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**CITY OF NEW ORLEANS
BOARD OF LIQUIDATION
CITY DEBT
Annual Statement**

December 31, 1997

**BOARD OF LIQUIDATION, CITY DEBT
NEW ORLEANS, LOUISIANA
DECEMBER 31, 1997**

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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, make up 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*
Janice Martin Foster, *Vice President*
Oris B. Alexander, Jr., *Secretary*
David W. Gerthausen, *Assistant Secretary*

COUNSEL

Lewis & Keller

MEMBERS OF THE BOARD

James M. Cain
Alden J. Labadie

Janice Martin Foster
J. Thomas Lewis

Clarence J. Jupiter
Mary K. Zervigon

Marc H. Morial, Mayor }
James M. Singleton, Councilman } Ex-Officio
Foggy Wilson, Councilwoman }

BOARD OF DIRECTORS

OTIS B. ALEXANDER, JR.
ANDREW HANCOCK FORTIN
DAVID W. GONZALEZ
J. THOMAS LEWIS
OTIS B. ALEXANDER, JR.
DAVID W. GONZALEZ

OTIS B. ALEXANDER, JR. OFFICE
OTIS B. ALEXANDER, JR. OFFICE
OTIS B. ALEXANDER, JR. OFFICE

Board of Liquidation, City Debt

1000 PINEBARK STREET - SUITE 600
New Orleans, La. 70112

OTIS B. ALEXANDER, JR.
DAVID W. GONZALEZ

January 1, 1998

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 1821, 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, 1997, 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, and the Downtown Development District of New Orleans.


J. Thomas Lewis


Otis B. Alexander, Jr.

SPILSBURY, HAMILTON, LEGGERS & PACHERA

SPILSBURY, HAMILTON, LEGGERS & PACHERA, C.P.A.
SPILSBURY, HAMILTON, LEGGERS & PACHERA, C.P.A.
SPILSBURY, HAMILTON, LEGGERS & PACHERA, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

4701 Canal, ST
New Orleans, LA 70114
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Fax:(504) 488-0201

SPILSBURY, HAMILTON, LEGGERS & PACHERA, C.P.A.
(504) 488-0273

ISSUED BY
SPILSBURY, HAMILTON, LEGGERS & PACHERA, C.P.A.
SPILSBURY, HAMILTON, LEGGERS & PACHERA, C.P.A.
SPILSBURY, HAMILTON, LEGGERS & PACHERA, C.P.A.

MANAGEMENT LETTER'S REPORT

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

We have audited the accompanying statements of assets, liabilities, custodial, and debt service and reserve funds - modified cash basis, of the Board of Liquidation, City Debt, as of December 31, 1997, and the related statements of cash receipts, disbursements, and changes in fund balances - modified cash basis, for the year then ended. 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 generally accepted auditing standards 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.

As described in Note A, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than 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 funds of the Board of Liquidation, City Debt, at December 31, 1997, and cash receipts, disbursements and changes in fund balances for the year then ended, on the basis of accounting described in Note A.

In accordance with Government Auditing Standards, we have also issued our report dated February 10, 1998 on our consideration of the Board of Liquidation, City Debt's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in this report, listed in the foregoing table of contents, is presented for the purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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, LeSourd & Peckham

February 10, 1998

BOARD OF LIQUIDATION, CITY DEBT
STATEMENT OF ASSETS, LIABILITIES, CASH/DEBT, AND DEBT SERVICE
AND RESERVE FUNDS-MODIFIED-CASH BASIS
DECEMBER 31, 1997

Assets:			
Cash		\$3,216,804	
Funds held in Trust		<u>2,805,749</u>	
			(3,241,373)
Investments:			
Certificates of Deposit		77,534,173	
U.S. Treasury Bills		6,586,091	
U.S. Treasury Strips		<u>77,568,263</u>	
			161,788,411
	Total Assets		<u><u>1,637,817,364</u></u>
Liabilities, Contingent, and Debt Service and Reserve Funds			
Liabilities:			
Interest & Principal Payable - City of New Orleans General Obligation Bonds		\$3,718,866	
Interest & Principal Payable - Sewerage & Water Board Special Tax Bonds		327,227	
Interest & Principal Payable - Sewerage & Water Board Revenue Bonds		68,976	
Interest & Principal Payable - Audubon Park Commission Special Tax Bonds		37,979	
Interest & Principal Payable - Deferred Bonds		1,493,873	
General Obligation Bond Proceeds - Good Faith Deposit		<u>408,000</u>	
	Total Liabilities		6,106,879
Contingent:			
Sewerage & Water Board of New Orleans:			
Construction & Extension Fund	13,211,469		
Drainage System Fund - 3 mill	3,679,898		
Drainage System Fund - 6 mill	3,987,287		
Drainage System Fund - 9 mill	3,334,648		
Drainage System Bond Proceeds - 9 mill	41,443		
Water Revenue Bond Proceeds	218,819		
Sewerage Service Revenue Bond Proceeds	<u>36,452,158</u>	37,467,527	
Domestic Development District Special Tax Fund			4,000,168
Audubon Park Commission:			
Apartment - 3.9 mill	16,483		
Special Tax Fund - .60 mill	3,899		
Improvements Bond Proceeds	<u>498,719</u>	718,161	
	Total Contingent		37,236,817
Debt Service and Reserve Funds:			
General Obligation Bonds	39,967,118		
Capital Improvement Bonds	1,876,180		
Drainage System Bonds	1,851,980		
Sewer Service Revenue Bonds	1,283,324		
Water Revenue Bonds	1,588,967		
Audubon Park Commission Bonds	1,241,143		
Cost of Issuance - Refunding	<u>7,428</u>	7,428	
	Total Debt Service and Reserve Funds		43,718,177
	Total Liabilities, Contingent and Debt Service and Reserve Funds		<u><u>830,058,099</u></u>

