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**NEW ORLEANS BUSINESS AND  
INDUSTRIAL DISTRICT**

**FINANCIAL AND COMPLIANCE AUDIT TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/11/04

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**CURTIS A. MORET**  
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 531741  
NEW ORLEANS, LOUISIANA 70153-1741  
OFFICE (504) 246-6446 • FAX (504) 246-0129

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the  
**New Orleans Business and Industrial District**  
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of the **New Orleans Business and Industrial District (NOBID)** as of and for the year ended December 31, 2003, as listed in the Table of Contents. These general purpose financial statements are the responsibility of **NOBID's** management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

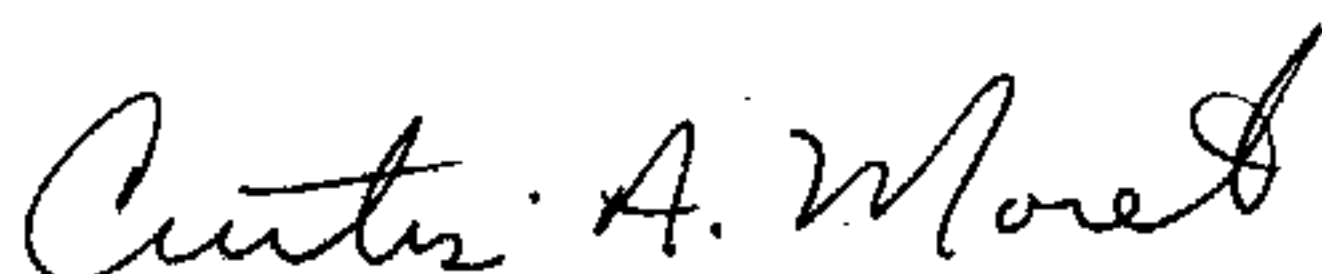
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and 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.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Commissioners of the  
**New Orleans Business and Industrial District**  
Page 2

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **New Orleans Business and Industrial District** as of December 31, 2003, and the results of its operations 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 May 28, 2004 on our consideration of **NOBID'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 audit.



CURTIS A. MORET  
CERTIFIED PUBLIC ACCOUNTANT

May 28, 2004



**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
COMBINED BALANCE SHEET --  
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP  
DECEMBER 31, 2003**

	<u>Governmental Fund Type - General Fund</u>	<u>Account Group - General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents (NOTE 2)	\$ 235,242	\$ -0-	\$ 235,242
Due from State of Louisiana, net (NOTE 11)	6,023	-0-	6,023
Taxes Receivable - City of New Orleans	44,573	-0-	44,573
Accounts Receivable - Rent	3,042	-0-	3,042
Prepaid Insurance	21,056	-0-	21,056
Other assets	26,499	-0-	26,499
Fixed Assets (NOTE 5)	<u>-0-</u>	<u>5,168,976</u>	<u>5,168,976</u>
Total Assets	<u>\$ 336,435</u>	<u>\$ 5,168,976</u>	<u>\$ 5,505,411</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
Liabilities:			
Accounts payable	\$ 71,537	\$ -0-	\$ 71,537
Retainage payable	21,916	-0-	21,916
Lease deposit	20,495	-0-	20,495
Due to City of New Orleans	99,768	-0-	99,768
Deferred revenue	<u>107,869</u>	<u>-0-</u>	<u>107,869</u>
Total liabilities	<u>321,585</u>	<u>-0-</u>	<u>321,585</u>
Fund Equity:			
Investment in general and Fixed assets (NOTE 5)	-0-	5,168,976	5,168,976
Fund balance:			
Unreserved/undesignated	<u>14,850</u>	<u>-0-</u>	<u>14,850</u>
Total fund equity	<u>14,850</u>	<u>5,168,976</u>	<u>5,183,826</u>
Total liabilities and fund equity	<u>\$ 336,435</u>	<u>\$ 5,168,976</u>	<u>\$ 5,505,411</u>

