

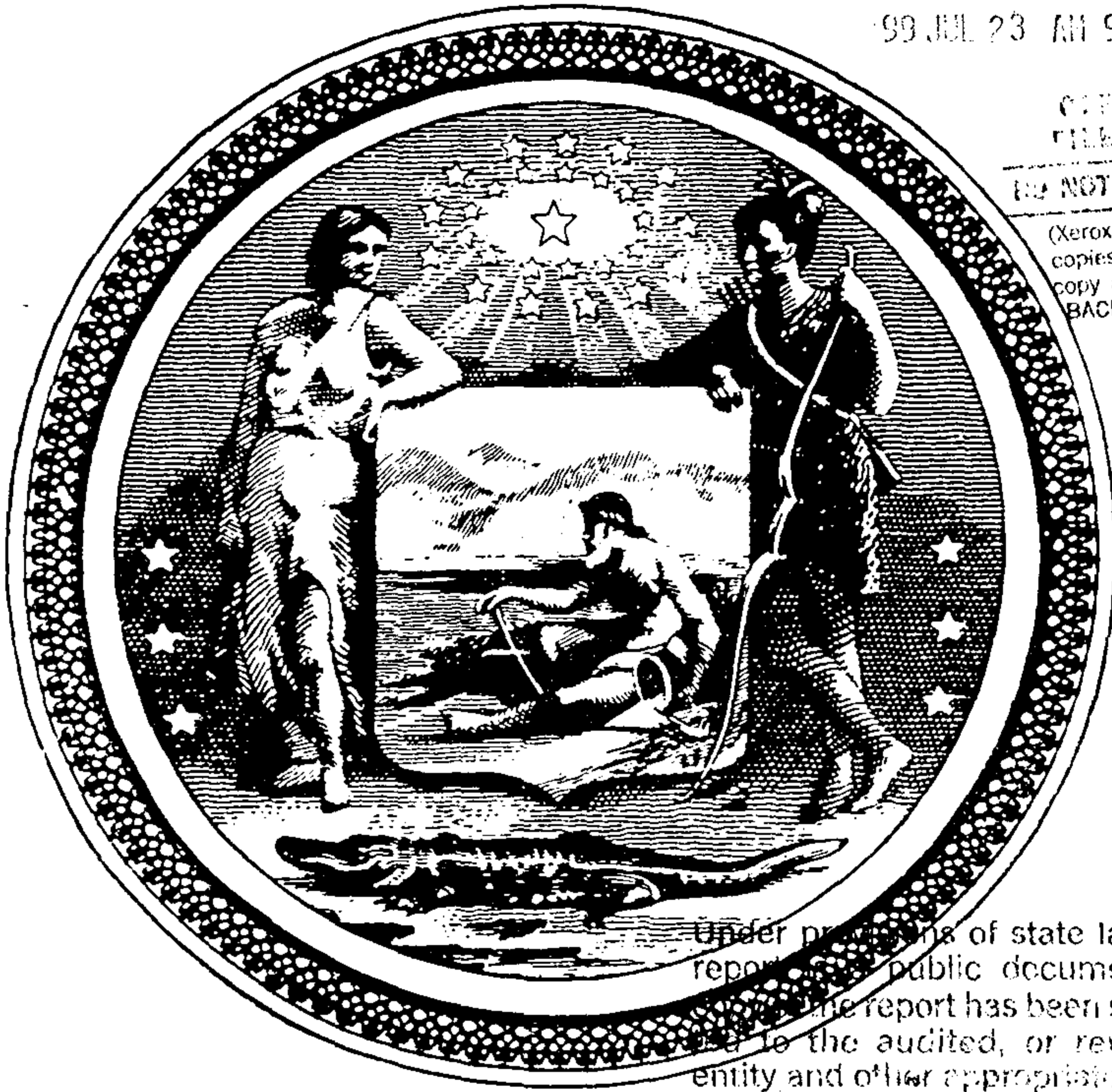
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Release Date AUG 04 1999

CITY OF NEW ORLEANS
BOARD OF LIQUIDATION
CITY DEBT
Annual Statement

December 31, 1998

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
Janice Martin Foster, Vice President
Otis B. Alexander, Jr., Secretary
David W. Gernhauser, Assistant Secretary

COUNSEL

Lemle & Kelleher

MEMBERS OF THE BOARD

Barbara Lamont
Alden J. Laborde

Janice Martin Foster
J. Thomas Lewis

Clarence J. Jupiter
Mary K. Zervigon

Marc H. Morial, Mayor)
James M. Singleton, Councilman) Ex-Officio
Eddie L. Sapir, Councilman)

BOARD OF LIQUIDATION, CITY DEBT
NEW ORLEANS, LOUISIANA
DECEMBER 31, 1998

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| COMPOSITION AND AUTHORITY OF THE BOARD OF LIQUIDATION, CITY DEBT | 2 |
| LETTER OF TRANSMITTAL | 3 |
| INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS | 4-5 |
| <i>FINANCIAL STATEMENTS:</i> | |
| COMBINED STATEMENT OF ASSETS, LIABILITIES, CUSTODIAL, AND DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS | 6 |
| COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES-MODIFIED CASH BASIS | 7 |
| COMBINING STATEMENTS OF ASSETS, LIABILITIES, CUSTODIAL, AND DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS | |
| Debt Administration | 8 |
| Account of Sewerage & Water Board of New Orleans | 9 |
| Account of Downtown Development District of New Orleans | 10 |
| Account of Audubon Park Commission of New Orleans | 11 |
| Account of Lake Forest Estates Improvement District of New Orleans | 12 |
| COMBINING STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES FUND BALANCES-MODIFIED CASH BASIS | |
| Debt Administration | 13 |
| Account of Sewerage & Water Board of New Orleans | 14 |
| Account of Downtown Development District of New Orleans | 15 |
| Account of Audubon Park Commission of New Orleans | 16 |
| Account of Lake Forest Estates Improvement District of New Orleans | 17 |
| NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS | 18-21 |
| <i>SUPPLEMENTAL INFORMATION</i> | |
| SCHEDULE OF BONDED DEBT ADMINISTERED BY THE BOARD OF LIQUIDATION, CITY DEBT | 23-25 |
| SCHEDULE OF BOND SALES | 26-27 |
| SCHEDULE OF DEDICATED AD VALOREM TAX MILLAGE AVAILABLE FOR SERVICING OF BONDED DEBT | 28 |
| SCHEDULE OF SEWERAGE & WATER BOARD MATURED BONDS | 29 |
| SCHEDULE OF DEFEASED BONDS | 30 |
| SCHEDULE OF ITEMIZED DISBURSEMENTS | 31-32 |
| 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 | 33-34 |

J. THOMAS LEWIS
PRESIDENT

JANICE MARTIN FOSTER
VICE PRESIDENT

OTIS B. ALEXANDER, JR.
SECRETARY

DAVID W. GERNHAUSER
ASST. SECRETARY

MEMBERS OF BOARD

JANICE MARTIN FOSTER
CLARENCE J. JUPITER
ALDEN J. LABORDE
BARBARA LAMONT
J. THOMAS LEWIS
MARY K. ZERVIGON

Board of Liquidation, City Debt

1300 PERDIDO STREET - ROOM 8E17

New Orleans, La. 70112

AREA CODE 504

565-6280
(FAX) 565-7783

MARC H. MORIAL, EX OFFICIO
EDDIE L. SAPIR, EX OFFICIO
JAMES M. SINGLETON, EX OFFICIO

January 1, 1999

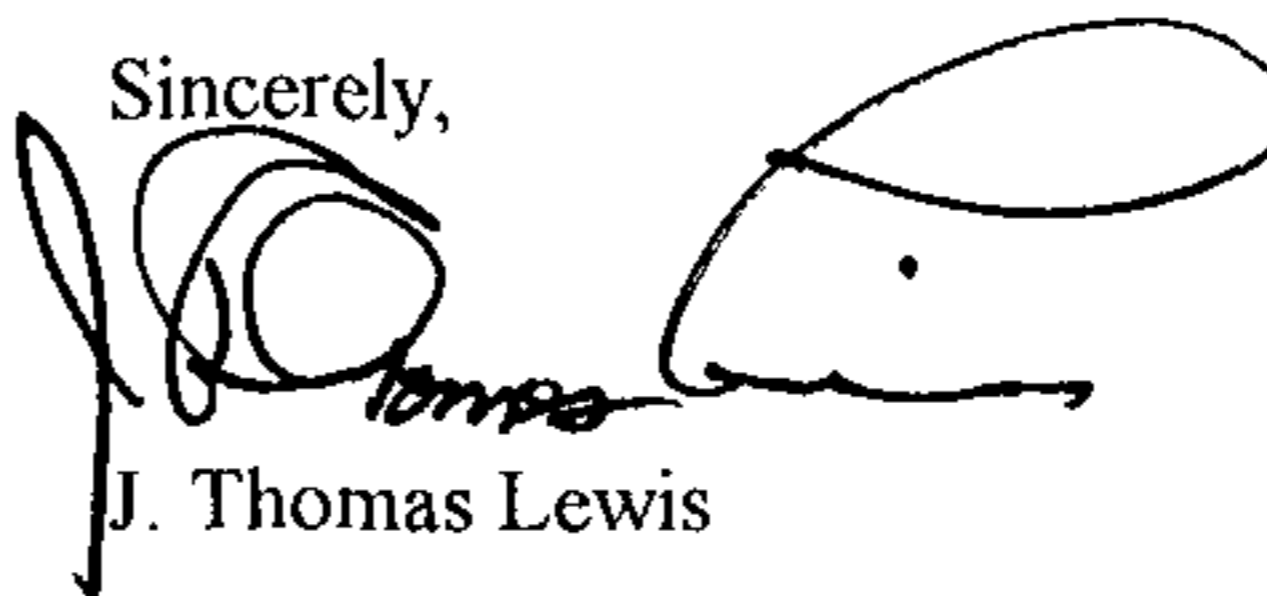
President and Members
Council of the City of New Orleans
City Hall
New Orleans, Louisiana 70112

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, 1998, 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 and the Lake Forest Estates Improvement District.