See Accompanying Notes to Financial Statements

BOARD OF LIQUIDATION, CITY DEBT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 1997

Receipts	Accounts of				Total
	Debt Administration	Sewerage & Water Board	Development District	Audubon Park Commission	
Ad valorem taxes - 1996	\$ 1,188	\$ 996	\$ -	\$ 281	\$ 2,365
Ad valorem taxes - Current year	15,889,788	21,083,360	3,115,847	5,717,086	24,806,081
Ad valorem taxes - Prior years	2,887,409	1,729,946	665,817	343,441	4,127,613
Accrued interest	168,860	-	-	-	168,860
Bond proceeds	-	39,008,264	-	4,513,000	34,521,264
Bond proceeds - cost of issuance	298,000	-	-	-	298,000
Bond proceeds - reserve funds	1,498,479	-	-	-	2,498,479
General obligation bonds - grant funds deposit	400,000	-	-	-	400,000
Revenue sharing - State of Louisiana	-	811,911	-	-	811,911
Debt service funds	12,728,409	-	-	-	12,728,409
Interest on investments	3,421,784	1,791,802	482,912	20,912	5,817,508
Interest on delinquent taxes	-	-	792	-	792
Street debt service funds	-	387,740	-	-	387,740
Escape debt reserve funds	-	-	-	116,448	116,448
Debt service fund - reserve accounts	30,604,261	-	-	-	30,604,261
Total receipts	130,302,111	61,344,122	3,784,771	10,746,136	206,177,140
Disbursements					
Interest on bonds	44,641,698	-	-	-	44,641,698
Principal on bonds	305,649,120	-	-	-	305,649,120
Premium on bonds	1,284,400	-	-	-	1,284,400
Warrants	-	29,870,112	7,365,764	1,981,683	41,137,559
Debt service	-	1,546,781	-	4,123,118	5,670,899
Personal services	287,700	-	-	-	287,700
Commercial services	31,184	-	-	-	31,184
Legal and office expenses	30,682	-	-	-	30,682
Funds reversion to City of New Orleans, Sewerage & Water Board, and Audubon Park Commission	1,319,322	-	-	-	1,319,322
Cost of interest - bond issue	185,411	-	-	-	185,411
Total disbursements	121,677,830	31,417,024	7,365,764	18,028,979	178,489,697
Excess (deficiency) of receipts over disbursements	88,624,281	29,927,098	(3,581,000)	499,157	127,469,536
Balance at December 31, 1996	48,129,186	16,741,128	1,681,802	48,804	66,601,920
Balance at December 31, 1997	\$ 136,753,467	\$ 46,668,226	\$ 1,100,802	\$ 517,961	\$ 184,840,456
Cash	\$ 3,889,748	\$ 31,114	\$ 126,469	\$ 3,641	\$ 4,051,972
Funds held in Trust	2,888,769	-	-	-	2,888,769
Certificates of deposit	40,413,493	11,281,798	3,794,008	10,000	55,500,309
U.S. Treasury Bills - net	2,315,263	4,278,828	-	-	6,594,091
U.S. Treasury Notes - net	-	10,889,788	-	498,480	11,388,268
	\$ 49,497,273	\$ 26,481,420	\$ 4,020,467	\$ 4,147,121	\$ 80,146,281

See Accompanying Notes to Financial Statements

(Continued)

Water Revenue Receipts	Sewer Service Revenue Receipts	Sewerage & Water Board Miscellaneous Receipts	Ashdon Park Commissions Receipts 4 mil	Ashdon Park Commissions Receipts 1.8 mil	Deferred Bonds	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000
-	-	-	-	-	-	22,809,882
-	-	-	-	-	-	2,897,489
-	-	-	-	-	-	564,861
-	221,423	-	44,583	-	-	296,006
-	2,498,479	-	-	-	-	2,498,479
-	-	-	-	-	-	480,000
1,873,425	1,572,124	-	237,168	1,867,442	-	11,726,408
171,978	23,900	198	11,128	101,181	-	1,624,798
-	-	-	-	-	97,608,961	97,608,961
<u>3,049,403</u>	<u>3,718,919</u>	<u>198</u>	<u>407,642</u>	<u>1,968,623</u>	<u>97,608,961</u>	<u>111,202,111</u>
661,800	797,278	-	108,884	2,631,442	17,813,381	44,662,695
2,300,000	-	-	75,121	1,208,000	12,287,280	183,649,211
-	-	-	-	-	1,284,280	1,284,280
-	-	-	-	-	-	297,760
730	-	-	-	-	-	25,184
-	-	-	-	-	-	79,581
174,878	78,148	198	11,128	101,181	-	1,379,522
-	218,166	-	27,889	-	-	281,612
<u>1,128,128</u>	<u>1,098,501</u>	<u>198</u>	<u>245,822</u>	<u>1,982,627</u>	<u>97,794,822</u>	<u>111,671,693</u>
288,229	2,242,124	-	47,148	(15,088)	(188,841)	525,661
3,761,048	6,418	42,442	278,242	1,914,884	1,482,713	49,289,186
<u>\$ 3,827,115</u>	<u>\$ 3,771,714</u>	<u>\$ 42,442</u>	<u>\$ 366,713</u>	<u>\$ 1,839,054</u>	<u>\$ 1,495,872</u>	<u>\$ 49,824,147</u>
\$ 7,306	\$ 6,418	\$ 42,442	\$ 7,298	\$ -	\$ 311,471	\$ 1,068,740
50,000	-	-	32,249	1,000	1,182,280	1,005,769
3,608,717	2,242,124	-	307,088	-	-	41,413,475
-	-	-	-	1,914,884	-	2,310,261
<u>\$ 3,625,311</u>	<u>\$ 3,771,714</u>	<u>\$ 42,442</u>	<u>\$ 366,713</u>	<u>\$ 1,839,054</u>	<u>\$ 1,495,872</u>	<u>\$ 49,824,147</u>
\$ 2,266	\$ 1,410	\$ 11,443	\$ 710	\$ -	\$ 118,877	\$ 417,861
5,880	5,880	20,280	-	-	181,753	1,242,440
81,000	-	-	28,249	3,000	1,181,280	2,895,789
2,211,621	1,480,473	-	307,088	1,914,884	-	52,613,977
376,242	774,849	-	-	-	-	11,886,744
-	-	-	-	-	-	480,000
730	-	-	6,586	-	-	7,258
<u>\$ 3,021,312</u>	<u>\$ 3,251,794</u>	<u>\$ 41,443</u>	<u>\$ 366,713</u>	<u>\$ 1,919,834</u>	<u>\$ 1,495,872</u>	<u>\$ 49,824,147</u>

