

*In the opinion of Co-Bond Counsel, under existing laws, interest on the Taxable Bonds is included in gross income for federal income tax purposes as provided in Appendix "H." However, see "TAX MATTERS" herein. Under the Act, the Bonds and the income therefrom are exempt from all taxation by the State of Louisiana or any political subdivision thereof.*

**\$40,000,000**

**TAXABLE PUBLIC IMPROVEMENT BONDS, ISSUE OF 2010A  
(BUILD AMERICA BONDS - FEDERALLY TAXABLE - DIRECT PAYMENT TO ISSUER)**

**CITY OF NEW ORLEANS, LOUISIANA**

**Dated: Date of Delivery**

**Bonds Due: December 1, 2011 to December 1, 2039**

The City of New Orleans, Louisiana (the "City"), is issuing the referenced Taxable Public Improvement Bonds, Issue of 2010A (Build America Bonds - Federally Taxable - Direct Payment to Issuer) (the "Bonds"). Principal of the Bonds is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., in the City of Dallas, Texas, as Paying Agent. Interest on the Bonds is payable on June 1, 2010, and semiannually thereafter on June 1st and December 1st, in the manner set forth herein.

The Bonds are being initially issued as fully registered bonds, in authorized denominations of \$5,000, or any integral multiple thereof, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. **Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased.** Purchases of the Bonds will be made only in book-entry form in authorized denominations by credit to participating broker-dealers and other institutions on the books of DTC, as described herein. Principal of and interest on the Bonds is payable by the Paying Agent to DTC, which will remit such payments to the Direct Participants for the Beneficial Owners of the Bonds in accordance with its normal procedures, as described herein.

The Bonds maturing December 1, 2020 and thereafter are subject to redemption at the option of the City, acting through the Board of Liquidation, City Debt, prior to their stated maturities, on and after December 1, 2019, in whole or in part at any time, and if less than a full maturity then by lot within such maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date. Any Bonds made the subject of such call or calls shall be redeemed at the principal amount thereof plus accrued interest. Bonds are not required to be redeemed in inverse order of maturity. The Term Bonds listed on the inside cover are subject to mandatory sinking fund redemption pursuant to the terms and conditions described in this Official Statement. The Bonds are also subject to Extraordinary Optional Redemption in certain, limited circumstances as set forth herein.

**The Bonds are general obligations of the City, for which the full faith and credit of the City is pledged, and are secured by and payable from *ad valorem* taxes upon all the property subject to such taxation within the City in an amount sufficient to pay the principal of and the interest on the Bonds.** The Bonds are the second emission of the bonds authorized in a proposition approved by the voters of the City in an election held on November 2, 2004, and are being issued for the purposes set forth in said proposition, all as more particularly described herein.

The Bonds involve a high degree of risk and may not be a suitable investment for all persons. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds. In making an investment decision, investors must rely on their own examination of the offering, including the merits and risks involved. Prospective purchasers should confer with their own legal and financial advisors before considering a purchase of the Bonds. Please refer to "MAJOR EVENTS AND RISK FACTORS" herein.

**The Maturity Schedule for the Bonds appears on the inside cover of this Official Statement.**

The Bonds are offered subject to the joint approving opinions of Foley & Judell, L.L.P., The Cantrell Law Firm, and The Godfrey Firm PLC, Co-Bond Counsel, New Orleans, Louisiana. It is expected that the Bonds will be delivered in book-entry only form to DTC on or about January 19, 2010, against payment therefor.

*The date of this Official Statement is December 16, 2009. The cover page and the following page contain information for quick reference only. They are not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

## MATURITY SCHEDULE

**\$40,000,000**

**TAXABLE PUBLIC IMPROVEMENT BONDS,  
ISSUE OF 2010A  
(BUILD AMERICA BONDS - FEDERALLY TAXABLE -  
DIRECT PAYMENT TO ISSUER)**

(Base CUSIP No. 64763F)

<u>Due Dec. 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIPs</u>
2011	\$715,000	5.125%	5.00%	MM8
2012	735,000	5.550%	5.40%	MN6
2013	760,000	5.900%	5.70%	MP1
2014	785,000	6.200%	6.00%	MQ9
2015	810,000	6.400%	6.15%	MR7
2016	845,000	6.550%	6.30%	MS5
2017	875,000	6.750%	6.50%	MT3
2018	915,000	7.000%	6.70%	MU0
2019	950,000	7.200%	6.90%	MV8
2020	995,000	7.300%	7.00% <sup>C</sup>	MW6

\$3,270,000 7.700% Term Bonds due December 1, 2023, Yield 7.40%<sup>C</sup>, CUSIP MZ9  
\$3,765,000 8.000% Term Bonds due December 1, 2026, Yield 7.75%<sup>C</sup>, CUSIP NC9  
\$4,360,000 8.300% Term Bonds due December 1, 2029, Yield 8.00%<sup>C</sup>, CUSIP NF2  
\$8,870,000 8.550% Term Bonds due December 1, 2034, Yield 8.25%<sup>C</sup>, CUSIP NL9  
\$11,350,000 8.800% Term Bonds due December 1, 2039, Yield 8.50%<sup>C</sup>, CUSIP NR6

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<sup>C</sup> Priced to the par call date of December 1, 2019

**CUSIP Numbers** © Copyright 2009, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. The Issuer takes no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of the owners of the Bonds.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY EITHER THE CITY OF NEW ORLEANS, LOUISIANA (THE "CITY") OR THE BOARD OF LIQUIDATION, CITY DEBT (THE "BOARD") TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE BONDS OR THE MATTERS DESCRIBED HEREIN, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER THE CITY OR THE BOARD. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE BONDS, BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE MATTERS DESCRIBED HEREIN SINCE THE DATE HEREOF. THE INFORMATION DESCRIBED HEREIN HAS BEEN OBTAINED FROM SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION SET FORTH HEREIN CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") HAS BEEN FURNISHED BY DTC, AND NO REPRESENTATION IS MADE BY EITHER THE CITY OR THE BOARD AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION. THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE BONDS REFERRED TO HEREIN AND MAY NOT BE REPRODUCED OR USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: <http://www.i-dealprospectus.com> and <http://www.boardofliquidation.com/>. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITES.

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# CITY OF NEW ORLEANS, LOUISIANA

## MAYOR

**C. Ray Nagin**

## CITY COUNCIL

**Arnold Fielkow**, *Councilmember at Large, President*

**Jacquelyn Brechtel Clarkson**, *Councilmember at Large, Vice President*

**Shelley Midura**, *Councilmember District "A"*

**Stacy S. Head**, *Councilmember District "B"*

**James Carter**, *Councilmember District "C"*

**Cynthia Hedge-Morrell**, *Councilmember District "D"*

**Cynthia Willard-Lewis**, *Councilmember District "E"*

## BOARD OF LIQUIDATION, CITY DEBT

**Mary K. Zervigon**, President

**Barbara Lamont**, Vice President

**C. Ray Nagin**, ex officio

**Jacquelyn B. Clarkson**, ex officio

**Alan C. Arnold**

**Wanda Ackers-Brooks**

**Arnold Fielkow**, ex officio

**Gerald Williams**

**Richard P. Wolfe**

**David W. Gernhauser**, *Secretary*

## City Officials

**Chief Administrative Officer**

**Director of Finance**

**City Attorney**

**Clerk of Council**

**Brenda G. Hatfield**

**Reginald E. Zeno**

**Penya M. Moses-Fields**

**Peggy C. Lewis**

## Consultants and Advisors

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New Orleans, Louisiana*

*Auditors for the Board of Liquidation,  
City Debt*

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*Co-Bond Counsel*

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*Co-Bond Counsel*

*The Godfrey Firm, PLC  
New Orleans, Louisiana*

*Co-Bond Counsel*

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New Orleans, Louisiana*

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City Debt*

*Public Financial Management, Inc.  
Atlanta, Georgia*

*Financial Advisor to the Board of  
Liquidation, City Debt*

*Fiscal Services, Inc.  
New Orleans, Louisiana*

*Official Statement*

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## OFFICIAL STATEMENT

**\$40,000,000**

### **TAXABLE PUBLIC IMPROVEMENT BONDS, ISSUE OF 2010A (BUILD AMERICA BONDS - FEDERALLY TAXABLE- DIRECT PAYMENT TO ISSUER)**

