666
Sales (1,000,000 gal.)	2,630	2,832	2,821	2,786	2,640	2,693	2,747	2,801	2,857	2,915
Sales Per Customer (1,000 gal.)	2,109	2,144	2,027	1,931	1,750	1,750	1,750	1,750	1,750	1,750
Total										
Customers	109,640	116,426	118,745	121,435	126,106	128,628	130,900	133,216	135,579	137,990
Sales (1,000,000 gal.)	13,309	13,653	13,925	13,752	13,573	13,844	14,030	14,219	14,413	14,611

(a) Excludes customers receiving free service.
(b) Includes duplex.
(c) Does not include flat rate fire protection customers.

Table 3

Water Department
Existing Water Rates
(Effective January 1, 2014)

Rate Components		General Service	Dual Service (a)
		$	$
Monthly Water Service Charge			
Meter Size / Inches			
5/8		4.91	6.66
3/4		6.00	8.11
1		7.62	10.65
1-1/2		12.58	16.58
2		16.58	23.72
3		37.51	52.64
4		65.34	91.96
6		128.26	179.08
8		189.97	266.20
10		257.73	360.58
12		302.50	423.50
16		402.93	563.86
Monthly Water Quantity Charge - per 1,000 Gallons			
First	3,000 gallons	3.26	3.26
Next	17,000 gallons	5.57	5.57
Next	980,000 gallons	4.38	4.38
Over	1,000,000 gallons	3.67	3.67
Flat Rate Fire Service			
Meter Size / Inches			
2		11.13	
3		15.13	
4		27.83	
6		48.40	
8		64.13	
10		101.64	
12		131.89	
16		181.50	

(a) Includes Dual Service and all metered fire services.

Table 4

Water Department
Statement of Historical Revenue

Revenue Source	2009	2010	2011	2012	2013
	$	$	$	$	$
Operating Revenue					
Sales of Water	49,689,747	54,013,282	58,804,719	59,208,198	63,248,555
Delinquent Fee	987,307	1,066,491	1,085,593	1,048,107	1,150,054
Total Operating Revenue	50,677,054	55,079,773	59,890,312	60,256,305	64,398,610
Nonoperating Revenue					
Interest Earned	84,560	32,383	44,752	92,849	82,893
Plumbing Inspection and License Fees	242,224	373,213	379,036	343,903	321,518
Revenue Sharing	165,098	148,528	140,655	123,885	219,877
Other Income (a)	18,382,186	9,497,548	15,944,157	10,851,066	5,234,998
Total Nonoperating Revenue	18,874,068	10,051,672	16,508,600	11,411,703	5,859,286
Total Revenue	69,551,122	65,131,445	76,398,912	71,668,008	70,257,896

(a) Includes 16,600,790 in operating and maintenance grants in 2009, $6,251,855 in 2010, $11,514,936 in 2011, $7,617,063 in 2012, and $1,981,568 in 2013.

Table 5

Water Department
Historical Operation and Maintenance Expenses (a)

Department	2009	2010	2011	2012	2013
	$	$	$	$	$
Management and General Expenses					
Administrative	(1,754,217)	4,063,842	4,432,935	3,086,750	3,030,392
Management Services Director	24,121	23,226	23,619	24,351	26,912
Building and Grounds and Support Services	1,095,617	1,035,972	1,146,187	1,145,004	1,243,462
Personnel Administration	261,102	284,354	276,123	349,217	313,814
Finance Administration	713,007	785,102	847,924	829,391	778,042
Information Systems	1,487,421	1,421,701	1,491,718	1,429,881	1,412,490
Revenue and Customer Service	3,774,758	4,072,735	3,990,470	4,028,447	4,127,219
Purchasing	206,955	225,852	212,508	204,325	208,849
Total Management and General	5,808,764	11,912,784	12,421,483	11,097,366	11,141,180
Operations Expenses					
General Superintendent	148,527	178,217	172,673	182,266	197,524
Chief of Operations	75,851	67,543	68,776	137,430	62,056
Water Pumping and Power	14,393,332	11,142,039	12,092,473	11,422,585	14,464,899
Central Control	619,641	670,229	651,457	673,444	650,391
Water Purification	9,566,964	9,955,835	9,192,313	10,386,299	10,107,199
Chief of Facilities Maintenance	94,029	92,316	130,206	252,134	128,281
Facilities Maintenance	3,086,098	2,904,614	2,997,107	3,234,867	3,630,021
Central Yard	1,617,507	1,789,058	1,935,170	2,234,033	2,188,673
Office of Chief of Networks	143,700	142,919	255,061	179,573	191,238
Networks	11,091,848	8,586,257	19,866,368	18,062,377	15,374,918
Engineering	1,038,809	1,014,126	1,080,169	1,105,298	1,444,644
Plumbing	477,796	469,925	450,070	523,151	542,937
Total Operations	42,354,102	37,013,077	48,891,843	48,393,458	48,982,782
Other Expenses					
Special Accounts	1,081,741	932,188	897,154	926,912	1,122,683
Payroll Related Expenses	5,725,534	5,548,877	5,759,876	4,984,381	5,876,697
Overhead Allocation	(3,080,380)	(3,058,748)	(3,413,817)	(3,640,334)	(3,744,731)
Total Other	3,726,895	3,422,317	3,243,212	2,270,958	3,254,649
Total Operation and Maintenance (b)	51,889,761	52,348,178	64,556,538	61,761,783	63,378,612

(a) Historical operation and maintenance expenses do not include the non-cash portion of provision for claims as recorded in the Comprehensive Annual Financial Report. Estimates of future Water Department claims payable are

(b) Source: Expenditure Analysis by Group Report.

Table 6

Water Department
Capital Expenditures (a)
2013

C.P. #	Project	Actual Expenditures
		$
	Waterworks	
110	Normal Extensions & Replacements	1,754,050
156	Advanced Water Treatment	76,031
175	Water Hurricane Recovery Bonds	25,876,082
	Total Waterworks	27,706,162
	Water Distribution	
214	Normal Extensions & Replacements	1,137,597
215	Rehabilitation - Mains, Hydrants & Services	1,008
216	Water Systems Replacement Program	414,353
239	Mains DPW Contracts	64,585
	Total Water Distribution	1,617,543
	Power Projects and General Budget	
600	Water Share of Power Projects	2,061,555
800	Water Share of General Budget Items	4,825,611
	Total Power Projects and General Budget	6,887,166
	Total Water Department	36,210,871

(a) Expenditures do not include proration of interest expense.

Table 7

Water Department
Projected Capital Improvements (a)

C.P. #	Project	2014	2015	2016	2017	2018	Total
		$	$	$	$	$	$
	Reinvestment in Assets						
110	Normal Extension & Replacement	21,463,000	32,830,000	24,820,000	18,345,000	14,645,000	112,103,000
112	Modification to Oak St. Raw Water Intake Station	0	500,000	0	0	0	500,000
122	Sycamore and Claiborne Filter Rehabilitation	6,100,000	2,800,000	7,950,000	5,000,000	0	21,850,000
214	Normal Extensions & Replacements	1,430,000	1,430,000	1,450,000	1,450,000	1,475,000	7,235,000
216	Water System Replacement Program	1,800,000	1,000,000	1,000,000	1,000,000	1,000,000	5,800,000
239	Mains In Streets Department Contracts	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	16,000,000
600	Water Share of Power Projects	69,930,000	280,000	280,000	280,000	280,000	71,050,000
701	Water Reserve for Emergencies	700,000	700,000	700,000	700,000	700,000	3,500,000
800	Water Share of General Budget Items	16,908,000	11,009,000	12,715,000	10,390,000	11,522,000	62,544,000
	Total Routine Capital Improvements	121,531,000	53,749,000	52,115,000	40,365,000	32,822,000	300,582,000
	Major Capital Improvements						
135	Improvements to Chemical System	250,000	3,000,000	100,000	0	0	3,350,000
156	Advanced Carrollton Water Treatment	360,000	12,620,000	9,620,000	12,000	60,000	22,672,000
157	Advanced Algiers Water Treatment	1,900,000	2,700,000	6,750,000	0	0	11,350,000
159	Water Plant Security Improvements	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
175	Water Hurricane Recovery Bonds	64,777,000	15,000,000	15,000,000	15,000,000	15,000,000	124,777,000
221	Feeder Main Extension, General	600,000	600,000	600,000	600,000	600,000	3,000,000
	Total Major Capital Improvements	69,887,000	35,920,000	34,070,000	17,612,000	17,660,000	175,149,000
	Total Water Department Improvements	191,418,000	89,669,000	86,185,000	57,977,000	50,482,000	475,731,000

(a) The improvements for 2014-2018 are based on the 2014-2023 Capital Program approved December 18, 2013.

Table 8

Water Department
Projected Operating Revenue

Year	(1) Revenue From Charges	(2) Additional Revenue (a)	(3) Total Service Charge Revenue
	$	$	$
2014	72,722,400	0	72,722,400
2015	73,707,200	7,343,300	81,050,500
2016	74,705,700	15,580,000	90,285,700
2017	75,727,700	24,812,900	100,540,600
2018	76,773,600	35,220,900	111,994,500

(a) Reflects additional revenue from adopted revenue inc

Table 9

Water Department
Projected Operation and Maintenance Expenses

Department	2014 (a)	2015	2016	2017	2018
	$	$	$	$	$
Management and General Expenses					
Administrative	2,918,800	3,006,400	3,096,600	3,189,500	3,285,200
Management Services Director	26,700	27,500	28,300	29,100	30,000
Building and Grounds and Support Services	1,147,200	1,181,700	1,217,100	1,253,600	1,291,200
Personnel Administration	441,900	455,200	468,800	482,900	497,400
Finance Administration	1,115,700	1,149,200	1,183,700	1,219,200	1,255,800
Information Systems	2,029,000	2,089,900	2,152,600	2,217,200	2,283,700
Revenue and Customer Service	4,352,700	4,483,300	4,617,800	4,756,300	4,899,000
Purchasing	294,800	303,600	312,800	322,100	331,800
Total Management and General	12,326,800	12,696,800	13,077,700	13,469,900	13,874,100
Operations Expenses					
General Superintendent	254,500	262,100	270,000	278,100	286,400
Chief of Operations	73,300	75,400	77,700	80,000	82,400
Water Pumping and Power	10,802,000	11,126,100	11,459,900	11,803,700	12,157,800
Central Control	284,200	292,800	301,600	310,600	319,900
Water Purification	11,220,200	11,556,800	11,903,500	12,260,600	12,628,500
Chief of Facilities Maintenance	139,900	144,100	148,400	152,800	157,400
Facilities Maintenance	4,394,200	4,526,100	4,661,900	4,801,700	4,945,800
Central Yard	2,379,400	2,450,800	2,524,300	2,600,100	2,678,100
Office of Chief of Networks	311,800	321,100	330,700	340,700	350,900
Networks	20,778,000	21,401,300	22,043,400	22,704,700	23,385,800
Engineering	1,621,100	1,669,700	1,719,800	1,771,400	1,824,500
Plumbing	665,500	685,500	706,000	727,200	749,000
Total Operations	52,924,100	54,511,800	56,147,200	57,831,600	59,566,500
Other Expenses					
Special Accounts	1,944,500	2,002,800	2,062,900	2,124,800	2,188,500
Payroll Related Expenses	3,838,300	3,953,400	4,072,000	4,194,200	4,320,000
Overhead Allocation	(3,471,000)	(3,575,100)	(3,682,400)	(3,792,900)	(3,906,600)
Total Other	2,311,800	2,381,100	2,452,500	2,526,100	2,601,900
Total Operation and Maintenance	67,562,700	69,589,700	71,677,400	73,827,600	76,042,500

(a) Represents the adopted operating budget as of December 18, 2013.

Table 10

Water Department
Debt Service Requirements

Debt Issue		2014	2015	2016	2017	2018
		$	$	$	$	$
Existing Bonds						
Series 1998		154,300	0	0	0	0
Series 2002		644,100	0	0	0	0
Series 2010 LADHH		3,900	0	0	0	0
Total Existing Debt Service		802,300	0	0	0	0
Projected Bonds						
	Amount of Issue					
	$					
2014	103,525,000	2,142,400	3,500,000	5,501,300	7,700,000	7,693,000
2015	47,000,000		0	0	2,058,950	4,117,900
2016	45,000,000			0	0	1,971,300
2017	39,000,000				0	0
2018	42,000,000					0
Total Projected Debt Service		2,142,400	3,500,000	5,501,300	9,758,950	13,782,200
Total Debt Service		2,944,700	3,500,000	5,501,300	9,758,950	13,782,200

Table 11

Water Department
Capital Improvement Program Financing

Line No.	Description	Fiscal Year Ending December 31, 2014	2015	2016	2017	2018	Total
		$	$	$	$	$	$
1	Funds Available at Beginning of Year	21,674,900	42,102,100	17,189,700	7,791,600	2,510,100	21,674,900
2	Revenue Bond Proceeds (a)	103,525,000	47,000,000	45,000,000	39,000,000	42,000,000	276,525,000
3	Operation Fund Transfers	0	2,000,000	10,500,000	15,500,000	20,000,000	48,000,000
4	Participation By Others	138,178,000	18,982,900	19,573,600	20,160,800	20,793,800	217,689,100
5	Net Original Issue Premium	7,699,200	0	0	0	0	7,699,200
6	Debt Service Reserve Fund Release	2,477,100	0	0	0	0	2,477,100
7	Transfer from Sinking Fund for Prior Bonds	1,599,100	0	0	0	0	1,599,100
8	Interest Income	546,700	410,500	286,300	258,500	274,100	1,776,100
9	Total Funds Available	275,700,000	110,495,500	92,549,600	82,710,900	85,578,000	577,440,500
10	Obligated Contracts & Capital Jobs	(3,879,500)	0	0	0	0	(3,879,500)
11	Reinvestment in Assets	(121,531,000)	(55,361,500)	(55,288,800)	(44,107,900)	(36,941,500)	(313,230,700)
12	Major Capital Additions	(69,887,000)	(36,997,600)	(36,144,900)	(19,245,100)	(19,876,500)	(182,151,100)
13	Deferred Capital Improvements	0	9,516,200	16,693,300	(8,165,900)	(19,125,800)	(1,082,200)
14	Bond Issuance Expense (b)	(1,040,100)	(705,000)	(675,000)	(585,000)	(630,000)	(3,635,100)
15	Capitalized Interest Requirement	(1,676,300)	(5,640,000)	(5,400,000)	(4,680,000)	(5,040,000)	(22,436,300)
16	Revenue Bond Reserve Fund	(7,700,000)	(4,117,900)	(3,942,600)	(3,416,900)	(3,679,800)	(22,857,200)
17	Refunding Escrow Deposits	(27,884,000)	0	0	0	0	(27,884,000)
18	Total Application of Funds	(233,597,900)	(93,305,800)	(84,758,000)	(80,200,800)	(85,293,600)	(577,156,100)
19	End of Year Balance	42,102,100	17,189,700	7,791,600	2,510,100	284,400	284,400

(a) 2014 Bond Proceeds includes the use of Debt Service Funds for refunded bond issues.
(b) 2014 Issuance Expense includes Underwriter's Discount.