**BOARD OF SUPERVISORS, CITY OF
 ACCOUNT OF REVENUES & WATER BOARD OF NEW ORLEANS
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCES - ADDED CASH BASIS
 YEAR ENDED DECEMBER 31, 1993**

Description	Construction & Extension Fund		Drainage System Fund		Drainage System Fund		Drainage System Fund		Water Process Fund		Sewerage Service Extension Fund		Total
	3 mill	1 mill	3 mill	1 mill	3 mill	1 mill	3 mill	1 mill	3 mill	1 mill	3 mill	1 mill	
Ad valorem taxes - 1993	-	\$ 152	\$ 265	\$ 428	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 848
Ad valorem taxes - Current year	-	6,600,148	8,341,419	13,280,884	-	-	-	-	-	-	-	-	28,222,149
Ad valorem taxes - Prior year	14,281	141,648	490,116	313,216	-	-	-	-	-	-	-	-	1,279,944
Grant proceeds	-	-	-	-	-	-	-	-	-	-	26,280,364	-	26,280,364
Revenue sharing - State of Louisiana	-	803,351	-	-	-	-	-	-	-	-	-	-	803,351
Business investments	658,951	143,181	379,478	213,865	1,658	1,658	-	-	18,998	111,316	-	-	1,295,660
Revenue share from franchise	-	-	-	267,342	-	-	-	-	-	-	-	-	267,342
Total receipts	658,231	5,791,266	9,055,148	13,959,412	1,658	1,658	-	-	18,998	36,811,820	-	-	25,114,127

Disbursements

Warrants	281,095	16,525,276	6,174,178	9,479,842	-	-	-	-	-	1,271,549	-	-	29,871,490
Other service	281,269	8,393,276	3,284,187	3,452,000	-	-	-	-	-	3,486,415	-	-	12,456,080
Total disbursements	562,364	24,918,552	9,458,365	12,931,842	-	-	-	-	-	4,757,964	-	-	42,327,570

Open balances of accounts receivable

Disbursements	384,615	681,959	651,880	177,182	1,658	1,658	18,998	18,998	18,998	36,447,216	-	-	21,774,288
Revenues at December 31, 1992	1,825,214	4,511,881	4,238,971	4,763,652	48,776	48,776	293,821	293,821	293,821	7,411	-	-	16,314,129
Revenues at December 31, 1993	1,121,469	3,181,894	3,387,987	3,153,628	48,411	48,411	3,118,627	3,118,627	3,118,627	13,415,162	-	-	16,483,187

Cash

Contributors of account	9,192	4,878	2,887	4,628	443	443	1,453	1,453	1,453	11,259	-	-	19,194
U.S. Treasury Bills - end	11,819,008	1,815,000	3,041,000	3,158,008	41,886	41,886	-	-	-	4,895,260	-	-	21,271,198
U.S. Treasury Notes - end	1,282,379	-	-	-	-	-	-	-	-	1,871,884	-	-	4,793,828
Total	13,211,468	6,694,878	6,929,874	7,261,636	48,411	48,411	3,118,627	3,118,627	3,118,627	18,048,313	-	-	26,280,364

See accompanying Notes to Financial Statements

BOARD OF LIQUIDATION, CITY OF NEW ORLEANS
ACCOUNT OF DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 1997

	Special Tax Fund 1685 mls
Receipts	
Ad valorem taxes -- Current year	\$ 3,133,847
Ad valorem taxes -- Prior years	186,817
Interest on investments	482,918
Interest on delinquent taxes	792
Total receipts	<u>3,764,374</u>
Disbursements	
Warrants	<u>7,583,704</u>
Total disbursements	<u>7,583,704</u>
Excess (Deficiency) of receipts over disbursements	(3,819,330)
Balance at December 31, 1996	<u>7,600,301</u>
Balance at December 31, 1997	<u>\$ 3,780,971</u>
Cash	\$ 228,187
Certificates of deposit	3,552,784
	<u>\$ 3,780,971</u>

See Accompanying Notes to Financial Statements

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF AUDITOR TARK COMMISSION OF NEW ORLEANS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES—MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 1997