## **CITY OF NEW ORLEANS, LOUISIANA**

### **INTRODUCTION**

This Official Statement of the City of New Orleans, Louisiana (the “City” or the “Issuer”) provides information with respect to the Taxable Public Improvement Bonds, Issue of 2010A (Build America Bonds - Federally Taxable - Direct Payment to Issuer) (the “Bonds”) of the City, issued pursuant to a resolution (the “Bond Resolution”) adopted by the Board of Liquidation, City Debt (the “Board”) on December 16, 2009. The Bonds are being issued for various public purposes as described herein.

Brief descriptions of the City, the Bonds, DTC, the Bond Resolution, the Act (as such terms are herein defined) and other proceedings are contained in this Official Statement, and reference to such matters is qualified by reference to such entity, act, resolution, or proceeding so referred to or summarized.

Additional information about the City and the Parish of Orleans is included in Appendix “B” hereto. The Comprehensive Annual Financial Report of the City for the year ended December 31, 2008 is included in Appendix “C” hereto. Audited financial statements of the Board for the year ended December 31, 2008, are included in Appendix “D” hereto. The proposed forms of opinions of Foley & Judell, L.L.P., The Cantrell Law Firm, and The Godfrey Firm, PLC, Co-Bond Counsel, New Orleans, Louisiana, are included in Appendix “G” hereto.

Reference in this Official Statement to owner, holder, registered owner, Bondholder or Bond owner means the registered owner of the Bonds determined in accordance with the Bond Resolution.

Maps indicating the general location of the City are included before Appendix “A” hereto.

#### **Board of Liquidation, City Debt; Administration of General Obligation Bonds**

The Louisiana Legislature (the “Legislature”) created the Board by adopting Act No. 133 of the 1880 Regular Session of the Legislature, as amended by Act 628 of the 1995 Regular Session of the Legislature, to provide security for the holders of general obligation debt of the City by having an independent body with exclusive control and direction of all matters related to general obligation bonded debt of the City. Under Louisiana law, the Board is responsible for separating and administering funds dedicated to the repayment of general obligation debt from the operating budget of the City. All *ad valorem* taxes levied by the City’s governing authority (the “City Council”) in each year for the payment of general obligation bonds are transferred to the Board which has responsibility for the deposit and investment of such tax receipts and the servicing of the outstanding

general obligation bonds. Once the property tax dollars are received by the Board, they are irrevocably dedicated to repay debt service on the City's general obligation bonds unless the obligation is otherwise discharged as provided by law.

This Official Statement contains information which has been furnished or obtained from the sources indicated. The factors affecting the City's financial condition and the security for the Bonds are described throughout this Official Statement, which should be read in its entirety. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete and each such document, statute, report or instrument is qualified in its entirety by reference to each such document, statute, report or instrument, copies of which are available from the Board. All references to the Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto contained in the Bond Resolution.

## **MAJOR EVENTS AND RISK FACTORS**

### **Hurricanes Katrina and Rita**

Hurricane Katrina struck the Central Gulf Coast near New Orleans, Louisiana as a Category 4 hurricane on August 29, 2005. Failure of several sections of the levee system resulted in flooding that inundated approximately 80 percent of the City with water up to 20 feet deep in some places. Hurricane Rita struck near the Texas-Louisiana border on September 24, 2005 as a Category 3 hurricane. Storm surge associated with Hurricane Rita reopened some of the levee breaches caused by Hurricane Katrina and reflooded parts of New Orleans.

The storm and its devastation likewise had an enormous impact on the economy of the City of New Orleans and the region. Thousands of residents were displaced to other parts of the country and have been slow to return or are not likely to return at all. Businesses suffered damages partly as a result of the loss of their workforce. Many of those businesses that remain or have returned to the City have reduced operations due to the workforce shortage. Nearly four years after the storms, the City is showing signs of economic recovery. The City's population is approximately 311,000, compared to a pre-Katrina population of approximately 435,000. The City believes the 2008 estimate to be too low and is currently challenging it. Although the City is recovering at a steady pace, economic indicators have not fully reached pre-Katrina levels. The City's economy will continue to feel the impact of the storms for many years to come, and it is impossible to predict when and if the economy will return to pre-storm levels.

The Board continued to make the required debt service payments on its then outstanding bonds, due in part to loans from the State of Louisiana (the "State"). See "DEBT STATEMENT – Hurricane-Related Borrowing" herein. The ability of the Board to pay the debt service on the Bonds and the outstanding bonds is dependent on many factors the outcome of which are impossible to predict.

To assist local political subdivisions, including the City and its component entities and independent boards (such as the Sewerage and Water Board) with current operating expenses and the payment of debt service on various obligations, the State and the federal government put in place borrowing programs designed to provide immediately available revenues to such political

subdivisions. For more information on the amounts borrowed by the Board pursuant to these programs, see “SECURITY FOR THE BONDS” below. For more information on the amounts borrowed by the City and its component entities and independent boards pursuant to these programs, see “DEBT STATEMENT – Hurricane-Related Borrowing” below.

### *Levees and Flood Protection*

Coastal Louisiana, including the City, is susceptible to hurricanes wherein winds and flooding have from time to time caused significant damage, particularly in the case of Hurricane Katrina.

Subsequent to Hurricane Katrina, the U.S. Army Corps of Engineers has undertaken a project consisting of the planning, design and construction of a flood protection system to the Metropolitan New Orleans Area. The flood protection system includes improved levees and floodwalls and temporary and permanent floodgates. Several of the flood protection system improvements have commenced construction. The proposed flood protection system is scheduled to be completed in 2012, at a total cost of \$12 billion. No assurance can be given that the proposed flood protection system improvements will prevent wind and flooding resulting from future significant weather events or will be completed on a timely basis.

### **Financial Condition of the City**

In addition to the continued effects of Hurricanes Katrina and Rita, the finances of the City are also being affected by the national recession. Two of the main forces behind the City’s economy are tourism and international trade, and each declined on a national basis in the last 12 months. (Sources: U.S. Travel Association and United States Department of Commerce International Trade Administration.) The declines are reflected in the City’s revenue collections. For example, sales tax revenues in the City in fiscal year 2008 were 95% of those in fiscal year 2004, showing continued recovery from the Hurricanes; however, the sales tax revenues collected in 2009 as of October 31, 2009, are only 96.77% of the 2008 collections to October 31, 2008.

Coupled with rising costs for services and the continued need for repairs and maintenance to facilities throughout the City, the recession has adversely affected the City’s budget for fiscal year 2010. The City at one time projected a deficit of approximately \$68,000,000. The administration presented a budget proposal for fiscal year 2010 to the City Council on October 30, 2009.

