



CITY OF NEW ORLEANS, LOUISIANA

Comprehensive Annual Financial Report

Year ended December 31, 2004

Prepared by:

**Department of Finance
Reginald Zeno
Director**

CITY OF NEW ORLEANS, LOUISIANA

Comprehensive Annual Financial Report

Year ended December 31, 2004

Table of Contents

		Page
Introductory Section (unaudited)		
Letter of Transmittal		iv
Selected Officials of the City of New Orleans		xiii
New Orleans City Government Organizational Chart		xiv
Financial Section		
	Exhibit	Page
Independent Auditors' Report		1
Management's Discussion and Analysis		3
Basic Financial Statements:		
Statement of Net Assets	A-1	12
Statement of Activities	A-2	13
Balance Sheet – Governmental Funds	A-3	14
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	A-4	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	A-5	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-6	17
Statement of Fiduciary Net Assets	A-7	18
Statement of Changes in Fiduciary Net Assets	A-8	19
Component Units – Combining Statement of Net Assets	A-9	20
Component Units – Combining Statement of Activities	A-10	22
Notes to Basic Financial Statements		23
Required Supplementary Information		59
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund	B-1	60
Budget to GAAP Reconciliation	B-2	61
Notes to Required Supplementary Information		62



CITY OF NEW ORLEANS, LOUISIANA
Comprehensive Annual Financial Report
Year ended December 31, 2004

Prepared by:
Department of Finance
Reginald Zeno
Director

CITY OF NEW ORLEANS, LOUISIANA
Comprehensive Annual Financial Report
Year ended December 31, 2004

Table of Contents

	Exhibit	Page
Combining Statements and Capital Assets Schedules:		
<i>Nonmajor Governmental Funds</i>		63
Combining Balance Sheet	C-1	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	75
Grant Recipient Funds:		
Combining Balance Sheet	C-3	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-4	91
<i>Fiduciary Funds</i>		97
Pension Trust Funds:		
Combining Statement of Plan Net Assets	C-5	98
Combining Statement of Changes in Plan Net Assets	C-6	99
Agency Funds:		
Combining Statement of Changes in Assets and Liabilities	C-7	100
<i>Nonmajor Component Units</i>		
Combining Statement of Net Assets	D-1	102
Combining Statement of Activities	D-2	106
<i>Capital Assets</i>		
Schedule of Capital Assets By Asset Class and Source	E-1	108
Schedule of Capital Assets By Function and Activity	E-2	109
Schedule of Changes in Capital Assets By Function and Activity	E-3	110
Supplemental Schedules		
Schedule of General Bonded Service Requirements Until Maturity	F-1	111
Schedule of Revenues, and Other Financing Sources Budget (Non-GAAP Budgetary Basis) and Actual – General Fund	G-1	112
Schedule of Expenditures and Other Financing Uses – Budget Non-GAAP Budgetary Basis) and Actual – General Fund	G-2	116

CITY OF NEW ORLEANS, LOUISIANA
Comprehensive Annual Financial Report
Year ended December 31, 2004

Table of Contents

	Exhibit	Page
Statistical Section (Unaudited)		
General and Debt Service Funds Expenditures by Function (Non-GAAP Budgetary Basis) – Last Ten Fiscal Years	H-1	121
General and Debt Service Funds Revenues by Source (Non-GAAP Budgetary Basis) – Last Ten Fiscal Years	H-2	123
General and Debt Service Funds Expenditures by Function (GAAP Basis) – Last Ten Fiscal Years	H-3	125
General and Debt Service Funds Revenues by Source (GAAP Basis) – Last Ten Fiscal Years	H-4	127
Property Tax Levies and Collections – Last Ten Fiscal Years	H-5	129
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	H-6	130
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	H-7	131
Computation of Legal Debt Margin – December 31, 2004	H-8	133
Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita – Last Ten Fiscal Years	H-9	134
Ratio of Annual Debt Service Expenditures for Total Debt to Total General Expenditures (Non-GAAP Budgetary Basis) – Last Ten Fiscal Years	H-10	135
Computation of Direct and Overlapping Debt – December 31, 2004	H-11	136
Property Value and Construction – Last Ten Fiscal Years	H-12	137
Principal Taxpayers – December 31, 2004	H-13	139
Demographical and Miscellaneous Statistics	H-14	140

(This page is intentionally left blank)

**INTRODUCTORY
SECTION
(UNAUDITED)**

DEPARTMENT OF FINANCE
BUREAU OF ACCOUNTING
CITY OF NEW ORLEANS

C. RAY NAGIN
MAYOR

REGINALD ZENO
DIRECTOR

June 28, 2005

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 (City) for the year ended December 31, 2004.

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 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*. 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 and information about the organizational structure of the City, its accounting and budgetary systems, and fund structure.
- The Financial Section includes the Basic Financial Statements. The financial statements are preceded by a management discussion and analysis which provides an overview of the City's financial activities in 2004. 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 limited to four-year terms. Laws are enacted through Council ordinance. The Council adopts the City's annual capital and operating budgets. Ordinances of the Council may be vetoed by the Mayor. Vetoes may be overridden by a two-thirds vote of the Council.

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

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

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

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

Audubon Commission
Canal Street Development Corporation
Downtown Development District
French Market Corporation
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 continues to build one New Orleans by creating the right environment to stimulate business growth, focusing on core industries, creating jobs and reducing poverty. There are a number of indicators that show New Orleans is on sound footing. In 2004, the New Orleans area gained 4,500 jobs. A recent Manpower survey shows employers plan to hire at far greater numbers than last year. **Recent U.S. Census Bureau figures show that since 2000, about 38,000 people have risen out of poverty in New Orleans at a time when the national average increased slightly.** According to *American City Business Journals*, per capita income in New Orleans is rising at the fastest rate in the nation – 4.59 percent annually since 2000. *Southern Business and Development* named New Orleans number 8 on its list of “come back kids” in the South, due to the growth of its film, biotech and tourism industries and general infrastructure development.

Traditional economic engines picked up steam while newer areas like film production and the cruise industry continued to see more business. New Orleans had a record 10.1 million visitors in 2004, an increase of 17 percent from the previous year. Louis Armstrong New Orleans International Airport also had its second-busiest year ever with 9.7 million passengers, pushing numbers back to pre-September 11, 2001 levels. Visitors also spent \$4.9 billion in 2004, about \$400 million more than 2003. New and different types of tourists are enjoying the city, including more than twice the number of families than in 2003. **A Yahoo/National Geographic Traveler poll named the city its number one family destination.**

Thanks to state tax credits and aggressive marketing by the City, film production continued to prove a burgeoning business for the New Orleans region. Since 2002, the area has seen about \$400 million of film production, including movies like the Oscar-award winning *Ray* with Jamie Foxx and *All the King's*

Men, featuring Sean Penn, Jude Law and Patricia Clarkson. According to *Moviemaker Magazine*, **New Orleans is now the 4th best place to film a movie in the nation.**

The Port of New Orleans is the fastest growing cruise ship port in the United States. About 800 percent more passengers, or an estimated 700,000 people, are cruising New Orleans than 10 years ago. The port has expanded its Julia Street Wharf, which is filled to capacity at peak times, while planning a new wharf at Erato Street and securing funding for a third at Poland Avenue. Local cruise business has \$150 million in direct economic impact and supports over 1,500 jobs. Passengers and crew spent \$91.5 million in 2004, including \$17.5 million on lodging and \$14 million on dining.

MAJOR INITIATIVES

The City's new department of housing, **Neighborhood 1**, offers a comprehensive plan for all of **New Orleans' 73 identified neighborhoods** while focusing on target areas initially identified in the seven Strategic Improvement Zones initiative. From 2002 through 2004, the office has assisted 363 families with down payment or closing costs. The City also awarded over \$32 million, which has been leveraged with \$75 million in other private-public dollars for a total of \$107 million in housing projects. With these funds, 868 units are complete and another 1,508 are underway for a total of 2,376 units.

One of Mayor Nagin's top priorities is to link employers to workers and job-seekers to work. The Job 1 office has reached more than 20,000 people in their communities with a total of five service centers throughout the city. **About 2,000 people received direct employment thanks to Job 1**, including jobs in fields like shipbuilding, healthcare, information technology and the service industry. The City also created the first-of-its-kind Contractor's College, a 10-week "boot camp" designed to empower small, minority, female and disadvantaged contractors to compete in the marketplace by helping them become bond-ready. More than 40 graduates finished the first College and new classes are in the works.

In November 2004, voters passed the largest bond issue in city history to bring \$260 million of improvements to roads, parks, playgrounds, senior centers and other public spaces. More than \$163 million is earmarked to repair both urban arterials and neighborhood streets. Youth development received a windfall of \$43 million designated for parks and playgrounds, plus another \$45 million for other public spaces.

The Nagin administration is using technology to create more efficiency and transparency in government. New Orleans recently jumped from 69th to 38th in Intel's list of "Most Unwired Cities," places with easy access to Internet without wires or cables. To enhance satisfaction among those who do business with the City, the 4th ranked city website in the nation now offers "lockbox" options, including online payment of sales and property taxes. An enhanced property database, parking ticket payment, pothole reporting and more than **30 other services are also available online to citizens.**

Compared with the previous administration, the City is now issuing 37 percent more permits and has reduced the wait time to 31 minutes, down from more than two hours. New Customer Service Kiosks help the system run smoothly and offer more convenience to citizens.

DEPARTMENT FOCUS

THE OFFICE OF HOMELAND SECURITY AND PUBLIC SAFETY

The New Orleans Office of Homeland Security and Public Safety has operational and planning authority for the New Orleans Police Department, New Orleans Fire Department, New Orleans Office of Emergency Preparedness and Office of Criminal Justice Coordination. Homeland Security serves as the headquarters for all staff members of the Urban Area Security Initiative. The office also has Fire Department and Police Department liaison officers who coordinate overlapping responsibilities.

The Office of Homeland Security seeks to provide the citizens of New Orleans with public safety services. This is accomplished through an organizational structure that protects the citizens of New Orleans and responds to acts of:

- Terrorism
- Natural Disaster
- Criminal Activity
- Fire
- Medical Emergencies
- Weapons of Mass Destruction

Divisions within the Office of Homeland Security and Public Safety

New Orleans Police Department

The NOPD strives to provide professional police services to the public in order to maintain order and protect life and property, with an emphasis on serving all citizens and communities in a fair manner. Divisions include:

- Office of the Superintendent of Police
- Policy, Planning and Training
- Operations
- Technical and Support
- Public Integrity
- Fiscal and Human Resource Management



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, 2004, 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 79% and 77%, 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 82% of the assets and 53% 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 10% 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no opinion. 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.

2003. In addition, New Orleanians spent 5.25% more on vehicles during the fourth quarter of 2004 than they did for the same period in 2003. The retail sales achievements of the fourth quarter 2004 are unprecedented. The City has not experienced fourth quarter growth of this magnitude since the fourth quarter of 1986, a time when the convention center provided the catalyst for an accelerating convention industry.

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 U.S. Office of Management and Budget Circular A-133, "Audit of States, Local Governments, and Not-for-Profit Organizations." Information related to this single audit, including the schedule of federal financial assistance, 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. These cost object classifications were originally specified as four by the City's Home Rule Charter (the Charter): 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.

New Orleans Fire Department

The NOFD responds to all emergency situations in the City of New Orleans to save lives, while striving to reduce the incidence of fire and injuries to civilians and fire personnel. Responsibilities include:

- Fire suppression
- Community outreach
- Training
- Communications
- Administration
- Prevention

Office of Emergency Preparedness

The Office of Emergency Preparedness is responsible for the response and coordination of actions needed to protect the lives and property of citizens from natural or man-made disasters as well as emergency planning for the City of New Orleans. Duties include:

- Advising the Mayor, City Council and Chief Administrative Officer
- Coordinating city departments and allied state and federal agencies
- Facilitating requests for federal disaster assistance and federal funding

Office of Criminal Justice Coordination

The Office of Criminal Justice Coordination coordinates all public and private efforts in the crime reduction and criminal justice arenas. Responsibilities include:

- Administering United States Department of Justice grants
- Staffing the Criminal Justice Coordinating Council

ECONOMIC OUTLOOK

Over the four quarters ending in the fourth quarter of 2004, the number of residents employed increased by 2,174 or 1.18% in the city, 7,435 or 1.91% in the suburbs and 27,606 or 1.43% statewide. The unemployment rate over the period fell from 6.1% to 5.8% in the city; fell from 4.8% to 4.5% in the suburbs, 5.7% to 5.4% statewide and from 5.9% to 5.4% nationally.

The convention industry did well over the four quarters. Deplanements at the New Orleans International Airport rose 3.67% over the period while meeting attendance for the fourth period 2004 rose by 63,891 over the same period in 2003, a very robust 18.55% increase. Average attendance per meeting rose 170.01% from 561 to 1,515. However, the number of meetings recorded by the Tourist and Convention Bureau decreased by 52.93%, which coupled with a 17.38% fall in hotel nights per conventioner, causing the total number of room nights to decline by 2.06%. Hotel expenditures in the city, on the other hand, increased by 8.54% over the four quarters with retail sales recording a remarkably robust increase of 23.27% for the last three months of 2004 over the last three months of

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. 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.

There were no significant variances in budgeted to actual on budgetary basis in total revenues and total expenses. There was a significant favorable variance in proceeds from bond issuance due an issuance which was not budgeted.

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, 1996, 1997, 1998, 2000, 2001, and 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 while coping with the hectic day-to-day work which must be done. I would also like to express my appreciation to all members of the Finance Department and the staff of other departments, boards, and agencies of the City who assisted and contributed to the preparation of this report.