	Aquarium Tax Fund 3.8 mills	Aquarium Bond Proceeds	Special Tax Fund .4 mills	Improvement Bonds	Total
Receipts					
Ad valorem taxes -- 1996	\$ 281	\$ -	\$ 29	\$ -	\$ 281
Ad valorem taxes -- Current year	3,104,268	-	193,778	-	3,298,046
Ad valorem taxes -- Prior years	319,280	-	33,181	-	352,461
Bond proceeds	-	11,000	-	4,500,000	4,511,000
Interest on investments	11,287	-	4,343	17,846	33,476
Excess debt service funds	-	181,100	15,341	-	196,441
Total receipts	3,434,296	192,100	203,641	4,517,846	8,348,113
Disbursements					
Warrants	1,828,000	118,110	265,000	1,881,533	3,902,643
Debt service	3,893,443	-	241,328	1,243,524	5,178,295
Total disbursements	5,721,443	118,110	506,328	3,125,057	9,471,938
Excess (deficiency) of receipts over disbursements	(2,287,147)	-	(302,687)	1,392,789	(697,045)
Balance at December 31, 1996	49,630	-	1,374	-	51,004
Balance at December 31, 1997	\$ 21,483	\$ -	\$ 1,692	\$ 1,392,789	\$ 1,415,964
Cash	\$ 1,482	\$ -	\$ 1,000	\$ 179	\$ 2,661
Certificates of deposit	10,000	-	-	-	10,000
U.S. Treasury Bonds -- cash	-	-	-	688,880	688,880
Total	\$ 11,482	\$ -	\$ 1,000	\$ 688,880	\$ 701,362

See Accompanying Notes to Financial Statements

BOARD OF LEGISLATION, CITY DEPT
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS
DECEMBER 31, 1997

General Information

The Board of Legislation, City Debt ("Board") is a component unit of the City of New Orleans. 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 bond may be sold without approval of the members of the Board. All property taxes levied by the City and allocated 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 treated as fully secured certificates of deposit under 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 each 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 each 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 debt revenues 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 in compliance 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 which 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 Legislation, City Debt, and the Council of the City of New Orleans. The Board requires as a condition of 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 issues 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 1985, as amended, by the Louisiana Legislature and Article VI, Section 23 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.

The Board of Legislation 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 Legislation, 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 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 Legislation, City Debt, and is levied by the Council of the City of New Orleans annually.

In addition, the Board of Legislation, City Debt, serves as a custodial repository for the accounts of the Sewerage and Water Board of New Orleans, the Downtown Development District of New Orleans, and the Audubon Park Commission of New Orleans.

Funds collected by these agencies are deposited in special accounts or invested in Certificates of Deposit under full faith and credit obligations of the U.S. Government. Any expenditures made from these accounts are paid by the Board of Legislation, City Debt, as authorized by warrants and supporting resolutions of the various agencies.

Administrative expenditures paid in connection with the operations of the Board are recorded under the General Obligation Bonds.

A. Summary of Significant Accounting Policies

Fund Accounting

The accounts of the Board are organized and operated on the basis of funds and accounting groups, each of which is considered a separate accounting entity, and is maintained for the purposes of attaining objectives in accordance with the various special requirements, regulations and limitations.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS (Cont'd)
DECEMBER 31, 1997

A. Summary of Significant Accounting Policies (cont'd)

RECOGNITION OF ASSETS/LIABILITIES

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 material and capital funds and deposits which are reflected as liabilities when the obligation is incurred.

RECLASSIFICATIONS

Certain balances at December 31, 1996, have been reclassified to conform with the presentation of the December 31, 1997 balances.

CASH AND TIME CERTIFICATES OF DEPOSIT

At December 31, 1997, the Board's deposits with banks consisted of cash totaling \$1,159,884 and time certificates of deposit of \$77,834,135. These deposits were insured by Federal Deposit Insurance or by collateral held by a third party in the Board's name.

FUNDS HELD IN TRUST

At December 31, 1997, the Board's paying agent, Chase Manhattan Bank, was holding cash in trust totaling \$2,005,789. These funds are to be used to pay material or called bonds when they are presented for payment. This amount is also included as part of interest and principal payable in the liabilities of the financial statements.

INVESTMENTS

Investments are stated at cost. Discounts and premiums on purchases of investments are not amortized over the life of the investment.

At December 31, 1997 the carrying amount of the Board's investment in U.S. Treasury Bills was \$6,606,891 with a market value of \$6,546,119 and in U.S. Treasury Bonds \$17,698,243 with a market value of \$18,206,116. These uninsured and unsegregated investments are held by the Board's agent in the Board's name.

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 his accumulated annual leave based on his current hourly rate of pay and for his accumulated sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting his accrued sick leave to additional years of service. At December 31, 1997 this amount totaled \$205,340.

B. Pension Plan

Employees of the Board are covered under a City of New Orleans Employees' Pension Plan. 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 employee accumulated contribution plus an annual pension, which together with the annuity, provides a total retirement allowance equal to 75% to 90% of average compensation during 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, less \$1,200. Mandatory retirement applies to service.

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 in excess of \$4,200 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 \$23,149.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS - MODIFIED-CASH BASIS (Cont'd)
DECEMBER 31, 1997

C. Advance Refunding

On August 29, 1996, the Savings and Water Board (Savings Fund) issued \$21,100,000 in water revenue bonds and \$21,280,000 in savings service revenue bonds to refund the balances of all outstanding water and savings service bonds, which amounted to \$50,844,000 as of August 1, 1996. The entire proceeds were placed in an irrevocable escrow account and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest on the refunded bonds on the call dates. Accordingly, the escrow account and the refunded bonds are not included in these financial statements. At December 31, 1997, the outstanding balance of the refunded water and savings service revenue bonds totaled \$4,950,000.

As approved by a referendum on July 11, 1991, the City of New Orleans on September 19, 1991 entered into a refunding transaction whereby it issued \$119,860,025 of General Obligation bonds, for the purpose of refunding, reacquiring, restructuring, extending and retiring a portion of its outstanding general obligation bonds outstanding as September 30, 1991. The proceeds from issuance of the refunding bonds were placed in an irrevocable escrow account and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest on the refunded bonds. Accordingly, the escrow account and the refunded bonds are not included in these financial statements. At December 31, 1997, the outstanding balance of the refunded general obligation bonds totaled \$92,860,000.