On December 1, 2009, the City Council adopted ordinances providing for a Capital Budget for 2010, an Operating Budget of Revenues for 2010, and an Operating Budget of Expenditures for 2010. To protect against further decreases in revenues, the Council amended the Mayor’s proposed Operating Budget of Revenues, reducing the budget by approximately \$7 million. In order to achieve a balanced budget, the Council also amended the Mayor’s proposed Operating Budget of Expenditures, including a reduction of other operating funds in various departments, while avoiding personnel cuts and restoring proposed furlough days for select city workers.

THE BONDS INVOLVE A SUBSTANTIAL DEGREE OF RISK. POTENTIAL INVESTORS IN THE BONDS ARE RESPONSIBLE FOR CONDUCTING AN INDEPENDENT INVESTIGATION OF MATTERS RELATING TO THE FINANCIAL ASPECTS OF THE BONDS,

THE CITY, THE BOARD AND THE SECURITY FOR THE BONDS TO DETERMINE IF AN INVESTMENT IN THE BONDS, AND THE RISKS ASSOCIATED THEREWITH, IS CONSISTENT WITH THEIR INVESTMENT OBJECTIVES. POTENTIAL INVESTORS SHOULD NOT RELY ON ANY PARTY TO THE TRANSACTION WITH RESPECT TO THE INVESTIGATION OF ANY SUCH MATTERS. PROSPECTIVE PURCHASERS SHOULD CONFER WITH THEIR OWN LEGAL AND FINANCIAL ADVISORS BEFORE CONSIDERING A PURCHASE OF THE BONDS.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED IN CONNECTION WITH THE INITIAL OFFERING AND SALE OF THE BONDS TO THE PURCHASERS ON THE DATE HEREOF AND IS NOT INTENDED FOR USE IN CONNECTION WITH ANY SUBSEQUENT SALE, REOFFERING OR REMARKETING OF THE BONDS. SUBSEQUENT PURCHASERS MUST THEREFORE RELY ON THEIR OWN EXAMINATION OF THE OFFERING, INCLUDING THE MERITS AND THE RISKS INVOLVED.

## **DESCRIPTION OF THE BONDS**

The Bonds are authorized and issued pursuant to Article VI, Section 33 of the Louisiana Constitution of 1974 (the "Constitution") and Part XIV, Chapter 4 of Title 39 (the "Act") and the applicable provisions of Chapter 5 and Chapter 6-A of Title 18 of the Louisiana Revised Statutes of 1950, as amended and other constitutional and statutory authority. The issuance, sale and delivery of the Bonds was approved by the Louisiana State Bond Commission on September 16, 2004.

The Bonds are dated as of the date of their delivery and bear interest payable at the rates and times and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds are initially issuable as fully registered bonds in "book-entry" only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") and will be delivered to The Bank of New York Mellon Trust Company, N. A., Dallas, Texas, as Fast Agent for DTC. DTC will act as securities depository for the Bonds, and purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. (See "BOOK-ENTRY ONLY SYSTEM.") Principal of the Bonds is payable upon presentation and surrender of the Bonds at the corporate trust office of The Bank of New York Mellon Trust Company, N. A., in the City of Dallas, Texas, as Paying Agent. Interest on the Bonds is payable on June 1, 2010, and semiannually thereafter on June 1st and December 1st, each an "Interest Payment Date," by check or draft mailed by the Paying Agent on or before the applicable Interest Payment Date to the person in whose name the Bond is registered at the close of business on the applicable Record Date (which is the 15th day of the calendar month next preceding the Interest Payment Date).

Except as hereinafter provided under "BOOK-ENTRY ONLY SYSTEM," the Bonds are transferable only upon the records kept for that purpose at the corporate trust office of the Paying Agent, by the Owner or by his attorney duly authorized in writing, upon surrender of such Bonds with a written instrument or instruments of transfer in form and with a guaranty of signature satisfactory to the Paying Agent, duly executed by the Owner or his attorney duly authorized in writing, and upon the payment of the costs of any transfer taxes or other governmental charges relating thereto. Thereupon, the Paying Agent will register and deliver in the name of the transferee or transferees one or more new fully registered Bonds of any authorized denomination and like aggregate principal amount and designation, maturity and interest rate as the surrendered Bond. At the option of the Owner, Bonds may also be exchanged for an equal aggregate principal amount of Bonds of the same

designation, maturity and interest rate in any authorized denomination in accordance with the provisions of the Bond Resolution. The City and the Paying Agent shall not be required (a) to issue, register the transfer of or exchange any Bond during a period beginning at the opening of business on the 15th day of the calendar month next preceding an Interest Payment Date or any date of selection of Bonds to be redeemed and ending at the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) to register the transfer of or exchange any Bond so selected for redemption in whole or in part.

Prior to due presentment for registration of transfer of any Bond, the Board and the Paying Agent, and any agent of the Board or the Paying Agent may deem and treat the person in whose name any Bond is registered as the absolute Owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary.

**Purpose of Issue**

The Bonds are being issued for the purpose of improvements to major and minor streets, including rehabilitation, reconstruction, base stabilization, drainage adjustments and related sidewalks, curbing, bridge replacement and improvement, urban systems, traffic signal control, improvements required under the Americans with Disabilities Act, and related administrative and maintenance facilities. A summary of the projects being financed from the proceeds of the Bonds follows:

<b><u>Total 2009 Bond Issue Projects</u></b>	
<b><u>Street Projects</u></b>	
1. Camp Leotine, Valmont	\$6,245,000
2. Gordon, Flood	3,516,000
3. Gravier (Galvez-Broad)	2,129,000
4. Homedale, Milne, Walker, Center	6,469,000
5. Slidell, Sumner, Leboeuf	4,000,000
6. Wright Road (Chef-Dwyer) Reconstruction	6,412,000
7. Canal Boulevard (Robert E. Lee to Amethyst)	640,000
8. Holiday (General Meyer-MacArthur) Rehabilitation	88,000
9. North Galvez (Elysian Fields-Almonaster)	2,995,000
10. Berkley (Huntley-Woodland)	<u>7,506,000</u>
<b>Total</b>	<b><u>\$40,000,000</u></b>

**Authority for Issue**

The Bonds are authorized under the provisions of Article VI, Section 33 of the Constitution, the Act, and other constitutional and statutory authority.

**Average Life**

The average life of the Bonds is approximately 19.037 years from their dated date.

## Optional Redemption

The Bonds maturing December 1, 2020, and thereafter, are subject to redemption at the option of the City, acting through the Board, prior to their stated maturities on and after December 1, 2019, in whole or in part at any time and if less than a full maturity then by lot within such maturity at a redemption price equal to the principal net amount of the Bonds to be redeemed plus accrued interest to the redemption date. Any Bonds made the subject of such call or calls shall be redeemed at the principal amount thereof plus accrued interest to the redemption date. Bonds are not required to be redeemed in inverse order of maturity.