Table 12

Water Department
Analysis of Ability of Forecasted Revenue to Finance Projected Revenue Requirements

Line No.	Description	Fiscal Year Ending December 31, 2014	2015	2016	2017	2018
		$	$	$	$	$
1	Revenue from Charges	72,722,400	73,707,200	74,705,700	75,727,700	76,773,600
2	Total Additional Revenue (a)	0	7,343,300	15,580,000	24,812,900	35,220,900
3	Total Service Charge Revenue	72,722,400	81,050,500	90,285,700	100,540,600	111,994,500
4	Interest Income	210,400	72,600	66,100	67,700	70,500
5	Plumbing Insp. & License Fees	343,900	343,900	343,900	343,900	343,900
6	Other Miscellaneous Income	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
7	Revenue from Internal field Review (b)	727,200	810,500	902,900	1,005,400	1,119,900
8	Sale of Water to School District	0	968,000	1,064,800	1,171,300	1,288,400
9	Interest from Bond Reserve Fund	92,000	126,000	167,000	204,000	238,000
10	Total Operating Revenue	75,595,900	84,871,500	94,330,400	104,832,900	116,555,200
11	Operation & Maintenance	(67,562,700)	(69,589,700)	(71,677,400)	(73,827,600)	(76,042,500)
12	Additional Operating & Maintenance	0	(687,800)	(1,375,500)	(2,063,300)	(2,751,000)
13	Operating & Maintenance Savings	0	401,600	461,700	524,900	554,900
14	Provision for Claims	(738,300)	(760,500)	(783,300)	(806,800)	(831,000)
15	Provision for Doubtful Accounts	(1,454,400)	(1,474,100)	(1,494,100)	(1,514,600)	(1,535,500)
16	Net Operating Revenue	5,840,500	12,761,000	19,461,800	27,145,500	35,950,100
	Debt Service					
	Senior Lien Revenue Bonds					
17	Existing	(798,500)	0	0	0	0
18	Projected	(2,142,400)	(3,500,000)	(5,501,300)	(9,759,000)	(13,782,200)
19	Total Senior Lien Revenue Bonds	(2,940,900)	(3,500,000)	(5,501,300)	(9,759,000)	(13,782,200)
	Subordinate Revenue Bonds					
20	Existing	(3,900)	0	0	0	0
21	Gulf Opportunity Zone Act Loan	(639,900)	(639,900)	(639,900)	(639,900)	(639,900)
22	Total Debt Service	(3,584,700)	(4,139,900)	(6,141,200)	(10,398,900)	(14,422,100)
23	Transfer to Construction	0	(2,000,000)	(10,500,000)	(15,500,000)	(20,000,000)
24	Due from/(to) Other Departments	(3,891,044)	(3,891,044)	(2,186,000)	(436,000)	(436,000)
25	Transfer to Operating Reserve Fund	(14,327,600)	(2,331,700)	(570,400)	(669,500)	(684,200)
26	Transfer from/(to) Rate Stabilization Fund	0	0	0	0	0
27	Net Annual Balance	(15,962,844)	398,356	64,200	141,100	407,800
28	Beginning of Year Cash Balance	16,029,700	66,856	465,212	529,412	670,512
29	End of Year Balance	66,856	465,212	529,412	670,512	1,078,312

(a) Reflects revenue from an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

(b) Estimated as 1% of Total Service Charge Revenue.

Table 13

Water Department
Coverage Requirements

Line No.	Coverage Requirements	2013	2014	2015	2016	2017	2018
		$	$	$	$	$	$
	Projected Net Revenues						
1	Revenue Under Existing Rates	64,398,600	72,722,400	73,707,200	74,705,700	75,727,700	76,773,600
2	Additional Revenue Under Proposed Rates		0	7,343,300	15,580,000	24,812,900	35,220,900
3	Interest Income	82,900	849,100	609,100	519,400	530,200	573,000
4	Plumbing and Inspection Fees	321,500	343,900	343,900	343,900	343,900	343,900
5	Revenue Sharing	219,900					
6	Other Miscellaneous Revenue	3,253,400	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
7	Revenue from Internal field Review		727,200	810,500	902,900	1,005,400	1,119,900
8	Sale of Water to School District		0	968,000	1,064,800	1,171,300	1,288,400
9	Operation & Maintenance Grants	1,981,600	0	0	0	0	0
10	Transfer from Rate Stabilization Fund		0	0	0	0	0
11	Operation & Maintenance	(63,378,600)	(67,562,700)	(69,875,900)	(72,591,200)	(75,366,000)	(78,238,600)
12	Claims	(226,400)	(738,300)	(760,500)	(783,300)	(806,800)	(831,000)
13	Provision for Doubtful Accounts	(1,072,600)	(1,454,400)	(1,474,100)	(1,494,100)	(1,514,600)	(1,535,500)
14	Net Revenue	5,580,300	6,387,200	13,171,500	19,748,100	27,404,000	36,214,600
	Rate Covenant Coverage						
15	Projected Net Revenues		6,387,200	13,171,500	19,748,100	27,404,000	36,214,600
	Annual Debt Service						
16	Senior Debt		2,940,900	3,500,000	5,501,300	9,759,000	13,782,200
17	Coverage (a)		217%	376%	359%	281%	263%
18	All Debt		3,584,700	4,139,900	6,141,200	10,398,900	14,422,100
19	Coverage (b)		178%	318%	322%	264%	251%
	Adjusted Rate Covenant Coverage						
20	Projected Net Revenues (c)		6,387,200	13,171,500	19,748,100	27,404,000	36,214,600
	Annual Debt Service						
21	Senior Debt		2,940,900	3,500,000	5,501,300	9,759,000	13,782,200
22	Coverage (d)		217%	376%	359%	281%	263%
23	All Debt		3,584,700	4,139,900	6,141,200	10,398,900	14,422,100
24	Coverage (d)		178%	318%	322%	264%	251%
	Additional Bond Coverage						
25	Preceding Year Projected Net Revenues		5,580,300	6,387,200	13,171,500	19,748,100	27,404,000
26	Future Additional Revenue (e)		39,316,000	44,397,800	44,999,000	34,670,900	25,065,900
27	Adjusted Projected Net Revenues		44,896,300	50,785,000	58,170,500	54,419,000	52,469,900
	Maximum Debt Service						
28	Senior Debt		7,700,000	11,817,900	15,760,500	19,167,400	22,665,500
29	Coverage (a)		583%	430%	369%	284%	231%
30	All Debt		7,700,000	11,817,900	15,760,500	19,167,400	22,665,500
31	Coverage (b)		583%	430%	369%	284%	231%

(a) The General Bond Resolution requires net revenue to equal or exceed 125% of debt service.
(b) The General Bond Resolution requires net revenue to equal or exceed 110% of debt service.
(c) Net Revenue excludes transfers from the Rate Stabilization Fund and proceeds of Operation & Maintenance Grants.
(d) The General Bond Resolution requires net revenue to equal or exceed 100% of debt service.
(e) Reflects revenue from an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

Sewerage Department

ADHERENCE TO SEWERAGE SERVICE REVENUE BOND RESOLUTION

In 1997, the Board issued $30,000,000 Sewerage Service Revenue Bonds. Issuance of these bonds obligated the Board to adhere to the covenants of the Bond Resolution. Briefly, the covenants are concerned with:

- Powers as to bonds and pledge.
- Extension of payment of bonds.
- Establishment of rates and charges.
- Sale, lease, and encumbrance of the system.
- Operation, maintenance, and reconstruction of the system.
- Insurance and condemnation.
- Preparation of an annual operating budget.
- Preparation of the capital improvement budget.
- Employment of Consulting Engineer
- Maintenance of accounts and reports.
- Issuance of additional bonds.

The provisions of the Sewerage Service Revenue Bond Resolution are virtually identical to those of the Water Revenue Bond Resolution described in the preceding section of this report. The Board was in compliance with these covenants in 2013. Sewerage Department tables are included at the end of this section.

2013 SEWERAGE DEPARTMENT OPERATIONS

Funds for the operation, maintenance, and debt service requirements of the Sewerage Department are obtained from sewerage service charges. The balance of revenue remaining after meeting these costs may be used for cash financing capital improvements as required. Other fund sources include participation by others, interest earned on invested funds, and other minor sources.

Revenues and expenditures related to the 2013 operations of the Sewerage Department are discussed in the following paragraphs.

Wastewater Volumes

Number of Customers

Table 14 presents a summary of the historical and projected average number of sewer customers for the period 2009 through 2018. Based on year-end billing summaries, the number of monthly billed customers during 2013 average 123,701 compared with 119,162 for 2012. It is projected that the Board will average approximately 126,175 open accounts in 2014 and that the number of accounts will continue to grow at approximately 1.20 percent each year.

Billed Wastewater Volume

Table 14 also presents a summary of historical and projected billed wastewater volumes. Based on year-end billing summaries, a total of 11,317 million gallons of wastewater volume was billed in 2013, compared with a total of 11,491 million gallons in 2012.

Operating Revenues

The 2014 schedule of rates for retail sewerage service is presented in Table 15 and reflects a 10 percent rate increase over 2013 rates. The rates consist of monthly service charges, which vary by meter size, plus a volume charge. Quantity charges for single family residential and multi-residential customers are based on 85 percent of the metered water consumption to allow 15 percent for lawn watering and other uses, which contribute no flow to the sanitary sewer. All other classes are based on 100 percent of water consumption. Water from private wells or other non-Board sources that is discharged to the sanitary sewer system is to be metered and the consumption included in computing sewerage service charges. Any customer who can show that only a portion of his metered water usage is discharged to the sanitary sewer system is to be charged for only that portion of the total water quantity. A residential customer may have either the 15 percent allowance or a special exemption, but not both.

A summary of historical sewer billings and other Sewerage Department revenue is presented in Table 16 for the period 2009 through 2013. The historical revenues shown in Table 16 were developed from detailed records provided by Board staff. Operating revenues are derived from sewerage service charge revenue, which includes excess strength charges, and delinquent fees. Sewerage service charge revenues in 2013 were $77,767,114 which, when compared with $70,707,230 for 2012, shows an increase of approximately 10 percent. Delinquent fee revenues were $768,670 in 2013 which represent an increase of approximately 9.7 percent over 2012 delinquent fees.

Non-Operating Revenues

Also shown in Table 16, Sewerage Department non-operating revenue includes interest earned on the investment of available funds and other minor items of revenue. Interest earned in 2013 consisted of $178,122 from investments in the Sewerage System fund, the capital projects and construction fund. Miscellaneous income was $1,367,144 for 2013.

In 2013, the Board received $5,367 in operating and maintenance grants from FEMA for operating expenses incurred from water repairs performed by Board crews. This revenue is included as Other Income in Table 16.

Operation and Maintenance Expenses

As previously discussed in the section of this report covering Water Department Operation and Maintenance Expenses, the Sewerage and Water Board utilizes a system of accounts designed to group expenses by function for budget purposes. Under the present system of accounts, expenses are categorized under the general classifications of management and general, operations expenses, and other expenses. Management and general expenses include wages, materials and supplies, services, and other costs of operating the Office of the Management Services Director, Personnel Administration, Finance Department, Information Systems, Purchasing Administration, Customer Services Department, and other administrative services including the Deputy Director, Executive Director, and Legal Department. Operations expenses encompass the costs of collecting, transporting, treating, and disposing of wastewater. Other expenses include such items as general insurance, outside services employed, social security, worker's compensation insurance, pension and medical insurance contributions, and miscellaneous expenditures.

Table 17 presents a summary of 2009 through 2013 historical operation and maintenance expenses of the Sewerage Department. Expenditures for 2013 increased about 2.9 percent from 2012 expenditures and about 5.6 percent from 2011 expenditures. Historical operation and maintenance expenses shown in Table 17 do not include the non-cash portion of Provision for Claims as recorded in the Comprehensive Annual Financial Report. Estimates of future Sewerage Department claims are shown on Line 15 in Table 24.

Capital Budget and Expenditures

Capital expenditures of the Sewerage Department include the cost of replacements and improvements to wastewater treatment and collection facilities and the Sewerage Department pro rata share of power projects and general budget costs.

The Sewerage Department's 2013 capital expenditures, exclusive of prorated interest expense, totaled $54,393,889. Capital improvement expenditures for the year are shown in Table 18.

Summary of Operations

The following tabulation shows a summary of the receipts and expenditures of the Sewerage Department during 2013:

Total Revenues [a]	$80,081,051
Operation and Maintenance Expense	45,566,211
Claims	-188,081
Debt Service Payments	20,268,460
Revenue Primarily Available for Capital Expenditures [b]	$14,434,460

[a] Includes operating and maintenance grant of $5,367.
[b] Excludes depreciation.

PROPOSED CAPITAL IMPROVEMENT PROGRAM

Table 19 presents a summary of the projected major capital improvement program for the period 2014 through 2018. Table 19 is based on the Board's 2014-2023 Capital Program. The five-year major capital improvement program costs are estimated to total $308,086,000. Of the projected total, $225,534,000 is considered to be for recurring annual capital improvements. The remaining $82,552,000 is for proposed major capital expenditures. Costs of power projects and general budget items are prorated between the Water, Sewerage and Drainage Departments on the basis of relative use. The projected Sewerage Department pro rata share of power project and general budget item costs for the five-year period 2014 through 2018 total $32,113,000 and $43,176,000, respectively.

The Board is currently complying with the EPA Region 6 Administrative Order. In January of 2010, the Board successfully completed negotiations for a modification of the Consent Decree. The Capital Improvement Program shown in Table 19 represents the schedule for complying with the modified Consent Decree.

ABILITY TO FINANCE PROPOSED CAPITAL EXPENDITURES

This section of the report analyzes the adequacy of projected revenues to finance the proposed capital improvements shown in Table 19.

Operating Revenues

Future operating revenues of the Sewerage Department consist of sewerage service charge revenues which are summarized for 2014 through 2018 in Table 20. These estimates reflect the rate schedule effective January 1, 2014 applied to the projected number of customers and contributed wastewater flow and are projected to increase, on average, about 1.1 percent per year throughout the study period, due to growth in the customer base. Projected revenue from adopted revenue increases is also shown in Table 20.

Other Revenue Sources

Based upon past practices, the Sewerage Department can expect to obtain revenues or funds from non-operating sources. These include interest earned from the investment of available funds, participation by others, and miscellaneous other income. By Board policy, the Sewerage Department receives one-half of the plumbing inspection and license fees, currently projected at $343,000 per year.

Interest income from the investment of funds held for future use depends upon the level of sewerage revenue available for investment and the amount of revenue accrued towards payment of future capital expenditures.

Projections of other revenue sources are presented in a subsequent table, which summarizes the Department's financial position during the financing of projected operating and capital requirements.

Operation and Maintenance Expense

A summary of projected operation and maintenance expense for the period 2014 through 2018 is shown in Table 21 and is categorized by the present system of accounts. Estimates of future expenses are based on anticipated future operating conditions and allowances for inflationary factors.

Projected expenses shown for 2014 reflect the Board's adopted 2014 operating budget. Based on historical trends and conversations with utility staff, all costs are projected to increase 3.0 percent per year from the Board's recommended budget for 2014.

Debt Service Requirements

Future debt service requirements of the Sewerage Department are made up of principal, interest, and reserve fund payments for currently outstanding and future sewerage revenue bond issues. As of December 31, 2013 outstanding debt obligations consisted of $8,935,000 Sewerage Revenue Bonds Series 1997, $8,705,000 Sewerage Revenue Bonds Series 1998, $13,040,000 Sewerage Revenue Bonds Series 2000A, $9,875,000 Sewerage Revenue Bonds Series 2000B, $16,685,000 Sewerage Revenue Bonds Series 2001, $33,160,000 Sewerage Revenue Bonds Series 2002, $3,270,000 Sewerage Revenue Bonds Series 2003, $21,400,000 Sewerage Revenue Bonds Series 2004, and $20,495,000 Sewerage Revenue Bonds Series 2009.

In November 2011, the Board and Louisiana Department of Environmental Quality (LADEQ) entered into a loan agreement whereby $9,000,000 of proceeds from the Revolving Loan Fund were borrowed through the issuance of Sewerage Service Subordinate Revenue Bonds, Series 2011. Debt service payments assume a 20-year term with a 0.45 percent interest rate plus an administrative fee of 0.5 percent. The Board began drawing down the funds during the first quarter of 2012 and as of

December 31, 2013, had received a total of $8,831,402 in disbursements. The Board began making payment in November 2013. Total outstanding debt obligation on the Sewerage Revenue Bonds Series 2011 was $8,420,000.