Sincerely,



J. Thomas Lewis



Otis B. Alexander, Jr.
Otis B. Alexander, Jr.

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

KEITH T. HAMILTON, C.P.A.
LEROY P. LEGENDRE, C.P.A.
KIRTH M. PACIERA, C.P.A.
RENE G. GAUTREAU, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS
4731 CANAL ST.
NEW ORLEANS, LA. 70119
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SIDNEY T. SPILSBURY, C.P.A.
(1905-1985)

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of assets, liabilities, custodial, and debt service and reserve funds - modified cash basis, of the Board of Liquidation, City Debt, as of December 31, 1998, 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, 1998, 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 12, 1999 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 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, Legendre & Paciera

February 12, 1999

BOARD OF LIQUIDATION, CITY DEBT
 COMBINED STATEMENT OF ASSETS, LIABILITIES, CUSTODIAL
 AND DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS
 DECEMBER 31, 1998

| | <u>Debt Administration</u> | <u>Account of Sewerage & Water Board</u> |
|--|--------------------------------|--|
| ASSETS | | |
| Cash | \$ 98,549 | \$ 117,220 |
| Funds held in Trust | 1,793,545 | 0 |
| | <u>1,892,094</u> | <u>117,220</u> |
| Investments: | | |
| Certificates of Deposit | 44,050,286 | 42,304,800 |
| U.S. Treasury Bills | 1,933,701 | 16,273,804 |
| U.S. Treasury Strips | 0 | 39,274,078 |
| | <u>45,983,987</u> | <u>97,852,682</u> |
| <i>Total Assets</i> | <u>\$ 47,876,081</u> | <u>\$ 97,969,902</u> |
| LIABILITIES, CUSTODIAL, AND DEBT SERVICE AND RESERVE FUNDS | | |
| Liabilities: | | |
| Interest & Principal Payable - City of New Orleans General Obligation Bond | \$ 1,141,919 | \$ 0 |
| Interest & Principal Payable - Sewerage & Water Board Special Tax Bonds | 376,557 | 0 |
| Interest & Principal Payable - Sewerage & Water Board Revenue Bonds | 43,916 | 0 |
| Interest & Principal Payable - Audubon Park Commission Special Tax Bonds | 5,936 | 0 |
| Interest & Principal Payable - Defeased Bonds | 883,695 | 0 |
| <i>Total Liabilities</i> | <u>2,452,023</u> | <u>0</u> |
| Custodial: | | |
| Sewerage & Water Board of New Orleans: | | |
| Construction & Extension Fund | 0 | 12,888,003 |
| Drainage System Fund - 3 mill | 0 | 5,035,498 |
| Drainage System Fund - 6 mill | 0 | 5,727,091 |
| Drainage System Fund - 9 mill | 0 | 8,071,719 |
| Drainage System Bond Proceeds - 9 mill | 0 | 9,976,210 |
| Water Revenue Bond Proceeds | 0 | 15,722,816 |
| Sewerage Service Revenue Bond Proceeds | 0 | 40,548,565 |
| Downtown Development District Special Tax Fund | 0 | 0 |
| Audubon Park Commission: | | |
| Aquarium - 3.8 mill | 0 | 0 |
| Special Tax Fund - .40 mill | 0 | 0 |
| LakeForest Estates Improvement District Special Assesment Fund | 0 | 0 |
| <i>Total Custodial</i> | <u>0</u> | <u>97,969,902</u> |
| Debt Service and Reserve Funds: | | |
| General Obligation Bonds | 31,672,407 | 0 |
| Capital Improvement Bonds | 1,689,421 | 0 |
| Drainage System Bonds | 22,134 | 0 |
| Sewer Service Revenue Bonds | 5,523,662 | 0 |
| Water Revenue Bonds | 4,122,721 | 0 |
| Audubon Park Commission Bonds | 2,241,142 | 0 |
| Cost of Issuance - Refunding | 152,571 | 0 |
| <i>Total Debt Service and Reserve Funds</i> | <u>45,424,058</u> | <u>0</u> |
| <i>Total Liabilities, Custodial and Debt Service and Reserve Funds</i> | <u>\$ 47,876,081</u> | <u>\$ 97,969,902</u> |

See Accompanying Notes to Financial Statements

| Account of Downtown Development District | Account of Audubon Park Commission | Account of Lake Forest Estates Improvement District | Total (Memorandum Only) |
|---|--|--|-------------------------------|
| \$ 6,279 | \$ 4,598 | \$ 598 | \$ 227,244 |
| 0 | 0 | 0 | 1,793,545 |
| <u>6,279</u> | <u>4,598</u> | <u>598</u> | <u>2,020,789</u> |
| 3,315,000 | 0 | 0 | 89,670,086 |
| 695,546 | 0 | 7,912 | 18,910,963 |
| 0 | 0 | 0 | 39,274,078 |
| <u>4,010,546</u> | <u>0</u> | <u>7,912</u> | <u>147,855,127</u> |
| <u>\$ 4,016,825</u> | <u>\$ 4,598</u> | <u>\$ 8,510</u> | <u>\$ 149,875,916</u> |
| \$ 0 | \$ 0 | \$ 0 | \$ 1,141,919 |
| 0 | 0 | 0 | 376,557 |
| 0 | 0 | 0 | 43,916 |
| 0 | 0 | 0 | 5,936 |
| 0 | 0 | 0 | 883,695 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>2,452,023</u> |
| 0 | 0 | 0 | 12,888,003 |
| 0 | 0 | 0 | 5,035,498 |
| 0 | 0 | 0 | 5,727,091 |
| 0 | 0 | 0 | 8,071,719 |
| 0 | 0 | 0 | 9,976,210 |
| 0 | 0 | 0 | 15,722,816 |
| 0 | 0 | 0 | 40,548,565 |
| 4,016,825 | 0 | 0 | 4,016,825 |
| 0 | 4,203 | 0 | 4,203 |
| 0 | 395 | 0 | 395 |
| 0 | 0 | 8,510 | 8,510 |
| <u>4,016,825</u> | <u>4,598</u> | <u>8,510</u> | <u>101,999,835</u> |
| 0 | 0 | 0 | 31,672,407 |
| 0 | 0 | 0 | 1,689,421 |
| 0 | 0 | 0 | 22,134 |
| 0 | 0 | 0 | 5,523,662 |
| 0 | 0 | 0 | 4,122,721 |
| 0 | 0 | 0 | 2,241,142 |
| 0 | 0 | 0 | 152,571 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>45,424,058</u> |
| <u>\$ 4,016,825</u> | <u>\$ 4,598</u> | <u>\$ 8,510</u> | <u>\$ 149,875,916</u> |