In the event a Bond to be redeemed is of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed. Any Bond which is to be redeemed only in part shall be surrendered at the office of the Paying Agent and there shall be delivered to the Owner of such Bond, a Bond or Bonds of the same maturity and of any authorized denomination or denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

## Mandatory Sinking Fund Redemption

The Term Bond due on December 1, 2023 is subject to mandatory redemption prior to maturity through application of sinking fund payments on December 1 in each of the years and in the respective principal amounts set forth below, in each case at a redemption price equal to 100% of their principal amount, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Amount</u>
2021	\$1,040,000
2022	1,090,000
2023*	1,140,000

\*final maturity

The Term Bond due on December 1, 2026 is subject to mandatory redemption prior to maturity through application of sinking fund payments on December 1 in each of the years and in the respective principal amounts set forth below, in each case at a redemption price equal to 100% of their principal amount, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Amount</u>
2024	\$1,195,000
2025	1,255,000
2026*	1,315,000

\*final maturity

The Term Bond due on December 1, 2029 is subject to mandatory redemption prior to maturity through application of sinking fund payments on December 1 in each of the years and in the respective principal amounts set forth below, in each case at a redemption price equal to 100% of their principal amount, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Amount</u>
2027	\$1,385,000
2028	1,450,000
2029*	1,525,000

\*final maturity

The Term Bond due on December 1, 2034 is subject to mandatory redemption prior to maturity through application of sinking fund payments on December 1 in each of the years and in the respective principal amounts set forth below, in each case at a redemption price equal to 100% of their principal amount, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Amount</u>
2030	\$1,605,000
2031	1,685,000
2032	1,770,000
2033	1,860,000
2034*	1,950,000

\*final maturity

The Term Bond due on December 1, 2039 is subject to mandatory redemption prior to maturity through application of sinking fund payments on December 1 in each of the years and in the respective principal amounts set forth below, in each case at a redemption price equal to 100% of their principal amount, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Amount</u>
2035	\$2,050,000
2036	2,155,000
2037	2,265,000
2038	2,380,000
2039*	2,500,000

\*final maturity

The required mandatory redemptions described above may be satisfied by purchases of the Bonds subject to mandatory redemption by the Board in the open market, which purchases will be credited against the required redemptions at 100% of the principal amount of the Bonds so purchased.

## **Notice of Redemption**

Notice of any such redemption shall be given by the Board to the Paying Agent at least forty-five (45) days prior to the date fixed for redemption. Notice of redemption shall be given by the Paying Agent by mailing a copy of the redemption notice by first class mail, postage-prepaid, not less than thirty (30) days prior to the date fixed for redemption to the registered Owners of any Bonds or portion of Bonds which are to be redeemed at their last addresses appearing on the books maintained by the Paying Agent. Failure to give such notice by mailing to any Bondholder, or any defect therein shall not affect the validity of the redemption proceedings for other Bonds.

## **Extraordinary Optional Redemption for the Bonds**

The Bonds are subject to redemption at any time prior to their maturity at the option of the Board, in whole or in part, and if in part shall be selected on a pro rata basis within a maturity, upon the occurrence of an Extraordinary Event, at a redemption price (the “Extraordinary Optional Redemption Price”) equal to the greater of (i) 100% of the principal amount of the Bonds to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points (1.00%); plus, in each case, accrued interest on the Bonds to be redeemed to the redemption date. At the request of the Paying Agent, the redemption price of the Bonds to be redeemed at the option of the City will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City’s expense to calculate the redemption price. The Paying Agent and the City may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

An “Extraordinary Event” will have occurred if a material adverse change has occurred to Section 1400U-1 or 6431 of the Internal Revenue Code of 1986, as amended (the “Code”) (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 (“ARRA”), pertaining to “Build America Bonds”) pursuant to which the City’s 35% cash subsidy payment from the United States Treasury is reduced or eliminated.

“Treasury Rate” means, with respect to any redemption date for a particular Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Financial Institution.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Bond, the United States Treasury security or securities selected by the Designated Financial Institution which has an actual or interpolated maturity comparable to the remaining average life of the Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Bond to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Bond, (i) if the Designated Financial Institution receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Financial Institution obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

“Designated Financial Institution” means any nationally recognized investment banking firm selected by the City that is a primary U. S. Government securities dealer.

“Reference Treasury Dealer” means each of four firms, specified by the City from time to time, that are United States Government securities dealers (each a “Primary Treasury Dealer”); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the City will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular Bond, the average, as determined by the Designated Financial Institution, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Financial Institution by such Reference treasury Dealer at 3:30 P.M. New York City time, on the third Business Day preceding such redemption date.

“Business Day” means any day other than (a) a Saturday, a Sunday or any other day on which banks located in the cities in which the principal offices of the Board, the Paying Agent or the Reference Treasury Dealer are located are authorized or required to remain closed or (b) a day on which the New York Stock Exchange is closed.

## **Results of November 2, 2004 Election**

The Bonds are the second emission of \$260,000,000 of general obligation bonds authorized as a result of the approval of a proposition by the voters of the City at a special election held therein on November 2, 2004. The first emission of said bonds consisted of \$75,000,000 Public Improvement Bonds, Series 2007A. The proposition submitted and the results of said election follow:

### **GENERAL OBLIGATION BOND AUTHORIZATION PROPOSITION**

SUMMARY: AUTHORITY FOR THE CITY OF NEW ORLEANS TO ISSUE UP TO \$260,000,000 OF GENERAL OBLIGATION BONDS FOR UP TO 30 YEARS AND AT INTEREST RATES NOT EXCEEDING 9% PER ANNUM, FOR STREET IMPROVEMENTS AND FOR ACQUIRING, CONSTRUCTING, IMPROVING, EQUIPPING AND/OR RENOVATING PARKS AND RECREATION FACILITIES, PUBLIC LIBRARIES AND PUBLIC BUILDINGS, SAID BONDS TO BE PAYABLE FROM AD VALOREM TAXES.

Shall the City of New Orleans, Louisiana (the “City”), incur debt and issue up to two hundred and sixty million dollars (\$260,000,000) of bonds, in one or more series, said bonds to run up to thirty (30) years from the date thereof, to bear interest at a rate or rates not exceeding nine percent (9%) per annum, and to be general obligations of the City payable from ad valorem taxes to be levied and collected in the manner provided by Article VI, Section 33 of the 1974 Louisiana Constitution and other constitutional and statutory authority, for the following purposes:

\$162,900,000 for improvements to major and minor streets, including rehabilitation, reconstruction, base stabilization, drainage adjustments and related sidewalks, curbing, bridge replacement and improvement, urban systems, traffic signal control, improvements required under the Americans with Disabilities Act, and related administrative and maintenance facilities;

\$43,545,000 for acquiring, constructing, improving, equipping and/or renovating parks, playgrounds and recreation facilities, together with lighting improvements, including without limitation, Brechtel Park, Armstrong Park, City Park, Audubon Park, Ponchartrain Park, the Pan American Stadium and NORD facilities citywide provided that from this amount, \$10,000,000 shall be dedicated to the purpose of acquisition of equipment and improvements for playgrounds and recreation facilities owned by the City of New Orleans in all five Council districts, including but not limited to swings, playground equipment, basketball courts, safety surfacing, walkways, lighting, fencing, benches, signage, water fountains, landscaping, and trash receptacles. A Citizens Recreation Advisory Committee appointed by the City Council shall make recommendations to the Council and the Executive Branch regarding expenditures of the said \$10,000,000.

\$8,100,000 for acquiring, constructing, improving, equipping and/or renovating public libraries; and

\$45,455,000 for acquiring, constructing, improving, equipping and/or renovating other public buildings and facilities, including, without limitation, City Hall, Criminal Courts Buildings, Vieux Carre Commission Offices, French Market, the New Orleans Museum of Art and police and fire department stations and facilities?