To adequately fund the proposed capital improvements, additional revenue bonds are indicated as shown in Table 22. In July of 2014 the Board issued Sewerage Revenue and Refunding Bonds, Series 2014 in the amount of $158,990,000. Approximately 27 percent of the proceeds are anticipated to provide new money to help fund planned major capital program needs, with the balance to be used to refund outstanding Series 1997, Series 1998, Series 2000A, Series 2000B, Series 2001, Series 2002, Series 2003, Series 2004, and Series 2009 bonds. The debt service for the existing bonds shown in Table 22 reflects the refunding. The debt service on the 2014 bonds reflects an average annual interest rate of 5.0 percent for a term on 30 years and 2 years of capitalized interest. Projected bonds that are shown in Table 22 for 2015 through 2018 are assumed to be sold at an average annual interest rate of 6.0 percent for a term of 25 years with 2 years of capitalized interest.

The Sewerage Department has borrowed from the City of New Orleans Department of Public Works (DPW). It is anticipated that this amount will be reimbursed during the study period.

Adequacy of Revenues to Finance Proposed Capital Improvements

Total revenue requirements for the Sewer Department recognized for purposes of this report include operation and maintenance expense, allowance for claims, debt service costs on major capital improvements financed through the sale of bonds, and expenditures for capital improvements not financed from bond proceeds. Table 23 examines the financing of the major capital improvement program and Table 24 summarizes the financing of operation and maintenance expense, debt service costs on outstanding and proposed bonds, and the transfer of operating funds for capital improvement financing.

Capital Projects Funding

Table 23 presents the major capital improvement financing plan which summarizes the projected source and application of funds over the six-year study period. The amount of Funds Available at Beginning of Year, shown on Line 1, is $18,999,200. This amount is based on audited data provided by the Board.

Projected revenue bond proceeds are shown on Line 2. The amounts and years of issue are developed considering capital program needs, current policies, other sources of major capital improvement financing, and the debt service coverage requirements of the bond covenants regarding the issuance of parity revenue bonds. A portion of the Series 2014 bonds will be used to refund outstanding senior lien revenue bonds, with the balance to be used to fund planned major capital program needs.

Financing of the major capital improvement program anticipates the transfer of a total of $132,500,000 of operating reserves as shown on Line 3. Other sources of funds available to meet major capital improvement expenditures are Participation by Others and interest income. Participation by Others, as shown on Line 4 includes anticipated funding by the COE and FEMA. Interest earnings recognize an assumed 1.0 percent average annual interest rate and are shown on Line 8. Lines 5 through 7 reflect additional sources of revenue related to the Series 2014 Bond which include the original issue premium on the bonds and release of the debt service reserve and debt

service sinking fund for the defeased debt. Line 9 of the table shows the projected major capital improvement funds available each year.

As of December 31, 2013, the Board had $14,231,000 obligated for open contracts and capital jobs as shown on Line 10 of Table 23. Lines 11 and 12 show the projected Reinvestment in Assets and Major Capital Additions to be funded as shown in Table 19. Estimated issuance costs and capitalized interest requirements related to the proposed bond issue amounts are shown on Lines 13 and 14.

Line 15 shows the required deposits into the Revenue Bond Reserve Fund associated with proposed bond issues. The debt service reserve on proposed debt is a three-pronged test estimated as the lessor of (i) 10 percent of the original principal amount, (ii) the maximum annual debt service, or (iii) 125 percent of the average annual debt service.

Line 16 reflects the refunding of the Series 1997, Series 1998, Series 2000, Series 2000B, Series 2001, Series 2002, Series 2003, Series 2004, and Series 2009 debt from the proceeds of the Series 2014 bonds. The Total Application of Funds is shown on Line 17 of Table 23. The net End of Year Balance is shown on Line 18.

Operating Fund

Line 1 of Table 24 shows projected Revenue from Charges under 2014 rates as previously presented in Table 20. In 2012, the New Orleans City Council approved eight consecutive annual 10 percent sewer rate increases beginning January 1, 2013. Revenue from these future annual revenue increases of 10 percent effective January 1, 2014 through January 1, 2018 is shown on Line 2.

Other revenue available for system operations is shown on Lines 4 through 10. Interest Income available to the operating fund, shown on Line 4, is estimated to be 1.0 percent of the average of the beginning and end of year Net Annual Balance, except as the average is affected by identifiable nonrecurring major receipts, transfers, or expenditures during the year. Revenue from Plumbing Inspection and License Fees and Other Miscellaneous Revenue are shown on Lines 5 and 6 of Table 24. Board began conducting field account reviews in 2012 to determine whether meters are working accurately and bills are being computed correctly. Projected revenue from these reviews is shown on Line 7 and projected to be 1 percent of Total Service Charge Revenue on Line 3. The Board currently provides sewer service free of charge to the New Orleans School District; however, due to the amount of lost revenue from this source, the Board is considering eliminating free sewage treatment for the School District. It is anticipated that a resolution will be passed this year reflecting this change to become effective January 1, 2015. Projected revenue from this source is shown on Line 8.

The Board has submitted Project Worksheets to FEMA for operating expenses incurred from sewer repairs performed by Board crews. Line 9 indicates the amount projected to be reimbursed by FEMA for these repairs during the study period. Interest from the Bond Reserve Fund, shown on Line 10, is estimated to be 1.0 percent. Total Operating Revenue is shown on Line 11.

Operation and Maintenance expense, previously projected in Table 21, is shown on Line 12 of Table 24. Based on the *Financial Plan and Rate Study 2011*-2020 report, additional operating costs required to achieve desired benchmarking levels is shown on Line 13 and projected cost savings due to efficiencies resulting from achieving these benchmarks are shown on Line 14. Line 15 shows the estimated allowance for claims. Bad debt expense is assumed to be 2 percent of projected revenue

and is shown on Line 16. Projected Net Operating Revenue from system operations is shown on Line 17.

Lines 18 through 20 present debt service requirements on currently outstanding and proposed senior revenue bonds. Existing bonds include the Series 1997, Series 1998, Series 2000, Series 2000B, Series 2001, Series 2002, Series 2003, Series 2004, and Series 2009 bonds which were refunded with the Series 2014 bonds that were issued in July. The amount shown on Line 18 reflects the projected principal and interest due on the existing debt prior to the refunding. Line 19 reflects projected principal and interest payment on the Series 2014 revenue bonds as well as additional revenue bond debt financing of $23,500,000 in 2014, $24,500,000 in 2016, $21,000,000 in 2017 and $28,500,000 in 2018. This debt is assumed to be 25 year, 6.0 percent fixed interest rate bonds issued in July with 2 years of capitalized interest and equal annual payments of principal and interest.

Subordinate revenue bonds are shown on Line 21 of Table 12 and reflect the loan provided by the LADEQ in 2011. Following the issuance of the Series 2014 bonds, the Series 2011 LADEQ loan will be on parity with the Series 2014 bonds. Therefore, the amount shown on Line 21 for 2014 reflects the principal and interest payment due prior to the issuance of the 2014 bonds. The remaining principal and interest due on the Series 2011 LADEQ loan is included on Line 18 as senior debt.

In July of 2006, the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana to secure proceeds from the State's Gulf Opportunity Tax Credit Bond Loan Program to assist in payment of debt service requirements from 2006 through 2008. The Board has borrowed $77,465,247 on this agreement. No principal or interest was payable during the initial five-year period of the loan, but after that period, the loan began to bear an interest rate of 4.64 percent. Payments for the sewerage portion of principal and interest began in July 2012 and are shown on Line 22 of Table 24.

Line 24 reflects the projected transfer of accumulated net earnings from system operations to assist in major capital financing. Typically, such accumulated net earnings may be used to help recover portions of the annual costs of system operations or to assist in major capital improvement financing. Line 25 reflects payment to the Department of Public Works as well as claimants.

The general bond resolution for the Series 2014 bonds sets forth the requirement to maintain an operating reserve equal to 90 days of the previous year's operation and maintenance expense. Line 26 indicates the amount needed to fully fund the operating reserve in 2014 followed by projected annual transfers to meet this requirement throughout the study period. The general bond resolution also sets for the option to maintain a rate stabilization fund. The amount to be transferred to this fund, as well as the timing, is determined by the Executive Director. There are not transfers currently anticipated during the study period as shown on Line 27 of Table 24.

Line 28 indicates the estimated Net Annual Balance from operations remaining at the end of each year.

The balance of operating funds available at the beginning of year 2014, shown on Line 29, is comprised of the current cash assets and reflects a balance of $12,124,400. The End of Year Balance is shown on Line 30.

As demonstrated in Tables 23 and 24, it is anticipated that current revenue sources will be adequate to readily finance both projected capital program requirements as currently scheduled and estimated future operation expenses of the Sewerage Department during the 2014-2018 study period examined herein.

Bond Coverage Requirements

An additional consideration in measuring the adequacy of revenues is the provision of sufficient debt service coverage to meet the bond covenant requirements for the issuance of parity revenue bonds. With the issuance of the Series 2014 revenue bonds, the 1997 General Sewerage Service Revenue Bond Resolution is no longer applicable and in its place is the 2014 General Sewerage Service Revenue Bond Resolution. The resolution provides that rates shall be maintained at levels which are expected to yield net revenues (as defined in the resolution) equal to at least 125 percent of the annual principal and interest requirement for senior debt and 110 percent for senior and subordinate debt in each fiscal year. In addition, net revenue excluding transfers from the rate stabilization fund and the proceeds of grants shall be equal to at least 100 percent of the annual principal and interest requirement for senior and subordinate debt in each fiscal year.

The calculation of net revenue is shown on Lines 1 through 13 of Table 25. The ability of the Sewerage Department revenues to meet revenue bond coverage requirements is shown on Lines 14 through 23. The Adjusted Rate Covenant Coverage test reflects the exclusion of transfers from the rate stabilization fund and grant proceeds. As shown on Lines 16, 19, 21, and 23, the indicated projected revenue and revenue increases will provide sufficient net revenue to meet coverage requirements during the study period.

The General Sewerage Bond Resolution further prescribes that additional parity revenue bonds may be issued if net revenue from a previous test year (any 12 consecutive months of the last 24 months) is equal to at least 125 percent of the maximum annual principal and interest requirement for senior debt and 110 percent for senior and subordinate debt. For purposes of the additional bonds test, net revenue may be adjusted to reflect any increases not in effect during the selected test year but have been approved by the Board, Board of Liquidation and City Council and will go into effect within the following five years.

The results of the additional bonds test are shown on Lines 24 through 30 of Table 25. Lines 28 and 30 of the table indicate that with the magnitude of the adopted annual revenue increases, required minimum levels of coverage are met in each year with indicated coverage levels ranging from 405 percent to 535 percent.

Table 14

Sewerage Department
Historical and Projected Billed Volumes
and Average Number of Customers (a)

Customer Class	Historical					Projected				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single Family Residential (b)										
Customers	93,901	100,108	102,265	104,782	109,036	111,217	113,441	115,710	118,024	120,384
Sales (1,000,000 gal.)	5,145	5,203	5,433	5,374	5,392	5,500	5,610	5,723	5,837	5,954
Sales Per Customer (1,000 gal.)	55	52	53	51	49	49	49	49	49	49
Multifamily Residential										
Customers	4,260	4,406	4,429	4,455	4,534	4,625	4,625	4,625	4,625	4,625
Sales (1,000,000 gal.)	710	693	672	655	621	633	633	633	633	633
Sales Per Customer (1,000 gal.)	167	157	152	147	137	137	137	137	137	137
Commercial										
Customers	9,574	9,841	9,861	9,897	10,101	10,303	10,303	10,303	10,303	10,303
Sales (1,000,000 gal.)	5,109	5,304	5,292	5,312	5,258	5,363	5,363	5,363	5,363	5,363
Sales Per Customer (1,000 gal.)	533	538	536	536	520	520	520	520	520	520
Industrial										
Customers	30	29	27	28	30	30	31	32	33	34
Sales (1,000,000 gal.)	87	70	57	151	47	47	48	50	51	53
Sales Per Customer (1,000 gal.)	2,847	2,417	2,123	5,389	1,559	1,560	1,558	1,559	1,558	1,559
Total										
Customers	107,765	114,385	116,581	119,162	123,701	126,175	128,400	130,670	132,985	135,346
Sales (1,000,000 gal.)	11,050	11,270	11,454	11,491	11,317	11,543	11,654	11,768	11,884	12,002

(a) Excludes customers receiving free service.
(b) Includes duplex.

Table 15

Sewerage Department Existing Sewer Rates (Effective January 1, 2014)

Rate Components	General Service
	$
Monthly Sewerage Service Charge	
Meter Size	
Inches	
5/8	14.04
3/4	19.97
1	28.44
1-1/2	52.34
2	76.54
3	181.50
4	302.50
6	605.00
8	907.50
10	1,210.00
12	1,391.50
16	1,875.50
Monthly Quantity Charge	
Per 1,000 Gallons	4.88
Excessive Strength Charge per Pound	
BOD	0.32
TSS	0.19

Table 16

Sewerage Department
Statement of Historical Revenue

Revenue Source	2009	2010	2011	2012	2013
	$	$	$	$	$
Operating Revenue					
Sewerage Service Charges	65,442,893	68,821,844	69,632,459	70,707,230	77,767,114
Delinquent Fee	660,053	712,935	725,617	700,605	768,670
Total Operating Revenue	66,102,946	69,534,779	70,358,076	71,407,835	78,535,785
Nonoperating Revenue					
Interest Income	326,075	74,774	253,547	196,435	178,122
Plumbing Inspection and License Fees	242,224	373,213	379,036	343,903	321,518
Revenue Sharing	205,908	185,243	175,424	154,509	274,229
Other Income (a)	3,160,923	3,218,248	3,009,211	296,406	771,397
Total Nonoperating Revenue	3,935,130	3,851,478	3,817,218	991,253	1,545,266
Total Revenue	70,038,076	73,386,257	74,175,294	72,399,088	80,081,051

(a) Includes $2,772,395 in operating and maintenance grants in 2009 , $2,957,463 in 2010, $7,463 in 2012, and $5,367 in 2013.

Table 17

Sewerage Department
Historical Operation and Maintenance Expenses (a)

Department	2009	2010	2011	2012	2013
	$	$	$	$	$
Management and General Expenses					
Administrative	5,635,970	2,332,598	1,602,429	2,604,097	3,035,796
Management Services Director	23,641	23,225	23,618	24,350	26,912
Building and Grounds and Support Services	1,063,852	1,035,972	1,146,188	1,145,005	1,243,463
Personnel Administration	255,645	284,354	276,123	349,216	313,814
Finance Administration	701,627	785,102	847,924	829,390	778,041
Information Systems	1,479,827	1,421,701	1,491,718	1,429,882	1,412,491
Revenue and Customer Service	3,774,740	4,072,717	3,990,453	4,028,431	4,127,203
Purchasing	203,652	225,851	212,508	204,325	208,850
Total Management and General	13,138,954	10,181,521	9,590,960	10,614,697	11,146,570
Operations Expenses					
General Superintendent	136,268	178,217	172,673	182,265	197,524
Drainage Pumping and Central Control	253,466	284,458	282,983	305,901	305,531
Sewerage Pumping	2,991,929	2,994,092	2,761,304	3,125,171	3,101,431
Chief of Operations	70,309	67,543	68,777	137,430	62,056
Water Pumping and Power	351,013	897,824	910,258	360,672	375,849
Sewerage Treatment	12,384,026	11,219,427	10,953,890	10,770,661	10,337,838
Chief of Facilities Maintenance	87,943	92,316	130,206	252,133	128,279
Facilities Maintenance	2,915,271	2,904,608	2,997,106	3,234,864	3,630,021
Central Yard	1,591,341	1,789,445	1,935,487	2,234,033	2,188,672
Office of Chief of Networks	104,781	104,212	185,982	130,939	139,444
Networks	9,881,454	8,514,449	8,767,792	9,388,251	9,566,363
Engineering	962,712	1,014,125	1,080,168	1,105,298	1,444,644
Plumbing	477,792	469,921	450,067	523,148	542,934
Total Operations	32,208,305	30,530,637	30,696,692	31,750,766	32,020,587
Other Expenses					
Special Accounts	1,081,546	932,188	897,154	926,912	1,122,683
Payroll Related Expenses	6,301,921	5,522,151	5,710,844	5,008,698	5,396,131
Overhead Allocation	(3,328,966)	(3,388,621)	(3,747,859)	(4,007,841)	(4,119,759)
Total Other	4,054,501	3,065,718	2,860,139	1,927,769	2,399,055
Total Operation and Maintenance (b)	49,401,760	43,777,876	43,147,792	44,293,232	45,566,211

(a) Historical operation and maintenance expenses do not include the non-cash portion of provision for claims as recorded in the Comprehensive Annual Financial Report. Estimates of future Water Department claims

(b) Source: Expenditure Analysis by Group Report.