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

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

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<u>REVENUES</u>	
Property taxes (NOTE 3)	\$ 368,657
Grant revenue-	
Enterprise Center Improvements (NOTE 7)	111,427
Grant Revenue - Multi Purpose Stadium (NOTE 7)	87,800
Grant revenue-Sanitation (NOTE 7)	111,013
Grant revenue-other (NOTE 7)	5,116
Rental income	231,319
Other revenues	30,812
Interest income-investments	<u>232</u>
 Total revenues	 <u>946,376</u>
<u>EXPENDITURES</u>	
Salaries	227,167
Payroll taxes	22,004
Employee insurance	16,038
Insurance	43,160
Office supplies	6,320
Telephone	11,485
Automobile expenses	171
Office expense	6,356
Repairs and maintenance	19,652
Utilities	45,943
Professional services	71,203
Marketing	20,078
Dues and subscriptions	283
Postage	2,791
Interest	468
Rent	138,222
Site improvements	88,286
Miscellaneous	8,153
Special projects (NOTE 4)	<u>204,343</u>
 Total expenditures	 <u>932,123</u>
 Excess of revenues over expenditures	 14,253
Fund balance—beginning of year	<u>597</u>
 Fund balance-end of year	 <u>\$ 14850</u>

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

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL-  
GOVERNMENTAL FUND TYPE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<u>REVENUES</u>	Budget	Actual	Variance Favorable (Unfavorable)
Property taxes	\$ 368,657	368,657	-0-
Grant revenues-Enterprise Center			
Improvements	113,076	111,427	(1,649)
Grant revenues-Multi-Purpose Stadium	49,040	87,800	38,760
Grant revenues - Sanitation	112,000	111,013	(987)
Grant revenues - other	5,620	5,116	(504)
Rental income	231,600	231,319	(281)
Other revenues	28,221	30,812	2,591
Interest income-investments	300	232	(68)
<b>Total revenues</b>	<b>908,514</b>	<b>946,376</b>	<b>37,862</b>
<u>EXPENDITURES</u>			
Salaries	230,480	227,167	3,313
Payroll taxes	24,248	22,004	2,244
Employee insurance	19,000	16,038	2,962
Insurance	41,500	43,160	(1,660)
Office supplies	6,300	6,320	(20)
Telephone	11,284	11,485	(201)
Automobile expenses	300	171	129
Office expense	6,025	6,356	(331)
Repairs and maintenance	24,000	19,652	4,348
Utilities	48,000	45,943	2,057
Professional services	73,000	71,203	1,797
Marketing	22,202	20,078	2,124
Dues and subscriptions	400	283	117
Postage	2,800	2,791	9
Interest	-0-	468	(468)
Rent	138,222	138,222	-0-
Site improvements	89,273	88,286	987
Miscellaneous	3,744	8,153	(4,409)
Special projects	167,736	204,343	(36,607)
<b>Total expenditures</b>	<b>908,514</b>	<b>932,123</b>	<b>(23,609)</b>
<b>Excess of revenues over expenditures</b>	<b>-0-</b>	<b>14,253</b>	<b>14,253</b>
<b>Fund balance-beginning of year</b>	<b>261,382</b>	<b>597</b>	<b>(260,785)</b>
<b>Fund balance-end of year</b>	<b>261,382</b>	<b>14,850</b>	<b>(246,532)</b>

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

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

**The New Orleans Business and Industrial District (NOBID)** is a 7,000 acre Louisiana Enterprise Zone created by the Louisiana Legislature to attract new business and industry through incentives such as sales, use and property tax benefits. **NOBID** also encompasses a 92-acre Foreign Trade Zone which provides additional savings on duty fees.

In 1992, a special project referred to as the "Enterprise Center" (the Center) was initiated in an effort to promote economic growth in the City of New Orleans, by promoting business and industrial development in the district. The Center includes the following components designed to improve the development environment in New Orleans East:

- o Industrial/service based incubator;
- o Advanced technology institute; and
- o College extension programs.

**NOBID** is used to account for the operations of the district. Its financing sources are derived principally from the proceeds of 20 mills, or \$20 per \$1,000 of assessed value, which is levied on all property within the district for the purpose of constructing roads, sewerage, drainage, water supply systems and other infrastructure improvements to facilitate industrial development.

The Board of Commissioners is composed of twelve (12) members who are appointed by various organizations and public officials and serve without compensation.