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

Respectfully submitted,



Reginald Zeno
Director of Finance

CITY OF NEW ORLEANS, LOUISIANA

Selected Officials

December 31, 2004

The City Council

Mr. Oliver M. Thomas, Jr.	Councilmember-at-Large
Mr. Eddie L. Sapir	Councilmember-at-Large
Mr. John A. Batt, Jr.	Councilmember – District A
Ms. Renee' Gill Pratt	Councilmember – District B
Ms. Jacquelyn Brechtel Clarkson	Councilmember – District C
Mr. David Payton	Councilmember – District D
Ms. Cynthia Willard-Lewis	Councilmember – District E

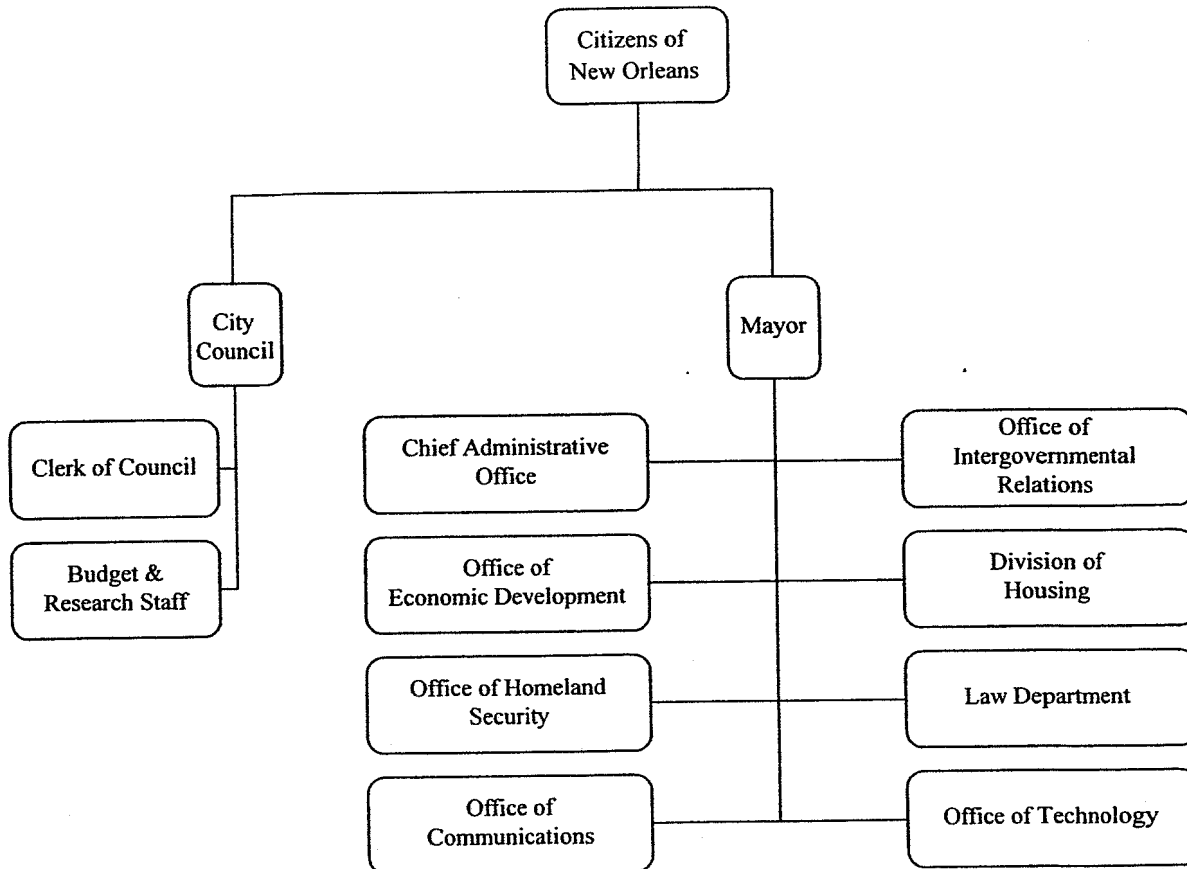
The Executive Staff

Mr. C. Ray Nagin	Mayor
Mr. Charles L. Rice, Jr.	Chief Administrative Officer
Mr. Greg Meffert	Chief of Technology
Ms. Sherry Landry	City Attorney
Ms. Sally Foster	Director of Communications
Mr. Terry Ebbert	Director of Homeland Security
Mr. Kenya Smith	Executive Counsel
Mr. Don Hutchinson	Executive Assistant, Economic Development
Md. Alberta Pate	Executive Assistant, Housing
Ms. Brenda Hatfield	Executive Assistant, Intergovernmental Relations
Mr. Reginald Zeno	Director of Finance

The Department Heads

Ms. Yolanda Rodriguez	City Planning
Ms. Lynne Schackai	Acting Director, Civil Service
Dr. Kevin Stephens	Director, Health
Mr. Richard A. Winder	Director, Human Services
Ms. Ann McDonald	Director, Parkway and Parks
Mr. Ted Melson	Director, Property Management
Mr. John H. Shires	Director, Public Works
Ms. Charlene Braud	Director, Recreation
Mr. Mike Centineo	Director, Safety and Permits
Ms. Veronica White	Director, Sanitation
Ms. Marcia St. Martin	Director, Sewerage and Water Board
Mr. Charles Parent	Superintendent, Fire
Mr. Edwin Compass	Superintendent, Police

New Orleans City Government Organizational Chart



FINANCIAL SECTION



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, 2004, 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 79% and 77%, 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 82% of the assets and 53% 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 10% 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no opinion. 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, 2004, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis (on pages 3 to 11), the budgetary comparison information (on pages 60 to 62), and the schedules of funding progress (pages 51 and 52) 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
June 29, 2005

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

For the fiscal year ended December 31, 2004

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, 2004. 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 the financial statements.

Financial Highlights

- The City's total net assets on the government-wide basis totaled \$307.1 million at December 31, 2004; total assets exceeded \$1.8 billion.
- The Government-wide Statement of Activities reported a decrease in net assets of \$188.3 million largely due to the increased recording of depreciation expense and judgment liabilities.
- The General Fund reported an excess of expenses and other financing uses over revenues of \$11.3 million for a total ending General Fund fund balance at December 31, 2004 of \$32.6 million. The General Fund Undesignated Fund Balance at December 31, 2004 is \$3.1 million.
- Total Governmental Funds reported an increase in fund balance of \$13.3 million.
- Total cash and investments of Governmental funds amounted to \$265.2 million at December 31, 2004, an increase of \$23.6 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 the 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 year ended December 31, 2004. 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).

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

For the fiscal year ended December 31, 2004

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

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

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

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

The City maintains thirty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for its 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 under the heading, 'Nonmajor governmental funds'. Individual fund data for each nonmajor governmental fund is provided in the Nonmajor governmental funds combining statements.

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

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

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

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information to demonstrate legal budgetary compliance for each

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

For the fiscal year ended December 31, 2004

major fund for which an annual budget is adopted. Information concerning the City's progress in funding its obligation to provide pension benefits to its employees is included in the notes to the financial statements.

Combining and Individual Fund Statements and Schedules. Combining schedules provide detail in connection with non-major governmental funds. Individual fund statements provide greater detail, presented on the basis of budgetary accounting (encumbrances included with expenditures), for the General Fund, non-major special revenue funds, and debt service fund. Capital Asset schedules present information concerning the categories of assets, function and service provided, and source of funding.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's net assets exceeded liabilities by \$307.1 million at December 31, 2004.

Net Assets

December 31, 2004 and 2003

(In thousands)

	Governmental Activities	
	2004	2003
Current and other assets	\$ 402,328	381,977
Capital assets	1,465,693	1,459,385
Total assets	<u>1,868,021</u>	<u>1,841,362</u>
Long-term liabilities	1,354,842	1,278,994
Other liabilities	206,069	66,971
Total liabilities	<u>1,560,911</u>	<u>1,345,965</u>
Net assets:		
Invested in capital assets, net of related debt	817,046	834,329
Restricted	33,062	31,274
Unrestricted (deficit)	<u>(542,998)</u>	<u>(370,206)</u>
Total net assets	<u>\$ 307,110</u>	<u>495,397</u>

The City's Statement of Net Assets reflects its "Investment in Capital Assets", land, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding; in the amount of \$817.0 million at December 31, 2004. 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.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

For the fiscal year ended December 31, 2004

Debt service funds have accumulated \$33.2 million at December 31, 2004 to provide for the servicing of annual interest and principal payments on bonds and are classified in restricted net assets.

The unrestricted deficit net assets in the amount of \$543.0 million is due to the City's recording of long-term obligations including claims and judgments liabilities, accrued annual and sick leave, and Section 108 loans payable to HUD. Unrestricted deficit increased by \$172,792 which is primarily due to an increase in the accrual for claims and judgments in the amount of \$138,000. The City continues to accumulate judgments against the City and has utilized bond issues to partially pay down their obligations.

Governmental Activities

Governmental activities decreased the City's net assets by \$188.2 million. Key elements of this decrease are as follows:

	<u>2004</u>	<u>2003</u>
Revenues:		
Program revenues:		
Charges for services	\$ 115,935	107,600
Operating grants and contributions	85,740	90,215
Capital grants and contributions	15,478	13,405
General revenues:		
Property taxes	146,065	130,961
Sales taxes	153,851	148,855
Other taxes	56,222	55,830
Other	25,158	28,355
Total revenues	<u>598,449</u>	<u>575,221</u>
Expenses:		
General government	332,685	294,275
Public safety	187,284	195,016
Public works	123,926	132,901
Health and human services	20,836	19,798
Culture and recreation	25,119	26,956
Urban development and housing	23,760	20,553
Economic development	15,149	14,218
Interest and fiscal changes	57,977	53,536
Total expenses	<u>786,736</u>	<u>757,253</u>
Decrease in net assets	(188,287)	(182,032)
Net assets, beginning	<u>495,397</u>	<u>677,429</u>
Net assets, ending	<u>\$ 307,110</u>	<u>495,397</u>

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

For the fiscal year ended December 31, 2004

General government expense increased \$38.4 principally due to net increases in claims and judgments accruals of \$28 million while public safety increased due to additional pension expense, depreciation on newly acquired vehicles and increase in salaries.

Public works expense decreased \$10.0 million principally due to decrease in non-capitalizable repairs.

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.

As of December 31, 2004, the City's governmental funds reported combined ending fund balances of \$266.8 million, an increase of \$13.2 million in comparison with the prior year. Approximately 11.7% of this total amount (\$31.3 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 \$97.5 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 \$138.1 million is primarily reserved to pay debt service (\$33.2 million), fund additional capital projects (\$50.7 million), and fund certain judgments (\$19.6 million).

The General Fund is the chief operating fund of the City. At December 31, 2004, unreserved fund balance of the General Fund was \$ 3.1 million, while total fund balance reached \$32.6 million.

The fund balance of the City's general fund increased by \$11.3 million during the fiscal year ended December 31, 2004. Key factors in this increase are as follows:

- Revenues and other financing sources for the general fund in 2004 totaled approximately \$486.5 million. These revenues represent a \$44.2 million increase compared to 2003, since revenues and other net financing sources (uses) for 2003 totaled \$442.3 million. Factors contributing to major changes in revenues from the prior year include the following:
- Taxes increased \$11.8 million in 2004 as compared to 2003. This increase was primarily due to the increase in collection of Real Estate and Sales taxes.
- License and Permit fees decreased \$.8 million in 2004 in comparison to 2003. This decrease was due to a reduction in building permits related to major construction in the City.
- Charges for Services increased \$3.2 million, which was primarily due to an increase in collection of delinquent sanitation service fees and other service charges.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

For the fiscal year ended December 31, 2004

- Interest income decreased in 2004 by \$1.0 million due to declining interest rates and a reduction of available idle cash.
- Proceeds from issuance of certificates of indebtedness of \$40.4 million.
- Total expenditures for 2004 were \$475.2 million, an increase of \$30.2 million compared to 2003. This increase is due in large part to an increase in the cost of personnel services (\$17.1 million).

The accompanying table shows the amount (in thousands) of general fund revenues by source for 2004 and 2003.

Revenues and Other Financing Sources	2004 Actual	% of Total	Increase (Decrease) over 2003	2003 Actual	% of Total
Taxes	\$ 264,807	54.43%	11,774	253,033	57.21%
Licenses and permits	64,190	13.19	(769)	64,959	14.69
Intergovernmental	14,989	3.08	1,484	13,505	3.05
Charges for services	52,378	10.77	3,215	49,163	11.12
Fines and forfeits	17,802	3.66	4,835	12,967	2.93
Interest income	3,452	0.71	(1,002)	4,454	1.01
Contributions, gifts, and donations	11,784	2.42	(7,642)	19,426	4.39
Miscellaneous	16,258	3.34	3,869	12,389	2.80
Other financing sources (uses) net	40,858	8.40	28,479	12,379	2.80
	<u>\$ 486,518</u>	<u>100.00%</u>	<u>44,243</u>	<u>442,275</u>	<u>100.00%</u>

The decrease in contributions, gifts and donations is due to reductions in interest received from escrowed accounts of \$8.4 million.

Debt Service Funds

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Total fund balance for the Debt Service Fund was \$33.2 million at December 31, 2004, which was a \$1.9 million increase over the prior year balance of \$31.3 million.

Capital Project Funds

The Capital Projects Fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities other than those accounted for in the Component Units. Expenditures for capital improvement projects in 2004 totaled \$58.1 million, a decrease of \$37.1 million compared to the 2003 total due principally to the fact that in 2003 \$33 million was used to pay off capital leases. Fund balances available for capital projects totaled \$145.8 million at December 31, 2004.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

For the fiscal year ended December 31, 2004

Capital Assets

Capital assets at December 31, 2004 and 2003 are as follows (net of depreciation):

	<u>2004</u>	<u>2003</u>
Land	\$ 103,372	88,105
Construction in progress	236,837	214,544
Buildings, improvements, and equipment	140,473	124,061
Other	2,384	2,080
Infrastructure assets	<u>982,627</u>	<u>1,030,595</u>
	<u>\$ 1,465,693</u>	<u>1,459,385</u>

During 2004, the City completed its \$13 million land acquisition for the Convention Center expansion. In addition, the City completed approximately \$24 million in building improvements. The City recorded depreciation expense of \$69.3 million.

Debt Administration

Outstanding general obligation bonds at December 31, 2004 totaled \$637.3 million all of which are considered to be net, direct-tax supported debt. There are no special assessment bonds outstanding.

Outstanding Debt

	<u>2004</u>	<u>2003</u>
General obligation bonds	\$ 637,285	619,441
Limited tax bonds	3,840	5,615
Revenue bonds	<u>166,260</u>	<u>159,160</u>
	807,385	784,216
Certificates of indebtedness	150,092	135,022
Section 108 HUD loans	<u>37,875</u>	<u>39,490</u>
	<u>\$ 995,352</u>	<u>958,728</u>

The following is a summary of debt transactions:

Debt at December 31, 2003	\$ 958,728
New issues	88,980
Payments	(56,334)
Accretion	<u>3,978</u>
Balance at December 31, 2004	<u>\$ 995,352</u>

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

For the fiscal year ended December 31, 2004

The ratio of general bonded debt to assessed value of taxable property and the amount of general bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens and investors.

Outstanding general obligation bonds at December 31, 2004 totaled \$499,852,000 all of which are considered to be net, direct-tax supported debt. There are no special assessment bonds outstanding. Exhibits H-8 through H-12 in the statistical section of this report present more detailed information about the debt position of the City.

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

- \$44.5 million of public improvement bonds for the acquisition, construction, improvement, and renovation of public buildings and facilities.
- \$44.5 million of certificates of indebtedness for partial payoff of prior debt, payments on judgments against the City and acquisition of vehicles and other equipment.

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 of the City's debt limit, based on the most recent assessed valuations, is \$875,306,000 as of December 31, 2004. At December 31, 2004, the City's legal debt margin (after the reduction for outstanding general obligation bonds and limited tax bonds totalling \$503,692,000 less \$33,062 available in Debt Service Funds) was \$404,657.

As of the end of 2004, the City's general obligation bonds were rated "Baa1" uninsured and "Aaa" insured from Moody's Investor Service and "BBB+" from Standard and Poor's Corporation (MBIA Insured).

Economic Factors and Next Year's Budgets and Rates

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 generates 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.

