

**CITY OF NEW ORLEANS
BOARD OF LIQUIDATION,
CITY DEBT**

Annual Statement

December 31, 2007

www.boardofliquidation.com

BOARD OF LIQUIDATION, CITY DEBT
NEW ORLEANS, LOUISIANA
DECEMBER 31, 2007

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BOARD OF LIQUIDATION, CITY DEBT
NEW ORLEANS, LOUISIANA
DECEMBER 31, 2007

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COMPOSITION AND AUTHORITY OF THE BOARD OF LIQUIDATION, CITY DEBT

The Board of Liquidation, City Debt, is a body corporate composed of six citizens of the City of New Orleans. Three ex-officio members, consisting of the Mayor and the two Councilmembers-at-Large, makeup the board of nine members. The Board has exclusive control and direction of all matters relating to the bonded debt of the City of New Orleans.

OFFICERS OF THE BOARD

J. Thomas Lewis, President
Mary K. Zervigon, Vice President
David W. Gernhauser, Secretary
Tracy David Madison, Assistant Secretary

COUNSEL

Lemle & Kelleher

MEMBERS OF THE BOARD

Barbara Lamont
Richard P. Wolfe

Norma E. Grace
J. Thomas Lewis

Mary K. Zervigon
Vacancy

C. Ray Nagin, Mayor	Ex-Officio
Jacquelyn B. Clarkson, Councilmember	Ex-Officio
Arnie Fielkow, Councilmember	Ex-Officio

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PRESIDENT

MARY K. ZERVIGON
VICE PRESIDENT

DAVID W. GERNHAUSER
SECRETARY

TRACY DAVID MADISON
ASST. SECRETARY

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BARBARA LAMONT
J. THOMAS LEWIS
RICHARD P. WOLFE
MARY K. ZERVIGON

JACQUELYN B. CLARKSON, EX OFFICIO
ARNIE FIELKOW, EX OFFICIO
C. RAY NAGIN, EX OFFICIO

Board of Liquidation, City Debt

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January 2, 2008

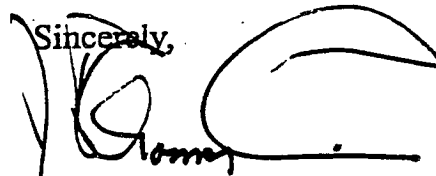
President and Members
Council of the City of New Orleans
City Hall
New Orleans, Louisiana 70112

Ladies and Gentlemen:

Under the provisions of the Constitution of Louisiana of 1921, made statutory by the Constitution of Louisiana of 1974, the Board of Liquidation, City Debt, is required to submit to the Council of the City of New Orleans a detailed report of all receipts and expenditures and all transactions of the Board of Liquidation, City Debt.

These transactions are reported for the twelve month period ending December 31, 2007 for the Bonded Debt administered by the Board of Liquidation, City Debt, for the accounts of the Sewerage and Water Board of New Orleans, the Audubon Park Commission of New Orleans, the Downtown Development District of New Orleans, the Audubon Area Security District, the Garden District Security Tax District, Huntington Park Subdivision Improvement District, the Lake Carmel Improvement District, the Lake Forest Estates Improvement District, the Lake Oaks Subdivision Improvement District, the Spring Lake Improvement District, the Touro-Bouligny Security District, the Twinbrook Security District, and the Upper Hurstville Security District.

Sincerely,



J. Thomas Lewis



David W. Gernhauser

BOARD OF LIQUIDATION, CITY DEBT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Introduction

Within this section of the Board of Liquidation, City Debt's (the "Board") annual financial report, management provides narrative discussion and analysis of the financial activities of the Board for the fiscal year ended December 31, 2007. The Board's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional information is available in the transmittal letter which precedes the *Management's Discussion and Analysis*. The discussion focuses on the Board's primary government, and unless otherwise noted, these are no component units to be reported separately from the primary government.

Fund Accounting

The Board maintains one Fiduciary Fund to account for its activities, the Agency Fund. An Agency Fund is used to account for assets held for other funds, governments, or individuals. Accordingly, the accounts of the Board are organized and maintained on the basis of funds, each of which is considered a separate accounting entity, and is maintained for the purpose of attaining objectives in accordance with the various special restrictions, regulations and limitations.

Overview of Financial Statements

Management's Discussion and Analysis introduces the Board's basic financial statements. The basic financial statements are comprised of one fiduciary fund and includes:

(1) The Combining Statement of Assets, Liabilities and Custodial, Debt Service and Reserve Funds - Modified Cash Basis, (2) The Combining Statement of Cash Receipts, Disbursements and Changes in Liabilities and Custodial Debt Service and Reserve Funds - Modified Cash Basis, and (3) Notes to the financial statements.

The Board also includes in this report additional information to supplement the basic financial statements.

Basic Financial Statements

The Combining Statement of Assets, Liabilities and Custodial, Debt Service and Reserve Funds - Modified Cash Basis presents all the assets and liabilities administered by the Board. Over time, increases and decreases in the balances presented on this financial statement may be useful indicators of whether the financial position of the Board is improving or deteriorating. However, evaluation of the economic health of the Board would extend to other non-financial factors such as the diversification of the taxpayer base in addition to the financial information provided in this report.

The Combining Statement of Cash Receipts, Disbursements, and Changes in Liabilities and Custodial, Debt Service and Reserve Funds - Modified Cash Basis, reports the Board's inflows and outflows of cash. The purpose of the report is to show the sources and uses of funds administered by the Board.

Notes to Financial Statements

The accompanying Notes to Financial Statements provide information essential to a full understanding of the Board's financial statements. The notes to the financial statements begin immediately following the basic financial statements.

BOARD OF LIQUIDATION, CITY DEBT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
DECEMBER 31, 2007

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Supplemental Information. This supplemental information includes:

Combining Schedules of Assets, Liabilities and Debt Service, Reserve and Custodial Funds for all activities administered by the Board; Combining Schedules of Cash Receipts, Disbursements and Changes in Liabilities, Debt Service, Custodial and Reserve Funds for all activities administered by the Board; details of bonded debt administered by the Board; details of bond sales during the year; details of ad valorem tax millage available to service bonded debt, details of certain disbursements made during the year. Supplemental information follows the notes to the financial statements.

Financial Analysis of the Board's Funds

As year-to-year financial information is accumulated on a consistent basis, changes in fund balances may be observed and used to discuss the changing financial position of the Board as a whole.

Fiduciary Funds

The Debt Service and Reserve Funds in the Debt Administration section of the financial report have a fund balance of \$73,882,095. The Tax Credit Bond loan payable balance of \$100,312,712 is a result of the Board and the custodial agencies entering into Cooperative Endeavor Agreements with the State of Louisiana to secure proceeds from the Gulf Opportunity Tax Credit Bond Loan Program. Escrow accounts were created at Hancock Bank to make debt service payments on outstanding bonds for governmental agencies affected by Hurricanes Katrina and Rita. The General Obligation Debt Service Funds are designated for future debt service payments and were included in calculating the millage necessary to service the General Obligation Debt for 2008. The 2008 millage levy is 23.8 mills, down from 31.7 mills in 2007. A key factor in rolling back the millage is the positive increase in gross assessments of property values in the City of New Orleans during the reassessment year. This favorable trend along with an 85% ad valorem tax collection rate provided a Debt Service Fund balance to carry forward to 2008 and allowed the millage rate to decrease.

The following table provides a summary of the Board's assets, liabilities, custodial, debt services and reserve funds and the related changes in receipts over disbursements:

	<u>2007</u>	<u>Debt Administration</u> <u>2006</u>	<u>Changes</u>
Total assets	\$ <u>101,829,065</u>	\$ <u>89,753,746</u>	\$ <u>12,075,319</u>
Total liabilities	\$ <u>27,946,969</u>	\$ <u>25,765,542</u>	\$ <u>2,181,427</u>
Total custodial debt service and reserve fund	\$ <u>73,882,096</u>	\$ <u>63,988,204</u>	\$ <u>9,893,892</u>
Receipts	\$ <u>212,363,384</u>	\$ <u>308,516,799</u>	\$ <u>(96,153,415)</u>
Disbursements	\$ <u>200,288,065</u>	\$ <u>277,145,912</u>	\$ <u>(76,857,847)</u>
Excess (deficiency) of receipts over disbursements	\$ <u>12,075,319</u>	\$ <u>31,370,887</u>	\$ <u>(19,295,568)</u>

BOARD OF LIQUIDATION, CITY DEBT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
DECEMBER 31, 2007

	<u>Custodial Accounts</u>		
	<u>2007</u>	<u>2006</u>	<u>Changes</u>
Total assets	\$153,506,490	\$ 157,837,734	\$ (4,331,244)
Total liabilities	\$ 72,695,503	\$ 43,996,949	\$ 28,698,554
Total custodial debt service and reserve fund	\$ 80,810,987	\$ 113,840,785	\$ (33,029,798)
Receipts	\$ 97,412,842	\$ 152,827,917	\$ (55,415,075)
Disbursements	\$101,744,085	\$ 260,571,673	\$ (158,827,588)
Excess (deficiency) of receipts over disbursements	\$ (4,331,243)	\$ (107,743,756)	\$ 103,412,513

	<u>Totals</u>		
	<u>2007</u>	<u>2006</u>	<u>Changes</u>
Total assets	\$255,335,550	\$247,591,480	\$ 7,744,070
Total liabilities	\$100,642,473	\$ 69,762,491	\$ 30,879,982
Total custodial debt service and reserve fund	\$154,693,083	\$177,828,989	\$ (23,135,906)
Receipts	\$309,776,226	\$461,344,716	\$ (151,568,490)
Disbursements	\$302,032,150	\$537,717,585	\$ (235,685,435)
Excess (deficiency) of receipts over disbursements	\$ 7,744,076	\$ (76,372,869)	\$ 84,116,945

Key Changes in Assets and Liabilities include:

- Assets increased in debt administration due to better than expected ad valorem tax receipts.
- Assets decreased in the custodial accounts due to decreased receipts and payment of debt.
- Liabilities increased primarily due to the Gulf Opportunity Tax Credit Bond Loan Program loan proceeds drawn down and used during 2007.

Key changes in receipts include:

Debt Administration

- Ad valorem tax receipts increased \$5,155,290.
- Bond proceeds increased \$51,512,127.
- Debt service funds decreased \$30,151,218.
- Debt service from the Gulf Opportunity Tax Credit Bond Loan Program loan decreased \$38,509,370.

BOARD OF LIQUIDATION, CITY DEBT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
DECEMBER 31, 2007

Debt Administration (Cont'd)

- Debt administered cost of issuance decreased \$166,172.
- Interest on investments increased \$2,114,409. This was primarily due to ad valorem taxes being collected in January as normal.
- Excess debt service and reserve increased \$296,854.

