



Feel the Renaissance

***Comprehensive
Annual Financial Report***
For the Year Ending December 31, 2003

City of New Orleans, Louisiana
C. Ray Nagin, Mayor

2003

CITY OF NEW ORLEANS

2003
Comprehensive
Annual Financial Report

For the Year Ending December 31, 2003



C. Ray Nagin, Mayor
City of New Orleans, Louisiana

Prepared by:

The Department of Finance
Reginald Zeno, Director of Finance

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Bureau of Accounting
City of New Orleans
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City Hall - Room 3W13
New Orleans, LA 70112

Attn: Mr. Dexter Joseph

INVOICE

November 16, 2004

For materials, research and assistance with design, layout and printing of 4 sets of
8 x 11.5 inch glossy color originals for the following item:

City of New Orleans Comprehensive Annual Financial Report -2003

Including - Front & Back Covers

Title Page

Selected Officials

All Color Photo Section Inserts

Spine

TOTAL \$500.00

The City Council

<i>Mr. Oliver M. Thomas</i>	<i>Councilmember-at-Large</i>
<i>Mr. Eddie L. Sapir</i>	<i>Councilmember-at-Large</i>
<i>Mr. James Batt</i>	<i>Councilmember - District A</i>
<i>Ms. Renee Gill-Pratt</i>	<i>Councilmember - District B</i>
<i>Ms. Jacquelyn Bretchel-Clarkson</i>	<i>Councilmember - District C</i>
<i>Mr. Marlin N. Gusman</i>	<i>Councilmember - District D</i>
<i>Ms. Cynthia Willard-Lewis</i>	<i>Councilmember - District E</i>

The Executive Staff

<i>Mr. C. Ray Nagin</i>	<i>Mayor</i>
<i>Mr. Charles L. Rice, Jr.</i>	<i>Chief Administrative Officer</i>
<i>Mr. Patrick Evans</i>	<i>Director, Communications</i>
<i>Mr. Garey Forster</i>	<i>Executive Assistant</i>
<i>Ms. Beth James</i>	<i>Executive Assistant</i>
<i>Mr. Greg Meffert</i>	<i>Executive Assistant</i>
<i>Ms. Alberta Pate</i>	<i>Executive Assistant</i>
<i>Ms. Sherry Landry</i>	<i>City Attorney</i>
<i>Mr. Kenya Smith</i>	<i>Executive Council</i>

The Department Heads

<i>Ms. Yolanda Rodriguez</i>	<i>Interim Director, City Planning</i>
<i>Mr. J. Michael Doyle</i>	<i>Director, Civil Service</i>
<i>Mr. Reginald Zeno</i>	<i>Director, Finance</i>
<i>Dr. Kevin Stephens</i>	<i>Director, Health</i>
<i>Mr. Richard A. Winder</i>	<i>Director, Human Services</i>
<i>Mr. Ronald Ruiz</i>	<i>Director, Property Management</i>
<i>Mr. John H. Shire</i>	<i>Director, Public Works</i>
<i>Mr. Donald Royal</i>	<i>Director, Recreation</i>
<i>Ms. Ann McDonald</i>	<i>Director, Parks and Parkways</i>
<i>Mr. Mike Centineo</i>	<i>Director, Safety and Permits</i>
<i>Ms. Veronica White</i>	<i>Director, Sanitation</i>
<i>Ms. Marcia St. Martin</i>	<i>Director, Sewerage and Water Board</i>
<i>Mr. Charles Parent</i>	<i>Superintendent, Fire</i>
<i>Mr. Edwin Compass</i>	<i>Superintendent, Police</i>

CITY OF NEW ORLEANS, LOUISIANA
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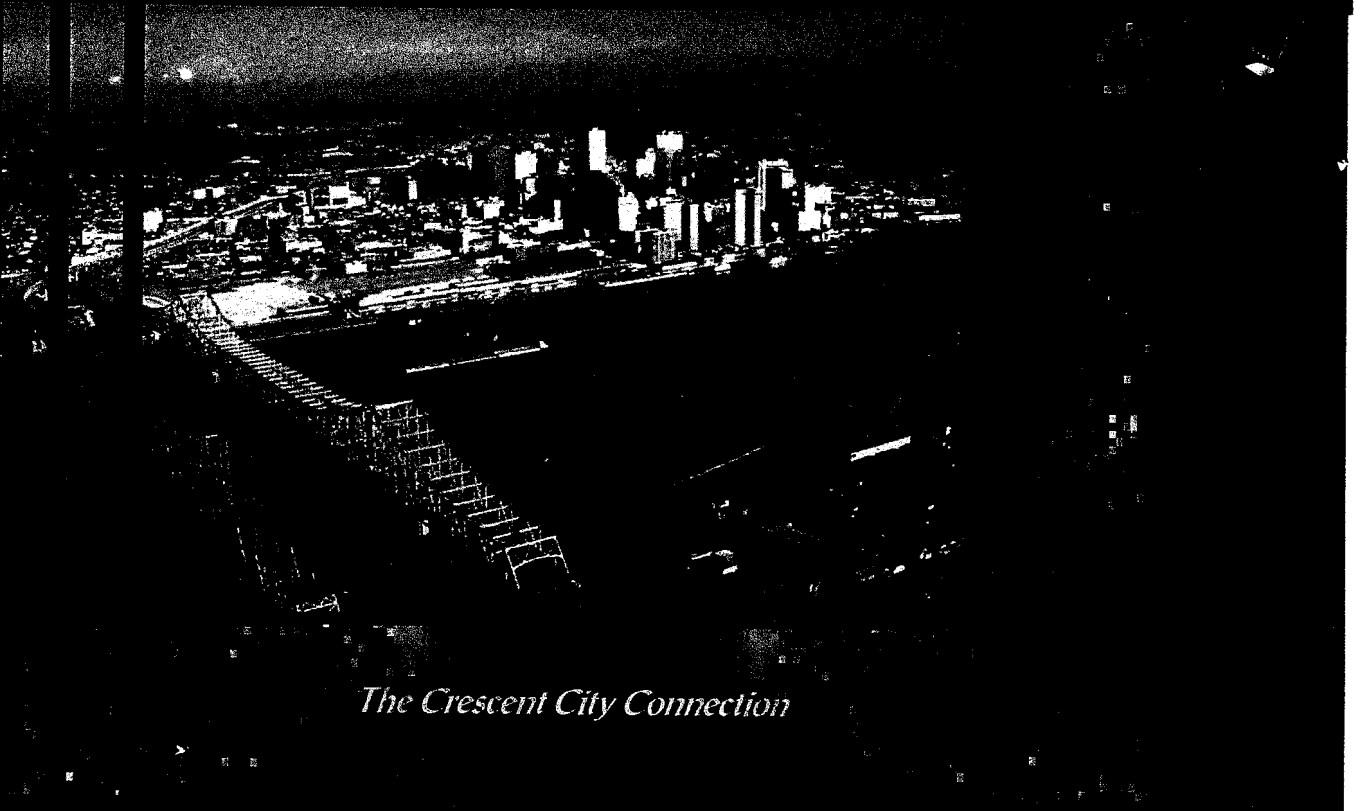


Introductory

Feel the Renaissance

Section

(Unaudited)



The Crescent City Connection

Feel the Renaissance

DEPARTMENT OF FINANCE
BUREAU OF ACCOUNTING
CITY OF NEW ORLEANS

C. RAY NAGIN
MAYOR

REGINALD ZENO
DIRECTOR

June 28, 2004

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of New Orleans for the year ended December 31, 2003.

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

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures rests with the City. The City has implemented Government Accounting Standards Boards ("GASB") Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*. By fiscal year 2002, all City government agencies were mandated to change their financial reporting and to provide information on the status of public infrastructure. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Our Comprehensive Annual Financial Report is divided into three sections:

- The Introductory Section includes a list of principal officials, the City's organization chart, and information about the organizational structure of the City, its accounting and budgetary systems, and fund structure.
- The Financial Section includes the General Purpose Financial Statements. The financial statements are preceded by a management discussion and analysis which provides an overview of the City's financial activities in 2003. The schedules provide certain information and details of data summarized in the financial statements. The statements and schedules included in this section pertain to those operations which, when taken together, make up the reporting entity of the City.



- The Statistical Section includes tables containing historical financial data, debt statistics, and selected financial and demographic information of the City that are of interest to potential investors in our bonds and other readers, including ten-year revenue and expenditure information.

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

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

Discretely Presented Component Units - The financial statements of the City include all government activities, organization and functions for which the City is financially accountable, or

the relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Based upon the foregoing criteria, the financial statements of the following associated organizations are included in the general purpose financial statements:

Audubon Commission

Canal Street Development Corporation

Downtown Development District

French Market Corporation

Municipal Yacht Harbor Management Corporation

Louis Armstrong New Orleans International Airport

New Orleans Tourism Marketing Corporation

Orleans Parish Communication District

Upper Pontalba Building Restoration Corporation

Sewerage and Water Board of New Orleans

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

YEAR IN REVIEW

Mayor C. Ray Nagin has set a new tone for growing business in New Orleans and his work is starting to pay off. The number of jobs grew by about 4,000 in 2003 and wages climbed about 6%. For the first time ever in 2003, New Orleans was included among Inc. Magazine's ranking of the "Top 25 Cities For Doing Business in America," After assessing 250 cities, Inc. one of the nation's premier business publications, ranked New Orleans 18th among the top cities for doing business. According to *Entrepreneur Magazine*, New Orleans has had a vast improvement as one of the top cities for entrepreneurs jumping 16 places to number 32. And *Expansion Management Magazine* said that the New Orleans Central Business District ranked fourth among the hottest downtown areas in the nation.

Film production proved to be a viable source of income for New Orleans in 2003. Since Louisiana approved new film incentives two years ago, the state has seen over \$200 million in film production with the vast majority of productions filming in New Orleans. This past year the City hosted production for such promising films as *Home of Phobia*, starring John Goodman and Sam Huntington, which made it to the 2004 Sundance Film Festival, Disney's *Mr. 3,000* starring comedian Bernie Mac, the John Grisham thriller *Runaway Jury* featuring John Cusack and Dustin Hoffman and *A Love Song for Bobby Long*, starring John Travolta. New Orleans was also the home of the New Orleans Media Experience, a festival which took place in the fall and consisted of seminars, film screenings and video game demonstrations.

New Orleans is a popular port for the cruise industry and the City pulled together to eliminate a constraint to the continued growth of the industry in 2003. A high-powered electricity transmission cable hanging over the Mississippi River was buried below the river. Carnival Cruise Line temporarily diverted its biggest fleet ship at the time, the Conquest, to Gulfport, Mississippi to ensure safety during the high-river stage. Entergy Corp. initially raised the power lines and spent \$15 million to bury a new set of power lines underwater in order to prevent future problems. The ship, which has a \$3 million weekly impact on New Orleans, is continuing to sail from New Orleans.

The Port of New Orleans is expected to see a boost in business after President Bush revoked tariffs recently placed on imported steel cargo. Steel normally amounts to up to 40 percent of the usual cargo for the port. The tariffs were created in order to help the domestic steel industry compete with lower priced foreign steel. After the decline in commerce for ports such as New Orleans and an increase in the price of steel for such states as Michigan and Pennsylvania, Bush revoked the tariffs. Although port representatives expect several months to a year to pass first, they do expect to see a rebound.

The New Orleans Regional Chamber of Commerce revealed plans to merge with MetroVision, its economic development arm, creating Greater New Orleans Inc. The new group's initiative is to create 30,000 new jobs and \$1 billion of new payroll over the next five years. The region's economy has already produced over 44,000 new jobs in a recent span of five years.

The Louis Armstrong New Orleans International Airport saw a moderate increase in activity in 2003, and added air service to several markets including Boston-LaGuardia; Washington-Dulles, Orlando, and Dallas. Year end results have outperformed the industry which was down 2.7 percent for the year while Louis Armstrong had a 6.1 percent increase. The airport, which served over 9.275 million passengers, opened a new state of the art parking garage which can hold up to 2500 cars, increasing parking to 5000 spaces immediately adjacent to the terminal. The airport currently offers 173 daily departures to 41 airports worldwide on a nonstop basis.

MAJOR INITIATIVES

The Nagin administration has developed a \$20 million comprehensive housing plan that targets seven neighborhoods primed for revival. The housing plan offers powerful incentives that make low and moderate income citizens, single mothers and City employees' first-time homeowners. The housing program helps prevent blight by giving low income citizens up to \$40,000 to bring their homes up to code.

In the City's housing plan, additional incentives are offered in seven strategic neighborhoods, where the administration believes, it can have the greatest effect. These neighborhoods contain areas of concentrated blight, but they border on stable neighborhoods. This program represents a new opportunity to spread prosperity into areas that need investment. Mayor Nagin recently began a series of Community Action forums in the seven strategic neighborhoods to enlist citizens and City departments in the effort to improve these neighborhoods.

If you want to stimulate the economy in New Orleans, you have to get a good picture of the needs of the New Orleans business community. That is the basis behind the Nagin Administration's new Business Service Representative Team. Six Business Service Representatives make the rounds of New Orleans businesses. They meet with executives and collect valuable data used to plot economic strategy. Surveys conducted by business service representatives are processed in a computer database that gives Mayor Nagin and his economic advisors an accurate picture of the New Orleans business environment. By matching businesses

with tax incentives that will help them grow, the business service representatives are helping our economy to grow.

New Orleans is taking advantage of a federal program that encourages businesses to invest in neighborhoods that have been left behind by economic prosperity. New Orleans and Jefferson Parish share one of 40 federally-designated Renewal communities. This program allows local businesses to take advantage lucrative tax credits when they move into an area that needs jobs and hire from the neighborhood. The Office of Economic Development has been using the program to build jobs in the Orleans/Jefferson Renewal Community. During the first year of promoting the program, three businesses have moved into the Renewal Community bringing hundreds of jobs and new opportunities to the neighborhoods that need them most.

Since the birth of Jazz, New Orleans has always been fertile ground for the creation of music. Our musical talent comes naturally, but music-related business opportunities need to be nurtured. Every month, the City hosts a seminar that helps musicians learn the business skills that will ensure that their artistic success is accompanied by financial success. They have learned how to book high-paying convention jobs, how to prepare their taxes, and how to buy a home on a musician's salary.

The City has created new opportunities for musicians to gain exposure. A \$100,000 sponsorship of the Jazz and Heritage Festival helped add an extra day to the festival lineup, expanding what has proven to be a huge tourism draw for the City. A weekly concert series titled MO'Tunes has given rising stars an opportunity for more exposure. The MO'Fest Festival, a free festival which the City organized between Jazz Fest weekends, gave tourists an extra reason to extend their New Orleans musical journey. Other forthcoming initiatives will continue to grow the music industry in New Orleans.

DEPARTMENT FOCUS

THE DIVISION OF HOUSING AND NEIGHBORHOOD DEVELOPMENT

The Division of Housing and Neighborhood Development (DHND) is committed to revitalizing the communities of New Orleans through the development of affordable housing and the delivery of community services that support human and economic development.

DHND seeks to provide effective, efficient, and customer friendly services to the citizens of New Orleans. This is accomplished through an organizational structure that:

- Plans and develops initiatives and programs based on identified neighborhood needs;
- Identifies financial and other resources that leverage federal funding for housing and community development initiatives;
- Facilitates the flow and coordination of information among staff;
- Streamlines communication between external partners and internal staff; and
- Insures accountability from internal staff as well as external partners in the development of affordable housing and sustainable neighborhoods.

Divisions within the Division of Housing and Neighborhood Development (DHND)

Office of Housing Code Enforcement

The Office of Housing Code Enforcement is responsible for the implementation of programs that reduce slum and blighted conditions in New Orleans neighborhoods. These programs include:

- Demolition
- Vacant Unit Inspections
- Occupied Unit Inspections
- Code Enforcement Hearings
- Clerical Support

Office of Neighborhood Services and Facilities

The Office of Neighborhood Services and Facilities coordinates initiatives that both empower the citizens of New Orleans and improve the quality of life in New Orleans' neighborhoods. These initiatives cover:

- Community Services
- Continuum of Care
- Public Facilities

Office of Administrative Support

The Office of Administrative Support provides professional and technical support to DHND's internal operation, insuring efficient administrative functioning. Responsibilities include:

- Fiscal
- Management Information System
- Human Resources

Office of Planning and Resource Development

The Office of Planning and Resource Development insures DHND's ability to provide continuous quality, need-based, and cost-effective housing and community development services, including:

- Neighborhood Planning
- Resource Development
- Program Development and Evaluation
- Capacity Building

Office of Housing

The Office of Housing is responsible for the effective use of public and private resources in the development of decent, safe, & affordable housing. Responsibilities include:

- Housing Development
- Intake and Certification
- Construction Management

Housing Law Unit (City Attorney's Office)

The Housing Law Unit of the City Attorney's Office provides legal support to DHND in its efforts to develop decent, safe, & affordable housing; eliminate slum and blighted conditions; and provide community and economic development services for the citizens of New Orleans.

ECONOMIC OUTLOOK

The historic culture of New Orleans attracts visitors from every part of the globe. Successful crime prevention initiatives and proactive economic development programs have helped to make the City the world's number one destination for culture, music, and food.

New Orleans is world-renowned as a leader in hosting large-scale events. The City's Mardi Gras celebration, which generated over a \$1 billion economic impact. The Jazz & Heritage Festival, Bayou Classic, and summer Essence Festival are annual attractions drawing millions of visitors.

The film and music industries of New Orleans generate a combined economic impact of \$2 billion annually, and show that the City's charm makes it a natural for new entertainment growth. Popular annual sporting events hosted in New Orleans include the Sugar Bowl and the Bayou Classic.

FINANCIAL CONTROLS

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

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

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, "Audit of State and Local Governments." Information related to this single audit, including the schedule of federal expenditures, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations can be found in the separate report on the single audit of the City of New Orleans.

BUDGETARY PROCEDURES

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

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

The City maintains budgetary controls at the departmental level by cost object classification and allocates appropriations on a quarterly basis. The City's Home Rule Charter originally specified four cost object classifications: personal services of officials and employees; contractual services; supplies; and equipment and property. However, charter amendments adopted late in 1995 amended those classifications to three classifications for subsequent years which are classified as: personal services, other operating expenses, and debt service. Although all expenditures are recorded at the individual line item level, they are summarized for reporting purposes in these three expenditure classifications.

Encumbrances are recorded via the Bureau of Accounting through an on-line processing system before the requisitions are electronically transmitted to the Bureau of Purchasing. If sufficient funds are not available to cover a purchase, the requisition is rejected and returned to the originating department for appropriation or allotment changes, transfer of funds, or cancellation. Appropriations are allowed to be amended through councilmanic action during the year and all unencumbered appropriations lapse at year-end. The City Charter, as well a state law, does not allow deficit spending. The Department of Finance is able to control all of the above through a computerized financial management system initiated in 1997 and the use of a program budget. The basic concept of program budgeting rests on the tenet that public expenditures should be justified by their impact on public goals and not measured solely by the criteria of efficiency and economy.

CAPITAL BUDGET

The Mayor annually recommends to the City Council a capital improvement program for the next five years and a capital budget by project for the first year of the program. The City Council is obligated to approve a capital budget program and adopt a capital budget before it adopts the annual operating budget. The capital program and budget must show the amounts and sources of money for each project. The amounts budgeted constitute appropriations from the funds indicated when they become available. Expenditures for capital projects are made through the capital projects fund.

BUDGETARY AND FINANCIAL REPORTING

The fund structure by which the financial transactions of the City of New Orleans are recorded is defined in the 1954 Home Rule Charter and does not conform to the current standards of The Governmental Accounting Standards Board (GASB). For purposes of an explication, however, the accompanying combined financial statements, which are presented in the financial section of this report, have been structured to substantially conform to the GASB's promulgated standards.

Primarily all general governmental functions other than debt service and capital improvements are accounted for in the general fund.

Encumbrances of the current year are recorded as obligations against budgetary appropriations and are included in the columns titled "Actual on a Budgetary Basis" in the statements in the financial section of this report. Appropriations neither encumbered nor expended lapsed at the end of the fiscal year.

RISK MANAGEMENT

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

INDEPENDENT AUDIT

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

AWARD FOR FINANCIAL REPORTING

The Government Finance Officer's Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to governments for their comprehensive annual financial reports. In order to be awarded a Certificate of Achievement, governments are required to publish an easily readable and efficiently organized comprehensive annual financial report.

In 1994 through 2002, the City of New Orleans was awarded the Certificate of Achievement for Excellence in Financial Reporting.

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

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the patience and dedication of the entire staff of the Finance Department; however, a special word of appreciation is due to the Bureau of Accounting staff who prepared this financial report. I would also like to express my appreciation to all members of the Finance Department and the staff of other departments, boards, and agencies of the City who assisted and contributed to the preparation of this report.

Finally, I would like to acknowledge the helpful suggestions and support received from the Mayor, members of the City Council and Council Budget/Audit Committee. Their support is greatly appreciated.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Reg Zeno". The signature is written in a cursive style with a large initial "R" and a long horizontal stroke extending to the right.

Reginald Zeno
Director of Finance

CITY OF NEW ORLEANS, LOUISIANA

Selected Officials

December 31, 2003

The City Council

Mr. Oliver M. Thomas, Jr.	Councilmember-at-Large
Mr. Eddie L. Sapir	Councilmember-at-Large
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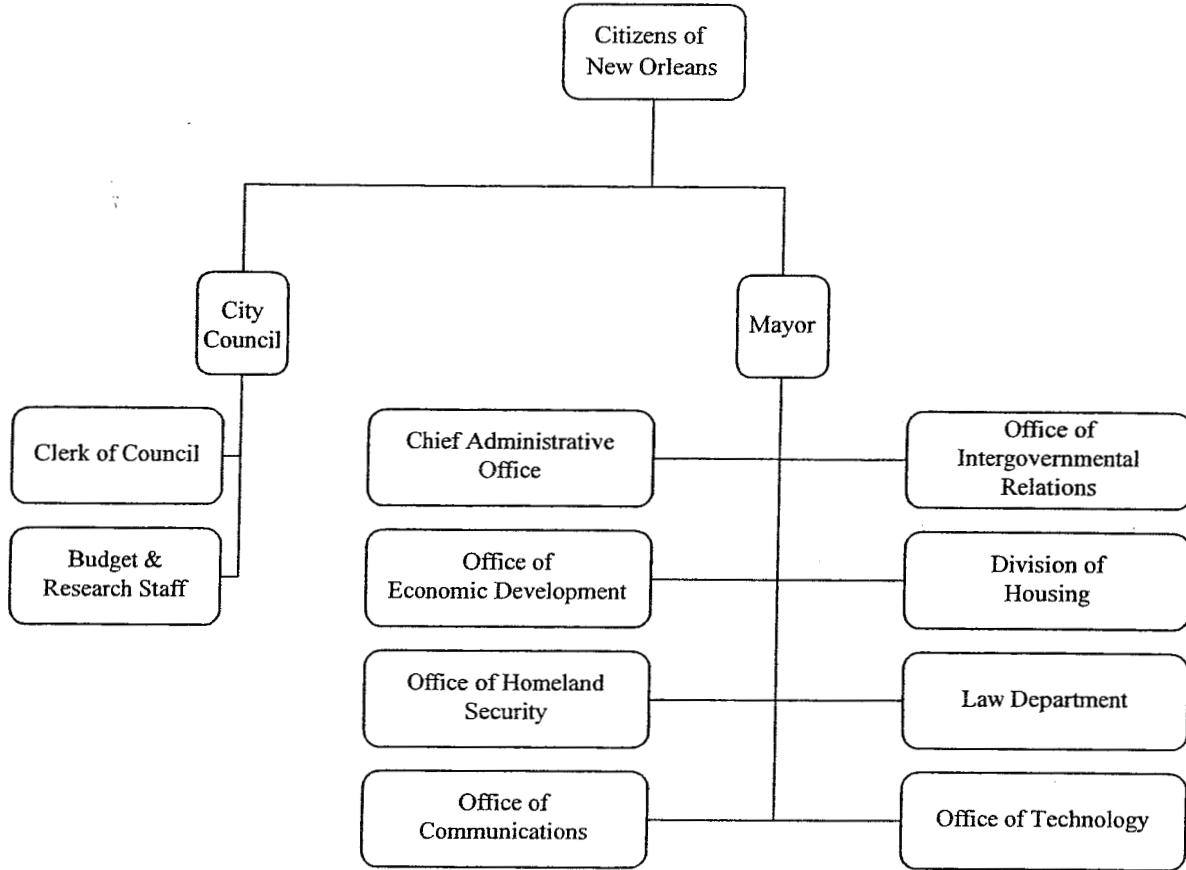
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Mr. Harold Gorman	Director, Sewerage and Water Board
Mr. Charles Parent	Superintendent, Fire
Mr. Edwin Compass	Superintendent, Police

CITY OF NEW ORLEANS, LOUISIANA
Organization Chart



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of New Orleans,
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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A handwritten signature in black ink, appearing to read "Edward Henry".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

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Financial *Feel the Renaissance* Section



Louis Armstrong Park

Feel the Renaissance



KPMG LLP
Suite 2900
909 Poydras Street
New Orleans, LA 70112

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Downtown Development District of the City of New Orleans, the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the Sewerage and Water Board of New Orleans, the French Market Corporation, the Upper Pontalba Building Restoration Corporation, and the Canal Street Development Corporation, which represent 78% and 73%, respectively, of the assets and revenues of the aggregate discretely presented component units; the Firefighters' Pension and Relief Fund of the City of New Orleans (old and new systems), the Police Pension Fund of the City of New Orleans, and the Employees' Retirement System of the City of New Orleans, which represent 72% of the assets and 59% of the additions and revenues of the aggregate remaining fund information; and the Board of Liquidation, City Debt, which is a major fund and 9% and 8% of assets and revenues of the governmental activities, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Downtown Development District of the City of New Orleans, the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the Sewerage and Water Board of New Orleans, the French Market Corporation, the Upper Pontalba Building Restoration Corporation, the Canal Street Development Corporation, the Firefighters' Pension and Relief Fund of the City of New Orleans (old and new systems), the Police Pension Fund of the City of New Orleans, the Employees' Retirement System of the City of New Orleans, and the Board of Liquidation, City Debt, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Employees' Retirement System of the City of New Orleans were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana, as of December 31, 2003, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 12, (unaudited), net assets of the governmental activities, and fund balance of the Federal UDAG fund, and the nonmajor governmental funds as of December 31, 2002, have been restated.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2004 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis (on pages 3 to 9), the budgetary comparison information (on pages 60 to 62), and the schedules of funding progress (pages 48 and 49) are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and capital assets schedules, supplemental schedules and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining statements and capital assets schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and reports of other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, supplemental schedules, and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

KPMG LLP

New Orleans, Louisiana
August 25, 2004

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2003

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the City of New Orleans, Louisiana's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, the City's financial statements, and the notes to financial statements.