Table 18

Sewerage Department
Capital Expenditures (a)
2013

C.P. #	Project	Actual Expenditures
		$
	Sewerage Systems	
317	Normal Extensions & Replacement of Gravity Mains	1,983,167
318	Rehabilitation Gravity Sewer System	4,393,225
326	Extensions & Replacements to Sewer Pumping Stations	89,121
339	Mains in Street Dept. Contracts	49,265
340	Sewerage Hurricane Recovery Bonds (FEMA)	183,260
348	Normal Extensions & Replacements	1,900,430
368	Wetlands Assimilation Project	745,826
375	Sewerage Hurricane Recovery Bonds	37,816,130
	Total Sewerage System	47,160,425
	Power Projects and General Budget	
600	Sewerage Share of Power Projects	782,864
700	Sewer Reserve for Emergencies	2,727,066
800	Sewerage Share of General Budget Items	3,723,534
	Total Power Projects and General Budget	7,233,464
	Total Sewerage Department	54,393,889

(a) Expenditures do not include proration of interest expense.

Table 19

Sewerage Department
Projected Capital Improvements (a)

C.P. #	Project	2014	2015	2016	2017	2018	Total
		$	$	$	$	$	$
	Reinvestment in Assets						
317	Extensions and Replacements - Gravity Mains	700,000	7,633,000	17,888,000	5,212,000	17,119,000	48,552,000
318	Rehabilitation Gravity Sewer System	7,300,000	6,600,000	6,600,000	6,600,000	6,900,000	34,000,000
319	Extension and Replacements - Sanitary Sewer Mains Algiers	0	500,000	0	0	0	500,000
326	Extensions and Replacements to Pumping Stations	3,003,000	5,570,000	8,200,000	1,700,000	1,700,000	20,173,000
339	Mains in Streets Department Contracts	5,300,000	5,300,000	5,300,000	5,300,000	5,300,000	26,500,000
348	Extensions and Replacements - Treatment Plants	3,270,000	3,425,000	3,280,000	3,920,000	3,125,000	17,020,000
600	Sewer Share of Power Projects	26,453,000	40,000	40,000	540,000	5,040,000	32,113,000
702	Sewer Reserve for Emergencies	700,000	700,000	700,000	700,000	700,000	3,500,000
800	Sewer Share of General Budget Items	12,913,000	7,883,000	8,013,000	6,947,000	7,420,000	43,176,000
	Total Routine Annual Improvements	59,639,000	37,651,000	50,021,000	30,919,000	47,304,000	225,534,000
	Major Capital Improvements						
313	Extensions and Replacements - Sewer Force Mains	6,500,000	6,500,000	6,750,000	6,750,000	12,750,000	39,250,000
340	Sewerage Hurricane Recovery Bonds (FEMA)	10,518,000	0	0	0	0	10,518,000
358	WWTP Normal Extensions & Replacements	0	0	0	10,000	0	10,000
368	Wetland Assimilation	4,800,000	3,300,000	0	0	0	8,100,000
375	Sewerage Hurricane Recovery Bonds	11,660,000	2,000,000	0	0	0	13,660,000
381	Modification and Expansion of WBSTP to 20/50 MGD	3,474,000	2,770,000	4,290,000	235,000	245,000	11,014,000
	Total Major Improvements	36,952,000	14,570,000	11,040,000	6,995,000	12,995,000	82,552,000
	Total Sewerage System Improvements	96,591,000	52,221,000	61,061,000	37,914,000	60,299,000	308,086,000

(a) The improvements for 2014-2018 are based on the 2014-2023 Capital Program approved December 18, 2013.

Table 20

Sewerage Department
Projected Operating Revenue

	(1)	(2)	(3)
Year	Revenue From Charges	Additional Revenue (a)	Total Service Charge Revenue
	$	$	$
2014	87,386,700	0	87,386,700
2015	88,344,400	8,800,100	97,144,500
2016	89,324,400	18,700,700	108,025,100
2017	90,322,400	29,655,900	119,978,300
2018	91,341,300	42,076,500	133,417,800

(a) Reflects additional revenue from adopted revenue increases.

Table 21

Sewerage Department
Projected Operation and Maintenance Expenses

Department	2014 (a)	2015	2016	2017	2018
	$	$	$	$	$
Management and General Expenses					
Administrative	3,406,900	3,509,100	3,614,400	3,722,800	3,834,500
Management Services Director	26,700	27,500	28,300	29,100	30,000
Building and Grounds and Support Services	1,147,600	1,182,000	1,217,500	1,254,000	1,291,700
Personnel Administration	281,600	290,000	298,700	307,700	316,900
Finance Administration	844,600	870,000	896,100	922,900	950,600
Information Systems	2,016,800	2,077,300	2,139,600	2,203,800	2,270,000
Revenue and Customer Service	4,377,700	4,509,100	4,644,300	4,783,700	4,927,200
Purchasing	244,600	251,900	259,500	267,200	275,300
Total Management and General	12,346,500	12,716,900	13,098,400	13,491,200	13,896,200
Operations Expenses					
General Superintendent	177,600	182,900	188,400	194,100	199,900
Drainage Pumping and Central Control	0	0	0	0	0
Sewerage Pumping	2,718,600	2,800,200	2,884,200	2,970,700	3,059,900
Chief of Operations	73,300	75,500	77,700	80,000	82,400
Water Pumping and Power	473,900	488,200	502,800	517,900	533,400
Water Purification	230,400	237,400	244,500	251,800	259,400
Sewerage Treatment	12,262,000	12,629,900	13,008,800	13,399,000	13,801,000
Chief of Facilities Maintenance	139,900	144,100	148,400	152,800	157,400
Facilities Maintenance	1,905,300	1,962,400	2,021,300	2,082,000	2,144,400
Central Yard	2,389,500	2,461,200	2,535,000	2,611,100	2,689,400
Office of Chief of Networks	217,600	224,100	230,800	237,800	244,900
Networks	16,430,200	16,923,100	17,430,800	17,953,700	18,492,300
Engineering	1,089,500	1,122,200	1,155,800	1,190,500	1,226,200
Plumbing	665,500	685,500	706,000	727,200	749,000
Total Operations	38,773,300	39,936,700	41,134,500	42,368,600	43,639,600
Other Expenses					
Special Accounts	1,827,700	1,882,500	1,939,000	1,997,200	2,057,100
Payroll Related Expenses	2,445,400	2,518,800	2,594,400	2,672,200	2,752,400
Overhead Allocation	(3,909,000)	(4,026,300)	(4,147,100)	(4,271,500)	(4,399,600)
Total Other	364,100	375,000	386,300	397,900	409,900
Total Operation and Maintenance	51,483,900	53,028,600	54,619,200	56,257,700	57,945,700

(a) Represents the adopted operating budget as of December 18, 2013.

Table 22

Sewerage Department
Debt Service Requirements

Debt Issue		2014	2015	2016	2017	2018
		$	$	$	$	$
Existing Bonds						
Series 1997		2,311,800	0	0	0	0
Series 1998		1,813,700	0	0	0	0
Series 2000A		1,949,900	0	0	0	0
Series 2000B		1,474,300	0	0	0	0
Series 2001		2,222,500	0	0	0	0
Series 2002		3,887,600	0	0	0	0
Series 2003		337,100	0	0	0	0
Series 2004		2,156,300	0	0	0	0
Series 2009		1,391,100	0	0	0	0
Series 2011 LADEQ		487,400	513,300	531,700	528,700	527,500
Total Existing Debt Service		18,031,700	513,300	531,700	528,700	527,500
Projected Bonds	Amount of Issue					
	$					
2014	158,990,000	1,980,500	15,898,000	18,042,400	19,309,800	17,642,500
2015	23,500,000		0	0	1,029,450	2,058,900
2016	24,500,000			0	0	1,073,250
2017	21,000,000				0	0
2018	28,500,000					0
Total Projected Debt Service		1,980,500	15,898,000	18,042,400	20,339,250	20,774,650
Total Debt Service		20,012,200	16,411,300	18,574,100	20,867,950	21,302,150

Table 23

Sewerage Department
Capital Improvement Program Financing

Line No.	Description	Fiscal Year Ending December 31, 2014	2015	2016	2017	2018	Total
		$	$	$	$	$	$
1	Funds Available at Beginning of Year	18,999,200	28,370,800	14,239,000	278,500	5,485,300	18,999,200
2	Revenue Bond Proceeds (a)	158,990,000	23,500,000	24,500,000	21,000,000	28,500,000	256,490,000
3	Operation Fund Transfers	19,000,000	15,000,000	30,500,000	29,000,000	39,000,000	132,500,000
4	Participation by Others	53,812,000	6,386,000	1,273,100	1,311,300	1,463,200	64,245,600
5	Net Original Issue Premium	13,680,700	0	0	0	0	13,680,700
6	Debt Service Reserve Fund Release	16,164,100	0	0	0	0	16,164,100
7	Transfer from Sinking Fund for Prior Bonds	2,062,800	0	0	0	0	2,062,800
8	Interest Income	81,600	1,200	0	0	0	82,800
9	Total Funds Available	282,790,400	73,258,000	70,512,100	51,589,800	74,448,500	504,225,200
10	Obligated Contracts & Capital Jobs	(14,231,000)	0	0	0	0	(14,231,000)
11	Reinvestment in Assets	(59,639,000)	(38,780,500)	(53,067,300)	(33,786,000)	(53,241,100)	(238,513,900)
12	Major Capital Additions	(36,952,000)	(15,007,100)	(11,712,300)	(7,643,600)	(14,626,000)	(85,941,000)
13	Bond Issuance Expense (b)	(1,345,400)	(352,500)	(367,500)	(315,000)	(427,500)	(2,807,900)
14	Capitalized Interest Requirement	(4,977,200)	(2,820,000)	(2,940,000)	(2,520,000)	(3,420,000)	(16,677,200)
15	Revenue Bond Reserve Fund (c)	(10,707,800)	(2,058,900)	(2,146,500)	(1,839,900)	(2,497,000)	(19,250,100)
16	Refunding Escrow Deposits	(126,567,200)	0	0	0	0	(126,567,200)
17	Total Application of Funds	(254,419,600)	(59,019,000)	(70,233,600)	(46,104,500)	(74,211,600)	(503,988,300)
18	End of Year Balance	28,370,800	14,239,000	278,500	5,485,300	236,900	236,900

(a) 2014 Bond Proceeds includes the use of Debt Service Funds for refunded bond issues and other miscellaneous sources.
(b) 2014 Issuance Expense includes Underwriter's Discount.
(c) Includes Debt Service Reserve Fund for 2011 DEQ Revenue Bonds.

Table 24

Sewerage Department
Analysis of Ability of Forecasted Revenue to Finance Projected Revenue Requirements

Line No.	Description	Fiscal Year Ending December 31, 2014	2015	2016	2017	2018
		$	$	$	$	$
1	Revenue from Charges	87,386,700	88,344,400	89,324,400	90,322,400	91,341,300
2	Total Additional Revenue (a)	0	8,800,100	18,700,700	29,655,900	42,076,500
3	Total Service Charge Revenue	87,386,700	97,144,500	108,025,100	119,978,300	133,417,800
4	Interest Income	126,600	114,600	109,600	66,000	68,100
5	Plumbing Insp. & License Fees	343,900	343,900	343,900	343,900	343,900
6	Other Miscellaneous Income	288,900	288,900	288,900	288,900	288,900
7	Revenue from Internal field Review (b)	873,900	971,400	1,080,300	1,199,800	1,334,200
8	Sale of Water to School District	0	1,512,500	1,663,800	1,830,200	2,013,200
9	Operating & Maintenance Grants	13,938,000	7,858,000	0	0	0
10	Interest from Bond Reserve Fund	336,000	237,000	258,000	278,000	300,000
11	Total Operating Revenue	103,294,000	108,470,800	111,769,600	123,985,100	137,766,100
12	Operation & Maintenance	(51,483,900)	(53,028,600)	(54,619,200)	(56,257,700)	(57,945,700)
13	Additional Operating & Maintenance	0	(2,159,300)	(4,318,500)	(6,607,300)	(8,964,800)
14	Operating & Maintenance Savings	0	293,900	605,100	647,700	691,800
15	Provision for Claims	(351,200)	(361,700)	(372,600)	(383,700)	(395,300)
16	Provision for Doubtful Accounts	(1,747,700)	(1,942,900)	(2,160,500)	(2,399,600)	(2,668,400)
17	Net Operating Revenue	49,711,200	51,272,200	50,903,900	58,984,500	68,483,700
	Debt Service					
	Senior Lien Revenue Bonds					
18	Existing	(18,011,600)	(513,300)	(531,700)	(528,700)	(527,500)
19	Projected	(1,980,500)	(15,898,000)	(18,042,400)	(20,339,300)	(20,774,700)
20	Subtotal	(19,992,100)	(16,411,300)	(18,574,100)	(20,868,000)	(21,302,200)
	Subordinate Revenue Bonds					
21	Existing	(20,100)	0	0	0	0
22	Gulf Opportunity Zone Act Loan	(7,290,700)	(7,290,700)	(7,290,700)	(7,290,700)	(7,290,700)
23	Total Debt Service	(27,302,900)	(23,702,000)	(25,864,800)	(28,158,700)	(28,592,900)
24	Transfer to Construction	(19,000,000)	(15,000,000)	(30,500,000)	(29,000,000)	(39,000,000)
25	Due from/(to) Other Departments	(2,765,950)	(2,911,000)	(2,911,000)	(486,000)	0
26	Transfer to Operating Reserve Fund	(11,235,500)	(1,459,200)	(840,800)	(847,900)	(957,900)
27	Transfer from/(to) Rate Stabilization Fund	0	0	0	0	0
28	Net Annual Balance	(10,593,150)	8,200,000	(9,212,700)	491,900	(67,100)
29	Beginning of Year Cash Balance	12,124,400	1,531,250	9,731,250	518,550	1,010,450
30	End of Year Balance	1,531,250	9,731,250	518,550	1,010,450	943,350

(a) Reflects revenue from an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

(b) Estimated as 1% of Total Service Charge Revenue.

