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ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Financial Statements and Schedules

December 31, 2003

With Independent Auditors' Report Thereon

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

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A Professional Accounting Corporation
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Independent Auditors' Report

Board of Commissioners
Ernest N. Morial New Orleans Exhibition Hall Authority:

We have audited the accompanying basic financial statements of the Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) as of and for the year ended December 31, 2003, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2003, and the respective results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1(O), the Authority changed the presentation of its financial statements for reporting its activity from governmental funds to proprietary funds, changed its threshold for reporting property, buildings and equipment and adopted Governmental Accounting Standards Board Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* effective January 1, 2003.

The Management's Discussion and Analysis on pages 3 through 7 and the Schedule of Funding Progress on page 32 are not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and, therefore, express no opinion on it.

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In accordance with *Government Auditing Standards*, we have also issued a report dated April 14, 2004 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Postlethwaite & Netterville

April 14, 2004

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Ernest N. Morial New Orleans Exhibition Hall Authority
(A Corporate and Political Subdivision of the State of Louisiana)
Management's Discussion and Analysis
Year Ended December 31, 2003

The Management's Discussion and Analysis of the Ernest N. Morial New Orleans Exhibition Hall Authority's (the Authority) financial performance presents a narrative overview and analysis of the Authority's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available). Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

During 2003, the Authority changed the presentation of its financial statements for reporting its activity from governmental funds to proprietary funds, changed its threshold for reporting property, buildings and equipment, and adopted Governmental Accounting Standards Board Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* effective January 1, 2003.

The Authority's mission is to plan, finance, construct and manage a convention and exhibition center in the City of New Orleans. As part of this mission, the Authority continued with the expansion of its facilities during 2003. Phase IV bonds in the amount of $300.5 million were issued and bids were solicited. Between Phase III and Phase IV bond programs, the Authority expended approximately $18 million in construction expenditures.

The taxes collected by the Authority generated $35 million of revenues for the year ended December 31, 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Net Assets reports the Authority's net assets. Net assets, the difference between the Authority's assets and liabilities, are one way to measure the Authority's financial health or position. The increase in the Authority's net assets during 2003 is an indicator of its positive financial health.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Assets

The Authority's total net assets at December 31, 2003 reached approximately $386 million, a 4.7% increase over December 31, 2002 (See Table A-1). Total assets increased 55% to $927 million, and total liabilities increased 136% to $541 million.

Table A-1
Ernest N. Morial New Orleans Exhibition Hall Authority
Statement of Net Assets
(In thousands of dollars)
December 31, 2003

Current assets	$ 75,723
Restricted assets	389,354
Deferred charges	8,383
Capital assets	453,355
Total assets	$ 926,815
Current liabilities	$ 21,989
Long-term liabilities	519,017
Total liabilities	541,006
Net assets:	
Invested in capital assets, net of related debt	233,067
Restricted	75,722
Unrestricted	77,020
Total net assets	385,809
Total liabilities and net assets	$ 926,815

The Authority's restricted cash and investments increased by $352 million in 2003 primarily as a result of its issuance of the 2003 bond issue. Likewise, the Authority's debt increased by a net $306.5 million. Accrued interest increased by $5.5 million primarily as a result of the 2003 bond issue.

Changes in Net Assets

The change in net assets a December 31, 2003 was $17.2 million for the year ended December 31, 2003. The Authority's total operating revenues totaled $27.5 million, comprised primarily of user charges. Operating revenues declined from $30.7 million in 2002 to $27.5 million in 2003 due to a decline in the number of events during 2003 as compared to 2002. In addition, the events that the Convention Center hosted in 2003 were typically smaller events than the events hosted in 2002.

Operating expenses in 2003 totaled $31.5 million before depreciation as compared to approximately $33.0 in 2002. The decrease is a result of reduced event costs (due to reduced and smaller events in 2003), offset by an increase in insurance expenses.

Net assets invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation, reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. When there are significant unspent related bond proceeds, the portion of the debt attributable to the unspent proceeds are included in the calculation of this net asset.

Ernest N. Morial New Orleans Exhibition Hall Authority
(A Corporate and Political Subdivision of the State of Louisiana)
Management's Discussion and Analysis, Continued
Year Ended December 31, 2003

Table A-2
Ernest N. Morial New Orleans Exhibition Hall Authority
Statement of Revenue, Expenses and Changes in Net Assets
(in thousands of dollars)
Year ended December 31, 2003

Operating Revenues:	
User fees and other revenues	$ 22,854
Commissions	4,657
Total operating revenues	27,511
Operating Expenses:	
Operating expenses	31,517
Depreciation	12,709
Total operating expenses	44,226
Operating loss	(16,715)
Non-operating revenues-net	26,573
Capital contributions	7,364
Change in net assets	17,222
Total net assets, beginning of the year, as restated	368,587
Total net assets, end of the year	$ 385,809

Non-operating revenues are primarily comprised of dedicated taxes, investment income and interest expense. The dedicated taxes totaled $35.8 in 2003. Investment income and interest expense, both net of amounts capitalized, totaled $2.6 million and $11.9 million, respectively, in 2003. Capital contributions decreased from approximately $13.6 million to $7.4 million in 2003; these contributions are received from the State of Louisiana.

Table A-3 summarizes the Authority's 2003 operating expenses by function. As explained above, expenses have decreased in alignment with the decrease in operating revenues.