Financial Highlights

- The City's total net assets on the government-wide basis totaled \$495.4 million at December 31, 2003; total assets exceeded \$1.8 billion.
- The government-wide Statement of Activities reported a decrease in net assets of \$182.0 million largely due to increases in public works expenses and claims and judgment liabilities.
- The General Fund reported a decrease in fund balance of \$2.7 million for a total ending fund balance at December 31, 2003 of \$21.3 million. Total Governmental Funds reported a decrease of \$1.4 million.
- Total cash and investments amounted to \$241.6 million at December 31, 2003, an increase of \$12.7 million over the beginning of the year total.

Overview of the Financial Statements

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

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

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

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

Government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health and human services, culture and recreation, urban development and housing and economic development. The City has no business-type activities.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2003

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

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

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

The City maintains thirty-six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for its five major funds: the general fund, the HUD grant fund, the Federal UDAG fund, the debt service fund, and the capital projects fund. Data from the other governmental funds are combined into a single, aggregate presentation.

Fiduciary Funds – Fiduciary funds are used to account for resources held by the City in a trustee capacity or as an agent for others. Activities from fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The fiduciary funds are reported on the accrual basis of accounting.

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

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

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2003

Government-Wide Financial Analysis

During 2003, several errors were noted in the 2002 financial statements. The 2002 amounts have been restated to reflect the correction of the errors. See additional discussion in note 12 to the financial statements.

Net Assets
December 31, 2003 and 2002
(In thousands)

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u> (as restated)
Current and other assets	\$ 381,977	420,813
Capital assets	1,459,385	1,478,289
Total assets	<u>1,841,362</u>	<u>1,899,102</u>
Long-term liabilities	1,278,994	1,149,066
Other liabilities	66,971	72,607
Total liabilities	<u>1,345,965</u>	<u>1,221,673</u>
Net assets:		
Invested in capital assets, net of related debt	834,329	879,590
Restricted	31,274	35,294
Unrestricted (deficit)	<u>(370,206)</u>	<u>(237,455)</u>
Total net assets	<u>\$ 495,397</u>	<u>677,429</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$495.4 million at December 31, 2003 compared to \$677.4 million at December 31, 2002. This decrease is primarily due to an increase in claims and judgments accrual of \$169.8 million.

The City's Statement of Net Assets reflects its "Invested in Capital Assets, Net of Related Debt," land, buildings, infrastructure, and equipment, less any related debt used to acquire those assets that is still outstanding; in the amount of \$834.3 million at December 31, 2003. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided for by other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net assets have accumulated to \$31.3 million at December 31, 2003 to provide for the servicing of annual interest and principal payments on bonds.

The unrestricted deficit net assets is due to the City's recording \$494.8 million in long-term obligations including claims and judgments liabilities, accrued annual and sick leave, and Section 108 loans payable to HUD.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2003

Governmental Activities

Governmental activities decreased the City's net assets by \$182.0 million. Key elements of this decrease are as follows:

	<u>2003</u>	<u>2002</u> <u>(as restated)</u>
Revenues:		
Program revenues:		
Charges for services	\$ 107,600	109,099
Operating grants and contributions	90,215	75,577
Capital grants and contributions	13,405	17,395
General revenues:		
Property taxes	130,961	136,304
Sales taxes	148,855	145,262
Other taxes	55,830	44,348
Other	28,355	33,139
Total revenues	<u>575,221</u>	<u>561,124</u>
Expenses:		
General government	294,275	180,591
Public safety	195,016	180,575
Public works	132,901	110,192
Health and human services	19,798	16,928
Culture and recreation	26,956	26,704
Urban development and housing	20,553	27,728
Economic development	14,218	12,721
Interest and fiscal changes	53,536	50,065
Total expenses	<u>757,253</u>	<u>605,504</u>
Decrease in net assets	(182,032)	(44,380)
Net assets, beginning, as restated	<u>677,429</u>	<u>721,809</u>
Net assets, ending	<u>\$ 495,397</u>	<u>677,429</u>

General government expense increased \$113.6 principally due to net increases in claims and judgments accruals of \$112.8 million while public safety increased due to additional pension expense, depreciation on newly acquired vehicles and increase in salaries.

Public works expense increased \$22.8 million principally due to additional depreciation.

Financial Analysis of the Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2003

As of December 31, 2003, the City's governmental funds reported combined ending fund balances of \$253.5 million, a decrease of \$ 1.4 million in comparison with the prior year. Approximately 22% of this total amount (\$56 million) constitutes unreserved-undesignated fund balance, which is available for spending at the government's discretion. The unreserved-designated fund balance in the amount of \$87.0 million indicates that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period. The reserved fund balance in the amount of \$110.4 million is primarily reserved to pay debt service (\$31.3 million), or fund additional capital projects (\$40.5 million).

The general fund is the chief operating fund of the City. At December 31, 2003, unreserved and undesignated fund balance of the general fund was \$8.7 million, while the total fund balance reached \$21.3 million. \$2.8 million of the unreserved fund balance was internally designated for subsequent year expenditures. The reserved fund balance is \$9.8 million.

The fund balance of the City's general fund decreased by \$2.7 million during the fiscal year ended December 31, 2003. Revenues and other financing sources, for the general fund in 2003 totaled approximately \$444.5 million. These revenues represent a \$25.4 million increase compared to 2002 revenues and other financing sources of \$419.1 million. Key factors in this growth are as follows:

- Sales taxes increased \$9.3 million in 2003 over 2002. This increase is due to the impact of the NCAA Men's Regional Tournament, the auto dealer convention, and an overall upturn in the economy.
- License and permit fees increased \$8.3 million in 2003 in comparison to 2002. This increase was due to an increase in the receipt of franchise fee collections.
- Charges for services decreased by \$3.0 million in 2003 in comparison to 2002. This decrease is due to the decrease in towing charges and emergency medical service charges.
- Contributions, gifts, and donations increased by \$19.2 million in 2003 in comparison to 2002. This increase is due to a transfer of interest income and taxes held under protest from escrow accounts of \$13.1 million.

Total expenditures and other financing uses for 2003 were \$447.2 million, an increase of \$29.8 million compared to 2002. The increase in expenditures is a direct correlation with the current year increase in revenues.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Total fund balance for the Debt Service Fund was \$31.3 million at December 31, 2003 which was a decrease of \$1.6 million from the prior year balance of \$32.9 million.

Capital Projects Fund

The Capital Projects Fund is used to account for all resources and expenditures in connection with the acquisition of City capital facilities. Expenditures for capital improvement projects in 2003 totaled \$94.8 million, an increase of \$49.6 million compared to the 2002 total principally due to the payoff of capital leases totaling \$33 million. Fund balances available for capital projects totaled \$126.1 million at December 31, 2003, which is an increase of \$4.0 million over the prior year.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2003

Capital Assets

Capital assets at December 31, 2003 and 2002 are as follows (net of depreciation):

	<u>2003</u>	<u>2002</u> <u>(as restated)</u>
Land	\$ 88,105	74,733
Construction in progress	214,544	220,900
Buildings, improvements, and equipment	124,061	134,830
Other	2,080	2,539
Infrastructure assets	1,030,595	1,045,287
	<u>\$ 1,459,385</u>	<u>1,478,289</u>

During 2003, the City completed its \$13 million land acquisition for the Convention Center expansion and \$10 million in Jazzland projects. In addition, the City completed approximately \$31 million in street projects. The City recorded depreciation expense of \$74.9 million.

Debt Administration

Outstanding general obligation bonds at December 31, 2003 totaled \$619.4 million all of which are considered to be net, direct-tax supported debt. There are no special assessment bonds outstanding.

Outstanding Debt

	<u>2003</u>	<u>2002</u> <u>(as restated)</u>
General obligation bonds	\$ 619,441	591,394
Limited tax bonds	5,615	7,305
Revenue bonds	159,160	163,260
	784,216	761,959
Certificates of indebtedness	135,022	106,255
Section 108 HUD loans	39,490	40,630
	<u>\$ 958,728</u>	<u>908,844</u>

The following is a summary of debt transactions:

Debt at December 31, 2002, as restated	\$ 908,844
New issues	81,713
Payments	(47,276)
Accretion	15,447
Balance at December 31, 2003	<u>\$ 958,728</u>

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2003

During the current fiscal year, the City issued new debt. Issues include:

- \$41.7 million of public improvement bonds for the acquisition, construction, improvement, and renovation of public buildings and facilities.
- \$38.5 million of certificates of indebtedness related to the acquisition of vehicles and capital leases with a premium of \$1.5 million.

The Louisiana Legislature, in Act 1 of 1994, increased the City's general obligation bond debt limit to an amount equal to the greater of (i) \$500,000,000 or (ii) 35% of total assessed valuation of the City. Under Act No. 1, the City's debt limit, based on the most recent assessed valuations, is \$801,929,000 as of December 31, 2003. At December 31, 2003, the City's legal debt margin (after the reduction for outstanding general obligation bonds and limited tax bonds totaling \$491,601,000 less \$31,274,000 available in Debt Service Funds) was \$341,603,000.

As of the end of 2003, the City's general obligation bonds were rated "Baa1" uninsured and "Aaa" insured from Moody's Investor Service and "BBB+" uninsured and "AAA" insured from Standard and Poor's Corporation.

See notes 5 and 6 to the financial statements for a description of capital asset and long-term debt activity during 2003.

General Fund Budgetary Highlights

During the year, the City Council revised the City's budget several times. The original revenue budget of revenue and other financing sources of \$427 million was increased to \$448 million, which represents an increase of \$21 million. Budgeted expenditures and other financing uses increased from an original budget of \$427 million to \$448 million. This increase was primarily the result of a budget increase in general government of \$12 million due to increased prison cost and workers' compensation expense. In addition, culture and recreation department was increased by \$7 million due to increased library expenditures. The increase in expenditures was funded by additional revenue from contributions, gifts and donations as a result of the release of certain escrow funds and related interest income which was determined to be available for use by the General Fund. These escrow funds were established as citizens paid taxes under protest in prior years and were held in escrow as well as the related interest earned. The City's legal department determined that these protests were no longer active; therefore, the funds were released from escrow and returned to the General Fund. There are no significant variances between revised budget amounts and actual amounts.

Requests for Information

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

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CITY OF NEW ORLEANS, LOUISIANA

Statement of Net Assets

December 31, 2003

(Amounts in thousands)

Assets	Primary Government Governmental activities	Component units
Cash and cash equivalents	\$ 44,638	27,125
Investments	196,933	30,419
Receivables (net of allowance for uncollectibles):		
Taxes	29,737	4,831
Accounts	10,219	24,094
Interest	90	229
Grantee loans	25,298	1,006
Other	12	2,529
Due from other governments	19,587	2,715
Other assets	776	36,237
Restricted assets	—	429,977
Prepaid pension asset	54,687	—
Capital assets (nondepreciable):		
Land	88,105	354,420
Construction in progress	214,544	320,109
Depreciable capital assets:		
Equipment and vehicles	71,618	100,102
Buildings and improvements	199,226	1,837,872
Other	14,427	13,797
Infrastructure	2,182,219	7,887
Accumulated depreciation	(1,310,754)	(865,474)
Total assets	<u>1,841,362</u>	<u>2,327,875</u>
Liabilities		
Accounts payable	59,678	27,397
Retainages payable	—	8,609
Accrued expenses	261	47,328
Accrued interest payable	5,466	2,845
Capital lease payable	—	400
Due to other governments	1,566	—
Deferred revenues	—	750
Deposits and other	—	5,281
Non-current liabilities due within one year	103,977	136,207
Non-current liabilities due in more than one year	1,175,017	501,940
Total liabilities	<u>1,345,965</u>	<u>730,757</u>
Net Assets		
Invested in capital assets, net of related debt	834,329	1,369,810
Restricted for debt service	31,274	54,832
Restricted for capital improvement	—	110,171
Unrestricted (deficit)	(370,206)	62,305
Total net assets	<u>\$ 495,397</u>	<u>1,597,118</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Statement of Activities

Year ended December 31, 2003

(Amounts in thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government activities	Component units
Primary government:						
Governmental activities:						
General government	\$ 294,275	70,822	46,165	1,364	(175,924)	—
Public safety	195,016	14,225	3,892	18	(176,881)	—
Public works	132,901	15,174	446	11,766	(105,515)	—
Health and human services	19,798	6,700	7,474	—	(5,624)	—
Culture and recreation	26,956	679	3,158	257	(22,862)	—
Urban development and housing	20,553	—	18,673	—	(1,880)	—
Economic development	14,218	—	10,407	—	(3,811)	—
Interest and fiscal charges	53,536	—	—	—	(53,536)	—
Total primary government	\$ 757,253	107,600	90,215	13,405	(546,033)	—
Component units:						
Audubon Commission	43,486	28,117	—	12,921		(2,448)
Louis Armstrong New Orleans International Airport	81,897	66,356	—	21,694		6,153
Sewerage and Water Board	143,096	117,542	—	53,055		27,501
Other nonmajor component units	28,257	14,382	—	379		(13,496)
Total component units	\$ 296,736	226,397	—	88,049		17,710
General revenues:						
Taxes:						
Property taxes					130,961	54,894
Sales taxes					148,855	—
Utility taxes					9,994	—
Franchise fees					42,739	—
Beverage taxes					594	—
Other					2,503	—
Insurance proceeds					671	—
Unrestricted investment earnings					6,592	4,703
Miscellaneous					21,092	29,417
Total general revenues					364,001	89,014
Change in net assets					(182,032)	106,724
Net assets - beginning, as restated					677,429	1,490,394
Net assets - ending					\$ 495,397	1,597,118

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Balance Sheet — Governmental Funds

Year ended December 31, 2003

(Amounts in thousands)

Assets	General	HUD grant fund	Federal UDAG	Debt service	Capital projects	Nonmajor governmental funds	Total governmental funds
Cash and cash equivalents	\$ 24,673	1,260	4,008	39	4,833	9,825	44,638
Investments	27	—	—	31,496	127,636	37,774	196,933
Receivables, net:							
Interest	90	—	—	—	—	—	90
Sales taxes	14,595	—	—	—	—	—	14,595
Property taxes	12,241	—	—	—	—	—	12,241
Accounts	9,031	—	—	—	—	1,188	10,219
Grantee loans and other	—	—	20,388	—	—	4,922	25,310
Franchise taxes	2,901	—	—	—	—	—	2,901
Due from other funds	13,210	19	—	—	16	936	14,181
Due from other governments	1,780	7,981	—	—	4,919	4,907	19,587
Advances from other funds	252	—	—	—	—	—	252
Other assets	—	—	—	—	—	12	12
Total assets	\$ 78,800	9,260	24,396	31,535	137,404	59,564	340,959
Liabilities							
Accounts payable	\$ 40,501	3,903	1	—	10,740	4,533	59,678
Accrued expenses	—	—	—	261	—	—	261
Due to other funds	5,213	5,357	—	—	88	4,145	14,803
Due to other governments	316	—	—	—	405	220	941
Advances to other funds	—	—	—	—	—	252	252
Deferred revenues	11,504	—	—	—	—	—	11,504
Total liabilities	57,534	9,260	1	261	11,233	9,150	87,439
Fund Balances							
Fund balances:							
Reserved	9,792	—	24,395	31,274	40,538	4,420	110,419
Unreserved:							
Designated for subsequent year	2,752	—	—	—	84,137	104	86,993
Undesignated, reported in:							
General Fund	8,722	—	—	—	—	—	8,722
Special Revenue Funds	—	—	—	—	—	45,890	45,890
Capital Projects Fund	—	—	—	—	1,496	—	1,496
Total fund balances	21,266	—	24,395	31,274	126,171	50,414	253,520
Total liabilities and fund balances	\$ 78,800	9,260	24,396	31,535	137,404	59,564	340,959

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

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

December 31, 2003

(Amounts in thousands)

Total fund balances — governmental funds	\$ 253,520
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,459,385
Certain receivables are not available to pay for the current period's expenditures and, are therefore, deferred in the funds	11,504
Bond issue costs are capitalized and amortized over the life of the bonds in the government-wide statement of net assets	761
Interest expense is accrued at year-end in the government-wide financial statements, but is recorded only if due and payable on the governmental fund financial statements	(5,466)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Long-term liabilities consist of:	
Bonds payable	(784,216)
Certificates of indebtedness	(135,022)
Annual and sick leave	(51,655)
Claims payable	(256,343)
Net pension obligation	(517)
Other long-term liabilities	(51,241)
The prepaid pension asset is not available to pay for the current period expenditures and is therefore not reported in the funds.	54,687
Total net assets = governmental activities	<u>\$ 495,397</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended December 31, 2003
(Amounts in thousands)

	General	HUD grant fund	Federal UDAG	Debt service	Capital projects	Nonmajor governmental funds	Total governmental funds
Revenues:							
Taxes	\$ 253,033	—	—	49,978	—	6,236	309,247
Licenses and permits	64,959	—	—	—	—	—	64,959
Intergovernmental	13,505	24,315	—	—	13,404	30,648	81,872
Charges for services	49,163	—	—	—	—	—	49,163
Program income	—	410	278	—	—	316	1,004
Fines and forfeits	12,967	—	—	—	—	4,234	17,201
Interest income	4,454	—	1,013	740	—	399	6,606
Contributions, gifts and donations	19,426	—	—	—	—	2,083	21,509
Miscellaneous and other	12,389	—	—	—	72	12,874	25,335
Total revenues	<u>429,896</u>	<u>24,725</u>	<u>1,291</u>	<u>50,718</u>	<u>13,476</u>	<u>56,790</u>	<u>576,896</u>
Expenditures:							
Current:							
General government	152,854	3,623	—	383	—	18,368	175,228
Public safety	159,225	2,235	—	—	—	2,240	163,700
Public works	63,017	242	—	—	—	355	63,614
Health and human services	12,613	167	—	—	—	7,008	19,788
Culture and recreation	22,859	927	—	—	—	3,060	26,846
Urban development and housing	92	18,766	1,113	—	—	550	20,521
Economic development and assistance	—	—	—	—	—	14,218	14,218
Capital projects	—	—	—	—	94,784	—	94,784
Debt service:							
Principal	16,316	—	—	30,790	—	—	47,106
Interest and fiscal charges	17,975	—	—	21,149	370	—	39,494
Total expenditures	<u>444,951</u>	<u>25,960</u>	<u>1,113</u>	<u>52,322</u>	<u>95,154</u>	<u>45,799</u>	<u>665,299</u>
(Deficiency) excess of revenue over expenditures	<u>(15,055)</u>	<u>(1,235)</u>	<u>178</u>	<u>(1,604)</u>	<u>(81,678)</u>	<u>10,991</u>	<u>(88,403)</u>
Other financing sources (uses):							
Transfers in	13,400	—	—	—	—	2,321	15,721
Transfers out	(2,321)	—	—	—	—	(13,400)	(15,721)
Issuance of long-term debt	—	—	—	—	80,200	—	80,200
Premium on issuance of long-term debt	—	—	—	—	1,513	—	1,513
Other, net	1,300	—	—	—	3,976	—	5,276
Total other financing sources (uses)	<u>12,379</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>85,689</u>	<u>(11,079)</u>	<u>86,989</u>
Net change in fund balances	<u>(2,676)</u>	<u>(1,235)</u>	<u>178</u>	<u>(1,604)</u>	<u>4,011</u>	<u>(88)</u>	<u>(1,414)</u>
Fund balances – beginning, as restated	<u>23,942</u>	<u>1,235</u>	<u>24,217</u>	<u>32,878</u>	<u>122,160</u>	<u>50,502</u>	<u>254,934</u>
Fund balances – ending	<u>\$ 21,266</u>	<u>—</u>	<u>24,395</u>	<u>31,274</u>	<u>126,171</u>	<u>50,414</u>	<u>253,520</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

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

Year ended December 31, 2003

(Amounts in thousands)

Net change in fund balances – total governmental funds	\$ (1,414)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which depreciation expense exceeded capital asset expenditures in the current period.	(18,904)
Bond issue cost of \$511 were capitalized in the current year and amortization in the amount of \$9 was recorded.	502
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in deferred revenue.	(7,319)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, which has no effect on net assets.	(80,255)
The repayment of long-term debt consumes the current financial resources of governmental funds, which has no effect on net assets.	47,376
The repayment of the capital lease obligation consumes current financial resources of governmental fund, which has no effect on net assets.	33,980
The net increase in long-term liabilities are not recorded in the governmental funds.	(114,515)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(16,905)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, ie. net changes in interest accrual.	1,263
Pension contributions are recorded as expenditures when paid by the governmental funds. Pension expense is recorded based on the annual pension cost in the statement of activities. This is the amount that the annual pension cost exceeded pension contributions.	(25,841)
Change in net assets of governmental activities	<u>\$ (182,032)</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Statement of Fiduciary Net Assets

December 31, 2003

(Amounts in thousands)

Assets	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Cash	\$ 6,530	41,622
Investments:		
Cash equivalents	52,670	—
U.S. Government obligations	49,621	—
Corporate bonds	104,115	—
Corporate stock	337,075	—
Notes receivable	23,360	—
Mutual funds	20,290	—
Investment in Corporations	10,100	—
Investment in Limited Liability Corporations	10,864	—
Investment in Partnership	14,656	—
Investment in Trust	20,750	—
Investments held by broker-dealers in which collateral may be reinvested:		
Bonds	3,860	—
Stocks	6,899	—
Louisiana Asset Management Pool		23,150
Other	11,503	—
Receivables:		
Accounts	—	124
Accrued interest	3,936	—
Contribution	102	—
Other	2,015	—
Due from other governments	—	911
Due from other funds	—	5,354
Capital assets, net of accumulated depreciation	69	—
Other assets	59	—
	<u>678,474</u>	<u>71,161</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	281	12,639
Other payables and accruals	12,346	30,202
Due to other funds	—	4,732
Due to other governments	—	23,588
	<u>12,627</u>	<u>71,161</u>
Net assets:		
Net assets held in trust for pension benefits	\$ <u>665,847</u>	<u>—</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Statement of Changes in Fiduciary Net Assets
Year ended December 31, 2003
(Amounts in thousands)

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 11,825
Members	5,619
Fire insurance rebate	1,132
Total contributions	<u>18,576</u>
Investment income:	
Net appreciation in fair value of investments	93,731
Interest and dividends	15,741
Other investment income	1,197
Total investment income	<u>110,669</u>
Less investment expense	<u>(3,164)</u>
Net investment income	<u>107,505</u>
Other income	<u>23</u>
Total additions	<u>126,104</u>
Deductions:	
Pension benefits	45,916
Refunds of member contributions	833
Death benefits	72
Administrative expenses	1,152
DROP withdrawal	4,206
PLOP withdrawal	1,478
Transfers to other plans	351
Total deductions	<u>54,008</u>
Increase in net assets	<u>72,096</u>
Net assets held in trust for pension benefits – beginning of year	<u>593,751</u>
Net assets held in trust for pension benefits – end of year	<u>\$ 665,847</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Assets

Component Units

December 31, 2003

(Amounts in thousands)

Assets	Audubon Commission	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Current assets:					
Cash and cash equivalents	\$ 2,174	5,444	1,405	18,102	27,125
Investments	—	24,348	—	6,071	30,419
Receivables (net of allowances for uncollectibles):					
Property taxes	—	—	4,831	—	4,831
Accounts	386	7,793	12,286	3,629	24,094
Accrued interest	—	19	193	17	229
Grants	—	—	1,006	—	1,006
Other	—	—	2,344	185	2,529
Due from other governments	—	66	873	1,776	2,715
Inventory of supplies	744	149	7,901	—	8,794
Prepaid expenses and deposits	1,026	1,560	614	217	3,417
Other assets	—	—	—	295	295
Total current assets	<u>4,330</u>	<u>39,379</u>	<u>31,453</u>	<u>30,292</u>	<u>105,454</u>
Restricted cash and investments:					
Customer deposits	—	—	5,187	—	5,187
Construction account	—	—	219,268	10,079	229,347
Current debt service account	1,102	6,090	6,740	825	14,757
Future debt service account	—	9,240	19,824	175	29,239
Contingency (renewal and replacement) account	—	2,012	—	2,174	4,186
Operation and maintenance account	—	7,662	—	1,813	9,475
Capital improvements	364	29,589	90,480	792	121,225
Health insurance reserve	—	—	9,000	—	9,000
Other	—	6,454	212	895	7,561
Total restricted assets	<u>1,466</u>	<u>61,047</u>	<u>350,711</u>	<u>16,753</u>	<u>429,977</u>
Capital assets, less accumulated depreciation	<u>142,038</u>	<u>404,848</u>	<u>1,192,582</u>	<u>29,245</u>	<u>1,768,713</u>
Other assets	<u>11,626</u>	<u>3,775</u>	<u>7,845</u>	<u>485</u>	<u>23,731</u>
Total assets	<u>\$ 159,460</u>	<u>509,049</u>	<u>1,582,591</u>	<u>76,775</u>	<u>2,327,875</u>

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Assets

Component Units

December 31, 2003

(Amounts in thousands)

Liabilities and Net Assets	Audubon Commission	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Current liabilities (payable from current assets):					
Accounts payable	\$ 4,243	4,120	18,323	711	27,397
Retainages payable	—	—	458	—	458
Other payables and accruals	8,271	2,053	33,454	2,814	46,592
Due to other governments	—	6	240	490	736
Capital lease payable	—	—	—	400	400
Deferred revenues	—	—	—	750	750
Total current liabilities (payable from current assets)	<u>12,514</u>	<u>6,179</u>	<u>52,475</u>	<u>5,165</u>	<u>76,333</u>
Current liabilities (payable from restricted assets):					
Retainages payable	—	—	3,893	—	3,893
Capital projects payable	250	4,008	—	—	4,258
Accrued interest	141	1,475	1,215	14	2,845
Limited tax bonds	1,829	—	—	—	1,829
Bonds payable, current portion	—	9,970	121,608	1,899	133,477
Revenue bonds	901	—	—	—	901
Deposits and other	—	—	5,187	94	5,281
Total current liabilities (payable from restricted assets)	<u>3,121</u>	<u>15,453</u>	<u>131,903</u>	<u>2,007</u>	<u>152,484</u>
Total current liabilities	<u>15,635</u>	<u>21,632</u>	<u>184,378</u>	<u>7,172</u>	<u>228,817</u>
Long-term liabilities:					
Claims payable	—	—	11,628	—	11,628
Capital lease payable	—	—	—	1,178	1,178
Limited tax bonds (net of current portion)	40,713	—	—	—	40,713
Revenue bonds (net of current portion and unamortized discounts)	10,706	—	249,029	17,441	277,176
Refunding bonds (net of current portion and unamortized loss on advance refunding)	—	165,961	—	4,100	170,061
Other	1,071	—	—	113	1,184
Total long-term liabilities	<u>52,490</u>	<u>165,961</u>	<u>260,657</u>	<u>22,832</u>	<u>501,940</u>
Total liabilities	<u>68,125</u>	<u>187,593</u>	<u>445,035</u>	<u>30,004</u>	<u>730,757</u>
Net assets:					
Invested in capital assets – net of related debt	88,684	229,388	1,041,213	10,525	1,369,810
Restricted for bond debt service	—	15,859	25,349	13,624	54,832
Restricted for capital improvements	—	39,177	70,994	—	110,171
Unrestricted	2,651	37,032	—	22,622	62,305
Total net assets	<u>\$ 91,335</u>	<u>321,456</u>	<u>1,137,556</u>	<u>46,771</u>	<u>1,597,118</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Activities

Component Units

Year ended December 31, 2003

(Amounts in thousands)

	Program revenues			Net (expense) revenue and changes in net assets				
	Expenses	Charges for services	Capital grants and contributions	Audubon Commission	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Component units:								
Audubon Commission	\$ 43,486	28,117	12,921	(2,448)	—	—	—	(2,448)
Louis Armstrong New Orleans International Airport	81,897	66,356	21,694	—	6,153	—	—	6,153
Sewerage and Water Board	143,096	117,542	53,055	—	—	27,501	—	27,501
Other nonmajor component units	28,257	14,382	379	—	—	—	(13,496)	(13,496)
Total component units	\$ 296,736	226,397	88,049	(2,448)	6,153	27,501	(13,496)	17,710
General revenues:								
Interest revenue				1,352	790	1,032	1,529	4,703
Property taxes				8,468	—	41,810	4,616	54,894
Other				312	18,346	—	10,759	29,417
Total general revenues				10,132	19,136	42,842	16,904	89,014
Changes in net assets				7,684	25,289	70,343	3,408	106,724
Net assets – beginning				83,651	296,167	1,067,213	43,363	1,490,394
Net assets – ending				\$ 91,335	321,456	1,137,556	46,771	1,597,118

See accompanying notes to basic financial statements.