BOARD OF LIQUIDATION, CITY DEBT
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN FUND BALANCES - MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 1998

| | Debt Administration | Account of Sewerage & Water Board | Account of Downtown Development District | Account of Audubon Park Commission | Account of Lake Forest Estates Improve- ment District | Total (Memorandum Only) |
|---|------------------------|---|---|---|---|-------------------------------|
| RECEIPTS | | | | | | |
| Ad valorem taxes -- Current year | \$ 37,511,224 | \$ 29,868,342 | \$ 3,374,587 | \$ 6,060,270 | \$ 48,425 | \$ 76,862,848 |
| Ad valorem taxes -- Prior years | 2,908,559 | 2,386,692 | 320,984 | 429,998 | 0 | 6,046,233 |
| Accrued interest | 130,355 | 0 | 0 | 0 | 0 | 130,355 |
| Bond proceeds | 0 | 48,311,546 | 0 | 5,468 | 0 | 48,317,014 |
| Bond proceeds -- cost of issuance | 351,995 | 0 | 0 | 0 | 0 | 351,995 |
| Bond proceeds -- reserve funds | 2,341,811 | 0 | 0 | 0 | 0 | 2,341,811 |
| Revenue sharing -- State of Louisiana | 0 | 822,107 | 0 | 0 | 0 | 822,107 |
| Debt service funds | 10,413,728 | 0 | 0 | 0 | 0 | 10,413,728 |
| Interest on investments | 3,828,916 | 2,921,076 | 344,728 | 76,989 | 1,085 | 7,172,794 |
| Interest on delinquent taxes | 0 | 0 | 7,865 | 0 | 0 | 7,865 |
| Excess debt service funds | 0 | 319,366 | 0 | 0 | 0 | 319,366 |
| Excess debt reserve funds | 0 | 0 | 0 | 120,091 | 0 | 120,091 |
| Debt service fund -- escrow accounts | 59,753,764 | 0 | 0 | 0 | 0 | 59,753,764 |
| <i>Total receipts</i> | <u>117,240,352</u> | <u>84,629,129</u> | <u>4,048,164</u> | <u>6,692,816</u> | <u>49,510</u> | <u>212,659,971</u> |
| DISBURSEMENTS | | | | | | |
| Interest on bonds | 40,576,582 | 0 | 0 | 0 | 0 | 40,576,582 |
| Principal on bonds | 76,312,023 | 0 | 0 | 0 | 0 | 76,312,023 |
| Premium on bonds | 368,000 | 0 | 0 | 0 | 0 | 368,000 |
| Warrants | 0 | 37,925,197 | 4,051,508 | 3,186,936 | 41,000 | 45,204,641 |
| Debt service | 0 | 1,201,557 | 0 | 4,240,423 | 0 | 5,441,980 |
| Personal services | 269,817 | 0 | 0 | 0 | 0 | 269,817 |
| Contractual services | 52,218 | 0 | 0 | 0 | 0 | 52,218 |
| Legal and office expenses | 39,490 | 0 | 0 | 0 | 0 | 39,490 |
| Funds returned to City of New Orleans, Sewerage & Water and Audubon Park Commission | 1,239,611 | 0 | 0 | 0 | 0 | 1,239,611 |
| Cost of issuance -- bond issue | 350,777 | 0 | 0 | 0 | 0 | 350,777 |
| <i>Total disbursements</i> | <u>119,208,518</u> | <u>39,126,754</u> | <u>4,051,508</u> | <u>7,427,359</u> | <u>41,000</u> | <u>169,855,139</u> |
| Excess (deficiency) of receipts over disbursements | (1,968,166) | 45,502,375 | (3,344) | (734,543) | 8,510 | 42,804,832 |
| Balances at December 31, 1997, as previously reported | 49,824,247 | 52,467,527 | 4,020,169 | 739,141 | 0 | 107,051,084 |
| Prior Period Adjustment (Note F.) | 20,000 | 0 | 0 | 0 | 0 | 20,000 |
| Balances at December 31, 1997, as adjusted | 49,844,247 | 52,467,527 | 4,020,169 | 739,141 | 0 | 107,071,084 |
| Balances at December 31, 1998 | <u>\$ 47,876,081</u> | <u>\$ 97,969,902</u> | <u>\$ 4,016,825</u> | <u>\$ 4,598</u> | <u>\$ 8,510</u> | <u>\$ 149,875,916</u> |

See Accompanying Notes to Financial Statements

BOARD OF LIQUIDATION, CITY DEBT
DEBT ADMINISTRATION
COMBINING STATEMENT OF ASSETS, LIABILITIES, CUSTODIAL AND
DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS
DECEMBER 31, 1998

| | Capital | | | |
|--|--------------------------------|-------------------------------------|------------------------------------|---------------------------------|
| | General Obligation Bonds | Improvement Limited Tax (2.5) | Drainage System Bonds 6 mill | Drainage System Bonds 9 mill |
| ASSETS | | | | |
| Cash | \$ 0 | \$ 21,936 | \$ 20,927 | \$ 6,272 |
| Funds held in Trust | 729,419 | 0 | 150,000 | 100,500 |
| Certificates of deposit | 32,305,320 | 1,616,790 | 0 | 53,156 |
| U.S. Treasury Bills -- cost | 0 | 0 | 0 | 0 |
| Due from other funds | 0 | 50,695 | 44,083 | 17,633 |
| <i>Total Assets</i> | <u>\$ 33,034,739</u> | <u>\$ 1,689,421</u> | <u>\$ 215,010</u> | <u>\$ 177,561</u> |
| LIABILITIES, DEBT SERVICE & RESERVE FUNDS | | | | |
| Interest payable | \$ 93,200 | \$ 0 | \$ 7,855 | \$ 5,755 |
| Principal payable | 319,300 | 0 | 57,155 | 18,150 |
| Principal payable -- Chase | 729,419 | 0 | 150,000 | 100,500 |
| Reserve funds | 22,153,382 | 1,689,421 | 0 | 0 |
| Debt service funds | 9,519,025 | 0 | 0 | 22,134 |
| Cost of issuance | 0 | 0 | 0 | 31,022 |
| Due to other funds | 220,413 | 0 | 0 | 0 |
| <i>Total Liabilities, Debt Service & Reserve Funds</i> | <u>\$ 33,034,739</u> | <u>\$ 1,689,421</u> | <u>\$ 215,010</u> | <u>\$ 177,561</u> |

See Accompanying Notes to Financial Statements

| Water Revenue Bonds | Sewer Service Revenue Bonds | Sewerage & Water Board Matured Bonds | Audubon Park Commission Bonds .4 mill | Audubon Park Commission Aquarium Bonds 3.8 mill | Defeased Bonds | Eliminations | Total |
|------------------------|-----------------------------------|---|---|--|-------------------|---------------------|---------------------|
| \$ 3,098 | \$ 2,002 | \$ 10,692 | \$ 710 | \$ 353 | \$ 32,559 | \$ 0 | \$ 98,549 |
| 30,000 | 0 | 0 | 5,226 | 0 | 778,400 | 0 | 1,793,545 |
| 4,178,338 | 5,589,594 | 0 | 307,088 | 0 | 0 | 0 | 44,050,286 |
| 0 | 0 | 0 | 0 | 1,933,701 | 0 | 0 | 1,933,701 |
| 4,408 | 4,408 | 26,450 | 0 | 0 | 72,736 | (220,413) | 0 |
| <u>\$ 4,215,844</u> | <u>\$ 5,596,004</u> | <u>\$ 37,142</u> | <u>\$ 313,024</u> | <u>\$ 1,934,054</u> | <u>\$ 883,695</u> | <u>\$ (220,413)</u> | <u>\$47,876,081</u> |
| \$ 2,506 | \$ 1,410 | \$ 12,142 | \$ 710 | \$ 0 | \$ 37,660 | \$ 0 | \$ 161,238 |
| 5,000 | 5,000 | 25,000 | 0 | 0 | 67,635 | 0 | 497,240 |
| 30,000 | 0 | 0 | 5,226 | 0 | 778,400 | 0 | 1,793,545 |
| 3,613,436 | 4,451,475 | 0 | 307,088 | 1,934,054 | 0 | 0 | 34,148,856 |
| 509,285 | 1,072,187 | 0 | 0 | 0 | 0 | 0 | 11,122,631 |
| 55,617 | 65,932 | 0 | 0 | 0 | 0 | 0 | 152,571 |
| 0 | 0 | 0 | 0 | 0 | 0 | (220,413) | 0 |
| <u>\$ 4,215,844</u> | <u>\$ 5,596,004</u> | <u>\$ 37,142</u> | <u>\$ 313,024</u> | <u>\$ 1,934,054</u> | <u>\$ 883,695</u> | <u>\$ (220,413)</u> | <u>\$47,876,081</u> |

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF SEWERAGE & WATER BOARD OF NEW ORLEANS
COMBINING STATEMENT OF ASSETS, LIABILITIES, CUSTODIAL AND
DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS
DECEMBER 31, 1998

| | Drainage | | | | System Fund 9 | | System Bond | | Water | | Sewerage | | Total |
|------------------------------|-------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|--------------------|----------------------|----------|--------------|-------|
| | Construction & Extension Fund | System Fund | System Fund | System Fund | 6 mill | mill | System Bond | System Bond | Revenue Bond | Revenue Bond | Service | Revenue Bond | |
| | 2 mill | 3 mill | 6 mill | System Fund | System Fund | System Fund | System Bond | System Bond | Revenue Bond | Revenue Bond | Proceeds | Eliminations | |
| <u>ASSETS</u> | | | | | | | | | | | | | |
| Cash | \$ 3,103 | \$ 19,993 | \$ 0 | \$ 46,446 | \$ 534 | \$ 3,460 | \$ 0 | \$ 43,684 | \$ 0 | \$ 117,220 | | | |
| Certificates of deposit | 11,300,000 | 3,300,000 | 3,400,000 | 5,700,000 | 6,593,000 | 1,719,000 | 10,292,800 | 42,304,800 | 0 | 0 | | | |
| U.S. Treasury Bills -- cost | 1,584,900 | 1,715,505 | 2,350,523 | 2,301,841 | 549,481 | 1,985,094 | 5,786,460 | 16,273,804 | 0 | 0 | | | |
| U.S. Treasury Strips -- cost | 0 | 0 | 0 | 0 | 2,833,195 | 12,015,262 | 24,425,621 | 39,274,078 | 0 | 0 | | | |
| Due from other funds | 0 | 0 | 0 | 23,432 | 0 | 0 | 0 | (23,432) | 0 | 0 | | | |
| <u>Total Assets</u> | <u>\$ 12,888,003</u> | <u>\$ 5,035,498</u> | <u>\$ 5,750,523</u> | <u>\$ 8,071,719</u> | <u>\$ 9,976,210</u> | <u>\$ 15,722,816</u> | <u>\$ 40,548,565</u> | <u>\$ 97,969,902</u> | <u>\$ (23,432)</u> | <u>\$ 97,969,902</u> | | | |

| <u>CUSTODIAL</u> | |
|------------------------|----------------------|
| Due to other funds | \$ 0 |
| Custodial | 12,888,003 |
| <u>Total Custodial</u> | <u>\$ 12,888,003</u> |