Table A-3
Ernest N. Morial New Orleans Exhibition Hall Authority
Operating Expenses
(in thousands of dollars)
Year ended December 31, 2003

General and administrative	$ 8,766
Sales and marketing	1,031
Event services	752
Building operations	15,338
Public safety	1,896
Production services	1,703
Technology services	2,031
Depreciation	12,709
Total operating expenses	**$ 44,226**

Cash Flows

The Authority's cash flows for 2003 are summarized as follows:

Table A-4
Ernest N. Morial New Orleans Exhibition Hall Authority
Statement of Cash Flows
(in thousands of dollars)
Year ended December 31, 2003

Cash flows from:	
Operations	$ (4,734)
Noncapital financing	35,881
Capital and related financing activities	273,554
Investing activities	(4,256)
Net increase in cash and cash equivalents	$ 300,445

Plan Net Assets

The Authority's total plan net assets of its pension trust fund at December 31, 2003 was approximately $5.2 million, a 19.4% increase over December 31, 2002. Total assets increased from $4.3 million to $5.2 million for the year ended December 31, 2003.

Changes in Plan Net Assets

Plan net assets for the year ended December 31, 2003 increased by $841,525 as a result of contributions of $1.0, investment earnings of $0.1 million, less expenses of $0.3 million.

Ernest N. Morial New Orleans Exhibition Hall Authority
(A Corporate and Political Subdivision of the State of Louisiana)
Management's Discussion and Analysis, Continued
Year Ended December 31, 2003

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2003, the Authority had invested approximately $453 million in property, buildings and equipment. During 2003, the Authority increased property, buildings and equipment by approximately $22.7 million. Depreciation in 2003 totaled $12.7 million adjusting accumulated depreciation to $115.7 million as of December 31, 2003.

The approximate $29.4 million in construction work in progress is primarily the result of construction costs of Phase IV.

Debt Administration

The Authority continues to make its regularly scheduled payments on its bonds. During 2003, $5,055,000 in principal payments was made.

The Authority issued new debt in 2003 in the amount of $300,470,000 for Phase IV development.

All bond debt covenants have been met.

ECONOMIC FACTORS

The Convention Center has experienced a decline in operating revenues over the last two year period. The primary cause is twofold; the economy and the after effects of September 11. The convention industry as a whole is currently feeling the effects of September 11 due to the nature of the industry, i.e., convention bookings historically are several years into the future and for the most part the cancellations resulting from the national crisis were rather minimal. Future bookings have slowed recently due to both the economy in general and the September 11 incident, putting downward pressure on rates in order to maintain market share. Expectations are that this is trend will continue for the short term but will turn around, in cyclical style, in the long term.

Furthermore, it is important to note the primary purpose of a convention center. The center is a facility that attracts attendees to conventions and tradeshows who spend dollars in local facilities such as hotels, restaurants, tourist attractions, retail stores, and other such establishments. This spending results in increased tax collections for State and Local Governments. With the exception of the year 2001, the Authority's tax collections from the aforementioned industries continue to demonstrate significant growth. Therefore, even though the operating revenue of the Convention Center has decreased, the primary purpose of the Center is still being achieved.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David M. Ohlmeyer at (504) 582-3082.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statement of Net Assets

December 31, 2003

Assets		
Current assets:		
Cash	$	73,268,917
Accounts receivable, net		970,982
Prepaid expenses and other assets		1,483,138
Total current assets		75,723,037
Restricted assets:		
Cash		343,497,587
Investments		32,371,031
State of Louisiana receivables		6,634,975
Interest receivable		474,586
Taxes receivable		6,375,926
Total restricted assets		389,354,105
Deferred charges - bond issue costs		8,382,504
Property, buildings and equipment, net		453,355,306
Total assets	$	926,814,952
Liabilities and Net Assets		
Current liabilities (payable from current assets):		
Accounts payable	$	1,930,347
Due to other fund		26,303
Deferred revenue		2,835,282
Compensated absences, current portion		477,449
		5,269,381
Current liabilities (payable from restricted assets):		
Accounts payable		453,322
Contracts and retention payable		155,608
Deposits due others		32,785
Current portion of accrued bond interest		10,793,024
Current portion of bonds payable (note 5)		5,285,000
		16,719,739
Total current liabilities		21,989,120
Long-term liabilities:		
Net pension obligation		585,181
Compensated absences, less current portion		192,249
Bonds payable, less current portion, net		517,200,847
Deferred revenue, less current portion		1,038,722
Total long-term liabilities		519,016,999
Total liabilities		541,006,119
Net assets:		
Invested in capital assets, net of related debt		233,067,289
Restricted		75,721,536
Unrestricted		77,020,008
Total net assets		385,808,833
Commitments and contingencies		-
Total liabilities and net assets	$	926,814,952

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statement of Revenues, Expenses and Changes in Net Assets

For the year ended December 31, 2003

Operating revenues:		
User fees	$	21,203,712
Commissions		4,656,890
Equipment use fee		500,000
Other:		
Rentals		393,118
Miscellaneous		757,681
Total operating revenues		27,511,401
Operating expenses:		
General and administrative		8,766,129
Sales and marketing		1,031,340
Event services		752,166
Building operations		15,337,499
Public safety		1,895,706
Production services		1,703,169
Technology services		2,030,954
Depreciation		12,709,066
Total operating expenses		44,226,029
Loss from operations		(16,714,628)
Nonoperating revenues (expenses):		
Tax revenues (note 6)		35,826,470
Investment income		2,640,478
Interest expense		(11,894,291)
Total nonoperating revenues (expenses)		26,572,657
Income before capital contributions		9,858,029
Capital contributions		7,363,874
Increase in net assets		17,221,903
Net assets:		
Balance, beginning of year, restated (note 1(O))		368,586,930
Balance, end of year	$	385,808,833