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Notes to Basic *Feel the Renaissance* *Financial Statements*



*The Canal Street
Streetcar*

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

(1) Summary of Significant Accounting Policies

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

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

Basis of Presentation – Financial Reporting Entity

The accompanying financial statements include financial statements for the City and certain legally separate organizations in accordance with GASB Statement No. 14, *The Financial Reporting Entity*. Organizations are included if the City is financially accountable for them, or the nature and significance of their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The City is financially accountable for an organization if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

Component Units

In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units. Each blended and discretely presented component unit has a December 31 year-end. Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices. The Municipal Yacht Harbor Management Corporation does not prepare complete financial statements.

Blended Component Units

Blended component units, although legally separate entities, are in substance, part of the City's operations, as they provide services exclusively or almost exclusively for the City.

For financial reporting purposes, the Board of Liquidation, City Debt is included (blended) in the operations of the debt service fund and governmental activities of the City because it handles all matters relating to the bonded debt of the City.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

Discretely Presented Component Units

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

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

<u>Major Discretely Presented Component Units</u>	<u>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
<i>Louis Armstrong New Orleans International Airport</i>	Local government corporation established in 1943 by the City to provide for the operation and maintenance of the Airport. The Board consists of nine members appointed by the Mayor of the City with approval of the City Council. The City of Kenner, Louisiana and the Parish of St. Charles, Louisiana each have input as to the selection of one board member. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<i>Sewerage and Water Board</i>	Local government corporation created by the City through Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain, and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In accordance with Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The Board is composed of thirteen members, including the Mayor of the City, the two Councilmembers-at-Large, and one District Councilmember selected by the City Council, two members of the Board of Liquidation and seven citizens appointed by the Mayor. The appointed members of the Board serve staggered nine-year terms. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<i>Audubon Commission</i>	Commission was created by the Louisiana Legislature to manage and operate the Audubon Commission's facilities consisting of nine museums and parks dedicated to Celebrating the Wonders of Nature, with goals of fostering education, research, wildlife conservation, family entertainment, and positive economic impact. The Commission has a 24-member Board appointed by the Mayor. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

Nonmajor Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<i>The Downtown Development District</i>	Local government corporation created by Act 498 of 1974 and amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature, effective January 1, 1975. The Organization is a special taxing district designated "the Core Area Development District of the City of New Orleans," later renamed the Downtown Development District of the City of New Orleans, comprised of all the territory within prescribed boundaries. The Board of Directors is composed of nine members for governance of the District. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<i>New Orleans Tourism Marketing Corporation</i>	Local government corporation created by the City organized on January 1, 1990. Its objectives and purposes are to continuously stimulate the hospitality and tourism industry of the City of New Orleans through regional, national, and international advertising and marketing of the City of New Orleans as a tourist and convention site and a vacation destination; to stimulate economic development in the City of New Orleans through the marketing and solicitation of conventions and trade shows throughout the U.S. and the World; and to advance, promote, and maintain tourism and trade in the City of New Orleans through marketing activities directed at the discretionary tourist or traveler through advertising, direct mailing, or other means. A fifteen-member Board of Directors is appointed in various ways. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<i>Municipal Yacht Harbor Management Corporation</i>	Local corporation formed by the City to operate the Municipal Yacht Harbor in the manner comparable to that of a private business enterprise; to provide a safe and secure environment for recreational boating; to ensure that the cost associated providing services to the general public are financed or recovered through user fee(s) and charge(s); and to place an emphasis on generating a sufficient amount of net operating revenues to be used for maintenance and capital improvement projects. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<i>French Market Corporation</i>	Local government corporation formed January 1, 1972 by the City to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

**Nonmajor Discretely Presented Component
Units**

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

***Upper Pontalba Building Restoration
Corporation***

These properties include five buildings and the Farmers Market. The Corporation is a non-profit corporation that is owned by the City and administered by a board of directors consisting of twelve members appointed by the Mayor. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

Local government corporation organized on July 14, 1988 by the City for the purpose of renovating and operating the Upper Pontalba Building. The Organization is a non-profit corporation administered by a board of directors consisting of seven members that are appointed by the sole stockholder, the Mayor of New Orleans. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

Canal Street Development Corporation

Nonprofit, public benefit corporation incorporated on August 8, 1989 under the Internal Revenue Code section 501(c)(3) for the sole and exclusive purpose of stimulating business development in the Central Business District and the adaptive reuse and development of Canal Street for commercial purposes. This objective is currently being met through renovations and the leasing of donated real estate and economic development endeavors downtown. The Organization's board of directors is comprised of two Councilmen from the City Council and other board members who are appointed by the Mayor of the City. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

Orleans Parish Communication District

The Orleans Parish Communication District, comprised of Orleans Parish, was created effective July 13, 1982, pursuant to Act No. 155 of the 1982 Regular Session of the Louisiana Legislature.

The District was created for the purpose of establishing a local emergency telephone service; to establish a primary emergency telephone number; to provide for the governing body of the District; and to authorize the governing authority of such district to levy an emergency telephone tax. This act was amended by Act No. 1029 in 1999 to provide for the creation of multi-parish communications districts; to provide relative to the rate of the emergency telephone service charge on landline phones and to authorize the levy of an emergency telephone service charge on certain wireless communications systems.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

<u>Nonmajor Discretely Presented Component Units</u>	<u>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
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The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

Related and Jointly Governed Organizations

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

Related Organizations

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

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

Jointly Governed Organizations

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

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

Basis of Presentation—Government-Wide and Fund Financial Statements

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

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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

The statement of activities reports the change in the City's net assets from January 1, 2003 to December 31, 2003. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

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

Information in the governmental fund financial statements is reported on a major fund basis. The identification of major funds is determined by the City each year under the methods outlined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - of State and Local Governments*. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are reported in the aggregate in the other governmental funds column.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds, as amended by GASB 37:

- (a) **General Fund** – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.
- (b) **HUD Grant Fund** – This special revenue fund accounts for the proceeds of loans received from the Department of Housing and Urban Development under Section 108 of the Housing and Community Development Act of 1974. The City acts as the guarantor of these loans.
- (c) **Federal UDAG** – This special revenue fund accounts for grants received from the Department of Housing and Urban Development for the purpose of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City.
- (d) **Debt Service Fund** – The debt service fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds, limited tax bonds, and revenue bonds, including debt principal, interest, and related costs.

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- (e) **Capital Projects Fund** – The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).

Fiduciary Fund Types

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

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

Basis of Accounting-Measurement Focus

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities include all the financial activities of the City, except for the fiduciary funds, and its component units.

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

Fund Financial Statements

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances are considered a measure of “available spendable resources.” Governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period. Under the modified accrual basis of accounting, revenues are recorded when considered both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers amounts collected within sixty days after year-end, excluding grant moneys which is within one year after year-end, to be available and recognizes them as revenues of the current period. Expenditures are generally recognized under the modified accrual basis of accounting in the accounting period in which the fund liability is incurred. Expenditures related to principal and interest on long-term debt, claims, judgments, landfill post-closing costs, and compensated absences are recognized when matured (i.e., due and payable). The following types of revenues are susceptible to accrual under the modified accrual basis of accounting: delinquent property taxes (including penalty and interest); services billed to other funds; sales tax; mixed beverage tax; franchise fees; fines and forfeits; investment earnings, and grants. Intergovernmental revenues from reimbursable grants and capital projects are recognized when all eligibility requirements have been met and amounts are considered available.

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Noncurrent portions of certain long-term receivables, primarily property taxes and special assessments, are reported on the balance sheets of governmental funds in spite of their spending measurement focus. Special reporting treatments are used to indicate that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables.

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

Pension Trust Funds

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

Use of Restricted Assets

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

Use of Estimates

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

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value based on quoted market prices.

Accounts Receivable

Property tax receivables and grantee loan receivables are shown net of an allowance of uncollectible amounts of \$11.1 million and \$500,000, respectively. All trade receivables on the Sewerage and Water Board and the Airport are shown net of an allowance of uncollectible amounts of \$5.3 million and \$1.2 million, respectively.

Capital Assets

Capital assets (i.e., land, buildings, equipment, improvements other than buildings), which include the City's infrastructure, and construction in progress are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets are recorded at their fair value on the date donated. An item is classified as an asset if the initial, individual cost is \$5,000 or greater. Capital assets of the City are

CITY OF NEW ORLEANS, LOUISIANA

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reported in the government-wide financial statements but not in the governmental fund financial statements. Assets subject to depreciation are depreciated using the straight-line method.

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

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

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

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

Annual and Sick Leave

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

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

Litigation

Claims and judgments are recognized in the governmental funds as expenditures when due and payable. Therefore, claims and judgments that are due and payable would be expected to be liquidated with expendable available financial resources. To the extent that claims and judgments mature prior to December 31, they are accrued at December 31, 2003. Other liabilities not expected to mature as of December 31, 2003 are reported as liabilities in the government-wide financial statements. Estimates of claims and judgment liabilities (both incurred and reported and incurred but not reported) are made through a case-by-case review of all claims and the application of historical experience to the outstanding claims.

Fund Balance

(a) *Reserved*

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

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(b) *Designated Fund Balance*

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

(c) *Undesignated Fund Balance*

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

(2) Deposits, Cash Equivalents and Investments

Deposits

The City is authorized by state statute to open depositories in only those banks with branch offices within the City's limits.

At December 31, 2003, the carrying amount of the City's deposits were \$92,790,000, and the bank balance was \$92,806,000.

The City's bank balance is categorized below (amounts in thousands) to give an indication of the level of custodial credit risk assumed by the City at year-end:

- Category 1 includes insured or collateralized cash with securities held by the City or by its agent in the City's name.
- Category 2 includes collateralized cash with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 includes uncollateralized cash, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name.

	Category			Total
	1	2	3	
Primary government:				
Bank balance:				
Cash	\$ 92,806			92,806
	\$ 92,806	—	—	92,806

Investments

Investments in certificates of deposit can be placed with Louisiana state banks or with national banks having their principal offices in the state. State statutes authorize the City to invest in U.S. bonds, treasury notes, the Louisiana Asset Management Pool (LAMP), and other federally-insured investments. The City also may invest in repurchase agreements secured by U.S. government obligations. Statutes authorize the pension funds to invest under the Prudent-Man Rule. The Prudent Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of the system to act with care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting

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in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the pension funds shall not invest more than sixty-five percent of the total portfolio in common stock.

The City's investments are categorized below (amounts in thousands) to give an indication of the level of custodial credit risk assumed by the City at year-end. Category 1 includes investments that are insured or registered, or held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or by its trust department or agent but not in the City's name.

	Category			Carrying Amount
	1	2	3	
Primary government:				
U.S. government securities and instrumentalities	\$ 127,636	—	—	127,636
LAMP investments - Uncategorized	—	—	—	92,447
U.S. Government securities and instrumentalities	34,137	—	—	34,137
Stock	293,476	—	—	293,476
Bonds	89,381	—	—	89,381
Other	48,375	11,150	—	59,525
Uncategorized	—	—	—	189,244
Total investments				\$ <u>885,846</u>

LAMP represents those assets held in the Louisiana Asset Management Pool (LAMP), a local government investment pool which is not categorized because the investment is in a pooled fund and thereby not evidenced by securities that exist in physical or book entry form. LAMP is a nonprofit corporation organized under the laws of the State of Louisiana, formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to provide immediate access to participants.

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(3) Tax Revenues

At December 31, 2003, the total sales tax levied in the City is 9%, 4% is state sales tax, 1-1/2% is levied by the Orleans Parish School Board (the School Board), 1% is dedicated for transportation and is levied by the Regional Transit Authority (RTA). The remaining 2-1/2% is used to fund the general operations of the City. The City administers and collects the entire 5% of local sales tax. The School Board's portion of the sales tax is accounted for in the Orleans Parish School Board sales tax clearing fund, and the RTA's portion of the sales tax is accounted for in the RTA sales tax clearing fund, both of which are agency funds.

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

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

Property tax levies per \$1,000 of assessed valuation accounted for within the funds of the City (primary government only) for the year ended December 31, 2003 are as follows:

General:		
General governmental services	\$	14.91
Dedicated for fire and police		6.40
Public library		4.32
Fire and police		10.47
Parkways and parks and recreation department		3.00
Street and traffic control device maintenance		1.90
Special revenue:		
Neighborhood housing improvement fund		1.25
New Orleans economic development fund		1.25
Debt service		26.90
	\$	<u>70.40</u>

CITY OF NEW ORLEANS, LOUISIANA

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Property taxes levied on January 1, 2003, collected during 2003, or expected to be collected within the first 60 days of 2004, are recognized as revenues in the statement of revenues, expenditures, and changes in fund balances—governmental funds. The entire estimated collectible amount of the tax levy for the fiscal year is recorded as revenue in the government-wide financial statements. Property taxes paid under protest are held in escrow until resolution of the dispute. Amounts collected for other governmental entities are accounted for in the agency funds.

(4) Grantee Loans

(a) UDAG

The City has received certain grant awards or loans from the United States Department of Housing and Urban Development (HUD) for the purposes of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Fourteen individual loans are outstanding at December 31, 2003 totaling \$14,247,000, which bear interest at rates ranging from 0% to 7%. These loans are receivable over a fifteen to thirty year period. Once loan repayments are received, and the project is accepted by HUD, the City may use the amounts received for other allowable economic development activities specified in the grant agreement. The City has recorded \$5,906,000 in allowance for bad debt on these loans.

One of the grantee loans receivable, in the original amount of \$6,980,000, relates to the development of the Riverfront Marketplace. In addition to the stated interest of 6.55% on this loan, the City participates in 30% of the net annual cash flows of the project. The City's participation interest is receivable 90 days after the project's year end. This brings the cumulative annual effective yield on the loan up to a maximum of 10%. The cumulative annual effective yield on the loan cannot be less than 8.0%. The City will also participate in 30% of the net proceeds of any sale, refinancing, or other disposition of the project, in whole or in part. The Riverfront Marketplace began operations in September 1986.

(b) HUD Section 108

The City received a Section 108 loan from HUD to allow/provide loans to the private sector for economic development. At December 31, 2003 there were four outstanding loans which bear interest at rate of 2% to 7% and are receivable over fifteen to thirty years.

During 1998, the U.S. Department of Housing and Urban Development (HUD) agreed to loan to the City \$25,300,000 for the development of the Jazzland Theme Park. These funds were subsequently loaned to Jazzland, Inc. (Jazzland) and were due from Jazzland in bi-annual installments plus 7.87% interest. During 2001, Jazzland failed to remit to the City a required payment and was in default on its loan as of December 31, 2001. On February 28, 2002, Jazzland filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. As a result, the City wrote off its remaining receivable from Jazzland. In 2002, Six Flags Theme Park, Inc. assumed management of Jazzland, and the theme park was renamed "Six Flags New Orleans." Six Flags has agreed to make monthly lease payments of \$116,667 to the Industrial Development Board, which in turn, transfers the money to the City. The lease expires in 2017. These monies are used by the City to repay the HUD loan. Annual debt service on the loan is \$2.4 million through 2017. Any amounts not recorded through rentals or other revenue sources are funded by the general fund.

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December 31, 2003

During 2000, the U.S. Department of Housing and Urban Development agreed to loan to the City \$5,000,000 for the development of the old American Can Factory into apartments. The City subsequently loaned these funds and an additional \$1,500,000 (amount received by the City through Urban Development Action Grants) to Historic Restoration, Inc. (HRI). These funds are due from HRI in quarterly installments plus 2% interest. The final payment is due January 1, 2040 with principal payments commencing on April 1, 2003. The outstanding balances at December 31, 2003 are \$4.9 million on the HUD loan and \$1.0 million on the UDAG loan.

During 2002, HUD agreed to loan to the City \$5.0 million for the development of the Palace of the East. The City subsequently loaned these funds to the Palace of the East. The loan is due to be repaid in quarterly installments plus 6% interest. The final payment is due August 1, 2021 with principal payments commencing on July 15, 2004. The outstanding balance at December 31, 2003 is \$5.0 million.

During 2002, HUD agreed to loan to the City \$7.1 million for the development of the Louisiana Artists Guild, a Louisiana Nonprofit Corporation. The City subsequently loaned these funds to LA Artworks. The loan is due to be repaid in quarterly installments plus interest of 5.6183%. Principal payments commenced on October 15, 2003 and end on July 15, 2022. The outstanding balance at December 31, 2003 is \$7.0 million.

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(5) Capital Assets

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

	Balance January 1, 2003 (as restated) (see note 12)	Additions	Deletions	Balance December 31, 2003
Nondepreciable capital assets:				
Land	\$ 74,733	13,372	—	88,105
Construction in progress	220,900	55,628	(61,984)	214,544
Total nondepreciable capital assets	295,633	69,000	(61,984)	302,649
Depreciable capital assets:				
Infrastructure	2,136,722	45,497	—	2,182,219
Buildings and improvements	199,538	—	(312)	199,226
Equipment and vehicles	68,493	3,543	(418)	71,618
Other	14,427	—	—	14,427
Total depreciable capital assets	2,419,180	49,040	(730)	2,467,490
Less accumulated depreciation for:				
Infrastructure	1,091,435	60,189	—	1,151,624
Buildings and improvements	97,470	5,464	(303)	102,631
Equipment and vehicles	35,731	8,739	(318)	44,152
Other	11,888	459	—	12,347
Total accumulated depreciation	1,236,524	74,851	(621)	1,310,754
Total depreciable capital assets, net	1,182,656	(25,811)	(109)	1,156,736
Total	\$ 1,478,289	43,189	(62,093)	1,459,385

CITY OF NEW ORLEANS, LOUISIANA

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

General government	\$	5,113
Public safety		5,475
Public works		64,111
Health and human services		10
Culture and recreation		110
Urban development and housing		32
Total depreciation expense	\$	<u>74,851</u>

Construction in progress is composed of the following, by department (amounts in thousands):

	<u>Project authorization</u>	<u>Expended to December 31, 2003</u>	<u>Committed</u>
Mayor (CAO)	\$ 42,054	25,012	17,042
Police	6,904	1,537	5,367
Fire	5,333	1,459	3,874
Property Management	46,075	34,102	11,973
Recreation	27,955	15,373	12,582
Human Services	3,895	2,852	1,043
Parks and Parkways	13,247	5,118	8,129
Utilities	820	512	308
Public Library	8,884	4,758	4,126
Isaac Delgado Museum	2,220	235	1,985
Sanitation Department	13,788	12,378	1,410
Safety and Permits	1,281	1,281	—
Mosquito Control Board	2,382	1,345	1,037
Health	3,356	1,171	2,185
City Planning Commission	4,871	4,822	49
Public works	329,574	102,589	226,985
	\$ <u>512,639</u>	<u>214,544</u>	<u>298,095</u>

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

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(6) Long-Term Debt

Bond Transactions

The following is a summary of bond transactions for the City for the year ended December 31, 2003 (amounts in thousands):

	Bonds payable
Bonds payable at January 1, 2003, as restated (see note 12)	\$ 761,959
Bonds issued in 2003	41,700
Bonds retired	(34,890)
Current year accretion	15,447
Bonds payable at December 31, 2003	\$ 784,216

The City's legal debt limit for general obligation bonds is \$801,930,000 (excluding the accretion effects of the deep discount bonds). At December 31, 2003, the City's legal debt margin (after the reduction for outstanding general obligation bonds and limited tax bonds totaling \$491,601,000 less \$31,274,000 available in Debt Service Funds) was \$341,603,000.

Included in bonds payable are The Firefighters' Pension and Relief Fund (Old System) bonds which were issued in 2000 to fund a portion of the projected unfunded accrued liability for the pension plan. The bonds are secured and payable solely from moneys that are available after payment of contractual and statutory obligations and other required expenses, including outstanding certificates of indebtedness. The bonds bear interest at a variable rate determined weekly based on the Bond Market Association Municipal Swap Index™ (BMA); however, the City entered into an interest rate swap agreement over the term of the bonds which resulted in a fixed rate of 6.95%. As of December 31, 2003, \$159,160,000 in outstanding bonds was recorded as a liability in the government-wide financial statements. The swap terminates in September 2030.

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

Terms. The bonds and the related swap agreement mature on September 1, 2030, and the swap's notional amount of \$171 million matches the \$171 million variable-rate bonds. The swap was entered at the same time the bonds were issued (November 2000). Starting in fiscal year 2001, the notional value of the swap and the principal amount of the associated debt decline. Under the swap, the City pays the counterparty, UBS, a fixed payment of 6.95% and receives a variable payment computed weekly based on the BMA swap index.

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Fair value. Because interest rates have declined since execution of the swap, the swap had a negative fair value of \$46.3 million as of December 31, 2003. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk. As of December 31, 2003, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AAA/aaa by Moody's Investors Service as of December 31, 2003.

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

On October 1, 2003, the City of New Orleans issued \$41,700,000 in Public Improvement Bonds. The bonds were issued for the acquisition, construction, improvements, and renovation of public buildings and facilities. The bonds are payable in annual installments ranging from \$850,000 to \$1,880,000 at interest rates ranging from 5.00% to 5.25% through October 1, 2033.

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Notes to Basic Financial Statements

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Bonds payable at December 31, 2003 are comprised of the following (all bonds are serial bonds) (dollars in thousands):

Description	Original issue	Range of average interest rates	Amount outstanding	Due in one year
General obligation bonds:				
1992-2003 Public Improvement Bonds, due in annual installments ranging from \$325 to \$5,325 through December 2031	\$ 318,100	5 - 7	\$ 162,505	3,620
1991 General Obligation Refunding Bonds, due in annual installments ranging from \$2,080 to \$28,585 commencing September 2004 through September 2021	98,886	7.07	98,886	8,744
1995 General Obligation Refunding Bonds, due in annual installments ranging from \$2,080 to \$25,490 through October 1, 2021	167,340	6.03	66,030	6,555
1998 General Obligation Refunding Bonds, due in annual installments ranging from \$210 to \$13,080 through December 2026	106,520	4.96	100,150	215
2002 General Obligation Refunding Bonds, due in annual installments ranging from \$300 to \$19,050 commencing September 1, 2015 through September 1, 2021	58,415	5.1 - 5.4	58,415	—
Limited tax bonds:				
1996 Limited Tax Bonds, due in annual installments of \$1,240 to \$1,970 commencing March 1997 through March 1, 2006	15,800	4.82	5,615	1,775
Revenue bonds:				
2000 Taxable Pension Revenue Bonds, due in annual installments from \$3,600 to \$7,000 commencing September 1, 2001 through September 1, 2030	170,660	6.95	159,160	4,400
Total bonds			650,761	25,309
Accreted bond discount at December 31, 2003			133,455	—
			\$ 784,216	25,309

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Notes to Basic Financial Statements

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The payment requirements for all bonds outstanding, including requirements for interest at the variable rate as of December 31, 2003 and the impact on interest under the SWAP agreement, as of December 31, 2003 are as follows (amounts in thousands):

	<u>SWAP</u>	<u>Interest</u>	<u>Principal</u>
Year ending December 31:			
2004	\$ 9,088	35,299	25,309
2005	8,831	37,854	23,534
2006	8,557	38,024	23,593
2007	8,265	38,107	21,675
2008	7,956	38,247	21,724
2009 – 2013	34,591	190,455	111,952
2014 – 2018	24,997	183,045	122,063
2019 – 2023	15,114	43,502	186,765
2024 – 2028	6,338	15,273	83,240
2029 – 2031	563	2,895	30,906
	<u>\$ 124,300</u>	<u>622,701</u>	<u>650,761</u>

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

The Board of Liquidation annually determines the amount of property tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City, and all such bonds proposed to be issued by the City during such year. The annual determination of the necessary tax millage to service bonds of the City is adopted by resolution of the Board of Liquidation, which is submitted to the City Council. The millage recommended by the Board of Liquidation is then levied by the City Council. The millages for the various limited bonds of the City were established at the time the bonds were issued, based upon approval of the voters.