As approved by a referendum on July 13, 1995, the City of New Orleans on September 26, 1995 entered into a refunding transaction whereby it issued \$187,340,000 of General Obligation bonds, for the purpose of refunding a portion of its outstanding general obligation bonds outstanding as September 30, 1995. The proceeds from issuance of the refunding bonds were placed in an irrevocable escrow account and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest on the refunded bonds. Accordingly, the escrow account and the refunded bonds are not included in these financial statements. At December 31, 1997, the outstanding balance of the refunded general obligation bonds totaled \$19,960,000.

B. Potential Litigation

The Internal Revenue Service ("IRS") and Securities and Exchange Commission ("SEC"), in numerous cases around the country, are looking into allegations that "yield buying" occurred in connection with the issuance of advance-refunding bonds by local governments. An advance-refunding a portion of amounts usually does U.S. Treasury securities, is purchased to defuse the payments on the refunded bond issues) through their refinancing or maturity on some future date or dates. Federal anti-trading regulations generally limit the yield of such defeasance securities to the yield on the refunding bond issues. The IRS and SEC appear to believe that in some cases these defeasance escrow portfolios may have been sold by certain dealers at issues at artificially high prices, thereby resulting in lower than market yields. This practice has been referred to as "yield buying."

The IRS has notified the City that it believes yield-buying may have occurred in connection with the City's General Obligation Refunding Bonds Series 1991. Additionally, the City and the Board of Liquidation, City Debt have received information requests from both IRS and SEC in connection with their yield buying investigations, and have responded to the requests from both agencies. As of the date of this report no final determination has been made by the IRS or the SEC in connection with the Series 1991 Bonds.

Because investigations by the IRS and SEC into "yield buying" are widespread, several national local government interest groups and other stakeholders involved are pressing the IRS and SEC to resolve their claims with the dealers who may have participated in yield buying, rather than with the local government issuers who were the victims of the alleged yield buying schemes. The City has been given no assurance, however, that the IRS or the SEC will actually follow this course of action.

E. Subsequent Event

On December 17, 1997, the City of New Orleans entered into a transaction to issue \$40,000,000 of Public Improvement Bonds, later of 1998-A, Subsequent to year and the City of New Orleans issued those bonds which were dated February 3, 1998 and were delivered and recorded February 4, 1998.

SUPPLEMENTAL INFORMATION

BOARD OF LIQUIDATION, CITY DEBT
REDAEMED DEBT AUTHORIZED BY BOARD OF LIQUIDATION, CITY DEBT
FOR THE YEAR ENDED DECEMBER 31, 1997

NAME	Date of Maturity	Fiscal Social Maturity	As Amored Int. Cost	Principal due 1998	Interest due 1998	Debt Service due 1998	Amount Outstanding
Public Improvement Bonds Issue of 1974	May 1, 1974	Nov. 1, 1998	5.400%	\$ 600,000	\$ 32,500	\$ 632,500	\$ 600,000
Public Improvement Bonds Issue of 1976	April 1, 1976	Aug. 1, 2001	6.000%	800,000	180,000	980,000	3,155,000
Public Improvement Bonds Issue of 1977	Dec. 1, 1977	Dec. 1, 2002	5.1125%	1,400,000	136,400	1,536,400	8,200,000
Public Improvement Bonds Issue of 1977 *	Feb. 15, 1981	Oct. 1, 2001	7.0000%	4,710,000	331,500	5,041,500	4,710,000
Public Improvement Bonds Issue of 1983 *	Feb. 15, 1983	Oct. 1, 2001	7.0000%	3,470,000	252,900	3,722,900	3,722,900
General Obligation Refunding Bonds Series 1991	Sept. 1, 1991	Sept. 1, 2002	7.0010%	-	4,000,000	4,000,000	175,880,000
General Obligation Bonds Series of 1992 *	March 1, 1992	Sept. 1, 2002	6.8800%	1,100,000	270,215	1,370,215	4,279,000
General Obligation Refunding Bonds Series 1992	Sept. 1, 1992	Oct. 1, 2001	6.0000%	-	6,600,000	6,600,000	164,000,000
Public Improvement Bonds Issue of 1993	Nov. 1, 1993	Nov. 1, 2015	3.8700%	300,000	3,631,585	3,931,585	1,700,000
Public Improvement Bonds Issue of 1995A	Jan. 1, 1995	Dec. 1, 2008	6.7500%	450,000	2,827,810	3,277,810	46,450,000
Public Improvement Bonds Issue of 1995A (Maturandy)	Dec. 1, 1997	Dec. 1, 2007	3.0000%	100,000	1,781,215	1,881,215	80,000,000
TOTAL:				\$ 13,650,000	\$ 20,879,810	\$ 34,529,810	\$ 488,080,000

Legal Debt Limit: \$600,000,000 Debt Service Coverage: Unfunded and Withheld Tax Levy
 Reserve Fund: Sufficient to cover 87 of the high year's Principal and Interest due.

* A portion of these bonds redeemed in 1991. Debt Service guaranteed by Revenue Agreement.

* A portion of these bonds redeemed in 1991. Debt Service guaranteed by Revenue Agreement.