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statement of Cash Flows

For the year ended December 31, 2003

Cash flows from operating activities:		
Cash received from user fees	$	21,149,843
Cash received from other sources		6,107,689
Cash paid to employees and for related expenses		(17,731,038)
Cash paid to suppliers		(14,260,796)
Net cash used in operating activities		(4,734,302)
Cash flows from noncapital financing activities:		
Cash received from taxes		35,880,827
Net cash provided by noncapital financing activities		35,880,827
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(18,352,171)
Capital revenues from state grants		2,078,109
Interest paid		(11,597,757)
Principal payment of bonds		(5,055,000)
Bond issuance costs		(4,908,772)
Proceeds from bond sale		311,389,370
Net cash provided by capital and related financing activities		273,553,779
Cash flows from investing activities:		
Purchases of investment securities		(8,649,163)
Interest payments received		4,393,549
Net cash used in investing activities		(4,255,614)
Net increase in cash and cash equivalents		300,444,690
Cash and cash equivalents at beginning of year		116,321,814
Cash and cash equivalents at end of year (note 2)	$	416,766,504
Reconciliation of cash and cash equivalents:		
Unrestricted	$	73,268,917
Restricted		343,497,587
Total	$	416,766,504
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	$	(16,714,628)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation		12,709,066
Decrease in accounts receivable		609,855
Increase in prepaid and other assets		(490,375)
Decrease in accounts payable and accrued expenses		(227,002)
Decrease in deferred revenue and other liabilities, net		(621,218)
Net cash used in operating activities	$	(4,734,302)

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statement of Plan Net Assets

December 31, 2003

Assets		
Cash	$	1,973,745
Receivables		
Investment income		12,132
Due from other fund		26,303
Investments		2,837,743
Cash surrender value of life-insurance		328,738
Total assets	$	5,178,661
Net Assets		
Plan net assets available for pension benefits	$	5,178,661

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Statement of Changes in Plan Net Assets

For the year ended December 31, 2003

Additions:		
Employer contributions	$	1,022,601
Total contributions		1,022,601
Investment income:		
Interest income		92,555
Other income		4,883
Investment income		97,438
Total additions		1,120,039
Deductions:		
Benefits		278,514
Total deductions		278,514
Change in plan net assets		841,525
Plan net assets at beginning of year		4,337,136
Plan net assets at end of year	$	5,178,661

See accompanying notes to financial statements.

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

December 31, 2003

(1) Summary of Significant Accounting Policies

(a) Organization and Reporting Entity

The Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) is an independent political subdivision of the State of Louisiana created in 1978 by Act 305 (subsequently amended) of the Louisiana Legislature to plan, finance, construct and manage a convention and exhibition center in the City of New Orleans. The operations of the convention and exhibition centers are through the New Orleans Public Facility Management, Inc. (NOPFM), a separately incorporated organization, doing business as the Ernest N. Morial Convention Center – New Orleans (ENMCC-NO). Under the present management agreement between the Authority and NOPFM, the Authority reimburses NOPFM for costs of operating the convention and exhibition center, and NOPFM will neither own assets nor retain revenues. The NOPFM is a blended component unit of the Authority.

The Authority is governed by a twelve member Board of Commissioners composed of nine (9) appointees of Governor of Louisiana and three (3) appointees of the Mayor of New Orleans. The Board of Commissioners establishes policies, approves the budget, controls appropriations and appoints an Executive Vice President responsible for administering all Authority operations and activities.

The Authority is a stand-alone entity as defined by GASB 14, *The Financial Reporting Entity*. The Authority is neither fiscally dependent on any other local government, nor does it provide specific financial benefits to or impose specific financial burdens on any other government. No other potential component units meet the criteria for inclusion in the financial statements of the Authority.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Proprietary Fund Type

The proprietary fund is used to account for the Authority's ongoing operations and activities which are similar to those often found in the private sector. The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Net assets are segregated into amounts invested in capital assets (net of related debt), restricted for debt service, restricted for capital projects and unrestricted. The Board's restricted assets are expendable for their purposes. The Authority utilizes available restricted assets before utilizing unrestricted assets. The operating statements present increases (revenues) and decreases (expenses) in net assets.

The Authority maintains one proprietary fund type – the enterprise fund. The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises–where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance.

Fiduciary Fund Type

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

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The Authority's principal operating revenues are the rental and service fees for use of the facility and taxes. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

Employer contributions to the pension plan are recognized when due and the employer has made a commitment to provide the contributions. Benefits are recognized when due and are payable in accordance with the terms of the plan.

(c) ***Restricted Assets***

Certain assets, consisting of cash, investments and receivables, are segregated and classified as restricted assets. These assets may not be used except in accordance with state regulations or contractual terms, under certain conditions. Restricted assets are held as follows:

- Debt service reserve was established by the Authority's bond indentures. The required reserve is the lesser of (i) the original principal issued of $542,470,000 ($52,470,000), (ii) the maximum of principal and interest maturing and due in next fiscal year, and (iii) 125% of average annual principal and interest requirement, after any reductions.

- Debt service, funded by the special revenue taxes, was established by the Authority's bond indentures. The required accumulated debt service is equal to the sum of (i) interest accruing during the period of bonds outstanding and (ii) portion of principal accruing until next preceding principal payment date.

- Capital projects, funded by the proceeds of bond issues, restricted for the building expansion and improvements.

- Rouse Lease Clearing and Venture Lease Escrows, which include rental income received by the Authority on behalf of and remitted to the City of New Orleans (the City) for property owned by the City. In addition to the amounts collected on behalf of the City the Authority also maintains certain funds related to a third-party cell site. The amounts payable are included in deposits due to others in the balance sheet.

(d) ***Investments***

Investments consist of time deposits, money market mutual funds and repurchase agreements and are stated at fair value. Fair value is based on quoted market prices, as applicable; if quoted prices are not available, fair value is estimated based on similar securities.

(e) ***Property, Buildings and Equipment***

Property, plant and equipment are carried at historical cost. Depreciation and amortization are charged to expense over the estimated useful lives of the assets and is determined using the straight-line method. The estimated useful lives used in computing depreciation and amortization are:

Buildings	40 years
Buildings improvements	20 years
Equipment, furniture and fixtures	5-12 years

The Authority capitalizes moveable equipment with a value of $5,000 or greater and most electronic equipment of $500 or greater. The cost of additions includes contracted work, direct labor, materials and allocable cost. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Interest is capitalized on fixed assets acquired and/or constructed with tax exempt debt. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue for the period. The cost of maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments.