**Basis of Presentation**

**NOBID** is a special municipal district that was created under Louisiana Revised Statute 33:4701, as amended on June 28, 1995. Through **NOBID's** Board of Commissioners, **NOBID** has the power to acquire, construct, improve, maintain, and operate projects and to provide additional municipal services within the district.



**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
(CONTINUED)**

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NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Under GASB Statement No. 14, **NOBID** is considered a primary government and does not include any component units. **NOBID** has powers to incur debt, issue bonds, sue and be sued. Also, the Board of Commissioners has decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. **NOBID** has yet to receive an opinion from the State of Louisiana's Attorney General on its independence from the City of New Orleans. These financial statements include all of the funds and account groups and activities considered to be part of or controlled by **NOBID**.

Fund Accounting

The accounts of **NOBID** are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one generic fund type and one broad fund category as follows:

Governmental Fund Type

This is the fund type through which most governmental functions typically are financed. The following fund is used by **NOBID**.

General Fund

The General Fund is the general operating fund of **NOBID**. It is used to account for all financial resources except those required to be accounted for in another fund or account group.

General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes.

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
(CONTINUED)**

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NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Basis of Accounting

The General Fund is accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Property tax collections are considered “measurable” when in the hands of the collecting agency and are recognized as revenue at this time.

Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

Budgetary Data

**NOBID** follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Each year, **NOBID** is required to prepare a budget and submit it to the Board of Commissioners for approval.
2. Upon review and completion of all actions necessary to finalize and implement the budget, it is then adopted by the Board of Commissioners prior to the commencement of the fiscal year to which the budget applies.
3. Budgetary amendments involving the transfer of funds, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Commissioners.
4. All budgetary appropriations lapse at the end of each fiscal year.

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
(CONTINUED)**

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing time deposits and money market accounts. Cash equivalents include amounts in short-term investments with original maturities of ninety (90) days or less. Under state law, **NOBID** may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Fixed Assets

Fixed assets are recorded as expenditures at the time purchased, and the related assets are reported in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Total Column on Combined Balance Sheet

The total column on the combined balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present the financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

**NOBID** had cash and cash equivalents totaling \$235,242 (book balances) at December 31, 2003, as follows:

Cash	\$ 225,898
Money market funds	<u>9,344</u>
Total	\$ <u>235,242</u>

Cash deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)**

At December 31, 2003, **NOBID** has \$235,242 in cash deposits (collected bank balances). These deposits are secured from risk by \$300,000 of federal deposit insurance and \$355,562 of pledged security held by a custodial bank in the name of the fiscal agent bank (GASB Category No. 3).

**NOTE 3 - PROPERTY TAX REVENUES**

Property tax revenues represent the amount of property tax assessments collected by the City of New Orleans. Presently, the tax is 20 mills, or \$20 per \$1,000 of assessed value, which is levied on all property within the district for the purpose of constructing roads, sewerage, drainage, water supply systems and other infrastructure improvements to facilitate industrial development.

During the year ended December 31, 2003, tax revenues collected by the City of New Orleans for the **New Orleans Business and Industrial District** was \$ 368,657.

**NOTE 4 - SPECIAL PROJECT EXPENDITURES**

Special project expenditures consisted of the following at December 31, 2003:

Enterprise Center improvements	\$	111,427		
Multi-Purpose Stadium		87,800		
Incubator Expenses		5,116		
		5,116		
Total		\$ 204,343		

**NOTE 5 - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets is as follows:

<u>Description</u>	<u>January 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2003</u>
Furniture and equipment	\$ 101,061	\$ -0-	\$ 83,287	\$ 17,774
Automobile	15,049	-0-	-0-	15,049
Building	2,742,347	-0-	-0-	2,742,347
Land-Enterprise Park	981,118	8,500	-0-	989,618
Land-Electrical substation	64,000	-0-	-0-	64,000
Electrical substation	1,340,188	-0-	-0-	1,340,188
	\$ 5,243,763	\$ 8,500	\$ 83,287	\$ 5,168,976

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
(CONTINUED)**

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NOTE 6 - LEASING OPERATIONS

**NOBID** has entered into rental agreements with tenants which require monthly rental payments. These rental agreements expired in 2003.