Administrative expenditures paid in connection with the operations of the Board of Liquidation are recorded in the City's debt service fund.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. At December 31, 2003, management believes it is in compliance with all such significant limitations and restrictions.

CITY OF NEW ORLEANS, LOUISIANA

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Advance Refundings

In prior years, the City entered into advance refunding transactions whereby it issued General Obligation Refunding Bonds to effect early retirement of certain General Obligation Bonds. The net proceeds of these refunding bonds were placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest on the refunded bonds. Accordingly, the escrow accounts and the refundable bonds are no longer included on the City's statement of net assets. The outstanding balance of refunded bonds at December 31, 2003 are as follows (amounts in thousands):

1995 Public Improvement General Obligation Bonds	\$	21,340
1997A Public Improvement General Obligation Bonds		41,910
1998A Public Improvement General Obligation Bonds		<u>6,505</u>
	\$	<u><u>69,755</u></u>

Other Long-Term Liabilities – The following is a summary of other long-term liabilities recorded in the government-wide financial statements for the year ended December 31, 2003 (amounts in thousands):

	Balance January 1, 2003 (as restated) (see note 12)	Additions	Deletions	Balance December 31, 2003	Due in one year
Claims and judgments (note 11)	\$ 143,541	169,833	(57,032)	256,342	60,000
Landfill closing costs (note 11)	9,985	542	—	10,527	285
Accrued annual and sick leave (note 1)	50,484	1,171	—	51,655	—
Payment due to the Audubon Commission (note 8)	1,324	—	(100)	1,224	118
Certificates of indebtedness — (including unamortized premium of \$1,458) (see below)	106,255	40,013	(11,246)	135,022	16,650
Net pension obligation	908	—	(391)	517	—
HUD Section 108 loan (see below)	40,630	—	(1,140)	39,490	1,615
Capital lease payable	<u>33,980</u>	<u>—</u>	<u>(33,980)</u>	<u>—</u>	<u>—</u>
Total	\$ <u>387,107</u>	<u>211,559</u>	<u>(103,889)</u>	<u>494,777</u>	<u>78,668</u>

Funding for the above liabilities will come from the General Fund and from the entities that received and are repaying HUD loans.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

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The net increase in long-term liabilities reported in the reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities include (amounts in thousands):

	For the year ended December 31, 2003
Claims and judgments	\$ 112,802
Landfill cost payable	542
Annual sick leave payable	1,171
	<u>\$ 114,515</u>

The City has entered into contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, with the Secretary of Housing and Urban Development (HUD) as guarantor. Portions of these funds were used to fund grantee loans referred to in note 4. The loans consist of notes bearing interest at either fixed interest rates ranging from 8.70% to 8.75% or variable interest rates based upon the London Interbank Offered Rate (LIBOR). As of December 31, 2003, \$39,490,000 is recorded as a liability in the government-wide financial statements.

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

	<u>Interest</u>	<u>Principal</u>
Year ending December 31:		
2004	\$ 2,391	1,615
2005	2,310	1,718
2006	2,221	1,821
2007	2,123	1,931
2008	2,018	2,061
2009 - 2013	8,146	12,346
2014 - 2018	3,769	14,224
2019 - 2022	516	3,774
	<u>\$ 23,494</u>	<u>39,490</u>

The City issued \$109,960,000 (\$59,235,000 outstanding at December 31, 2003) in certificates of indebtedness (Series 1998A through D) for the primary purpose of refunding the City's Series 1992 certificates of indebtedness, the City's debt obligation incurred in 1983 and additional debt incurred in 1993 under the merger agreement between the Municipal Police Employee's Retirement System and the City's board of trustees of the Police Pension Fund. In December 2001, the City issued \$9,665,000 in revenue refunding bonds for the primary purpose to refund the 1998A and D certificates of indebtedness. These revenue refunding bonds mature on August 1 annually through 2005 and bear interest (ranging from 3% to 4.6%) that is payable on February 1 and August 1 semiannually. At December 31, 2003, \$6,550,000 remained outstanding on the December 2001 refunding bonds.

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On December 1, 2000, the City issued an additional \$27,000,000 (\$24,069,000 outstanding at December 31, 2003) in certificates of indebtedness. The primary purpose of this debt was to provide funds to the City to pay general settlements and judgments rendered against the City. The certificates bear interest ranging from 3.625% to 6%, payable semiannually.

In January 2002, the City issued 2001C certificates of indebtedness in the amount of \$5,155,000 for the primary purpose to pay general settlements and judgments rendered against the City. These certificates mature on August 1 annually, commencing in 2006, through 2011 and bear interest (ranging from 3.5% to 4.25%) that is payable on February 1 and August 1 semiannually. As of December 31, 2003, \$5,155,000 remained outstanding.

During 2003, the City issued \$38,555,000 in certificates of indebtedness for the purpose of refinancing the payments of the City under an existing lease agreement financing the costs of acquisition of additional vehicles and paying the costs of issuance. These certificates mature on September 1 annually commencing March 1, 2003 through March 1, 2010 and bear interest (ranging from 2.0% to 5.0%) that is payable on March 1 and September 1 annually. As of December 31, 2003, \$40,013,000 remained outstanding. The outstanding balance includes unamortized premium of \$1,458,000.

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

	Interest	Principal
Year ending December 31:		
2004	\$ 5,970	16,650
2005	5,297	17,305
2006	4,551	15,325
2007	3,837	15,895
2008	3,075	16,630
2009 - 2013	5,074	51,759
	27,804	133,564
Unamortized premium	—	1,458
	\$ 27,804	135,022

(7) Pension Plans and Postretirement Healthcare Benefits

At December 31, 2003, the City sponsors and administers four separate single-employer, contributory defined benefit pension plans, namely: (1) Firefighters' Pension and Relief Fund – Old System; (2) Firefighters' Pension and Relief Fund – New System; (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees' Retirement System (State of Louisiana) (MPERS). The Police Plan of the City will remain responsible for the payment of certain benefits due to differences in length of service and

CITY OF NEW ORLEANS, LOUISIANA

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age requirements for the participants who were not transferred to the MPERS plan. MPERS is the only cost-sharing, multiple-employer retirement plan in which employees of the City participate. The Employees' Plan covers all City employees other than firefighters and police.

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

MPERS Plan Description

On March 6, 1983, an agreement was signed between the City, the Police Pension Funds of the City of New Orleans, and the Municipal Police Employees' Retirement System (MPERS) which provided for the merger of the Police Pension Plans with the MPERS. As of that date, all members of the Police Pension Plans, active and retired, became members of the MPERS. Those members covered by the system who did not meet the age and service requirements of the MPERS will be paid by the Police Pension Fund of the City until they reach age 50 or 55, depending on the length of active service.

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

Funding Policy

The contribution rate for MPERS per dollar of payroll is 7.5% and 15% (increased from 9% at December 31, 2002) for the employee and employer, respectively, as established by State statute. The City's contributions to the MPERS for the years ended December 31, 2003, 2002, and 2001 were \$6,907,000, \$4,700,000, and \$4,793,000, respectively, equal to the required contributions for each year.

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

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

Employees' Retirement System of the City of New Orleans
1340 Poydras Street, Suite 800
New Orleans, Louisiana 70112
(504) 299-4150

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

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

Funding Policies and Annual Pension Costs

The Employer Contributions for the Employees' Retirement System and the Firefighters' Pension and Relief Fund (New System) are based on actuarially determined amounts. The Employer Contribution for the Police Pension Fund is based on amounts necessary to cover administrative costs and payments of pensions and benefits, as certified by the board of trustees of the Fund. The Employer Contribution for the Firefighters' Pension and Relief Fund (Old System) is based on amounts necessary to pay current expenses, and, in effect, is being funded on a "pay-as-you-go" basis. In December 2000, the City issued \$170,660,000 of taxable pension revenue bonds to fund the projected unfunded accrued liability of the Firefighters' Pension and Relief Fund (Old System). Debt service is to be paid from the general fund. Employees covered under the Employees' Retirement System contribute 4% of their earnable compensation in excess of \$1,200 per year to the Employees' Retirement System. Employees covered under the Firefighters' Pension and Relief Fund of the City of New Orleans (Old and New Systems) contribute 6% of salary for the first 20 years of employment.

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As a result of the merger contract with the MPERS to transfer all active policemen who were participating in the City's Police Pension Fund to MPERS, there were no active participants in the plan and therefore the only contributions by employees to the plan related to retirees' contributions for the purchase of military service credit. The City's annual pension cost for the current year and related actuarial methods and assumptions for each plan is as follows:

	<u>Employees' Retirement System</u>	<u>Police Pension Fund</u>	<u>Firefighters' Pension and Relief Fund (Old System)</u>	<u>Firefighters' Pension and Relief Fund (New System)</u>
Annual required contribution	\$ 6,648	—	21,603	4,838
Annual pension cost (thousands)	6,648	—	26,232	4,786
Contributions made (thousands)	6,648	—	—	5,177
Actuarial valuation date	12/31/03	12/31/03	1/1/03	12/31/03
Actuarial cost method	Frozen Entry Age Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Aggregate Actuarial Cost Method
Amortization method	(a)	(b)	Specific number of years – level amount, closed	(c)
Remaining amortization period	(a)	(b)	11 years	(c)
	<u>Employees' Retirement System</u>	<u>Police Pension Fund</u>	<u>Firefighters' Pension and Relief Fund (Old System)</u>	<u>Firefighters' Pension and Relief Fund (New System)</u>
Asset valuation method	Market value	Cost which approximates market	Market value	Three-year averaging
Actuarial assumptions:				
Investment rate of return	7%	7%	7.5%	7.5%
Projected salary increases	3%	N/A	5%	5%
Projected inflation rate	N/A	N/A	N/A	N/A

- (a) The amortization period, which ends December 31, 2003, is being maintained. Beginning with the January 1, 1992 actuarial valuation, the amortization amount was "frozen" and is equal to the 12-year remaining amortization amount over the period January 1, 1992 through December 31, 2003.

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- (b) The "Entry Age Normal" cost method was used to calculate the funding requirements of the Fund. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as a percentage of payroll for each participant between entry age and assumed retirement age.
- (c) The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

Annual Pension Cost, Prepaid Pension Asset, and Net Pension Obligation – The City's annual pension cost, prepaid pension asset (PPA), and net pension obligation (NPO) to Firefighters' Pension and Relief Fund (Old System and New System) for the current year were as follows:

	Firefighters' Pension and Relief Fund (New System)	Firefighters' Pension and Relief Fund (Old System)
Annual required contribution	\$ 4,838	21,603
Interest on PPA (NPO)	68	(6,069)
Adjustment to annual required contribution	<u>(120)</u>	<u>10,698</u>
Annual pension cost	4,786	26,232
Contributions made	<u>5,177</u>	<u>—</u>
Decrease in PPA (NPO)	391	26,232
PPA (NPO), beginning of year, as restated (see note 12)	<u>(908)</u>	<u>80,919</u>
PPA (NPO), end of year	<u><u>\$ (517)</u></u>	<u><u>54,687</u></u>

The prepaid pension asset and net pension obligation are \$54,687 and \$517, respectively, at December 31, 2003, and are recorded in the governmental activities of the government-wide statement of net assets. The prepaid pension asset and net pension obligation have been restated as of December 31, 2002.

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Three-Year Trend Information (Amounts in Thousands)

	<u>Year ending</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation (pre-paid pension asset)</u>
Employee's Retirement System	12/31/03	\$ 6,648	100%	\$ —
	12/31/02	6,665	100%	—
	12/31/01	6,370	100%	—
Police Pension Fund	12/31/03	—	—	—
	12/31/02	201	100%	—
	12/31/01	365	100%	—
Firefighters' Pension and Relief Fund (Old System)	12/31/03	26,232	0%	(54,687)
	12/31/02	26,184	0%	(80,919)
	12/31/01	25,680	0%	(107,104)
Firefighters' Pension and Relief Fund (New System)	12/31/03	4,786	109%	517
	12/31/02	3,922	102%	908
	12/31/01	2,969	102%	955

**Required Supplementary Information
Schedule of Funding Progress (Amounts in Thousands)
(Unaudited)**

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) (b)</u>	<u>Excess of assets over AAL (a-b)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>Excess as a percentage of covered payroll ((a-b)/c)</u>
Employees' Retirement System						
12/31/01	\$ 348,791	301,213	47,578	115.80%	\$ 83,379	57.06%
12/31/02	376,844	343,572	33,272	109.68%	78,048	42.63%
12/31/03	402,504	386,747	15,757	104.07%	87,713	17.96%

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<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) entry age (b)</u>	<u>Excess of assets over (under) AAL (a-b)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>Excess as a percentage of covered payroll ((a-b)/c)</u>
Police Pension Fund						
12/31/01	\$ 3,336	114	3,222	2,926%	\$ —	N/A
12/31/02	3,352	108	3,244	3,104%	—	N/A
12/31/03	3,394	152	3,242	2,233%	—	N/A
Firefighters' Pension and Relief Fund (Old System)						
12/31/01	\$ 138,671	173,378	(34,707)	80%	\$ —	N/A
12/31/02	108,773	171,163	(62,390)	64%	—	N/A
12/31/03	109,960	163,330	(53,370)	67%	—	N/A

Firefighters' Pension and Relief Fund (New System)

A schedule of funding progress is not required when the aggregate actuarial cost method is used in determining funding requirements because this method does not separately identify an actuarial accrued liability.

Postretirement Healthcare Benefits

In addition to providing pension benefits, the City provides postretirement healthcare benefits, as per City ordinance, for certain retired employees. City employees who have completed 10 years of service and who are eligible to receive pension benefits at the time they terminate employment with the City are eligible to participate in the City's healthcare plan as retirees. The cost of retirement hospitalization benefits is recognized as an expense/expenditure on a pay-as-you-go basis. For 2003, the cost of providing those benefits for approximately 4,301 retirees was approximately \$11,516,000 of which \$8,014,000 and \$3,503,000 was provided by the City and retirees, respectively.

Subsequent Event

On June 22, 2004, House Bill No. 1175 of the 2004 Regular Session was forwarded to the Governor of the state of Louisiana. The bill provides for the disposition of the assets of the Police Pension Fund in the following manner:

- 1) The total and final actuarial liabilities of the Police Pension Fund shall be determined.
- 2) Monies representing the actuarial liabilities so determined shall be maintained by the Police Pension Fund for the benefit of its remaining members.
- 3) An actuarial determination of administrative costs shall be made, and additional monies shall be retained by the Police Pension Fund sufficient to administer the Police Fund for a period of not less than the retirement age of the youngest employee member.

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Notes to Basic Financial Statements

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- 4) The amount by which the value of plan assets exceeds the present value of accrued benefits and actuarially determined administrative costs shall be paid to the Municipal Police Employees' Retirement System for satisfaction of any debt or obligation owed by the City of New Orleans to that system.

(8) Individual Fund Disclosures

Interfund Receivables and Payables

Individual fund interfund receivables and payables at December 31, 2003 were as follows (amounts in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund	\$ 7
	HUD Grant Fund	5,357
	Agency Trust Fund	4,732
	Nonmajor Special Revenue Funds	3,114
HUD Grant Fund	Nonmajor Special Revenue Funds	19
Capital Projects Fund	General Fund	16
Nonmajor Special Revenue Funds	Nonmajor Special Revenue Funds	936
Agency Trust Fund	General Fund	5,197
	Capital Projects	81
	Nonmajor Special Revenue Funds	76
		\$ 19,535

Interfund balances resulted from the time lag between the dates (1) when interfund services are provided or reimbursable expenditures occur and (2) payments between funds are made.

Interfund Advances

Individual fund interfund advances at December 31, 2003 were as follows (amounts in thousands):

	Advances to other funds	Advances from other funds
General	\$ 252	—
Nonmajor Special revenue:		
Sidewalk Paving and Repairing	—	2
Department of Safety and Permits – Demolition	—	250
Total nonmajor special revenue	—	252
Total	\$ 252	252

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

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Fund Transfers

Individual fund transfers for the year ended December 31, 2003 were as follows (amounts in thousands):

	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 13,400	2,321
Nonmajor governmental funds	2,321	13,400
Total	<u>\$ 15,721</u>	<u>15,721</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds.

Amounts transferred to the General Fund from the Rivergate Development Corporation Fund represent net rents and other cost reimbursements received related to the land based-casino.

Charges to Component Units for Support Services

Charges for support services paid to the general fund during fiscal year 2003 by the Louis Armstrong New Orleans International Airport amounted to \$1,186,850 primarily for overhead reimbursement and fire protection. Interfund charges for support services paid to the general fund during fiscal year 2003 by the Orleans Parish Communication District amounted to \$403,000 for overhead reimbursement.

The City does not charge the Downtown Development District, French Market Corporation, the Municipal Yacht Harbor Management Corporation, the Upper Pontalba Building Restoration Corporation, or Canal Street Development Corporation for any support services provided to them. In addition, the City does not charge rent to the Audubon Commission for the land which is owned by the City on which the golf course operates.

Riverfront Economic Development Agreement

On April 30, 1992, the City, the Board of Commissioners of the Port of New Orleans, and Audubon Commission entered into an agreement titled "Riverfront Economic Development Agreement" (the Agreement). In accordance with the terms of the Agreement, Audubon Commission paid \$13,000,000 to the Board of Commissioners of the Port of New Orleans. Of this amount, \$11,000,000 was from the sale of Audubon Commission's Aquarium Revenue Bonds, Series 1992 A, and \$2,000,000 was from self-generated funds of Audubon Commission.

In consideration for the \$11,000,000 payment, Audubon Commission is relieved of all rents or fees due to occupancy pursuant to a Consent and Right of Use Agreement with the Board of Commissioners of the Port of New Orleans. This Consent and Right of Use Agreement, dated October 23, 1987, provided for the development and occupancy of an aquarium and related facilities by the Commission in consideration for stipulated payments of rents and fees over the 99-year term of the Agreement. The \$11,000,000 payment was recorded as prepaid rent and is being amortized over the remaining terms of the consent agreement. Such amount is included in other assets of the Audubon Commission at December 31, 2003.

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In consideration for the Audubon Commission's \$2,000,000 payment to the Board of Commissioners of the Port of New Orleans, the City, which became the sole owner of the Rivergate Facility (the site of the City's land-based casino) under the Agreement, agreed to transfer and assign the second \$200,000 of annual net income from the parking facilities at the Rivergate Facility to Audubon Commission for 20 years beginning with the 1992 calendar year. The balance due to the Audubon Commission of \$1,224,000 at December 31, 2003, is recorded in the government-wide financial statements. Because parking operations have been discontinued at the Rivergate Facility, the Agreement gives the City the option to make a lump-sum payment to Audubon Commission for the remaining payment discounted at 7%, or to continue to pay the \$200,000 in monthly installments of \$16,667. The City has elected to continue making the \$200,000 annual payments. \$1,224,000 of the Audubon Commission's \$2,000,000 payment is included in other assets of the Audubon Commission at December 31, 2003. As payments are received from the City of New Orleans, this account is being reduced for that portion of the payment representing return of principal, with the balance credited to interest income.

(9) Fund Balance Reserves

Certain fund balance amounts in the following funds have been reserved to indicate a restriction for a particular purpose or amounts that are not available for appropriation. Details of the components of reserved fund balance at December 31, 2003 are as follows (amounts in thousands):

	Governmental funds					
	General	UDAG Fund	Debt service	Capital projects	Other governmental	Total
Encumbrances	\$ 9,540	—	—	40,538	4,420	54,498
Long-term advances	252	—	—	—	—	252
Debt service	—	—	31,274	—	—	31,274
Community development	—	24,395	—	—	—	24,395
Total	\$ 9,792	24,395	31,274	40,538	4,420	110,419

(10) Interest Income

Interest earned on investments held by the City's capital projects fund, certain special revenue funds (Sidewalk Paving and Repairing, Traffic Court Judicial Expense, Department of Safety and Permits—Demolition, Vieux Carre' Commission, and Municipal Court Judicial Expense) and certain agency funds (Clearing and Deposit) is recorded as revenue of the general fund. The amount of interest revenue recorded by the general fund on investments of the capital projects fund for the year ended December 31, 2003 was approximately \$3,110,000.

(11) Commitments and Contingencies

Operating Lease Agreements

The City has commitments under several operating lease agreements for equipment and facilities. These lease agreements are primarily for copier and data processing equipment and for land and buildings. They are cancelable by the City at any time. However, City management believes that such leases will generally be renewed or replaced each year. Annual rent in 2003 for such operating lease agreements was \$7,349,000.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

Claims and Judgments

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

Self-Insurance

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

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

As of December 31, 2003, the City has determined, through an analysis of historical experience, the adequacy of the liability necessary to cover all losses and claims, both incurred and reported and incurred but not reported (IBNR), under its self-insurance programs. The liabilities of \$482,000 for motor vehicle fleet, \$199,264,000 for general liability and police department excessive force, \$51,255,000 for workers' compensation and \$5,341,000 for hospitalization and unemployment have been accrued in the government-wide financial statements in the total amount of \$256,342,000.

Changes to the City's claims liability amounts in fiscal 2003 and 2002 were (amounts in thousands):

	<u>Beginning of fiscal year liability</u>	<u>Claims and changes in estimates</u>	<u>Benefit payments and claims</u>	<u>Balance at fiscal year-end</u>
General liability and police liability:				
2002	\$ 63,363	9,470	6,998	65,835
2003	65,835	134,434	1,005	199,264
Workers' compensation:				
2002	\$ 51,116	17,871	2,873	66,114
2003	66,114	(1,865)	12,994	51,255
Motor vehicle fleet:				
2002	\$ 1,393	601	456	1,538
2003	1,538	(560)	496	482
Hospitalization and unemployment:				
2002	\$ 11,314	39,767	41,027	10,054
2003	10,054	37,824	42,537	5,341
Total:				
2002	\$ 127,186	67,709	51,354	143,541
2003	143,541	169,833	57,032	256,342

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

Federal Financial Assistance Questioned Costs

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

Landfill Closing Costs

The City owns two closed landfill sites located in the eastern portion of the City (Recovery I and Gentilly). State and federal laws require the City to cap the landfill and to monitor and maintain the site for thirty subsequent years. The Recovery I site was closed in 1995. The Gentilly site was closed in June 2003 upon obtainment of the Closure Certificate from the Department of Environmental Quality.

Through the time of closure, in the government-wide financial statements, the City recognized a portion of the closure and postclosure care costs in each operating period although actual payouts will not occur until these landfills are capped and closed, respectively. The amount recognized each year to date was based on the landfills' capacities used as of the balance sheet date. As of December 31, 2003, the City has estimated its liability at \$10,527,000.

These amounts are based on what it would cost to perform all closure and postclosure care in 2003. Actual cost may be higher due to inflation, changes in technology, or changes in regulations, and may need to be covered by charges from future tax revenue. Current funding of these costs comes from the general fund.

Arbitrage

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

(12) Restatements (Unaudited)

The net assets of the City's governmental activities and the fund balances of the Federal UDAG fund and the nonmajor governmental funds as previously reported, as of December 31, 2002, have been restated to give effect to the following (in thousands):

- (a) 1991 General Obligation Refunding Bonds - The 1991 General Obligation Refunding Bonds are capital appreciation bonds. The reported outstanding balance at December 31, 2002 was \$287,643; however, the correct outstanding amount should have been \$216,895, resulting in an adjustment of \$70,749.
- (b) American Can Special Revenue Fund - The American Can Special Revenue Fund was created during 2002. The fund general ledger had cash and a fund balance of \$1,611 as of December 31, 2002 representing unspent grant funds received. This fund was excluded from the financial statements as of

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

December 31, 2002 in error. The reporting of this fund at December 31, 2002 increased net assets/fund balance at the government-wide and nonmajor governmental funds fund level financial statements.

- (c) Work in process – streets - As of December 31, 2002, there was \$210,367 in construction in process for public works – streets that was erroneously not recorded within capital assets in the government-wide financial statements. These costs had been expensed in the fund level statement as capital outlay expenditures but had not been properly capitalized in the government-wide financial statements.
- (d) Prepaid Pension Asset - The Firefighters Pension and Relief Fund (Old System) had a prepaid pension asset in the amount of \$80,919 as a result of funding a portion of its pension obligation in December 2000 through the issuance of taxable pension revenue bonds. The City had not considered the 2000 contribution of the bond proceeds in its evaluation of its net pension obligation. The City reported a net pension obligation of \$7,289. Net assets were adjusted as of December 31, 2002 in the amount of \$88,208 to reflect the prepaid pension asset amount and the elimination of the net pension obligation.
- (e) HUD/UDAG deferred revenue - The City reported deferred revenue on its grantee loans which should have been recognized as revenue when the funds were received from HUD and UDAG. Net assets/fund balances were adjusted by \$25,941 to properly reflect the revenue received in prior years.
- (f) Assets acquired under capital lease and Capital lease obligation - The City did not record certain capital leases related to vehicles at December 31, 2002. The assets in the amount of \$24,171, related accumulated depreciation of \$11,234, and the related liability in the amount of \$33,980 was recorded as of December 31, 2002 to reflect these capital leases.
- (g) HUD receivable recorded twice - Receivables in the Federal UDAG Fund in the amount of \$8,841 were erroneously recorded twice. The restatement to correct this reduced the receivable and fund balance/net assets at the fund level and government-wide level, respectively.
- (h) HUD Section 108 loans - As of December 31, 2002, two HUD Section 108 loans were not reported as liabilities of the City. At the government-wide financial statement level net assets and the HUD loan payable were increased by \$12,100 as of December 31, 2002 to record these loans.
- (i) Accumulated depreciation on CIP placed in service - The City erroneously did not record depreciation on \$207,963 of capital assets that had been placed in service prior to December 31, 2002. The assets placed in service resulted in a restatement of \$207,963 to the appropriate capital asset categories. Infrastructure was restated by \$125,245, buildings was restated by \$52,852, and equipment and vehicles was restated by \$29,865 as of December 31, 2002. Accumulated depreciation was increased by \$25,362 as of December 31, 2002 to properly reflect depreciation on these capital assets.
- (j) Net pension obligation - The City erroneously did not record its net pension obligation to the Firefighters' Pension and Relief Fund (New System) as of December 31, 2002. Net assets and net pension obligation was adjusted at December 31, 2002 in the amount of \$908 to reflect the net pension obligation.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

A table depicting changes to net assets/fund balance follows (amounts in thousands):

	<u>Governmental activities/ net assets</u>	<u>Major Governmental Fund - Federal UDAG - fund balance</u>	<u>Nonmajor governmental Funds - fund balance</u>
December 31, 2002 net assets/fund balances as previously reported	\$ 348,807	12,117	43,891
(a) 1991 General Obligation Refunding Bonds	70,749	—	—
(b) American Can Special Revenue Fund	1,611	—	1,611
(c) Work in process - streets	210,367	—	—
(d) Prepaid pension asset	88,208	—	—
(e) HUD/UDAG deferred revenue	25,941	20,941	5,000
(f) Assets acquired under capital lease	12,937	—	—
(f) Capital lease obligation	(33,980)	—	—
(g) HUD receivable recorded twice	(8,841)	(8,841)	—
(h) HUD Section 108 loans	(12,100)	—	—
(i) Accumulated depreciation on CIP placed in service	(25,362)	—	—
(j) Net pension obligation	(908)	—	—
December 31, 2002 total net assets/ fund balances, as restated	\$ <u>677,429</u>	<u>24,217</u>	<u>50,502</u>

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

In addition to the impact in net assets/fund balances previously discussed, restatements (c), (f), and (i) impacted the capital assets of governmental activities as depicted below (amounts in thousands).