(f) ***Taxes***

The Authority receives dedicated taxes as follows:

Hotel Occupancy Tax

The Authority's bonds are payable from revenues derived by the Authority from the Hotel Occupancy Tax authorized by Act No. 305 of the Regular Session of the Legislature of Louisiana for the year 1978, as amended (the Act) and earnings on certain funds and accounts of the Authority. The Hotel Occupancy Tax is levied and collected on the occupancy of hotel and motel rooms within the Parish of Orleans. Initially established as a 1% tax, the rate (with approval by the Legislature and public referendum) was increased to 2%, effective October 1, 1980. This tax is dedicated to the Authority's bonds and those taxes are presently being collected within the City and other locations on behalf of the Authority by the Louisiana Department of Revenue and Taxation (the Department). Effective July 1, 2002, an additional 1% was imposed for the purpose of providing funds for the Phase IV Convention Center Expansion Project. These additional taxes are being used to fund initial capital expenditures being incurred and to retire the bonds for Phase IV construction.

There are other taxes on the occupancy of hotel and motel rooms in Orleans Parish. Those taxes are not available for the payment of debt service on the Authority's Bonds.

Hotel Occupancy/Food and Beverage Tax

The following summarizes the 1988 hotel occupancy and food and beverage taxes:

1988 Hotel Occupancy Tax:

Pursuant to Act 390 of the regular session of the Legislature of Louisiana for 1987, the Authority is empowered to levy and collect a Hotel Occupancy Tax (the "1988 Hotel occupancy Tax") and a Food and Beverage Tax (collectively referred to as the "Tax"), to secure bonds to be issued to finance a portion of the costs of the ENMCC-NO expansion. The 1988 Hotel Occupancy Tax is separate and distinct from the 1978 Hotel Occupancy Tax levied by the Authority and pledged to secure the Series 1983 Bonds. The Tax has additionally been approved by the City Council and was imposed pursuant to a special election held on November 21, 1987.

On February 24, 1988, the Authority adopted a resolution authorizing the actual levy and collection of the Tax to be effective April 1, 1988. The Tax which secures the 1996 Bond Series is presently being collected within the City and other locations on behalf of the Authority pursuant to a Contract of Agency for Collection of Taxes with the Louisiana Department of Revenue and Taxation (the Department). The Department is required to remit tax collections to the Authority, initially net of the $200,000 annual collections fee retained by the Department at the rate of 3% of monthly collection until the total amount is attained. The collection fee is subject to annual renegotiation.

The 1988 Hotel Occupancy Tax is levied in the amount of fifty cents ($0.50) per occupied hotel room per night for hotels containing ten (10) to two hundred ninety-nine (299) rooms, one dollar ($1.00) per occupied hotel room per night for hotels containing three hundred (300) to nine hundred ninety-nine (999) guest rooms and two dollars ($2.00) per occupied hotel room for hotels containing one thousand (1,000) or more guest rooms. The 1988 Hotel Occupancy Tax will automatically terminate upon payment in full of all bonds or other obligations of the Authority payable in whole or in part from or secured by the 1988 Hotel Occupancy Tax.

Food and Beverage Tax:

The Food and Beverage Tax is a tax in the amount of one-half of one percent (0.5%) imposed on the gross receipts from the sale of food and beverages in any food service establishment. For purposes of this tax, "food service establishment" means any fixed or mobile restaurant; coffee shop; cafeteria; short order café; luncheonette; grill; tearoom; sandwich ship; soda fountain; tavern; bar; cocktail lounge; night club; roadside stand; industrial feeding establishment; private, public or nonprofit establishment routinely serving food; catering kitchen; commissary; delicatessen; convenience store; grocery store; or similar place in which food or drink is prepared for sale for service on the premises or elsewhere; and any other establishment or operation where food or drink is served or provided for the public.

The tax is applicable to all such establishments located within the City or in any airport or air transportation facility owned and operated by the City, excluding food service establishments which have annual gross receipts from food and beverage sales of less than $200,000 from the operation of all such establishments during the calendar year prior to the year in which such tax is assessed. The tax additionally is not applicable to meals furnished to the staff and students of educational institutions; the staff and patients of hospitals; the staff, inmates and patients of mental institutions and the boarders of rooming houses. The Food and Beverage Tax will automatically terminate upon payment in full of all Bonds or other obligations of the Authority payable in whole or in part from or secured by the Food and Beverage Tax.

Effective July 1, 2002, an additional ¼ of 1% on gross receipts from food and beverage sales was imposed for the purpose of providing funds for the Phase IV Convention Center Expansion Project. These additional taxes are being used to fund initial capital expenditures being incurred and to retire the bonds for Phase IV construction

Service Contractor and Tour Tax:

Pursuant to Act 42 of the regular session of the Legislature of Louisiana for 1994 which amended Act 305 of 1978, the Authority is empowered to levy and impose a 2% tax on the furnishing of goods and services in conjunction with trade shows, conventions, and exhibitions located within Orleans Parish. The effective date of the service contractor tax was May 1, 1995. "Goods and services" means merchandise, wares, materials, labor, assistance or benefit provided in connection with the installation and dismantling of exhibits, displays and booths, decorations, electrical supplies, materials handling, drayage, flowers and floral decorations, computers, audio and visual equipment, bands and orchestra, lighting trusses, rigging and associated equipment, furniture, carpets, signs, props, floats, business machines, plumbing, telephones, photography, utilities, balloons, scaffolding, forklifts, high lifts, security, information retrieval system, and any other services or items associated with the above. Specifically, excluded are foods and beverages and the shuttle services of attendees to and from the location of the convention and trade show.