NAME	Date of Maturity	Fiscal Social Maturity	As Amored Int. Cost	Principal due 1998	Interest due 1998	Debt Service due 1998	Amount Outstanding
United Tax Bonds, Series 1996	March 1, 1998	March 1, 2002	6.875%	\$ 1,361,000	\$ 89,200	\$ 1,450,200	\$ 14,500,000

**BOARD OF LIQUIDATING CITY DEBT
BOARDS DEBT ADMINISTERED BY BOARD OF LIQUIDATING CITY DEBT COMMITTEES
FOR THE YEAR ENDED DECEMBER 31, 1990**

NAME	Date of Issue	Fiscal Year	Int. Annual Int. Rate	Principal Due 1990	Interest Due 1990	Debt Service Due 1990	Amount Outstanding
SEWAGE SYSTEMS LOCAL TAX BONDS							
Exchange System (including Bonds, Series 1984 (B-1) and	April 1, 1984	Mar. 1, 1981	3.000%	\$ 894,000	\$ 366,500	\$ 1,260,500	\$ 4,001,000
Exchange System Bonds, Series 1986 (B-1) and	Aug. 1, 1986	Dec. 1, 1988	7.800%	\$1,600,000	\$ 100,000	\$ 1,700,000	\$ 1,000,000

Legal Debt Liabilities:

6-month \$10,000,000.00 Debt Service Coverage: 1990 Tax Yield 4.75% of Debt Service Due - 6 mill
 9-month \$10,000,000.00 Debt Service Coverage: 1990 Tax Yield 11.7% of Debt Service Due - 9 mill

Reserve Fund: High year's principal and interest - 9 mill Tax Bonds.

SEWERAGE SERVICE REVENUE BONDS

Sewerage Service Revenue Bonds, Series 1980	June 1, 1980	June 1, 2017	4.750%	\$ 100,000	\$1,074,000	\$ 1,174,000	\$9,000,000
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Debt Service Coverage: Ratio sufficient to produce interest pay and above the minimum required for operation and maintenance of the system which shall be not less than 120% of the maximum of Debt Service due in any calendar year on all outstanding bonds.

Reserve Fund: High year's principal and interest due.

WATER REVENUE BONDS

Water Revenue Bonds, Series 1980	Aug. 1, 1980	Dec. 1, 2000	6.750%	\$1,700,000	\$ 478,850	\$ 2,178,850	\$ 2,115,000
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Debt Service Coverage: Ratio sufficient to produce interest pay and above the minimum required for operation and maintenance of the system which shall be not less than 120% of the maximum of Debt Service due in any calendar year on all outstanding bonds.

Reserve Fund: High year's principal and interest due.

**BOARD OF LIQUIDATION, CITY DEBT
 BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATORS, CITY DEBT ACCOUNTING
 FOR THE YEAR ENDING DECEMBER 31, 1999**

AUDUBON PARK COMMISSION BONDS (4.0 mills)

Audubon Park Commission Improvement A Refunding Bonds, Series 1997 Jan. 1, 1999 Dec. 1, 2016 \$ 1,000,000 \$ 1,040,000 \$ 175,000 \$ 4,175,000

Bulk Service Coverage: 100% Two Year (10% of Debt Service due)

AUDUBON PARK COMMISSION BONDS (0.6 mills)

Audubon Park Commission Aquatics Bonds, Series 1993 Jan. 1, 1995 Dec. 1, 2013 \$ 1,250,000 \$ 1,495,128 \$ 3,043,128 \$4,610,000

Bulk Service Coverage: 100% Two Year (10% of Debt Service due)

Reserve Fund: Sufficient to cover 10 of the high year's Principal and Interest due.

BOARD OF LIQUIDATION, CITY DEBT
BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATORS, CITY DEBT (CONTINUED)
FOR THE YEAR ENDING DECEMBER 31, 1979

DEFERRED BONDS - DEBT SERVICE GUARANTEED BY ESCROW AGREEMENTS

MAJOR	Date of Bonds	Date of Redemption	Date of Calls or Final Maturity	Principal due 1979	Interest & Premium due 1979	Debt Service due 1979	Amount Outstanding
General Obligation Bonds Series 1962	Sept. 1, 1962	Sept. 30, 1979	Dec. 1, 1981	\$ 2,315,000	\$ 4,278,179	\$ 1,403,179	\$ 40,883,000

Only a portion of the above lines refunded in 1979.

Public Improvement Bonds, Series of 1969	Feb. 1, 1969	Sept. 30, 1979	Dec. 1, 1969	\$5,790,000	\$ 3,284,854	\$ 4,004,804	\$ 34,100,000
Public Improvement Bonds, Series of 1971	March 1, 1970	Sept. 30, 1979	Sept. 1, 2002	-	4,074,465	4,074,465	50,000,000
TOTAL				<u>\$5,790,000</u>	<u>\$ 7,359,319</u>	<u>\$ 8,079,269</u>	<u>\$ 84,983,000</u>

Only a portion of the above lines refunded in 1979.

Water Revenue Bonds, Series B	Nov. 1, 1978	Aug. 29, 1985	Nov. 1, 2002	\$ 100,000	\$ 152,048	\$ 475,148	\$ 2,315,000
Water Revenue Bonds, Series F	July 1, 1969	Aug. 29, 1985	July 1, 2000	1,400,000	108,853	1,712,453	4,285,000
TOTAL				<u>\$ 1,500,000</u>	<u>\$ 260,901</u>	<u>\$ 2,187,601</u>	<u>\$ 6,600,000</u>

Refunded bonds are not obligations of the City of New Orleans or the Sewerage & Water Board of New Orleans.

**BOARD OF LIQUIDATION, CITY DEBT
SCHEDULE OF BOND SALES
FOR THE YEAR ENDED DECEMBER 31, 1997**

City of New Orleans Public Improvement Bonds - Issue of 1998A (Adjusted)

Sold: December 31, 1997 **Delivery:** February 4, 1998

Bonds Dated: February 1, 1998, and due December 1, 1998 through December 1, 2017

Average life of issue: 19.179633 years

Total Interest Cost: 3.193817%

Sold to: Merrill Lynch

Source:

Principal sum	\$ 40,000,000
Accrued Interest	<u>17,838</u>
Total	<u>\$ 40,017,838</u>

The proceeds of \$40,000,000.00 will be delivered to the Treasury of the City of New Orleans on February 4, 1998.