	December 31, 2002, as originally reported	Effect of restatements		December 31, 2002, as restated
Nondepreciable capital assets:				
Land	\$ 74,733	—		74,733
Construction in progress		210,367 (c)		
	<u>218,496</u>	<u>(207,963) (i)</u>		<u>220,900</u>
Total nondepreciable capital assets	<u>293,229</u>	<u>2,404</u>		<u>295,633</u>
Depreciable capital assets:				
Infrastructure	2,011,477	125,245 (i)		2,136,722
Buildings	146,686	52,852 (i)		199,538
Equipment and vehicles	14,457	24,171 (f)		68,493
		29,865 (i)		
Other	<u>14,427</u>	<u>—</u>		<u>14,427</u>
Total depreciable capital assets	<u>2,187,047</u>	<u>232,133</u>		<u>2,419,180</u>
Less accumulated depreciation for:				
Infrastructure	1,083,263	8,172 (i)		1,091,435
Buildings	91,069	6,401 (i)		97,470
Equipment and vehicles	13,708	11,234 (f)		35,731
		10,789 (i)		
Other	<u>11,888</u>	<u>—</u>		<u>11,888</u>
Total accumulated depreciation	<u>1,199,928</u>	<u>36,596</u>		<u>1,236,524</u>
Total depreciable capital assets, net	<u>987,119</u>	<u>195,537</u>		<u>1,182,656</u>
Total	\$ <u><u>1,280,348</u></u>	<u><u>197,941</u></u>		<u><u>1,478,289</u></u>

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2003

Bonds payable and other long-term liabilities have been restated to reflect the adjustments above (amounts in thousands).

	Balance December 31, 2002, as previously reported	Effect of restatements	Balance December 31, 2002, as restated
Claims and judgments	\$ 143,541	—	143,541
Landfill closing costs	9,985	—	9,985
Accrued annual and sick leave	50,484	—	50,484
Payment due to the Audubon Commission	1,324	—	1,324
Certificates of indebtedness	106,255	—	106,255
Net pension obligation	7,289	(7,289) (d) 908 (j)	908
HUD Section 108 loan	28,530	12,100 (h)	40,630
Capital lease payable	—	33,980 (f)	33,980
Total	\$ 347,408	39,699	387,107
Bonds payable	\$ 832,708	(70,749) (a)	761,959



Required
Feel the Renaissance
Supplementary
Information



Shogun Houses

Feel the Renaissance

CITY OF NEW ORLEANS, LOUISIANA

Required Supplementary Information

December 31, 2003

Required Supplementary Information includes budgetary comparisons for the General Fund.

CITY OF NEW ORLEANS, LOUISIANA

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

Year ended December 31, 2003

(Amounts in thousands)

(Unaudited)

	Original budget	Revised budget	Actual on budgetary basis	Variance positive (negative)
Revenues:				
Taxes	\$ 243,711	251,666	252,478	812
Licenses and permits	64,690	64,938	64,952	14
Intergovernmental	15,320	13,448	13,505	57
Charges for services	51,688	49,049	49,163	114
Fines and forfeits	15,073	12,940	12,967	27
Interest income	6,000	4,453	4,453	—
Contributions, gifts, and donations	1,675	15,414	19,426	4,012
Miscellaneous	11,984	12,505	12,387	(118)
Total revenues	<u>410,141</u>	<u>424,413</u>	<u>429,331</u>	<u>4,918</u>
Expenditures:				
Current:				
General government	138,831	151,429	151,421	8
Public safety	158,399	159,322	159,322	—
Public works	66,633	63,974	63,974	—
Health and human services	11,450	12,588	12,588	—
Culture and recreation	16,454	23,062	22,961	101
Urban development and housing	—	600	600	—
Debt service:				
Principal retirement	11,873	11,873	11,401	472
Interest and fiscal charges	23,817	22,890	22,890	—
Total expenditures	<u>427,457</u>	<u>445,738</u>	<u>445,157</u>	<u>581</u>
(Deficiency) excess of revenues over expenditures	<u>(17,316)</u>	<u>(21,325)</u>	<u>(15,826)</u>	<u>5,499</u>
Other financing sources (uses):				
Operating transfers in	17,316	15,371	14,700	(671)
Operating transfers out	—	(2,321)	(2,321)	—
Appropriations from prior year budgetary fund balance	—	8,275	—	(8,275)
Reduction in prior year's outstanding encumbrances	—	—	789	789
Other	—	—	22	22
Total other financing sources (uses)	<u>17,316</u>	<u>21,325</u>	<u>13,190</u>	<u>(8,135)</u>
(Deficiency) excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ —</u>	<u>—</u>	<u>(2,636)</u>	<u>(2,636)</u>
Fund balance, beginning of year			14,118	
Less appropriation from beginning of year fund balance			<u>—</u>	
Fund balance – budgetary basis, end of year			<u>\$ 11,482</u>	

See accompanying notes to required supplementary information.

CITY OF NEW ORLEANS, LOUISIANA

Budget to GAAP Reconciliation

(Unaudited)

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

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (2,636)
Adjustments:	
To adjust revenues for accruals and deferrals	(1,168)
To adjust expenditures for accruals	566
Other	562
Net change in fund balance	<u>\$ (2,676)</u>

See accompanying notes to required supplementary information

CITY OF NEW ORLEANS, LOUISIANA
Notes to Required Supplementary Information
December 31, 2003
(Unaudited)

(1) Budgetary Data

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

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

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

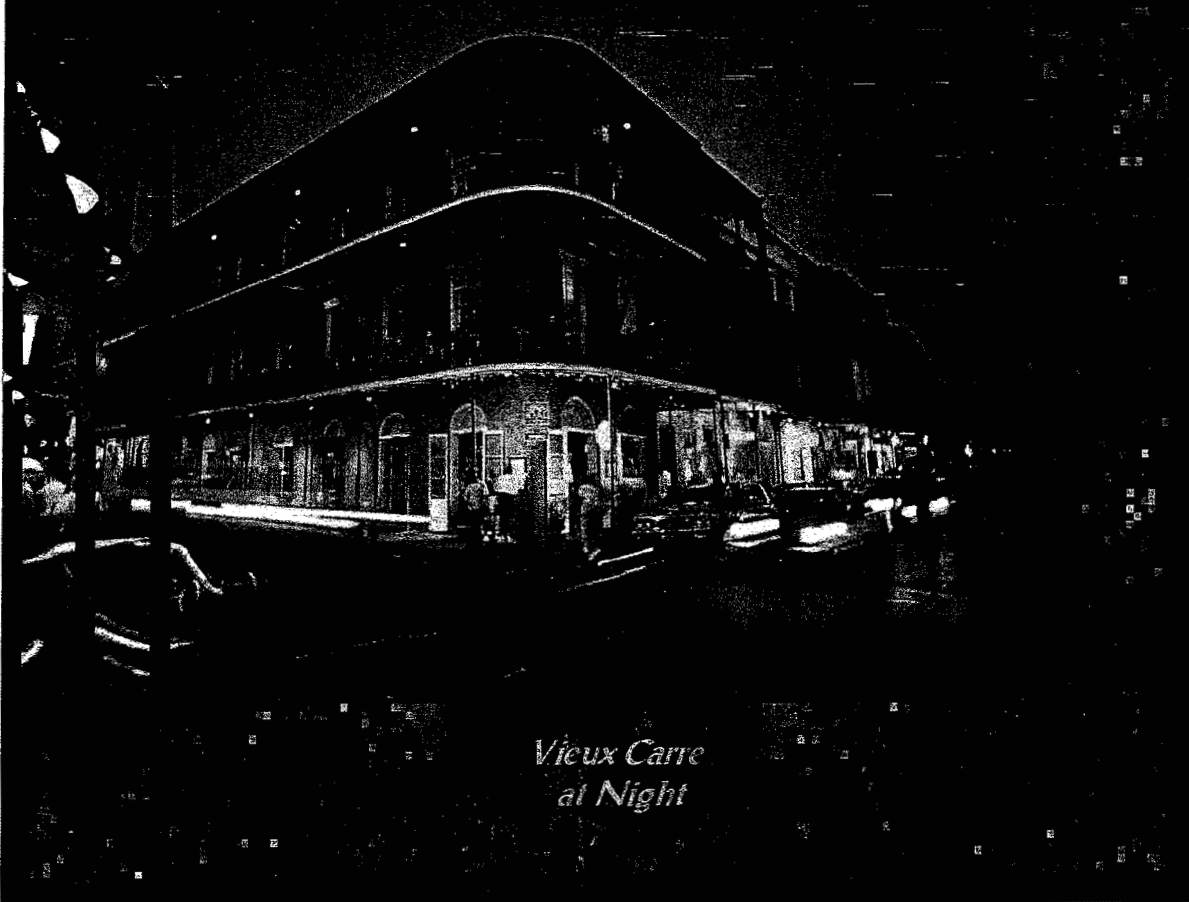
- The City utilizes formal budgetary integration as a management control device during the year for the general and capital projects funds. Formal budgetary integration is not employed for the debt service and special revenue funds because effective budgetary control is alternatively achieved through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

(2) Encumbrances

In accordance with the City's Charter, an encumbrance is established when a valid requisition is properly approved. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the general, special revenue, and capital projects funds. Appropriations are valid only for the year in which made. Encumbrances outstanding at year-end are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities on a GAAP basis.



Feel the Renaissance
Combining Statements & Capital Asset Schedules



*Vieux Carre
at Night*

Feel the Renaissance



Nonmajor *Feel the Renaissance* *Governmental Funds*



New Orleans Arena

Feel the Renaissance

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Nonmajor Governmental Funds

December 31, 2003

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

- *New Orleans Economic Development* – Used to account for funds allocated to programs designed to alleviate economic development problems, improve quality of life, and provide jobs for the citizens of New Orleans.
- *Neighborhood Housing Improvement* – Used to account for funds allocated to programs which repair and renovate housing in low-income areas.
- *Environmental Improvement* – Used to account for funds received from fines, fees, costs, and penalties and allocated to programs designed to improve health, housing, and environmental conditions in the City.
- *Rivergate Special Fund* – Used to account for funds received from the Rivergate parking facilities which have been earmarked for payment to the Audubon Commission as per the “Riverfront Economic Development Agreement.”
- *Rivergate Development Corporation* – Used to account for and oversee the development of any additions to the land-based casino site and the surrounding properties.
- *Traffic Court Judicial Expense* – Used to account for monies collected from contempt fines and penalties paid by persons charged with traffic violations and allocated to the proper administration of the court or offices of the individual judges.
- *Municipal Court Judicial Expense* – Used to account for monies collected from bond forfeitures in connection with the administration of the Municipal Court or in other manners provided by law.
- *Department of Safety and Permits – Demolition* – Used to account for funds allocated to the demolition of buildings or structures.
- *Music and Entertainment Commission* – Used to account for funds allocated for programs designed to attract music and entertainment to the City.
- *Asset Seizure* – Used to account for property confiscated from drug dealers by the police department to be used for crime fighting measures.
- *Plant a Tree Campaign* – Used to account for funds allocated to programs designed for planting and beautifying trees, plants, and flowers throughout the City.
- *Municipal Endowment – Cox Cable* – Used to account for funds allocated for programs related to video or audio community service programming in New Orleans or the arts, humanities, and culture of New Orleans.
- *Capital Improvement and Infrastructure* – Used to account for funds allocated for the improvement of infrastructures within the City.
- *Grant Recipient Funds* – Used to account for grants and other state and federal financial assistance.

CITY OF NEW ORLEANS , LOUISIANA

Combining Financial Statements

Nonmajor Governmental Funds

December 31, 2003

- *Other* – Used to account for all monies and all property acquired by donation for a designated purpose, not required to be held intact.

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2003

(Amounts in thousands)

Assets	<u>National League of Cities</u>	<u>New Orleans Economic Development</u>	<u>Neighborhood Housing Development</u>	<u>Environmental Improvement</u>	<u>American Can</u>
Cash	\$ 6	1,113	1,999	214	1,281
Investments, at cost or amortized cost	—	5,295	4,355	1,033	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	44	—
Grantee loans receivable	—	—	—	—	4,910
Due from other funds	—	—	1	120	—
Due from other governments	—	—	—	—	—
Other assets	—	—	—	—	—
Total assets	<u>\$ 6</u>	<u>6,408</u>	<u>6,355</u>	<u>1,411</u>	<u>6,191</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1	18	206	4	—
Due to other funds	—	—	24	15	—
Due to other governments	—	—	—	—	—
Advances from other funds	—	—	—	—	—
Deferred revenue	—	—	—	—	—
Total liabilities	<u>1</u>	<u>18</u>	<u>230</u>	<u>19</u>	<u>—</u>
Fund balances:					
Reserved for encumbrances	—	399	3,281	175	—
Unreserved:					
Designated for subsequent years' expenditures	—	104	—	—	—
Undesignated	5	5,887	2,844	1,217	6,191
Total fund balances	<u>5</u>	<u>6,390</u>	<u>6,125</u>	<u>1,392</u>	<u>6,191</u>
Total liabilities and fund balances	<u>\$ 6</u>	<u>6,408</u>	<u>6,355</u>	<u>1,411</u>	<u>6,191</u>

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Exhibit C-1

Rivergate Special Fund	Rivergate Development Corporation	Termite Control Fund	Piazza D'italia Development	Traffic Court Judicial Expense	Sex Offender Proprietary Fund
—	281	23	5	742	12
681	367	102	15	370	—
—	—	—	—	360	—
—	—	—	—	—	—
—	159	13	3	422	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>681</u>	<u>807</u>	<u>138</u>	<u>23</u>	<u>1,894</u>	<u>12</u>
—	14	—	—	94	—
2	—	—	—	900	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>2</u>	<u>14</u>	<u>—</u>	<u>—</u>	<u>994</u>	<u>—</u>
12	145	10	—	1	—
—	—	—	—	—	—
<u>667</u>	<u>648</u>	<u>128</u>	<u>23</u>	<u>899</u>	<u>12</u>
<u>679</u>	<u>793</u>	<u>138</u>	<u>23</u>	<u>900</u>	<u>12</u>
<u>681</u>	<u>807</u>	<u>138</u>	<u>23</u>	<u>1,894</u>	<u>12</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2003

(Amounts in thousands)

Assets	Municipal Court Judicial Expense	Sidewalk Paving and Repairing	Special Event	Adopt-a- Pothole Program	Department of Safety and Permits — Demolition
Cash	\$ —	1	1	47	17
Investments, at cost or amortized cost	—	—	1	—	121
Accounts receivable (net, where applicable, of allowances for uncollectibles)	359	1	—	—	281
Grantee loans receivable	—	—	—	—	—
Due from other funds	—	—	—	—	9
Due from other governments	—	—	—	—	—
Other assets	—	—	—	—	—
Total assets	<u>\$ 359</u>	<u>2</u>	<u>2</u>	<u>47</u>	<u>428</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 57	—	—	—	100
Due to other funds	240	—	—	—	—
Due to other governments	—	—	—	—	—
Advances from other funds	—	2	—	—	250
Deferred revenue	—	—	—	—	—
Total liabilities	<u>297</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>350</u>
Fund balances:					
Reserved for encumbrances	—	—	—	—	—
Unreserved:					
Designated for subsequent years' expenditures	—	—	—	—	—
Undesignated	<u>62</u>	<u>—</u>	<u>2</u>	<u>47</u>	<u>78</u>
Total fund balances	<u>62</u>	<u>—</u>	<u>2</u>	<u>47</u>	<u>78</u>
Total liabilities and fund balances	<u>\$ 359</u>	<u>2</u>	<u>2</u>	<u>47</u>	<u>428</u>

Exhibit C-1

Mayor's Office of Tourism and Arts	Mayoral Fellows Program	Music and Entertainment Commission	New Orleans Police Department Crime Prevention	Asset Seizure	New Orleans War on Drugs
110	88	16	1	65	8
—	—	20	—	320	—
—	—	—	—	113	—
—	—	—	—	—	—
—	—	—	—	50	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>110</u>	<u>88</u>	<u>36</u>	<u>1</u>	<u>548</u>	<u>8</u>
12	5	2	—	26	—
—	—	—	—	1	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>12</u>	<u>5</u>	<u>2</u>	<u>—</u>	<u>27</u>	<u>—</u>
—	—	—	—	—	—
—	—	—	—	—	—
<u>98</u>	<u>83</u>	<u>34</u>	<u>1</u>	<u>521</u>	<u>8</u>
<u>98</u>	<u>83</u>	<u>34</u>	<u>1</u>	<u>521</u>	<u>8</u>
<u>110</u>	<u>88</u>	<u>36</u>	<u>1</u>	<u>548</u>	<u>8</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2003

(Amounts in thousands)

Assets	New Orleans Recreation Department	New Orleans Film Commission	New Orleans Special Events	Vieux Carre' Commission	Vieux Carre' Restoration
Cash	\$ 50	13	19	56	1
Investments, at cost or amortized cost	—	5	61	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—
Grantee loans receivable	—	12	—	—	—
Due from other funds	—	—	—	—	—
Due from other governments	—	—	—	—	—
Other assets	—	—	—	—	—
Total assets	\$ 50	30	80	56	1
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ —	—	—	—	—
Due to other funds	—	—	—	—	—
Due to other governments	—	—	—	—	—
Advances from other funds	—	—	—	—	—
Deferred revenue	—	—	—	—	—
Total liabilities	—	—	—	—	—
Fund balances:					
Reserved for encumbrances	—	—	6	—	—
Unreserved:					
Designated for subsequent years' expenditures					
Undesignated	50	30	74	56	1
Total fund balances	50	30	80	56	1
Total liabilities and fund balances	\$ 50	30	80	56	1

Exhibit C-1

Public Library Donations	Sanitation Recycling	Plant- a-Tree Campaign	Municipal Endowment- Cox Cable	Capital Improvement and Infrastructure	Grant Recipient Funds
172	19	158	40	33	2,557
42	42	—	1,887	14,399	2,440
—	—	—	24	—	—
—	—	—	—	—	—
—	—	—	—	—	63
—	—	—	—	—	4,907
—	—	—	—	—	—
<u>214</u>	<u>61</u>	<u>158</u>	<u>1,951</u>	<u>14,432</u>	<u>9,967</u>
1	—	10	—	—	3,981
1	—	—	—	—	2,959
—	—	—	—	—	220
—	—	—	—	—	—
—	—	—	—	—	—
<u>2</u>	<u>—</u>	<u>10</u>	<u>—</u>	<u>—</u>	<u>7,160</u>
—	—	93	91	—	—
—	—	—	—	—	—
<u>212</u>	<u>61</u>	<u>55</u>	<u>1,860</u>	<u>14,432</u>	<u>2,807</u>
<u>212</u>	<u>61</u>	<u>148</u>	<u>1,951</u>	<u>14,432</u>	<u>2,807</u>
<u>214</u>	<u>61</u>	<u>158</u>	<u>1,951</u>	<u>14,432</u>	<u>9,967</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2003

(Amounts in thousands)

Assets	Delgado- Albania Plantation Commission	Edward Wisner	Institute of Mental Hygiene	LaHache Music	Place DeFrance — Joan of Arc
Cash	\$ 163	337	—	3	4
Investments, at cost or amortized cost	1,540	3,778	—	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—
Grantee loans receivable	—	—	—	—	—
Due from other funds	93	—	—	—	—
Due from other governments	—	—	—	—	—
Other assets	12	—	—	—	—
Total assets	\$ 1,808	4,115	—	3	4
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ —	—	—	—	—
Due to other funds	—	—	—	—	—
Due to other governments	—	—	—	—	—
Advances from other funds	—	—	—	—	—
Deferred revenue	—	—	—	—	—
Total liabilities	—	—	—	—	—
Fund balances:					
Reserved for encumbrances	—	—	—	—	—
Unreserved:					
Designated for subsequent years' expenditures	—	—	—	—	—
Undesignated	1,808	4,115	—	3	4
Total fund balances	1,808	4,115	—	3	4
Total liabilities and fund balances	\$ 1,808	4,115	—	3	4

Exhibit C-1

Simon Hersheim	Kiwanis Club Lee Circle Sprinkler System	Ella West Freeman Foundation	Isaac Delgado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lilly Violet
29	5	3	65	—	11
52	—	4	384	—	7
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	3	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>81</u>	<u>5</u>	<u>7</u>	<u>452</u>	<u>—</u>	<u>18</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
81	5	7	452	—	18
81	5	7	452	—	18
<u>81</u>	<u>5</u>	<u>7</u>	<u>452</u>	<u>—</u>	<u>18</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2003

(Amounts in thousands)

Assets	Mahalia Zimmerman Tomb	Mrs. Otto Joachim	Sickles Legacy	Helen Adler Levy Library	Other	Total 2003
Cash	\$ 3	1	47	1	5	9,825
Investments, at cost or amortized cost	—	—	209	42	202	37,774
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	6	—	1,188
Grantee loans receivable	—	—	—	—	—	4,922
Due from other funds	—	—	—	—	—	936
Due from other governments	—	—	—	—	—	4,907
Other assets	—	—	—	—	—	12
Total assets	<u>\$ 3</u>	<u>1</u>	<u>256</u>	<u>49</u>	<u>207</u>	<u>59,564</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ —	—	—	2	—	4,533
Due to other funds	—	—	—	3	—	4,145
Due to other governments	—	—	—	—	—	220
Advances from other funds	—	—	—	—	—	252
Deferred revenue	—	—	—	—	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>5</u>	<u>—</u>	<u>9,150</u>
Fund balances:						
Reserved for encumbrances	—	—	—	—	207	4,420
Unreserved:						
Designated for subsequent years' expenditures	—	—	—	—	—	104
Undesignated	<u>3</u>	<u>1</u>	<u>256</u>	<u>44</u>	<u>—</u>	<u>45,890</u>
Total fund balances	<u>3</u>	<u>1</u>	<u>256</u>	<u>44</u>	<u>207</u>	<u>50,414</u>
Total liabilities and fund balances	<u>\$ 3</u>	<u>1</u>	<u>256</u>	<u>49</u>	<u>207</u>	<u>59,564</u>

See accompanying notes to basic financial statements.