Custodial Accounts

- Ad valorem taxes increased \$13,473,182.
- Interest on investments increased \$220,093.
- FEMA reimbursements decreased \$31.3 million.

Key changes in disbursements include:

- Interest payments decreased \$5,748,909. This follows the debt service schedule.
- Principal payments were \$147,754,476 less. 2006 decrease was attributed to debt refunding of Sewer BANS.
- Insurance on new bonds was paid from the Fiscal Agent Account in 2007 resulting in a \$727,236 increase.
- Debt service payments from custodial accounts decreased \$128,577,262.
- Contract services decreased \$150,000.
- Funds returned to Sewerage and Water Board increased \$353,468.
- Funds to Audubon Park Commission increased \$289,609 due to excess debt service funds drawn in 2006 returned in 2007.
- Cost of issuance and discounts increased \$79,431 due to a bond sales in 2007.

Long-term Debt Administration

At the end of the fiscal year, the Board administers total bonded debt outstanding of \$538,514,462 in General Obligation Bonds and \$30,045,000 in Limited Tax Bonds. The General Obligation Bonds are backed and fully funded with an unlimited ad valorem tax levy through the Board's statutory authority. The Limited Tax Bonds are supported by a voter approved tax millage of 2.5 mills collected by the City of New Orleans and remitted to the Board daily. Other Custodial long-term debt is supported by voter approved special tax millages and revenues generated through the custodial agency. Debt service is collected from these custodial special taxes to pay debt service on special tax bonds. Debt service on the Revenue Bonds are supported by revenues remitted to the Board on a monthly basis by the Sewerage and Water Board of New Orleans.

Outstanding bonds administered by the Board at December 31, 2007 and 2006 are as follows:

BOARD OF LIQUIDATION, CITY DEBT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
DECEMBER 31, 2007

Long-term Debt Administration (Cont'd)

	<u>2007</u>	<u>2006</u>
City of New Orleans:		
General Obligation Bonds	\$ 538,514,462	\$ 478,419,936
Limited Tax Bonds	\$ 30,045,000	\$ 31,550,000
Sewerage & Water Board of New Orleans:		
Drainage System Bonds	\$ 23,835,000	\$ 24,905,000
Sewerage Service Revenue Bonds	\$ 172,065,000	\$ 189,465,000
Sewerage Service Revenue Bonds Anticipation Notes	\$ 24,030,000	\$ 24,030,000
Water Revenue Bonds	\$ 40,069,000	\$ 42,510,000
Audubon Park Commission:		
Audubon Park Improvement Bonds	\$ 2,415,000	\$ 2,870,000
Audubon Aquarium Bonds	\$ 31,963,572	\$ 36,333,572
Downtown Development District:		
Downtown Development District Bonds	\$ 6,125,000	\$ 6,525,000

Bond Ratings

Bond ratings for the General Obligation Bonds of the City of New Orleans were upgraded by Moody's Rating Service and Fitch Rating Service to Baa3 and BBB- respectively with investment grade ratings. Standard & Poor's Rating upgraded the general obligation bonds to BB, still non investment grade. These ratings are a result of the effects of Hurricanes Katrina and Rita. The Board officials as well as the City of New Orleans administration continue to meet with the rating agencies and expect a favorable report from the rating agencies when the City plans to issue bonds in 2008.

Contacting the Board's Financial Management

This financial report is designed to provide a general overview of the Board's finances, compliance with finance-related laws and regulations, and demonstrate the Board's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Board at Board of Liquidation, City Debt, 1300 Perdido Street, Room 8E17, New Orleans, Louisiana 70112.

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KEITH T. HAMILTON, C.P.A.
(1932-2003)
LEROY P. LEGENDRE, C.P.A.
(Retired)

INDEPENDENT AUDITOR'S REPORT

Mr. J. Thomas Lewis, President, and Members
Board of Liquidation, City Debt
New Orleans, Louisiana

We have audited the accompanying financial statements of the Board of Liquidation, City Debt, a component unit of the City of New Orleans, as of and for the year ended December 31, 2007 as listed in the table of contents. These financial statements are the responsibility of the management of the Board of Liquidation, City Debt. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and 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.

As described in Note B, the Board of Liquidation, City Debt prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, custodial, and debt service and reserve fund balances of the Board of Liquidation, City Debt, at December 31, 2007, and cash receipts, disbursements and changes in liabilities, custodial and debt service fund balances for the year then ended, on the basis of accounting described in Note B.

Mr. J. Thomas Lewis, President, and Members
Board of Liquidation, City Debt

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2008 on our consideration of the Board of Liquidation, City Debt's internal control over financial reporting and our tests of its compliance with certain provision 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 performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 5 through 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We 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 an opinion on the financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purposes of additional analysis, and is not a required part of the financial statements of the Board of Liquidation, City Debt. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

Spilsbury Hamilton Legendre & Paciera

May 12, 2008

FINANCIAL STATEMENTS

BOARD OF LIQUIDATION, CITY DEBT
 FIDUCIARY FUND TYPE - AGENCY FUND
 COMBINING STATEMENT OF ASSETS, LIABILITIES, AND CUSTODIAL,
 DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS
 DECEMBER 31, 2007

	<u>Debt Administration</u>	<u>Account of Sewerage & Water Board</u>
<u>ASSETS</u>		
Cash	\$ 77,746	\$ 349,338
Cash - Paying Agent	60,300	0
Certificates of deposit	100,887,535	76,180,000
U.S. Treasury Bills-cost	803,484	66,601,312
<i>Total Assets</i>	<u>\$ 101,829,065</u>	<u>\$ 143,130,650</u>
<u>LIABILITIES AND CUSTODIAL, DEBT</u>		
<u>SERVICE AND RESERVE FUNDS</u>		
Interest payable	\$ 93,260	\$ 0
Principal payable	176,200	0
Principal payable-Paying Agent	60,300	0
Tax Credit Bond loan payable	27,617,209	64,659,977
Reserve funds	53,614,094	0
Debt service funds	20,268,002	0
Custodial fund balance (deficit)	0	78,470,673
<i>Total Liabilities, and Custodial, Debt Service and Reserve Funds</i>	<u>\$ 101,829,065</u>	<u>\$ 143,130,650</u>

See accompanying notes to financial statements.

Account of Downtown Development District	Account of Audubon Park Commission	Accounts of Special Taxing Districts	Total (Memorandum Only)
\$ 11,635	\$ 3,043	\$ 29,658	\$ 471,420
0	0	0	60,300
2,995,000	1,163,000	364,000	181,589,535
4,179,874	727,922	901,709	73,214,301
<u>\$ 7,186,509</u>	<u>\$ 1,893,965</u>	<u>\$ 1,295,367</u>	<u>\$ 255,335,556</u>
\$ 0	\$ 0	\$ 0	\$ 93,260
0	0	0	176,200
0	0	0	60,300
906,246	7,129,281	0	100,312,713
0	0	0	53,614,094
0	0	0	20,268,002
6,280,263	(5,235,316)	1,295,367	80,810,987
<u>\$ 7,186,509</u>	<u>\$ 1,893,965</u>	<u>\$ 1,295,367</u>	<u>\$ 255,335,556</u>

BOARD OF LIQUIDATION, CITY DEBT
 FIDUCIARY FUND TYPE - AGENCY FUND
 COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN LIABILITIES,
 AND CUSTODIAL, DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 2007

	<u>Debt Administration</u>
<u>RECEIPTS</u>	
Ad valorem taxes-Current year	\$ 55,346,753
Ad valorem taxes-Prior years	6,717,538
Bond proceeds	75,146,655
Revenue sharing-State of Louisiana	0
Debt service funds	38,476,466
Debt service-tax credit bond loan	30,898,032
Cost of issuance bond proceeds	2,872
Fee-Current year	0
Fee-Prior year	0
Interest on investments	4,414,807
Reimbursement from EPA	0
Tax Credit Bond loan proceeds	0
Excess reserve and debt service funds	1,360,261
<i>Total receipts</i>	212,363,384
<u>DISBURSEMENTS</u>	
Interest on bonds	57,840,839
Principal on bonds	63,875,474
Warrants	0
Debt service	0
Personal services	328,532
Contractual services	113,344
Legal and office expenses	23,014
Funds returned to City of New Orleans, Sewerage & Water Board, and Audubon Park Commission	658,379 76,510,813
Cost of issuance-bond issue	210,434
Cost of issuance-tax credit bond loan	727,236
<i>Total disbursements</i>	200,288,065
Excess (Deficiency) of receipts over disbursements	12,075,319
Liabilities, and Custodial Debt Service and Reserve Funds at:	
December 31, 2006	89,753,746
December 31, 2007	\$ 101,829,065

See accompanying notes to financial statements.

Account of Sewerage & Water Board	Account of Downtown Development District	Account of Audubon Park Commission	Accounts of Special Taxing Districts	Total (Memorandum Only)
\$ 37,035,184	\$ 4,951,294	\$ 7,493,191	\$ 791,141	\$ 105,617,563
4,149,981	618,680	1,021,615	3,460	12,511,274
0	0	395,472	0	75,542,127
544,553	0	0	0	544,553
0	367,929	290,450	0	39,134,845
0	0	0	0	30,898,032
0	0	0	0	2,872
0	0	0	757,933	757,933
0	0	0	51,317	51,317
8,429,349	479,744	69,129	81,308	13,474,337
38,189	0	0	0	38,189
24,165,903	538,317	3,994,334	0	28,698,554
1,110,867	17,542	15,960	0	2,504,630
<u>75,474,026</u>	<u>6,973,506</u>	<u>13,280,151</u>	<u>1,685,159</u>	<u>309,776,226</u>
0	0	0	0	57,840,839
0	0	0	0	63,875,474
56,283,872	6,508,264	8,827,450	1,430,796	73,050,382
24,161,051	538,318	3,994,334	0	28,693,703
0	0	0	0	328,532
0	0	0	0	113,344
0	0	0	0	23,014
0	0	0	0	658,379
0	0	0	0	76,510,813
0	0	0	0	210,434
0	0	0	0	727,236
<u>80,444,923</u>	<u>7,046,582</u>	<u>12,821,784</u>	<u>1,430,796</u>	<u>302,032,150</u>
(4,970,897)	(73,076)	458,367	254,363	7,744,076
148,101,547	7,259,585	1,435,598	1,041,004	247,591,480
<u>\$ 143,130,650</u>	<u>\$ 7,186,509</u>	<u>\$ 1,893,965</u>	<u>\$ 1,295,367</u>	<u>\$ 255,335,556</u>

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
DECEMBER 31, 2007

A. General Information

The Board of Liquidation, City Debt (the "Board") is a component unit of the City of New Orleans (the "City"). The Board has exclusive control and direction of all matters relating to the bonded debt of the City of New Orleans. Accordingly, all of the City of New Orleans general obligation bonds, and the revenue and limited tax bonds issued for the Sewerage and Water Board of New Orleans, the Downtown Development District of New Orleans, and the Audubon Park Commission of New Orleans are sold by and through the Board. No bonds may be sold without approval of the members of the Board. All property taxes levied by the City and dedicated to the payment of outstanding general obligation and limited tax bonds are collected by the City and, as required by law, paid over to the Board, day by day as collected. Such tax revenues are invested in fully secured certificates of deposit and/or full faith and credit obligations of the U.S. Government until applied by the Board to the payment of principal and interest on outstanding bonds.