Table 25

Sewerage Department
Coverage Requirements

Line No.	Coverage Requirements	2013	2014	2015	2016	2017	2018
		$	$	$	$	$	$
	Projected Net Revenues						
1	Revenue Under Existing Rates (a)	78,535,800	87,386,700	97,144,500	108,025,100	119,978,300	133,417,800
2	Additional Revenue Under Proposed Rates		0	8,800,100	18,700,700	29,655,900	42,076,500
3	Interest Income	178,100	544,200	352,800	367,600	344,000	368,100
4	Plumbing and Inspection Fees	321,500	343,900	343,900	343,900	343,900	343,900
5	Revenue Sharing	274,200					
6	Other Miscellaneous Revenue	766,000	288,900	288,900	288,900	288,900	288,900
7	Revenue from Internal field Review		873,900	971,400	1,080,300	1,199,800	1,334,200
8	Sale of Water to School District		0	1,512,500	1,663,800	1,830,200	2,013,200
9	Operation & Maintenance Grants	5,400	13,938,000	7,858,000	0	0	0
10	Transfer from Rate Stabilization Fund		0	0	0	0	0
10	Operation & Maintenance	(45,566,200)	(51,483,900)	(54,894,000)	(58,332,600)	(62,217,300)	(66,218,700)
11	Claims	(577,100)	(351,200)	(361,700)	(372,600)	(383,700)	(395,300)
12	Provision for Doubtful Accounts	(824,400)	(1,747,700)	(1,942,900)	(2,160,500)	(2,399,600)	(2,668,400)
13	Net Revenue	33,113,300	49,792,800	60,073,500	69,604,600	88,640,400	110,560,200
	Rate Covenant Coverage						
14	Projected Net Revenues		49,792,800	60,073,500	69,604,600	88,640,400	110,560,200
	Annual Debt Service						
15	Senior Debt		19,992,100	16,411,300	18,574,100	20,868,000	21,302,200
16	Coverage (a)		249%	366%	375%	425%	519%
17	All Debt		27,302,900	23,702,000	25,864,800	28,158,700	28,592,900
18	Coverage (b)		182%	253%	269%	315%	387%
	Adjusted Rate Covenant Coverage						
19	Projected Net Revenues (c)		35,854,800	52,215,500	69,604,600	88,640,400	110,560,200
	Annual Debt Service						
20	Senior Debt		19,992,100	16,411,300	18,574,100	20,868,000	21,302,200
21	Coverage (d)		179%	318%	375%	425%	519%
22	All Debt		27,302,900	23,702,000	25,864,800	28,158,700	28,592,900
23	Coverage (d)		131%	220%	269%	315%	387%
	Additional Bond Coverage						
24	Preceding Year Projected Net Revenues		33,113,300	49,792,800	60,073,500	69,604,600	88,640,400
25	Future Additional Revenue (e)		47,946,900	53,350,500	53,935,100	41,455,500	29,896,700
26	Adjusted Projected Net Revenues		81,060,200	103,143,300	114,008,600	111,060,100	118,537,100
	Maximum Debt Service						
27	Senior Debt		19,992,200	20,868,000	21,302,100	22,802,500	24,051,000
28	Coverage (a)		405%	494%	535%	487%	493%
29	All Debt		20,012,200	20,868,000	21,302,100	22,802,500	24,051,000
30	Coverage (b)		405%	494%	535%	487%	493%

(a) The General Bond Resolution requires net revenue to equal or exceed 125% of debt service.
(b) The General Bond Resolution requires net revenue to equal or exceed 110% of debt service.
(c) Net Revenue excludes transfers from the Rate Stabilization Fund and proceeds of Operation & Maintenance Grants.
(d) The General Bond Resolution requires net revenue to equal or exceed 100% of debt service.
(e) Reflects revenue an eight-year series of annual 10% rate increases effective January 1, 2013; adopted by the City Council in 2012.

Drainage Department

2013 DRAINAGE DEPARTMENT OPERATIONS

The Sewerage and Water Board has provided for the drainage needs of New Orleans since 1903. The City encompasses a saucer-shaped depression between the Mississippi River and Lake Pontchartrain on the East Bank and an area bordered by the river and adjoining wet lands on the West Bank. Prior to January 1, 1967, when the three-mill drainage tax became effective, the City of New Orleans was obligated to reimburse the Board for the cost of operating and maintaining drainage facilities.

In 1969, studies of projected capital improvement financing needs and revenue requirements indicated the need for additional sources of funds. Constitutional amendments, which would have provided the required funds from an additional three-mill ad valorem tax, were offered in 1970, and again in 1972. The State's electorate rejected both amendments; however, an additional six-mill ad valorem tax was approved April 16, 1977 and became effective January 1, 1978. Subsequently, a nine-mill property tax increase was approved May 16, 1981 and implemented January 1, 1982. The nine-mill tax is to be used for operation and maintenance, as well as funding of capital improvements.

The Board is charged with operating, maintaining, repairing, and expanding the major drainage system located throughout the City.

Revenues

Revenues that were available to the Drainage Department for operation and maintenance expenses, and capital additions, consisted of proceeds from the three-mill, six-mill, and nine-mill ad valorem tax, interest on investments, and miscellaneous income. Other revenues available for Drainage Department capital improvements included interest income and other miscellaneous sources.

A summary of historical revenues received by source is shown in Table 26 for the period 2009 through 2013. The historical revenue shown in Table 26 was developed from detailed records provided by Board Staff.

Operation and Maintenance Expenses

The present system of accounts categorizes expenses under the functional classifications of management and general expenses, operations expenses, and other expenses, including such items as general insurance, outside services employed, social security, worker's compensation insurance, pension and medical insurance contributions, and miscellaneous expenditures.

Table 27 presents a summary of 2009 through 2013 operation and maintenance expenses of the Drainage Department. Expenditures for 2013 increased about 0.2 percent over 2012 expenditures. Operation and maintenance expenses have decreased an average of 0.7 percent per year over the five-year period shown. Historical operation and maintenance expenses shown in Table 27 do not include the non-cash portion of Provision for Claims as recorded in the Comprehensive Annual Financial Report. Estimate of future Drainage Department claims are included on Line 13 in Table 35.

Capital Budget and Expenditures

Capital expenditures of the Drainage Department include the cost of replacements and improvements to pumping stations and canals and the Drainage Department's pro rata share of power projects and general budget costs.

The Drainage Department capital improvement expenditures for 2013, exclusive of prorated interest expenses totaled $25,140,359. The Drainage Department's capital improvement expenditures for the year are shown in Table 28.

Summary of Operations

The following tabulation shows a summary of receipts and expenditures of the Drainage Department during 2013:

Total Revenues	$46,619,029
Operation and Maintenance Expense	31,893,808
Claims	1,197,474
Debt Service Payments	2,216,497
Revenue Primarily Available for Capital Expenditures [a]	$11,311,249

[a] Excludes depreciation.

PROPOSED CAPITAL IMPROVEMENT PROGRAM

Table 29 presents a summary of the projected major capital improvement program for the period 2014 through 2018. Table 25 is based on the Board's 2014-2023 Capital Program. The five-year major capital improvement program costs are expected to total $854,391,000. Major budget items include extension and enlargement of canals plus increased pumping capacity.

Participation by others consists of monies collected from developers and individuals for the extension of drainage service to new customers and from governmental agencies for replacement and expansion of system facilities. As shown in Table 30, future revenues from these sources are estimated by the Board in the 2014 through 2023 Capital Program according to capital project and amount to $574,811,000, most of which is provided by the COE.

The Sewerage and Water Board is currently receiving funds from the COE sponsored and congressionally authorized Southeast Louisiana Urban Flood Control (SELA) Project. This funding will allow additional construction of projects which were identified in the 1970's, but which have not been completed because of funding limitations. The identified projects are to be funded either 100 percent from federal funds or 65 percent from federal funds and 35 percent from local funds. The payback period for the local share is 30 years and is anticipated to begin in 2016.

ABILITY TO FINANCE PROPOSED CAPITAL EXPENDITURES

Drainage Department future operating and capital cost requirements are to be met by the revenue sources previously discussed. In 2013, the three-mill, six-mill, and nine-mill ad valorem taxes were the principal source of operating funds for the Drainage Department.

Revenues

Projected operating income of the drainage system is shown in Table 31. Projections include proceeds from the three-mill, the six-mill, and the nine-mill ad valorem tax and other revenue and are based on the 2013 assessed taxable value. It is assumed that the three-mill ad valorem tax will be reauthorized in 2017.

Other sources of income include interest earned from the investment of funds held for future use; sales of three-mill, six-mill, and nine-mill ad valorem tax bonds; and participation by others. Projections of interest income, which vary according to the balance of funds held for future use, are shown in a later section of this report.

The projection of millage revenue for 2014 through 2018 is based on 4.66, 4.71, and 7.06 mills for three-mill, six-mill, and nine-mill taxes, respectively.

Operation and Maintenance Expenses

A summary of projected operation and maintenance expenses is shown in Table 32. Expenses are categorized by system function as now reflected in the accounting system of the Sewerage and Water Board. Estimates of future expenses are based on anticipated future operating conditions and allowances for inflationary factors.

Projected expenses shown for 2014 reflect the Board's adopted 2014 operating budget. Based on historical trends and conversations with utility staff, all costs are projected to increase 3.0 percent per year from the Board's recommended budget for 2014.

Debt Service Requirements

Nine-mill bonds in the amount of $10,000,000 were issued in 1998, and as of December 31, 2013, $3,445,000 remained outstanding. Additional nine-mill bonds in the amount of $20,000,000 were issued in 2002, and as of December 31, 2013, $12,760,000 remained outstanding.

Collection of the three-mill ad valorem tax levy is authorized until the year 2017; six-mill tax until 2028; and nine-mill tax until 2032.

To adequately fund the proposed capital improvements, additional revenue bonds are indicated as shown in Table 33. It is anticipated that in November of 2014 the Board will issue Drainage Refunding Bonds, Series 2014 in the amount of $14,945,000. The proceeds of the bonds will be used to refund all outstanding drainage revenue bonds. The debt service for the existing bonds shown in Table 33 reflects the refunding. The debt service on the 2014 bonds reflects an average annual interest rate of 5.0 percent for a term of 8 years. Projected bonds that are shown in Table 33 for 2015 through 2018 are assumed to be sold at an average annual interest rate of 6.0 percent for a term of 25 years. The Drainage Department has borrowed from the City of New Orleans Department of Public Works (DPW). It is anticipated that this amount will be reimbursed during the study period.

Adequacy of Revenues to Finance Proposed Capital Improvements

Total revenue requirements for the Drainage Department recognized for purposes of this report include operation and maintenance expense, allowance for claims, debt service costs on major capital improvements financed through the sale of bonds, and expenditures for capital improvements not financed from bond proceeds. Table 34 examines the financing of the major capital improvement

program and Table 35 summarizes the financing of operation and maintenance expense, debt service costs on outstanding and proposed bonds, and the transfer of operating funds for major capital improvement financing.

Capital Projects Funding

Table 34 presents the major capital improvement financing plan which summarizes the projected source and application of funds over the five-year study period. The amount of Funds Available at Beginning of Year, shown on Line 1, is $40,578,500. This amount is based on audited data provided by the Board.

Projected revenue bond proceeds are shown on Line 2. The amounts and years of issue are developed considering capital program needs, current policies, other sources of major capital improvement financing, and the debt service coverage requirements of the bond covenants regarding the issuance of parity revenue bonds. The Series 2014 bonds will be used to refund outstanding senior lien revenue bonds.

Financing of the major capital improvement program anticipates the transfer of a total of $22,000,000 of operating revenue as shown on Line 3. Other sources of funds available to meet major capital improvement expenditures are Participation by Others and interest income. Participation by Others, as shown on Line 4 includes anticipated funding by the U.S. Army Corps of Engineers (COE) and FEMA as well as others. Interest earnings recognize an assumed 1.0 percent average annual interest rate and are shown on Line 6. Line 5 reflects the original issue premium on the bonds. Line 7 of the table shows the projected major capital improvement funds available each year.

As of December 31, 2013, the Board had $4,857,100 obligated for open contracts and capital jobs as shown on Line 8 of Table 34. Lines 9 and 10 show the projected Reinvestment in Assets and Major Capital Additions to be funded as shown in Table 29. It is anticipated that the capital projects shown in 2014 through 2017 will exceed the amount of funding available and some projects will need to be deferred until 2018 or later. This deferral is shown on Line 11 and assumes 3 percent inflation each year the projects are deferred.

Estimated issuance costs related to the proposed bond issue amounts are shown on Line 12.

Lines 13 and 14 reflect the refunding of the Series 1998 and Series 2002 debt from the proceeds of the Series 2014 bonds. The Total Application of Funds is shown on Line 15 of Table 11. The net End of Year Balance is shown on Line 16.

Operating Fund

Money deposited in the Drainage System Fund is obtained primarily from the three-mill, six-mill, and nine-mill ad valorem tax as shown on Lines 1 through 3 of Table 35.

As previously mentioned, the Financial Plan and Rate Study 2011-2020 indicated that additional operating revenue is needed to help fund the capital program. An option that the Board is currently considering is the implementation of a drainage fee to supplement the existing tax revenue. The estimated revenue from this new funding source is shown on Line 4 of Table 35 and the proposed revenue from future annual revenue increases is shown on Line 5.

Other revenue available for system operations is shown on Lines 6 through 8. Miscellaneous revenue on Line 6 includes rental income, gain or loss on the sale of assets and other miscellaneous income. Interest Income available to the operating fund, shown on Line 7, is estimated to be 1.0 percent of the average of the beginning and end of year Net Annual Balance, except as the average is affected by identifiable nonrecurring major receipts, transfers, or expenditures during the year. Interest from the Bond Reserve Fund, shown on Line 8, is estimated to be 1.0 percent. Total Operating Revenue is shown on Line 9 of Table 35.

Operation and Maintenance expense, previously projected in Table 32, is shown on Line 10 of Table 35. Based on the *Financial Plan and Rate Study 2011-2020* there will be numerous additional operating costs during the study period that are not included in the adopted budget for 2014. These additional expenses, shown on Line 11 include costs associated with operating the Drainage system at a more sustainable level, taking over the City's minor drainage system, operating responsibility for new major drainage capital assets, and green infrastructure and grown water management. The Board has also identified areas where reduced spending has been realized which is shown on Line 12. Line 13 shows the estimated allowance for claims. Bad debt expense is assumed to be 0.5 percent of projected revenue and is shown on Line 14. Projected Net Operating Revenue from system operations is shown on Line 15.

Lines 16 through 18 present debt service requirements on currently outstanding and proposed senior revenue bonds. Existing debt includes the Series 1998 and Series 2002 bonds which will be refunded with the Series 2014 bonds that will be issued in November of 2014. The amount shown on Line 16 reflects the projected principal and interest due on the existing debt prior to the refunding. Line 17 reflects projected principal and interest payments on the Series 2014 revenue bonds as well as additional revenue bond debt financing of $15,000,000 in 2015, $15,000,000 in 2016, $60,000,000 in 2017 and $60,000,000 in 2018. This debt is assumed to be 25 year, 6.0 percent fixed interest rate bonds issued in July of each year, with equal annual payments of principal and interest.

In July of 2006 the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana to secure proceeds from the State's Gulf Opportunity Tax Credit Bond Loan Program to assist in payment of debt service requirements from 2006 through 2008. The Board has borrowed $77,465,247 on this agreement. No principal or interest was payable during the initial five-year period of the loan, but after that period, the loan began to bear an interest rate of 4.64 percent. Payments for the water portion of principal and interest began in July 2012 and are shown on Line 19 of Table 35.

Line 20 reflects the estimated SELA repayments that will begin in 2016. Total debt service is shown on Line 21.

Line 22 reflects the projected transfer of accumulated net earnings from system operations to assist in major capital financing. Typically, such accumulated net earnings may be used to help recover portions of the annual costs of system operations or to assist in major capital improvement financing. Line 23 reflects repayment from the Water Department and repayment to the Department of Public Works as well as repayment to claimants.

It is intended that the Drainage Department maintain an operating reserve equal to 45 days of the previous year's operation and maintenance expense. Line 24 indicates the amount needed to fully

fund the operating reserve in 2014 followed by projected annual transfers to meet this goal throughout the study period.

Line 25 indicated the estimated Net Annual Balance from operations remaining at the end of each year. The net balance of operating funds available at the beginning of the year 2013, shown on Line 26, is comprised of current cash assets and reflects a balance of $2,172,300.