Number of Votes FOR	111,667	66 %
Number of Votes AGAINST	57,459	34 %

**Status of Existing General Obligation Bond Authorization**

Type of Project	Amount Authorized	Previously Issued	2010A Bonds	Remainder
<b>Streets</b>	\$162,900,000	\$25,000,000	\$40,000,000	\$97,900,000
<b>Recreation Facilities</b>	43,545,000	16,607,500	--	26,937,500
<b>Libraries</b>	8,100,000	4,700,000	--	3,400,000
<b>Other Public Buildings</b>	45,455,000	28,692,500	--	16,762,500

**BUILD AMERICA BONDS**

The Issuer has designated the Bonds as Build America Bonds in accordance with the Code. Section 54AA of the Code permits state and local governments, such as the Issuer, to elect (and the Issuer has elected) to receive a credit from the Secretary of the United States Department

of the Treasury (the “Secretary”) in accordance with Section 6431 of the Code equal to thirty-five percent (35%) of the stated interest paid on the Bonds. Payments are expected to be paid to the Issuer within forty-five (45) days of receipt by the Internal Revenue Service (“IRS”) of IRS Form 8038-CP with respect to each relevant interest payment date.

Payments to be received by the Issuer from the Secretary in accordance with Section 6431 of the Code will *not* comprise a portion of the security for the Bonds. Payment of principal and interest on the Bonds is *not* contingent upon receipt by the Issuer of such funds. The Issuer has, however, by resolution dictated that any subsidy payments be made directly to the Paying Agent to be used to pay principal and interest on the Bonds.

The Code imposes requirements on the Bonds that the Issuer must continue to meet after the Bonds are issued in order to receive the credit from the Secretary. These requirements generally involve the way that proceeds of the Bonds must be invested and ultimately used.

No assurance can be given that any future legislation or clarifications or amendments to the Code, if enacted into law, will not contain proposal which could reduce or eliminate the credit received by the Issuer under Section 6431 of the Code with respect to the Bonds or adversely affect the market price or marketability of the Bonds. Furthermore, no assurance can be given that the impact of any future court decisions will result in the reduction or elimination of the credit received by the Issuer under Section 6431 of the Code with respect to the Bonds or adversely affect the market price or marketability of the Bonds. However, see “Extraordinary Optional Redemption for Bonds” herein.

UNDER NO CIRCUMSTANCES WILL THE OWNER OF A BOND RECEIVE A CREDIT AGAINST THE TAX IMPOSED ON SUCH OWNER UNDER CHAPTER 1 OF THE CODE. SECTION 54AA(f)(1) OF THE CODE PROVIDES THAT INTEREST ON ANY BUILD AMERICA BOND SHALL NOT BE EXCLUDABLE FROM GROSS INCOME.

## **BOOK-ENTRY ONLY SYSTEM**

The Bonds initially will be issued solely in book-entry only form to be held in the system maintained by DTC. So long as such book-entry only system is used, only DTC will receive or have the right to receive physical delivery of the Bonds and Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Bond Resolution.

*The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. The Issuer makes no representations, warranties or guarantees with respect to its accuracy or completeness.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

3. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or

regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Bonds are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds are required to be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

THE ISSUER AND THE BOARD CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS; (ii) CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN BONDS; OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DTC PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT “RULES” APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT “PROCEDURES” OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE ISSUER, THE BOARD, NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR INTEREST OR PREMIUM, IF ANY, ON THE BONDS; (3) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO BONDHOLDERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

## **SECURITY FOR THE BONDS**

The Bonds are general obligations of the City payable from *ad valorem* taxes levied by the City on all property subject to taxation within the City. The Bonds are secured by a pledge of the full faith and credit of the City. The City Council is required under the Constitution and laws of Louisiana to impose and collect annually, in excess of all other taxes, a tax, on all property subject to taxation within the City sufficient to pay the principal of and interest and redemption premiums, if any, on all of the City's general obligation bonds in each year. See Appendix “B” for more information regarding the assessed value of property in the City and the *ad valorem* tax collection record of the City.

Upon issuance of the Bonds, the City will have \$548,018,709 of outstanding general obligation bonds.

### **Millage Rate Setting and Procedures**

The Board annually recommends to the City Council the property tax millage to be levied for the payment of debt service on the City's general obligation bonded indebtedness for the succeeding year. The Board's millage recommendation takes into consideration the following factors: debt service requirements on outstanding and proposed bonds; assessed valuations, net of homestead exemptions; and an assumed rate of property tax collections. The property tax levied for the purpose

of paying debt service on the City's general obligation debt is separate from all other property taxes levied by the City Council and is dedicated solely for such purpose. All collections of the property tax dedicated to pay general obligation debt are required by statute to be paid over to the Board daily as collected by the City's Department of Finance. The Board is responsible for depositing, investing and reinvesting such receipts and for paying debt service on general obligation debt. In the event tax collections dedicated to the payment of debt service are insufficient therefor, the Board may use its reserve funds (as described below) to pay debt service and is empowered to levy an additional tax to pay such deficiency. The statutory provisions authorizing the Bonds provide that the Board shall be continued while any of the City's general obligation bonds are outstanding and unpaid and its powers with respect to payment of the general obligation bonds shall not be diminished.

For more detailed information on the assessment and collection procedures, see "SOURCES OF REVENUE" herein.

### **Estimated Millage Required to Service the Bonds**

The Issuer levied 23.80 mills on the 2009 tax roll for interest and principal payments on its outstanding general obligation bonds. The Issuer estimates that an additional 1.70 mills will be required to service the Issuer's outstanding general obligation bonds, the proposed Bonds and an additional \$40,000,000 of general obligation bonds authorized at the November 2, 2004 election and estimated to be issued later in calendar year 2010. For additional information, see Appendix "F."

According to the Board of Review, approximately \$330,225,920, represented homestead exemptions, or approximately 11.34% of the 2009 total assessed valuation of the City. The Tax levied to service the Bonds will be subject to homestead exemptions, and these exemptions have been taken into consideration in deriving the millage to be levied to service the Bonds.

### **Legal Debt Limit**

The total principal amount of general obligation bonds of the City that may be at any time outstanding is limited in Part XIV, Chapter 4, Subtitle II, Title 39 of the Louisiana Revised Statutes of 1950, as amended, to the sum of \$500,000,000, or 35% of the taxable assessed valuation of the City, whichever is greater. The following table describes the debt limit of the Issuer:

#### **LEGAL DEBT LIMIT OF THE CITY**

2010 Taxable Assessed Valuation	\$2,678,381,864
35% of Total Assessed Valuation (lowest thousand)	\$937,433,000
Less Amount of Outstanding General Obligation Bonds as of December 2, 2009	\$508,018,709
Less Amount of Proposed General Obligation Bonds	<u>\$40,000,000</u>
Total General Obligation Indebtedness of the District After Giving Effect to the Proposed Bonds	\$548,018,709
Percentage of 2010 Taxable Assessed Valuation	20.46%
Remaining General Obligation Bond Capacity For Capital Improvements	<u>\$389,414,291*</u>

\* \$145,000,000 of additional bonds have been authorized in an election held on November 2, 2004.