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CITY OF NEW ORLEANS, LOUISIANA

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

Nonmajor Governmental Funds

Year ended December 31, 2003

(Amounts in thousands)

	<u>National League of Cities</u>	<u>New Orleans Economic Development</u>	<u>Neighborhood Housing Improvement</u>	<u>Environmental Improvement</u>
Revenues:				
Taxes	\$ —	2,054	2,154	—
Intergovernmental	—	—	—	—
Program income	—	—	—	—
Fines and forfeits	—	—	—	368
Interest income	—	30	52	—
Contributions, gifts, and donations	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>—</u>	<u>2,084</u>	<u>2,206</u>	<u>368</u>
Expenditures:				
General government	—	—	—	—
Public safety	—	—	—	—
Public works	—	—	—	—
Health and human services	—	—	—	177
Culture and recreation	—	—	—	—
Urban development and housing	—	—	—	—
Economic development and assistance	—	1,378	2,056	—
Total expenditures	<u>—</u>	<u>1,378</u>	<u>2,056</u>	<u>177</u>
Excess (deficiency) of revenues over expenditures	—	706	150	191
Other financing sources (uses):				
Operating transfers in	—	—	—	—
Operating transfers out	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>—</u>	<u>706</u>	<u>150</u>	<u>191</u>
Fund balances:				
Beginning of year, as restated	5	5,684	5,975	1,201
End of year	\$ <u>5</u>	<u>6,390</u>	<u>6,125</u>	<u>1,392</u>

Exhibit C-2

American Can	Rivergate Special Fund	Rivergate Development Corporation	Termite Control Fund	Piazza D'italia Development	Traffic Court Judicial Expense
—	—	—	—	—	—
130	—	—	—	—	—
—	—	—	—	—	2,856
—	—	—	—	—	—
—	—	12,300	262	—	300
130	—	12,300	262	—	3,156
—	—	—	—	—	3,707
—	—	—	—	—	—
—	—	—	335	—	—
550	—	—	—	—	—
—	—	155	—	—	—
550	—	155	335	—	3,707
(420)	—	12,145	(73)	—	(551)
—	—	—	—	—	1,198
—	—	(12,500)	—	—	(900)
—	—	(12,500)	—	—	298
(420)	—	(355)	(73)	—	(253)
6,611	679	1,148	211	23	1,153
6,191	679	793	138	23	900

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

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

Nonmajor Governmental Funds

Year ended December 31, 2003

(Amounts in thousands)

	Sex Offender Proprietary Fund	Municipal Court Judicial Expense	Sidewalk Paving and Repairing	Special Event
Revenues:				
Taxes	\$ —	—	—	—
Intergovernmental	—	—	—	—
Program income	—	—	—	—
Fines and forfeits	—	537	—	—
Interest income	—	—	—	—
Contributions, gifts, and donations	—	—	—	—
Miscellaneous	12	—	—	—
Total revenues	12	537	—	—
Expenditures:				
General government	—	1,598	—	—
Public safety	—	—	—	—
Public works	—	—	—	—
Health and human services	—	—	—	—
Culture and recreation	—	—	—	—
Urban development and housing	—	—	—	—
Economic development and assistance	—	—	—	—
Total expenditures	—	1,598	—	—
Excess (deficiency) of revenues over expenditures	12	(1,061)	—	—
Other financing sources (uses):				
Operating transfers in	—	1,123	—	—
Operating transfers out	—	—	—	—
Total other financing sources (uses)	—	1,123	—	—
Net change in fund balance	12	62	—	—
Fund balances:				
Beginning of year, as restated	—	—	—	2
End of year	\$ 12	62	—	2

Exhibit C-2

Adopt-a-Pothole Program	Department of Safety and Permits - Demolition	Mayor's Office of Tourism and Arts	Mayoral Fellows Program	Music and Entertainment Commission	New Orleans Police Department - Crime Prevention
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	2	—
47	—	207	150	123	—
—	—	—	—	—	—
47	—	207	150	125	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	141	67	123	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	141	67	123	—
—	—	—	—	—	—
47	—	66	83	2	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
47	—	66	83	2	—
—	78	32	—	32	1
47	78	98	83	34	1

(Continued)

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year ended December 31, 2003
(Amounts in thousands)

	<u>Asset Seizure</u>	<u>New Orleans War on Drugs</u>	<u>New Orleans Recreation Department</u>	<u>New Orleans Film Commission</u>
Revenues:				
Taxes	\$ —	—	—	—
Intergovernmental	—	—	—	—
Program income	—	—	—	—
Fines and forfeits	356	—	—	—
Interest income	1	—	—	2
Contributions, gifts, and donations	—	—	1	150
Miscellaneous	—	—	—	—
Total revenues	<u>357</u>	<u>—</u>	<u>1</u>	<u>152</u>
Expenditures:				
General government	—	—	—	—
Public safety	267	—	—	—
Public works	—	—	—	—
Health and human services	—	—	—	—
Culture and recreation	—	—	—	170
Urban development and housing	—	—	—	—
Economic development and assistance	—	—	—	—
Total expenditures	<u>267</u>	<u>—</u>	<u>—</u>	<u>170</u>
Excess (deficiency) of revenues over expenditures	90	—	1	(18)
Other financing sources (uses):				
Operating transfers in	—	—	—	—
Operating transfers out	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund fund balance	<u>90</u>	<u>—</u>	<u>1</u>	<u>(18)</u>
Fund balances:				
Beginning of year, as restated	<u>431</u>	<u>8</u>	<u>49</u>	<u>48</u>
End of year	<u>\$ 521</u>	<u>8</u>	<u>50</u>	<u>30</u>

New Orleans Special Events	Vieux Carre' Commission	Vieux Carre' Restoration	Public Library Donations	Sanitation Recycling	Plant- A-Tree Campaign	Municipal Endowment— Cox Cable
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
2	—	—	1	2	—	19
—	—	—	82	—	49	113
—	—	—	—	—	—	—
<u>2</u>	<u>—</u>	<u>—</u>	<u>83</u>	<u>2</u>	<u>49</u>	<u>132</u>
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	355
—	—	—	—	—	11	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	11	355
—	—	—	—	—	—	—
2	—	—	83	2	38	(223)
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<u>2</u>	<u>—</u>	<u>—</u>	<u>83</u>	<u>2</u>	<u>38</u>	<u>(223)</u>
<u>78</u>	<u>56</u>	<u>1</u>	<u>129</u>	<u>59</u>	<u>110</u>	<u>2,174</u>
<u>80</u>	<u>56</u>	<u>1</u>	<u>212</u>	<u>61</u>	<u>148</u>	<u>1,951</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year ended December 31, 2003
(Amounts in thousands)

	<u>Capital Improvement and Infrastructure</u>	<u>Grant Recipient Funds</u>	<u>Delgado- Albania Plantation Commission</u>	<u>Edward Wisner</u>
Revenues:				
Taxes	\$ 2,028	—	—	—
Intergovernmental	—	30,648	—	—
Program income	—	186	—	—
Fines and forfeits	—	117	—	—
Interest income	128	32	29	70
Contributions, gifts, and donations	—	—	122	1,035
Miscellaneous	—	—	—	—
Total revenues	<u>2,156</u>	<u>30,983</u>	<u>151</u>	<u>1,105</u>
Expenditures:				
General government	—	13,063	—	—
Public safety	—	1,973	—	—
Public works	—	—	—	—
Health and human services	—	6,496	—	—
Culture and recreation	—	106	1,517	913
Urban development and housing	—	—	—	—
Economic development and assistance	—	10,629	—	—
Total expenditures	<u>—</u>	<u>32,267</u>	<u>1,517</u>	<u>913</u>
Excess (deficiency) of revenues over expenditures	2,156	(1,284)	(1,366)	192
Other financing sources (uses):				
Operating transfers in	—	—	—	—
Operating transfers out	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>2,156</u>	<u>(1,284)</u>	<u>(1,366)</u>	<u>192</u>
Fund balances:				
Beginning of year, as restated	<u>12,276</u>	<u>4,091</u>	<u>3,174</u>	<u>3,923</u>
End of year	<u>\$ 14,432</u>	<u>2,807</u>	<u>1,808</u>	<u>4,115</u>

<u>Institute of Mental Hygiene</u>	<u>LaHache Music</u>	<u>Place DeFrance— Joan of Arc</u>	<u>Simon Hersheim</u>	<u>Kiwanis Club Lee Circle Sprinkler System</u>	<u>Ella West Freeman Foundation</u>	<u>Isaac Delgado Memorial</u>
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	2	—	—	17
—	—	—	4	—	—	—
—	—	—	—	—	—	—
—	—	—	6	—	—	17
—	—	—	—	—	—	—
—	—	—	—	—	—	—
12	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
12	—	—	—	—	—	—
(12)	—	—	6	—	—	17
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
(12)	—	—	6	—	—	17
12	3	4	75	5	7	435
—	3	4	81	5	7	452

(Continued)

CITY OF NEW ORLEANS, LOUISIANA
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 Year ended December 31, 2003
 (Amounts in thousands)

	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lilly Violet	Mahalia Zimmerman Tomb	Mrs. Otto Joachim
Revenues:				
Taxes	\$ —	—	—	—
Intergovernmental	—	—	—	—
Program income	—	—	—	—
Fines and forfeits	—	—	—	—
Interest income	—	—	—	—
Contributions, gifts, and donations	—	3	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>—</u>	<u>3</u>	<u>—</u>	<u>—</u>
Expenditures:				
General government	—	—	—	—
Public safety	—	—	—	—
Public works	—	—	—	—
Health and human services	—	—	—	—
Culture and recreation	—	—	—	—
Urban development and housing	—	—	—	—
Economic development and assistance	—	—	—	—
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	—	3	—	—
Other financing sources (uses):				
Operating transfers in	—	—	—	—
Operating transfers out	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>—</u>	<u>3</u>	<u>—</u>	<u>—</u>
Fund balances:				
Beginning of year, as restated	—	15	3	1
End of year	<u>\$ —</u>	<u>18</u>	<u>3</u>	<u>1</u>

See accompanying notes to basic financial statements.

Sickles Legacy	Helen Adler Levy Library	Other	Total
—	—	—	6,236
—	—	—	30,648
—	—	—	316
—	—	—	4,234
6	1	—	399
—	—	—	2,083
—	—	—	12,874
<u>6</u>	<u>1</u>	<u>—</u>	<u>56,790</u>
—	—	—	18,368
—	—	—	2,240
—	—	—	355
—	—	—	7,008
—	—	—	3,060
—	—	—	550
—	—	—	14,218
<u>—</u>	<u>—</u>	<u>—</u>	<u>45,799</u>
6	1	—	10,991
—	—	—	2,321
<u>—</u>	<u>—</u>	<u>—</u>	<u>(13,400)</u>
—	—	—	(11,079)
<u>6</u>	<u>1</u>	<u>—</u>	<u>(88)</u>
250	43	207	50,502
<u>256</u>	<u>44</u>	<u>207</u>	<u>50,414</u>

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Grant Recipient Funds

December 31, 2003

(Amounts in thousands)

Assets	<u>Federal Department of Interior</u>	<u>Federal Justice Administration</u>	<u>FDJ Office of Justice Program</u>	<u>Federal Health Administration</u>
Cash	\$ —	202	1	623
Investments	—	—	2,440	—
Due from other funds	—	—	—	—
Due from other governments	2	172	—	1,442
Total assets	<u>\$ 2</u>	<u>374</u>	<u>2,441</u>	<u>2,065</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ —	80	419	926
Due to other funds	2	294	153	1,056
Due to other governments	—	—	—	—
Total liabilities	<u>2</u>	<u>374</u>	<u>572</u>	<u>1,982</u>
Fund balances:				
Unreserved:				
Designated for subsequent years' expenditures	—	—	1,869	83
Total fund balances	<u>—</u>	<u>—</u>	<u>1,869</u>	<u>83</u>
Total liabilities and fund balances	<u>\$ 2</u>	<u>374</u>	<u>2,441</u>	<u>2,065</u>

Exhibit C-3

Federal Emergency Management	Department of Economic Development	Federal Energy Grant	Federal Department of Agriculture	Louisiana Commission on Law Enforcement	Department of Health and Human Resources
285	—	20	104	621	16
—	—	—	—	—	—
—	—	57	—	—	—
—	13	—	—	231	853
<u>285</u>	<u>13</u>	<u>77</u>	<u>104</u>	<u>852</u>	<u>869</u>
5	—	—	20	424	318
—	13	—	—	34	551
—	—	5	—	—	—
<u>5</u>	<u>13</u>	<u>5</u>	<u>20</u>	<u>458</u>	<u>869</u>
280	—	72	84	394	—
280	—	72	84	394	—
<u>285</u>	<u>13</u>	<u>77</u>	<u>104</u>	<u>852</u>	<u>869</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Grant Recipient Funds

December 31, 2003

(Amounts in thousands)

Assets	Environmental Protection Agency	Louisiana Department of Public Safety	Federal Department of Labor	Louisiana Department of Education
Cash	\$ 1	8	145	2
Investments	—	—	—	—
Due from other funds	—	—	—	3
Due from other governments	99	11	100	—
Total assets	<u>\$ 100</u>	<u>19</u>	<u>245</u>	<u>5</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 95	—	98	—
Due to other funds	5	19	147	—
Due to other governments	—	—	—	—
Total liabilities	<u>100</u>	<u>19</u>	<u>245</u>	<u>—</u>
Fund balances:				
Unreserved:				
Designated for subsequent years' expenditures	—	—	—	5
Total fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>5</u>
Total liabilities and fund balances	<u>\$ 100</u>	<u>19</u>	<u>245</u>	<u>5</u>

Louisiana Department of Agriculture and Forest	Department of Culture, Recreation, and Tourism	Federal Department of Highway Administration	Department of Labor	Department of Resources	Traffic Court
3	—	—	255	6	224
—	—	—	—	—	—
—	2	—	—	—	—
—	—	19	1,743	8	—
<u>3</u>	<u>2</u>	<u>19</u>	<u>1,998</u>	<u>14</u>	<u>224</u>
—	—	—	1,447	—	9
—	—	19	551	—	—
—	—	—	—	—	215
—	—	19	1,998	—	224
3	2	—	—	14	—
3	2	—	—	14	—
<u>3</u>	<u>2</u>	<u>19</u>	<u>1,998</u>	<u>14</u>	<u>224</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Grant Recipient Funds

December 31, 2003

(Amounts in thousands)

Assets	Private Grants	Federal Department of Social Service	Federal Department of Homeland Security	Total 2003
Cash	\$ —	41	—	2,557
Investments	—	—	—	2,440
Due from other funds	1	—	—	63
Due from other governments	—	123	91	4,907
Total assets	<u>\$ 1</u>	<u>164</u>	<u>91</u>	<u>9,967</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ —	140	—	3,981
Due to other funds	—	24	91	2,959
Due to other governments	—	—	—	220
Total liabilities	<u>—</u>	<u>164</u>	<u>91</u>	<u>7,160</u>
Fund balances:				
Unreserved:				
Designated for subsequent years' expenditures	1	—	—	2,807
Total fund balances	<u>1</u>	<u>—</u>	<u>—</u>	<u>2,807</u>
Total liabilities and fund balances	<u>\$ 1</u>	<u>164</u>	<u>91</u>	<u>9,967</u>

See accompanying notes to basic financial statements.

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CITY OF NEW ORLEANS, LOUISIANA

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

Grant Recipient Funds

Year ended December 31, 2003

(Amounts in thousands)

	Federal Department of Interior	Federal Justice Administration	FDJ Office of Justice Program	Federal Health Administration
Revenues:				
Intergovernmental	\$ 1	1,151	905	11,921
Program income	—	—	—	—
Fines and forfeits	—	—	—	—
Interest income	—	—	32	—
Total revenues	1	1,151	937	11,921
Expenditures:				
General government	1	678	1,681	9,780
Public safety	—	473	640	—
Health and human services	—	—	—	2,141
Culture and recreation	—	—	—	—
Economic development and assistance	—	—	—	—
Total expenditures	1	1,151	2,321	11,921
(Deficiency) excess of revenues over expenditures	—	—	(1,384)	—
Other financing uses:				
Transfers out	—	—	—	—
Total other financing uses	—	—	—	—
Net change in fund balance	—	—	(1,384)	—
Fund balances:				
Beginning of year	—	—	3,253	83
End of year	\$ —	—	1,869	83

Exhibit C-4

Federal Emergency Management	Department of Economic Development	Federal Energy Grant	Federal Department of Agriculture	Louisiana Commission on Law Enforcement	Department of Health and Human Resources
414	—	—	—	915	4,237
55	—	—	—	—	131
—	—	—	—	—	—
—	—	—	—	—	—
<u>469</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>915</u>	<u>4,368</u>
189	—	—	196	163	—
—	—	—	—	561	127
—	—	—	—	191	4,135
—	—	—	—	—	106
—	—	—	—	—	—
<u>189</u>	<u>—</u>	<u>—</u>	<u>196</u>	<u>915</u>	<u>4,368</u>
280	—	—	(196)	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>280</u>	<u>—</u>	<u>—</u>	<u>(196)</u>	<u>—</u>	<u>—</u>
—	—	72	280	394	—
<u>280</u>	<u>—</u>	<u>72</u>	<u>84</u>	<u>394</u>	<u>—</u>

(Continued)

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

Grant Recipient Funds

Year ended December 31, 2003

(Amounts in thousands)

	Environmental Protection Agency	Louisiana Department of Public Safety	Federal Department of Labor	Louisiana Department of Education
Revenues:				
Intergovernmental	\$ 104	37	1,228	—
Program income	—	—	—	—
Fines and forfeits	—	—	—	—
Interest income	—	—	—	—
Total revenues	<u>104</u>	<u>37</u>	<u>1,228</u>	<u>—</u>
Expenditures:				
General government	104	—	—	—
Public safety	—	37	—	—
Health and human services	—	—	—	—
Culture and recreation	—	—	—	—
Economic development and assistance	—	—	1,228	—
Total expenditures	<u>104</u>	<u>37</u>	<u>1,228</u>	<u>—</u>
(Deficiency) excess of revenues over expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other financing uses:				
Transfers out	—	—	—	—
Total other financing uses	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances:				
Beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>5</u>
End of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>5</u>

Exhibit C-4

<u>Louisiana Department of Agriculture and Forest</u>	<u>Department of Culture, Recreation and Tourism</u>	<u>Federal Department of Highway Administration</u>	<u>Department of Labor</u>	<u>Department of Resources</u>	<u>Traffic Court</u>
16	—	135	8,915	23	—
—	—	—	—	—	—
—	—	—	—	—	117
—	—	—	—	—	—
<u>16</u>	<u>—</u>	<u>135</u>	<u>8,915</u>	<u>23</u>	<u>117</u>
13	—	—	—	10	117
—	—	135	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	8,915	—	—
<u>13</u>	<u>—</u>	<u>135</u>	<u>8,915</u>	<u>10</u>	<u>117</u>
3	—	—	—	13	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>3</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13</u>	<u>—</u>
—	2	—	—	1	—
<u>3</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>14</u>	<u>—</u>

(Continued)

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

Grant Recipient Funds

Year ended December 31, 2003

(Amounts in thousands)

	Private Grants	Federal Department of Homeland Security	Federal Department of Social Service	Total 2003
Revenues:				
Intergovernmental	\$ —	91	555	30,648
Program income	—	—	—	186
Fines and forfeits	—	—	—	117
Interest income	—	—	—	32
Total revenues	—	91	555	30,983
Expenditures:				
General government	—	91	40	13,063
Public safety	—	—	—	1,973
Health and human services	—	—	29	6,496
Culture and recreation	—	—	—	106
Economic development and assistance	—	—	486	10,629
Total expenditures	—	91	555	32,267
(Deficiency) excess of revenues over expenditures	—	—	—	(1,284)
Other financing uses:				
Transfers out	—	—	—	—
Total other financing uses	—	—	—	—
Net change in fund balance	—	—	—	(1,284)
Fund balances:				
Beginning of year	1	—	—	4,091
End of year	\$ 1	—	—	2,807

See accompanying notes to basic financial statements.



Fiduciary

Feel the Renaissance

Funds



Mardi Gras Indian

Feel the Renaissance

CITY OF NEW ORLEANS, LOUISIANA

Trust and Agency Funds

December 31, 2003

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

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

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

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Plan Net Assets

Pension Trust Funds

December 31, 2003

(Amounts in thousands)

Assets	Firefighters'		Police old system	Employees' retirement system	Firefighters' bond fund	Elimination	Total
	Old system	New system					
Current assets:							
Cash	\$ 3,562	342	322	2,304	—	—	6,530
Investments	8,181	192,671	3,064	363,678	98,169	—	665,763
Receivables:							
Accrued interest	3	2,747	1	1,185	—	—	3,936
Contribution	98,169	—	—	102	—	(98,169)	102
Other	21	1,779	15	200	—	—	2,015
Property and equipment, net of accumulated depreciation	69	—	—	—	—	—	69
Other assets	59	—	—	—	—	—	59
Total assets	\$ 110,064	197,539	3,402	367,469	98,169	(98,169)	678,474
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	\$ 4	163	—	114	—	—	281
Other payables and accruals	99	11,273	—	974	—	—	12,346
Total current liabilities	103	11,436	—	1,088	—	—	12,627
Long-term liabilities:							
Notes payable	—	—	—	—	—	—	—
Total long-term liabilities	—	—	—	—	—	—	—
Total liabilities	103	11,436	—	1,088	—	—	12,627
Net assets:							
Reserved for:							
Employees' pension benefits	109,961	186,103	3,402	366,381	98,169	(98,169)	665,847
Total net assets	109,961	186,103	3,402	366,381	98,169	(98,169)	665,847
Total liabilities and net assets	\$ 110,064	197,539	3,402	367,469	98,169	(98,169)	678,474

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Plan Net Assets
Pension Trust Funds
Year ended December 31, 2003
(Amounts in thousands)

	Firefighters'		Police old system	Employees' retirement system	Firefighters' bond fund	Elimination	Totals
	Old system	New system					
Additions:							
Contributions:							
Employer	\$ —	5,177	—	6,648	—	—	11,825
Members	—	993	183	4,443	—	—	5,619
Fire insurance rebate	1,132	—	—	—	—	—	1,132
Total contributions	1,132	6,170	183	11,091	—	—	18,576
Investment income:							
Net appreciation in fair value of investments	16,497	18,593	—	58,641	15,864	(15,864)	93,731
Interest and dividends	2,348	5,050	20	8,323	2,285	(2,285)	15,741
Other investment income	—	767	—	430	—	—	1,197
Less investment expense	(465)	(795)	(2)	(1,902)	—	—	(3,164)
Net investment income	18,380	23,615	18	65,492	18,149	(18,149)	107,505
Other income	—	—	23	—	—	—	23
Total additions	19,512	29,785	224	76,583	18,149	(18,149)	126,104
Deductions:							
Pension benefits	17,492	8,548	34	19,842	17,206	(17,206)	45,916
Refund of member contributions	—	21	—	812	—	—	833
Death benefits	57	15	—	—	—	—	72
Administrative expenses	670	326	90	66	527	(527)	1,152
DROP withdrawal	83	874	—	3,249	—	—	4,206
PLOP withdrawal	21	1,457	—	—	—	—	1,478
Transfers	—	24	58	269	—	—	351
Total deductions	18,323	11,265	182	24,238	17,733	(17,733)	54,008
Net increase	1,189	18,520	42	52,345	416	(416)	72,096
Net assets held in trust for pension benefits – beginning of year							
	108,772	167,583	3,360	314,036	97,753	(97,753)	593,751
Net assets held in trust for pension benefits – end of year							
	\$ 109,961	186,103	3,402	366,381	98,169	(98,169)	665,847

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended December 31, 2003
(Amounts in thousands)

	<u>Balance January 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2003</u>
Clearing fund:				
Assets:				
Cash	\$ 20,170	2,289,787	2,270,920	39,037
Investments	—	4,400	4,400	—
Accounts receivable	167	318	423	62
Due from other funds	1,286	21,842	20,445	2,683
Due from other governments	871	1,477	1,522	826
	<u>\$ 22,494</u>	<u>2,317,824</u>	<u>2,297,710</u>	<u>42,608</u>
Liabilities:				
Accounts payable	1,024	13,283	2,381	11,926
Other payables and accruals	2,420	380,484	377,564	5,340
Due to other funds	4,357	342,854	345,457	1,754
Due to other governments	14,692	1,800,533	1,791,813	23,412
Due to component units	1	175	—	176
	<u>\$ 22,494</u>	<u>2,537,329</u>	<u>2,517,215</u>	<u>42,608</u>
Deposit fund:				
Assets:				
Cash	\$ 3,558	26,504	27,849	2,213
Investments	5,424	8,150	11,238	2,336
Accounts receivable	62	63	63	62
Due from other funds	63	—	63	—
Due from other governments	170	2,074	2,159	85
	<u>\$ 9,277</u>	<u>36,791</u>	<u>41,372</u>	<u>4,696</u>
Liabilities:				
Accounts payable	\$ 538	1,939	2,168	309
Other payables and accruals	3,641	3,023	2,497	4,167
Due to other funds	5,098	213	5,091	220
	<u>\$ 9,277</u>	<u>5,175</u>	<u>9,756</u>	<u>4,696</u>

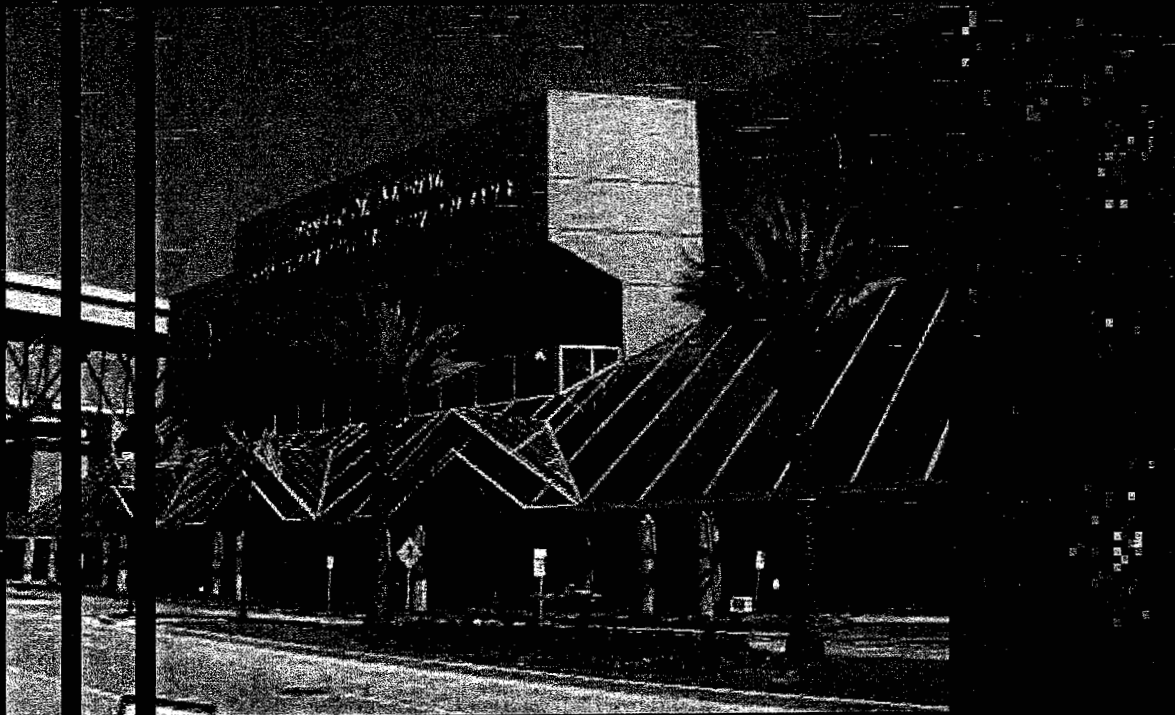
CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended December 31, 2003
(Amounts in thousands)

	<u>Balance January 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2003</u>
Escrow fund				
Assets:				
Cash	\$ 649	196,043	196,320	372
Investments	28,684	48,439	56,309	20,814
Due from other funds	1,300	5,671	4,300	2,671
	<u>\$ 30,633</u>	<u>250,153</u>	<u>256,929</u>	<u>23,857</u>
Liabilities:				
Accounts payable	\$ 889	15,585	16,070	404
Other payables and accruals	29,743	36,100	45,148	20,695
Due to other funds	1	12,091	9,334	2,758
	<u>\$ 30,633</u>	<u>63,776</u>	<u>70,552</u>	<u>23,857</u>
Total all agency funds:				
Assets:				
Cash	\$ 24,377	2,512,334	2,495,089	41,622
Investments	34,108	60,989	71,947	23,150
Accounts receivable	229	381	486	124
Due from other funds	2,649	27,513	24,808	5,354
Due from other governments	1,041	3,551	3,681	911
	<u>\$ 62,404</u>	<u>2,604,768</u>	<u>2,596,011</u>	<u>71,161</u>
Liabilities:				
Accounts payable	\$ 2,451	30,807	20,619	12,639
Other payables and accruals	35,804	419,607	425,209	30,202
Due to other funds	9,456	355,158	359,882	4,732
Due to other governments	14,692	1,800,533	1,791,813	23,412
Due to component units	1	175	—	176
	<u>\$ 62,404</u>	<u>2,606,280</u>	<u>2,597,523</u>	<u>71,161</u>

See accompanying notes to basic financial statements.