The End of Year Balance, which is exclusive of the operating reserve fund, is shown on Line 27.

Bond Coverage Requirements

A requirement of the Drainage Bond Resolution provides that revenues derived from the nine-mill ad valorem tax should provide an amount sufficient to provide for the interest and principle payment on the Series 1998 and Series 2002 bonds. As shown on Line 28 of Table 35, with the assumed deferred capital improvements and proposed future bond issues, the projected revenue from the nine-mill ad valorem tax will provide sufficient revenue to meet coverage requirements during the study period.

The Drainage Bond Resolution also provides that additional parity bonds may be issued, but only after certain conditions have been met. One condition is that the revenues derived from the nine-mill ad valorem tax for the most recently completed calendar year prior to the year of issuance are equal to at least one and one-third (1-1/3) times the maximum debt service on all bonds outstanding and the additional bonds. In order to meet this requirement, a significant portion of capital improvements must be deferred in 2014 through 2017 as previously mentioned. Black & Veatch suggests that when a new funding source is developed, the Board work with its bond counsel and financial advisor to refund all outstanding debt at that time and issue new debt reflecting a general bond resolution that includes the new funding source and all other revenue in the coverage calculation and reflects covenants more consistent with the 2014 water and sewerage resolutions. It is anticipated that the Board will have the capacity to debt finance more projects under the new resolution.

Table 26

Drainage Department
Statement of Historical Revenue

Revenue Source	2009	2010	2011	2012	2013
	$	$	$	$	$
Three-mill Ad Valorem Tax	10,302,545	10,378,060	11,129,376	12,497,723	13,175,711
Six-mill Ad Valorem Tax	10,410,524	10,498,580	11,242,927	12,630,977	13,317,505
Nine-mill Ad Valorem Tax	15,485,030	15,672,791	16,855,081	18,933,290	18,933,290
Two-mill Ad Valorem Tax	0	1,045	4,870	0	0
Plumbing License and Inspection Fees	0	0	0	0	0
Interest Earned	475,088	167,166	128,571	109,748	92,615
Other	1,704,640	1,196,275	1,107,419	1,103,330	1,099,908
Total Revenue	38,377,827	37,913,917	40,468,244	45,275,067	46,619,029

Table 27

Drainage Department
Historical Operation and Maintenance Expenses (a)

Department	2009	2010	2011	2012	2013
	$	$	$	$	$
Management and General Expenses					
Administrative	1,641,001	1,504,269	2,374,723	2,787,387	2,667,971
Management Services Director	22,977	23,226	23,619	24,351	26,912
Building and Grounds and Support Services	3,773,499	3,505,448	3,608,126	3,111,286	2,819,352
Personnel Administration	248,085	284,354	276,123	349,217	313,814
Finance Administration	677,215	785,102	847,924	829,391	778,042
Information Systems	1,469,310	1,437,571	1,523,561	1,429,881	1,440,642
Purchasing	199,076	225,852	212,508	204,325	208,849
Total Management and General	8,031,163	7,765,821	8,866,583	8,735,837	8,255,582
Operations Expenses					
General Superintendent	119,297	178,217	172,673	182,266	197,524
Drainage Pumping and Central Control	6,525,528	6,466,087	6,047,653	6,190,023	6,207,029
Chief of Operations	62,634	67,543	68,776	137,430	62,056
Water Pumping and Power	4,628,952	5,354,188	5,319,545	5,157,859	4,803,226
Chief of Facilities Maintenance	79,517	92,316	130,206	252,134	128,281
Facilities Maintenance	2,296,478	2,586,461	2,614,209	2,881,080	3,277,534
Central Yard	1,554,592	1,788,429	1,934,652	2,234,033	2,188,673
Office of Chief of Network	50,894	50,617	90,334	63,599	67,731
Networks	3,750,657	2,176,076	2,074,839	2,250,380	2,138,902
Engineering	1,198,838	1,352,670	1,406,861	1,439,825	1,764,068
Total Operations	20,267,387	20,112,603	19,859,748	20,788,628	20,835,024
Other Expenses					
Special Accounts	954,917	932,188	897,176	901,912	1,060,183
Payroll Related Expenses	6,583,416	5,509,813	5,790,140	4,979,183	5,397,924
Overhead Allocation	(2,919,381)	(3,078,386)	(3,333,228)	(3,573,827)	(3,654,904)
Total Other	4,618,952	3,363,616	3,354,088	2,307,268	2,803,202
Total Operation and Maintenance (b)	32,917,502	31,242,040	32,080,419	31,831,734	31,893,808

(a) Historical operation and maintenance expenses do not include the non-cash portion of provision for claims as recorded in the Comprehensive Annual Financial Report. Estimates of future Water Department claims

(b) Source: Expenditure Analysis by Group Report.

Table 28

Drainage Department
Capital Expenditures (a)
2013

C.P. #	Project	Actual Expenditures
		$
	Canals	
418	Normal Extensions & Replacements	3,750
439	Major Drainage Participation in DPW Projects	94,499
466	Louisiana Avenue Canal (SELA)	323,420
471	SELA Program Management	1,365,712
478	S. Claiborne-Lowerline to Monticello Street	736,490
486	Napoleon Canal Improvements (SELA-B)	3,761,209
497	Florida Ave. Canad - DPS#19 to Peoples Ave. (SELA-B)	428,811
498	Dwyer Intake Canal (St. Charles to Dwyer DPS) (SELA-A)	610,425
499	Jefferson Avenue Canal	7,832,461
	Total Drainage Canals	15,156,777
	Pumping Stations	
511	Normal Extensions & Rep./Stations	1,290,568
575	Drainage Hurricane Recovery Bonds	1,845,898
	Total Drainage Pumping Stations	3,136,466
	Power Projects and General Budget	
600	Drainage Share of Power Projects	3,331,721
703	Drainage Reserve for Emergency	139,654
800	Drainage Share of General Budget Items	3,375,742
	Total Power Projects and General Budget	6,847,117
	Total Drainage Department	25,140,359

(a) Expenditures do not include proration of interest expense.

Table 29

Drainage Department
Projected Capital Improvements (a)

C.P.#	Project	2014	2015	2016	2017	2018	Total
		$	$	$	$	$	$
	Reinvestment in Assets						
418	Normal Ext. & Replacements	800,000	820,000	870,000	890,000	890,000	4,270,000
511	Normal Ext. & Replacement - Stations	15,413,000	5,070,000	24,660,000	8,940,000	4,600,000	58,683,000
600	Drainage Share of Power Projects	129,705,000	730,000	480,000	480,000	9,480,000	140,875,000
703	Drainage Reserve for Emergencies	700,000	700,000	700,000	700,000	700,000	3,500,000
800	Drainage Share of General Budget Items	9,200,000	6,172,000	7,910,000	6,259,000	6,702,000	36,243,000
	Total Routine Capital Improvements	155,818,000	13,492,000	34,620,000	17,269,000	22,372,000	243,571,000
	Major Capital Improvements						
439	Mains, Over 36" in Street Dept. Contracts	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	21,500,000
453	Improvements to Metairie Relief Canal	0	450,000	6,100,000	100,000	0	6,650,000
466	Louisiana Ave. Canal	86,250,000	5,500,000	1,000,000	0	0	92,750,000
471	SELA Program Management	1,500,000	1,500,000	1,500,000	0	0	4,500,000
472	Tchoupitoulas Corridor	0	0	250,000	12,000,000	0	12,250,000
474	Melpomene Street Canal	5,000	0	0	0	0	5,000
476	Hollygrove Canal	5,000	0	0	0	0	5,000
478	S. Claib - Lowerline to Monticello St.	3,000,000	300,000	300,000	0	0	3,600,000
483	Airline & Monticello Canal Improvements	0	50,000	475,000	8,400,000	0	8,925,000
486	Napoleon Avenue Canal Improvements	1,700,000	800,000	450,000	0	0	2,950,000
492	Donner Canal Improvements	0	0	50,000	1,750,000	89,000,000	90,800,000
496	General De Gaulle Canal	100,000	50,000	3,000,000	54,700,000	53,000,000	110,850,000
497	Florida Avenue Canal - DPS #19 to Peoples	173,749,000	11,050,000	500,000	0	0	185,299,000
498	Dwyer Intake Canal	50,000	0	0	0	0	50,000
499	Jefferson Avenue Canal	8,100,000	650,000	0	0	0	8,750,000
512	Expansion of DPS #15	0	1,250,000	14,500,000	0	0	15,750,000
535	DPS #6	0	0	500,000	1,000,000	0	1,500,000
573	DPS #13 Improvements	0	1,500,000	0	0	0	1,500,000
575	Drainage Hurricane Recovery Bonds	660,000	10,000,000	0	0	0	10,660,000
576	COE Storm Proofing Projects	0	8,250,000	7,032,000	5,828,000	11,016,000	32,126,000
578	Permanent Pump Stations at the Laek Elaine DPS Repairs	200,000	200,000	0	0	0	400,000
	Total Major Capital Improvements	279,619,000	45,850,000	39,957,000	88,078,000	157,316,000	610,820,000
	Total Drainage Department Improvements	435,437,000	59,342,000	74,577,000	105,347,000	179,688,000	854,391,000

(a) The improvements for 2014-2018 are based on the 2014-2023 Capital Program approved December 18, 2013.

Table 30

Drainage Department
Projected Participation by Others (a)

C.P.#	Project	2014	2015	2016	2017	2018	Total
		$	$	$	$	$	$
418	Normal Extensions & Replacements	300,000	300,000	350,000	350,000	350,000	1,650,000
453	Improvements to Metairie Relief Canal	0	108,000	1,464,000	24,000	0	1,596,000
466	Louisiana Ave. Canal	81,250,000	0	0	0	0	81,250,000
472	Tchoupitoulas Corridor	0	0	0	1,850,000	0	1,850,000
483	Airline & Monticello Canal Improvements	0	0	114,000	2,016,000	0	2,130,000
492	Donner Canal Improvements	0	0	0	0	82,500,000	82,500,000
496	General De Gaulle Canal	0	0	0	52,500,000	52,500,000	105,000,000
497	Florida Avenue Canal - DPS #19 to Peoples	156,549,000	0	0	0	0	156,549,000
511	Normal Ext. & Replacement -DPS	1,500,000	0	0	0	0	1,500,000
535	DPS #6	0	0	160,000	320,000	0	480,000
575	Hurricane Recovery Bonds	660,000	10,000,000	0	0	0	10,660,000
613	Modifications to Power Generating System	21,495,000	0	0	0	0	21,495,000
676	Modifications to Power Generating System HMGP	107,480,000	0	0	0	0	107,480,000
807	Improvements to Central Yard and St. Joseph St	646,000	0	0	0	0	646,000
843	Minor Equipment Purchases	25,000	0	0	0	0	25,000
	Total	369,905,000	10,408,000	2,088,000	57,060,000	135,350,000	574,811,000

(a) The improvements for 2014-2018 are based on the 2014-2023 Capital Program approved December 18, 2013.

Table 31

Drainage Department
Projected Operating Revenue

Year	Ad Valorem Tax Revenue			Other	Total
	Three-Mill	Six-Mill	Nine-Mill		
	$	$	$	$	$
2014	12,943,600	13,083,300	19,399,600	1,126,000	46,552,500
2015	12,943,600	13,083,300	19,399,600	1,137,000	46,563,500
2016	13,073,000	13,214,100	19,593,600	1,148,000	47,028,700
2017	13,203,700	13,346,200	19,789,500	1,159,000	47,498,400
2018	13,335,700	13,479,700	19,987,400	1,171,000	47,973,800

Table 32

Drainage Department
Projected Operation and Maintenance Expenses

Department	2014 (a)	2015	2016	2017	2018
	$	$	$	$	$
Management and General Expenses					
Administrative	2,687,800	2,768,400	2,851,500	2,937,000	3,025,100
Management Services Director	26,700	27,500	28,300	29,100	30,000
Building and Grounds and Support Services	3,702,200	3,813,200	3,927,600	4,045,500	4,166,800
Personnel Administration	222,700	229,400	236,300	243,400	250,700
Finance Administration	597,300	615,300	633,700	652,700	672,300
Information Systems	2,079,400	2,141,800	2,206,100	2,272,300	2,340,400
Revenue and Customer Service	119,400	122,900	126,600	130,400	134,300
Purchasing	181,200	186,600	192,200	198,000	203,900
Total Management and General	9,616,700	9,905,100	10,202,300	10,508,400	10,823,500
Operations Expenses					
General Superintendent	131,900	135,800	139,900	144,100	148,400
Drainage Pumping and Central Control	7,089,700	7,302,400	7,521,400	7,747,100	7,979,500
Chief of Operations	73,300	75,400	77,700	80,000	82,400
Water Pumping and Power	11,236,700	11,573,800	11,921,100	12,278,700	12,647,000
Water Purification	171,100	176,200	181,500	187,000	192,600
Chief of Facilities Maintenance	139,900	144,100	148,400	152,800	157,400
Facilities Maintenance	2,889,600	2,976,300	3,065,600	3,157,500	3,252,200
Central Yard	1,518,300	1,563,800	1,610,700	1,659,100	1,708,800
Office of Chief of Network	161,500	166,400	171,400	176,500	181,800
Networks	622,800	641,500	660,800	680,600	701,000
Engineering	1,169,800	1,204,900	1,241,000	1,278,300	1,316,600
Total Operations	25,204,600	25,960,600	26,739,500	27,541,700	28,367,700
Other Expenses					
Special Accounts	1,660,600	1,710,400	1,761,700	1,814,600	1,869,000
Payroll Related Expenses	1,934,300	1,992,400	2,052,100	2,113,700	2,177,100
Overhead Allocation	(3,390,000)	(3,491,700)	(3,596,500)	(3,704,400)	(3,815,500)
Total Other	204,900	211,100	217,300	223,900	230,600
Total Operation and Maintenance	35,026,200	36,076,800	37,159,100	38,274,000	39,421,800

(a) Represents the adopted operating budget as of December 18, 2013.