The Board annually determines the amount of Ad Valorem 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 general obligation bonds proposed to be issued by the City in such year. This determination is based upon an analysis by the Board of the current and anticipated assessed value of taxable property in the City and current and anticipated cash reserves held by the Board. The assessed value of property in the City of New Orleans for each year is determined by the Board of Assessors, comprised of seven elected officials, and certified by the Louisiana Tax Commission as complying with the Louisiana Constitution of 1974. The annual determination of the necessary tax millage to service bonds of the City is adopted by resolution of the Board that is submitted to the City Council. The millage recommended by the Board is then levied by the City Council.

No general obligation bonds, special tax bonds, or revenue bonds of the agencies mentioned above may be issued by the City without the approval of the Board of Liquidation, City Debt, and the Council of the City of New Orleans. The Board requires as a condition of such approval that a) the reasonably anticipated property tax revenues of the City be adequate to service the proposed bond issue and all outstanding bonds of the City and to maintain reasonable reserves, b) the proposed bond issue comply with any applicable legal debt limitation, and c) the purposes for which the bonds are sold be capital in nature. All new general obligation bond issuance must be approved by a majority of the voters in the City. Act 1 of 1994 by the Louisiana Legislature establishes the legal debt limit for the City of New Orleans. Act 4 of 1916, as amended, by the Louisiana Legislature and Article VI, Section 33 of the Louisiana Constitution of 1974 provides that the full faith and credit of the City of New Orleans are pledged for its general obligation bonds and the City is authorized to levy taxes upon all taxable property in the City without limitation of rate or amount sufficient to pay the principal and interest on such bonds as they mature.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2007

General Information (Cont'd)

The Board of Liquidation issues bonds for the Sewerage and Water Board of New Orleans, the Downtown Development District of New Orleans, and the Audubon Park Commission of New Orleans. Issued in the name of the City of New Orleans, these bonds may be funded by the dedicated millage or water and sewer rates. The Sewerage and Water Board, the Council of the City of New Orleans, and the Board of Liquidation, City Debt, must approve the water and sewerage service rates necessary to fund any bonds. Ad Valorem Tax millage necessary to service special tax bonds is set by statute and levied by the Council of the City of New Orleans each year. Ad Valorem Tax millage necessary to service the general obligation bonded debt each year is determined by the Board of Liquidation, City Debt, and is levied by the Council of the City of New Orleans annually.

In addition, the Board of Liquidation, City Debt, serves in a custodial capacity for the accounts of the Sewerage and Water Board of New Orleans, the Downtown Development District of New Orleans, the Audubon Park Commission of New Orleans, the Lake Forest Estates Improvement District, the Garden District Security Tax District, the Springlake Improvement District, the Audubon Area Security District, the Lake Carmel Subdivision Improvement District, the Huntington Park Subdivision Improvement District, the Twinbrook Security District, the Touro-Bouligny Security District, the Lake Oaks Subdivision Improvement District, and the Upper Hurstville Security District.

Funds collected for these agencies are deposited in special accounts or invested in Certificates of Deposit and/or full faith and credit obligations of the U.S. Government. The Board of Liquidation, City Debt, pays any expenditure made from these accounts as authorized by warrants and supporting resolutions of the various agencies.

Administration expenditures paid in connection with the operations of the Board are recorded within Debt Administration.

B. Summary of Significant Accounting Policies

Fund Accounting

The Board maintains one Fiduciary Fund to account for its activities, the Agency Fund. An Agency fund is used to account for assets held for other funds, governments, or individuals. Accordingly, the accounts of the Board are organized and maintained on the basis of funds, each of which is considered a separate accounting entity, and is maintained for the purpose of attaining objectives in accordance with the various special restrictions, regulations and limitations.

Method of Accounting

The Board prepares its financial statements on the modified cash basis of accounting wherein receipts are recognized when received rather than when earned and disbursements are recognized when disbursed rather than when incurred, except for matured and unpaid bonds and coupons and the tax credit bond loans, which are reflected as liabilities when the obligation is incurred.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2007

C. Cash, Escrow funds and Time Certificates of Deposit

At December 31, 2007, the Board's deposits with banks consisted of cash totaling \$471,420, and time certificates of deposit of \$181,589,535. These deposits were covered by Federal Deposit Insurance or by collateral held by a third party in the Board's name.

D. Funds Held in Trust

At December 31, 2007, the Board's paying agent, the Bank of New York, was holding cash in trust of \$60,300. These funds are to be used to pay matured or called bonds when they are presented for payment. Also, the related bonds payable is included in the principal payable balance at December 31, 2007. The Bank of New York in the Board's name holds these insured deposits.

E. Bank Balances

At December 31, 2007, the Board had bank balances of cash and certificates of deposits categorized as follows:

Insured	\$ 461,306
Collateralized	<u>182,649,176</u>
Total Bank Balances	<u>\$183,110,482</u>

F. Investments

Investments are stated at cost. At December 31, 2007 the carrying amount of the Board's investment in U.S. Treasury Bills was \$73,214,301 with a market value of \$73,841,423. The Board's agents in the Board's name hold these uninsured and unregistered investments.

G. Annual and Sick Leave

All present employees of the Board are permitted to accumulate annual and sick leave. Upon termination of employment, an employee is paid for their accumulated annual leave based on his current hourly rate of pay, and for their accumulated sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting their accrued sick leave to additional years of service. At December 31, 2007 this amount totaled \$90,037.

H. Pension Plan

Employees of the Board are covered under a City of New Orleans Employees' Pension Plan, a single-employer, and contributory defined benefit pension plan. The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. This report may be obtained by writing or calling the plan at:

Employee Retirement System of New Orleans
1300 Perdido Street, Room 1E08
New Orleans, Louisiana 70112
(504) 299-4150

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2007

H. Pension Plan (Cont'd)

Under this plan, employees with thirty years of service, or who attain age sixty with ten years of service, or age sixty-five, irrespective of length of service are entitled to a retirement allowance. The retirement allowance consists of an annuity, which is the actuarial equivalent of the employees accumulated contribution plus an annual pension, which, together with the annuity, provides a total retirement allowance equal to 2% to 4% of average compensation times the number of years of service. The maximum pension may not exceed 100% of average compensation. Pension amounts are reduced for service retirement prior to age sixty-two. Average compensation is defined as average annual earned compensation for the highest thirty-six consecutive months of service. Mandatory retirement age is seventy.

Pension benefits vest at age sixty or after completion of ten years of service. The Employees' Pension Plan also provides death and disability benefits.

Employees contribute 4% of their salary per year. Employer contributions to the plan are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of thirty years beginning July 1, 1974, using the level percentage of payroll method. The Board's contributions to the Plan during the year totaled \$20,859.

I. Tax Credit Bond Loan Program

On July 19, 2006 the Board of Liquidation, City Debt entered into Cooperative Endeavor Agreements with the State of Louisiana to secure proceeds from the State's Gulf Opportunity Tax Credit Bond Loan Program. These agreements are intended for the following purposes:

Paying debt service of the City of New Orleans on outstanding debt for general obligation and special limited tax bonds.

Paying outstanding debt for special tax bonds of the:

Downtown Development District,

Audubon Commission, and

Sewerage and Water Board of New Orleans, and

Paying outstanding sewerage revenue and water revenue bonds of the Sewerage and Water Board.

The loan proceeds will be held in escrow at Hancock Bank and distributed to the Bank of New York, the Board of Liquidation's paying agent, as debt service maturities become payable. The amounts in escrow are not recorded on the books until these transfers take place. Once transferred, the debt service payments are made and the loan proceeds are recorded as loans payable in the appropriate custodial accounts.

These loans mature on July 15, 2012, at which time the borrower can either apply for a five year deferment, pay the loan in full or make semi-annual payments in accordance with the twenty-five year debt service schedule that ends on July 15, 2026.

BOARD OF LIQUIDATION, CITY DEBT
 NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
 (Continued)
DECEMBER 31, 2007

I. Tax Credit Bond Loan Program (Cont'd)

Total amounts available under these loans are:

Cooperative Endeavor Agreement between the State and:

Board of Liquidation:

General obligation bonds	\$ 24,713,549
Limited tax bonds	<u>2,903,660</u>

27,617,209

Downtown Development District

1,600,153

Audubon Park Commission:

Audubon Park Commission .44 Mills	1,091,230
Audubon Park Commission 4.11 Mills	<u>10,759,776</u>

11,851,006

Sewerage and Water Board

77,465,247

\$118,533,615

Borrowings as of December 31, 2007 were:

Cooperative Endeavor Agreement between the State and:

Board of Liquidation:

General obligation bonds	\$ 24,713,549
Limited tax bonds	<u>2,903,660</u>

27,617,209

Downtown Development District

906,246

Audubon Park Commission:

Audubon Park Commission .44 Mills	657,715
Audubon Park Commission 4.11 Mills	<u>6,471,566</u>

7,129,281

Sewerage and Water Board

64,659,977

\$100,312,713

As of December 31, 2007, the \$24,713,549 available for general obligation bonds was borrowed to make fiscal year 2006 debt service payments.

As of December 31, 2007, the \$2,903,660 available for the City of New Orleans Limited Tax bonds was borrowed to make the debt service payment that were due September 1, 2006 and the March 1, 2007.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS—MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2007

I. Tax Credit Bond Loan Program (Cont'd)

As of December 31, 2007, \$906,246 of the \$1,600,153 available for the Downtown Development District was borrowed to make the debt service payments which were due on December 1, 2006; June 1, 2007 and December 1, 2007. The remaining balance of \$693,907 will be borrowed to make debt service payments through June 1, 2009 as follows:

2008	\$535,448
2009	<u>158,459</u>
Total	<u>\$693,907</u>

As of December 31, 2007, \$7,129,281 of the \$11,851,006 available for the Audubon Park Commission was borrowed. The remaining balance of \$4,721,725 will be applied to debt service payments on Zoo Special Tax Bonds through June 1, 2009 and Aquarium Special Tax Bonds through April 1, 2009 as follows:

2008	\$4,003,072
2009	<u>718,653</u>
Total	<u>\$4,721,725</u>

In addition to the above loans, the Audubon Park Commission's Cooperative endeavor agreement includes an additional \$4,907,500 for their 1997 Aquarium Revenue Bonds. These bonds are not part of the Board's responsibility; accordingly, the related loan is not included in the accompanying financial statements.