All of these factors were considered in preparing the City's budget for the 2005 fiscal year.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

For the fiscal year ended December 31, 2004

Requests for Information

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

CITY OF NEW ORLEANS, LOUISIANA

Statement of Net Assets

December 31, 2004

(Amounts in thousands)

Assets	Primary Government Governmental activities	Component units
Cash and cash equivalents	\$ 60,059	38,305
Investments	205,112	28,441
Receivables (net of allowance for uncollectibles):		
Taxes	26,769	4,738
Accounts	13,811	25,988
Interest	64	582
Grantee loans	24,298	235
Other	—	2,147
Due from other governments	43,171	2,250
Other assets	1,475	35,283
Restricted assets	—	447,875
Prepaid pension asset	27,569	—
Capital assets (nondepreciable):		
Land	103,372	99,997
Construction in progress	236,837	387,469
Depreciable capital assets:		
Equipment and vehicles	43,599	414,382
Buildings and improvements	225,447	1,342,510
Other	15,066	213,522
Infrastructure	2,190,069	320,996
Accumulated depreciation	(1,348,697)	(936,988)
Total assets	<u>1,868,021</u>	<u>2,427,732</u>
Liabilities		
Accounts payable	99,469	30,785
Retainages payable	—	5,900
Accrued expenses	183	49,384
Accrued interest payable	7,022	4,034
Capital lease payable	—	1,892
Due to other governments	1,165	2,101
Deferred revenues	148	315
Deposits and other	—	5,436
Non-current liabilities due within one year	98,082	162,778
Non-current liabilities due in more than one year	1,354,842	521,340
Total liabilities	<u>1,560,911</u>	<u>783,965</u>
Net Assets		
Invested in capital assets, net of related debt	817,046	1,415,186
Restricted for debt service	33,062	46,202
Restricted for capital improvement	—	111,546
Unrestricted (deficit)	(542,998)	70,833
Total net assets	<u>\$ 307,110</u>	<u>1,643,767</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Statement of Activities

Year ended December 31, 2004

(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	\$ 332,685	75,410	40,437	1,524	(215,314)	—
Public safety	187,284	13,630	3,920	75	(169,659)	—
Public works	123,926	18,439	1,723	12,147	(91,617)	—
Health and human services	20,836	7,518	8,133	281	(4,904)	—
Culture and recreation	25,119	722	2,458	1,451	(20,488)	—
Urban development and housing	23,760	89	20,718	—	(2,953)	—
Economic development	15,149	127	8,351	—	(6,671)	—
Interest and fiscal charges	57,977	—	—	—	(57,977)	—
Total primary government	\$ 786,736	115,935	85,740	15,478	(569,583)	—
Component units:						
Audubon Commission	45,465	29,240	—	5,245		(10,980)
Louis Armstrong New Orleans International Airport	85,962	66,374	—	2,905		(16,683)
Sewerage and Water Board	154,834	126,719	—	22,125		(5,990)
Other nonmajor component units	31,275	14,991	—	392		(15,892)
Total component units	\$ 317,536	237,324	—	30,667		(49,545)
General revenues:						
Taxes:						
Property taxes					146,065	62,039
Sales taxes					153,851	—
Utility taxes					10,818	—
Franchise fees					41,287	—
Beverage taxes					600	—
Other					3,517	—
Insurance proceeds					1,418	—
Unrestricted investment earnings					3,803	4,698
Miscellaneous					19,937	29,912
Total general revenues					381,296	96,649
Change in net assets					(188,287)	47,104
Net assets - beginning					495,397	1,596,663
Net assets - ending					\$ 307,110	1,643,767

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Balance Sheet — Governmental Funds

Year ended December 31, 2004

(Amounts in thousands)

Assets	General	HUD grant fund	Federal UDAG	Debt service	Capital projects	Nonmajor governmental funds	Total governmental funds
Cash and cash equivalents	\$ 23,601	752	3,487	—	23,243	8,976	60,059
Investments	19,075	—	—	33,245	127,129	25,663	205,112
Receivables, net:							
Interest	64	—	—	—	—	—	64
Sales taxes	17,579	—	—	—	—	—	17,579
Property taxes	5,573	—	—	—	—	—	5,573
Accounts	13,258	91	—	—	15	447	13,811
Grantee loans	—	—	19,496	—	—	4,802	24,298
Franchise taxes	3,617	—	—	—	—	—	3,617
Due from other funds	26,679	—	—	—	—	731	27,410
Due from other governments	4,012	9,356	—	—	6,955	10,163	30,486
Advances from other funds	252	—	—	—	—	—	252
Other assets	—	—	—	—	—	12	12
Total assets	\$ 113,710	10,199	22,983	33,245	157,342	50,794	388,273
Liabilities							
Accounts payable	\$ 67,932	5,193	42	—	10,958	10,331	94,456
Accrued expenses	5,013	—	—	183	—	—	5,196
Due to other funds	2,194	5,006	—	—	10	7,515	14,725
Due to other governments	319	—	—	—	537	309	1,165
Advances to other funds	—	—	—	—	—	252	252
Deferred revenues	5,690	—	—	—	—	—	5,690
Total liabilities	81,148	10,199	42	183	11,505	18,407	121,484
Fund Balances							
Fund balances:							
Reserved	26,813	—	22,941	33,062	50,725	4,543	138,084
Unreserved:							
Designated for subsequent year	2,611	—	—	—	94,741	104	97,456
Undesignated, reported in:							
General Fund	3,138	—	—	—	—	—	3,138
Special Revenue Funds	—	—	—	—	—	27,740	27,740
Capital Projects Fund	—	—	—	—	371	—	371
Total fund balances	32,562	—	22,941	33,062	145,837	32,387	266,789
Total liabilities and fund balances	\$ 113,710	10,199	22,983	33,245	157,342	50,794	388,273

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, 2004

(Amounts in thousands)

Total fund balances — governmental funds	\$ 266,789
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	1,465,693
Certain receivables are not available to pay for the current period's expenditures and, are therefore, deferred in the funds	5,542
Bond issue costs are capitalized and amortized over the life of the bonds in the government-wide statement of net assets	1,536
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	(7,022)
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	(807,385)
Certificates of indebtedness	(150,092)
Annual and sick leave	(52,018)
Claims payable	(393,885)
Net pension obligation	(491)
Other long-term liabilities	(49,126)
The prepaid pension asset is not available to pay for the current period expenditures and is therefore not reported in the funds.	27,569
Total net assets — governmental activities	<u>\$ 307,110</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, 2004

(Amounts in thousands)

	General	HUD grant fund	Federal UDAG	Debt service	Capital projects	Nonmajor governmental funds	Total governmental funds
Revenues:							
Taxes	\$ 264,807	—	—	56,419	—	7,284	328,510
Licenses and permits	64,190	—	—	—	—	—	64,190
Intergovernmental	14,989	25,732	—	—	15,198	32,378	88,297
Charges for services	52,378	—	—	—	—	—	52,378
Program income	—	89	206	—	—	270	565
Fines and forfeits	17,802	—	—	—	—	4,865	22,667
Interest income	3,452	—	235	796	—	118	4,601
Contributions, gifts and donations	11,784	—	—	—	—	1,941	13,725
Miscellaneous and other	16,258	—	—	372	—	12,847	29,477
Total revenues	445,660	25,821	441	57,587	15,198	59,703	604,410
Expenditures:							
Current:							
General government	147,596	2,040	—	743	—	22,523	172,902
Public safety	180,452	1,145	—	—	—	3,559	185,156
Public works	67,883	975	—	—	—	497	69,355
Health and human services	13,707	131	—	—	—	6,937	20,775
Culture and recreation	22,846	724	—	—	—	1,305	24,875
Urban development and housing	469	20,806	1,895	—	—	558	23,728
Economic development and assistance	—	—	—	—	—	15,149	15,149
Capital projects	—	—	—	—	58,144	—	58,144
Debt service:							
Principal	23,096	—	—	20,909	—	—	44,005
Interest and fiscal charges	19,173	—	—	34,236	—	—	53,409
Total expenditures	475,222	25,821	1,895	55,888	58,144	50,528	667,498
(Deficiency) excess of revenue over expenditures	(29,562)	—	(1,454)	1,699	(42,946)	9,175	(63,088)
Other financing sources (uses):							
Transfers in	15,472	—	—	—	47,000	2,269	64,741
Transfers out	(2,269)	—	—	(33,001)	—	(29,471)	(64,741)
Issuance of long-term debt	40,415	—	—	33,000	15,565	—	88,980
Premium on issuance of long-term debt	—	—	—	90	37	—	127
Payment to escrow	(12,760)	—	—	—	—	—	(12,760)
Other, net	—	—	—	—	10	—	10
Total other financing sources (uses)	40,858	—	—	89	62,612	(27,202)	76,357
Net change in fund balances	11,296	—	(1,454)	1,788	19,666	(18,027)	13,269
Fund balances – beginning	21,266	—	24,395	31,274	126,171	50,414	253,520
Fund balances – ending	\$ 32,562	—	22,941	33,062	145,837	32,387	266,789

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, 2004

(Amounts in thousands)

Net change in fund balances – total governmental funds	\$ 13,269
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.	6,308
Bond issue cost of \$751 were capitalized in the current year and amortization in the amount of \$47 was recorded.	704
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.	(5,962)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, which has no effect on net assets.	(88,980)
The repayment of long-term debt consumes the current financial resources of governmental funds, which has no effect on net assets.	50,741
The net increase in long-term liabilities are not recorded in the governmental funds.	(135,719)
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.	(1,556)
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.	(27,092)
Change in net assets of governmental activities	\$ <u>(188,287)</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Statement of Fiduciary Net Assets

December 31, 2004

(Amounts in thousands)

Assets	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Cash	\$ 8,982	22,290
Investments:		
Cash equivalents	55,554	—
U.S. Government obligations	47,258	—
Corporate bonds	96,353	—
Corporate stock	350,834	—
Notes receivable	20,106	—
Mutual funds	39,945	—
Investment in Corporations	8,441	—
Investment in Limited Liability Corporations	16,130	—
Investment in Partnership	26,656	—
Investment in Trust	1,063	—
Investments held by broker-dealers in which collateral may be reinvested:		
Bonds	—	—
Stocks	—	—
Louisiana Asset Management Pool	—	51,438
Other	40,484	—
Receivables:		
Accounts	—	984
Accrued interest	4,804	—
Contribution	498	—
Other	7,003	—
Due from other governments	—	2,724
Due from other funds	—	4,584
Capital assets, net of accumulated depreciation	39	—
Other assets	—	—
	<u>724,150</u>	<u>82,020</u>
Total assets		
Liabilities and Net Assets		
Liabilities:		
Accounts payable	252	10,291
Other payables and accruals	9,794	24,410
Due to other funds	—	17,269
Due to other governments	—	30,050
Notes payable	17,904	—
	<u>27,950</u>	<u>82,020</u>
Total liabilities		
Net assets:		
Net assets held in trust for pension benefits	\$ <u>696,200</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, 2004
(Amounts in thousands)

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 8,151
Members	5,376
Fire insurance rebate	8,833
Total contributions	<u>22,360</u>
Investment income:	
Net appreciation in fair value of investments	57,106
Interest and dividends	14,353
Other investment income	2,844
Total investment income	<u>74,303</u>
Less investment expense	<u>(9,466)</u>
Net investment income	<u>64,837</u>
Other income	<u>—</u>
Total additions	<u>87,197</u>
Deductions:	
Pension benefits	47,694
Refunds of member contributions	805
Death benefits	78
Administrative expenses	1,054
DROP withdrawal	3,044
PLOP withdrawal	1,113
Transfers to other plans	1,993
Total deductions	<u>55,781</u>
Increase in net assets	<u>31,416</u>
Net assets held in trust for pension benefits – beginning of year	<u>664,784</u>
Net assets held in trust for pension benefits – end of year	<u>\$ 696,200</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Assets

Component Units

December 31, 2004

(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	\$ 1,970	10,304	3,044	22,987	38,305
Investments	—	21,691	—	6,750	28,441
Receivables (net of allowances for uncollectibles):					
Property taxes	—	—	4,738	—	4,738
Accounts	329	8,331	13,188	4,140	25,988
Accrued interest	—	131	419	32	582
Grants	—	—	235	—	235
Other	—	—	1,542	605	2,147
Due from other governments	—	9	746	1,495	2,250
Inventory of supplies	760	129	9,110	—	9,999
Prepaid expenses and deposits	1,074	1,430	631	205	3,340
Other assets	—	—	—	—	—
Total current assets	<u>4,133</u>	<u>42,025</u>	<u>33,653</u>	<u>36,214</u>	<u>116,025</u>
Restricted cash and investments:					
Customer deposits	—	—	5,336	—	5,336
Construction account	—	—	225,529	11,433	236,962
Current debt service account	1,149	6,378	9,004	—	16,531
Future debt service account	—	8,952	22,254	—	31,206
Contingency (renewal and replacement) account	—	2,030	—	2,467	4,497
Operation and maintenance account	—	7,733	—	—	7,733
Capital improvements	191	32,213	85,777	—	118,181
Health insurance reserve	—	—	9,000	—	9,000
Other	—	5,181	212	13,036	18,429
Total restricted assets	<u>1,340</u>	<u>62,487</u>	<u>357,112</u>	<u>26,936</u>	<u>447,875</u>
Capital assets, less accumulated depreciation	<u>141,298</u>	<u>393,006</u>	<u>1,279,443</u>	<u>28,141</u>	<u>1,841,888</u>
Other assets	<u>11,322</u>	<u>3,739</u>	<u>6,398</u>	<u>485</u>	<u>21,944</u>
Total assets	<u>\$ 158,093</u>	<u>501,257</u>	<u>1,676,606</u>	<u>91,776</u>	<u>2,427,732</u>

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Assets

Component Units

December 31, 2004

(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	\$ 4,071	3,630	20,760	1,901	30,362
Retainages payable	—	—	1,475	—	1,475
Other payables and accruals	10,452	2,262	33,499	3,171	49,384
Due to other governments	—	6	320	1,775	2,101
Capital lease payable	—	—	—	371	371
Deferred revenues	—	—	—	315	315
Total current liabilities (payable from current assets)	14,523	5,898	56,054	7,533	84,008
Current liabilities (payable from restricted assets):					
Retainages payable	—	—	4,425	—	4,425
Capital projects payable	215	1,306	—	—	1,521
Accounts payable	—	423	—	—	423
Accrued interest	128	1,458	2,441	7	4,034
Limited tax bonds	1,899	—	—	—	1,899
Bonds payable, current portion	—	10,590	148,718	585	159,893
Revenue bonds	986	—	—	—	986
Deposits and other	—	—	5,336	100	5,436
Total current liabilities (payable from restricted assets)	3,228	13,777	160,920	692	178,617
Total current liabilities	17,751	19,675	216,974	8,225	262,625
Long-term liabilities:					
Claims payable	—	—	8,660	—	8,660
Capital lease payable	—	—	—	881	881
Limited tax bonds (net of current portion)	38,813	—	—	—	38,813
Revenue bonds (net of current portion and unamortized discounts)	9,610	—	270,900	30,665	311,175
Refunding bonds (net of current portion and unamortized loss on advance refunding)	—	156,777	—	3,870	160,647
Other	1,096	—	—	68	1,164
Total long-term liabilities	49,519	156,777	279,560	35,484	521,340
Total liabilities	67,270	176,452	496,534	43,709	783,965
Net assets:					
Invested in capital assets – net of related debt	90,609	225,590	1,085,354	13,633	1,415,186
Restricted for bond debt service	—	13,873	28,818	3,511	46,202
Restricted for capital improvements	—	45,646	65,900	—	111,546
Unrestricted	214	39,696	—	30,923	70,833
Total net assets	\$ 90,823	324,805	1,180,072	48,067	1,643,767

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Activities

Component Units

Year ended December 31, 2004

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	\$ 45,465	29,240	5,245	(10,980)	—	—	—	(10,980)
Louis Armstrong New Orleans International Airport	85,962	66,374	2,905	—	(16,683)	—	—	(16,683)
Sewerage and Water Board	154,834	126,719	22,125	—	—	(5,990)	—	(5,990)
Other nonmajor component units	31,275	14,991	392	—	—	—	(15,891)	(15,891)
Total component units	\$ 317,536	237,324	30,667	(10,980)	(16,683)	(5,990)	(15,891)	(49,544)
General revenues:								
Interest revenue				1,277	843	1,352	1,226	4,698
Property taxes				9,299	—	47,154	5,586	62,039
Other				(108)	19,189	—	10,830	29,911
Total general revenues				10,468	20,032	48,506	17,642	96,648
Changes in net assets				(512)	3,349	42,516	1,751	47,104
Net assets – beginning				91,335	321,456	1,137,556	46,316	1,596,663
Net assets – ending				\$ 90,823	324,805	1,180,072	48,067	1,643,767

See accompanying notes to basic financial statements.

(This page is intentionally left blank)

NOTES TO BASIC FINANCIAL STATEMENTS

(This page is intentionally left blank)

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

(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, airport and general government services. Education and welfare are administered by other governmental entities.

Basis of Presentation – Financial Reporting Entity

The accompanying financial statements include financial statements for the City and certain legally separate organizations in accordance with 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 Comprehensive Annual Financial Report

December 31, 2004

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 Comprehensive Annual Financial Report
December 31, 2004

Nonmajor Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<i>Downtown Development District</i>	Local government corporation created by Act 498 of 1974 and amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature, effective January 1, 1975. The 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 and charge; and to place an emphasis on generating a sufficient amount of net operating revenues to be used for maintenance and capital improvement projects. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<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 Comprehensive Annual Financial Report
December 31, 2004

**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 information relative to the rate of the emergency telephone service charge on landline phones and to authorize the levy of an emergency telephone service charge on certain wireless communications systems.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

Nonmajor Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
	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 Comprehensive Annual Financial Report
December 31, 2004

The statement of activities reports the change in the City's net assets from January 1, 2004 to December 31, 2004. 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* as amended by GASB Statement No. 37. 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.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

- (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.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

Noncurrent portions of certain long-term receivables, primarily property taxes and special assessments, are reported on the balance sheet of governmental funds in spite of their spending measurement focus. Special reporting treatments are used to indicate that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become 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 \$5.5 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 \$6.2 million and \$2.0 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
Notes to Comprehensive Annual Financial Report
December 31, 2004

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 days of service.