Table 33

Drainage Department
Debt Service Requirements

Debt Issue		2014	2015	2016	2017	2018
		$	$	$	$	$
Nine-Mill Tax Bonds						
Series 1998		124,000	0	0	0	0
Series 2002		382,800	0	0	0	0
Total Nine-Mill Debt Service		506,800	0	0	0	0
Projected Bonds						
	Amount of Issue					
	$					
2014	14,945,000	548,211	2,211,500	2,222,000	2,228,250	2,235,250
2015	15,000,000		586,700	1,173,400	1,173,400	1,173,400
2016	15,000,000			586,700	1,173,400	1,173,400
2017	60,000,000				2,346,800	4,693,600
2018	60,000,000					2,346,800
Total Projected Debt Service		548,211	2,798,200	3,982,100	6,921,850	11,622,450
Total Debt Service		1,055,011	2,798,200	3,982,100	6,921,850	11,622,450

Table 34

Drainage Department
Capital Improvement Program Financing

Line No	Description	Fiscal Year Ending December 31, 2014	2015	2016	2017	2018	Total
		$	$	$	$	$	$
1	Funds Available at Beginning of Year	40,578,500	395,700	15,850,000	805,100	61,452,700	40,578,500
2	Revenue Bond Proceeds (a)	14,945,000	15,000,000	15,000,000	60,000,000	60,000,000	164,945,000
3	Operation Fund Transfers	0	1,000,000	7,000,000	7,000,000	7,000,000	22,000,000
4	Participation by Others	369,905,000	10,720,200	2,215,200	62,351,000	152,337,600	597,529,000
5	Net Original Issue Premium	1,794,000	0	0	0	0	0
6	Interest Income	206,300	81,400	83,700	312,100	313,800	997,300
7	Total Funds Available	427,428,800	27,197,300	40,148,900	130,468,200	281,104,100	826,049,800
8	Obligated Contracts & Capital Jobs	(4,857,100)	0	0	0	0	(4,857,100)
9	Revinvestment in Assets	(155,818,000)	(13,896,800)	(36,728,400)	(18,870,300)	(25,179,900)	(250,493,400)
10	Major Capital Additions	(279,619,000)	(47,225,500)	(42,390,400)	(96,245,200)	(177,060,500)	(642,540,600)
11	Deferred Capital Improvements	30,000,000	50,000,000	40,000,000	47,000,000	(77,000,000)	90,000,000
12	Bond Issuance Expense	(142,100)	(225,000)	(225,000)	(900,000)	(900,000)	(2,392,100)
13	Refunding Escrow Deposits	(16,595,900)	0	0	0	0	0
14	Other Uses of Funds	(1,000)	0	0	0	0	0
15	Total Application of Funds	(427,033,100)	(11,347,300)	(39,343,800)	(69,015,500)	(280,140,400)	(810,283,200)
16	End of Year Balance	395,700	15,850,000	805,100	61,452,700	963,700	15,766,600

Table 35

Drainage Department
Analysis of Ability of Forecasted Revenue to Finance Projected Revenue Requirements

Line No	Description	Fiscal Year Ending December 31, 2014	2015	2016	2017	2018
		$	$	$	$	$
1	Three-Mill Ad Valorem Tax Revenue (4.66 Mills)	12,296,400	12,296,400	12,419,400	12,543,500	12,668,900
2	Six-Mill Ad Valorem Tax Revenue (4.71 Mills)	12,429,100	12,429,100	12,553,400	12,678,900	12,805,700
3	Nine-Mill Ad Valorem Tax Revenue (7.06 Mills)	18,429,600	18,429,600	18,613,900	18,800,000	18,988,000
4	Drainage Fee Revenue	0	0	34,749,800	34,749,800	34,749,800
5	Total Additional Drainage Fee Revenue (a)	0	0	0	3,185,400	6,978,900
6	Other Miscellaneous Income	1,069,700	1,080,000	1,091,000	1,102,000	1,113,000
7	Interest Income	35,300	25,700	69,700	124,100	84,500
8	Interest from Bond Reserve Fund	0	0	0	0	0
9	Total Operating Revenue	44,260,100	44,260,800	79,497,200	83,183,700	87,388,800
10	Operation & Maintenance	(35,026,200)	(36,076,800)	(37,159,100)	(38,274,000)	(39,421,800)
11	Additional Operating & Maintenance	(2,000,000)	(5,537,500)	(9,076,400)	(26,116,800)	(27,096,200)
12	Operating & Maintenance Savings	2,405,100	2,495,700	2,589,900	2,687,900	2,789,900
13	Provision for Claims	(1,233,400)	(1,270,400)	(1,308,500)	(1,347,800)	(1,388,200)
14	Provision for Doubtful Accounts	(215,800)	(215,800)	(217,900)	(220,100)	(222,300)
15	Net Operating Revenue	8,189,800	3,656,000	34,325,200	19,912,900	22,050,200
	Debt Service					
	Senior Lien Revenue Bonds					
16	Existing	(506,800)	0	0	0	0
17	Projected	(548,211)	(2,798,200)	(3,982,100)	(6,921,850)	(11,622,450)
18	Subtotal	(1,055,011)	(2,798,200)	(3,982,100)	(6,921,850)	(11,622,450)
19	Gulf Opportunity Zone Act Loan	(407,800)	(407,800)	(407,800)	(407,800)	(407,800)
20	SELA Capital Repayment	0	0	(8,300,000)	(8,300,000)	(8,300,000)
21	Total Debt Service	(1,462,811)	(3,206,000)	(12,689,900)	(15,629,650)	(20,330,250)
22	Transfer to Construction	0	(1,000,000)	(7,000,000)	(7,000,000)	(7,000,000)
23	Due from (to) Other Departments	(1,632,600)	(2,196,000)	(2,196,000)	(921,000)	0
24	Transfer to Operating Reserve Fund	(3,932,100)	(336,200)	(554,500)	(558,100)	(2,226,200)
25	Net Annual Balance	1,162,289	(3,082,200)	11,884,800	(4,195,850)	(7,506,250)
26	Beginning of Year Cash Balance	2,172,300	3,334,589	252,389	12,137,189	7,941,339
27	End of Year Balance	3,334,589	252,389	12,137,189	7,941,339	435,089
	Debt Service Coverage					
28	Annual Test (b)	1746.9%	658.6%	467.4%	271.6%	163.4%
29	Additional Bonds Test (c)	818.3%	538.0%	404.7%	202.3%	135.8%

(a) Assumes annual 10% rate increases in the Drainage Fee beginning in 2017.
(b) The General Bond Resolution requires Nine-Mill Ad Valorem Tax Revenue to equal or exceed 100% of annual debt service
(c) The General Bond Resolution requires Nine-Mill Ad Valorem Tax Revenue to equal or exceed 133% of maximum annual debt service.

Appendix

Assessment of East Bank Sewage Stations

	DATE	FACILITY NAME	ROUTE	LOCATION	STATUS
1	03/11/2014	Chickasaw	A	Chickasaw at Metropolitan	Two pumps total; both operational.
2	03/11/2014	K-Mart	A	Desire at Gentilly	Two pumps total; both operational.
3	03/11/2014	Station 23	A	4500 Mithra	Two pumps total; both operational.
4	03/11/2014	Station 17	A	4975 Spain at Selma	Two pumps total; both operational.
5	03/11/2014	Station 22	A	5705 Perlita	Two pumps total; both operational.
6	03/11/2014	Station 19	A	3730 Jumonville at Milton	Two pumps total; both operational.
7	03/11/2014	Station 21	A	6670 Memphis At Filmore	Two pumps total; both operational.
8	03/11/2014	Station 18	A	Vicksburg at Florida	Two pumps total; both operational.
9	03/11/2014	City Park	A	5701 Marconi Drive	Two pumps total; both operational.
10	03/11/2014	Station 20	A	328 37th Street	Two pumps total; one operational, one out of service.
11	03/11/2014	Station 4	A	5899 Fleur de Leis	Two pumps total; both operational.
12	03/11/2014	Lakewood South	A	Country Club Drive near Marconi	Two pumps total; both operational.
13	03/11/2014	Station 6	A	242 S Solomon at Palmyra	Two pumps total; both operational.
14	03/11/2014	Station 3	A	8720 Olive near Eagle	Two pumps total; both operational.
15	03/11/2014	Station 1	A	7336 Cohn	Two pumps total; both operational.
16	03/11/2014	Station 14	A	4000 Clara	Two pumps total; both operational.
17	03/11/2014	Station 5	A	3912 Erato St	Two pumps total; both operational.
18	03/11/2014	Station 15	A	2431 Palmyra near Rocheblave	Three pumps total; two operational, one out of service.
19	03/11/2014	Station 8	A	Corner of N Broad and Toulouse	Two pumps total; both operational.
20	03/11/2014	Station 9	A	2540 Annette at Law	Two pumps total; both operational.
21	03/12/2014	Station 16	B	3751 N Miro at Pauline	Two pumps total; both operational.

	DATE	FACILITY NAME	ROUTE	LOCATION	STATUS
22	03/12/2014	Station 24	B	5027 N Tonti at Forstall	Two pumps total; both operational.
23	03/12/2014	Station 25	B	2245 Charbonnet	Two pumps total; one pump operational.
24	03/12/2014	Station 26	B	2244 St Maurice at Tonti	Two pumps total; both operational.
25	03/12/2014	Station B	B	4725 St Claude Avenue	Two pumps total; one pump operational.
26	03/12/2014	Southern Scrap	B	Southern Scrap Rd Harbor Rd	Two pumps total; both operational.
27	03/12/2014	France and Florida	B	2701 France Road	Two pumps total; both operational.
28	03/12/2014	MECO-Mechanical Equipment Company	B	3855 France Road	Two pumps total; both operational.
29	03/12/2014	American Marine	B	4045 Jourdan Rd	Two pumps total; both operational.
30	03/12/2014	Victoria at Gentilly	B	3620 Victoria	Two pumps total; both operational.
31	03/12/2014	Dodt	B	8118 Chef Menteur Highway	Two pumps total; both operational.
32	03/12/2014	Plum Orchard	B	7300 Chef Menteur Highway	Two pumps total; both operational.
33	03/12/2014	Wilson	B	7709 Wilson Avenue	Two pumps total; both operational.
34	03/12/2014	Crowder	B	5500 Crowder Road	Two pumps total; both operational.
35	03/12/2014	Castle Manor	B	4950 Gawain at Dwyer	Two pumps total; both operational.
36	03/12/2014	Cerise	B	5001 Cerise	Two pumps total; both operational.
37	03/12/2014	Lakeland Terrace	B	5057 Warren Drive	Two pumps total; both operational.
38	03/12/2014	McCoy	B	McCoy at Gentilly	Two pumps total; both operational.
39	03/12/2014	Amid	B	6800 Almonaster Road	Two pumps total; both operational.
40	03/12/2014	Lake Forest	B	10451 Lake Forest Blvd	Two pump total; both operational.
41	03/12/2014	Wright Road	B	Wright Road at Lake Forest	Two pumps total; both operational.
42	03/12/2014	Bullard	B	5501 Bullard Road	Two pumps total; both operational.
43	03/12/2014	Pines Village	B	6155 Dwyer Road at Foch	Two pumps total; both operational.

	DATE	FACILITY NAME	ROUTE	LOCATION	STATUS
44	03/12/2014	America	B	6789 Dwyer Road at Westlake	Two pumps total; both operational.
45	03/12/2014	Station A Municipal Auditorium	B	1321 Orleans Avenue	Six pumps total; all operational.
46	03/13/2014	Shorewood	C	14441 Morrison Road	Two pumps total; both operational.
47	03/13/2014	Briarwood Station	C	13701 Morrison Road	Two pumps total; both operational.
48	03/13/2014	Liggett	C	12501 Morrison Road	Two pumps total; both operational.
49	03/13/2014	Berg	C	11501 Morrison Road	Two pumps total; both operational.
50	03/13/2014	Weber	C	10141 Morrison Road	Two pumps total; both operational.
51	03/13/2014	Burke	C	9001 Morrison Road	Two pumps total; both operational.
52	03/13/2014	Lawrence	C	7900 Morrison Road	Two pumps total; both operational.
53	03/13/2014	Lamb	C	6450 Morrison Road	Two pumps total; both operational.
54	03/13/2014	Gentilly Oaks	C	5000 Papania Road at Vienna	Two pumps total; both operational.
55	03/13/2014	Eastover	C	6051 Eastover Drive	Two pumps total; one pump operational.
56	03/13/2014	Paris Road	C	Dwyer West of Paris Road	Two pumps total; both operational.
57	03/13/2014	Venetian Isles No.2	C	20711 Old Spanish Trail	Two pumps total; both operational.
58	03/13/2014	Industrial Parkway	C	4200 Industrial Parkway	Two pumps total; both operational.
59	03/13/2014	Blvd " X"	C	4433 Chef Menteur Highway	Four pumps total; two temporary pumps operational, two pumps out of service.
60	03/13/2014	Alcee Fortier	C	Alcee Fortier Blvd at the Levee	Two pumps total; both operational.
61	03/13/2014	Willow Brook	C	Willowbrook off of Michoud	Two pumps total; both operational.
62	03/13/2014	Oak Island	C	14201 Michoud Blvd	Two pumps total; both operational.
63	03/13/2014	Village De Lest	C	11324 Dwyer	Two pumps total; both operational.

	DATE	FACILITY NAME	ROUTE	LOCATION	STATUS
64	03/13/2014	Michoud	C	4400 Michoud Boulevard	Two pumps total; one pump operational.
65	03/13/2014	Folgers	C	14601 Gentilly Boulevard	Two pumps total; both operational.

Assessment of West Bank Sewage Stations

	DATE	FACILITY NAME	LOCATION	STATUS
1	03/13/2014	Memorial	2501 Memorial Park Drive	Two pumps total; both operational.
2	03/13/2014	Garden Oaks	3201 Memorial Park Drive	Two pumps total; both operational.
3	03/13/2014	Park Timbers	4100 Lennox Blvd	Two pumps total; both operational.
4	03/13/2014	Tall Timbers	3800 Tall Pines Drive	Two pumps total; both operational.
5	03/13/2014	Forest Isle	5631 West Forest Park Drive	Two pumps total; both operational.
6	03/13/2014	Blair	3800 Blair Street	Two pumps total; both operational.
7	03/13/2014	Aurora	6000 Carlisle Court	Two pumps total; both operational.
8	03/13/2014	English Turn I	2201 Stanton Road	Two pumps total; both operational.
9	03/13/2014	English Turn II	123 ½ Oak Alley	Two pumps total; both operational.
10	03/13/2014	English Turn III		Two pumps total; both operational.
11	03/13/2014	Lower Coast	3700 Old Woodland	Two pumps total; both operational.
12	03/13/2014	Woodland	4150 Woodland Drive	Two pumps total; one pump operational.
13	03/13/2014	Eton	3440 Eton Street	Two pumps total; both operational.
14	03/13/2014	Huntlee	3201 Huntlee	Two pumps total; both operational.
15	03/13/2014	Holiday	2799 Holiday Drive	Two pumps total; both operational.
16	03/13/2014	Bridge Plaza	2914 Vespasian Street	Two pumps total; both operational.
17	03/13/2014	Horace	3301 Lawrence Street	Two pumps total; both operational.

Assessment of East Bank Drainage Stations

	DATE	FACILITY NAME	LOCATION	STATUS	NOTES
1	03/10/2014	Station 1	2501 S Broad Street	Eleven pumps total; ten pumps operational, No. 1 constant duty pump not in service.	House generator. New storm windows, doors and new roof constructed.
2	03/10/2014	Station 6	345 Orpheum	Twelve pumps total; ten pumps operational, No. 1 & No. 2 constant duty pumps out of service.	New house generator & transformer. New storm windows, doors, and new roof constructed.

	DATE	FACILITY NAME	LOCATION	STATUS	NOTES
3	03/10/2014	I-10 Pump Station	I-10 Service Road	Four pumps total; all operational.	Entire pump station constructed.
4	03/10/2014	Station 7	5741 Orleans Avenue at Marconi Drive	Five pumps total; all operational.	New diesel generator back-up installed.
5	03/10/2014	Canal Boulevard	5500 Canal Boulevard	Three pumps total; two pumps operational	Pumps and motors refurbished.
6	03/10/2014	Station 2	444 N Broad Street	Six pumps total; all operational.	New storm doors and windows installed.
7	03/10/2014	Station 3	2251 N Broad Street	Nine pumps total; seven pumps working, two constant duty pumps out of service.	New storm doors and windows installed; also new diesel & house generator.
8	03/10/2014	Pritchard	2901 Monticello	Three pumps total; two pumps operational, one constant duty pump out of service.	
9	03/10/2014	Oleander	9400 Oleander	Three pumps total; all operational.	
10	03/10/2014	Station 4	5700 Warrington Drive	Six pumps total; four pumps operational.	New storm doors and windows.
11	03/10/2014	Station 12	Robert E Lee and Ponchartrain Boulevard	One pump total; operational.	
12	03/10/2014	St. Charles Station 16	Danube Road at Wales	Four pumps total; all operational.	
13	03/10/2014	Citrus Station 10		Four pumps total; all operational.	New roof installed.
14	03/10/2014	Station 14	Oneida at Haynes	Four pumps total; all operational.	
15	03/10/2014	Grant Street	Grant Street at Gentilly Boulevard	Five pumps total; three operational.	
16	03/10/2014	Elaine		Two pumps total; both operational.	Two new pumps installed.
17	03/10/2014	Station 17	2801 Florida Avenue	Five pumps total; all operational.	
18	03/10/2014	Station 5	Florida Avenue	Six pumps total; all operational.	