As of December 31, 2007, \$64,659,977 of the \$77,465,247 available for the Sewerage and Water Board of New Orleans was borrowed. \$33,159,977 was used to make debt service payments on the Drainage System special tax bonds, the Sewerage Service revenue bonds, and the Water revenue bonds that were due on December 1, 2006, June 1, 2007, and December 1, 2007. \$31,500,000 was used to make a partial payment on the maturing Sewerage Service Revenue bond anticipation notes that matured on July 26, 2006. The remaining balance of \$12,805,270 will be borrowed to make debt service payments through June 1, 2008 as follows:

2008	<u>\$12,805,270</u>
------	---------------------

Debt service payments made through the Gulf Opportunity Tax Credit Loan Program in the current year are recorded as defeased bonds and listed separately from the outstanding bonds of the Audubon Commission; Downtown Development District; and Sewerage and Water Board of New Orleans.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2007

J. Advance Refunding and Defeased Bonds

On July 6, 2005, the City of New Orleans entered into a transaction whereby it issued \$105,280,000 of general obligation bonds for the purpose of refunding a portion of its outstanding general obligation bonds at December 31, 2005. Net proceeds from issuance of the refunding bonds were placed in an irrevocable escrow account along with general obligation bond debt service funds collected and invested in U.S. Treasury obligations that, together with the interest earned thereon, will provide amounts sufficient for payment of all principal and interest on the refunding bonds. Accordingly, the escrow account and the refunded bonds are not included in these financial statements. At December 31, 2007, the outstanding balance of the refunded general obligation bonds totaled \$27,005,000.

As mentioned in Note I, the Board of Liquidation, City Debt entered into Cooperative Endeavor Agreements with the State of Louisiana, Downtown Development District, Audubon Commission, and Sewerage and Water Board of New Orleans to secure proceeds from the State's Gulf Opportunity Tax Credit Bond Loan Program in the amounts of \$1,600,153, \$11,851,006, and \$77,465,247 respectively. These proceeds were placed in an irrevocable escrow account at Hancock Bank, held to fund debt service payments and wired to the Board of Liquidation, City Debt paying agent, Bank of New York, on the maturity dates designated in the agreements and defeasing liability of the bonds paid to the issuing agency. Accordingly, the escrow account and defeased bonds are not included in these financial statements. At December 31, 2007, the outstanding balance of the bonds defeased by the Gulf Opportunity Tax Credit Loan Program were as follows:

Downtown Development District Bonds	\$ 205,000
Audubon Commission Zoo Bonds	\$ 235,000
Audubon Commission Aquarium Bonds	\$2,230,000
Sewerage Service Revenue Bonds	\$8,270,000

K. Total (Memorandum Only) Columns

The total columns are captioned "memorandum only" because they do not represent consolidated financial information and are presented only to make financial analysis easier. Data in these columns do not present financial position in accordance with the other comprehensive basis of accounting disclosed in Note B. Interfund eliminations have not been made in the aggregation of this data.

SUPPLEMENTAL INFORMATION

BOARD OF LIQUIDATION, CITY DEBT
DEBT ADMINISTRATION
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND
DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS
DECEMBER 31, 2007

	General Obligation Bonds	Capital Improvement Limited Tax	Drainage System Bonds 6 mill	Drainage System Bonds 9 mill	Water Revenue Bonds
ASSETS					
Cash (Due to other funds)	\$ (69,228)	\$ 0	\$ 80	\$ 23,905	\$ 7,561
Cash-Paying Agent	40,000	0	0	0	0
Certificates of deposit	65,532,239	6,788,703	0	1,604,351	4,984,381
U.S. Treasury Bills-cost	803,484	0	0	0	0
<i>Total Assets</i>	<u>\$ 66,306,495</u>	<u>\$ 6,788,703</u>	<u>\$ 80</u>	<u>\$ 1,628,256</u>	<u>\$ 4,991,942</u>
LIABILITIES AND DEBT SERVICE AND RESERVE FUNDS					
Interest payable	\$ 40,714	\$ 0	\$ 80	\$ 5,755	\$ 2,506
Principal payable	82,300	0	0	18,150	5,000
Principal payable-Paying Agent	40,000	0	0	0	0
Tax Credit Bond loan payable	24,713,549	2,903,660	0	0	0
Reserve funds	30,779,069	0	0	0	3,928,380
Debt service funds	10,650,863	3,885,043	0	1,604,351	1,056,056
<i>Total Liabilities, and Debt Service and Reserve Funds</i>	<u>\$ 66,306,495</u>	<u>\$ 6,788,703</u>	<u>\$ 80</u>	<u>\$ 1,628,256</u>	<u>\$ 4,991,942</u>

Sewerage Service Revenue Bonds	Sewerage & Water Board Matured Bonds	Audubon Park Commission Bonds	Audubon Park Commission Aquarium Bonds	Downtown Development District Tax Bonds	Defeased Bonds	Total
\$ 6,283	\$ 37,142	\$ 710	\$ 0	\$ 0	\$ 71,293	\$ 77,746
0	0	0	15,300	0	5,000	60,300
21,396,904	0	307,088	0	273,869	0	100,887,535
0	0	0	0	0	0	803,484
<u>\$ 21,403,187</u>	<u>\$ 37,142</u>	<u>\$ 307,798</u>	<u>\$ 15,300</u>	<u>\$ 273,869</u>	<u>\$ 76,293</u>	<u>\$ 101,829,065</u>

\$ 810	\$ 12,142	\$ 710	\$ 0	\$ 0	\$ 30,543	\$ 93,260
5,000	25,000	0	0	0	40,750	176,200
0	0	0	15,300	0	5,000	60,300
0	0	0	0	0	0	27,617,209
18,325,688	0	307,088	0	273,869	0	53,614,094
3,071,689	0	0	0	0	0	20,268,002
<u>\$ 21,403,187</u>	<u>\$ 37,142</u>	<u>\$ 307,798</u>	<u>\$ 15,300</u>	<u>\$ 273,869</u>	<u>\$ 76,293</u>	<u>\$ 101,829,065</u>

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF SEWERAGE & WATER BOARD OF NEW ORLEANS
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND
CUSTODIAL FUNDS—MODIFIED CASH BASIS
DECEMBER 31, 2007

	<u>Construction & Extension Fund 2 mill</u>	<u>Drainage System Fund 3 mill</u>	<u>Drainage System Fund 6 mill</u>
<u>ASSETS</u>			
Cash	\$ 4,009	\$ 3,862	\$ 6,912
Certificates of deposit	0	13,360,000	10,800,000
U.S. Treasury Bills-cost	2,358,052	5,921,966	8,935,305
<i>Total Assets</i>	<u>\$ 2,362,061</u>	<u>\$ 19,285,828</u>	<u>\$ 19,742,217</u>
 <u>LIABILITIES AND CUSTODIAL FUNDS</u>			
Tax Credit Bond Loan payable	\$ 0	\$ 0	\$ 0
Custodial fund balance (deficit)	2,362,061	19,285,828	19,742,217
<i>Total Liabilities and Custodial Funds</i>	<u>\$ 2,362,061</u>	<u>\$ 19,285,828</u>	<u>\$ 19,742,217</u>

Drainage System Fund 9 mill	Drainage System Bond Proceeds	Water Revenue Bond Proceeds	Sewerage Service Revenue Bond Proceeds	Total
\$ 4,886	\$ 56,587	\$ 108,115	\$ 164,967	\$ 349,338
22,570,000	5,000,000	3,450,000	21,000,000	76,180,000
7,864,296	6,759,341	6,784,810	27,977,542	66,601,312
<u>\$ 30,439,182</u>	<u>\$ 11,815,928</u>	<u>\$ 10,342,925</u>	<u>\$ 49,142,509</u>	<u>\$ 143,130,650</u>
\$ 3,800,227	\$ 0	\$ 6,555,008	\$ 54,304,742	\$ 64,659,977
26,638,955	11,815,928	3,787,917	(5,162,233)	78,470,673
<u>\$ 30,439,182</u>	<u>\$ 11,815,928</u>	<u>\$ 10,342,925</u>	<u>\$ 49,142,509</u>	<u>\$ 143,130,650</u>

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND
CUSTODIAL FUNDS-MODIFIED CASH BASIS
DECEMBER 31, 2007

	<u>Special Tax Fund</u>	<u>DDD Bond Proceeds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 8,071	\$ 3,564	\$ 11,635
Certificates of deposit	1,935,000	1,060,000	2,995,000
U.S. Treasury Bills-cost	3,050,324	1,129,550	4,179,874
<i>Total Assets</i>	<u>\$ 4,993,395</u>	<u>\$ 2,193,114</u>	<u>\$ 7,186,509</u>
 <u>LIABILITES AND CUSTODIAL FUNDS</u>			
Tax Credit Bond Loan payable	\$ 906,246	\$ 0	\$ 906,246
Custodial fund balance	4,087,149	2,193,114	6,280,263
<i>Total Liabilites And Custodial Funds</i>	<u>\$ 4,993,395</u>	<u>\$ 2,193,114</u>	<u>\$ 7,186,509</u>

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BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF AUDUBON PARK COMMISSION OF NEW ORLEANS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND
CUSTODIAL FUNDS-MODIFIED CASH BASIS
DECEMBER 31, 2007

	<u>Aquarium Tax Fund</u>
<u>ASSETS</u>	
Cash	\$ 850
Certificates of deposit	0
U.S. Treasury Bills-cost	9,841
<i>Total Assets</i>	<u>\$ 10,691</u>
<u>LIABILITES AND CUSTODIAL FUNDS</u>	
Tax Credit Bond Loan payable	\$ 6,471,566
Custodial fund balance (deficit)	(6,460,875)
<i>Total Liabilites And Custodial Funds</i>	<u>\$ 10,691</u>

Aquarium Bond Proceeds	Special Tax Fund	Total
\$ 1,231	\$ 962	\$ 3,043
1,163,000	0	1,163,000
718,081	0	727,922
<u>\$ 1,882,312</u>	<u>\$ 962</u>	<u>\$ 1,893,965</u>
\$ 0	\$ 657,715	\$ 7,129,281
1,882,312	(656,753)	(5,235,316)
<u>\$ 1,882,312</u>	<u>\$ 962</u>	<u>\$ 1,893,965</u>