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

Litigation

Claims and judgments are recognized in the governmental funds as expenditures when due and payable. Therefore, claims and judgments that are due and payable would be expected to be liquidated with expendable available financial resources. To the extent that claims and judgments mature prior to December 31, they are accrued at December 31, 2004. Other liabilities not expected to mature as of December 31, 2004 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.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

(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, 2004, the carrying amount of the City's deposits was \$91,331,000, and the bank balance was \$92,331,000.

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			Carrying Amount
	1	2	3	
Primary government:				
Bank balance:				
Cash	\$ 92,331			92,331
	\$ 92,331	—	—	92,331

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

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 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	\$ 207,459			207,459
Stocks		350,833		350,833
Bonds		96,353		96,353
Other		238,701		238,701
Total investments				<u>893,346</u>
Uncategorized:				
LAMP investments:				<u>66,028</u>
				<u>\$ 959,374</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.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

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.

(3) Tax Revenues

At December 31, 2004, the total sales tax levied in the City is 9%, of which 4% is state sales tax, 1-1/2% is levied by the Orleans Parish School Board (the School Board), and 1% is dedicated for transportation and is levied by the Regional Transit Authority (RTA). The remaining 2-1/2% 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.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

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, 2004 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

28.40

71.90

Property taxes levied on January 1, 2004, collected during 2004, or expected to be collected within the first 60 days of 2005, 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, 2004 totaling \$13,863,000, which bear interest at rates ranging from 0.1% 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 \$5,914,000 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.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

(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, 2004, there were four outstanding loans which bear interest at rates 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.

During 2000, HUD agreed to loan to the City \$5,000,000 for the development of the old American Can Factory into apartments. The City subsequently loaned these funds and an additional \$1,500,000 (amount received by the City through Urban Development Action Grants) to Historic Restoration, Inc. (HRI). These funds are due from HRI in quarterly installments plus 2% interest. The final payment is due January 1, 2040 with principal payments commencing on April 1, 2003. The outstanding balances at December 31, 2004 are \$4.8 million on the HUD loan and \$1 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, 2004 is \$5.0 million. No payments have been received as of December 31, 2004. The City has recorded an allowance of \$500,000 against this loan.

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, 2004 is \$7.0 million. No payments have been received as of December 31, 2004.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

(5) Capital Assets

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

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>
Nondepreciable capital assets:				
Land	\$ 88,105	15,267	—	103,372
Construction in progress	214,544	57,251	(34,958)	236,837
Total nondepreciable capital assets	<u>302,649</u>	<u>72,518</u>	<u>(34,958)</u>	<u>340,209</u>
Depreciable capital assets:				
Infrastructure	2,182,219	7,880	(30)	2,190,069
Buildings and improvements	199,226	26,639	(418)	225,447
Equipment and vehicles	71,618	2,831	(30,850)	43,599
Other	14,427	661	(22)	15,066
Total depreciable capital assets	<u>2,467,490</u>	<u>38,011</u>	<u>(31,320)</u>	<u>2,474,181</u>
Less accumulated depreciation for:				
Infrastructure	1,151,624	55,848	(30)	1,207,442
Buildings and improvements	102,631	6,797	(418)	109,010
Equipment and vehicles	44,152	6,261	(30,850)	19,563
Other	12,347	357	(22)	12,682
Total accumulated depreciation	<u>1,310,754</u>	<u>69,263</u>	<u>(31,320)</u>	<u>1,348,697</u>
Total depreciable capital assets, net	<u>1,156,736</u>	<u>(31,252)</u>	<u>—</u>	<u>1,125,484</u>
Total	\$ <u>1,459,385</u>	<u>41,266</u>	<u>(34,958)</u>	<u>1,465,693</u>

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

General government	\$ 3,275
Public safety	2,128
Public works	63,523
Health and human services	61
Culture and recreation	244
Urban development and housing	32
Total depreciation expense	<u>\$ 69,263</u>

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

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

	<u>Project authorization</u>	<u>Expended to December 31, 2004</u>	<u>Committed</u>
Mayor (CAO)	\$ 73,512	37,743	35,769
Police	5,216	1,164	4,052
Fire	5,683	2,300	3,383
Property Management	24,136	11,621	12,515
Recreation	29,943	16,990	12,953
Human Services	4,745	2,690	2,055
Parks and Parkways	12,117	6,271	5,846
Utilities	820	512	308
Public Library	8,956	5,141	3,815
Isaac Delgado Museum	2,220	236	1,984
Sanitation Department	13,813	12,378	1,435
Safety and Permits	1,281	1,281	—
Mosquito Control Board	2,582	1,351	1,231
Health	3,355	1,492	1,863
City Planning Commission	4,871	4,822	49
Public works	362,853	130,845	232,008
	<u>\$ 556,103</u>	<u>236,837</u>	<u>319,266</u>

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

Fair value. Because interest rates have declined since execution of the swap, the swap had a negative fair value of \$44.7 million as of December 31, 2004. 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, 2004, 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, 2004.

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.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Comprehensive Annual Financial Report

December 31, 2004

The payment requirements for all bonds outstanding, including requirements for interest at the variable rate as of December 31, 2004 and the impact on interest under the Swap agreement as of December 31, 2004 are as follows (amounts in thousands):

	<u>Swap</u>	<u>Interest</u>	<u>Accretion</u>	<u>Principal</u>
Year ending December 31:				
2005	\$ 8,831	33,048	15,481	23,889
2006	8,557	32,216	16,197	24,518
2007	8,265	31,351	16,870	22,645
2008	7,956	30,519	17,501	22,744
2009	7,629	29,657	18,903	22,917
2010 – 2014	32,755	133,227	97,338	119,632
2015 – 2019	23,000	104,157	84,598	154,526
2020 – 2024	13,229	53,482	—	168,309
2025 – 2029	4,827	20,315	—	84,035
2030 – 2033	162	2,916	—	26,737
	<u>\$ 115,211</u>	<u>470,888</u>	<u>266,888</u>	<u>669,952</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, 2004, management believes it is in compliance with all such significant limitations and restrictions.

On June 1, 2004, the City of New Orleans issued \$33,000,000 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 \$550,000 to \$2,115,000 at interest rates ranging from 4.00% to 5.5% through December 1, 2033.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

On September 29, 2004, the City issued \$11,500,000 in Variable Rate Revenue Bonds. The proceeds from the sale of the Bonds, were made available to the Canal Street Development Corporation to pay for Project costs and certain costs of issuance after the repayment of Canal Street Development corporation original bond debt. The bonds are payable in annual installments ranging from \$355,000 to \$865,000 at a variable interest rate, through August 1, 2024.

Advance Refundings

In 2004, the City issued \$40,415,000 of Certificates of Indebtedness of which \$12,760,000 was placed in an irrevocable trust for the purpose of generating resources for the partial defeasance of the Limited Tax Certificates of Indebtedness, 1998B. As a result the partially refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying value of the old debt by \$480,683. The advance refunding was undertaken to reduce total debt service payments over the next five years by \$729,017. The economic gain was insignificant.

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 the refunded bonds at December 31, 2004 is 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		6,505
1998B Limited Tax Certificates of Indebtedness		12,760
		12,760
	\$	82,515

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

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, 2004 (amounts in thousands):

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>	<u>Due in one year</u>
Claims and judgments (note 11)	\$ 256,342	195,954	(58,409)	393,887	60,000
Landfill closing costs (note 11)	10,527	—	(386)	10,141	253
Accrued annual and sick leave (note 1)	51,655	363	—	52,018	—
Payment due to the Audubon Commission (note 8)	1,224	—	(116)	1,108	122
Certificates of indebtedness - (including unamortized premium of \$1,458) (see below)	135,022	44,480	(29,410)	150,092	12,100
Net pension obligation	517	—	(26)	491	—
HUD Section 108 loan (see below)	39,490	—	(1,615)	37,875	1,718
	<u>\$ 494,777</u>	<u>240,797</u>	<u>(89,962)</u>	<u>645,612</u>	<u>74,193</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 Comprehensive Annual Financial Report
December 31, 2004

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 the following (amounts in thousands):

	For the year ended December 31, 2004
Claims and judgment	\$ 137,545
Annual sick leave payable	363
Other	(2,189)
	\$ 135,719

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, 2004, \$37,875,000 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):

	Interest	Principal
Year ending December 31:		
2005	\$ 2,310	1,718
2006	2,221	1,821
2007	2,123	1,931
2008	2,018	2,061
2009	1,902	2,182
2010 - 2014	7,403	13,116
2015 - 2019	2,846	12,581
2020 - 2022	280	2,465
	\$ 21,103	37,875

The City issued \$109,960,000 (\$41,045,000 outstanding at December 31, 2004) 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.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

In December 2001, the City issued \$9,665,000 (\$3,335,000 outstanding at December 31, 2004) 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.

On December 1, 2000, the City issued an additional \$27,000,000 (\$21,210,000 outstanding at December 31, 2004) 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 (\$5,155,000 outstanding at December 31, 2004) 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.

During 2003, the City issued \$38,555,000 (\$34,968,000 outstanding at December 31, 2004) 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. The outstanding balance includes an unamortized premium of \$1,458,000.

During 2004, the City issued \$4,065,000 (\$4,065,000 outstanding at December 31, 2004) in Limited Tax Certificates of Indebtedness for the purpose of financing the costs of acquisition of additional vehicles and paying the costs of issuance. These certificates mature on March 1 annually commencing on March 1, 2004 through March 1, 2011 and bear interest (ranging from 2.0% and 3.5%) that is payable March 1 and September 1 annually.

During 2004, the City issued \$40,415,000 (\$40,415,000 outstanding at December 31, 2004) in Limited Tax Certificates of Indebtedness for the purpose of financing the partial defeasance of the 1998B Certificates, financing judgment claims against the City, and paying the costs of issuance. These certificates mature on March 1 annually commencing on March 1, 2004 through September 1, 2014 and bear interest (ranging from 3.15% and 4.75%) that is payable March 1 and September 1 annually.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

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

	Interest	Principal
Year ending December 31:		
2005	\$ 6,101	12,100
2006	6,113	13,215
2007	5,510	14,690
2008	4,858	16,545
2009	4,132	17,905
2010 - 2014	8,707	74,179
	35,421	148,634
Unamortized premium	—	1,458
	\$ 35,421	150,092

(7) Pension Plans and Postretirement Healthcare Benefits

At December 31, 2004, the City sponsors and administers four separate single-employer, contributory defined benefit pension plans, namely: (1) Firefighters' Pension and Relief Fund – Old System; (2) Firefighters' Pension and Relief Fund – New System; (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees' Retirement System (State of Louisiana) (MPERS). The Police Plan of the City will remain responsible for the payment of certain benefits due to differences in length of service and age requirements for the participants who were not transferred to the MPERS plan. MPERS is the only cost-sharing, multiple-employer retirement plan in which employees of the City participate. The Employees' Plan covers all City employees other than firefighters and police.

All four plans use the accrual basis of accounting for changes in net 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.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report

December 31, 2004

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, 2004, 2003, and 2002 were \$10,002,000, \$6,907,000, and \$4,700,000, 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

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

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

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.

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 (thousands)	\$ 8,151	—	23,514	8,062
Annual pension cost (thousands)	8,151	—	27,118	8,028
Contributions made (thousands)	8,151	—	—	8,054
Actuarial valuation date	12/31/04	12/31/04	1/1/04	12/31/04
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)

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

	<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	7.5%	7%	7.5%	7.5%
Projected salary increases	4.5%	N/A	5%	5%
Projected inflation rate	N/A	N/A	N/A	N/A

- (a) The amortization period, which ends December 31, 2004, 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, 2004.
- (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 are as follows (in thousands):

	<u>Firefighters' Pension and Relief Fund (New System)</u>	<u>Firefighters' Pension and Relief Fund (Old System)</u>
Annual required contribution	\$ 8,062	23,514
Interest on PPA (NPO)	38	(4,102)
Adjustment to annual required contribution	(72)	7,706
Annual pension cost	8,028	27,118
Contributions made	8,054	—
Decrease in PPA (NPO)	26	27,118
PPA (NPO), beginning of year	(517)	54,687
PPA (NPO), end of year	\$ (491)	27,569

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

The prepaid pension asset and net pension obligation are \$27,569 and \$491, respectively, at December 31, 2004, and are recorded in the governmental activities of the government-wide statement of net assets.

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	12/31/04	\$ 8,151	100%	\$ —
	12/31/03	6,648	100%	—
	12/31/02	6,665	100%	—
Police Pension Fund	12/31/03	174	100%	—
	12/31/02	201	100%	—
	12/31/01	365	100%	—
Firefighters' Pension and Relief Fund (Old System)	12/31/04	27,118	—	(27,569)
	12/31/03	26,232	—	(54,687)
	12/31/02	26,184	—	(80,919)
Firefighters' Pension and Relief Fund (New System)	12/31/04	8,028	100%	491
	12/31/03	4,786	109%	517
	12/31/02	3,922	102%	908

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						
12/31/02	\$ 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%
12/31/04	412,487	418,857	(6,370)	98.48%	92,665	(6.87)%

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) entry age (b)	Excess of assets over (under) AAL (a-b)	Funded ratio (a/b)	Covered payroll (c)	Excess as a percentage of covered payroll ((a-b)/c)
Police Pension Fund						
12/31/02	\$ 3,352	108	3,244	3,104%	—	N/A
12/31/03	3,394	152	3,242	2,233%	—	N/A
12/31/04	1,629	1,607	22	101%	—	N/A
Firefighters' Pension and Relief Fund (Old System)						
12/31/02	\$ 108,773	171,163	(62,390)	64%	—	N/A
12/31/03	109,960	163,330	(53,370)	67%	—	N/A
12/31/04	101,783	153,884	(52,101)	66%	—	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 2004, the cost of providing those benefits for approximately 3,036 retirees was approximately \$14,937,000 of which \$11,097,000 and \$3,840,000 was provided by the City and retirees, respectively.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

(8) Individual Fund Disclosures

Interfund Receivables and Payables

Individual fund interfund receivables and payables at December 31, 2004 were as follows (amounts in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 10
	HUD Grant Fund	5,006
	Agency Trust Fund	16,337
	Nonmajor Special Revenue Funds	5,326
Nonmajor Special Revenue Funds	General Fund	351
	Nonmajor Special Revenue Funds	380
Agency Trust Fund	General Fund	1,843
	Nonmajor Special Revenue Funds	1,809
	Agency Trust Fund	932
		<u>\$ 31,994</u>

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

Interfund Advances

Individual fund interfund advances at December 31, 2004 were as follows (amounts in thousands):

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

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

Fund Transfers

Individual fund transfers for the year ended December 31, 2004 were as follows (amounts in thousands):

	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 15,472	(2,269)
Nonmajor governmental funds	2,269	(29,471)
Debt service	—	(33,001)
Capital projects	47,000	—
Total	<u>\$ 64,741</u>	<u>(64,741)</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 2004 by the Louis Armstrong New Orleans International Airport amounted to \$1,246,193 primarily for overhead reimbursement and fire protection. Interfund charges for support services paid to the general fund during fiscal year 2004 by the Orleans Parish Communication District amounted to \$960,000 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 1992A, 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

CITY OF NEW ORLEANS, LOUISIANA

Notes to Comprehensive Annual Financial Report

December 31, 2004

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, 2004.