## BOARD OF LIQUIDATION

The Board was created by the Louisiana Legislature in 1880, and made a “body corporate,” separate and distinct from the City, in 1890. The Board has exclusive control and direction of all matters related to the issuance and repayment of the City's general obligation bonds. Because the Board exists, the repayment of New Orleans' general obligation bonds is separated and excluded from the City's operating budget, and a dedicated source and security for the payment of the City's general obligation bonds is maintained. All *ad valorem* taxes levied by the City for the payment of its general obligation bonds are transferred to the Board. These property tax receipts must be applied exclusively to the payment of debt service on the City's outstanding general obligation bonds and cannot be applied to pay the City's operating expenses or for any other purpose. **The Board has never defaulted in the payment of the City's general obligation bonds.**

In the event of any default in the imposition and collection of any taxes required for the repayment of general obligation bonds, the Board has the statutory power to levy and collect taxes in the amount required. The Board is required to certify the rate and necessity therefor and cause the same to be imposed and collected at the same time and in the same manner as other taxes are imposed and collected in the City. By statute, any person in interest may also enforce imposition and collection of sufficient taxes for the payment of the principal of, and interest or redemption premiums, if any, on any general obligation bonds upon a failure of the City Council to do so, and any suit, action or proceeding brought by such person in interest for such purpose would be a preferred cause, and heard by a court of competent jurisdiction without delay.

*Although neither the Constitution, statutes nor the Bond Resolution requires the Board to maintain reserves for the payment of debt service on general obligation bonds of the City, it has been the policy of the Board, since 1951, to maintain advance collections of taxes of approximately one-half of the maximum amount of principal of and interest on outstanding general obligation bonds payable in any year. There is no assurance that the Board will continue this policy or that it will maintain reserves at this level. Investment earnings from such reserves have been used to pay debt service on general obligation bonds, thereby offsetting increases in the property tax millage which would otherwise have been required. As of June 30, 2009, the Board had in its general obligation bond advance tax collections fund \$53,614,093.13 (unaudited).*

The Board is composed of nine members: the Mayor and the two City Councilmembers-at-large, who serve *ex officio*, and six members, referred to as the “syndicate” members, appointed in the manner hereinafter described. The syndicate members have traditionally been selected from leaders of the business, financial and professional community of New Orleans. All members of the Board of Liquidation serve without pay. Further information about the Board, its membership and financial data may be found on its website at <http://www.boardofliquidation.com>.

The incumbent members of the Board of Liquidation, who serve until their successors are appointed, their terms of office, and their principal occupations are:

**C. Ray Nagin**, *ex officio* --  
Mayor, City of New Orleans  
(Term: 6/01/2006-5/03/2010)  
**Jacquelyn B. Clarkson**, *ex officio* --  
Councilmember-at-large, City of New Orleans  
(Term: 6/01/2006-5/03/2010)  
**Arnie Fielkow**, *ex officio* --  
Councilmember-at-large, City of New Orleans  
(Term: 6/01/2006-5/03/2010)  
**Mary K. Zervigon**, *President* --  
Attorney. Former Chairman of the Louisiana Tax  
Commission  
(Term: 6/10/92-12/31/2013)  
**Barbara Lamont**, *Vice President* --  
President & CEO, Network Teleports, Inc.  
(Term: 9/24/98-12/31/2009)

**Alan C. Arnold** --  
President, MidSouth Realty Management, Inc.  
(Term: 12/18/2008-12/31/2019)  
**Gerald Williams**--  
Ph.D., Chief Financial Officer, Dillard University  
(Term: 12/18/2008-12/31/2017)  
**Richard P. Wolfe** --  
Attorney  
(Term: 1/20/05-12/31/2015)  
**Wanda Ackers-Brooks**--  
CPA, Finance Dept., Dillard University  
(Term: 12/18/2008-12/31/2011)

Pursuant to Act 628 of the 1995 Regular Session of the Legislature of Louisiana, and an election held in the City on November 18, 1995, Sections 5-101 and 5-102 of the City's Home Rule Charter of 1954 (the "Charter"), were amended to read as follows:

*"Section 5-101. Composition.*

*(1) The Board of Liquidation, City Debt, shall be composed of six members and of three ex-officio members, who shall be the Mayor and the two councilmembers-at-large.*

*(2) Effective on January 1, 1996, the terms of the six citizens serving on the Board shall change from terms for life to fixed terms. The members shall conduct a drawing to determine who shall serve for terms of two, four, six, eight, ten, and twelve years. Upon the expiration of a term, a Board member who is domiciled in and an elector of the City shall be appointed by the Mayor with the approval of the Council from a list of three names submitted jointly by a committee consisting of the President of the Board of Liquidation, who shall chair the committee, and the Presidents or Chancellors of Dillard University, Loyola University, Southern University of New Orleans, Tulane University, the University of New Orleans, and Xavier University. Members so appointed shall serve for terms of twelve years. Any vacancy on the Board shall be filled in accordance with the provisions of Section 9-105 of this Charter."*

*"Section 5-102. Functions.*

*Except as otherwise provided in this Chapter, the Board of Liquidation, City Debt shall continue to exercise and have the powers, duties, and functions which it exercised on the effective date of this Charter. It shall have the power to issue bonds in any manner permitted by state or municipal law and this Charter and to manage its affairs, under this Charter on behalf of the City of New Orleans, in accordance with the provisions of applicable state or municipal law."*

## **PROVISIONS RELATING TO THE SECURITY FOR THE BONDS**

All taxable property in the State is required by law to be assessed annually at a percentage of its fair market value or use value by assessors elected for four year terms, except that public service property is assessed directly by the Louisiana Tax Commission (the "Tax Commission"). Property tax assessments are required to be equal and uniform throughout the State.

The Constitution provides that the classifications of property subject to *ad valorem* taxation and the percentage of fair market value applicable to each classification for the purpose of determining assessed valuation are as follows:

<u>Classifications</u>	<u>Percentages</u>
1. Land	10%
2. Improvements for residential purposes	10%
3. Electric cooperative properties, excluding land	15%
4. Public service properties, excluding land	25%
5. Other Property	15%

The Constitution also provides that agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of “use” value. Fair market values are determined by the assessors, subject to review and final certification by the Tax Commission.

Currently, Orleans Parish has seven districts for assessment purposes, each with a separate assessor who is elected to serve a four-year term; however, see below for a description of legislation affecting such assessors. Each assessor is required to determine the fair market value of all property subject to taxation within his respective district, except public service properties that are valued by the Tax Commission. The Tax Commission is required by statute to measure annually the level of appraisals or assessments and the degree of uniformity of assessments for each major class and type of property in each parish throughout the State and to hold a public hearing to hear any complaints. If the appraisal or assessment level of a parish or district deviates by more than 10% from the percentage of fair market or use valuation, the Tax Commission is to order the assessor, within a period of one year, to reappraise all property within the parish or district or within one or more property classifications, certify the assessment lists for the year in which the order is issued, and in the following year again measure the level of appraisals or assessments for each major class and type of property in the parish. If the appraisal or assessment levels of a parish or district deviate again by more than 10% from the required percentage of fair market or use value, the Tax Commission may not certify the assessment rolls.

A general reappraisal of property was made by the Assessors for the 2008 tax roll. The assessed valuations had a significant increase over prior years. For additional information, see Appendix “B” herein.

### **Constitutional Amendments**

At an election held on September 30, 2006, the voters of the State approved an amendment to the Constitution generally providing that owners of homes damaged in a disaster are permitted to retain their homestead exemption if they are unable to reoccupy the destroyed or uninhabitable home, if they file an annual affidavit with the assessor stating their intention to reoccupy the home by December 31 of the fifth year after the initial affidavit filed in the calendar year after the disaster. Homeowners entitled to the special assessment level, hereinafter described, are permitted to retain the pre-disaster assessment on their repaired or rebuilt homestead, provided they reoccupy the home by December 31 of the fifth year after the initial affidavit to retain the special assessment. The special assessment level is the artificial freeze in assessed value for owners over age 65 with an income of under approximately \$58,000. It is currently unknown how many property owners in Orleans Parish participated in the freeze.