BOARD OF LIQUIDATION, CITY DEBT
 ACCOUNTS OF SPECIAL TAXING DISTRICTS OF NEW ORLEANS
 COMBINING SCHEDULE OF ASSETS AND
 CUSTODIAL FUNDS-MODIFIED CASH BASIS
 DECEMBER 31, 2007

	Audubon Area Security District	Garden District Security Tax District	Huntington Park Subdivision Improvement District	Lake Forest Estates Improvement District
<u>ASSETS</u>				
Cash	\$ 1,278	\$ 214	\$ 4,132	\$ 3,035
Certificates of deposit	0	255,000	0	22,000
U.S. Treasury Bills-cost	116,759	284,339	9,796	62,202
<i>Total Assets</i>	<u>\$ 118,037</u>	<u>\$ 539,553</u>	<u>\$ 13,928</u>	<u>\$ 87,237</u>
<u>CUSTODIAL FUND BALANCE</u>	<u>\$ 118,037</u>	<u>\$ 539,553</u>	<u>\$ 13,928</u>	<u>\$ 87,237</u>

Springlake Improvement District	Lake Carmel Subdivision Improvement District	Upper Hurstville Security District	Lake Oaks Subdivision Improvement District	Touro- Boulogny Security District	Twinbrook Security District	Total
\$ 5,355	\$ 5,539	\$ 2,514	\$ 3,642	\$ 1,303	\$ 2,646	\$ 29,658
0	52,000	35,000	0	0	0	364,000
20,571	60,722	134,044	57,133	97,190	58,953	901,709
<u>\$ 25,926</u>	<u>\$ 118,261</u>	<u>\$ 171,558</u>	<u>\$ 60,775</u>	<u>\$ 98,493</u>	<u>\$ 61,599</u>	<u>\$ 1,295,367</u>
<u>\$ 25,926</u>	<u>\$ 118,261</u>	<u>\$ 171,558</u>	<u>\$ 60,775</u>	<u>\$ 98,493</u>	<u>\$ 61,599</u>	<u>\$ 1,295,367</u>

BOARD OF LIQUIDATION, CITY DEBT
DEBT ADMINISTRATION
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN LIABILITIES, AND DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2007

	General Obligation Bonds	Capital Improvement Limited Tax	Drainage System Bonds 6 mill	Drainage System Bonds 9 mill	Water Revenue Bonds
RECEIPTS					
Ad valorem taxes-Current year	\$ 52,143,352	\$ 3,203,401	\$ 0	\$ 0	\$ 0
Ad valorem taxes-Prior years	6,717,538	0	0	0	0
Bond proceeds	75,146,655	0	0	0	0
Debt service funds	0	0	0	0	277,755
Debt service funds- tax credit bond loan	0	0	0	0	0
Cost of issuance	0	0	0	0	0
Interest on investments	4,414,807	0	0	0	0
Excess reserve and debt service funds	0	0	0	0	271,551
Total receipts	<u>138,422,352</u>	<u>3,203,401</u>	<u>0</u>	<u>0</u>	<u>549,306</u>
DISBURSEMENTS					
Interest on bonds	37,944,100	676,755	0	0	0
Principal on bonds	14,905,474	0	0	0	0
Personal services	328,532	0	0	0	0
Contractual services	113,344	0	0	0	0
Legal and office expenses	23,014	0	0	0	0
Funds returned to City of New Orleans, Sewerage & Water Board, and Audubon Park Commission	0 75,150,551	0 0	0 0	0 0	0 271,551
Cost of issuance-bond issue	195,434	0	0	0	0
Cost of Bond Insurance-bond issue	727,236	0	0	0	0
Total disbursements	<u>129,387,685</u>	<u>676,755</u>	<u>0</u>	<u>0</u>	<u>271,551</u>
Excess (Deficiency) of receipts over disbursements	9,034,667	2,526,646	0	0	277,755
Liabilities, and Debt Service and Reserve funds at:					
December 31, 2006	57,271,828	4,262,057	80	1,628,256	4,714,187
December 31, 2007	<u>\$ 66,306,495</u>	<u>\$ 6,788,703</u>	<u>\$ 80</u>	<u>\$ 1,628,256</u>	<u>\$ 4,991,942</u>

Sewerage Service Revenue Bonds	Sewerage & Water Board Matured Bonds	Audubon Park Commission Bonds	Audubon Park Commission Aquarium Bonds	Downtown Development District Tax Bonds	Defeased Bonds	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,346,753
0	0	0	0	0	0	6,717,538
0	0	0	0	0	0	75,146,655
2,082,907	0	0	0	0	36,115,804	38,476,466
0	0	0	0	0	30,898,032	30,898,032
2,872	0	0	0	0	0	2,872
0	0	0	0	0	0	4,414,807
1,055,208	0	15,960	0	17,542	0	1,360,261
<u>3,140,987</u>	<u>0</u>	<u>15,960</u>	<u>0</u>	<u>17,542</u>	<u>67,013,836</u>	<u>212,363,384</u>
1,176,148	0	0	0	0	18,043,836	57,840,839
0	0	0	0	0	48,970,000	63,875,474
0	0	0	0	0	0	328,532
0	0	0	0	0	0	113,344
0	0	0	0	0	0	23,014
0	0	290,450	0	367,929	0	658,379
1,055,209	0	15,960	0	17,542	0	76,510,813
15,000	0	0	0	0	0	210,434
0	0	0	0	0	0	727,236
<u>2,246,357</u>	<u>0</u>	<u>306,410</u>	<u>0</u>	<u>385,471</u>	<u>67,013,836</u>	<u>200,288,065</u>
894,630	0	(290,450)	0	(367,929)	0	12,075,319
20,508,557	37,142	598,248	15,300	641,798	76,293	89,753,746
<u>\$ 21,403,187</u>	<u>\$ 37,142</u>	<u>\$ 307,798</u>	<u>\$ 15,300</u>	<u>\$ 273,869</u>	<u>\$ 76,293</u>	<u>\$ 101,829,065</u>

ACCOUNT OF SEWERAGE & WATER BOARD OF NEW ORLEANS
 COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CUSTODIAL FUNDS-MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 2007

	Construction & Extension Fund 2 mill	Drainage System Fund 3 mill	Drainage System Fund 6 mill
<u>RECEIPTS</u>			
Ad valorem taxes-Current year	\$ 0	\$ 10,496,335	\$ 10,621,493
Ad valorem taxes-Prior years	120	1,192,396	1,203,550
Revenue sharing-State of Louisiana	0	544,553	0
Interest on investments	138,392	1,322,597	1,231,715
Reimbursement from EPA	0	0	0
Tax Credit Bond loan proceeds	0	0	0
Excess reserve and debt service funds	0	0	0
<i>Total receipts</i>	<u>138,512</u>	<u>13,555,881</u>	<u>13,056,758</u>
<u>DISBURSEMENTS</u>			
Warrants	120,486	15,210,707	10,284,088
Debt service	0	0	0
<i>Total disbursements</i>	<u>120,486</u>	<u>15,210,707</u>	<u>10,284,088</u>
Excess (Deficiency) of receipts over disbursements	18,026	(1,654,826)	2,772,670
Liabilities and Custodial Fund Balance at:			
December 31, 2006	2,344,035	20,940,654	16,969,547
December 31, 2007	<u>\$ 2,362,061</u>	<u>\$ 19,285,828</u>	<u>\$ 19,742,217</u>

Drainage System Fund 9 mill	Drainage System Bond Proceeds	Water Revenue Bond Proceeds	Sewerage Service Revenue Bond Proceeds	Total
\$ 15,917,356	\$ 0	\$ 0	\$ 0	\$ 37,035,184
1,753,915	0	0	0	4,149,981
0	0	0	0	544,553
1,324,912	685,806	637,600	3,088,327	8,429,349
0	0	0	38,189	38,189
2,195,876	0	3,800,068	18,169,959	24,165,903
0	0	156,813	954,054	1,110,867
<u>21,192,059</u>	<u>685,806</u>	<u>4,594,481</u>	<u>22,250,529</u>	<u>75,474,026</u>
12,627,448	2,174,002	2,985,012	12,882,129	56,283,872
2,195,876	0	3,800,068	18,165,107	24,161,051
<u>14,823,324</u>	<u>2,174,002</u>	<u>6,785,080</u>	<u>31,047,236</u>	<u>80,444,923</u>
6,368,735	(1,488,196)	(2,190,599)	(8,796,707)	(4,970,897)
24,070,447	13,304,124	12,533,524	57,939,216	148,101,547
<u>\$ 30,439,182</u>	<u>\$ 11,815,928</u>	<u>\$ 10,342,925</u>	<u>\$ 49,142,509</u>	<u>\$ 143,130,650</u>

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CUSTODIAL FUNDS-MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2007

	Special Tax Fund	DDD Bond Proceeds	Total
<u>RECEIPTS</u>			
Ad valorem taxes-Current year	\$ 4,951,294	\$ 0	\$ 4,951,294
Ad valorem taxes-Prior years	618,680	0	618,680
Debt Service funds - returned	367,929	0	367,929
Interest on investments	283,801	195,943	479,744
Tax Credit Bond loan proceeds	538,317	0	538,317
Excess reserve and debt service funds	0	17,542	17,542
<i>Total receipts</i>	<u>6,760,021</u>	<u>213,485</u>	<u>6,973,506</u>
<u>DISBURSEMENTS</u>			
Warrants	4,682,498	1,825,766	6,508,264
Debt service	538,318	0	538,318
<i>Total disbursements</i>	<u>5,220,816</u>	<u>1,825,766</u>	<u>7,046,582</u>
Excess (Deficiency) of receipts over disbursements	1,539,205	(1,612,281)	(73,076)
Liabilities and Custodial Fund Balance at:			
December 31, 2006	3,454,190	3,805,395	7,259,585
December 31, 2007	<u>\$ 4,993,395</u>	<u>\$ 2,193,114</u>	<u>\$ 7,186,509</u>

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BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF AUDUBON PARK COMMISSION OF NEW ORLEANS
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CUSTODIAL FUNDS-MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2007

	Aquarium Tax Fund
<u>RECEIPTS</u>	
Ad valorem taxes-Current year	\$ 6,760,517
Ad valorem taxes-Prior years	923,053
Bond Proceeds	0
Debt Service Funds-returned	0
Interest on investments	256
Tax Credit Bond loan proceeds	3,627,074
Excess reserve and debt service funds	0
<i>Total receipts</i>	11,310,900
 <u>DISBURSEMENTS</u>	
Warrants	7,680,000
Debt service	3,627,074
<i>Total disbursements</i>	11,307,074
 Excess (Deficiency) of receipts over disbursements	3,826
Liabilities and Custodial Fund Balance at:	
December 31, 2006	6,865
December 31, 2007	\$ 10,691