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 \$1,109,000 at December 31, 2004, 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. The Audubon Commission's \$2,000,000 payment (\$1,108,000 of which is outstanding) is included in other assets of the Audubon Commission at December 31, 2004. 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, 2004 are as follows (amounts in thousands):

	Governmental funds					Total
	General	UDAG Fund	Debt service	Capital projects	Other governmental	
Encumbrances	\$ 3,934	—	—	50,725	4,543	59,202
Long-term advances	3,173	—	—	—	—	3,173
Debt service	—	—	33,062	—	—	33,062
Community development	—	22,941	—	—	—	22,941
Judgments	19,706	—	—	—	—	19,706
Total	\$ 26,813	22,941	33,062	50,725	4,543	138,084

(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, 2004 was approximately \$1,320,000.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

(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 2004 for such operating lease agreements was \$3,799,000.

Claims and Judgments

The City is a defendant in a number of claims and lawsuits alleging, among other things, personal injury, police brutality, wrongful death, 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, 2004, 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 \$1,120,000 for motor vehicle fleet, \$328,248,000 for general liability and police department excessive force, \$59,333,000 for workers' compensation, and \$5,186,000 for hospitalization and unemployment have been accrued in the government-wide financial statements in the total amount of \$393,887,000.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

Changes to the City's claims liability amounts in fiscal 2004 and 2003 are as follows (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:				
2003	65,835	134,434	1,005	199,264
2004	199,264	129,731	747	328,248
Workers' compensation:				
2003	66,114	(1,865)	12,994	51,255
2004	51,255	20,216	12,138	59,333
Motor vehicle fleet:				
2003	1,538	(560)	496	482
2004	482	1,337	699	1,120
Hospitalization and unemployment:				
2003	10,054	37,824	42,537	5,341
2004	5,341	44,670	44,825	5,186
Total:				
2003	143,541	169,833	57,032	256,342
2004	256,342	195,954	58,409	393,887

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 Gentilly site was closed in 1995. The Recovery 1 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, 2004, the City has estimated its liability at \$10,141,000.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Comprehensive Annual Financial Report
December 31, 2004

These amounts are based on what it would cost to perform all closure and postclosure care in 2004. 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.

(This page is intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW ORLEANS, LOUISIANA

Required Supplementary Information

December 31, 2004

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, 2004

(Amounts in thousands)

	Original budget	Revised budget	Actual on budgetary basis	Variance favorable (unfavorable)
Revenues:				
Taxes	\$ 254,515	262,357	262,619	262
Licenses and permits	65,912	65,913	64,190	(1,723)
Intergovernmental	12,315	12,830	14,959	2,129
Charges for services	56,588	56,608	52,378	(4,230)
Fines and forfeits	17,068	17,257	17,802	545
Interest income	4,700	5,045	3,452	(1,593)
Contributions, gifts, and donations	2,598	3,466	12,857	9,391
Miscellaneous	15,115	21,086	16,258	(4,828)
Total revenues	<u>428,811</u>	<u>444,562</u>	<u>444,515</u>	<u>(47)</u>
Expenditures:				
Current:				
General government	144,623	159,953	149,477	10,476
Public safety	171,622	171,739	179,892	(8,153)
Public works	62,191	62,191	64,903	(2,712)
Health and human services	12,638	12,754	13,762	(1,008)
Culture and recreation	15,448	23,392	22,782	610
Urban development and housing	—	—	—	—
Debt service:				
Principal retirement	21,838	17,803	17,803	—
Interest and fiscal charges	20,260	16,517	16,517	—
Other, net	—	—	—	—
Total expenditures	<u>448,620</u>	<u>464,349</u>	<u>465,136</u>	<u>(787)</u>
(Deficiency) excess of revenues over expenditures	<u>(19,809)</u>	<u>(19,787)</u>	<u>(20,621)</u>	<u>(834)</u>
Other financing sources (uses):				
Operating transfers in	19,809	14,529	14,399	(130)
Transfer in from component unit	—	—	—	—
Proceeds from bond issuance	—	—	19,706	19,706
Operating transfers out	—	(1,981)	(2,269)	(288)
Appropriations from prior year budgetary fund balance	—	7,350	10,431	3,081
Reduction in prior year's outstanding encumbrances	—	—	1,480	1,480
Other	—	—	1,992	1,992
Total other financing sources (uses)	<u>19,809</u>	<u>19,898</u>	<u>45,739</u>	<u>25,841</u>
(Deficiency) excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ —</u>	<u>111</u>	<u>25,118</u>	<u>25,007</u>
Fund balances, beginning of year			11,482	
Less appropriation from beginning of year fund balance			—	
Fund balances – budgetary basis, end of year			<u>\$ 36,600</u>	

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA

Budget to GAAP Reconciliation

(Unaudited)

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

A reconciliation of this basis and timing differences is presented below (amounts in thousands):

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 25,118
Adjustments:	
To adjust revenues for accruals and deferrals	2,187
To adjust expenditures for accruals	(2,136)
Other	(13,873)
Net change in fund balance	<u>\$ 11,296</u>

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Notes to Required Supplementary Information
December 31, 2004

(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.

**COMBINING STATEMENTS
AND CAPITAL ASSET SCHEDULES**

(This page is intentionally left blank)

NONMAJOR GOVERNMENTAL FUNDS

(This page is intentionally left blank)

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Nonmajor Governmental Funds

December 31, 2004

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, 2004

- *Housing and Environment Improvement* – Used to improve health, housing and environmental conditions in the City.
- *Imagine It Clean* – established to receive allocations to support the programs and activities of the program.
- *Other* – Used to account for all monies and all property acquired by donation for a designated purpose, not required to be held intact.

(This page is intentionally left blank)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2004

(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	862	1,473	263	958
Investments	—	6,911	2,786	1,181	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	22	87	—
Grantee loans receivable	—	—	—	—	4,802
Due from other funds	—	—	24	37	—
Due from other governments	—	—	—	35	—
Other assets	—	—	—	—	—
Total assets	<u>\$ 6</u>	<u>7,773</u>	<u>4,305</u>	<u>1,603</u>	<u>5,760</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1	814	639	34	—
Due to other funds	—	714	695	20	—
Due to other governments	—	—	—	—	—
Advances from other funds	—	—	—	—	—
Deferred revenue	—	—	—	—	—
Total liabilities	<u>1</u>	<u>1,528</u>	<u>1,334</u>	<u>54</u>	<u>—</u>
Fund balances:					
Reserved for encumbrances	—	989	2,963	175	—
Unreserved:					
Designated for subsequent years' expenditures	—	104	—	—	—
Undesignated	5	5,152	8	1,374	5,760
Total fund balances	<u>5</u>	<u>6,245</u>	<u>2,971</u>	<u>1,549</u>	<u>5,760</u>
Total liabilities and fund balances	<u>\$ 6</u>	<u>7,773</u>	<u>4,305</u>	<u>1,603</u>	<u>5,760</u>

Exhibit C-1

Rivergate Special Fund	Rivergate Development Corporation	Termite Control Fund	Piazza D'italia Development	Traffic Court Judicial Expense	Sex Offender Proprietary Fund
30	1,242	78	8	595	30
651	367	135	15	420	—
—	—	—	—	—	—
—	—	—	—	—	—
—	147	14	—	76	—
—	138	12	—	71	—
—	—	—	—	—	—
<u>681</u>	<u>1,894</u>	<u>239</u>	<u>23</u>	<u>1,162</u>	<u>30</u>
—	1,015	—	—	364	—
681	200	—	—	399	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>681</u>	<u>1,215</u>	<u>—</u>	<u>—</u>	<u>763</u>	<u>—</u>
—	200	10	—	4	—
—	—	—	—	—	—
—	479	229	23	395	30
—	679	239	23	399	30
<u>681</u>	<u>1,894</u>	<u>239</u>	<u>23</u>	<u>1,162</u>	<u>30</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2004

(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	87	26
Investments	—	1	1	—	21
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	281
Grantee loans receivable	—	—	—	—	—
Due from other funds	288	—	—	—	—
Due from other governments	158	—	—	—	—
Other assets	—	—	—	—	—
Total assets	\$ 446	2	2	87	328
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 88	—	—	—	—
Due to other funds	306	—	—	—	—
Due to other governments	52	—	—	—	—
Advances from other funds	—	2	—	—	250
Deferred revenue	—	—	—	—	—
Total liabilities	446	2	—	—	250
Fund balances:					
Reserved for encumbrances	—	—	—	85	2
Unreserved:					
Designated for subsequent years' expenditures	—	—	—	—	—
Undesignated	—	—	2	2	76
Total fund balances	—	—	2	87	78
Total liabilities and fund balances	\$ 446	2	2	87	328

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
80	66	47	1	44	8
—	—	50	—	260	—
—	—	—	—	45	—
—	—	—	—	—	—
—	1	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>80</u>	<u>67</u>	<u>97</u>	<u>1</u>	<u>349</u>	<u>8</u>
20	7	9	—	29	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>20</u>	<u>7</u>	<u>9</u>	<u>—</u>	<u>29</u>	<u>—</u>
—	—	—	—	—	—
—	—	—	—	—	—
<u>60</u>	<u>60</u>	<u>88</u>	<u>1</u>	<u>320</u>	<u>8</u>
<u>60</u>	<u>60</u>	<u>88</u>	<u>1</u>	<u>320</u>	<u>8</u>
<u>80</u>	<u>67</u>	<u>97</u>	<u>1</u>	<u>349</u>	<u>8</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2004

(Amounts in thousands)

Assets	New Orleans Recreation Department	New Orleans Film Commission	New Orleans Special Events	Vieux Carre' Commission	Vieux Carre' Restoration
Cash	\$ 50	28	20	56	1
Investments	—	48	61	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—
Grantee loans receivable	—	—	—	—	—
Due from other funds	—	—	—	—	—
Due from other governments	—	—	—	—	—
Other assets	—	—	—	—	—
Total assets	<u>\$ 50</u>	<u>76</u>	<u>81</u>	<u>56</u>	<u>1</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ —	—	—	—	—
Due to other funds	—	—	—	—	—
Due to other governments	—	—	—	—	—
Advances from other funds	—	—	—	—	—
Deferred revenue	—	—	—	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances:					
Reserved for encumbrances	—	—	6	—	—
Unreserved:					
Designated for subsequent years' expenditures	—	—	—	—	—
Undesignated	50	76	75	56	1
Total fund balances	<u>50</u>	<u>76</u>	<u>81</u>	<u>56</u>	<u>1</u>
Total liabilities and fund balances	<u>\$ 50</u>	<u>76</u>	<u>81</u>	<u>56</u>	<u>1</u>

Exhibit C-1

Public Library Donations	Sanitation Recycling	Plant- a-Tree Campaign	Municipal Endowment- Cox Cable	Capital Improvement and Infrastructure	Grant Recipient Funds
242	20	147	8	52	1,884
43	42	—	1,954	3,016	1,051
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	23	—	89
—	—	—	—	—	9,718
—	—	—	—	—	—
<u>285</u>	<u>62</u>	<u>147</u>	<u>1,985</u>	<u>3,068</u>	<u>12,742</u>
6	—	23	—	—	7,268
1	—	—	—	1,035	3,464
—	—	—	—	—	257
—	—	—	—	—	—
—	—	—	—	—	—
<u>7</u>	<u>—</u>	<u>23</u>	<u>—</u>	<u>1,035</u>	<u>10,989</u>
—	—	18	91	—	—
—	—	—	—	—	—
<u>278</u>	<u>62</u>	<u>106</u>	<u>1,894</u>	<u>2,033</u>	<u>1,753</u>
<u>278</u>	<u>62</u>	<u>124</u>	<u>1,985</u>	<u>2,033</u>	<u>1,753</u>
<u>285</u>	<u>62</u>	<u>147</u>	<u>1,985</u>	<u>3,068</u>	<u>12,742</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2004

(Amounts in thousands)

Assets	Delgado- Albania Plantation Commission	Edward Wisner	LaHache Music	Place DeFrance— Joan of Arc
Cash	\$ 228	154	3	4
Investments	1,605	4,044	—	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—
Grantee loans receivable	—	—	—	—
Due from other funds	32	—	—	—
Due from other governments	31	—	—	—
Other assets	12	—	—	—
Total assets	\$ 1,908	4,198	3	4
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ —	10	—	—
Due to other funds	—	—	—	—
Due to other governments	—	—	—	—
Advances from other funds	—	—	—	—
Deferred revenue	—	—	—	—
Total liabilities	—	10	—	—
Fund balances:				
Reserved for encumbrances	—	—	—	—
Unreserved:				
Designated for subsequent years' expenditures	—	—	—	—
Undesignated	1,908	4,188	3	4
Total fund balances	1,908	4,188	3	4
Total liabilities and fund balances	\$ 1,908	4,198	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
32	5	2	24	—	11
52	—	5	435	—	7
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>84</u>	<u>5</u>	<u>7</u>	<u>459</u>	<u>—</u>	<u>18</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
84	5	7	459	—	18
84	5	7	459	—	18
84	5	7	459	—	18

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2004

(Amounts in thousands)

Assets	Mahalia Zimmerman Tomb	Mrs. Otto Joachim	Sickles Legacy	Helen Adler Levy Library	Housing and Environment Improvement
Cash	\$ 3	1	1	1	6
Investments	—	—	259	40	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	8	4
Grantee loans receivable	—	—	—	—	—
Due from other funds	—	—	—	—	—
Due from other governments	—	—	—	—	—
Other assets	—	—	—	—	—
Total assets	<u>\$ 3</u>	<u>1</u>	<u>260</u>	<u>49</u>	<u>10</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ —	—	—	4	—
Due to other funds	—	—	—	—	—
Due to other governments	—	—	—	—	—
Advances from other funds	—	—	—	—	—
Deferred revenue	—	—	—	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>4</u>	<u>—</u>
Fund balances:					
Reserved for encumbrances	—	—	—	—	—
Unreserved:					
Designated for subsequent years' expenditures	—	—	—	—	—
Undesignated	3	1	260	45	10
Total fund balances	<u>3</u>	<u>1</u>	<u>260</u>	<u>45</u>	<u>10</u>
Total liabilities and fund balances	<u>\$ 3</u>	<u>1</u>	<u>260</u>	<u>49</u>	<u>10</u>

Exhibit C-1

Imagine It Clean	Other	Total 2004
82	5	8,976
—	202	25,663
—	—	447
—	—	4,802
—	—	731
—	—	10,163
—	—	12
<u>82</u>	<u>207</u>	<u>50,794</u>
—	—	10,331
—	—	7,515
—	—	309
—	—	252
—	—	—
<u>—</u>	<u>—</u>	<u>18,407</u>
—	—	4,543
—	—	104
<u>82</u>	<u>207</u>	<u>27,740</u>
<u>82</u>	<u>207</u>	<u>32,387</u>
<u>82</u>	<u>207</u>	<u>50,794</u>

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year ended December 31, 2004
(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	\$ —	2,358	2,401	—
Intergovernmental	—	—	—	—
Program income	—	—	—	—
Fines and forfeits	—	—	—	502
Interest income	—	—	—	—
Contributions, gifts, and donations	—	9	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>—</u>	<u>2,367</u>	<u>2,401</u>	<u>502</u>
Expenditures:				
General government	—	—	—	—
Public safety	—	—	—	—
Public works	—	—	—	—
Health and human services	—	—	—	345
Culture and recreation	—	—	—	—
Urban development and housing	—	—	—	—
Economic development and assistance	—	1,822	4,976	—
Total expenditures	<u>—</u>	<u>1,822</u>	<u>4,976</u>	<u>345</u>
Excess (deficiency) of revenues over expenditures	—	545	(2,575)	157
Other financing sources (uses):				
Operating transfers in	—	—	—	—
Operating transfers out	—	(690)	(579)	—
Total other financing sources (uses)	<u>—</u>	<u>(690)</u>	<u>(579)</u>	<u>—</u>
Net change in fund balance	<u>—</u>	<u>(145)</u>	<u>(3,154)</u>	<u>157</u>
Fund balances:				
Beginning of year	<u>5</u>	<u>6,390</u>	<u>6,125</u>	<u>1,392</u>
End of year	<u>\$ 5</u>	<u>6,245</u>	<u>2,971</u>	<u>1,549</u>