	DATE	FACILITY NAME	LOCATION	STATUS	NOTES
19	03/10/2014	Station 19	4500 Florida Avenue	Six pumps total; all operational.	
20	03/10/2014	Amid Station 20	6300 Intercoastal Waterway at Terminal Road	Two pumps total; one operational, one out of service.	
21	03/10/2014	Maxent	Alcee Fortier	Two pumps total, both operational.	
22	03/10/2014	Industrial Boulevard	Industrial Boulevard	Three pumps total; all operational.	New wall at levee constructed.

Assessment of West Bank Drainage Stations

	DATE	FACILITY NAME	LOCATION	STATUS	NOTES
1	03/10/2014	Station 11	5301 East Sixth Street	5 pumps total; all operational.	Station has four total screens, only one operational.
2	03/10/2014	Station 13	4201 Tall Spruce Drive	7 pumps total; all operational.	New building constructed for two new diesel generators.

Section C. Statistics and Reports

7. Report on Assessment and Status of Operational Reforms

Sewerage and Water Board of New Orleans
Tracking Tool for Commitments to City Council
August 2015

Status Key	On Target	Not Started	Delayed	Needs Attention

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
I. Governance Practices	A. Reduce the length of Board member terms and limiting the number of terms.	October 2013	Completed June 17, 2013. Senate Bill No. 47 reduced the term lengths from 9 to 4 years and limiting members to serving two consecutive terms.	None.	Strategy IV Tactics I.1 and I.2
	B. Establish requisite qualifications for Board members.	October 2013	Completed June 17, 2013. Senate Bill No. 47 requires experience in architecture, environmental quality, finance, accounting, business administration, engineering, law, public health, urban planning, facilities management, public administration, science, construction, business management, consumer or community advocacy, or other pertinent disciplines, with two of the appointments as consumer advocates with community advocacy or consumer protection experience or experience in a related field.	None.	Strategy IV Tactic I.3
	C. Reduce the number of Board members.	October 2013	Completed June 17, 2013. Senate Bill No. 47 reduced the size of the Board from 13 to 11 members.	None.	Strategy IV Tactic I.4
	D. Review function and responsibilities of Board committees.	Not determined.	Completed. Board of Directors revised Bylaws based upon recommended best practices contained in New Orleans Office of Inspector General Guide for Boards, Commissions, and Public Benefit Corporations.	None	Strategy IV Tactic I.5
	E. Appoint Board members from recommendations submitted by university presidents.	October 2013 original *May 2014 revised*	Completed May 22, 2014. New board members appointed.	None.	Strategy IV Tactic I.6
	F. Establish dedicated independent oversight of Sewerage and Water Board determined by the City Council.	Not determined.	Completed May 30, 2013. Staff presents to Public Works Committee of City Council as scheduled on identified questions and concerns.	None.	Strategy IV Tactic M

Sewerage and Water Board of New Orleans
Tracking Tool for Commitments to City Council
August 2015

Status Key — On Target | Not Started | Delayed | Needs Attention

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
II. Customer Service Improvements	A. Acquire and implement Advanced Metering Infrastructure. Replace existing mechanical meters with new electronic meters and an automated meter reading system that will provide more accurate readings, enhanced leak detection on customer lines, and improved account monitoring. The new meters will be installed for the residential and small commercial customer base.	December 2016	On target. Request for Information issued to potential vendors. Information submitted by ten vendors reviewed by staff and interviews conducted. Requests for proposals issued by other utilities being reviewed. A revised standard for purchasing new meters has been completed. Pilot demonstration of leak detection and automated shutoff capabilities underway. Project will be fully initiated following implementation of new billing system.	Continue replacement of existing manual-read meters with electronic-read meters. Determine if outside expert assistance will be needed in project management. Develop a preliminary implementation plan and issue a request for proposals for change-out of residential and small commercial meters and installation of automated meter reading capabilities. Confirm targeted completion date following implementation of new customer account management system.	Strategy III Tactic B
	B. Open Additional Customer Service Center to provide convenient access to full service capabilities for customers without travelling to the downtown location.	December 2013 original *December 2015 revised*	Delayed.	Identify and evaluate public facilities in New Orleans East for reuse as Customer Service Center.	Strategy III Tactic H
	C. Replace existing billing application with new software that includes online customer account management capabilities.	January 2015 original *March 2016 revised*	On target. Customer Account Management System from Cogsdale Corporation implementation underway.	Project implementation steps for setup, testing, and training underway.	Strategy III Tactic C
	D. Replace existing work order application with new software that includes online work order tracking and appointment scheduling capabilities.	December 2017	Not started.	Next steps to be determined as part of the development of an Information Technology Strategic Plan.	Strategy III Tactic D and E Strategy IV Tactic D
	E. Improve efficiency and reliability of Customer Service processes. Reduce the volume of calls by increasing perceived accuracy of bills. Ensure meter reading and billing edits are worked diligently. Improve the customer experience when questioning a bill and resolve more issues during the first call. Provide more effective appeals process.	Ongoing	Previous Customer Service Improment Plan completed October 31, 2014. New Customer Service Improvement Plant adopted June 17, 2015. Status updates reported to Operations Committee monthly.	None.	Strategy III Tactics A, F, and G

Sewerage and Water Board of New Orleans
Tracking Tool for Commitments to City Council
August 2015

Status Key — On Target | Not Started | Delayed | Needs Attention

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
III. Service Assurance Program	A. Provide additional funding for bill payment assistance through the Water Help program.	January 2013	Original initiative completed January 31, 2013. Funding for bill payment assistance through the Water Help program increased from $60,000 to $240,000. Working with Total Community Action to streamline the program.	Rollout agreed-upon streamlined methods.	Strategy III Tactic I.1
	B. Expand Water Help program to provide assistance with plumbing repairs.	June 2013 original *March 2014 revised*	Original initiative completed March 31, 2014. Program provides up to $250 for plumbing repairs on the customer's portion of the service line. Working with Total Community Action to streamline the program.	Develop agreed-upon streamlined methods.	Strategy III Tactic I.2
	C. Pursue legislative change to allow adjustments for water lost through customer leaks.	March 2013 original *August 2014 revised* *June 2015 revised*	Underway. R.S. 33:4071(F) enacted in July 2015 authorized Sewerage and Water Board to adopted rules and procedures to adjust water bills.	Develop rules and procedures to adjust bills according to legislation.	Strategy III Tactic I.3
	D. Evaluate waiver of service charges based on means testing for qualifying low-income elderly and disabled customers.	June 2013	Completed July 17, 2013. Staff recommended that the Board not adopt a waiver of these service charges based on means testing. Recommendations accepted by Board of Directors.	None.	Strategy III Tactic I.4
	E. Evaluate reduction in late payment fee, disconnect fee, returned check fee, and deposits.	March 2013 original *June 2013 revised*	Completed July 17, 2013. Because of the significant revenue loss associated with a reduction in late payment fees and disconnect fees, staff recommended that consideration of changes to these fees be deferred until after the first full year of revenues have been received from the new rates in order to ensure that revenues from the new rates are sufficient to allow for this offsetting reduction in fees while still accomplishing other financial objectives. Revenues from the new rates have not been sufficient to allow reduction in fees.	None.	Strategy III Tactic I.4
IV. Operational Reforms	A. Improve operations through performance measures, improved framework, and follow-up reviews to reduce future rate increases.	December 2017	On target. Training program developed and underway for frontline employees. Performance measures being reviewed and developed.	Process documentation, analysis, and improvement objectives combined with cost reduction are included in several senior management goals. Document and report improvement results.	Strategy II Tactic D Strategy IV Tactics B and H Strategy IV Tactic M

Sewerage and Water Board of New Orleans
Tracking Tool for Commitments to City Council
August 2015

Status Key — On Target | Not Started | Delayed | Needs Attention

Topic	Commitment	Target Date		Status	Next Steps	Strategic Plan Reference
	B. Reduce free water and sewer service provided to municipal accounts by fifty percent from a baseline of 2010 usage.	December 2017		On target. Quantity of free service reduced from 2010 to 2014 by 25.6%. School system billing piloted for consumption beginning July 2013. No changes to related laws were initiated for 2015 Louisiana legislative session.	Continue work with property administrators at municipal facilities to identify opportunities for reduced consumption. Coordinate with revenue-producing agencies to pursue legislative relief from burdensome requirements for free service.	Strategy II Tactic F
	C. Improve coordination between Sewerage and Water Board and Department of Public Works.	Not determined.		On target. A joint team of Sewerage and Water Board engineers and Department of Public Works engineers work together in coordination of planning and construction for the FEMA Recovery Roads program.	Determine feasibility of performing street drainage maintenance work on a fee-for-service basis, subject to identification of funding requirements, establishment of a funding stream, and gaining necessary legislative authorizations.	Strategy I Tactics A.1, B.1, and C.4
	D. Improve ratepayer collections.	Not determined.		Completed December 31, 2013. Plans to improve collections have recently focused on ensuring close compliance with schedules for non-payment turn-offs. The amount written off as uncollectable has reduced from 10.23% in 2010 to 1.15% in 2014.	None.	Strategy IV Tactic G
	E. Develop a long-term staff succession and training program.	Not determined.		On target. A partnership between Delgado Community College, the Sewerage and Water Board of New Orleans and the JOB1 Business and Career Solutions Center has launched a worker training program aimed at increasing the pool of certified water and wastewater treatment personnel to meet the anticipated demand for workers to operate the systems. Delgado has applied to become a certification testing site.	In conjunction with the City's JOB1 program and Sewerage and Water Board, Delgado Community College will develop training to increase the pool of certified personnel to meet the needs of the capital improvement program. Knowledge management and succession planning objectives have been added to several senior management goals.	Strategy V Tactic G
	F. Perform annual water audit to measure progress and critical needs.	Ongoing.		Completed September 8, 2015. Water Audits have been performed for 2008 through 2014.	None.	Strategy IV Tactic K
	G. Enhance long range planning by developing a Facilities Plan for 2015-2035.	December 2014		Completed August 4,2015.	None.	Strategy I Tactic F.1

Sewerage and Water Board of New Orleans
Tracking Tool for Commitments to City Council
August 2015

Status Key — On Target | Not Started | Delayed | Needs Attention

Topic	Commitment	Target Date	Status	Next Steps	Strategic Plan Reference
	H. Develop new sources of funding other than water and sewer rate increases.	Ongoing.	On target. New revenue stream established for handling wastewater from mobile containers, such as portable toilets and shipping containers.	Analyze opportunities for providing wholesale water service over long distances.	Strategy II Tactic I
	Repay funds owed to Department of Public Works.	December 2016	On target. Sewerage and Water Board repaid $4,763,858.77 to Department of Public Works at year-end 2013. Amount was lower due to lower-than-forecast obligation by drainage system.	Pay remaining obligation owed to the Department of Public Works in annual installments.	Strategy II Tactic E
V. Economic Opportunities	A. Create economic opportunities consistent with City of New Orleans programs for participation by economically disadvantaged and local business enterprises.	Not determined.	On target. For contracts with DBE participation 2014: Goods and Services $256,644 or 22.87%, Construction $14,367,582 or 30.39%, and Professional Services $5,237,764 or 20.35%.	Sewerage and Water Board will continue to create economic opportunities for participation by economically disadvantaged and local business enterprises through Construction Review Committee and Staff Contract Review Committee recommendations and DBE vendor support and training.	Strategy IV Tactics F and L
VI. Capital Improvement Program	A. Water System Improvements Replacement and rehabilitation of water purification plant facilities. Replacement and rehabilitation of water pumping facilities. Replacement of water system transmission and distribution mains. $277,000,000	December 2020	On target. 2014 Spending $46,602,825. 2015 Capital Budget nearly fully funded. Progress on capital projects reported to Board of Directors.	Continue execution of capital improvement program.	Strategy I Tactic A.1 through A.5
	B. Replacement and rehabilitation of sewer system collection pipes required by Federal Consent Decree. $314,000,000	December 2020	On target. 2014 Spending $58,730,088. 2015 Capital Budget nearly fully funded. Progress on capital projects reported to Board of Directors.	Continue execution of capital improvement program.	Strategy I Tactic B.1 through B.3
VII. WaterStat Reporting and City Council Oversight	A. Establish performance measures and targets as well as reporting methodology.	March 2013	Completed March 31, 2013. Measurements framework adopted, initial measurements identified, and measurements training delivered to senior management. Collection of performance data in progress. Additional graphs created.	None.	Strategy IV Tactics A and B

Sewerage and Water Board of New Orleans
Tracking Tool for Commitments to City Council
August 2015

Status Key — On Target | Not Started | Delayed | Needs Attention

Topic	Commitment	Target Date		Status	Next Steps	Strategic Plan Reference
	B. Implement a systematic approach to process documentation, analysis, and improvement.	June 2013		Completed April 1, 2014. Training program developed and contract for training delivery awarded. Departmental training plans developed in March 2014 and business skills training began in April 2014. Improvement initiatives identified by training participants.	None.	Strategy II Tactic D Strategy IV Tactic H
	C. Perform follow-up reviews to document results and efficiencies achieved.	January 2014 original *December 2014 revised*		Status report underway.	Document and report improvement results.	Strategy IV Tactic B
	D. Provide maps showing maintenance work completed, capital projects completed, and planned capital improvements.	January 2013 and Ongoing		Completed January 1, 2013 for printed maps. Online Tool to Track Road Construction Across New Orleans released on March 10, 2015.	None.	Strategy IV Tactic M
	E. Document FEMA receipts and uses of funds.	January 2013 and Ongoing		Completed January 1, 2013. Summary of FEMA receipts and uses of funds is provided to Board committees each month.	None.	Strategy IV Tactic M
	F. Initiate annual meetings with citizens of each council district to regularly report on organizational performance results.	May 2014 original *December 2014 revised*		Completed December 2014. Sewerage and Water Board staff regularly attend meetings in each council district upon request.	None.	Strategy IV Tactic M
	G. Provided written updates to the Clerk of the City Council.	Quarterly and As Requested.		Completed May 30, 2013.	None.	Strategy IV Tactic M

Statistics	
Completed	18
On Target	13
Not Started	1
Delayed	3
Needs Attention	0
Total	**35**

"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board OF NEW ORLEANS

MITCHELL J. LANDRIEU, President
WM. RAYMOND MANNING, President Pro-Tem

625 ST. JOSEPH STREET
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52W-ATER
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September 14, 2015

The Governance Committee met on Monday, September 14, 2015 in the 2nd Floor Board Room, 625 St. Joseph Street, New Orleans, LA. The meeting convened at 11:00 AM.

PRESENT:
Kerri Kane, Chair
Alan Arnold, Vice Chair
Robin Barnes

ABSENT:
Kimberly Thomas
Marion Bracy

OTHER COMMITTEE/BOARD MEMBERS PRESENT:
None

ACTION ITEM:

There were no action items.

PRESENTATION ITEMS:

1. Organizing Committee Responsibilities

Staff recommended the following matters to come before the Governance Committee:

- Committee Charter
- Executive Director 2015 Performance Appraisal
- Board of Directors Self-Assessment
- Compliance with Board Members Ethics Requirements
- Cooperative Endeavor Agreements with City of New Orleans
- Stakeholder Accountability and Reporting

It was suggested this Committee will eventually meet on a quarterly basis; preferably prior to or immediately following the Mayor's weekly Executive meetings.

Members of the Board: ALAN ARNOLD • ROBIN BARNES • MARION BRACY • DR. TAMIKA DUPLESSIS • SCOTT JACOBS • KERRI KANE
MITCHELL J. LANDRIEU • WM. RAYMOND MANNING • JOSEPH PEYCHAUD • KIMBERLY THOMAS
"An Equal Opportunity Employer"

INFORMATION ITEMS:

There were no information items.

There being no further business to come before the Committee, the meeting adjourned at 11:50 AM.

Respectfully Submitted,

Mrs. Kerri Kane
Chairperson