See Accompanying Notes to Financial Statements

ACCOUNT OF DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS
 COMBINING STATEMENT OF ASSETS, LIABILITIES, CUSTODIAL AND
 DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS
 DECEMBER 31, 1998

| | Special Tax Fund 16.85 mills |
|-----------------------------|------------------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 6,279 |
| Certificates of deposit | 3,315,000 |
| U.S. Treasury Bills -- cost | 695,546 |
| | \$ 4,016,825 |
| <u>CUSTODIAL</u> | <u>\$ 4,016,825</u> |

See Accompanying Notes to Financial Statements

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF AUDUBON PARK COMMISSION OF NEW ORLEANS
COMBINING STATEMENT OF ASSETS, LIABILITIES, CUSTODIAL AND
DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS
DECEMBER 31, 1998

| | <u>Aquarium Tax</u> <u>Fund 3.8 mills</u> | <u>Special Tax</u> <u>Fund .4 mills</u> | <u>Total</u> |
|------------------|--|--|-----------------|
| <u>ASSETS</u> | | | |
| Cash | \$ 4,203 | \$ 395 | \$ 4,598 |
| <u>CUSTODIAL</u> | <u>\$ 4,203</u> | <u>\$ 395</u> | <u>\$ 4,598</u> |

See Accompanying Notes to Financial Statements

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF LAKE FOREST ESTATES IMPROVEMENT DISTRICT OF NEW ORLEANS
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS
DECEMBER 31, 1998

| | <u>Special Tax Assessment</u> |
|-----------------------------|-----------------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 598 |
| U.S. Treasury Bills -- cost | 7,912 |
| <i>Total Assets</i> | <u>\$ 8,510</u> |
| <u>CUSTODIAL</u> | <u>\$ 8,510</u> |

See Accompanying Notes to Financial Statements

BOARD OF LIQUIDATION, CITY DEBT
DEBT ADMINISTRATION
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 1998

| | General Obligation Bonds | Capital | Drainage | Drainage System Bonds 9 mill |
|--|--------------------------------|-------------------------------------|------------------------|---------------------------------|
| | | Improvement Limited Tax (2.5) | System Bonds 6 mill | |
| RECEIPTS | | | | |
| Ad valorem taxes -- Current year | \$ 35,557,284 | \$ 1,953,940 | \$ 0 | \$ 0 |
| Ad valorem taxes -- Prior years | 2,875,013 | 33,546 | 0 | 0 |
| Accrued interest | 17,837 | 0 | 0 | 22,134 |
| Bond proceeds -- cost of issuance | 0 | 0 | 0 | 69,645 |
| Bond proceeds -- reserve funds | 0 | 0 | 0 | 0 |
| Debt service funds | 0 | 0 | 1,201,558 | 0 |
| Interest on investments | 2,989,305 | 0 | 0 | 107,107 |
| Debt service fund -- escrow accounts | 0 | 0 | 0 | 0 |
| <i>Total receipts</i> | <u>41,439,439</u> | <u>1,987,486</u> | <u>1,201,558</u> | <u>198,886</u> |
| DISBURSEMENTS | | | | |
| Interest on bonds | 22,626,005 | 669,255 | 306,558 | 252,000 |
| Principal on bonds | 18,338,100 | 1,305,000 | 855,000 | 3,585,300 |
| Premium on bonds | 0 | 0 | 0 | 100 |
| Personal services | 269,817 | 0 | 0 | 0 |
| Contractual services | 52,218 | 0 | 0 | 0 |
| Legal and office expenses | 39,490 | 0 | 0 | 0 |
| Funds returned to City of New Orleans, Sewerage & Water Board, and Audubon Park Commission | 400,000 | 0 | 0 | 107,107 |
| Cost of issuance -- bond issue | 144,667 | 0 | 0 | 38,623 |
| <i>Total disbursements</i> | <u>41,870,297</u> | <u>1,974,255</u> | <u>1,161,558</u> | <u>3,983,130</u> |
| Excess (deficiency) of receipts over disbursements | <u>(430,858)</u> | <u>13,231</u> | <u>40,000</u> | <u>(3,784,244)</u> |
| Balances at December 31, 1997, as previously reported | 33,225,184 | 1,676,190 | 175,010 | 3,961,805 |
| Prior Period Adjustment (Note F.) | 20,000 | 0 | 0 | 0 |
| Balances at December 31, 1997, as adjusted | <u>33,245,184</u> | <u>1,676,190</u> | <u>175,010</u> | <u>3,961,805</u> |
| Balances at December 31, 1998 | <u>\$ 32,814,326</u> | <u>\$ 1,689,421</u> | <u>\$ 215,010</u> | <u>\$ 177,561</u> |

See Accompanying Notes to Financial Statements

| Water Revenue Bonds | Sewer Service Revenue Bonds | Sewerage & Water Board Matured Bonds | Audubon Park Commission Bonds .4 mill | Audubon Park Commission Aquarium Bonds 3.8 mill | Defeased Bonds | Total |
|------------------------|-----------------------------------|---|---|--|-------------------|---------------------|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$37,511,224 |
| 0 | 0 | 0 | 0 | 0 | 0 | 2,908,559 |
| 35,271 | 55,113 | 0 | 0 | 0 | 0 | 130,355 |
| 128,675 | 153,675 | 0 | 0 | 0 | 0 | 351,995 |
| 380,811 | 1,961,000 | 0 | 0 | 0 | 0 | 2,341,811 |
| 2,354,972 | 2,616,775 | 0 | 375,085 | 3,865,338 | 0 | 10,413,728 |
| 338,597 | 273,816 | 0 | 16,902 | 103,189 | 0 | 3,828,916 |
| 0 | 0 | 0 | 0 | 0 | 59,753,764 | 59,753,764 |
| <u>3,238,326</u> | <u>5,060,379</u> | <u>0</u> | <u>391,987</u> | <u>3,968,527</u> | <u>59,753,764</u> | <u>117,240,352</u> |
| 498,050 | 1,574,550 | 300 | 245,085 | 2,595,338 | 11,809,441 | 40,576,582 |
| 1,785,000 | 800,000 | 5,000 | 177,023 | 1,275,000 | 48,186,600 | 76,312,023 |
| 0 | 0 | 0 | 0 | 0 | 367,900 | 368,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 269,817 |
| 0 | 0 | 0 | 0 | 0 | 0 | 52,218 |
| 0 | 0 | 0 | 0 | 0 | 0 | 39,490 |
| 338,597 | 273,816 | 0 | 16,902 | 103,189 | 0 | 1,239,611 |
| 73,058 | 87,743 | 0 | 6,686 | 0 | 0 | 350,777 |
| <u>2,694,705</u> | <u>2,736,109</u> | <u>5,300</u> | <u>445,696</u> | <u>3,973,527</u> | <u>60,363,941</u> | <u>119,208,518</u> |
| 543,621 | 2,324,270 | (5,300) | (53,709) | (5,000) | (610,177) | (1,968,166) |
| 3,672,223 | 3,271,734 | 42,442 | 366,733 | 1,939,054 | 1,493,872 | 49,824,247 |
| 0 | 0 | 0 | 0 | 0 | 0 | 20,000 |
| <u>3,672,223</u> | <u>3,271,734</u> | <u>42,442</u> | <u>366,733</u> | <u>1,939,054</u> | <u>1,493,872</u> | <u>49,844,247</u> |
| <u>\$ 4,215,844</u> | <u>\$ 5,596,004</u> | <u>\$ 37,142</u> | <u>\$ 313,024</u> | <u>\$ 1,934,054</u> | <u>\$ 883,695</u> | <u>\$47,876,081</u> |