Exhibit C-2

American Can	Rivergate Special Fund	Rivergate Development Corporation	Termite Control Fund	Piazza D'italia Development	Traffic Court Judicial Expense
—	—	—	—	—	—
127	—	—	—	—	—
—	—	—	—	—	2,953
—	—	—	1	—	—
—	—	12,300	259	—	—
127	—	12,300	260	—	2,953
—	—	214	159	—	4,173
—	—	—	—	—	—
—	—	—	—	—	—
558	—	—	—	—	—
—	—	—	—	—	—
558	—	214	159	—	4,173
(431)	—	12,086	101	—	(1,220)
—	—	—	—	—	1,118
—	(679)	(12,200)	—	—	(399)
—	(679)	(12,200)	—	—	719
(431)	(679)	(114)	101	—	(501)
6,191	679	793	138	23	900
5,760	—	679	239	23	399

(Continued)

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year ended December 31, 2004
(Amounts in thousands)

	<u>Sex Offender Proprietary Fund</u>	<u>Municipal Court Judicial Expense</u>	<u>Sidewalk Paving and Repairing</u>	<u>Special Event</u>
Revenues:				
Taxes	\$ —	—	—	—
Intergovernmental	—	—	—	—
Program income	—	—	—	—
Fines and forfeits	—	1,145	—	—
Interest income	—	—	—	—
Contributions, gifts, and donations	—	—	—	—
Miscellaneous	18	—	—	—
Total revenues	<u>18</u>	<u>1,145</u>	<u>—</u>	<u>—</u>
Expenditures:				
General government	—	2,358	—	—
Public safety	—	—	—	—
Public works	—	—	—	—
Health and human services	—	—	—	—
Culture and recreation	—	—	—	—
Urban development and housing	—	—	—	—
Economic development and assistance	—	—	—	—
Total expenditures	<u>—</u>	<u>2,358</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	18	(1,213)	—	—
Other financing sources (uses):				
Operating transfers in	—	1,151	—	—
Operating transfers out	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>1,151</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>18</u>	<u>(62)</u>	<u>—</u>	<u>—</u>
Fund balances:				
Beginning of year	<u>12</u>	<u>62</u>	<u>—</u>	<u>2</u>
End of year	<u>\$ 30</u>	<u>—</u>	<u>—</u>	<u>2</u>

Exhibit C-2

<u>Adopt-a-Pothole Program</u>	<u>Department of Safety and Permits - Demolition</u>	<u>Mayor's Office of Tourism and Arts</u>	<u>Mayoral Fellows Program</u>	<u>Music and Entertainment Commission</u>	<u>New Orleans Police Department - Crime Prevention</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	1	—
40	—	3	150	134	—
—	—	—	—	—	—
<u>40</u>	<u>—</u>	<u>3</u>	<u>150</u>	<u>135</u>	<u>—</u>
—	—	—	173	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	41	—	81	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	41	173	81	—
—	—	—	—	—	—
40	—	(38)	(23)	54	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>40</u>	<u>—</u>	<u>(38)</u>	<u>(23)</u>	<u>54</u>	<u>—</u>
47	78	98	83	34	1
<u>87</u>	<u>78</u>	<u>60</u>	<u>60</u>	<u>88</u>	<u>1</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

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

Nonmajor Governmental Funds

Year ended December 31, 2004

(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	130	—	—	—
Interest income	5	—	—	1
Contributions, gifts, and donations	—	—	—	100
Miscellaneous	—	—	—	—
Total revenues	<u>135</u>	<u>—</u>	<u>—</u>	<u>101</u>
Expenditures:				
General government	—	—	—	—
Public safety	336	—	—	—
Public works	—	—	—	—
Health and human services	—	—	—	—
Culture and recreation	—	—	—	55
Urban development and housing	—	—	—	—
Economic development and assistance	—	—	—	—
Total expenditures	<u>336</u>	<u>—</u>	<u>—</u>	<u>55</u>
Excess (deficiency) of revenues over expenditures	(201)	—	—	46
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>(201)</u>	<u>—</u>	<u>—</u>	<u>46</u>
Fund balances:				
Beginning of year	<u>521</u>	<u>8</u>	<u>50</u>	<u>30</u>
End of year	<u>\$ 320</u>	<u>8</u>	<u>50</u>	<u>76</u>

Exhibit C-2

<u>New Orleans Special Events</u>	<u>Vieux Carre' Commission</u>	<u>Vieux Carre' Restoration</u>	<u>Public Library Donations</u>	<u>Sanitation Recycling</u>	<u>Plant- A-Tree Campaign</u>	<u>Municipal Endowment— Cox Cable</u>
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
1	—	—	1	1	—	30
—	—	—	83	—	54	313
—	—	—	—	—	—	—
<u>1</u>	<u>—</u>	<u>—</u>	<u>84</u>	<u>1</u>	<u>54</u>	<u>343</u>
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	309
—	—	—	18	—	78	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<u>—</u>	<u>—</u>	<u>—</u>	<u>18</u>	<u>—</u>	<u>78</u>	<u>309</u>
1	—	—	66	1	(24)	34
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<u>1</u>	<u>—</u>	<u>—</u>	<u>66</u>	<u>1</u>	<u>(24)</u>	<u>34</u>
<u>80</u>	<u>56</u>	<u>1</u>	<u>212</u>	<u>61</u>	<u>148</u>	<u>1,951</u>
<u>81</u>	<u>56</u>	<u>1</u>	<u>278</u>	<u>62</u>	<u>124</u>	<u>1,985</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

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

Nonmajor Governmental Funds

Year ended December 31, 2004

(Amounts in thousands)

	Capital Improvement and Infrastructure	Grant Recipient Funds	Delgado- Albania Plantation Commission	Edward Wisner
Revenues:				
Taxes	\$ 2,525	—	—	—
Intergovernmental	—	32,378	—	—
Program income	—	143	—	—
Fines and forfeits	—	125	—	—
Interest income	—	16	15	32
Contributions, gifts, and donations	—	—	100	954
Miscellaneous	—	—	—	—
Total revenues	2,525	32,662	115	986
Expenditures:				
General government	—	15,446	—	—
Public safety	—	3,223	—	—
Public works	—	—	—	—
Health and human services	—	6,592	—	—
Culture and recreation	—	104	15	913
Urban development and housing	—	—	—	—
Economic development and assistance	—	8,351	—	—
Total expenditures	—	33,716	15	913
Excess (deficiency) of revenues over expenditures	2,525	(1,054)	100	73
Other financing sources (uses):				
Operating transfers in	—	—	—	—
Operating transfers out	(14,924)	—	—	—
Total other financing sources (uses)	(14,924)	—	—	—
Net change in fund balance	(12,399)	(1,054)	100	73
Fund balances:				
Beginning of year	14,432	2,807	1,808	4,115
End of year	\$ 2,033	1,753	1,908	4,188

Exhibit C-2

<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>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	3	—	—	7
—	—	—	—	—	—
—	—	—	—	—	—
—	—	3	—	—	7
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	3	—	—	7
—	—	—	—	—	—
—	—	—	—	—	—
—	—	3	—	—	7
3	4	81	5	7	452
3	4	84	5	7	459

(Continued)

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year ended December 31, 2004
(Amounts in thousands)

	<u>John McDonogh School</u>	<u>Lafayette Cemetery No. 1 Under Will of Lilly Violet</u>	<u>Mahalia Zimmerman Tomb</u>	<u>Mrs. Otto Joachim</u>
Revenues:				
Taxes	\$ —	—	—	—
Intergovernmental	—	—	—	—
Program income	—	—	—	—
Fines and forfeits	—	—	—	—
Interest income	—	—	—	—
Contributions, gifts, and donations	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>—</u>	<u>—</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	—	—	—	—
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	—	—	—	—
Fund balances:				
Beginning of year	<u>—</u>	<u>18</u>	<u>3</u>	<u>1</u>
End of year	<u>\$ —</u>	<u>18</u>	<u>3</u>	<u>1</u>

Sickles Legacy	Helen Adler Levy Library	Housing and Environment Improvement	Imagine It Clean	Other	Total
—	—	—	—	—	7,284
—	—	—	—	—	32,378
—	—	—	—	—	270
—	—	10	—	—	4,865
4	1	—	—	—	118
—	—	—	—	—	1,941
—	—	—	270	—	12,847
<u>4</u>	<u>1</u>	<u>10</u>	<u>270</u>	<u>—</u>	<u>59,703</u>
—	—	—	—	—	22,523
—	—	—	—	—	3,559
—	—	—	188	—	497
—	—	—	—	—	6,937
—	—	—	—	—	1,305
—	—	—	—	—	558
—	—	—	—	—	15,149
—	—	—	188	—	50,528
4	1	10	82	—	9,175
—	—	—	—	—	2,269
—	—	—	—	—	(29,471)
—	—	—	—	—	(27,202)
<u>4</u>	<u>1</u>	<u>10</u>	<u>82</u>	<u>—</u>	<u>(18,027)</u>
<u>256</u>	<u>44</u>	<u>—</u>	<u>—</u>	<u>207</u>	<u>50,414</u>
<u>260</u>	<u>45</u>	<u>10</u>	<u>82</u>	<u>207</u>	<u>32,387</u>

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Grant Recipient Funds

December 31, 2004

(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	\$ —	22	—	553
Investments	—	—	1,051	—
Due from other funds	—	10	1	—
Due from other governments	—	799	—	3,469
Total assets	<u>\$ —</u>	<u>831</u>	<u>1,052</u>	<u>4,022</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ —	675	126	2,788
Due to other funds	—	156	—	1,151
Due to other governments	—	—	—	—
Total liabilities	<u>—</u>	<u>831</u>	<u>126</u>	<u>3,939</u>
Fund balances:				
Unreserved:				
Designated for subsequent years' expenditures	—	—	926	83
Total fund balances	<u>—</u>	<u>—</u>	<u>926</u>	<u>83</u>
Total liabilities and fund balances	<u>\$ —</u>	<u>831</u>	<u>1,052</u>	<u>4,022</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
16	—	20	275	441	185
—	—	—	—	—	—
—	—	57	—	—	1
51	12	—	—	481	910
<u>67</u>	<u>12</u>	<u>77</u>	<u>275</u>	<u>922</u>	<u>1,096</u>
67	—	—	6	412	181
—	12	—	—	116	915
—	—	5	—	—	—
<u>67</u>	<u>12</u>	<u>5</u>	<u>6</u>	<u>528</u>	<u>1,096</u>
—	—	72	269	394	—
—	—	72	269	394	—
<u>67</u>	<u>12</u>	<u>77</u>	<u>275</u>	<u>922</u>	<u>1,096</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Balance Sheet

Grant Recipient Funds

December 31, 2004

(Amounts in thousands)

Assets	<u>Environmental Protection Agency</u>	<u>Louisiana Department of Public Safety</u>	<u>Federal Department of Labor</u>	<u>Louisiana Department of Education</u>
Cash	\$ —	3	—	2
Investments	—	—	—	—
Due from other funds	—	—	—	3
Due from other governments	8	2	—	—
Total assets	<u>\$ 8</u>	<u>5</u>	<u>—</u>	<u>5</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ —	—	—	—
Due to other funds	8	5	—	—
Due to other governments	—	—	—	—
Total liabilities	<u>8</u>	<u>5</u>	<u>—</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>\$ 8</u>	<u>5</u>	<u>—</u>	<u>5</u>

Exhibit C-3

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
—	—	—	61	4	264
—	—	—	—	—	—
—	2	—	—	—	—
5	—	—	3,032	—	—
<u>5</u>	<u>2</u>	<u>—</u>	<u>3,093</u>	<u>4</u>	<u>264</u>
—	—	—	2,639	3	12
5	—	—	454	—	—
—	—	—	—	—	252
<u>5</u>	<u>—</u>	<u>—</u>	<u>3,093</u>	<u>3</u>	<u>264</u>
—	2	—	—	1	—
—	2	—	—	1	—
<u>5</u>	<u>2</u>	<u>—</u>	<u>3,093</u>	<u>4</u>	<u>264</u>

(Continued)

(This page is intentionally left blank)

FIDUCIARY FUNDS

(This page is intentionally left blank)

CITY OF NEW ORLEANS, LOUISIANA

Trust and Agency Funds

December 31, 2004

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, 2004

(Amounts in thousands)

Assets	Firefighters'		Police old system	Employees' retirement system	Firefighters' bond fund	Elimination	Total
	Old system	New system					
Current assets:							
Cash	\$ 5,930	170	331	2,551	—	—	8,982
Investments	9,162	217,722	1,676	387,623	86,641	—	702,824
Receivables:							
Accrued interest	8	3,853	2	941	—	—	4,804
Contribution	86,641	35	—	463	—	(86,641)	498
Other	72	4,453	14	2,464	—	—	7,003
Property and equipment, net of accumulated depreciation	39	—	—	—	—	—	39
Other assets	—	—	—	—	—	—	—
Total assets	\$ 101,852	226,233	2,023	394,042	86,641	(86,641)	724,150
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	\$ 1	135	5	111	—	—	252
Other payables and accruals	68	7,181	—	2,545	—	—	9,794
Total current liabilities	69	7,316	5	2,656	—	—	10,046
Long-term liabilities:							
Notes payable	—	17,904	—	—	—	—	17,904
Total long-term liabilities	—	17,904	—	—	—	—	17,904
Total liabilities	69	25,220	5	2,656	—	—	27,950
Net assets:							
Reserved for:							
Employees' pension benefits	101,783	201,013	2,018	391,386	86,641	(86,641)	696,200
Total net assets	101,783	201,013	2,018	391,386	86,641	(86,641)	696,200
Total liabilities and net assets	\$ 101,852	226,233	2,023	394,042	86,641	(86,641)	724,150

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, 2004
(Amounts in thousands)

	Firefighters'		Police old system	Employees' retirement system	Firefighters' bond fund	Elimination	Totals
	Old system	New system					
Additions:							
Contributions:							
Employer	\$ —	—	—	8,151	—	—	8,151
Members	—	1,020	—	4,356	—	—	5,376
Fire insurance rebate	605	8,054	174	—	—	—	8,833
Total contributions	605	9,074	174	12,507	—	—	22,360
Investment income:							
Net appreciation in fair value of investments	7,652	19,193	—	30,261	7,349	(7,349)	57,106
Interest and dividends	2,092	4,319	20	7,922	1,993	(1,993)	14,353
Other investment income	59	2,031	—	754	—	—	2,844
Less investment expense	(477)	(6,753)	(2)	(2,234)	—	—	(9,466)
Net investment income	9,326	18,790	18	36,703	9,342	(9,342)	64,837
Other income	—	—	—	—	—	—	—
Total additions	9,931	27,864	192	49,210	9,342	(9,342)	87,197
Deductions:							
Pension benefits	17,301	9,339	38	21,016	20,398	(20,398)	47,694
Refund of member contributions	—	34	—	771	—	—	805
Death benefits	69	9	—	—	—	—	78
Administrative expenses	505	368	93	88	472	(472)	1,054
DROP withdrawal	144	1,002	—	1,898	—	—	3,044
PLOP withdrawal	90	1,023	—	—	—	—	1,113
Transfers	—	116	1,445	432	—	—	1,993
Total deductions	18,109	11,891	1,576	24,205	20,870	(20,870)	55,781
Net increase	(8,178)	15,973	(1,384)	25,005	(11,528)	11,528	31,416
Net assets held in trust for pension benefits – beginning of year	109,961	185,040	3,402	366,381	98,169	(98,169)	664,784
Net assets held in trust for pension benefits – end of year	\$ 101,783	201,013	2,018	391,386	86,641	(86,641)	696,200

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, 2004
(Amounts in thousands)