Aquarium Bond Proceeds	Special Tax Fund	Total
\$ 0	\$ 732,674	\$ 7,493,191
0	98,562	1,021,615
395,472	0	395,472
0	290,450	290,450
68,500	373	69,129
0	367,260	3,994,334
0	15,960	15,960
463,972	1,505,279	13,280,151
0	1,147,450	8,827,450
0	367,260	3,994,334
0	1,514,710	12,821,784
463,972	(9,431)	458,367
1,418,340	10,393	1,435,598
\$ 1,882,312	\$ 962	\$ 1,893,965

BOARD OF LIQUIDATION, CITY DEBT
 ACCOUNTS OF SPECIAL TAXING DISTRICTS OF NEW ORLEANS
 COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CUSTODIAL FUNDS-MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 2007

	Audubon Area Security District	Garden District Security Tax District	Huntington Park Improvement District	Lake Forest Estates Improvement District
RECEIPTS				
Ad valorem taxes-Current year	\$ 0	\$ 561,924	\$ 0	\$ 0
Ad valorem taxes-Prior years	0	3,460	0	0
Fee-Current year	105,875	0	17,750	58,375
Fee-Prior year	24,696	0	1,213	2,695
Interest on investments	7,097	40,752	560	5,533
<i>Total receipts</i>	<u>137,668</u>	<u>606,136</u>	<u>19,523</u>	<u>66,603</u>
DISBURSEMENTS				
Warrants	129,000	695,000	8,600	35,000
<i>Total disbursements</i>	<u>129,000</u>	<u>695,000</u>	<u>8,600</u>	<u>35,000</u>
Excess (Deficiency) of receipts over disbursements	8,668	(88,864)	10,923	31,603
Custodial Fund Balance at:				
December 31, 2006	109,369	628,417	3,005	55,634
December 31, 2007	<u>\$ 118,037</u>	<u>\$ 539,553</u>	<u>\$ 13,928</u>	<u>\$ 87,237</u>

Springlake Improvement District	Lake Carmel Subdivision Improvement District	Upper Hurstville Security District	Lake Oaks Subdivision Improvement District	Touro- Boulogny Security District	Twinbrook Security District	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 229,217	\$ 0	\$ 791,141
0	0	0	0	0	0	3,460
37,015	77,250	149,816	80,650	0	231,202	757,933
2,942	11,778	3,559	4,434	0	0	51,317
1,890	6,286	8,223	3,098	4,374	3,495	81,308
41,847	95,314	161,598	88,182	233,591	234,697	1,685,159
55,000	75,000	70,000	55,000	135,098	173,098	1,430,796
55,000	75,000	70,000	55,000	135,098	173,098	1,430,796
(13,153)	20,314	91,598	33,182	98,493	61,599	254,363
39,079	97,947	79,960	27,593	0	0	1,041,004
\$ 25,926	\$ 118,261	\$ 171,558	\$ 60,775	\$ 98,493	\$ 61,599	\$ 1,295,367

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT
 DECEMBER 31, 2007

	<u>Date of Bonds</u>	<u>Final Serial Maturity</u>
<u>GENERAL OBLIGATION BONDS (Note C.)</u>		
General Obligation Refunding Bonds, Series 1991 (Notes E. and F.)	Sep. 1, 1991	Sep. 1, 2021
General Obligation Refunding Bonds, Series 1998	Dec. 1, 1998	Dec. 1, 2026
Public Improvement Bonds, Issue of 1999 (Note D.)	Nov. 1, 1999	Nov. 1, 2029
Public Improvement Bonds, Issue of 2001	Apr. 1, 2001	Dec. 1, 2030
Public Improvement Bonds, Issue of 2002	Apr. 1, 2002	Dec. 1, 2031
General Obligation Refunding Bonds, Series 2002	Apr. 1, 2002	Sep. 1, 2021
Public Improvement Bonds, Issue of 2003	Oct. 1, 2003	Oct. 1, 2033
Public Improvement Bonds, Issue of 2004	July 13, 2004	Dec. 1, 2033
Public Improvement Bonds, Issue of 2005A	May 24, 2005	Dec. 1, 2034
General Obligation Refunding Bonds, Series 2005	July 6, 2005	Dec. 1, 2029
Public Improvement Bonds, Issue of 2007A	Dec. 14, 2007	Dec. 1, 2036
<u>LIMITED TAX BONDS (Note G.)</u>		
Series 2005	July 6, 2005	Mar. 1, 2021
<u>DRAINAGE SYSTEM SPECIAL TAX BONDS (Note H.)</u>		
Drainage System Bonds, Series 1998 (9 mill)	Dec. 1, 1998	Dec. 1, 2018
Series 2002 (9 mill)	Oct. 1, 2002	Dec. 1, 2022

See accompanying notes.

<u>Average Annual Interest Cost</u>	<u>Principal due 2008</u>	<u>Interest due 2008</u>	<u>Debt Service due 2008</u>	<u>Amount Outstanding (Note A.)</u>
7.071%	\$ 7,943,929	\$ 17,501,071	\$ 25,445,000	\$ 62,354,462
4.948%	2,970,000	5,127,198	8,097,198	97,000,000
5.843%	665,000	95,115	760,115	1,370,000
5.225%	495,000	1,134,613	1,629,613	21,755,000
5.307%	665,000	1,621,193	2,286,193	30,645,000
5.384%	0	3,018,769	3,018,769	58,415,000
5.021%	895,000	1,970,163	2,865,163	39,115,000
5.096%	610,000	1,609,288	2,219,288	31,870,000
4.347%	315,000	714,700	1,029,700	15,710,000
5.180%	0	5,444,950	5,444,950	105,280,000
5.086%	0	3,673,212	3,673,212	75,000,000
	<u>\$ 14,558,929</u>	<u>\$ 41,910,272</u>	<u>\$ 56,469,201</u>	<u>\$ 538,514,462</u>
4.045%	<u>\$ 1,565,000</u>	<u>\$ 1,330,035</u>	<u>\$ 2,895,035</u>	<u>\$ 30,045,000</u>
4.838%	\$ 475,000	\$ 157,330	\$ 632,330	\$ 6,650,000
4.457%	650,000	377,558	1,027,558	17,185,000
	<u>\$ 1,125,000</u>	<u>\$ 534,888</u>	<u>\$ 1,659,888</u>	<u>\$ 23,835,000</u>

See accompanying notes.

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT (CONTINUED)
 DECEMBER 31, 2007

	<u>Date of Bonds</u>	<u>Final Serial Maturity</u>
<u>SEWERAGE SERVICE REVENUE BONDS (Note I.)</u>		
Bond Series 1997	June 1, 1997	June 1, 2017
Bond Series 1998	Dec. 1, 1998	June 1, 2018
Bond Series 2000	May 1, 2000	June 1, 2020
Bond Series 2000B	Nov. 1, 2000	June 1, 2020
Bond Series 2001	Dec. 1, 2001	June 1, 2021
Bond Series 2002	Dec. 1, 2002	June 1, 2022
Bond Series 2003	Dec. 3, 2003	June 1, 2023
Bond Series 2004	Dec. 16, 2004	June 1, 2024
 <u>BOND ANTICIPATION NOTES (Note J.)</u>		
Sewer Service Revenue Refunding 2006	July 26, 2006	July 15, 2009
 <u>WATER REVENUE BONDS (Note K.)</u>		
Series 1998	Dec. 1, 1998	Dec. 1, 2018
Series 2002	Oct. 1, 2002	Dec. 1, 2022
 <u>AUDUBON PARK COMMISSION BONDS .4 MILL (Note L.)</u>		
Refunding & Improvement Bonds, Series 1997	Jan. 1, 1997	Dec. 1, 2016
 <u>AUDUBON PARK COMMISSION AQUARIUM BONDS 3.8 MILL (Note M.)</u>		
Refunding Bonds, Series 2001A	Nov. 1, 2001	Oct. 1, 2017
Bond Series 2001B	Nov. 1, 2001	Oct. 1, 2021
Refunding Bonds, Series 2003A	July 9, 2003	Oct. 1, 2013
 <u>DOWNTOWN DEVELOPMENT DISTRICT TAX BONDS 22.97 MILL (Note N.)</u>		
Limited Tax Bonds Series 2001	July 1, 2001	Dec. 1, 2026

See accompanying notes.

Average Annual Interest Cost	Principal due 2008	Interest due 2008	Debt Service due 2008	Amount Outstanding (Note A.)
5.359%	\$ 0	\$ 469,085	\$ 469,085	\$ 17,685,000
4.817%	0	369,567	369,567	15,625,000
5.478%	1,095,000	1,103,069	2,198,069	20,680,000
5.424%	0	396,484	396,484	14,905,000
5.018%	0	588,700	588,700	24,435,000
4.362%	0	1,120,325	1,120,325	45,740,000
3.939%	225,000	179,371	404,371	4,715,000
4.262%	0	582,747	582,747	28,280,000
	<u>\$ 1,320,000</u>	<u>\$ 4,809,348</u>	<u>\$ 6,129,348</u>	<u>\$ 172,065,000</u>
5.020%	<u>\$ 0</u>	<u>\$ 1,206,306</u>	<u>\$ 1,206,306</u>	<u>\$ 24,030,000</u>
4.817%	\$ 770,000	\$ 252,034	\$ 1,022,034	\$ 10,770,000
4.567%	1,150,000	1,413,063	2,563,063	29,920,000
	<u>\$ 1,920,000</u>	<u>\$ 1,665,097</u>	<u>\$ 3,585,097</u>	<u>\$ 40,690,000</u>
5.422%	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,415,000</u>
4.731%	\$ 0	\$ 0	\$ 0	\$ 13,405,000
5.586%	0	0	0	6,288,572
3.726%	0	0	0	12,270,000
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,963,572</u>
5.193%	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,125,000</u>

See accompanying notes.