Nonmajor Feel the Renaissance Component Units



*Ernest N. Morial
Convention Center*

Feel the Renaissance

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Assets

Nonmajor Component Units

December 31, 2003

(Amounts in thousands)

Assets	<u>Downtown Development District</u>	<u>New Orleans Tourism Marketing Corporation</u>	<u>Orleans Parish Communication District</u>
Current assets:			
Cash	\$ 988	4,207	6,737
Investments	4,652	—	—
Receivables (net of allowances for uncollectibles):			
Accounts	378	1,856	611
Accrued interest	17	—	—
Other	—	—	—
Due from other governments	—	—	—
Prepaid expenses and deposits	—	—	45
Other assets	295	—	—
Total current assets	<u>6,330</u>	<u>6,063</u>	<u>7,393</u>
Restricted cash and investments:			
Construction account	—	—	—
Current debt service account	—	—	—
Future debt service account	—	—	—
Contingency (renewal and replacement) account	—	—	—
Operation and maintenance account	—	—	—
Capital improvements	—	—	—
Other	—	—	—
Total restricted assets	<u>—</u>	<u>—</u>	<u>—</u>
Property, plant, and equipment – at cost, less accumulated depreciation	178	62	3,015
Other assets	67	—	—
Total assets	<u>\$ 6,575</u>	<u>6,125</u>	<u>10,408</u>

Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Pontalba Building Restoration Corporation	Canal Street Development Corporation	Total
385	1,258	1,601	2,926	18,102
1,419	—	—	—	6,071
31	163	10	580	3,629
—	—	—	—	17
—	185	—	—	185
219	—	—	1,557	1,776
—	59	113	—	217
—	—	—	—	295
<u>2,054</u>	<u>1,665</u>	<u>1,724</u>	<u>5,063</u>	<u>30,292</u>
—	—	—	10,079	10,079
—	825	—	—	825
—	175	—	—	175
—	—	2,174	—	2,174
—	1,813	—	—	1,813
—	792	—	—	792
845	50	—	—	895
<u>845</u>	<u>3,655</u>	<u>2,174</u>	<u>10,079</u>	<u>16,753</u>
3,609	8,291	6,990	7,100	29,245
404	14	—	—	485
<u>6,912</u>	<u>13,625</u>	<u>10,888</u>	<u>22,242</u>	<u>76,775</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Assets

Nonmajor Component Units

December 31, 2003

(Amounts in thousands)

Liabilities and Net Assets	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District
Current liabilities (payable from current assets):			
Accounts payable	\$ 108	256	137
Other payables and accruals	231	1,197	10
Due to other funds	—	—	—
Due to other governments	104	—	36
Capital lease payable	—	—	400
Deferred revenues	711	—	—
Total current liabilities (payable from current assets)	<u>1,154</u>	<u>1,453</u>	<u>583</u>
Current liabilities (payable from restricted assets):			
Accrued interest	—	—	—
Bonds payable, current portion	—	—	—
Deposits and other	—	—	—
Total current liabilities (payable from restricted assets)	<u>—</u>	<u>—</u>	<u>—</u>
Total current liabilities	<u>1,154</u>	<u>1,453</u>	<u>583</u>
Long-term liabilities:			
Capital lease payable	—	—	1,178
Revenue bonds (net of current portion)	6,895	—	—
Refunding bonds (net of current portion and unamortized loss on advance refunding)	—	—	—
Other	—	19	94
Total long-term liabilities	<u>6,895</u>	<u>19</u>	<u>1,272</u>
Total liabilities	<u>8,049</u>	<u>1,472</u>	<u>1,855</u>
Net assets:			
Invested in capital assets – net of related debt	746	62	—
Restricted for bond debt service	274	—	—
Unrestricted	(2,494)	4,591	8,553
Total net assets	<u>(1,474)</u>	<u>4,653</u>	<u>8,553</u>
Total liabilities and net assets	\$ <u>6,575</u>	<u>6,125</u>	<u>10,408</u>

See accompanying notes to basic financial statements.

Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Pontalba Building Restoration Corporation	Canal Street Development Corporation	Total
15	169	26	—	711
425	907	—	44	2,814
42	—	—	—	42
—	—	308	—	448
—	—	—	—	400
—	15	24	—	750
482	1,091	358	44	5,165
—	9	5	—	14
—	1,400	215	284	1,899
—	—	94	—	94
—	1,409	314	284	2,007
482	2,500	672	328	7,172
—	—	—	—	1,178
1,450	—	—	9,096	17,441
—	—	4,100	—	4,100
—	—	—	—	113
1,450	—	4,100	9,096	22,832
1,932	2,500	4,772	9,424	30,004
151	6,891	2,675	—	10,525
—	3,655	—	9,695	13,624
4,829	579	3,441	3,123	22,622
4,980	11,125	6,116	12,818	46,771
6,912	13,625	10,888	22,242	76,775

CITY OF NEW ORLEANS
 Combining Statement of Activities
 Nonmajor Component Units
 Year ended December 31, 2003

	Program Revenues			Net (expense) revenue and changes in net assets	
Expenses	Charges for services	Capital contributions	Downtown Development District	New Orleans Tourism Marketing Corporation	
Component units:					
Downtown Development District	\$ 5,147	165	379	(4,603)	—
New Orleans Tourism Marketing Corporation	9,515	—	—	—	(9,515)
Orleans Parish Communication District	3,281	3,957	—	—	—
Municipal Yacht Harbor Management Corporation	1,470	1,239	—	—	—
French Market Corporation	6,899	6,059	—	—	—
Upper Pontalba Building Restoration Corporation	933	1,307	—	—	—
Canal Steel Development Corporation	1,012	1,655	—	—	—
Total component units	\$ 28,257	14,382	379	(4,603)	(9,515)
General revenue (expense):					
Interest revenue				101	53
Property taxes				4,616	—
Other				1	10,509
Total general revenues				4,718	10,562
Changes in net assets				115	1,047
Net assets – beginning				(1,589)	3,606
Net assets – ending				\$ (1,474)	4,653

See accompanying notes to basic financial statements.

Net (expense) revenue and changes in net assets					
Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Pontalba Restoration Corporation	Canal Street Development Corporation	Total
—	—	—	—	—	(4,603)
—	—	—	—	—	(9,515)
676	—	—	—	—	676
—	(231)	—	—	—	(231)
—	—	(840)	—	—	(840)
—	—	—	374	—	374
—	—	—	—	643	643
<u>676</u>	<u>(231)</u>	<u>(840)</u>	<u>374</u>	<u>643</u>	<u>(13,496)</u>
68	26	892	30	359	1,529
—	—	—	—	—	4,616
—	249	—	—	—	10,759
<u>68</u>	<u>275</u>	<u>892</u>	<u>30</u>	<u>359</u>	<u>16,904</u>
744	44	52	404	1,002	3,408
<u>7,809</u>	<u>4,936</u>	<u>11,073</u>	<u>5,712</u>	<u>11,816</u>	<u>43,363</u>
<u>8,553</u>	<u>4,980</u>	<u>11,125</u>	<u>6,116</u>	<u>12,818</u>	<u>46,771</u>



Capital

Feel the Renaissance

Assets



*Audubon Zoo's
White Alligator*

Feel the Renaissance

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CITY OF NEW ORLEANS, LOUISIANA
 Schedule of Capital Assets by Asset Class and Source
 December 31, 2003
 (Amounts in thousands)

Governmental funds capital assets:	
Land	\$ 88,105
Infrastructure	2,182,219
Buildings and improvements	199,226
Equipment and vehicles	71,618
Other	14,427
Construction in progress	214,544
Total governmental funds capital assets	\$ 2,770,139

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
 Schedule of Capital Assets by Function and Activity
 December 31, 2003
 (Amounts in thousands)

Function and Activity	Land	Infrastructure	Buildings and improvements	Equipment and Vehicles	Other	Total
General government:						
The Council	\$ —	—	—	—	—	—
The Mayor	—	—	—	222	—	222
Department of Law	—	—	—	162	—	162
Judicial and Parochial	—	—	66,000	75	—	66,075
Department of Finance	—	—	—	89	—	89
Unattached boards and commissions	—	—	—	455	—	455
Department of Civil Service	—	—	—	15	—	15
General services	—	—	—	26,208	—	26,208
Total general government	—	—	66,000	27,226	—	93,226
Public safety:						
Department of Police	—	—	—	26,048	—	26,048
Department of Fire	—	—	—	10,818	—	10,818
Department of Safety and Permits	—	—	—	—	—	—
Total public safety	—	—	—	36,866	—	36,866
Public works:						
Department of Streets	—	2,182,219	—	2,951	—	2,185,170
Department of Sanitation	—	—	—	1,272	—	1,272
Department of Property Management	88,105	—	133,226	1,169	14,427	236,927
Department Utilities	—	—	—	10	—	10
Total public works	88,105	2,182,219	133,226	5,402	14,427	2,423,379
Health and human services:						
Department of Health	—	—	—	165	—	165
Department of Human Services	—	—	—	178	—	178
Total health and human services	—	—	—	343	—	343
Culture and recreation:						
Public Library	—	—	—	356	—	356
Cultural Commission	—	—	—	1,067	—	1,067
Department of Recreation	—	—	—	110	—	110
Total culture and recreation	—	—	—	1,533	—	1,533
Urban development and housing	—	—	—	248	—	248
Total capital assets allocated to functions	\$ 88,105	2,182,219	199,226	71,618	14,427	2,555,595
Construction in progress						214,544
Total capital assets						\$ 2,770,139

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Changes in Capital Assets by Function and Activity

Year ended December 31, 2003

(Amounts in thousands)

Function and Activity	Capital assets January 1, 2003 (as restated)	Additions	Deductions	Capital assets December 31, 2003
General government:				
The Council	\$ —	—	—	—
The Mayor	148	74	—	222
Department of Law	34	128	—	162
Judicial and Parochial	66,075	—	—	66,075
Department of Finance	89	—	—	89
Unattached boards and commissions	437	18	—	455
Department of Civil Service	15	—	—	15
General services	26,020	210	(22)	26,208
Total general government	92,818	430	(22)	93,226
Public safety:				
Department of Police	24,875	1,238	(65)	26,048
Department of Fire	10,525	293	—	10,818
Department of Safety and Permits	5	—	(5)	—
Total public safety	35,405	1,531	(70)	36,866
Public works:				
Department of Streets	2,139,794	45,497	(121)	2,185,170
Department of Sanitation	1,145	127	—	1,272
Department of Property Management	223,089	14,156	(318)	236,927
Department Utilities	21	—	(11)	10
Total public works	2,364,049	59,780	(450)	2,423,379
Health and human services:				
Department of Health	172	5	(12)	165
Department of Human Services	177	1	—	178
Total health and human services	349	6	(12)	343
Culture and recreation:				
Public Library	444	—	(88)	356
Cultural Commission	573	494	—	1,067
Department of Recreation	15	95	—	110
Total culture and recreation	1,032	589	(88)	1,533
Urban development and housing	260	76	(88)	248
Construction in progress	220,900	55,628	(61,984)	214,544
Total capital assets	\$ 2,714,813	118,040	(62,714)	2,770,139

See accompanying notes to basic financial statements.

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Supplementary *Get the Renaissance* *Schedules*



The French Quarter

Feel the Renaissance

CITY OF NEW ORLEANS, LOUISIANA
 Schedule of General Bonded Service Requirements Until Maturity
 December 31, 2003
 (Amounts in thousands)

Year:	General obligations bonds	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 19,134	33,137
2005	16,964	35,829
2006	16,623	36,144
2007	16,375	36,382
2008	16,124	36,587
2009	15,942	36,744
2010	15,945	36,742
2011	16,000	36,693
2012	16,122	36,584
2013	16,243	36,474
2014	16,487	36,243
2015	17,080	35,962
2016	17,469	35,657
2017	17,908	35,228
2018	18,419	34,739
2019	40,865	12,324
2020	43,085	10,128
2021	45,415	7,811
2022	11,890	5,344
2023	12,510	4,741
2024	13,170	4,107
2025	13,860	3,439
2026	12,570	2,734
2027	9,585	2,088
2028	7,355	1,581
2029	7,750	1,187
2030	5,815	772
2031	4,425	472
2032	2,370	243
2033	2,486	104
	<u>\$ 485,986</u>	<u>596,220</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Revenues and Other Financing Sources –
Budget (Non-GAAP Budgetary Basis) and Actual

General Fund

Year ended December 31, 2003

(Amounts in thousands)

(Unaudited)

	Revised budget	Actual on budgetary basis	Variance – favorable (unfavorable)
Taxes:			
Real estate	\$ 17,279	17,156	(123)
Personal property	8,761	8,878	117
Dedicated millage:			
Police	17,189	17,236	47
Fire	17,085	17,123	38
Library	7,307	7,447	140
Recreation	2,648	2,649	1
Parkway	2,648	2,649	1
Streets	3,356	3,356	—
Sales – undedicated	148,655	148,654	(1)
Penalty and interest on delinquent taxes	4,700	4,870	170
Utilities	9,993	9,993	—
Chain store	200	200	—
Special real property service charge	—	8	8
Beverage excise	595	594	(1)
Amusement	—	404	404
Off-track betting	450	205	(245)
Parking	2,500	2,503	3
Documentary transaction	8,200	8,217	17
Racing tax	100	336	236
Total taxes	251,666	252,478	812
Licenses and permits:			
Electrical licenses	712	671	(41)
Air conditioning and gas fitter licenses	113	86	(27)
Hoisting and portable licenses	13	7	(6)
Occupational licenses	9,709	9,709	—
Special operating engineer licenses	1	—	(1)
Stationary engineer licenses	35	68	33
Miscellaneous licenses	364	408	44
Service cuts	15	3	(12)

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Revenues and Other Financing Sources –
Budget (Non-GAAP Budgetary Basis) and Actual

General Fund

Year ended December 31, 2003

(Amounts in thousands)

(Unaudited)

	Revised budget	Actual on budgetary basis	Variance – favorable (unfavorable)
Franchises:			
Cox Communications	\$ 4,657	3,765	(892)
Entergy	28,990	28,996	6
BellSouth Telecommunications	8,901	9,953	1,052
Miscellaneous franchises	—	25	25
Beverage permits	1,569	1,565	(4)
Brake tag permits	2,780	2,780	—
Building permits	4,294	4,293	(1)
Mayoral permits	255	255	—
Mechanical permits	714	632	(82)
Taxi and chauffeurs permits	572	573	1
Massage parlor permits	—	—	—
Mardi Gras parade permits	69	74	5
Medical transportation vehicle permits	17	5	(12)
Freight loading zone	45	43	(2)
Public right-of-way use	662	681	19
Miscellaneous	451	360	(91)
Total licenses and permits	<u>64,938</u>	<u>64,952</u>	<u>14</u>
Intergovernmental:			
Federal aid – other	3	3	—
Federal natural resources environment	1,219	1,220	1
State revenue sharing	2,607	2,618	11
State aid – DHRR	775	741	(34)
State aid – public safety	—	112	112
State aid – other	4,448	4,424	(24)
Parish transportation fund	3,923	3,924	1
Automobile rental tax	70	61	(9)
Severance tax	—	(1)	(1)
Orleans Parish Commission District telephone tax	403	403	—
Total intergovernmental	<u>13,448</u>	<u>13,505</u>	<u>57</u>

CITY OF NEW ORLEANS, LOUISIANA
 Schedule of Revenues and Other Financing Sources –
 Budget (Non-GAAP Budgetary Basis) and Actual

General Fund

Year ended December 31, 2003

(Amounts in thousands)

(Unaudited)

	Revised budget	Actual on budgetary basis	Variance – favorable (unfavorable)
Charges for services:			
Admission charge	\$ 3	6	3
Commercial disposal charges	—	127	127
Food/drink concessions	22	15	(7)
Driving range fees	11	4	(7)
Emergency medical service charge	6,100	5,829	(271)
Sales – maps and documents	54	35	(19)
Fire protection – New Orleans Airport	2,533	2,556	23
Grass cutting	34	48	14
Green fees	326	335	9
Indirect cost	1,461	1,461	—
Inspection fees, vacant buildings	—	—	—
Litter abatement charge	—	(5)	(5)
Park entrance fees	33	11	(22)
Parking meters	3,515	3,526	11
Police and fire services – other	1,100	906	(194)
Public cemetery burial	54	23	(31)
Sanitation service charges	21,018	20,797	(221)
Service fees – uninhabitable buildings	27	10	(17)
Tax collection service:			
Levee Board	—	—	—
Orleans Parish School Board	1,449	1,348	(101)
Regional Transit Authority	966	814	(152)
Lien research service	115	117	2
Zoning books and petitions	41	42	1
Data processing services – parish agencies	—	—	—
Maintenance of state highways	380	381	1
Towing and immobilization charges	643	631	(12)
Utility regulatory fees	5,766	6,919	1,153
Curbside recycling	1,700	1,799	99
Other	1,050	1,322	272
Notarial	50	89	39
Lakeview and Lake Carmel fees	—	17	17
Asphalt sales	598	—	(598)
Abandoned car-street	—	—	—
Total charges for services	49,049	49,163	114

CITY OF NEW ORLEANS, LOUISIANA
 Schedule of Revenues and Other Financing Sources –
 Budget (Non-GAAP Budgetary Basis) and Actual

General Fund

Year ended December 31, 2003

(Amounts in thousands)

(Unaudited)

	Revised budget	Actual on budgetary basis	Variance – favorable (unfavorable)
Fines and forfeits:			
Fines and fees	\$ 10,403	10,402	(1)
Impounded cars	56	57	1
Traffic violations	2,311	2,312	1
Municipal court fines	—	—	—
Municipal court costs	—	—	—
Library fines	170	171	1
Administration adjudication fees	—	25	25
Total fines and forfeits	<u>12,940</u>	<u>12,967</u>	<u>27</u>
Interest income:			
Interest income	4,453	4,453	—
Total interest income	<u>4,453</u>	<u>4,453</u>	<u>—</u>
Contributions, gifts, and donations	15,414	19,426	4,012
Miscellaneous:			
Cash overage	—	372	372
Workers' compensation subrogation	—	219	219
Building and ground rental	1,431	1,631	200
Casino support service	1,575	992	(583)
Vending machine royalties	—	1	1
Parking royalties	—	14	14
Pay phone royalties	—	2	2
Riverboat gaming fees	3,329	3,329	—
Insurance proceeds	67	671	604
Intellectual property proceeds	125	27	(98)
Other	5,978	5,129	(849)
Total miscellaneous	<u>12,505</u>	<u>12,387</u>	<u>(118)</u>
Total revenues	<u>424,413</u>	<u>429,331</u>	<u>4,918</u>
Other financing sources:			
Operating transfers in	15,371	14,700	(671)
Transfer in from component unit	—	—	—
Appropriations from prior year budgetary fund balance	8,275	—	(8,275)
Reduction in prior year's outstanding encumbrances	—	789	789
Other	—	22	22
Total other financing sources	<u>23,646</u>	<u>15,511</u>	<u>(8,135)</u>
Total revenues and other financing sources	<u>\$ 448,059</u>	<u>444,842</u>	<u>(3,217)</u>

See accompanying notes to required supplementary information.

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Expenditures and Other Financing Uses –
Budget (Non-GAAP Budgetary Basis) and Actual

General Fund

Year ended December 31, 2003

(Amounts in thousands)

(Unaudited)

	<u>Revised budget</u>	<u>Actual on budgetary basis</u>	<u>Variance – favorable (unfavorable)</u>
General government:			
The Council:			
Personal services	\$ 3,059	3,059	—
Other operating expenditures	8,012	8,012	—
	<u>11,071</u>	<u>11,071</u>	<u>—</u>
The Mayor:			
Personal services	10,871	10,871	—
Other operating expenditures	41,836	41,834	2
	<u>52,707</u>	<u>52,705</u>	<u>2</u>
Department of Law:			
Personal services	4,264	4,263	1
Other operating expenditures	4,016	4,016	—
	<u>8,280</u>	<u>8,279</u>	<u>1</u>
Judicial and parochial:			
Personal services	6,403	6,403	—
Other operating expenditures	39,200	39,199	1
	<u>45,603</u>	<u>45,602</u>	<u>1</u>
Department of Finance:			
Personal services	7,661	7,661	—
Other operating expenditures	5,319	5,319	—
	<u>12,980</u>	<u>12,980</u>	<u>—</u>
Unattached boards and commissions:			
Personal services	2,983	2,983	—
Other operating expenditures	773	773	—
	<u>3,756</u>	<u>3,756</u>	<u>—</u>

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Expenditures and Other Financing Uses –
Budget (Non-GAAP Budgetary Basis) and Actual

General Fund

Year ended December 31, 2003

(Amounts in thousands)

(Unaudited)

	Revised budget	Actual on budgetary basis	Variance – favorable (unfavorable)
Department of Civil Service:			
Personal services	\$ 1,785	1,785	—
Other operating expenditures	204	204	—
	<u>1,989</u>	<u>1,989</u>	<u>—</u>
General services:			
Personal services	10,878	10,878	—
Other operating expenditures	4,165	4,161	4
	<u>15,043</u>	<u>15,039</u>	<u>4</u>
Total general government	<u>151,429</u>	<u>151,421</u>	<u>8</u>
Public safety:			
Department of Police:			
Personal services	101,718	101,718	—
Other operating expenditures	9,044	9,044	—
	<u>110,762</u>	<u>110,762</u>	<u>—</u>
Department of Fire:			
Personal services	43,730	43,730	—
Other operating expenditures	2,124	2,124	—
	<u>45,854</u>	<u>45,854</u>	<u>—</u>
Department of Safety and Permits:			
Personal services	2,488	2,488	—
Other operating expenditures	218	218	—
	<u>2,706</u>	<u>2,706</u>	<u>—</u>
Total public safety	<u>159,322</u>	<u>159,322</u>	<u>—</u>
Public works:			
Department of Public Works:			
Personal services	10,165	10,165	—
Other operating expenditures	9,050	9,050	—
	<u>19,215</u>	<u>19,215</u>	<u>—</u>

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Expenditures and Other Financing Uses –
Budget (Non-GAAP Budgetary Basis) and Actual

General Fund

Year ended December 31, 2003

(Amounts in thousands)

(Unaudited)

	Revised budget	Actual on budgetary basis	Variance – favorable (unfavorable)
Department of Sanitation:			
Personal services	\$ 2,288	2,288	—
Other operating expenditures	31,627	31,627	—
	<u>33,915</u>	<u>33,915</u>	<u>—</u>
Department of Property Management:			
Personal services	5,468	5,468	—
Other operating expenditures	5,175	5,175	—
	<u>10,643</u>	<u>10,643</u>	<u>—</u>
Department of Utilities:			
Personal services	201	201	—
Other operating expenditures	—	—	—
	<u>201</u>	<u>201</u>	<u>—</u>
Total public works	<u>63,974</u>	<u>63,974</u>	<u>—</u>
Health and human services:			
Department of Health:			
Personal services	8,579	8,579	—
Other operating expenditures	1,505	1,505	—
	<u>10,084</u>	<u>10,084</u>	<u>—</u>
Department of Human Services:			
Personal services	2,280	2,280	—
Other operating expenditures	224	224	—
	<u>2,504</u>	<u>2,504</u>	<u>—</u>
Total health and human services	<u>12,588</u>	<u>12,588</u>	<u>—</u>

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Expenditures and Other Financing Uses –
Budget (Non-GAAP Budgetary Basis) and Actual

General Fund

Year ended December 31, 2003

(Amounts in thousands)

(Unaudited)

	<u>Revised budget</u>	<u>Actual on budgetary basis</u>	<u>Variance – favorable (unfavorable)</u>
Culture and recreation:			
Public Library:			
Personal services	\$ 6,332	6,325	7
Other operating expenditures	1,245	1,156	89
	<u>7,577</u>	<u>7,481</u>	<u>96</u>
Historical District Landmarks Commission:			
Personal services	417	417	—
Other operating expenditures	24	24	—
	<u>441</u>	<u>441</u>	<u>—</u>
Vieux Carre' Commission:			
Personal services	387	388	(1)
Other operating expenditures	14	9	5
	<u>401</u>	<u>397</u>	<u>4</u>
Museum of Art:			
Other operating expenditures	892	892	—
	<u>892</u>	<u>892</u>	<u>—</u>
Parkway and Parks Commission:			
Personal services	6,257	6,257	—
Other operating expenditures	1,207	1,207	—
	<u>7,464</u>	<u>7,464</u>	<u>—</u>
Department of Recreation:			
Personal services	5,662	5,661	1
Other operating expenditures	625	625	—
	<u>6,287</u>	<u>6,286</u>	<u>1</u>
Total culture and recreation	<u>23,062</u>	<u>22,961</u>	<u>101</u>

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Expenditures and Other Financing Uses –
Budget (Non-GAAP Budgetary Basis) and Actual

General Fund

Year ended December 31, 2003

(Amounts in thousands)

(Unaudited)

	<u>Revised budget</u>	<u>Actual on budgetary basis</u>	<u>Variance – favorable (unfavorable)</u>
Urban development and housing general services – community development:			
Personal services	\$ —	—	—
Other operating expenditures	600	600	—
Total urban development and housing	<u>600</u>	<u>600</u>	<u>—</u>
Debt service:			
Principal	11,873	11,401	472
Interest and fiscal charges	22,890	22,890	—
Total debt service	<u>34,763</u>	<u>34,291</u>	<u>472</u>
Other, net	2,321	2,321	—
Total expenditures	<u>448,059</u>	<u>447,478</u>	<u>581</u>
Total expenditures and other financing uses	<u>\$ 448,059</u>	<u>447,478</u>	<u>581</u>

See accompanying notes to required supplementary information



Statistical *Feel the Renaissance* *Section* *(Unaudited)*



City of New Orleans
Aerial View

Feel the Renaissance

CITY OF NEW ORLEANS, LOUISIANA

**General and Debt Service Funds Expenditures by Function
(Non-GAAP Budgetary Basis)**

Last Ten Fiscal Years
(Unaudited)

(Amounts in thousands)

<u>Year</u>	<u>General government (1)</u>	<u>Public safety</u>	<u>Public works</u>	<u>Health and human services</u>
1994	\$ 95,321	135,634	57,694	14,610
1995	121,827	135,702	62,396	12,946
1996	118,622	138,800	49,740	14,301
1997	142,853	155,604	56,139	15,124
1998	129,525	155,123	53,033	12,699
1999	132,020	154,573	57,312	12,865
2000	138,514	160,146	59,042	13,061
2001	163,305	150,555	59,514	12,282
2002	142,009	153,445	62,384	12,160
2003	153,742	159,323	63,973	12,587

(1) General government expenditures include other financing uses and other, net.