In addition to the above, Authority is also empowered to levy and impose a one dollar ($1.00) tax on the sale of tickets sold in the Parish of Orleans for per capita sight seeing tours in the Parish of Orleans, and for tours a portion of which includes sight-seeing in the Parish of Orleans. The effective date of the tour tax was May 1, 1995.

This tax is dedicated to the Authority's Bond Series (see Note 5) and those taxes are presently being collected within the City and other locations on behalf of the Authority by the Louisiana Department of Revenue and Taxation (the Department).

RTA Tax:

In April 2002, the Authority entered into a Cooperative Endeavor Agreement (CEA) with the Regional Transit Authority (RTA) and the New Orleans Tourism Marketing Corporation (NOTMC), creating a transit fund to be separately maintained and funded with taxes collected by the RTA based on a 1% sales tax to be collected from hotels and motels in the City of New Orleans and equal to fifty percent of the annual fee paid by RTA to NOTMC.

In exchange for the funds received, the Authority agreed to utilize the funds for financing or funding of actual physical construction costs (labor and materials) of new capital facilities and/or capital improvements of the Convention Center in connection with the Phase IV Expansion Project, particularly including, but not limited to facilities and/or improvements that address and recognize the need to access to the RTA's Riverfront Streetcar and Shuttle – bus services and the transportation needs of the Convention Center attendees and the public, consistent with the needs of the Authority and the legal requirements for the use and/or expenditure of the revenues derived from the RTA tax. In addition, moneys in the transit fund may be used to pay debt services on any bonds issued for construction financing of the Phase IV Expansion Project.

(g) ***Capital Contributions***

Contributions from State appropriations are made available to the Authority for capital improvements and are recognized when the expenses have been incurred and approval of the appropriation has been received. These appropriations are included in capital contributions in the statement of revenue, expenses and changes in net assets.

(h) ***Compensated Absences***

The Authority is obligated to reimburse NOPFM for vacation pay when earned by its employees, either in accordance with general personnel policy or under certain union agreements. The total liability for accrued vacation at December 31, 2003, was $669,698, of which $244,526 is classified long-term portion. Vacation of full time employees in regular status is earned as follows:

- 6 months to 5.5 years of continuous service – 10 days
- 5.5 to 10.5 years of continuous service – 15 days
- over 10.5 years of continuous service – 20 days

The maximum annual leave cannot exceed more than the amount earned in a two year period during regular status of employment.

(i) ***Cash Flows***

For the purposes of the statements of cash flows, cash and cash equivalents include investments with a maturity of three months or less.

(j) ***Pension***

The Authority funds the accrued pension cost for its defined benefit pension plan which covers substantially all employees. Annual costs are actuarially computed using the collective aggregate cost method.

(k) ***Bond Issuance Costs and Refundings***

Costs related to issuing bonds are capitalized and amortized over the life of the bonds. Gains and losses associated with refundings and advance refundings are being deferred and amortized based upon the methods used to approximate the interest method over the life of the new bonds or the remaining term on any refunded bond, whichever is shorter.

(l) *Risk Management*

The Authority provides for losses resulting from health insurance claims. The Authority is commercially insured for other significant risks (e.g., general liability, workers' compensation, building, etc.).

(m) *Deferred Revenue*

Revenue collected for events in future years is deferred.

(n) *Use of Estimates*

Management of the Authority has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(o) *Change in Accounting*

Effective January 1, 2003, the Authority changed the presentation of its activities from a governmental fund presentation to an enterprise and trust fund presentation, to better reflect its mission of managing the convention center. The Authority also implemented Governmental Accounting Standards Board Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34). GASB 34 primarily relates to presentation and disclosure requirements, including presentation and disclosure of net assets. In addition, the Authority also changed its threshold for capitalization of property, buildings and equipment. These changes impacted the 2002 financial statements as follows:

2002 Equity and Other Credits, as previously reported	Change in Property Capitalization Threshold	Impact of presentation change and GASB 34	2002 Net Assets, as restated
$ 709,102,731	$ (18,510,310)	$ (322,005,491)	$ 368,586,930

The $322,005,491 adjustment is primarily comprised of the following:

- Reduction by $4.3 million in presenting the pension trust fund separately
- Reduction by $103.1 million in accumulated depreciation on property, buildings and equipment
- Reduction by $219 million in elimination of long-term debt account group
- Increase by $4.4 as a result of enterprise fund accounting and full-accrual recording of activity (e.g., capitalization of bond issuance costs, recording of taxes receivable, capitalization of bond premiums and discounts, etc.)

(2) Cash and Investments

The Authority's cash and investments consisted of the following:

	Unrestricted	Restricted	Total
Enterprise Fund:			
Cash:			
Unrestricted	$ 73,268,917		73,268,917
Restricted for future replacements and/or early retirement of bonds		23,796,145	23,796,145
Restricted for deposits due others		32,785	32,785
Restricted for debt service		23,496,872	23,496,872
Restricted for capital projects	-	296,171,785	296,171,785
	73,268,917	343,497,587	416,766,504
Investments, at fair value, restricted for debt service:			
Repurchase agreements	-	16,685,360	16,685,360
Money market mutual funds	-	15,685,671	15,685,671
	-	32,371,031	32,371,031
	$ 73,268,917	375,868,618	449,137,535
Pension Trust			
Cash	$ -	1,973,745	1,973,745
Investments, at fair value:			
Certificates of deposit	-	2,837,743	2,837,743
	$ -	4,811,488	4,811,488

Actual cash in banks and certificates of deposit of December 31, 2003, for restricted and unrestricted bank accounts, before outstanding checks and reconciling items, was $399,101,448. Of the total bank balances at December 31, 2003, all amounts were covered by federal depository insurance ($300,000) or by collateral held in the Authority's name by its agent ($438,540,507). As of December 31, 2003, the Authority had money market mutual funds and repurchase agreements totaling $32,371,031, which are uncategorized under GASB.