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF SEWERAGE & WATER BOARD OF NEW ORLEANS
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 1998

| | Drainage | | | | Sewerage | | Total |
|--|-------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | Construction & Extension Fund | System Fund 3 mill | System Fund 6 mill | System Fund 9 mill | Water Revenue Bond | Service Revenue Bond | |
| \$ | 0 | \$ 8,468,015 | \$ 8,565,459 | \$ 12,834,868 | \$ 0 | \$ 0 | \$ 29,868,342 |
| Ad valorem taxes -- Current year | 20,664 | 664,581 | 681,371 | 1,020,076 | 0 | 0 | 2,386,692 |
| Bond proceeds | 0 | 0 | 0 | 0 | 9,930,355 | 22,890,677 | 48,311,546 |
| Revenue sharing -- State of Louisiana | 0 | 822,107 | 0 | 0 | 0 | 0 | 822,107 |
| Interest on investments | 755,501 | 396,666 | 420,148 | 540,882 | 3,410 | 788,986 | 2,921,076 |
| Excess debt service funds | 0 | 0 | 0 | 107,107 | 0 | 212,259 | 319,366 |
| Total receipts | 776,165 | 10,351,369 | 9,666,978 | 14,502,933 | 9,933,765 | 23,891,922 | 84,629,129 |
| DISBURSEMENTS | | | | | | | |
| Warrants | 1,099,631 | 9,145,769 | 6,325,417 | 11,555,854 | 0 | 9,798,526 | 37,925,197 |
| Debt service | 0 | 0 | 1,201,557 | 0 | 0 | 0 | 1,201,557 |
| Total disbursements | 1,099,631 | 9,145,769 | 7,526,974 | 11,555,854 | 0 | 9,798,526 | 39,126,754 |
| Excess (deficiency) of receipts over disbursements | (323,466) | 1,205,600 | 2,140,004 | 2,947,079 | 9,933,765 | 15,505,997 | 45,502,375 |
| Balances at December 31, 1997 | 13,211,469 | 3,829,898 | 3,587,087 | 5,124,640 | 42,445 | 26,455,169 | 52,467,527 |
| Balances at December 31, 1998 | \$ 12,888,003 | \$ 5,035,498 | \$ 5,727,091 | \$ 8,071,719 | \$ 9,976,210 | \$ 15,722,816 | \$ 97,969,902 |

See Accompanying Notes to Financial Statements

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 1998

| | Special Tax Fund 16.85 mills |
|--|------------------------------------|
| <u>RECEIPTS</u> | |
| Ad valorem taxes -- Current year | \$ 3,374,587 |
| Ad valorem taxes -- Prior years | 320,984 |
| Interest on investments | 344,728 |
| Interest on delinquent taxes | 7,865 |
| <i>Total receipts</i> | 4,048,164 |
| <u>DISBURSEMENTS</u> | |
| Warrants | 4,051,508 |
| <i>Total disbursements</i> | 4,051,508 |
| Excess (deficiency) of receipts over disbursements | (3,344) |
| Balances at December 31, 1997 | 4,020,169 |
| Balances at December 31, 1998 | \$ 4,016,825 |

See Accompanying Notes to Financial Statements

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF AUDUBON PARK COMMISSION OF NEW ORLEANS
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 1998

| | Aquarium Tax Fund 3.8 mills | Aquarium Bond Proceeds | Special Tax Fund .4 mills | Improvement Bonds | Total |
|---|-----------------------------------|------------------------------|------------------------------|----------------------|------------------|
| RECEIPTS | | | | | |
| Ad valorem taxes -- Current year | \$ 5,432,613 | \$ 0 | \$ 627,657 | \$ 0 | \$ 6,060,270 |
| Ad valorem taxes -- Prior years | 429,998 | 0 | 0 | 0 | 429,998 |
| Bond proceeds | 0 | 0 | 0 | 5,468 | 5,468 |
| Interest on investments | 24,447 | 0 | 3,022 | 49,520 | 76,989 |
| Excess debt reserve funds | 0 | 103,189 | 16,902 | 0 | 120,091 |
| <i>Total receipts</i> | <u>5,887,058</u> | <u>103,189</u> | <u>647,581</u> | <u>54,988</u> | <u>6,692,816</u> |
| DISBURSEMENTS | | | | | |
| Warrants | 2,054,000 | 103,189 | 276,000 | 753,747 | 3,186,936 |
| Debt service | 3,865,338 | 0 | 375,085 | 0 | 4,240,423 |
| <i>Total disbursements</i> | <u>5,919,338</u> | <u>103,189</u> | <u>651,085</u> | <u>753,747</u> | <u>7,427,359</u> |
| Excess (deficiency) of receipts over disbursements | (32,280) | 0 | (3,504) | (698,759) | (734,543) |
| Balances at December 31, 1997 | 36,483 | 0 | 3,899 | 698,759 | 739,141 |
| Balances at December 31, 1998 | <u>\$ 4,203</u> | <u>\$ 0</u> | <u>\$ 395</u> | <u>\$ 0</u> | <u>\$ 4,598</u> |

See Accompanying Notes to Financial Statements

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF LAKE FOREST ESTATES IMPROVEMENT DISTRICT OF NEW ORLEANS
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 1998

| | <u>Special Tax Assessment</u> |
|---------------------------------------|-----------------------------------|
| <u>RECEIPTS</u> | |
| Ad valorem taxes -- Current year | \$ 48,425 |
| Interest on investments | 1,085 |
| <i>Total receipts</i> | <u>49,510</u> |
| <u>DISBURSEMENTS</u> | |
| Warrants | 41,000 |
| <i>Total disbursements</i> | <u>41,000</u> |
| Excess of receipts over disbursements | 8,510 |
| Balances at December 31, 1997 | 0 |
| Balances at December 31, 1998 | <u>\$ 8,510</u> |

See Accompanying Notes to Financial Statements

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS
December 31, 1998

General Information

The Board of Liquidation, 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 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 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 Liquidation, 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 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.

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 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, and the Lake Forest Estates Improvement 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. Any expenditures made from these accounts are paid by the Board of Liquidation, City Debt, as authorized by warrants and supporting resolutions of the various agencies.

Administration 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 purpose of attaining objectives in accordance with the various special restrictions, regulations and limitations.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS (Continued)
December 31, 1998

A. Summary of Significant Accounting Policies (continued)

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 which are reflected as liabilities when the obligation is incurred.

Cash and Time Certificates of Deposit

At December 31, 1998, the Board's deposits with banks consisted of cash totaling \$227,244 and time certificates of deposit of \$89,670,086. These deposits were covered by Federal Deposit Insurance or by collateral held by a third party in the Board's name.

Funds Held in Trust

At December 31, 1998, the Board's paying agent, Chase Manhattan Bank, was holding cash in trust totaling \$1,793,545. These funds are to be used to pay matured 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, 1998 the carrying amount of the Board's investment in U.S. Treasury Bills was \$18,910,963 with a market value of \$19,019,225 and in U.S. Treasury Strips \$39,274,078 with a market value of \$40,589,236. These uninsured and unregistered 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, 1998 this amount totaled \$75,142.

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 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, less \$1,200. 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 in excess of \$1,200 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 \$19,429.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS (Continued)
DECEMBER 31, 1998

C. Advance Refunding

On August 29, 1986, the Sewerage and Water Board (Enterprise Fund) issued \$31,350,000 in water revenue bonds and \$21,280,000 in sewerage service revenue bonds to effect the retirement of all outstanding water and sewerage service bonds, which amounted to \$50,848,000 as of August 1, 1986. The entire proceeds were placed in an irrevocable escrow account and invested in U.S. Treasury obligation 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 on these financial statements. At December 31, 1998, the outstanding balance of the refunded water revenue bonds totaled \$5,190,000.

As approved by a referendum on July 13, 1991, the City of New Orleans on September 19, 1991 entered into a refunding transaction whereby it issued \$179,880,829 of General Obligation bonds, for the purpose of refunding, readjusting, restructuring, extending and unifying a portion of its outstanding general obligation bonds outstanding at September 30, 1991. Net proceeds from issuance of the refunding bonds were placed in an irrevocable escrow account and invested in U.S. Treasury obligation 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, 1998, the outstanding balance of the refunded general obligation bonds totaled \$53,710,000.

As approved by a referendum on July 15, 1995, the City of New Orleans on September 26, 1995 entered into a refunding transaction whereby it issued \$167,340,000 of General Obligation bonds, for the purpose of refunding a portion of its outstanding general obligation bonds outstanding at September 30, 1995. Net proceeds from issuance of the refunding bonds were placed in an irrevocable escrow account and invested in U.S. Treasury obligation 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, 1998, the outstanding balance of the refunded general obligation bonds totaled \$58,905,000.

On November 20, 1998 the City of New Orleans entered into a transaction whereby it issued \$106,520,000 of General Obligation Bonds for the purpose of refunding a portion of its outstanding general obligation bonds outstanding at December 31, 1998. Net proceeds from issuance of the refunding bonds were placed in an irrevocable escrow account and invested in U.S. Treasury obligation 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, 1998, the outstanding balance of the refunded general obligation bonds totaled \$104,260,000.