NOTE 7 - GRANT FUNDS

At December 31, 2003, funds were granted to **NOBID** as follows:

State of Louisiana -	
Enterprise Center Improvements	\$ 111,427
State of Louisiana - Multi-Purpose	
Stadium	87,800
State of Louisiana - Sanitation	111,013
Other grant revenue	<u>5,116</u>
	<u>\$ 315,356</u>

NOTE 8 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of all significant financial instruments have been determined by the organization utilizing available market information and appropriate valuation methodologies. **NOBID** considers the carrying amounts of cash and cash equivalents and accounts receivable to be fair value.

NOTE 9 - RISK MANAGEMENT

**NOBID** is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets for which **NOBID** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 10 - COMMITMENTS

**NOBID** leases office equipment under an operating lease. The minimum annual Commitments under the noncancellable operating lease are as follows:

Fiscal Year:

2004	\$ 2,990
2005	<u>2,243</u>
	<u>\$5,233</u>

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
(CONTINUED)**

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NOTE 11- DUE FROM STATE OF LOUISIANA, NET

At December 31, 2003, Due from State of Louisiana consisted of the following:

Due from State-Enterprise	
Center improvement grant	\$ 26,762
Due from State-Multi Purpose	
Stadium Grant	38,760
Due to State-Electrical	
substation grant	<u>(59,499)</u>
	<u>\$ 6,023</u>



**CURTIS A. MORET**  
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 531741  
NEW ORLEANS, LOUISIANA 70153-1741  
OFFICE (504) 246-6446 • FAX (504) 246-0129

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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To the Board of Commissioners of the  
**New Orleans Business and Industrial District**  
New Orleans, Louisiana

We have audited the general purpose financial statements of New Orleans Business and Industrial District (**NOBID**) as of and for the year ended December 31, 2003, and have issued our report thereon dated May 28, 2004. 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 **NOBID's** general purpose 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 general purpose 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.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
(CONTINUED)**

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To the Board of Commissioners of the  
**New Orleans Business and Industrial District**  
Page 2

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **NOBID's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the 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 of the 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 general purpose 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 the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board, its management, the Legislative Auditor's Office, and federal, state and local awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Curtis A. Moret*

**CURTIS A. MORET  
CERTIFIED PUBLIC ACCOUNTANT**

May 28, 2004





**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

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We have audited the general purpose financial statements of **New Orleans Business and Industrial District** as of and for the year ended December 31, 2003, and have issued our report thereon dated May 28, 2004. We conducted our audit in accordance with auditing standards generally-accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the general purpose financial statements as of December 31, 2003 resulted in an unqualified opinion.

1. Summary of Independent Auditors' Results

- A. Reportable conditions in internal control were disclosed by the audit of the financial statements: None reported Material weaknesses: No
- B. Noncompliance which is material to the general purpose financial statements: No
- C. Reportable conditions in internal control over major programs: Not Applicable. Material weaknesses: Not Applicable
- D. The type of report issued on compliance for major programs: Not Applicable
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: Not Applicable
- F. Major programs: Not Applicable
- G. Dollar threshold used to distinguish between Type A and Type B programs: Not Applicable
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: Not Applicable
- I. A management letter was issued: No

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)**

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2. Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

No matters reported.

3. Findings and Questioned Costs Relating to Federal Awards

Not Applicable

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

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**1. INTERNAL CONTROL AND COMPLIANCE  
WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS**

No prior year audit findings reported.

**2. INTERNAL CONTROL AND FEDERAL COMPLIANCE**

01-1 Davis-Bacon Act

We recommended that management of **NOBID** establish procedures with regard to monitoring contractors and/or sub-contractors for compliance with the Davis-Bacon Act.

Current Status

Resolved

**3. MANAGEMENT LETTER**

The prior year auditors issued a management letter with comments dated April 9, 2003 to the management of NOBID.

Current Status

Resolved

**NEW ORLEANS BUSINESS AND INDUSTRIAL DISTRICT  
EXIT CONFERENCE**

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The audit report has been discussed with members of the Finance Committee and District Staff

**CURTIS A. MORET  
CERTIFIED PUBLIC ACCOUNTANT**

May 28, 2004