Sewerage & Water Board of New Orleans Sewerage Service Revenue Bonds, Series 1997

Sold: May 21, 1997 **Delivered:** June 28, 1997

Bonds Dated: June 1, 1997, and due June 1, 1998 through June 1, 2017

Average life of issue: 12.1621 years

Total Interest Cost: 3.336682%

Sold to: Schwab & Jones

Source:

Principal sum	\$ 30,000,000
Premium	984
Plus: Accrued Interest	<u>110,730</u>
Total	<u>\$ 30,111,714</u>

Uses:

Cost of Issuance	\$ 211,435
Debt Service - Accrued Interest	(10,731)
Bond Proceeds Account	17,284,644
Debt Service Reserve Fund	<u>2,498,432</u>
Total	<u>\$ 30,111,714</u>

BOARD OF LIQUIDATION, CITY DEBT
DEBENTURES AD VALOREM TAX MILLAGE AVAILABLE FOR SERVICING OF BONDED DEBT
DECEMBER 31, 1987

	1985 Millage	1986 Millage	1987 Millage	1988 Millage	1989 Millage	1990 & 1991 Millage	1991 through 1997 Millage
DEBT SERVICE	37.6	32.1	30.7	34.2	37.9	35.1	36.9
CAPITAL IMPROVEMENT LIMITED TAX							
WATER & WATER BOARD							
Construction & Extension of Sewerage, Wast & Drainage System (Tax expired 12/31/89)	3.94	3.76	3.34	4.86	4.68	4.88	-
Operation, Maintenance and Construction & Extension of Drainage System	5.93	5.72	5.73	6.81	6.66	6.81	6.88
Operation, Maintenance and Construction of Drainage System	6.86	6.00	6.20	6.79	6.99	6.89	6.88
Operation, Maintenance and Construction of Drainage System	9.86	9.08	9.86	9.13	9.19	9.31	9.70
AUXILIARY PUBLIC CONSTRUCTION							
Audubon Park Zoo	.46	.45	.48	.43	.41	.41	.44
Audubon Park Aquatics	-	-	-	1.84	3.65	3.86	4.19
DOWNTOWN DEVELOPMENT DISTRICT	18.15	18.25	17.80	17.50	13.34	13.38	16.87

The 3.8 mills for Audubon Park Aquatics was in effect for the first time in 1987.

The 1.1 mills for Capital Improvement Limited Tax is in effect for the first time in 1986.

Millage is obtained in December of each year by the Council of New Orleans for the new tax year.

BOARD OF LIQUIDATION, CITY DEBT
SCHEDULE OF SEWERAGE & WATER BOARD MATURED BONDS
DECEMBER 31, 1997

	Sewerage, Water & Drainage Bonds 1-mil ⁴	Drainage System Bonds 3-mil (5-40)	Total
Balance at December 31, 1996	\$ 15,341	\$ 4,899	\$ 41,442
Balance at December 31, 1997	<u>\$ 15,341</u>	<u>\$ 4,899</u>	<u>\$ 41,442</u>
Cost	\$ 15,341	\$ 4,899	\$ 41,442
	<u>\$ 15,341</u>	<u>\$ 4,899</u>	<u>\$ 41,442</u>
Interest Payable	\$ 10,540	\$ 1,899	\$ 12,440
Principal Payable	21,000	5,000	16,000
	<u>\$ 31,540</u>	<u>\$ 6,899</u>	<u>\$ 40,440</u>

⁴ Tax expired December 31, 1991.

**BOARD OF LIQUIDATORS, CITY DEBT
SCHEDULE OF DEFERRED REVENUE
FOR THE YEAR ENDED DECEMBER 31, 1997**

Exhibit

Debt service funds - Income Accounts

Total Receipts

General Obligation Bonds	Street Service Revenue Bonds	Water Revenue Bonds	Airport Revenue Bonds	Airport Construction Bonds	Airport Improvement Bonds	Total
\$ 47,418,341	-	\$ 2,481,880	\$ 21,641,211	\$ 1,900,081	\$ 1,900,081	\$ 51,461,594
<u>47,418,341</u>	<u>-</u>	<u>2,481,880</u>	<u>21,641,211</u>	<u>1,900,081</u>	<u>1,900,081</u>	<u>51,461,594</u>

Exhibit

Interest on refunded bonds
Principal on refunded bonds
Premium on bonds

Total Disbursements

14,649,343	-	499,879	1,231,111	31,176	31,176	17,412,585
20,438,208	14,200	1,271,880	15,000,000	1,488,086	1,488,086	15,269,200
849,408	-	200	100,280	21,180	21,180	1,264,208
<u>16,136,959</u>	<u>14,200</u>	<u>1,772,059</u>	<u>16,131,391</u>	<u>1,530,442</u>	<u>1,530,442</u>	<u>35,745,853</u>

Excess (deficiency) of receipts over disbursements
Balance at December 31, 1996

Balance at December 31, 1997

(68,266)	(19,200)	104,810	11,288	98,145	-	(69,811)
1,219,417	13,470	60,416	50,086	-	-	1,343,389
<u>\$ 1,151,151</u>	<u>\$ 23,470</u>	<u>\$ 165,626</u>	<u>\$ 61,374</u>	<u>\$ 98,145</u>	<u>\$ 98,145</u>	<u>\$ 1,477,871</u>

Cash

Funds held in Trust

\$ 29,212	\$ 25,428	\$ 168,465	\$ -	\$ -	\$ 98,145	\$ 311,450
811,608	-	-	152,158	-	-	1,016,270
<u>\$ 840,820</u>	<u>\$ 25,428</u>	<u>\$ 168,465</u>	<u>\$ 152,158</u>	<u>\$ 98,145</u>	<u>\$ 98,145</u>	<u>\$ 1,481,823</u>