At an election held on November 7, 2006, the voters of the State approved amendments to the Constitution generally providing:

- a property tax assessment freeze for military and disabled persons.
- a property tax exemption for leased medical equipment.
- a municipal property tax exemption for motor vehicles.
- a property tax exemption for consigned art.
- **a reduction in the number of assessors in New Orleans from seven to one.**

*(Emphasis added.) For additional information, see Act 622 of the 2006 Regular Session of the Louisiana Legislature.*

In the municipal/parochial elections to be held February 6, 2010 (primary) and March 6, 2010 (general), the new single assessor for Orleans Parish is to be elected. The terms of office of the incumbent members of the Board of Assessors expire on May 2, 2010; however, the term of the single assessor will not begin until January 1, 2011.

### **Assessment Procedure**

Real property subject to taxation is required to be reappraised and valued at intervals of not more than four years and personal property subject to taxation is required to be reappraised and valued on an annual basis. The revised “Real/Personal Property Rules and Regulations” of the Tax Commission provide that the assessors may use the cost, income and market approaches in making appraisals of residential, commercial and industrial land and improvements. An assessor may reappraise real property based on property transfers more often than every four years if the trends established by the transfers indicate that property value fluctuations are creating inequities within the assessing district by property classifications, however, the reappraisal shall not be applied on a parcel by parcel basis, but rather to all parcels in a particular geographical area. Improvements are added to the tax rolls on the August 1 following the year the improvements are completed.

By law, assessment lists shall be open for public inspection from August 1 through August 15 of each year in Orleans Parish, and the assessors in Orleans Parish must finish the preparation and listing on the assessment lists of all real and personal property and certify their rolls to the Board of Review. The Board of Review certifies the rolls to the Tax Commission on or before October 20 of each year (October 18 in 2007; October 20 and November 24 in 2008, and October 15 in 2009). The rolls are then filed with the tax collector (City’s Director of Finance). The City Council, as the governing authority of the City, annually adopts by December 1 an ordinance levying the *ad valorem* taxes (other than the *ad valorem* taxes levied by the Orleans Law Enforcement District, Assessors<sup>1</sup>, Orleans Parish School Board and the Orleans Levee District) on taxable real and personal property for the following calendar year. Taxes on real property are payable on January 1 and are delinquent February 1. Taxes on personal property are payable on May 1 and are delinquent on June 1.

The Tax Commission may change or correct any and all assessments of property for the purposes of taxation during the year. Such changes may be made at any time before the taxes levied have actually been paid.

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<sup>1</sup> Starting with the year 2006, the Assessors’ authority to levy 1.19 mills was transferred to the City. For additional information, see “PROVISIONS RELATING TO THE SECURITY FOR THE BONDS – Property Tax Collections” herein.)

On April 19, 2005, the Tax Commission ordered the Orleans Parish Assessors to reassess all residential property in Orleans Parish to conform to the standards prescribed by law. The Tax Commission's 2004 Sales Ratio Study found that the assessments and degree of uniformity were outside the tolerances allowed by law. On December 5, 2008, the Assessor for the Sixth District of Orleans Parish, filed a suit in the Orleans Civil District Court (Docket Number 08-12516) contesting the real estate assessed valuations of a small number of taxpayers who had previously appealed their 2009 assessed valuations to the Tax Commission. The net effect of this litigation on the 2009 tax roll has yet to be determined. The Board of Review on November 24, 2008 re-certified the 2009 tax roll for the Sixth District to the Tax Commission. Real property assessed valuations for the Sixth District decreased \$1,016,210 and homestead exemptions decreased \$25,890 from the October 20, 2008 certifications.

Taxpayers may pay their *ad valorem* taxes under protest by paying the full amount due and giving notice at the time of payment of their intention to file suit. The amount paid under protest is held in escrow (a) for 30 days pending initiation of a suit after which period such amount is surrendered and considered paid in full or (b) if a suit is timely filed, until final judicial determination.

Taxpayers failing to pay assessed taxes subject their real or personal property to seizure and sale in the manner provided by law for judicial sales.

### **Homestead Exemptions**

Under the Constitution, \$7,500 of the assessed value of property applicable to owner-occupied residences<sup>2</sup> is exempt from property tax in Orleans Parish (except for certain millage levied for police and fire protection). In all other parishes in the State, taxes for municipal purposes are applied to the total assessed valuation of the property being taxed.

### **Tax Rate Adjustment**

The Constitution, and other statutory authority supplemental thereto, provide that the total amount of *ad valorem* taxes collected (*except for general obligation bond millage*) by any taxing authority in a reassessment year (which occurs at least every four years), shall not be more or less than the total amount collected in the preceding year, solely because of reassessment, and millage rates must be increased or decreased to achieve this result. In case the millage rate is reduced, Louisiana Revised Statutes 47:1705 provides a procedure by which such millage may be readjusted upward to the prior authorized millage rate.

### **Penalty for Nonpayment of Taxes**

Effective January 1, 2009, and thereafter, *ad valorem* taxes assessed are due in that calendar year as soon as the tax roll is delivered to the tax collector, and shall be paid on or before December 31 in each respective year. (See Act 819 of the 2008 Regular Session of the Louisiana Legislature, and L.R.S. 47:2127.)

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<sup>2</sup> Pursuant to Act 382 of the 2005 Louisiana Legislature, any taxpayer entitled to the homestead exemption must own and occupy the homestead before December 31 of the calendar year in which the exemption is claimed. Except for homestead exempt property, in Orleans Parish, the status of real and personal property on August 1 of each year shall determine its liability for exemption from taxation for the following calendar year.

A delinquent tax incurs a penalty of ten percent of the amount of the tax on the day such tax become delinquent (normally February 1st). A delinquent tax accrues interest at a rate of one percent for each month or portion of a month the tax remains unpaid in accordance with Title 47, Section 2127(B) of the Louisiana Revised Statutes of 1950, as amended. Each April 1<sup>st</sup>, all current year's delinquent *ad valorem* taxes incur an additional penalty of 9½% of the total tax, statutory interest and 10% delinquent penalty to defray costs of collection by an outside collection agent. That additional 9½% represents payment to a private collection enterprise now contracted by the City.

### **Property Tax Collections**

The property taxes for the calendar year 2009 are currently being collected by the City Finance Department. Section 47:1997.1 of the Louisiana Revised Statutes of 1950, as amended, provides that in Orleans Parish, each tax recipient body that receives a portion of *ad valorem* taxes must reimburse the City's Finance Director for the cost of collection, not to exceed two percent (2%). The cost of collection is deducted from each tax recipient governing bodies' proportionate share of the taxes with the proceeds received from the collection charge to be deposited in the City's General Fund. In addition, the assessors receive two percent 2% of the amount of taxes levied pursuant to La. R. S. 47:1925.8, which provides that the Board of Assessors for Orleans Parish shall be funded annually no later than March 1 by the City with no less than two percent of the *ad valorem* taxes levied on property in the City and Orleans Parish. Such funding shall produce in the initial year revenue equal to or greater than that which was received by the Board of Assessors from the City for the previous year. The total amount of revenue received by the Board of Assessors shall never be less than that received by said Board in the initial year.

See Appendix "B" for more information regarding the assessed value of property in the City and the *ad valorem* tax collection record of the City.