D. 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 burning" occurred in connection with the issuance of advance refunding bonds by local governments. In advance refundings, a portfolio of securities, usually direct U.S. Treasury securities, is purchased to defease the payments on the refunded bond issue(s) through their redemption or maturity on some future date or dates. Federal arbitrage regulations generally limit the yield of such defeasance escrows to the yield on the refunding bond issue. The IRS and SEC appear to believe that in some cases these defeasance escrow portfolios may have been sold by certain dealers to issuers at artificially high prices, thereby resulting in lower than market yields. This practice has been referred to as "yield burning."

The IRS has notified the City that it believes yield-burning 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 burning 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 burning" are widespread, several national local government interest groups and others have become involved and are pressing the IRS and SEC to resolve their claims with the dealers who may have participated in yield burning, rather than with the local government issuers who were the victims of the alleged yield burning schemes. The City has been given no assurance, however, that the IRS or the SEC will actually follow this course of action.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS (Continued)
DECEMBER 31, 1998

D. Potential Litigation (Continued)

On June 16, 1998, the Board of Liquidation filed a complaint for damages and for a declaratory judgment by the United States District Court, Eastern District of Louisiana, against the investment bankers who participated in refunding the Series 1991 Bonds (Civil Action No. 98-1768). The declaratory judgment seeks to hold the defendants liable for any past or future determination and / or action by the IRS to deny the tax-exempt status of the Series 1991 Bonds, and indemnify, hold harmless, and defend the Board of Liquidation from any and all potential claims occasioned thereby. Relief was sought for all damages caused to the City and/ or the Board of Liquidation as a proximate result of the defendants' wrongful actions or inactions described in the litigation, plus legal interest due thereon. Said litigation is currently pending and no assurance may be given regarding its outcome. The defendants have moved to dismiss the Board's suit on the grounds that the claims are premature until such time as the IRS takes final action. At this time the Court has not ruled on the defendants' motions.

E. 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, results of operations, or cash flows in accordance with GAAP. Interfund eliminations have been made in the aggregation of this data.

F. Prior Period Adjustment

The beginning total balance of the General Obligation Bond column within the Debt Administration Account has been adjusted for principal payments recognized in error in prior year. The correction has no effect on the results of the current year's activities; however, the cumulative effect increased the total balance by \$20,000.

SUPPLEMENTAL INFORMATION

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT
 DECEMBER 31, 1998

| | Date of Bonds | Final Serial Maturity | Average Annual | | Principal due 1999 | Interest due 1999 | Debt Service due 1999 | Amount Outstanding |
|---|---------------|-----------------------|----------------|----------------------|----------------------|----------------------|-----------------------|--------------------|
| | | | Interest | Cost | | | | |
| General Obligation Refunding Bonds, Series 1991 + Public Improvement Bonds, Issue of 1992 * | Sept. 1, 1991 | Sept. 1, 2021 | 7.071% | \$ 0 | \$ 3,367,800 | \$ 3,367,800 | \$ 155,015,829 | |
| General Obligation Refunding Bonds, Series 1995 | March 1, 1992 | Sept. 1, 2021 | 6.840% | 1,205,000 | 316,280 | 1,521,280 | 5,350,000 | |
| Public Improvement Bonds, Issue of 1995 + Public Improvement Bonds, Issue of 1997A + Public Improvement Bonds, Issue of 1998A + | Sept. 1, 1995 | Oct. 1, 2021 | 6.029% | 16,730,000 | 9,692,601 | 26,422,601 | 164,895,000 | |
| General Obligation Refunding Bonds, Series 1998 Limited Tax Bonds, Series 1996 | Nov. 1, 1995 | Nov. 1, 2025 | 5.879% | 325,000 | 162,690 | 487,690 | 2,805,000 | |
| | Jan. 1, 1997 | Dec. 1, 2026 | 5.762% | 665,000 | 387,563 | 1,052,563 | 6,890,000 | |
| | Dec. 1, 1997 | Dec. 1, 2027 | 5.196% | 585,000 | 1,776,756 | 2,361,756 | 32,945,000 | |
| | Dec. 1, 1998 | Dec. 1, 2026 | 4.948% | 2,155,000 | 5,502,758 | 7,657,758 | 106,520,000 | |
| | March 1, 1996 | March 1, 2006 | 4.822% | 1,375,000 | 591,955 | 1,966,955 | 13,255,000 | |
| | | | | <u>\$ 23,040,000</u> | <u>\$ 21,798,403</u> | <u>\$ 44,838,403</u> | <u>\$ 487,675,829</u> | |

Legal Debt Limit: \$689,305,000; Debt Service Coverage: Unlimited Ad Valorem Tax Levy
 Reserve Fund: Sufficient to cover 1/2 of the high year's Principal and Interest due.

+ A portion of these Issues Refunded in 1998. Debt Service guaranteed by Escrow Agreement.

* A portion of these Issues Refunded in 1995. Debt Service guaranteed by Escrow Agreement.

DRAINAGE SYSTEM SPECIAL TAX BONDS

| | | | | | | | |
|---|---------------|--------------|--------|------------|------------|--------------|---------------|
| Drainage System Refunding Bonds, Series 1994 (6-mill) | April 1, 1994 | Nov. 1, 2003 | 5.058% | \$ 935,000 | \$ 261,808 | \$ 1,196,808 | \$ 5,170,000 |
| Drainage System Bonds, Series 1998 (9-mill) | Dec. 1, 1998 | Dec. 1 2018 | 4.838% | \$ 300,000 | \$ 498,011 | \$ 798,011 | \$ 10,000,000 |

Legal Debt Limit:

6-mill \$18,000,000.00; Debt Service Coverage: 1998 Tax Yield 716% of Debt Service Due - 6 mill

9-mill \$68,000,000.00; Debt Service Coverage: 1998 Tax Yield 1608% of Debt Service Due - 9 mill

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

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT (CONTINUED)
 DECEMBER 31, 1998

| | Date of Bonds | Final Serial Maturity | Average Annual | | Principal due 1999 | Interest due 1999 | Debt Service due 1999 | Amount Outstanding |
|---|---------------|-----------------------|----------------|----|--------------------|---------------------|-----------------------|----------------------|
| | | | Interest Cost | | | | | |
| <u>SEWER SERVICE REVENUE BONDS</u> | | | | | | | | |
| Sewerage Service Revenue Bonds, Series 1997 | June 1, 1997 | June 1, 2017 | 5.359% | \$ | 855,000 | \$ 1,533,175 | \$ 2,388,175 | \$ 29,200,000 |
| Sewerage Service Revenue Bonds, Series 1998 | June 1, 1998 | June 1, 2018 | 4.816% | | 375,000 | 1,228,798 | 1,603,798 | 25,000,000 |
| | | | | | <u>\$1,230,000</u> | <u>\$ 2,761,973</u> | <u>\$ 3,991,973</u> | <u>\$ 54,200,000</u> |

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.

WATER REVENUE BONDS

| | | | | | | | | |
|----------------------------------|--------------|--------------|--------|----|--------------------|---------------------|---------------------|----------------------|
| Water Revenue Bonds, Series 1986 | Aug. 1, 1986 | Dec. 1, 2003 | 6.729% | \$ | 1,900,000 | \$ 374,850 | \$ 2,274,850 | \$ 5,355,000 |
| Water Revenue Bonds, Series 1998 | Dec. 1, 1998 | Dec. 1, 2018 | 4.817% | | 240,000 | 793,586 | 1,033,586 | 16,000,000 |
| | | | | | <u>\$2,140,000</u> | <u>\$ 1,168,436</u> | <u>\$ 3,308,436</u> | <u>\$ 21,355,000</u> |

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.

AUDUBON PARK COMMISSION BONDS (.4 MILL)

| | | | | | | | | |
|--|--------------|--------------|--------|----|---------|------------|------------|--------------|
| Audubon Park Commission Improvement & Refunding Bonds, Series 1997 | Jan. 1, 1997 | Dec. 1, 2016 | 5.422% | \$ | 140,000 | \$ 236,635 | \$ 376,635 | \$ 4,245,000 |
|--|--------------|--------------|--------|----|---------|------------|------------|--------------|

Debt Service Coverage: 1998 Tax Yield 166% of Debt Service due.

AUDUBON PARK COMMISSION BONDS (3.8 MILL)

| | | | | | | | | |
|---|--------------|--------------|--------|----|-----------|--------------|--------------|---------------|
| Audubon Park Commission Aquarium Bonds, Series 1993 | Jan. 1, 1993 | Oct. 1, 2017 | 6.179% | \$ | 1,335,000 | \$ 2,533,108 | \$ 3,868,108 | \$ 43,350,000 |
|---|--------------|--------------|--------|----|-----------|--------------|--------------|---------------|

Debt Service Coverage: 1997 Tax Yield 133% of Debt Service due.
 Reserve Fund: Sufficient to cover 1/2 of the high year's Principal and Interest due.