Statutes authorize the Authority to invest in direct United States Treasury obligations; bonds, debentures, notes or other indebtedness issued or guaranteed by U.S. Government instrumentalities which are federally sponsored or federal agencies that are backed by the full faith and credit of the United States; short-term repurchase agreements; and time certificates of deposit at financial institutions, state banks and national banks having their principal offices in Louisiana.

(3) Accounts Receivable

Accounts receivable consist of the following as of December 31, 2003:

Customers	$	897,745
Other		91,547
		989,292
Less allowance for uncollectible amounts		(18,310)
	$	970,982

Receivables from customers represent amounts due to the Authority in connection with the use of the building and facilities.

(4) Property, Buildings and Equipment

A summary of changes in fixed assets follows:

	January 1, 2003	Additions	Deletions	December 31, 2003
Land, non depreciable	$ 70,050,515	6,525,000	-	76,575,515
Building/building improvements	440,334,222	1,048,408	(40,759)	441,341,871
Equipment	14,151,167	379,096	(99,689)	14,430,574
Surface parking	6,506,709	-	-	6,506,709
Software	490,777	109,210	-	599,987
Art/exhibits, non depreciable	178,000	25,000	-	203,000
Construction in progress	14,842,964	14,590,693	-	29,433,657
	546,554,354	22,677,407	(140,448)	569,091,313
Accumulated depreciation and amortization	103,140,929	12,709,066	(113,988)	115,736,007
	$ 480,814,164			453,355,306

During 2003, interest expense ($5,593,103) net of investment income ($1,683,024) of $3,910,079 was capitalized for Phase IV construction. Construction in progress relates substantially to Phase IV.

ERNEST N. MORIAL
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Notes to Financial Statements

December 31, 2003

(5) Long-term Obligations

The following summarizes the changes in the Authority's long-term obligations for the year ended December 31, 2003:

	January 1, 2003	Additions	Deletions	December 31, 2003	Due Within One Year	Over One Year
Bonds payable	$ 217,960,000	300,470,000	(5,055,000)	513,375,000	5,285,000	508,090,000
Net pension obligation	420,338	1,161,141	(996,298)	585,181	-	585,181
Compensated absences	593,110	627,587	(550,999)	669,698	477,449	192,249
Deferred revenue - User Fee	913,379	-	(200,000)	713,379	200,000	513,379
	$ 219,886,827	302,258,728	(6,802,297)	515,343,258	5,962,449	509,380,809

Bonds Payable

Long-term debt activity for the year ended December 31, 2003 is as follows:

Series	January 1, 2003	Additions	Deletions	December 31, 2003
1996A	$ 36,705,000	-	(3,365,000)	33,340,000
1996C	123,275,000	-	(440,000)	122,835,000
1998	22,500,000	-	-	22,500,000
2000	35,480,000		(1,250,000)	34,230,000
2003	-	300,470,000	-	300,470,000
	$ 217,960,000	300,470,000	(5,055,000)	513,375,000

The Authority's bond issues outstanding as of December 31, 2003, were follows:

1996A Series, Special Tax Bonds, interest rates between 4.6% and 5.25%, due in annual principal debt service requirements ranging from $3,515,000 to $4,915,000, final payment due July 2011	$ 33,340,000

1996C Series, Special Tax Bonds, interest rates between 4.6% and 5.6%, due in annual principal debt service requirements ranging from \$485,000 to \$11,750,000, final payment due July 2025	\$ 122,835,000
1998 Series, Special Tax Bonds, interest rates between 3.9% and 5.0%, due in annual principal debt service requirements ranging from \$10,975,000 to \$11,525,000, final payment due July 2027	22,500,000
2000 Series, Special Tax Bonds, interest rates between 4.6% and 6.5%, due in annual principal debt service requirements ranging from \$1,310,000 to \$2,970,000, final payment due July 2020	34,230,000
2003 Series, Senior Subordinate Special Tax Bonds, interest rates between 2.0% and 5.25%, due in annual principal debt service requirements ranging from \$600,000 to \$20,000,000, final payment due July 2033; first principal payment is July 15, 2005	300,470,000
	513,375,000
Plus unamortized net premium	9,110,847
Less current maturities	5,285,000
Long-term debt less current maturities	\$ 517,200,847

The principal and interest on the Authority's Bonds are payable from the proceeds of the levy and collection of dedicated taxes as described in Note 1. The Series 1996, 1998, 2000 and 2003 Bonds are solely the obligation of the Authority and not of the State of Louisiana or any other agency or political subdivision thereof.

In addition to the above bond issues, the Authority's has defeased bonds which have an outstanding balance of \$37,825,000 as of December 31, 2003.

The remaining debt service on the Authority's bonds is as follows:

	Bond Series					Total Bonds
Principal	**1996A**	**1996C**	**1998**	**2000**	**2003**	**Payable**
2004	$ 3,515,000	$ 460,000	$ -	$ 1,310,000	$ -	$ 5,285,000
2005	3,675,000	485,000	-	1,375,000	600,000	6,135,000
2006	3,850,000	505,000	-	1,440,000	2,400,000	8,195,000
2007	4,035,000	525,000	-	1,515,000	4,425,000	10,500,000
2008	4,235,000	550,000	-	1,590,000	4,875,000	11,250,000
2009-2013	14,030,000	13,840,000	-	9,235,000	28,100,000	65,205,000
2014-2018	-	36,195,000	-	11,985,000	35,950,000	84,130,000
2019-2023	-	47,395,000	-	5,780,000	56,120,000	109,295,000
2024-2028	-	22,880,000	22,500,000	-	78,000,000	123,380,000
2029-2033	-	-	-	-	90,000,000	90,000,000
Total	33,340,000	122,835,000	22,500,000	34,230,000	300,470,000	513,375,000