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2004</u>
Clearing fund:				
Assets:				
Cash	\$ 39,037	3,285,566	3,305,537	19,066
Investments	—	181,312	154,100	27,212
Accounts receivable	62	920	61	921
Due from other funds	2,683	17,697	16,496	3,884
Due from other governments	826	2,660	826	2,660
	<u>\$ 42,608</u>	<u>3,488,155</u>	<u>3,477,020</u>	<u>53,743</u>
Liabilities:				
Accounts payable	11,926	107,938	110,536	9,328
Other payables and accruals	5,340	520,206	519,971	5,575
Due to other funds	1,754	8,738	1,702	8,790
Due to other governments	23,412	1,537,816	1,531,178	30,050
Due to component units	176	—	176	—
	<u>\$ 42,608</u>	<u>2,174,698</u>	<u>2,163,563</u>	<u>53,743</u>
Deposit fund:				
Assets:				
Cash	\$ 2,213	25,550	25,000	2,763
Investments	2,336	4,475	2,976	3,835
Accounts receivable	62	64	63	63
Due from other funds	—	—	—	—
Due from other governments	85	1,845	1,866	64
	<u>\$ 4,696</u>	<u>31,934</u>	<u>29,905</u>	<u>6,725</u>
Liabilities:				
Accounts payable	309	2,139	2,218	230
Other payables and accruals	4,167	4,811	5,180	3,798
Due to other funds	220	2,987	510	2,697
	<u>\$ 4,696</u>	<u>9,937</u>	<u>7,908</u>	<u>6,725</u>

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended December 31, 2004
(Amounts in thousands)

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2004</u>
Escrow fund				
Assets:				
Cash	\$ 372	218,764	218,675	461
Investments	20,814	37,966	38,389	20,391
Due from other funds	2,671	4,500	6,471	700
	<u>\$ 23,857</u>	<u>261,230</u>	<u>263,535</u>	<u>21,552</u>
Liabilities:				
Accounts payable	\$ 404	14,294	13,965	733
Other payables and accruals	20,695	26,806	32,464	15,037
Due to other funds	2,758	6,025	3,001	5,782
	<u>\$ 23,857</u>	<u>47,125</u>	<u>49,430</u>	<u>21,552</u>
Total all agency funds:				
Assets:				
Cash	\$ 41,622	3,529,880	3,549,212	22,290
Investments	23,150	223,753	195,465	51,438
Accounts receivable	124	984	124	984
Due from other funds	5,354	22,197	22,967	4,584
Due from other governments	911	4,505	2,692	2,724
	<u>\$ 71,161</u>	<u>3,781,319</u>	<u>3,770,460</u>	<u>82,020</u>
Liabilities:				
Accounts payable	\$ 12,639	124,371	126,719	10,291
Other payables and accruals	30,202	551,823	557,615	24,410
Due to other funds	4,732	17,750	5,213	17,269
Due to other governments	23,412	1,537,816	1,531,178	30,050
Due to component units	176	—	176	—
	<u>\$ 71,161</u>	<u>2,231,760</u>	<u>2,220,901</u>	<u>82,020</u>

See accompanying notes to basic financial statements.

(This page is intentionally left blank)

NONMAJOR COMPONENT UNITS

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Assets

Nonmajor Component Units

December 31, 2004

(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	\$ 1,244	3,827	7,423
Investments	5,305	—	—
Receivables (net of allowances for uncollectibles):			
Accounts	95	2,384	764
Accrued interest	32	—	—
Other	454	—	—
Due from other governments	39	—	—
Prepaid expenses and deposits	3	—	45
Other assets	—	—	—
Total current assets	<u>7,172</u>	<u>6,211</u>	<u>8,232</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	275	—	10,061
Total restricted assets	<u>275</u>	<u>—</u>	<u>10,061</u>
Property, plant, and equipment – at cost, less accumulated depreciation	83	46	2,980
Other assets	64	—	—
Total assets	<u>\$ 7,594</u>	<u>6,257</u>	<u>21,273</u>

Exhibit D-1

Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Pontalba Building Restoration Corporation	Canal Street Development Corporation	Total
586	4,208	1,757	3,942	22,987
1,445	—	—	—	6,750
84	173	16	624	4,140
—	—	—	—	32
—	151	—	—	605
101	—	—	1,355	1,495
—	51	106	—	205
—	—	—	—	—
<u>2,216</u>	<u>4,583</u>	<u>1,879</u>	<u>5,921</u>	<u>36,214</u>
—	—	—	11,433	11,433
—	—	—	—	—
—	—	2,467	—	2,467
—	—	—	—	—
—	—	—	—	—
700	—	—	2,000	13,036
<u>700</u>	<u>—</u>	<u>2,467</u>	<u>13,433</u>	<u>26,936</u>
3,516	7,873	6,751	6,892	28,141
405	16	—	—	485
<u>6,837</u>	<u>12,472</u>	<u>11,097</u>	<u>26,246</u>	<u>91,776</u>

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Assets

Nonmajor Component Units

December 31, 2004

(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	\$ 915	529	150
Other payables and accruals	203	1,240	601
Due to other funds	—	—	—
Due to other governments	416	—	555
Capital lease payable	8	—	363
Deferred revenues	299	—	—
Total current liabilities (payable from current assets)	1,841	1,769	1,669
Current liabilities (payable from restricted assets):			
Accrued interest	—	—	—
Bonds payable, current portion	—	—	—
Deposits and other	—	—	—
Total current liabilities (payable from restricted assets)	—	—	—
Total current liabilities	1,841	1,769	1,669
Long-term liabilities:			
Capital lease payable	18	—	863
Revenue bonds (net of current portion)	6,715	—	9,515
Refunding bonds (net of current portion and unamortized loss on advance refunding)	—	—	—
Other	—	34	34
Total long-term liabilities	6,733	34	10,412
Total liabilities	8,574	1,803	12,081
Net assets:			
Invested in capital assets – net of related debt	83	46	2,980
Restricted for bond debt service	274	—	61
Unrestricted	(1,337)	4,408	6,151
Total net assets	(980)	4,454	9,192
Total liabilities and net assets	\$ 7,594	6,257	21,273

See accompanying notes to basic financial statements.

Exhibit D-1

Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Pontalba Building Restoration Corporation	Canal Street Development Corporation	Total
38	248	21	—	1,901
250	828	—	49	3,171
500	—	—	—	500
—	—	304	—	1,275
—	—	—	—	371
—	8	8	—	315
788	1,084	333	49	7,533
—	—	7	—	7
—	—	230	355	585
—	—	100	—	100
—	—	337	355	692
788	1,084	670	404	8,225
—	—	—	—	881
1,290	—	—	13,145	30,665
—	—	3,870	—	3,870
—	—	—	—	68
1,290	—	3,870	13,145	35,484
2,078	1,084	4,540	13,549	43,709
—	7,873	2,651	—	13,633
67	—	—	3,109	3,511
4,692	3,515	3,906	9,588	30,923
4,759	11,388	6,557	12,697	48,067
6,837	12,472	11,097	26,246	91,776

CITY OF NEW ORLEANS
 Combining Statement of Activities
 Nonmajor Component Units
 Year ended December 31, 2004

	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	\$ 5,411	196	392	(4,822)	—
New Orleans Tourism Marketing Corporation	11,006	—	—	—	(11,006)
Orleans Parish Communication District	3,635	4,306	—	—	—
Municipal Yacht Harbor Management Corporation	1,452	1,290	—	—	—
French Market Corporation	6,836	6,205	—	—	—
Upper Pontalba Building Restoration Corporation	947	1,352	—	—	—
Canal Steel Development Corporation	1,988	1,642	—	—	—
Total component units	<u>\$ 31,275</u>	<u>14,991</u>	<u>392</u>	<u>(4,822)</u>	<u>(11,006)</u>
General revenue (expense):					
Interest revenue				84	78
Property taxes				5,586	—
Other				101	10,729
Total general revenues				<u>5,771</u>	<u>10,807</u>
Changes in net assets				949	(199)
Net assets – beginning				<u>(1,929)</u>	<u>4,653</u>
Net assets – ending				<u>\$ (980)</u>	<u>4,454</u>

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
—	—	—	—	—	(4,822)
—	—	—	—	—	(11,006)
671	—	—	—	—	671
—	(162)	—	—	—	(162)
—	—	(631)	—	—	(631)
—	—	—	405	—	405
—	—	—	—	(346)	(346)
<u>671</u>	<u>(162)</u>	<u>(631)</u>	<u>405</u>	<u>(346)</u>	<u>(15,891)</u>
(32)	(59)	894	36	225	1,226
—	—	—	—	—	5,586
—	—	—	—	—	10,830
<u>(32)</u>	<u>(59)</u>	<u>894</u>	<u>36</u>	<u>225</u>	<u>17,642</u>
639	(221)	263	441	(121)	1,751
<u>8,553</u>	<u>4,980</u>	<u>11,125</u>	<u>6,116</u>	<u>12,818</u>	<u>46,316</u>
<u>9,192</u>	<u>4,759</u>	<u>11,388</u>	<u>6,557</u>	<u>12,697</u>	<u>48,067</u>

(This page is intentionally left blank)

CAPITAL ASSETS

(This page is intentionally left blank)

CITY OF NEW ORLEANS, LOUISIANA
Schedule of Capital Assets by Asset Class and Source
December 31, 2004
(Amounts in thousands)

Governmental funds capital assets:	
Land	\$ 103,372
Infrastructure	2,190,069
Buildings and improvements	225,447
Equipment and vehicles	43,599
Other	15,066
Construction in progress	<u>236,837</u>
Total governmental funds capital assets	<u>\$ 2,814,390</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Schedule of Capital Assets by Function and Activity

December 31, 2004

(Amounts in thousands)

Function and Activity	Land	Infrastructure	Buildings and improvements	Equipment	Other	Total
General government:						
The Council	\$ —	—	—	18	—	18
The Mayor	—	—	—	34	—	34
Department of Law	—	—	—	120	—	120
Judicial and Parochial	—	—	66,000	75	—	66,075
Department of Finance	—	—	—	—	—	—
Unattached boards and commissions	—	—	—	203	—	203
Department of Civil Service	—	—	—	—	—	—
General government	—	—	—	22,126	—	22,126
Total general government	—	—	66,000	22,576	—	88,576
Public safety:						
Department of Police	—	—	—	12,807	—	12,807
Department of Fire	—	—	—	6,698	—	6,698
Department of Safety and Permits	—	—	—	—	—	—
Total public safety	—	—	—	19,505	—	19,505
Public works:						
Department of Streets	—	2,190,069	—	29	—	2,190,098
Department of Sanitation	—	—	—	306	—	306
Department of Property Management	103,372	—	159,447	90	15,066	277,975
Department Utilities	—	—	—	99	—	99
Total public works	103,372	2,190,069	159,447	524	15,066	2,468,478
Health and Human Services:						
Department of Health	—	—	—	—	—	—
Department of Human Services	—	—	—	45	—	45
Total health and human services	—	—	—	45	—	45
Culture and recreation:						
Public Library	—	—	—	54	—	54
Cultural Commission	—	—	—	723	—	723
Department of Recreation	—	—	—	127	—	127
Total culture and recreation	—	—	—	904	—	904
Urban development and housing	—	—	—	45	—	45
Total capital assets allocated to functions	\$ 103,372	2,190,069	225,447	43,599	15,066	2,577,553
Construction in progress						236,837
Total capital assets						\$ 2,814,390

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, 2004

(Amounts in thousands)

Function and Activity	Capital assets January 1, 2004 (as restated)	Additions	Deductions	Capital assets December 31, 2004
General government:				
The Council	\$ —	18	—	18
The Mayor	222	104	(292)	34
Department of Law	162	13	(55)	120
Judicial and Parochial	66,075	—	—	66,075
Department of Finance	89	22	(111)	—
Unattached boards and commissions	455	169	(421)	203
Department of Civil Service	15	20	(35)	—
General services	26,208	299	(4,381)	22,126
Total general government	93,226	645	(5,295)	88,576
Public safety:				
Department of Police	26,048	399	(13,640)	12,807
Department of Fire	10,818	381	(4,501)	6,698
Department of Safety and Permits	—	125	(125)	—
Total public safety	36,866	905	(18,266)	19,505
Public works:				
Department of Streets	2,185,170	7,880	(2,952)	2,190,098
Department of Sanitation	1,272	242	(1,208)	306
Department of Property Management	236,927	42,586	(1,538)	277,975
Department Utilities	10	99	(10)	99
Total public works	2,423,379	50,807	(5,708)	2,468,478
Health and human services:				
Department of Health	165	73	(238)	—
Department of Human Services	178	32	(165)	45
Total health and human services	343	105	(403)	45
Culture and recreation:				
Public Library	356	—	(302)	54
Cultural Commission	1,067	458	(802)	723
Department of Recreation	110	32	(15)	127
Total culture and recreation	1,533	490	(1,119)	904
Urban development and housing	248	—	(203)	45
Construction in progress	214,544	57,251	(34,958)	236,837
Total capital assets	\$ 2,770,139	110,203	(65,952)	2,814,390

See accompanying notes to the basic financial statements.

(This page is intentionally left blank)

SUPPLEMENTARY SCHEDULES

(This page is intentionally left blank)

CITY OF NEW ORLEANS, LOUISIANA
 Schedule of General Bonded Service Requirements Until Maturity
 December 31, 2004
 (Amounts in thousands)

Year:	General obligations bonds	
	Principal	Interest
2005	\$ 16,964	37,483
2006	17,173	37,798
2007	16,955	38,014
2008	16,734	38,196
2009	16,587	38,329
2010	16,625	38,288
2011	16,715	38,199
2012	16,872	38,060
2013	17,033	37,920
2014	17,317	37,658
2015	17,955	37,343
2016	18,389	37,001
2017	18,878	36,532
2018	19,439	35,999
2019	41,935	13,533
2020	44,205	11,283
2021	46,595	8,911
2022	13,125	6,384
2023	13,810	5,720
2024	14,535	5,020
2025	15,290	4,284
2026	14,075	3,508
2027	11,165	2,783
2028	9,015	2,193
2029	9,490	1,712
2030	7,645	1,205
2031	6,345	804
2032	4,385	470
2033	4,601	241
	<u>\$ 499,852</u>	<u>594,871</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, 2004

(Amounts in thousands)

	Revised budget	Actual on budgetary basis	Variance -- favorable (unfavorable)
Taxes:			
Real estate	\$ 19,540	19,721	181
Personal property	9,624	9,100	(524)
Dedicated millage:			
Police	18,881	18,654	(227)
Fire	18,776	18,533	(243)
Library	7,842	8,220	378
Recreation	2,934	2,756	(178)
Parkway	2,934	2,756	(178)
Streets	3,716	3,491	(225)
Sales -- undedicated	153,700	150,724	(2,976)
Penalty and interest on delinquent taxes	3,559	5,092	1,533
Utilities	10,800	10,818	18
Chain store	275	194	(81)
Special real property service charge	—	—	—
Beverage excise	725	600	(125)
Amusement	—	5	5
Off-track betting	450	471	21
Fairground tax	400	—	(400)
Parking	2,600	3,517	917
Documentary transaction	5,500	7,298	1,798
Racing tax	101	669	568
Total taxes	262,357	262,619	262
Licenses and permits:			
Electrical licenses	630	699	69
Air conditioning and gas fitter licenses	82	88	6
Hoisting and portable licenses	8	7	(1)
Occupational licenses	10,500	10,717	217
Special operating engineer licenses	—	—	—
Stationary engineer licenses	70	74	4
Miscellaneous licenses	443	398	(45)
Service cuts	10	—	(10)

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, 2004

(Amounts in thousands)