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT (CONTINUED)
 DECEMBER 31, 1998

| | Date of Bonds | Date of Defeasance | Date of Calls | | Principal due 1999 | Interest & | | Debt Service due 1999 | Amount Outstanding |
|--|---------------|--------------------|-------------------|--|---------------------|---------------------|--|-----------------------|-----------------------|
| | | | or Final Maturity | | | Premium due 1999 | | | |
| <u>DEFEASED BONDS - DEBT SERVICE GUARANTEED BY ESCROW AGREEMENTS</u> | | | | | | | | | |
| General Obligation Bonds, Series 1986 | Sept. 1, 1986 | Sept. 30, 1991 | Dec. 1, 2003 | | \$ 9,850,000 | \$ 3,628,165 | | \$ 13,478,165 | \$ 53,710,000 |
| Only a portion of the above issue refunded in 1991. | | | | | | | | | |
| Public Improvement Bonds, Issue of 1992 | March 1, 1992 | Sept. 26, 1995 | Sept. 1, 2002 | | \$ 0 | \$ 4,078,460 | | \$ 4,078,460 | \$ 58,905,000 |
| Only a portion of the above issues refunded in 1995. | | | | | | | | | |
| General Obligation Refunding Bonds, Series 1991 | Sept. 1, 1991 | Nov. 20, 1998 | Sept. 1, 2001 | | \$ 0 | \$ 1,491,900 | | \$ 1,491,900 | \$ 24,865,000 |
| Public Improvement Bonds, Issue of 1976 | Aug. 1, 1976 | Nov. 20, 1998 | Feb. 6, 1999 | | 2,735,000 | 73,570 | | 2,808,570 | 2,735,000 |
| Public Improvement Bonds, Issue of 1977 | Dec. 1, 1977 | Nov. 20, 1998 | Feb. 6, 1999 | | 6,905,000 | 98,794 | | 7,003,794 | 6,905,000 |
| Public Improvement Bonds, Issue of 1995 | Nov. 1, 1995 | Nov. 20, 1998 | Nov. 1, 2005 | | 0 | 1,255,205 | | 1,255,205 | 21,340,000 |
| Public Improvement Bonds, Issue of 1997A | Jan., 1, 1997 | Nov. 20, 1998 | Dec. 1, 2006 | | 0 | 2,405,475 | | 2,405,475 | 41,910,000 |
| Public Improvement Bonds, Issue of 1998A | Dec. 1, 1997 | Nov. 20, 1998 | Dec. 1, 2007 | | 0 | 325,250 | | 325,250 | 6,505,000 |
| | | | | | <u>\$ 9,640,000</u> | <u>\$ 5,650,194</u> | | <u>\$ 15,290,194</u> | <u>\$ 104,260,000</u> |
| Water Revenue Bonds, Series E | Nov. 1, 1978 | Aug. 29, 1986 | Nov. 1, 2003 | | \$ 355,000 | \$ 116,153 | | \$ 471,153 | \$ 2,010,000 |
| Water Revenue Bonds, Series F | July 1, 1980 | Aug. 29, 1986 | July 1, 2000 | | 1,525,000 | 216,288 | | 1,741,288 | 3,180,000 |
| | | | | | <u>\$ 1,880,000</u> | <u>\$ 332,441</u> | | <u>\$ 2,212,441</u> | <u>\$ 5,190,000</u> |

Defeased 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, 1998

City of New Orleans General Obligation Refunding Bonds, Series 1998

Sold: December 20, 1998 Delivery: January 7, 1999

Bonds Dated: December 1, 1998, and due December 1, 1999 through December 1, 2026

Average life of issue: 18.909970 years

True Interest Cost: 4.923946%

Sold to: Merrill Lynch

Sources:

| | |
|----------------------------|-----------------------|
| Principal sum | \$ 106,520,000 |
| Accrued Interest | 550,275 |
| Net Original Issue Premium | 4,245,549 |
| Total | <u>\$ 111,315,824</u> |

Uses:

| | |
|----------------------------|-----------------------|
| Purchase Escrow Securities | \$ 109,793,870 |
| Cost of Insurance | 381,305 |
| Cost of Issuance | 279,335 |
| Underwriter's Discount | 311,038 |
| Accrued Interest | 550,276 |
| Total | <u>\$ 111,315,824</u> |

Sewerage & Water Board of New Orleans Sewer Service Revenue Bonds, Series 1998

Sold: November 10, 1998 Delivered: December 17, 1998

Bonds Dated: December 1, 1998, and due June 1, 1999 through June 1, 2018

Average life of issue: 11.7038 years

True Interest Cost: 4.816113%

Sold to: Salomon Smith Barney

Sources:

| | |
|------------------|----------------------|
| Principal sum | \$ 25,000,000 |
| Accrued Interest | 55,113 |
| Total | <u>\$ 25,055,113</u> |

Uses:

| | |
|---------------------------------|----------------------|
| Cost of Issuance | \$ 153,675 |
| Debt Service - Accrued Interest | 55,113 |
| Bond Proceeds Account | 22,885,325 |
| Debt Service Reserve Funds | 1,961,000 |
| Total | <u>\$ 25,055,113</u> |

BOARD OF LIQUIDATION, CITY DEBT
SCHEDULE OF BOND SALES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1998

Sewerage & Water Board of New Orleans Water Revenue Bonds, Series 1998
Sold: November 10, 1998 Delivered: December 17, 1998
Bonds Dated: December 1, 1998, and due December 1, 1999 through December 1, 2018

Average life of issue: 12.203438 years
True Interest Cost: 4.816889%

Sold to: Legg Mason

Sources:

| | |
|------------------|----------------------|
| Principal sum | \$ 16,000,000 |
| Accrued Interest | 35,271 |
| Total | <u>\$ 16,035,271</u> |

Uses:

| | |
|---------------------------------|----------------------|
| Cost of Issuance | \$ 128,675 |
| Debt Service - Accrued Interest | 35,271 |
| Bond Proceeds Account | 15,490,514 |
| Debt Service Reserve Funds | 380,811 |
| Total | <u>\$ 16,035,271</u> |

Sewerage & Water Board of New Orleans Drainage System Fund Bonds--9 mill, Series 1998
Sold: November 10, 1998 Delivered: December 17, 1998
Bonds Dated: December 1, 1998, and due December 1, 1999 through December 1, 2018

Average life of issue: 12.0665 years
True Interest Cost: 4.837841%

Sold to: A. G. Edwards & Sons, Inc.

Sources:

| | |
|------------------|----------------------|
| Principal sum | \$ 10,000,000 |
| Accrued Interest | 22,134 |
| Total | <u>\$ 10,022,134</u> |

Uses:

| | |
|---------------------------------|----------------------|
| Cost of Issuance | \$ 69,645 |
| Debt Service - Accrued Interest | 22,134 |
| Bond Proceeds Account | 9,930,355 |
| Total | <u>\$ 10,022,134</u> |

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF DEDICATED AD VALOREM TAX MILLAGE AVAILABLE FOR SERVICING OF BONDED DEBT
 DECEMBER 31, 1998

| | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 & | 1992 | 1993 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| | Millage | Millage | Millage | Millage | Millage | 1991 | Millage | through |
| | | | | | | Millage | | 1998 |
| | | | | | | | Millage | Millage |
| <u>DEBT SERVICE</u> | 27.6 | 32.3 | 30.7 | 34.2 | 37.9 | 35.3 | 26.9 | 26.9 |
| <u>CAPITAL IMPROVEMENT LIMITED TAX (See Note B)</u> | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 2.5 |
| <u>SEWERAGE & WATER BOARD:</u> | | | | | | | | |
| Construction & Extension of Sewerage, Water & Drainage System (Tax expired 12/31/91) | 3.94 | 3.94 | 3.94 | 4.00 | 4.00 | 4.00 | N/A | N/A |
| Operation, Maintenance and Construction & Extension of Drainage System | 5.92 | 5.92 | 5.92 | 6.01 | 6.01 | 6.01 | 6.40 | 6.40 |
| Operation, Maintenance and Construction of Drainage System | 6.00 | 6.00 | 6.00 | 6.09 | 6.09 | 6.09 | 6.48 | 6.48 |
| Operation, Maintenance and Construction of Drainage System | 9.00 | 9.00 | 9.00 | 9.13 | 9.13 | 9.13 | 9.71 | 9.71 |
| <u>AUDUBON PARK COMMISSION:</u> | | | | | | | | |
| Audubon Park Zoo | .40 | .40 | .40 | .41 | .41 | .41 | .44 | .44 |
| Audubon Park Aquarium (See Note A) | N/A | N/A | N/A | 3.86 | 3.86 | 3.86 | 4.11 | 4.11 |
| <u>DOWNTOWN DEVELOPMENT DISTRICT</u> | 18.25 | 18.25 | 12.50 | 12.50 | 13.24 | 13.24 | 15.68 | 16.85 |

NOTES

A - The 3.8 mills for Audubon Park Aquarium was in effect for the first time in 1987.

B - The 2.5 mills for Capital Improvement Limited Tax is in effect for the first time in 1996.

C - Millage is approved in December of each year by the City Council of New Orleans for the new tax year.