	Bond Series					Total Interest
Interest	**1996A**	**1996C**	**1998**	**2000**	**2003**	**Payable**
2004	1,656,253	6,778,645	1,125,000	1,785,385	14,455,146	25,800,429
2005	1,494,563	6,757,485	1,125,000	1,700,235	15,305,448	26,382,731
2006	1,321,838	6,734,690	1,125,000	1,610,860	15,293,448	26,085,836
2007	1,137,038	6,710,450	1,125,000	1,517,260	15,221,448	25,711,196
2008	939,322	6,684,726	1,125,000	1,447,570	15,025,636	25,222,254
2009-2013	1,486,488	32,695,400	5,625,000	6,044,025	71,309,091	117,160,004
2014-2018	-	25,855,260	5,625,000	3,466,335	63,282,366	98,228,961
2019-2023	-	14,657,720	5,625,000	459,375	52,321,679	73,063,774
2024-2028	-	1,939,280	3,951,250	-	35,490,000	41,380,530
2029-2033	-	-	-	-	14,075,000	14,075,000
Total	8,035,502	108,813,656	26,451,250	18,031,045	311,779,262	473,110,715

	Bond Series					Total
Total	**1996A**	**1996C**	**1998**	**2000**	**2003**	**Payable**
2004	5,171,253	7,238,645	1,125,000	3,095,385	14,455,146	31,085,429
2005	5,169,563	7,242,485	1,125,000	3,075,235	15,905,448	32,517,731
2006	5,171,838	7,239,690	1,125,000	3,050,860	17,693,448	34,280,836
2007	5,172,038	7,235,450	1,125,000	3,032,260	19,646,448	36,211,196
2008	5,174,322	7,234,726	1,125,000	3,037,570	19,900,636	36,472,254
2009-2013	15,516,488	46,535,400	5,625,000	15,279,025	99,409,091	182,365,004
2014-2018	-	62,050,260	5,625,000	15,451,335	99,232,366	182,358,961
2019-2023	-	62,052,720	5,625,000	6,239,375	108,441,679	182,358,774
2024-2028	-	24,819,280	26,451,250	-	113,490,000	164,760,530
2029-2033	-	-	-	-	104,075,000	104,075,000
Total	$ 41,375,502	$ 231,648,656	$ 48,951,250	$ 52,261,045	$ 612,249,262	$ 986,485,715

The Authority is in compliance with its bond covenants as of December 31, 2003.

Net Pension Obligation

The net pension obligation, as explained further in note 8, is the Authority's obligation for full funding of its pension plan. This liability was $585,181 as of December 31, 2003 and is classified as a long-term liability.

Compensated Absences

The Authority's obligation to its employees for accrued vacation time totaled $669,698. The estimated long-term portion as of December 31, 2003 is based on historical data and totaled $192,249 as of December 31, 2003. The short-term portion as of December 31, 2003 is estimated to be $477,449.

Deferred Revenue

A summary of the deferred revenue is as follows:

Equipment usage fee	$ 713,379
Customer prepayments	3,160,625
	3,874,004
Less current portion	2,835,282
Long term portion	$ 1,038,722

The Authority, under the terms of a food service contract, has granted a contractor exclusive rights to operate all food service areas, bars, refreshment stands and vending operations selling food, beverages and tobacco products. The contract required the contractor to pay an equipment usage fee of $3 million dollars. Also, under the terms of the contractual agreement, the contractor is entitled to a refund of the unamortized portion of the equipment usage fee in the event of termination of the contract. The remaining equipment usage fee is $713,379, of which $200,000 represents the current portion. For the year ended December 31, 2003, equipment usage fees amounted to $200,000.

The Authority requires facility users to prepay certain items (i.e., facility rental) as part of the rental agreement. As of December 31, 2003, the Authority was in receipt of $3,160,625 that related to such prepaid items; of the $3,160,625, $2,635,282 was the current portion.

The long term portion of deferred revenue is comprised of $525,343 of facility rental prepayments and $513,379 of equipment usage fee which totals $1,038,722.

(6) Taxes

The following summarizes tax receivables and revenue as of and for the year ended December 31, 2003:

		Receivable	Revenue
3% Hotel Occupancy Tax	$	3,088,730	20,292,591
Hotel Occupancy Food and Beverage Tax		2,295,097	12,873,940
Service Contractors and Tour Tax		352,086	1,804,060
RTA Tax		640,013	1,431,146
Collection fee			(575,267)
	$	6,375,926	35,826,470

(7) Commissions

Under the contractual agreements with vendors allowed to operate with the ENMCC-NO, the Authority receives various commissions. For the year ended December 31, 2003, the Authority received $4,647,644 in commissions as follows:

Food commissions	$ 4,605,214
Business center	42,430
Telephone	9,246
Total	$ 4,656,890

(8) Pension Plan

Plan Description

The New Orleans Public Facility Management, Inc. (NOPFM) is the administrator of a single employer defined benefit retirement plan (the Plan). The Ernest N. Morial New Orleans Exhibition Hall Authority has affiliated itself with the Plan. The Plan was established in accordance with Louisiana Revised Statue 12:207(9) for the purpose of providing retirement benefits for substantially all employees of NOPFM and the Authority.

All full-time employees over the age of twenty-one years and employed over six months as of January 1 of each year are eligible to participate in the Plan. Plan benefits vest after five years of credited service. Employees who retire at or after age 65 are entitled to a monthly benefit based on average compensation. The Plan also provides death and disability benefits. The benefit provision and all other requirements are established by the Plan.

An actuarial valuation was prepared as of January 1, 2003. As of January 1, 2003, the Plan had 422 fully vested, partially and nonvested active employees covered reported employees and 3 employees terminated, with deferred vested benefits, participating in the plan.