Interest payable
Principal payable
Principal payable - Change

\$ 15,113	\$ 2,943	\$ 51,465	\$ -	\$ -	\$ 4,449	\$ 73,970
5,408	26,415	11,980	-	-	63,850	107,653
<u>811,608</u>	<u>29,358</u>	<u>63,445</u>	<u>152,158</u>	<u>63,850</u>	<u>68,300</u>	<u>1,188,719</u>
<u>\$ 841,217</u>	<u>\$ 25,428</u>	<u>\$ 168,465</u>	<u>\$ 152,158</u>	<u>\$ 98,145</u>	<u>\$ 98,145</u>	<u>\$ 1,481,823</u>

BOARD OF LIQUIDATION, CITY DEBT
ISSUED DISBURSEMENTS-INTEREST, PRINCIPAL, AND PREMIUM PAID
FOR THE YEAR ENDED DECEMBER 31, 1997

General Obligation Bonds	Interest	Principal	Premium
Civic Center Bonds, Series C	\$ 182	\$ 3,000	-
Library Bonds	-	38,000	-
Public Improvement Bonds, Issue of 1958	-	1,000	-
Public Improvement Bonds, Issue of 1973	82,150	1,208,000	-
Public Improvement Bonds, Issue of 1974	47,600	628,000	-
Public Improvement Bonds, Issue of 1976	228,670	710,000	-
Public Improvement Bonds, Issue of 1977	114,874	1,170,000	-
Public Improvement Bonds, Issue of 1982	2,263	50,000	-
Public Improvement Bonds, Issue of 1987	-	5,000	-
Public Improvement Bonds, Issue of 1988B	-	40,000	-
Public Improvement Bonds, Issue of 1987	360,008	2,943,200	-
Public Improvement Bonds, Issue of 1988	379,088	3,215,000	-
Public Improvement Bonds, Issue of 1992	433,288	1,630,000	-
Public Improvement Bonds, Issue of 1991	1,432,112	282,000	-
Public Improvement Bonds, Issue of 1991A	2,622,158	580,000	-
General Obligation Refunding Bonds, Series 1982	134,258	2,262,000	-
General Obligation Refunding Bonds, Series 1991	4,828,700	-	-
General Obligation Refunding Bonds, Series 1992	2,992,888	-	-
Total General Obligation Bonds	31,496,387	16,284,200	-
Special Tax Bonds			
Limited Tax Bonds, Series 1990	758,730	1,208,000	-
Drainage System Bonds, Series A	-	5,000	100
Drainage System Bonds, Issue of 1994	349,288	715,000	-
Total Drainage System 2-mill bonds	349,288	720,000	100
Drainage System Bonds, Series 1981	-	5,180	-
Drainage System Bonds, Series 1986A	207,288	2,990,000	-
Drainage System Bonds, Series 1986B	487,288	3,395,000	-
Total Drainage System 3-mill bonds	694,576	6,480,180	-
Sewerage Service Revenue Bonds, Series 1997	281,275	-	-
Water Revenue Bonds, Series 1986	681,800	2,380,000	-

BOARD OF LIQUIDATION, CITY DEBT
(ITEMIZED DISBURSEMENTS-INTEREST, PRINCIPAL AND PREMIUM PAID (CONTINUED))
FOR THE YEAR ENDED DECEMBER 31, 1997

	Interest	Principal	Premium
Audubon Park Commission Improvement Bonds, Series 1979	6,945	3,000	-
Audubon Park Commission Improvement Bonds, Series 1997	232,309	73,776	-
Total	<u>239,254</u>	<u>76,776</u>	<u>-</u>
Audubon Park Commission Aquarium Bonds	<u>2,652,602</u>	<u>1,238,800</u>	<u>-</u>
Deferred Bonds			
Public Improvement Bonds, Issued 1960	-	10,000	-
Public Improvement Bonds, Issued 1967	1,091,217	40,470,000	849,400
Public Improvement Bonds, Issued 1968	1,809,046	-	-
Public Improvement Bonds, Issued 1992	4,078,460	-	-
General Obligation Bonds, Series 1986	4,874,470	9,284,208	-
Total General Obligation Deferred Bonds	<u>14,843,193</u>	<u>49,754,208</u>	<u>849,400</u>
Water Revenue Bonds, Series E	98,291	298,000	-
Water Revenue Bonds, Series F	399,219	1,282,000	-
Water Revenue Bonds, Series E	2,866	18,000	208
	<u>499,376</u>	<u>1,598,000</u>	<u>208</u>
Audubon Park Commission Improvement Bonds, Series 1978	14,023	948,800	-
Audubon Park Commission Improvement Bonds, Series 1997	17,132	848,800	70,800
	<u>31,155</u>	<u>1,797,600</u>	<u>70,800</u>
Audubon Park Commission Aquarium Bonds, Series 1948	<u>1,523,115</u>	<u>18,411,800</u>	<u>172,200</u>
Sewer Service Revenue Bonds, Series E	-	16,200	-
Total Deferred Bonds	<u>17,002,364</u>	<u>70,981,208</u>	<u>1,294,208</u>
Total All Bonds	<u>3 48,324,388</u>	<u>3 84,349,252</u>	<u>3 1,294,400</u>

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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 Board of Liquidation, City Debt as of and for the year ended December 31, 1997, and have issued our report thereon dated February 10, 1998. We conducted our audit in accordance with generally accepted auditing standards 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 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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Board of Liquidation, City Debt's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on 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 financial statements being audited may occur and not be detected within a timely period by

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
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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 for the information of the members of the Board and management. However, this report is a matter of public record and its distribution is not limited.

Sybilby Hamilton, Legendre & Poirier

February 10, 1988