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT (CONTINUED)
 DECEMBER 31, 2007

	<u>Date of Bonds</u>	<u>Date of Defeasance</u>
<u>DEFEASED BONDS-DEBT SERVICE</u>		
<u>GUARANTEED BY ESCROW AGREEMENTS (Note B.)</u>		
<u>DRAINAGE SYSTEM SPECIAL TAX BONDS</u>		
Drainage System Bonds, Series 1998 (9 mill)	Dec. 1, 1998	July 19, 2006
Series 2002 (9 mill)	Oct. 1, 2002	July 19, 2006
<u>SEWERAGE SERVICE REVENUE BONDS</u>		
Bond Series 1997	June 1, 1997	July 19, 2006
Bond Series 1998	Dec. 1, 1998	July 19, 2006
Bond Series 2000B	Nov. 1, 2000	July 19, 2006
Bond Series 2001	Dec. 1, 2001	July 19, 2006
Bond Series 2002	Dec. 1, 2002	July 19, 2006
Bond Series 2004	Dec. 16, 2004	July 19, 2006
<u>WATER REVENUE BONDS</u>		
Series 1998	Dec. 1, 1998	July 19, 2006
<u>AUDUBON PARK COMMISSION BONDS .4 MILL</u>		
Refunding & Improvement Bonds, Series 1997	Jan. 1, 1997	July 19, 2006
<u>AUDUBON PARK COMMISSION AQUARIUM BONDS 3.8 MILL</u>		
Refunding Bonds, Series 2001A	Nov. 1, 2001	July 19, 2006
Bond Series 2001B	Nov. 1, 2001	July 19, 2006
Refunding Bonds, Series 2003A	July 9, 2003	July 19, 2006
<u>DOWNTOWN DEVELOPMENT DISTRICT TAX BONDS 22.97 MILL</u>		
Limited Tax Bonds Series 2001	July 1, 2001	July 19, 2006
<u>GENERAL OBLIGATION REFUNDING</u>		
Public Improvement Bonds, Issue of 1999 (Note O.)	Dec. 1, 1997	July 6, 2005

See accompanying notes.

<u>Date of Calls or Final Maturity</u>	<u>Principal due 2008</u>	<u>Interest & Premium due 2008</u>	<u>Debt Service due 2008</u>	<u>Amount Outstanding (Note A.)</u>
Dec. 1, 2008	\$ 0	\$ 157,330	\$ 157,330	\$ 0
Dec. 1, 2008	0	377,558	377,558	0
	<u>\$ 0</u>	<u>\$ 534,888</u>	<u>\$ 534,888</u>	<u>\$ 0</u>
June 1, 2008	\$ 1,490,000	\$ 506,335	\$ 1,996,335	\$ 1,490,000
June 1, 2008	1,200,000	395,067	1,595,067	1,200,000
June 1, 2008	850,000	417,734	1,267,734	850,000
June 1, 2008	1,360,000	653,670	2,013,670	1,360,000
June 1, 2008	2,135,000	1,163,025	3,298,025	2,135,000
June 1, 2008	1,235,000	619,797	1,854,797	1,235,000
	<u>\$ 8,270,000</u>	<u>\$ 3,755,628</u>	<u>\$ 12,025,628</u>	<u>\$ 8,270,000</u>
Dec. 1, 2008	<u>\$ 0</u>	<u>\$ 252,034</u>	<u>\$ 252,034</u>	<u>\$ 0</u>
Dec. 1, 2008	<u>\$ 235,000</u>	<u>\$ 136,260</u>	<u>\$ 371,260</u>	<u>\$ 235,000</u>
Oct. 1, 2008	\$ 15,000	\$ 691,971	\$ 706,971	\$ 15,000
Oct. 1, 2008	60,000	32,540	92,540	60,000
Oct. 1, 2008	2,155,000	677,300	2,832,300	2,155,000
	<u>\$ 2,230,000</u>	<u>\$ 1,401,811</u>	<u>\$ 3,631,811</u>	<u>\$ 2,230,000</u>
Dec. 1, 2008	<u>\$ 205,000</u>	<u>\$ 330,448</u>	<u>\$ 535,448</u>	<u>\$ 205,000</u>
Nov. 1, 2009	<u>\$ 0</u>	<u>\$ 1,549,947</u>	<u>\$ 1,549,947</u>	<u>\$ 27,005,000</u>

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO SCHEDULE OF BONDED DEBT ADMINISTERED
BY BOARD OF LIQUIDATION, CITY DEBT
DECEMBER 31, 2007

- Note A. Amount Outstanding - Amount excludes balances recorded as liabilities in the Combining Statement of Assets, Liabilities, and Custodial, Debt Service and Reserve Funds-Modified Cash Basis
- Note B. Defeased Bonds - Defeased bonds are not obligations of the City of New Orleans, the Sewerage & Water Board, the Downtown Development District or the Audubon Park Commission.
- Note C. General Obligation Bonds - Legal Debt Limit: \$992,048,631; Debt Service Coverage: Unlimited Ad Valorem Tax Levy; Reserve Fund: Sufficient to cover 1/2 of the high year's Principal and Interest due.
- Note D. Refunded General Obligation Bonds (2005) - A portion of these Issues Refunded in 2005. Debt Service guaranteed by Escrow Agreement.
- Note E. Refunded General Obligation Bonds (2002) - A portion of these Issues Refunded in 2002. Debt Service guaranteed by Escrow Agreement.
- Note F. Refunded General Obligation Bonds (1998) - A portion of these Issues Refunded in 1998. Debt Service guaranteed by Escrow Agreement.
- Note G. Limited Tax Bonds - Debt Service Coverage: 2007 Tax Yield 110% of Debt Service due
- Note H. Drainage System Bonds - Legal Debt Limit: 9 mill \$68,000,000; Debt Service Coverage: 2007 Tax Yield 725% of Debt Service Due- 9 mill
- Note I. Sewerage Service Revenue Bonds - Bond Debt Service Coverage: Rates sufficient to produce revenues over and above the amount required for operation and maintenance of the system which shall be not less than 130% of the maximum of Debt Service due in any calendar year on all outstanding bonds. Bond Reserve Fund: High year's principal and interest due.
- Note J. Bond Anticipation Notes - Bond Debt Service Coverage: Interest on BANs deposited in equal monthly installments from the Sewerage Service Revenue Account at the Sewerage Service Revenue Account at the Sewerage & Water Board of New Orleans to the Board of Liquidation, City Debt. Reserve Fund: None
- Note K. Water Revenue Bonds - Debt Service Coverage: Rates sufficient to produce revenues over and above the amount required for operation and maintenance of the system which shall be not less than 130% of the maximum of Debt Service due in any calendar year on all outstanding bonds. Reserve Fund: High year's principal and interest due.
- Note L. Audubon Park Commission .4 Mill Bonds - Debt Service Coverage: 2007 Tax Yield 197% of Debt Service due.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO SCHEDULE OF BONDED DEBT ADMINISTERED
BY BOARD OF LIQUIDATION, CITY DEBT (CONTINUED)
DECEMBER 31, 2007

- Note M. Audubon Park Commission 3.8 Mill Bonds - Debt Service Coverage: 2007 Tax Yield 186% of Debt Service due. Reserve Fund: Sufficient to cover 1/2 of the high year's Principal and Interest due.
- Note N. Downtown Development District Bonds - Debt Service Coverage: 2007 Tax Yield 925% of Debt Service due. Reserve Fund: Sufficient to cover 1/2 of the high year's Principal and Interest due.
- Note O. Refunded Defeased Public Improvement Bond (2005) - Only a portion of the issue was refunded in 2005.

BOARD OF LIQUIDATION, CITY DEBT
SCHEDULE OF BOND SALES
FOR THE YEAR ENDED DECEMBER 31, 2007

Public Improvement Bonds, Issue of 2007A

Sold: October 30, 2007 Delivered: December 14, 2007

Bonds Dated: December 1, 2007 and due December 1, 2009 through December 1, 2036

Average life of issue: 18.363556 years

Net Interest Cost: 5.104347%

True Interest Cost: 5.086344%

Sold to: Merrill Lynch & Co.

Sources:

Principal sum	\$ 75,000,000
Premium	\$ 146,655
Total	<u>\$ 75,146,655</u>

Total proceeds of \$75,146,655 were delivered to the Treasury Department of the City of New Orleans on December 14, 2007.

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BOARD OF LIQUIDATION, CITY DEBT
SCHEDULE OF DEDICATED AD VALOREM TAX MILLAGE AVAILABLE FOR SERVICING OF BONDED DEBT
DECEMBER 31, 2007

	<u>1987</u>
<u>DEBT SERVICE</u>	30.70
<u>CAPITAL IMPROVEMENT LIMITED TAX (Note B.)</u>	N/A
<u>SEWERAGE & WATER BOARD:</u>	
Construction & Extension of Sewerage, Water & Drainage System (Tax expired 12/31/91)	3.94
Operation, Maintenance and Construction & Extension of Drainage System	5.92
Operation, Maintenance and Construction of Drainage System	6.00
Operation, Maintenance and Construction of Drainage System	9.00
<u>AUDUBON PARK COMMISSION:</u>	
Audubon Park Zoo	.40
Audubon Park Aquarium (Note C.)	N/A
<u>DOWNTOWN DEVELOPMENT DISTRICT</u>	12.50

See accompanying notes.

Millage (Note A.)

<u>1988</u>	<u>1989</u>	<u>1990 & 1991</u>	<u>1992</u>	<u>1993 through 2002</u>	<u>2003 through 2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
34.20	37.90	35.30	26.90	26.90	28.40	38.20	31.70	23.80
N/A	N/A	N/A	N/A	2.50	2.50	2.50	2.50	1.82
4.00	4.00	4.00	N/A	N/A	N/A	N/A	N/A	N/A
6.01	6.01	6.01	6.40	6.40	6.40	6.40	6.40	4.66
6.09	6.09	6.09	6.48	6.48	6.48	6.48	6.48	4.71
9.13	9.13	9.13	9.71	9.71	9.71	9.71	9.71	7.06
.41	.41	.41	.44	.44	.44	.44	.44	0.32
3.86	3.86	3.86	4.11	4.11	4.11	4.11	4.11	2.99
12.50	13.24	13.24	15.68	15.90	15.90	15.90	15.90	14.76

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO SCHEDULE OF DEDICATED AD VALOREM TAX MILLAGE
AVAILABLE FOR SERVICING OF BONDED DEBT
DECEMBER 31, 2007

- Note A. Millage is approved in December of each year by the City Council of New Orleans for the new tax year.
- Note B. The 2.5 mills for Capital Improvement Limited Tax is in effect for the first time in 1996.
- Note C. The 3.8 mills for Audubon Park Aquarium was in effect for the first time in 1987.

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF SEWERAGE & WATER BOARD MATURED BONDS-DEBT ADMINISTRATION
 DECEMBER 31, 2007

	Sewerage, Water & Drainage Bonds 2 mill *	Drainage System Bonds 3 mill 6.40	Total
<u>ASSETS</u>			
Cash	\$ 30,243	\$ 6,899	\$ 37,142
<i>Total Assets</i>	<u>\$ 30,243</u>	<u>\$ 6,899</u>	<u>\$ 37,142</u>
<u>LIABILITIES</u>			
Interest Payable	\$ 10,243	\$ 1,899	\$ 12,142
Principal Payable	20,000	5,000	25,000
<i>Total Liabilities</i>	<u>\$ 30,243</u>	<u>\$ 6,899</u>	<u>\$ 37,142</u>

* Tax expired December 31, 1991.