Unaudited - See accompanying independent auditor's report.

Exhibit H-1

<u>Culture and recreation</u>	<u>Urban development and housing</u>	<u>Debt service</u>	<u>Total</u>
17,505	2	44,796	365,562
18,838	245	40,759	392,713
17,869	336	45,509	385,177
21,648	166	47,040	438,574
20,571	205	49,699	420,855
22,267	222	57,789	437,048
22,837	315	67,058	460,973
22,495	270	82,744	491,165
23,424	263	79,195	472,880
22,962	599	86,702	499,888

CITY OF NEW ORLEANS, LOUISIANA
General and Debt Service Funds Revenues by Source
(Non-GAAP Budgetary Basis)

Last Ten Fiscal Years
(Unaudited)

(Amounts in thousands)

<u>Year</u>	<u>Taxes</u>	<u>Licenses and permits</u>	<u>Inter- governmental</u>	<u>Charges for services</u>	<u>Fines and forfeits</u>
1994	\$ 187,327	33,150	18,245	39,637	10,856
1995	194,735	35,296	18,825	43,555	10,430
1996	199,355	34,639	17,038	41,778	10,498
1997	202,828	44,462	17,547	44,690	12,957
1998	214,612	55,166	18,407	43,170	11,514
1999	221,915	53,672	18,545	44,039	10,803
2000	232,872	57,020	15,353	42,604	12,575
2001	239,118	62,641	12,391	45,065	13,367
2002	244,105	56,616	12,498	51,541	13,940
2003	252,478	64,952	13,505	49,163	12,967

(1) Other financing sources are included as miscellaneous revenues.

Unaudited - See accompanying independent auditor's report.

Exhibit H-2

<u>Interest income</u>	<u>Contributions, gifts, and donations</u>	<u>Miscellaneous (1)</u>	<u>Debt service</u>	<u>Total</u>
4,257	30,724	22,545	35,675	382,416
7,284	6,612	34,082	36,782	387,601
8,089	484	21,603	39,578	373,062
10,406	589	44,780	40,787	419,046
8,811	6,613	33,493	43,048	434,834
8,229	1,128	25,312	44,828	428,471
8,829	9,300	60,907	48,617	488,077
10,114	1,309	61,093	48,649	493,747
5,506	210	45,129	48,889	478,434
4,453	19,426	27,898	50,718	495,560

CITY OF NEW ORLEANS, LOUISIANA
General and Debt Service Funds Expenditures by Function
(GAAP Basis)

Last Ten Fiscal Years
(Unaudited)

(Amounts in thousands)

<u>Year</u>	<u>General government (1)</u>	<u>Public safety</u>	<u>Public works</u>	<u>Health and human services</u>	<u>Culture and recreation</u>
1994	\$ 90,076	134,566	53,692	14,606	17,469
1995	101,508	135,374	55,686	12,570	18,714
1996	103,316	138,257	52,848	14,682	17,824
1997	122,846	157,019	59,333	15,074	21,850
1998	131,544	154,299	53,744	12,414	20,381
1999	129,653	155,136	54,645	12,877	22,213
2000	160,266	160,516	63,081	13,280	22,975
2001	136,539	150,834	59,862	12,117	22,397
2002	139,336	150,055	64,500	12,248	23,493
2003	155,175	159,225	63,017	12,613	22,859

(1) General government expenditures include other financing uses and other, net.

Unaudited - See accompanying independent auditor's report.

<u>Urban development and housing</u>	<u>Debt service</u>	<u>Total</u>
4	44,796	355,209
223	40,759	364,834
358	45,509	372,794
166	47,040	423,328
176	49,699	422,257
239	57,789	432,552
326	67,058	487,502
271	83,111	465,131
262	79,195	469,089
92	86,230	499,211

CITY OF NEW ORLEANS, LOUISIANA

General and Debt Service Funds Revenues by Source
(GAAP Basis)

Last Ten Fiscal Years
(Unaudited)

(Amounts in thousands)

<u>Year</u>	<u>Taxes</u>	<u>Licenses and permits</u>	<u>Inter- governmental</u>	<u>Charges for services</u>	<u>Fines and forfeits</u>
1994	\$ 186,702	33,150	18,227	39,637	10,856
1995	195,076	35,296	18,572	43,555	10,430
1996	199,417	34,639	17,590	41,778	10,498
1997	203,088	44,462	16,927	44,717	12,957
1998	212,721	55,166	18,514	43,174	11,515
1999	221,915	53,672	18,548	44,039	10,803
2000	232,872	57,021	15,353	42,604	12,575
2001	239,739	62,540	12,391	44,983	13,367
2002	243,673	56,616	12,498	52,204	13,940
2003	253,033	64,959	13,505	49,163	12,967

(1) Other financing sources are included as miscellaneous revenues.

Unaudited - See accompanying independent auditor's report.

Exhibit H-4

<u>Interest income</u>	<u>Contributions, gifts, and donations</u>	<u>Miscellaneous (1)</u>	<u>Debt service</u>	<u>Total</u>
4,257	30,742	21,896	35,675	381,142
7,284	6,612	20,208	36,782	373,815
8,067	484	22,916	39,578	374,967
10,406	588	23,710	40,787	397,642
8,811	6,614	27,451	43,048	427,014
8,229	1,128	24,102	44,828	427,264
8,829	9,300	58,501	48,617	485,672
10,114	1,309	25,278	48,649	458,370
5,506	210	34,448	46,604	465,699
4,454	19,426	25,789	50,718	494,014

CITY OF NEW ORLEANS, LOUISIANA

Property Tax Levis and Collections

Last Ten Fiscal Years
(Unaudited)

(Amounts in thousands)

Fiscal Year	Total levied	Collected through December 31, 2003		Balance outstanding at December 31, 2003		Collected during 2003 Amount
		Amount	Percent	Amount	Percent	
Real estate taxes:						
1994	\$ 146,451	144,671	98.78 %	\$ 1,834	1.25 %	\$ 110
1995	145,005	142,944	98.58	2,061	1.42	242
1996	155,297	153,082	98.57	2,215	1.43	216
1997	157,517	155,047	98.43	2,470	1.57	421
1998	163,715	160,686	98.15	3,029	1.85	551
1999	172,016	169,255	98.39	2,761	1.61	1,005
2000	199,666	195,630	97.98	4,036	2.02	1,706
2001	209,441	205,464	98.10	3,977	1.90	1,782
2002	214,088	208,261	97.28	5,827	2.72	7,543
2003	217,039	205,934	94.88	11,105	5.12	205,934
Personal property taxes:						
1994	74,955	71,142	94.91	3,813	5.09	—
1995	79,258	75,418	95.16	3,840	4.84	—
1996	85,470	78,329	91.65	7,141	8.35	38
1997	88,126	83,449	94.69	4,677	5.31	68
1998	94,777	88,587	93.47	6,190	6.53	76
1999	98,467	93,222	94.67	5,245	5.33	142
2000	105,951	98,824	93.27	7,127	6.73	272
2001	110,058	99,082	90.03	10,976	9.97	1,363
2002	105,378	93,913	89.12	11,465	10.88	2,883
2003	110,691	99,402	89.80	11,289	10.20	99,402

Unaudited - See accompanying independent auditor's report.

CITY OF NEW ORLEANS, LOUISIANA

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(Unaudited)

(Amounts in thousands)

Fiscal	Real property		Personal property		Total		Assessed to estimated actual value
	Net assessed value(1)	Estimated actual value	Net assessed value	Estimated actual value	Net assessed value	Estimated actual value	
1994	\$ 894,733	7,669,118	467,805	3,118,700	1,362,538	10,787,818	12.6
1995	885,899	7,593,398	467,699	3,117,993	1,353,598	10,711,391	12.6
1996	948,777	8,132,351	533,300	3,555,333	1,482,077	11,687,684	12.7
1997	960,554	8,233,296	548,893	3,659,287	1,509,447	11,892,583	12.7
1998	977,783	8,380,973	578,256	3,855,040	1,556,039	12,236,013	12.7
1999	1,013,240	8,684,889	592,741	3,951,607	1,605,981	12,636,496	12.7
2000	1,159,821	9,941,294	628,860	4,192,400	1,788,681	14,133,694	12.7
2001	1,214,098	10,406,525	651,744	4,344,960	1,865,842	14,751,485	12.6
2002	1,231,764	10,557,947	619,368	4,129,120	1,851,132	14,687,067	12.6
2003	1,248,743	10,703,481	650,595	4,337,300	1,899,338	15,040,781	12.6

(1) Amounts are net of the homestead exemption.

Unaudited - See accompanying independent auditor's report.

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

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Direct property tax rates:										
City alimony, Sec. 15, Act 4 of 1916; Art. XIV, Sec. 24 Const. 1921 Act 151 of 1962	\$ 14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91
Interest and redemption city bond, Sec. 15, Act 4 of 1916 (Amended Act 575 of 1966)	28.40	26.90	26.90	26.90	26.90	26.90	26.90	26.90	26.90	26.90
Special tax for sewerage, water and drainage, Act 197 of 1938 and Act 626 of 1960, Art. XIV, Sec. 23.1, 23.4-23.12 Const. 1921	—	—	—	—	—	—	—	—	—	—
Special tax for maintenance, operations and extension of the drainage system, Act 565 of 1966, Art. XIV, Sec. 23.2 Const. 1921 and Art. VI, Sec. 22.36 and 32 Const. 1974.1 and Art. VII, Sec. 23, 1974 Const. LSA R.S. 47:1705 (B)	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59
Special tax for establishing and maintaining a zoological garden in Audubon Park, Art. X, Sec. 10 and Sec. 801 of Title 39 Louisiana Const. 1972 approved by voters in a referendum November 1972	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Special dedicated tax to operate the Public Library Act VII, Part II Sec. 23 of Louisiana Const. 1974, LSA R.5, 47:1705(B) approved by voters in November 1986	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32
Special tax dedicated to maintenance of double platoon Fire Department and triple platoon Police Department, Act 7 of 1920 Art. XIV, Sec. 25, Const. 1921	4.27	4.27	4.27	4.27	4.27	4.27	4.27	4.27	4.27	4.27
Special tax (additional) for increase in pay to officers and members of Police and Fire Department, Act 260 of 1928, Art. XIV, Sec. 25, Const. 1921	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13
Special tax to establish and maintain an aquarium by the Audubon Commission Act. VII, Part II Sec. 23, of La. Const. 1974. LSA R-5, 47:1705 (B) approved by the voters in November 1986	4.11	4.11	4.11	4.11	4.11	4.11	4.11	4.11	4.11	4.11
Special tax, Police without Homestead Exemption: Police protection, Act 1103 of 1990; Art. VII, Sec. 23	5.26	5.26	5.26	5.26	5.26	5.26	5.26	5.26	5.26	5.26
Special tax, Fire without Homestead Exemption: Additional millages for fire protection, Act 1103 of 1990; Art. VII, Sec. 23	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21
Special tax, Neighborhood Housing Improvement	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	2.50	2.50
Capital Improvements & Infrastructure Trust Fund	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	—	—
Special tax, New Orleans Economic Development Fund	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	2.50	2.50
Special tax, Parkways and Park and Recreation Department	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Special tax, Street and Traffic Control Device Maintenance	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Total direct property tax rates	<u>101.54</u>	<u>100.04</u>	<u>100.04</u>	<u>100.04</u>	<u>100.04</u>	<u>100.04</u>	<u>100.04</u>	<u>100.04</u>	<u>100.04</u>	<u>100.04</u>

CITY OF NEW ORLEANS, LOUISIANA

Property Tax Rates – Direct and Overlapping Governments

Last Ten Fiscal Years
(Unaudited)

(Number of Mills)

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Overlapping Property Tax Rates:										
Special tax to provide funds for Board of funds for Board of Assessors according to Sec. 1925.1, 1925.2A title 47 La. revised statute Act 450, 1986	\$ 1.19	1.19	1.19	1.19	1.19	1.19	1.19	1.19	1.19	1.19
Special tax, Orleans Parish Levee Board, for support, maintenance and construction of levees and levee drainage as authorized by Act 6, Sec. 39, Const. 1974	5.46	5.46	5.46	5.46	5.46	5.85	5.85	5.85	5.85	5.85
Special tax, Orleans Parish Levee Board for support, maintenance and construction of levees and levee drainage Art. XVI, Sec. 2 Const. 1921 amended, ratified Art. 6, Sec. 31 of the 1974 Const.	6.55	6.55	6.55	6.55	6.55	6.16	6.16	6.16	6.16	6.16
Special tax for Orleans Parish School Board, for support, maintenance and construction of Public Schools of the City of New Orleans as levied by said Board annually, Act 51 of 1920, Art. XII, Sec. 16 Const. 1921 Act 264 of 1926; Act 751 of 1964	52.83	52.98	53.05	52.70	51.10	48.80	45.40	45.10	45.10	45.10
Special tax, Law Enforcement District of Orleans Parish, LRS 33:90001-9010	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
Total overlapping property tax rates	<u>69.03</u>	<u>69.18</u>	<u>69.25</u>	<u>68.90</u>	<u>67.30</u>	<u>65.00</u>	<u>61.60</u>	<u>61.30</u>	<u>61.30</u>	<u>61.30</u>
Total	<u>\$ 170.57</u>	<u>169.22</u>	<u>169.29</u>	<u>168.94</u>	<u>167.34</u>	<u>165.04</u>	<u>161.64</u>	<u>161.34</u>	<u>161.34</u>	<u>161.34</u>

Note: The above taxes are collected on the basis of 100% of valuation.

Unaudited - See accompanying independent auditor's report.

CITY OF NEW ORLEANS, LOUISIANA

Computation of Legal Debt Margin

December 31, 2003

(Unaudited)

(Amounts in thousands)

Assessed value	2,291,227
Debt limitation – 35% of total assessed value*	\$ <u>801,930</u>
Amount of debt applicable to debt limitation:**	
General obligation bonds***	485,986
Limited tax bonds	<u>5,615</u>
	491,601
Less assets in debt service fund available for retirement of general obligation bonds	<u>31,274</u>
Total amount of debt applicable to debt limit	<u>460,327</u>
Legal debt margin	\$ <u><u>341,603</u></u>

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

** Excludes revenue bonds

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

Unaudited - See accompanying independent auditor's report.

CITY OF NEW ORLEANS, LOUISIANA

Ratio of General Obligation Bonded Debt
to Assessed Value and Bonded Debt Per CapitaLast Ten Fiscal Years
(Unaudited)

(Amounts in thousands)

<u>Fiscal year</u>	<u>Population*</u>	<u>Assessed value real estate and personal property</u>	<u>General obligation bonded debt</u>	<u>Ratio of bonded debt to assessed value</u>	<u>Bonded debt per capita (1)</u>
1994	497	\$ 1,786,595	415,625	23.26	836
1995	497	1,784,739	432,261	24.22	870
1996	497	1,914,889	414,711	21.66	834
1997	497	1,969,443	448,081	22.75	901
1998	497	1,969,443	474,421	24.09	955
1999	497	2,212,297	485,156	21.93	976
2000	485	2,173,287	464,176	21.36	957
2001	485	2,251,699	464,495	20.63	958
2002	485	2,251,699	473,386	21.02	976
2003	485	2,291,227	485,986	21.21	1,003

*Per 1990 and 2000 U.S. Census.

(1) Bonded debt per capita not in thousands.

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

Unaudited - See accompanying independent auditor's report.

CITY OF NEW ORLEANS, LOUISIANA

Ratio of Annual Debt Service Expenditures for
Total Debt to Total General Expenditures
(Non-GAAP Budgetary Basis)

Last Ten Fiscal Years
(Unaudited)

(Amounts in thousands)

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>	<u>Total general expenditures (1)</u>	<u>Ratio of debt service to total general expenditures</u>
1994	\$ 13,618	21,966	35,584	365,562	9.73
1995	11,538	17,307	28,845	392,713	7.35
1996	17,550	20,718	38,268	385,177	9.94
1997	17,870	21,600	39,470	438,574	9.00
1998	17,245	23,077	40,322	420,855	9.58
1999	30,185	27,604	57,789	437,048	13.22
2000	38,787	28,271	67,058	460,973	14.55
2001	46,155	36,589	82,744	491,165	16.85
2002	38,515	40,680	79,195	472,880	16.75
2003	42,784	44,039	86,823	499,888	17.37

(1) Includes general and debt service funds only.

Unaudited - See accompanying independent auditor's report.

CITY OF NEW ORLEANS, LOUISIANA
Computation of Direct and Overlapping Debt

December 31, 2003
(Unaudited)

(Amounts in thousands)

	<u>Bonded debt</u>	<u>Percentage overlapping</u>	<u>Overlapping debt</u>
City of New Orleans:			
General obligation, limited tax, and revenue bonds	\$ 650,761	100%	650,761
Sewerage and Water Board	367,215	100%	367,215
Audubon Commission	54,149	100%	54,149
Total direct city debt	<u>1,072,125</u>		<u>1,072,125</u>
Overlapping debt:			
Orleans Parish School Board (1)	287,318	100%	287,318
Orleans Levee District (1)	78,360	100%	78,360
Total overlapping debt	<u>365,678</u>		<u>365,678</u>
Total direct and overlapping debt	<u>\$ 1,437,803</u>		<u>1,437,803</u>

- (1) The fiscal year of the Orleans Parish School Board and Orleans Levee District ends on June 30th. Overlapping debt is based on June 30, 2003 financial information.

Unaudited - See accompanying independent auditor's report.

CITY OF NEW ORLEANS, LOUISIANA

Property Value and Construction

Last Ten Fiscal Years
(Unaudited)

(Amounts in thousands)

	Property value			Construction			
	Real estate	Personal	Total	Residential		Nonresidential	
				Permits	Valuation	Permits	Valuation
1994	\$ 7,669,118	3,118,700	10,787,818	2,993	98,675	824	131,997
1995	7,593,398	3,117,993	10,711,391	2,595	105,590	604	39,063
1996	8,132,351	3,556,167	11,688,518	2,163	79,469	365	175,218
1997	8,233,296	3,659,287	11,892,583	2,131	62,761	1,501	123,250
1998	8,380,973	3,856,747	12,237,720	1,962	104,227	339	146,053
1999	8,684,889	3,951,607	12,636,496	2,089	122,342	531	161,068
2000	9,941,294	4,192,400	14,133,694	2,223	136,686	531	110,446
2001	10,406,525	4,344,960	14,751,485	2,170	111,804	556	153,741
2002	10,926,851	4,499,423	15,426,274	2,371	133,259	454	170,758
2003	10,703,481	4,337,300	15,040,781	2,902	153,649	586	135,973

Source: Department of Safety and Permits.

Unaudited - See accompanying independent auditor's report.

Commercial		Industrial	
Permits	Valuation	Permits	Valuation
904	77,500	20	5,700
627	219,679	47	22,548
160	28,921	8	846
900	97,325	18	1,163
184	49,028	2	11,796
294	78,293	3	184
325	135,665	9	2,551
333	52,103	5	936
305	76,057	8	1,518
304	66,458	2	126

CITY OF NEW ORLEANS, LOUISIANA

Principal Taxpayers

December 31, 2003

(Unaudited)

(Amounts in thousands)

Name of taxpayer	Type of business	2003 Assessed value	Percentage of total assessed value
Entergy Services	Electric and gas utilities	\$ 75,365,530	4.17%
BellSouth Telecommunications	Telephone utilities	60,994,780	3.37%
Hibernia National Bank	Financial institution	42,610,750	2.36%
Banc One	Financial institution	32,623,813	1.32%
Whitney National Bank	Financial institution	24,145,763	1.80%
Harrah's Entertainment	Hospitality and gaming	23,945,540	1.34%
Tenet	Managed Care	18,318,865	1.01%
International River Center	Real Estate	14,241,180	0.76%
Marriott Hotel Properties	Hospitality	13,727,520	0.79%
CS&M Association	Real Estate	11,462,858	0.63%
		<u>\$ 317,436,599</u>	<u>17.55%</u>

Unaudited - See accompanying independent auditor's report.

CITY OF NEW ORLEANS, LOUISIANA
 Demographical and Miscellaneous Statistics
 (Unaudited)

Location:

Southeastern Louisiana between Lake Pontchartrain and the Mississippi River

Size:

363.5 square miles, with 199.4 square miles (54%) of land

Population:

484,674 (2000 U.S. Census)

Climate:

Average winter temperature (October – March) 59.8 degrees; average summer temperature (April – September) 77.4 degrees; annual average humidity – 63%; annual average rainfall – 53.9 inches

Public Safety:

Department of Police:

Police districts – 8

Budgeted positions – 2,167

Department of Fire:

Fire districts – 6

Budgeted positions – 686

Public Works:

Developed expressways	33	miles
Paved roadways with curbs, gutters and subsurface drainage	1,063	miles
Asphalt center strip roadways with some related subsurface drainage	359	miles
Temporary surfaces, roadways	273	miles
Unopened or undeveloped streets	29	miles
Total	1,757	miles

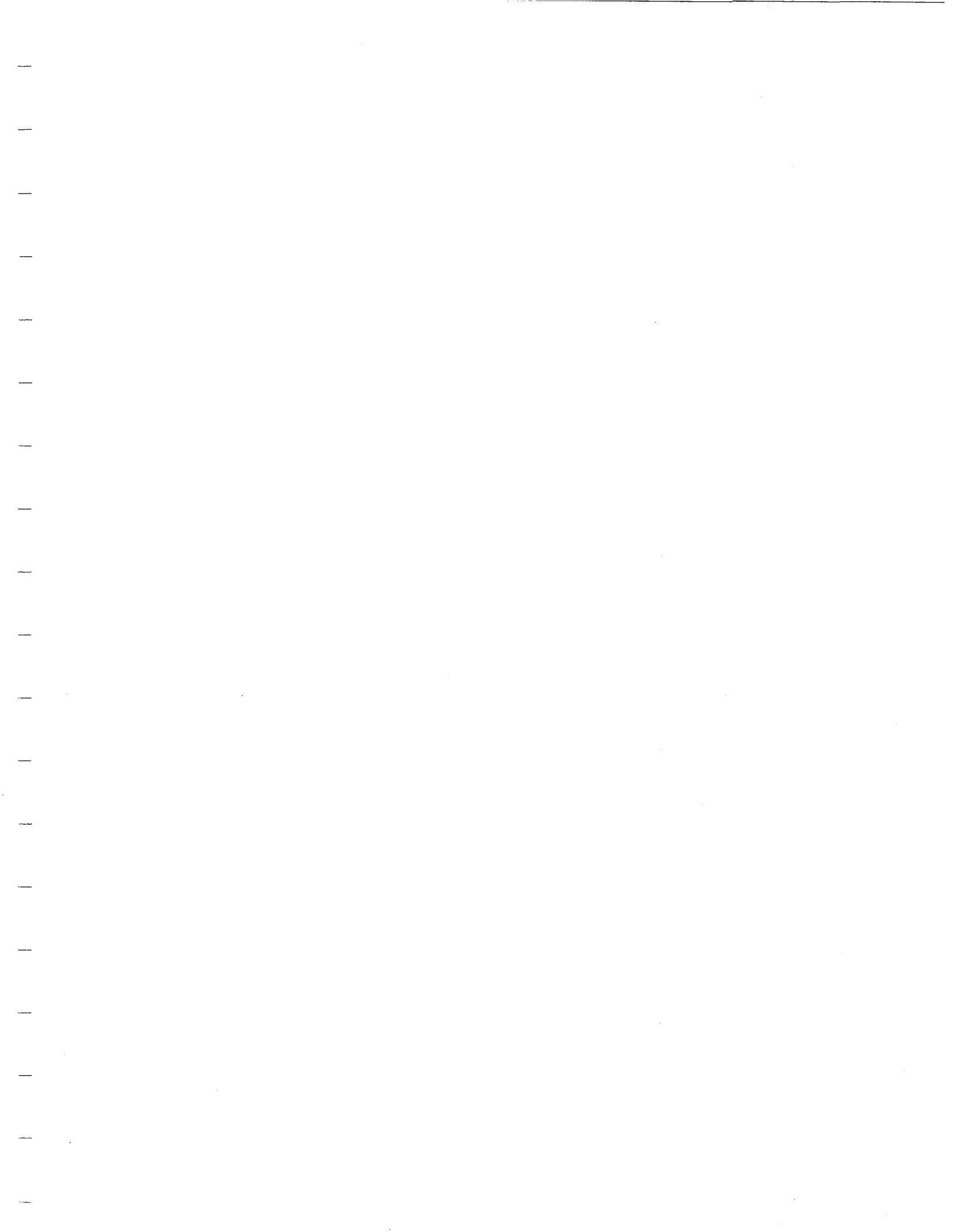
Budgeted positions – 312

Recreation:

City of New Orleans Recreation Centers	10	
Stadiums	7	
Pools:		
Outdoor	16	
Indoor	3	
Tennis court locations	10	
Playgrounds	113	
Other unique sites (cultural activities)	6	
Acreage	560	
Associated agencies' acreage	4,691	
Municipal golf courses	4	
Budgeted positions	219	

Source: City Records.

Unaudited - See accompanying independent auditor's report.





CITY OF NEW ORLEANS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
2003

*For the Year Ending
December, 31, 2003*