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF SEWERAGE & WATER BOARD MATURED BONDS
 DECEMBER 31, 1998

| | Sewerage, Water & Drainage Bonds 2-mill * | Drainage System Bonds 3-mill (6.40) | Total |
|-------------------------------|---|---|------------------|
| <u>DISBURSEMENTS</u> | | | |
| Interest on bonds | \$ 300 | \$ 0 | \$ 300 |
| Principal on bonds | 5,000 | 0 | 5,000 |
| <i>Total disbursements</i> | <u>5,300</u> | <u>0</u> | <u>5,300</u> |
| Balances at December 31, 1997 | 35,543 | 6,899 | 42,442 |
| Balances at December 31, 1998 | <u>\$ 30,243</u> | <u>\$ 6,899</u> | <u>\$ 37,142</u> |
| <u>ASSETS</u> | | | |
| Cash | \$ 8,818 | \$ 1,874 | \$ 10,692 |
| Due to/from other funds | 21,425 | 5,025 | 26,450 |
| <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
 FOR THE YEAR ENDED DECEMBER 31, 1997

| | General Obligation Bonds | Sewer Service Revenue Bonds | Water Revenue Bonds | Audubon Park Commission Aquarium Bonds | Audubon Park Commission Improvement Bonds | Total |
|--|--------------------------|-----------------------------|---------------------|--|---|-------------------|
| <u>RECEIPTS</u> | | | | | | |
| Debt service funds - Escrow Accounts | \$ 57,558,324 | \$ 0 | \$ 2,195,440 | \$ 0 | \$ 0 | \$ 59,753,764 |
| <u>DISBURSEMENTS</u> | | | | | | |
| Interest on refunded bonds | 11,275,724 | 1,800 | 529,788 | 0 | 2,130 | 11,809,442 |
| Principal on refunded bonds | 46,160,700 | 7,800 | 1,765,000 | 158,100 | 95,000 | 48,186,600 |
| Premium on bonds | 367,600 | 300 | 0 | 0 | 0 | 367,900 |
| <i>Total disbursements</i> | <u>57,804,024</u> | <u>9,900</u> | <u>2,294,788</u> | <u>158,100</u> | <u>97,130</u> | <u>60,363,942</u> |
| Excess (deficiency) of receipts over disbursements | (245,700) | (9,900) | (99,348) | (158,100) | (97,130) | (610,178) |
| Balances at December 31, 1997 | 841,238 | 23,620 | 168,466 | 361,200 | 99,349 | 1,493,873 |
| Balances at December 31, 1998 | \$ 595,538 | \$ 13,720 | \$ 69,118 | \$ 203,100 | \$ 2,219 | \$ 883,695 |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 6,418 | \$ 4,264 | \$ 21,112 | \$ 0 | \$ 765 | \$ 32,559 |
| Funds held in Trust | 575,300 | 0 | 0 | 203,100 | 0 | 778,400 |
| Due to/from other funds | 13,820 | 9,456 | 48,006 | 0 | 1,454 | 72,736 |
| <i>Total Assets</i> | <u>\$ 595,538</u> | <u>\$ 13,720</u> | <u>\$ 69,118</u> | <u>\$ 203,100</u> | <u>\$ 2,219</u> | <u>\$ 883,695</u> |
| <u>LIABILITIES</u> | | | | | | |
| Interest payable | \$ 15,138 | \$ 1,185 | \$ 19,118 | \$ 0 | \$ 2,219 | \$ 37,660 |
| Principal payable | 5,100 | 12,535 | 50,000 | 0 | 0 | 67,635 |
| Principal payable-Chase | 575,300 | 0 | 0 | 203,100 | 0 | 778,400 |
| <i>Total Liabilities</i> | <u>\$ 595,538</u> | <u>\$ 13,720</u> | <u>\$ 69,118</u> | <u>\$ 203,100</u> | <u>\$ 2,219</u> | <u>\$ 883,695</u> |

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF ITEMIZED DISBURSEMENTS-INTEREST, PRINCIPAL AND PREMIUM PAID
 FOR THE YEAR ENDED DECEMBER 31, 1998

| | <u>Interest</u> | <u>Principal</u> | <u>Premium</u> |
|---|-------------------|-------------------|----------------|
| <u>GENERAL OBLIGATION BONDS</u> | | | |
| Grade Separation Bonds, Series E | \$ 0 | \$ 11,000 | \$ 0 |
| Sewer, Water & Drainage Bonds, Series H | 110 | 1,000 | 0 |
| Public Improvement Bonds, Issue of 1959 | 280 | 0 | 0 |
| Public Improvement Bonds, Issue of 1964 | 2,438 | 25,000 | 0 |
| Public Improvement Bonds, Issue of 1971 | 4,750 | 200,000 | 0 |
| Public Improvement Bonds, Issue of 1973 | 25,900 | 1,295,000 | 0 |
| Public Improvement Bonds, Issue of 1974 | 49,500 | 655,000 | 0 |
| Public Improvement Bonds, Issue of 1976 | 192,466 | 790,000 | 0 |
| Public Improvement Bonds, Issue of 1977 | 600,675 | 2,570,000 | 0 |
| Public Improvement Bonds, Issue of 1985A | 0 | 10,000 | 0 |
| Public Improvement Bonds, Issue of 1987 | 335,588 | 4,591,300 | 0 |
| Public Improvement Bonds, Issue of 1988 | 436,590 | 5,554,800 | 0 |
| Public Improvement Bonds, Issue of 1992 | 378,155 | 1,160,000 | 0 |
| Public Improvement Bonds, Issue of 1995 | 1,435,585 | 305,000 | 0 |
| Public Improvement Bonds, Issue of 1997A | 2,827,913 | 620,000 | 0 |
| Public Improvement Bonds, Issue of 1998A | 1,783,755 | 550,000 | 0 |
| General Obligation Refunding Bonds, Series 1991 | 4,859,700 | 0 | 0 |
| General Obligation Refunding Bonds, Series 1995 | 9,692,601 | 0 | 0 |
| Total General Obligation Bonds | <u>22,626,006</u> | <u>18,338,100</u> | <u>0</u> |
| <u>SPECIAL TAX BONDS</u> | | | |
| Limited Tax Bonds, Series 1996 | <u>669,255</u> | <u>1,305,000</u> | <u>0</u> |
| Sewerage, Water & Drainage Bonds, Series 1971 | <u>300</u> | <u>5,000</u> | <u>0</u> |
| Drainage System Bonds, Issue of 1994 | <u>306,558</u> | <u>855,000</u> | <u>0</u> |
| Drainage System Bonds, Series 1982 | 0 | 5,000 | 0 |
| Drainage System Bonds, Series 1983 | 0 | 15,300 | 0 |
| Drainage System Bonds, Series 1986A | 0 | 40,000 | 0 |
| Drainage System Bonds, Series 1986B | 252,000 | 3,525,000 | 0 |
| Total Drainage System 9-mill bonds | <u>252,000</u> | <u>3,585,300</u> | <u>0</u> |
| Sewerage Service Revenue Bonds, Series 1997 | <u>1,574,550</u> | <u>800,000</u> | <u>0</u> |
| Water Revenue Bonds, Series 1986 | <u>498,050</u> | <u>1,785,000</u> | <u>0</u> |

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF ITEMIZED DISBURSEMENTS-INTEREST, PRINCIPAL AND PREMIUM PAID (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 1998

| | Interest | Principal | Premium |
|--|----------------------|----------------------|-------------------|
| <u>SPECIAL TAX BONDS (CONTINUED)</u> | | | |
| Audubon Park Commission Improvement Bonds, Series 1997 | \$ 245,085 | \$ 177,023 | \$ 0 |
| Audubon Park Commission Aquarium Bonds, Series 1993 | 2,595,338 | 1,275,000 | 0 |
| <u>DEFEASED BONDS</u> | | | |
| Public Improvement Bonds, Issue of 1988 | 2,919,094 | 36,760,000 | 367,600 |
| Public Improvement Bonds, Issue of 1992 | 4,078,460 | 0 | 0 |
| General Obligation Bonds, Series 1986 | 4,278,170 | 9,400,700 | 0 |
| Total General Obligation Defeased Bonds | <u>11,275,724</u> | <u>46,160,700</u> | <u>367,600</u> |
| Water Revenue Bonds, Series E | 197,441 | 360,000 | 0 |
| Water Revenue Bonds, Series F | 332,346 | 1,405,000 | 0 |
| | <u>529,787</u> | <u>1,765,000</u> | <u>0</u> |
| Audubon Park Commission Improvement Bonds, Series 1979 | 2,130 | 95,000 | 0 |
| Audubon Park Commission Aquarium Bonds, Series 1988 | 0 | 158,100 | 0 |
| Sewer Service Revenue Bonds, Series C | 1,800 | 7,800 | 300 |
| <i>Total Defeased Bonds</i> | <u>11,809,441</u> | <u>48,186,600</u> | <u>367,900</u> |
| <i>Grand Total</i> | <u>\$ 40,576,583</u> | <u>\$ 76,312,023</u> | <u>\$ 367,900</u> |

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

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(1905-1985)

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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, 1998, and have issued our report thereon dated February 12, 1999. 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

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

within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Spilsbury, Hamilton, Legendre & Paciera

February 12, 1999