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF DEFEASED BONDS-DEBT ADMINISTRATION
 AT AND FOR THE YEAR ENDED DECEMBER 31, 2007

	General Obligation Bonds	Drainage System Fund	Sewerage Service Revenue Bonds
<u>RECEIPTS</u>			
Debt service funds-Escrow Accounts			
Interest	\$ 3,225,804	\$ 1,125,876	\$ 9,035,108
Principal	32,890,000	1,070,000	9,130,000
<i>Total Receipts</i>	<u>36,115,804</u>	<u>2,195,876</u>	<u>18,165,108</u>
<u>DISBURSEMENTS</u>			
Interest on refunded bonds	3,225,804	1,125,876	9,035,108
Principal on refunded bonds	32,890,000	1,070,000	9,130,000
<i>Total disbursements</i>	<u>36,115,804</u>	<u>2,195,876</u>	<u>18,165,108</u>
Receipts over disbursements	0	0	0
Fund Balances at:			
December 31, 2005	43,678	0	14,320
December 31, 2006	<u>\$ 43,678</u>	<u>\$ 0</u>	<u>\$ 14,320</u>
<u>ASSETS</u>			
Cash	\$ 43,678	\$ 0	\$ 14,320
<i>Total Assets</i>	<u>\$ 43,678</u>	<u>\$ 0</u>	<u>\$ 14,320</u>
<u>LIABILITIES</u>			
Interest payable	\$ 15,463	\$ 0	\$ 1,785
Principal payable	23,215	0	12,535
Principal payable-Paying Agent	5,000	0	0
<i>Total Liabilities</i>	<u>\$ 43,678</u>	<u>\$ 0</u>	<u>\$ 14,320</u>

Water Revenue Bonds	Audubon Park Commission Aquarium Bonds	Audubon Park Commission Bonds	Downtown Development District	Limited Tax Bonds 2.5 Mills	Total
\$ 1,980,068	\$ 1,487,074	\$ 147,260	\$ 343,316	\$ 699,330	\$ 18,043,836
1,820,000	2,140,000	220,000	195,000	1,505,000	48,970,000
<u>3,800,068</u>	<u>3,627,074</u>	<u>367,260</u>	<u>538,316</u>	<u>2,204,330</u>	<u>67,013,836</u>
1,980,068	1,487,074	147,260	343,316	699,330	18,043,836
1,820,000	2,140,000	220,000	195,000	1,505,000	48,970,000
<u>3,800,068</u>	<u>3,627,074</u>	<u>367,260</u>	<u>538,316</u>	<u>2,204,330</u>	<u>67,013,836</u>
0	0	0	0	0	0
16,076	2,219	0	0	0	76,293
<u>\$ 16,076</u>	<u>\$ 2,219</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 76,293</u>
\$ 16,076	\$ 2,219	\$ 0	\$ 0	\$ 0	\$ 76,293
\$ 16,076	\$ 2,219	\$ 0	\$ 0	\$ 0	\$ 76,293
\$ 11,076	\$ 2,219	\$ 0	\$ 0	\$ 0	\$ 30,543
5,000	0	0	0	0	40,750
0	0	0	0	0	5,000
<u>\$ 16,076</u>	<u>\$ 2,219</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 76,293</u>

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF ITEMIZED DISBURSEMENTS-INTEREST AND PRINCIPAL PAID
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Debt Service Fund
<u>GENERAL OBLIGATION BONDS</u>	
Public Improvement Bonds, Issue of 1997A	\$ 53,700
Public Improvement Bonds, Issue of 1998A	0
Public Improvement Bonds, Issue of 1999	139,755
Public Improvement Bonds, Issue of 2001	1,167,513
Public Improvement Bonds, Issue of 2002	1,659,293
Public Improvement Bonds, Issue of 2003	2,016,100
Public Improvement Bonds, Issue of 2004	1,632,488
Public Improvement Bonds, Issue of 2005A	732,700
General Obligation Refunding Bonds, Series 1991	16,869,526
General Obligation Refunding Bonds, Series 1998	5,209,308
General Obligation Refunding Bonds, Series 2002	3,018,767
General Obligation Refunding Bonds, Series 2005	5,444,950
Total General Obligation Bonds	37,944,100
 <u>SPECIAL TAX BONDS</u>	
Limited Tax Bonds, Series 2005	676,755
 <u>REVENUE BONDS</u>	
Sewerage Service Revenue Refunding Bond Anticipation Notes, 2006	1,176,148
 <u>SPECIAL TAX & REVENUE DEFEASED BONDS</u>	
Limited Tax Bonds, Series 2005	0
Drainage System Bonds, Series 1998	0
Drainage System Bonds, Series 2002	0
Total Drainage System 9 mill bonds	0
Sewerage Service Revenue Bonds, Series 1997	0
Sewerage Service Revenue Bonds, Series 1998	0
Sewerage Service Revenue Bonds, Series 2000	0
Sewerage Service Revenue Bonds, Series 2000B	0
Sewerage Service Revenue Bonds, Series 2001	0
Sewerage Service Revenue Bonds, Series 2002	0
Sewerage Service Revenue Bonds, Series 2003	0
Sewerage Service Revenue Bonds, Series 2004	0
Total Sewerage Service Revenue Bonds Defeased	\$ 0

Interest Paid		Principal Paid			
Tax Credit Bond Loan	Total Interest	Debt Service Fund	Tax Credit Bond Loan	Total Principal	Total Interest and Principal
\$ 0	\$ 53,700	\$ 895,000	\$ 0	\$ 895,000	\$ 948,700
0	0	0	0	0	0
0	139,755	620,000	0	620,000	759,755
0	1,167,513	470,000	0	470,000	1,637,513
0	1,659,293	635,000	0	635,000	2,294,293
0	2,016,100	875,000	0	875,000	2,891,100
0	1,632,488	580,000	0	580,000	2,212,488
0	732,700	300,000	0	300,000	1,032,700
0	16,869,526	8,575,474	0	8,575,474	25,445,000
0	5,209,308	1,955,000	0	1,955,000	7,164,308
0	3,018,767	0	0	0	3,018,767
0	5,444,950	0	0	0	5,444,950
0	37,944,100	14,905,474	-	14,905,474	52,849,574
0	676,755	0	0	0	676,755
0	1,176,148	0	0	0	1,176,148
699,330	699,330	0	1,505,000	1,505,000	2,204,330
333,560	333,560	0	450,000	450,000	783,560
792,316	792,316	0	620,000	620,000	1,412,316
1,125,876	1,125,876	0	1,070,000	1,070,000	2,195,876
1,056,889	1,056,889	0	1,415,000	1,415,000	2,471,889
813,969	813,969	0	1,135,000	1,135,000	1,948,969
1,165,450	1,165,450	0	1,035,000	1,035,000	2,200,450
855,468	855,468	0	800,000	800,000	1,655,468
1,317,293	1,317,293	0	1,305,000	1,305,000	2,622,293
2,366,550	2,366,550	0	2,025,000	2,025,000	4,391,550
184,046	184,046	0	220,000	220,000	404,046
1,275,443	1,275,443	-	1,195,000	1,195,000	2,470,443
\$ 9,035,108	\$ 9,035,108	\$ 0	\$ 9,130,000	\$ 9,130,000	\$ 18,165,108

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF ITEMIZED DISBURSEMENTS-INTEREST AND PRINCIPAL PAID (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Debt Service Fund
<u>SPECIAL TAX & REVENUE DEFEASED BONDS (CONTINUED)</u>	
Water Revenue Bonds, Series 1998	\$ 0
Water Revenue Bonds, Series 2002	0
Total Water Revenue Bonds	0
 Audubon Park Commission Improvement Bonds, Series 1997	 0
Audubon Park Commission Aquarium Bonds, Series 2001A	0
Audubon Park Commission Aquarium Bonds, Series 2001B	0
Audubon Park Commission Aquarium Bonds, Series 2003A	0
Total Audubon Park Commission Aquarium Bonds	0
 Downtown Development District Special Tax Bonds, Series 2001	 0
<i>Total Special Tax & Revenue Bonds Defeased</i>	<i>0</i>
<u>GENERAL OBLIGATION DEFEASED BONDS</u>	
Public Improvement Bonds, Issue of 1998A	1,675,857
Public Improvement Bonds, Issue of 1999	1,549,947
Total General Obligation Defeased Bonds	3,225,804
<i>Total Defeased Bonds</i>	<i>3,225,804</i>
 Total Itemized Disbursements-Interest, Principal and Premium Paid	 \$ 43,022,807

Interest Paid		Principal Paid			
Tax Credit Bond Loan	Total Interest	Debt Service Fund	Tax Credit Bond Loan	Total Principal	Total Interest and Principal
\$ 534,155	\$ 534,155	\$ 0	\$ 725,000	\$ 725,000	\$ 1,259,155
1,445,913	1,445,913	0	1,095,000	1,095,000	2,540,913
1,980,068	1,980,068	0	1,820,000	1,820,000	3,800,068
147,260	147,260	0	220,000	220,000	367,260
692,504	692,504	0	15,000	15,000	707,504
34,670	34,670	0	60,000	60,000	94,670
759,900	759,900	0	2,065,000	2,065,000	2,824,900
1,487,074	1,487,074	0	2,140,000	2,140,000	3,627,074
343,316	343,316		195,000	195,000	538,316
14,818,032	14,818,032	0	16,080,000	16,080,000	30,898,032
0	1,675,857	32,890,000	0	32,890,000	34,565,857
0	1,549,947	0	0	0	1,549,947
0	3,225,804	32,890,000	0	32,890,000	36,115,804
14,818,032	18,043,836	32,890,000	16,080,000	48,970,000	67,013,836
\$ 14,818,032	\$ 57,840,839	\$ 47,795,474	\$ 16,080,000	\$ 63,875,474	\$ 121,716,313

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INDEPENDENT AUDITOR'S REPORT

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mr. J. Thomas Lewis, President, and Members
Board of Liquidation, City Debt
New Orleans, Louisiana

We have audited the financial statements of the Board of Liquidation, City Debt as of and for the year ended December 31, 2007, and have issued our report thereon dated May 12, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board of Liquidation, City Debt's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Entity's financial statements that is more than inconsequential will not be prevented or detected by the Entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Entity's internal control.

Mr. J. Thomas Lewis, President, and Members
Board of Liquidation, City Debt

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Liquidation, City Debt's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the members of the Board, the City of New Orleans, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Spilsbury Hamilton Legendre & Paciera

May 12, 2008