	Revised budget	Actual on budgetary basis	Variance -- favorable (unfavorable)
Franchises:			
Cox Communications	\$ 3,979	3,911	(68)
Entergy	30,000	31,119	1,119
BellSouth Telecommunications	5,500	5,877	377
Miscellaneous franchises	3,000	379	(2,621)
Beverage permits	1,569	1,869	300
Brake tag permits	3,160	2,819	(341)
Building permits	3,450	3,104	(346)
Mayoral permits	321	341	20
Mechanical permits	753	783	30
Taxi and chauffeurs permits	600	602	2
Massage parlor permits	—	—	—
Mardi Gras parade permits	69	95	26
Medical transportation vehicle permits	20	20	—
Freight loading zone	40	45	5
Public right-of-way use	1,367	788	(579)
Miscellaneous	342	455	113
Total licenses and permits	<u>65,913</u>	<u>64,190</u>	<u>(1,723)</u>
Intergovernmental:			
Federal aid -- other	158	54	(104)
Federal natural resources environment	100	1,099	999
State revenue sharing	2,607	2,567	(40)
State aid -- DHRR	980	953	(27)
State aid -- public safety	—	127	127
State aid -- other	4,420	5,217	797
Parish transportation fund	4,010	3,820	(190)
Automobile rental tax	75	43	(32)
Severance tax	—	119	119
Orleans Parish Comm. District telephone tax	480	960	480
Total intergovernmental	<u>12,830</u>	<u>14,959</u>	<u>2,129</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, 2004

(Amounts in thousands)

	Revised budget	Actual on budgetary basis	Variance – favorable (unfavorable)
Charges for services:			
Admission charge	\$ 4	10	6
Commercial disposal charges	100	305	205
Food/drink concessions	22	20	(2)
Driving range fees	12	19	7
Emergency medical service charge	6,732	6,490	(242)
Sales – maps and documents	52	29	(23)
Fire protection – New Orleans Airport	2,633	2,567	(66)
Grass cutting	50	79	29
Green fees	455	397	(58)
Indirect cost	1,867	1,551	(316)
Inspection fees, vacant buildings	1	—	(1)
Litter abatement charge	900	399	(501)
Park entrance fees	19	—	(19)
Parking meters	4,325	3,496	(829)
Police and fire services – other	1,169	1,485	316
Public cemetery burial	25	20	(5)
Sanitation service charges	25,500	21,600	(3,900)
Service fees – uninhabitable buildings	—	—	—
Tax collection service:			
Orleans Parish School Board (Ad valorem)	10	—	(10)
Orleans Parish School Board	1,329	1,571	242
Regional Transit Authority	899	948	49
Lien research service	109	125	16
Zoning books and petitions	40	40	—
Data processing services – parish agencies	—	—	—
Maintenance of state highways	380	381	1
Towing and immobilization charges	1,125	1,111	(14)
Utility regulatory fees	7,200	6,593	(607)
Curbside recycling	—	1,846	1,846
Other	1,293	1,243	(50)
Notarial	60	33	(27)
Lakeview and Lake Carmel fees	—	20	20
Fees rate applied	297	—	(297)
Abandoned car-street	—	—	—
Total charges for services	<u>56,608</u>	<u>52,378</u>	<u>(4,230)</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, 2004

(Amounts in thousands)

	<u>Revised budget</u>	<u>Actual on budgetary basis</u>	<u>Variance – favorable (unfavorable)</u>
Fines and forfeits:			
Fines and fees	\$ 13,918	14,648	730
Impounded cars	153	99	(54)
Traffic violations	2,895	2,775	(120)
Municipal court fines	84	—	(84)
Municipal court costs	—	89	89
Library fines	189	180	(9)
Administration adjudication fees	18	11	(7)
Total fines and forfeits	<u>17,257</u>	<u>17,802</u>	<u>545</u>
Interest income	<u>5,045</u>	<u>3,452</u>	<u>(1,593)</u>
Total interest income	<u>5,045</u>	<u>3,452</u>	<u>(1,593)</u>
Contributions, gifts, and donations	<u>3,466</u>	<u>12,857</u>	<u>9,391</u>
Miscellaneous:			
Cash overage	100	58	(42)
Workers' compensation subrogation	739	501	(238)
Building and ground rental	1,007	860	(147)
Casino support service	1,000	1,000	—
Vending machine royalties	—	2	2
Parking royalties	20	19	(1)
Pay phone royalties	1	17	16
Riverboat gaming fees	3,500	3,287	(213)
Insurance proceeds	1,262	1,418	156
Intellectual property proceeds	125	41	(84)
Other	13,332	9,055	(4,277)
Total miscellaneous	<u>21,086</u>	<u>16,258</u>	<u>(4,828)</u>
Total revenues	<u>444,562</u>	<u>444,515</u>	<u>(47)</u>
Other financing sources:			
Operating transfers in	14,529	14,399	(130)
Transfer in from component unit	—	—	—
Proceeds from bond issuance	—	19,706	19,706
Appropriations from prior year budgetary fund balance	8,550	10,431	1,881
Reduction in prior year's outstanding encumbrances	—	1,480	1,480
Other	—	1,992	1,992
Total other financing sources	<u>23,079</u>	<u>48,008</u>	<u>24,929</u>
Total revenues and other financing sources	<u>\$ 467,641</u>	<u>492,523</u>	<u>24,882</u>

See accompanying notes to the basic financial statements.

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, 2004

(Amounts in thousands)

	<u>Revised budget</u>	<u>Actual on budgetary basis</u>	<u>Variance – favorable (unfavorable)</u>
General government:			
The Council:			
Personal services	\$ 3,507	3,242	265
Other operating expenditures	9,653	8,958	695
	<u>13,160</u>	<u>12,200</u>	<u>960</u>
The Mayor:			
Personal services	11,011	11,712	(701)
Other operating expenditures	45,710	45,505	205
	<u>56,721</u>	<u>57,217</u>	<u>(496)</u>
Department of Law:			
Personal services	5,189	5,041	148
Other operating expenditures	4,695	4,807	(112)
	<u>9,884</u>	<u>9,848</u>	<u>36</u>
Judicial and parochial:			
Personal services	6,408	6,334	74
Other operating expenditures	40,234	42,472	(2,238)
	<u>46,642</u>	<u>48,806</u>	<u>(2,164)</u>
Department of Finance:			
Personal services	7,964	7,404	560
Other operating expenditures	12,927	4,109	8,818
	<u>20,891</u>	<u>11,513</u>	<u>9,378</u>
Unattached boards and commissions:			
Personal services	3,426	2,918	508
Other operating expenditures	866	368	498
	<u>4,292</u>	<u>3,286</u>	<u>1,006</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, 2004

(Amounts in thousands)

	Revised budget	Actual on budgetary basis	Variance – favorable (unfavorable)
Department of Civil Service:			
Personal services	\$ 2,025	1,983	42
Other operating expenditures	367	237	130
	<u>2,392</u>	<u>2,220</u>	<u>172</u>
General services:			
Personal services	1,152	—	1,152
Other operating expenditures	4,819	4,387	432
	<u>5,971</u>	<u>4,387</u>	<u>1,584</u>
Total general government	<u>159,953</u>	<u>149,477</u>	<u>10,476</u>
Public safety:			
Department of Police:			
Personal services	109,885	116,208	(6,323)
Other operating expenditures	6,982	5,960	1,022
	<u>116,867</u>	<u>122,168</u>	<u>(5,301)</u>
Department of Fire:			
Personal services	48,028	53,122	(5,094)
Other operating expenditures	2,461	1,122	1,339
	<u>50,489</u>	<u>54,244</u>	<u>(3,755)</u>
Department of Safety and Permits:			
Personal services	3,998	3,341	657
Other operating expenditures	385	139	246
	<u>4,383</u>	<u>3,480</u>	<u>903</u>
Total public safety	<u>171,739</u>	<u>179,892</u>	<u>(8,153)</u>
Public works:			
Department of Public Works:			
Personal services	8,808	10,644	(1,836)
Other operating expenditures	7,788	6,559	1,229
	<u>16,596</u>	<u>17,203</u>	<u>(607)</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, 2004

(Amounts in thousands)

	Revised budget	Actual on budgetary basis	Variance – favorable (unfavorable)
Department of Sanitation:			
Personal services	\$ 2,274	2,340	(66)
Other operating expenditures	32,430	34,546	(2,116)
	<u>34,704</u>	<u>36,886</u>	<u>(2,182)</u>
Department of Property Management:			
Personal services	4,890	5,236	(346)
Other operating expenditures	6,001	5,578	423
	<u>10,891</u>	<u>10,814</u>	<u>77</u>
Department of Utilities:			
Personal services	—	—	—
Other operating expenditures	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Total public works	<u>62,191</u>	<u>64,903</u>	<u>(2,712)</u>
Health and human services:			
Department of Health:			
Personal services	8,659	9,844	(1,185)
Other operating expenditures	1,765	1,384	381
	<u>10,424</u>	<u>11,228</u>	<u>(804)</u>
Department of Human Services:			
Personal services	2,054	2,281	(227)
Other operating expenditures	276	253	23
	<u>2,330</u>	<u>2,534</u>	<u>(204)</u>
Total health and human services	<u>12,754</u>	<u>13,762</u>	<u>(1,008)</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, 2004

(Amounts in thousands)

	<u>Revised budget</u>	<u>Actual on budgetary basis</u>	<u>Variance – favorable (unfavorable)</u>
Culture and recreation:			
Public Library:			
Personal services	\$ 6,803	6,707	96
Other operating expenditures	1,118	1,068	50
	<u>7,921</u>	<u>7,775</u>	<u>146</u>
Historical District Landmarks Commission:			
Personal services	439	418	21
Other operating expenditures	44	24	20
	<u>483</u>	<u>442</u>	<u>41</u>
Vieux Carre Commission:			
Personal services	434	395	39
Other operating expenditures	16	7	9
	<u>450</u>	<u>402</u>	<u>48</u>
Museum of Art:			
Other operating expenditures	225	225	—
	<u>225</u>	<u>225</u>	<u>—</u>
Parkway and Parks Commission:			
Personal services	6,376	6,608	(232)
Other operating expenditures	1,021	908	113
	<u>7,397</u>	<u>7,516</u>	<u>(119)</u>
Department of Recreation:			
Personal services	5,185	5,607	(422)
Other operating expenditures	1,731	815	916
	<u>6,916</u>	<u>6,422</u>	<u>494</u>
Total culture and recreation	<u>23,392</u>	<u>22,782</u>	<u>610</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, 2004

(Amounts in thousands)

	<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	—	—	—
Total urban development and housing	—	—	—
Debt service:			
Principal	17,803	17,803	—
Interest and fiscal charges	16,517	16,517	—
Total debt service	34,320	34,320	—
Other, net	1,981	2,269	(288)
Total expenditures	466,330	467,405	(1,075)
Total expenditures and other financing uses	\$ 466,330	467,405	(1,075)

See accompanying notes to the basic financial statements.

STATISTICAL SECTION
(Unaudited)

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)

Year	General government (1)	Public safety	Public works	Health and human services
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
2004	151,746	179,892	64,903	13,762

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

Unaudited - See accompanying independent auditor's report.

Exhibit H-1

Culture and recreation	Urban development and housing	Debt service	Total
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
22,782	—	90,209	523,294

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)

Year	Taxes	Licenses and permits	Inter- governmental	Charges for services	Fines and forfeits
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
2004	262,619	64,190	14,959	52,378	17,802

(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>
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
3,452	12,857	64,266	57,486	550,009

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>
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
2004	146,070	180,452	67,883	13,707	22,846

(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>
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
469	97,414	528,841

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>
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
2004	264,807	64,190	14,989	52,378	—

(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>
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
17,802	3,452	33,999	57,587	509,204

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, 2004		Balance outstanding at December 31, 2004		Collected during 2004
		Amount	Percent	Amount	Percent	Amount
Real estate taxes:						
1995	\$ 145,005	143,115	98.70 %	\$ 1,890	1.30 %	\$ 171
1996	155,297	153,369	98.76	1,928	1.24	287
1997	157,517	155,328	98.61	2,189	1.39	281
1998	163,715	160,977	98.33	2,738	1.67	291
1999	172,016	169,690	98.65	2,326	1.35	435
2000	199,666	196,503	98.42	3,163	1.58	873
2001	209,441	205,953	98.33	3,488	1.67	489
2002	214,088	209,941	98.06	4,147	1.94	1,680
2003	217,039	212,277	97.81	4,762	2.19	6,343
2004	247,328	231,442	93.58	15,886	6.42	231,442
Personal property taxes:						
1995	79,258	75,418	95.16	3,840	4.84	—
1996	85,470	78,381	91.71	7,089	8.29	52
1997	88,126	83,482	94.73	4,644	5.27	33
1998	94,777	88,620	93.50	6,157	6.50	33
1999	98,467	93,293	94.75	5,174	5.25	71
2000	105,951	99,389	93.81	6,562	6.19	565
2001	110,058	100,039	90.90	10,019	9.10	957
2002	105,378	95,868	90.98	9,510	9.02	1,955
2003	110,691	102,545	92.64	8,146	7.36	3,143
2004	115,676	106,473	92.04	9,203	7.96	106,473

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	
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
2004	1,423,261	12,199,345	679,826	4,532,173	2,103,087	16,731,518	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>2004</u>	<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>
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	28.40	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	1.25	1.25
Capital Improvements & Infrastructure Trust Fund	2.50	2.50	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	1.25	1.25
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	101.54	101.54	100.04	100.04	100.04	100.04	100.04	100.04	100.04	100.04

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

	<u>2004</u>	<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>
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	6.21	5.46	5.46	5.46	5.46	5.46	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	6.55	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	52.80	52.83	52.98	53.05	52.70	51.10	48.80	45.40	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>69.75</u>	<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>
Total	<u>\$ 171.29</u>	<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>

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, 2004

(Unaudited)

(Amounts in thousands)

Assessed value	2,500,874
Debt limitation – 35% of total assessed value*	\$ 875,305
Amount of debt applicable to debt limitation:**	
General obligation bonds***	499,852
Limited tax bonds	<u>3,840</u>
	503,692
Less assets in debt service fund available for retirement of general obligation bonds	<u>33,062</u>
Total amount of debt applicable to debt limit	<u>470,630</u>
Legal debt margin	<u>\$ 404,675</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 Capita
 Last 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>
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
2004	485		2,500,874	499,852	19.99	1,031

*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>
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
2004	39,455	50,754	90,209	523,294	17.24

(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, 2004
(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	\$ 658,452	100%	658,452
Sewerage and Water Board	416,200	100%	416,200
Audubon Commission	51,308	100%	51,308
Total direct City debt	<u>1,125,960</u>		<u>1,125,960</u>
Overlapping debt:			
Orleans Parish School Board (1)	256,385	100%	256,385
Orleans Levee District (1)	74,345	100%	74,345
Total overlapping debt	<u>330,730</u>		<u>330,730</u>
Total direct and overlapping debt	<u>\$ 1,456,690</u>		<u>1,456,690</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, 2004 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
1995	\$ 7,593,398	3,117,993	10,711,391	2,595	105,590	604	39,063
1996	8,132,351	3,555,333	11,687,684	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	3,855,040	12,236,013	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	10,557,947	4,129,120	14,687,067	2,371	133,259	454	170,758
2003	10,703,481	4,337,300	15,040,781	2,902	153,649	586	135,973
2004	12,199,345	4,532,173	16,731,518	2,576	167,353	*	*

Source: Department of Safety and Permits.

Unaudited - See accompanying independent auditor's report.

* No longer included in new report format of the Department of Safety and Permits

Exhibit H-12

Commercial		Industrial	
Permits	Valuation	Permits	Valuation
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
1,397	354,716	*	*

CITY OF NEW ORLEANS, LOUISIANA

Principal Taxpayers

December 31, 2004
(Unaudited)

(Amounts in thousands)

Name of taxpayer	Type of business	2004 Assessed value	Percentage of total assessed value
Entergy Services	Electric and gas utilities	\$ 74,583	3.72%
BellSouth Telecommunications	Telephone utilities	59,469	2.96
Hibernia National Bank	Financial institution	44,932	2.24
Banc One	Financial institution	29,825	1.49
Whitney National Bank	Financial institution	26,700	1.33
Harrah's Entertainment	Hospitality and gaming	25,780	1.29
Tenet	Managed Care	20,135	1.00
International River Center	Real Estate	19,196	0.96
Marriott Hotel Properties	Hospitality	14,141	0.96
CS&M Association	Real Estate	11,246	0.56
		<u>\$ 326,007</u>	<u>16.51%</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.