Pension Benefits

The normal retirement benefit is calculated at 2.5% of average compensation multiplied by years of service (not to exceed 20 years) less 50% of the entitled social security benefit under the Social Security Act in effect at retirement.

At retirement, the participant may choose a single lump sum payment, monthly installments, insurance or annuity policies or an annuity contract.

Death Benefits

If a vested participant dies, the surviving spouse or beneficiary is entitled to receive a benefit.

Funding Status and Progress:

The Plan has obtained life insurance to provide the pre-retirement death benefits and has established a trust fund to accumulate assets for future employee benefits.

The contribution requirement is determined annually by actuarial valuation. Contributions are made on a monthly basis as a percent of compensation.

Annual Pension Cost and Net Pension Obligation:

The Authority's annual pension cost and net pension obligation to the Plan for the current year were as follows:

Annual required contribution	$ 1,171,555
Interest on net pension obligation	30,475
Adjustment to annual required contribution	40,889
Annual pension cost	1,161,141
Less: contributions made	996,298
Change in net pension obligation	164,843
Net pension obligation beginning of year	420,338
Net pension obligation end of year	$ 585,181

The annually required contribution for the current year was determined as part of the January 1, 2003 actuarial valuation using the aggregate cost method. The actuarial assumptions included a pre-retirement interest rate of 7.25% and a post-retirement rate of 7.0%. The salary increase assumption was 4.5% per year. For valuation purposes, assets were valued at market value. Under the aggregate actuarial method, there is not separate unfunded actuarial liability to be funded.

	Fund Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-01	$ 832,904	102.11	$348,672
12-31-02	1,053,240	93.20	420,338
12-31-03	1,161,141	85.80	585,181

The Entry Age Normal Cost Method was used to calculate funding requirements of the Plan. Certain actuarial assumptions are used to determine the actuarial accrued liability. There were no changes in actuarial assumptions or benefit assumptions that affected the valuation of the actuarial accrued liability as of the actuarial valuation performed as of January 1, 2003. As of the January 1, 2003 actuarial valuation, the recommended minimum contribution to the Plan for normal cost was $1,025,313. Cash contributions to the Plan during 2003 totaled $996,298.

As of January 1, 2003, the actuarial accrued liabilities – entry age applicable to the Authority's current and terminated employees were calculated as follows:

Vested accrued benefits	$3,492,452
Non-vested benefits	3,564,668
Actuarial accrued liability	$7,057,120

Historical Trend Information

The following information was available on the plan as of the last three valuation dates as of January 1:

	2003	2002	2001
Net assets available for benefits as a percentage of the Actuarial Accrued Liability – Entry Age Normal	61.46%	60.90%	61.90%
Unfunded Actuarial Accrued Liability – Entry Age Normal as a percentage of covered payroll	21.95	21.20	20.60
Contributions required as a percentage of covered payroll	9.12	9.02	8.77

(9) Commitments and Contingencies

(a) Self-insurance

The Authority is self-insured for hospitalization for claims up to $35,000 per employee or an aggregate of approximately $2,000,000 for total claims per year; the Authority has commercial insurance to cover any excess. The Authority has an external third party administrator to process its health insurance claims.

Changes in claims liability during the years ended December 31 were as follows:

	Beginning of year liability	Current year claims and changes in estimates	Claim payments	Balance at year end
2002	$ 95,915	996,218	(984,352)	107,781
2003	$ 107,781	1,204,751	(1,210,288)	101,944

(b) Contingencies – Phase IV

In October 2003, Broadmoor, LLC filed suit against the Authority seeking to enjoin the issuance of a construction contract to the low bidder, Yates/Landis Joint Venture. The request for injunction was denied in the district court but granted by the Fourth Circuit Court of Appeals. The Supreme Court, in a 4-3 decision, affirmed the Fourth Circuit opinion, allowing the injunction to stand. In reaching its decision, the Supreme Court commented specifically that, "As it stands now, the Authority cannot waive any requirements contained in its bid requirements."

Based on this statement in the Supreme Court's judgment, the Board of Commissioners reviewed the remaining bids (those of Broadmoor, LLC and McDonnell/PCL Joint Venture) and determined that both bids deviated from the bidding requirements. As a result, the Board voted unanimously to reject the remaining bids and instructed staff to begin the process of preparing a new set of bidding documents. That process is now underway. Management expects that the bid documents will be ready for distribution within the next 30 days.

(10) Summary of Changes in Deposits Due Others

A summary of changes in deposits due others follows:

		Beginning Balance	Additions	Reductions	Ending Balance
Rouse Lease					
Clearing Fund	$	30,000	268,256	268,256	30,000
Venture Lease					
Escrow Fund		1,710	116,272	116,123	1,859
Cell Site		-	926	-	926
TOTAL	$	31,710	385,454	384,379	32,785

ERNEST N. MORIAL
NEW ORLEANS EXHIBITION HALL AUTHORITY

Required Supplementary Information Under GASB Statement No. 25
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date 12/31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of payroll
2003	$ 4,088,488	$ 7,057,120	$ 2,968,632	57.93%	$ 12,392,502	23.96%
2002	3,779,300	6,209,609	2,430,309	60.86%	11,365,545	21.38%
2001	3,117,410	5,029,277	1,911,867	61.99%	9,265,165	20.64%
2000	2,507,665	4,796,410	2,288,745	52.28%	8,938,715	25.60%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
12/31/2003	$ 1,161,141	$ 996,290	85.80%
12/31/2002	1,053,240	981,620	93.20%
12/31/2001	832,904	850,478	102.11%
12/31/2000	795,033	766,173	96.37%

See independent auditors' report.

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Commissioners
Ernest N. Morial New Orleans Exhibition Hall Authority:

We have audited the basic financial statements of the Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) as of and for the year ended December 31, 2003, and have issued our report thereon dated April 14, 2004, which was modified for the change in accounting and presentation. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

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New Orleans, Louisiana
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