## **DEBT STATEMENT**

### **Short Term Debt**

The City has no outstanding short term indebtedness other than normal accounts payable or as otherwise stated in this Official Statement, according to the City's Director of Finance.

### **Long Term Debt**

The details of the City's long term debt are presented in the Debt Statement included as Appendix "F," and are summarized under the caption "Trend of Indebtedness" below.

#### ***Post-Retirement Benefit Obligations***

Employees and officers of the City are eligible for membership in the Employee's Retirement System of the City of New Orleans, a defined benefit contributory retirement plan (the "Plan"). The City's annual contribution to the Plan is based on the amount determined by the actuary

of the Plan, which includes amortization of past service costs over a period of 30 years. The City’s contributions to the Plan for the Fiscal Years ended December 31, 2007, December 31, 2008 and December 31, 2009 were approximately \$3,572,000, \$9,434,000, and \$11,092,916.60, respectively. The City’s contributions are expected to increase significantly in the fiscal year 2010. See “APPENDIX C” hereto.

### **Hurricane-Related Borrowing**

As part of the recovery efforts following Hurricanes Katrina and Rita (See “RECENT EVENTS AND RISK FACTORS-Hurricanes Katrina and Rita” herein), the City and its component entities and independent boards received special authorization to borrow funds from various sources for various purposes. The State issued \$200,000,000 of General Obligation Gulf Tax Credit Bonds, Series 2006-A and \$200,000,000 of General Obligation Match Bonds, Series 2006-B (the “State Bonds”) and loaned the proceeds to various entities to assist in the payment of debt service coming due on the respective obligations of each entity. In addition, the Federal Government acting through the Federal Emergency Management Agency (“FEMA”) pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the “Stafford Act”), as amended, loaned the City and its component entities funds for current operations related to essential services, evidenced by one or more notes of such entities.

The following table lists the various borrowings by the City and its component entities and independent boards relating to the State Bonds, including the original principal amount of the borrowing, final maturity date(s) and security therefore:

<u>Borrower</u>	<u>Principal Amount</u>	<u>Final Maturity Date</u>	<u>Security</u>
City of New Orleans	\$ 52,268,594	7/15/2026	All available revenues of the City after payment of all outstanding debt
Board of Liquidation	27,623,209	7/15/2026	All available revenues of the Board of Liquidation after payment of all outstanding debt
Sewerage and Water Board	77,465,247	7/15/2026	All available revenues of the Sewerage and Water Board after payment of all outstanding debt
Audubon Commission	4,907,500	7/15/2026	All available revenues of the Audubon Commission after payment of all outstanding debt
Audubon Commission	11,851,066	7/15/2026	All available revenues of the Audubon Commission after payment of all outstanding debt
New Orleans Aviation Board	35,371,990	7/15/2026	All available revenues of the Aviation Board after payment of all outstanding debt
Downtown Development District	1,600,153	7/15/2026	All available revenues of the Downtown Development District after payment of all outstanding debt

The following table lists the various borrowings by the City and its component entities and independent boards relating to the Stafford Act, including the original principal amount of the borrowing, maturity date(s) and security therefore:

<u>Borrower</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Security</u>
City of New Orleans	\$120,000,000	11/14/2010	All available revenues of the City after payment of debt heretofore issued
City of New Orleans	120,000,000	8/22/2011	All available revenues of the City after payment of debt heretofore issued
Sewerage and Water Board	22,298,689	1/23/2011	All available revenues of the Sewerage and Water Board after payment of debt heretofore issued
Sewerage and Water Board	6,013,905	6/21/2011	All available revenues of the Sewerage and Water Board after payment of debt heretofore issued
Sewerage and Water Board	33,644,153	8/27/2011	All available revenues of the Sewerage and Water Board after payment of debt heretofore issued
New Orleans Aviation Bd.	8,112,103	6/13/2011	All available revenues of the Aviation Board after payment of debt heretofore issued
New Orleans Aviation Bd.	2,187,816	8/22/2011	All available revenues of the Aviation Board after payment of debt heretofore issued
New Orleans Aviation Bd.	582,722	10/02/2011	All available revenues of the Aviation Board after payment of debt heretofore issued
Orleans Parish Comm. District	471,154	8/27/2011	All available revenues of the Communications District after payment of debt heretofore issued
Orleans Parish Comm. District	799,416	1/17/2011	All available revenues of the Communications District after payment of debt heretofore issued

Pursuant to Section 4502 of the U.S. Troop Readiness, Veterans’ Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007, FEMA may forgive Stafford Act loans relating to Hurricane Katrina under certain circumstances. FEMA has not, to date, forgiven any of the Katrina-related loans listed above.

### **General Obligation Bonds**

The total principal amount of general obligation bonds of the City that may be at any time outstanding is limited in the Act to the sum of \$500,000,000, or 35% of the taxable assessed valuation of the City, whichever is greater. The limited tax bonds, revenue bonds and the paving certificates of the City are not included in or subject to this limitation and refunded general obligation bonds are not considered outstanding for this purpose. The City had \$508,018,709 aggregate principal amount of its general obligation bonds outstanding as of December 2, 2009. See “SECURITY FOR THE BONDS – Legal Debt Limit” herein.

The issuance of general obligation bonds subject to the statutory limitation must be approved by the City's voters at an election. On November 2, 2004, the City's electorate approved the issuance of \$260,000,000 of general obligation bonds. The Bonds are the second emission of said bonds. The first emission (in the principal amount of \$75,000,000) of these bonds occurred in 2007, and the City expects to issue the remainder of such bonds over the next five years. The Board of Liquidation expects to consider issuing another \$40,000,000 of general obligation bonds in 2010.

### **Limited Tax Bonds**

The City is authorized to issue limited tax bonds for the Audubon Commission payable solely from the proceeds of special *ad valorem* taxes pursuant to the provisions of Act 434 of 1970, Act 55 of 1979, Act 309 of 1986 and constitutional and statutory authority supplemental thereto. The maximum principal and interest payable in any year on Audubon Commission limited tax bonds at any time outstanding may not exceed seventy-five percent (75%) of the revenues of the respective tax dedicated therefor in the calendar year next preceding the date of the adoption by the Audubon Commission of the resolution authorizing the issuance of said bonds. As of December 2, 2009, the Audubon Commission, had \$2,170,000 aggregate principal amount of its limited tax bonds outstanding for the purpose of improving the Audubon Park Zoo, payable solely from the proceeds of the equivalent of a forty-four hundredths (.44) mills *ad valorem* tax (.32 mills adjusted due to reassessment), and had \$29,643,572 aggregate principal amount of its limited tax bonds outstanding, payable solely from the proceeds of the equivalent of a four and eleven hundredths (4.11) mills *ad valorem* tax (2.99 mills adjusted due to reassessment).

The City is authorized to issue limited tax bonds for the Downtown Development District of the City of New Orleans (which includes the area within the boundaries of the Mississippi River, the upper line of the Mississippi River Bridge and Pontchartrain Expressway, the lake side right-of-way line of Claiborne Avenue, and the lower right-of-way line of Iberville Street) payable solely from the proceeds of a special *ad valorem* tax. The total principal amount of any of these bonds at any time outstanding may not exceed \$50,000,000, and the maximum amount of bonds authorized by the voters is \$10,000,000.

As of December 2, 2009, the City had outstanding \$5,910,000 of limited tax bonds for the Downtown Development District, maturing December 1, 2010 to December 1, 2015, inclusive, and December 1, 2019, 2022, and 2026, secured by and payable from an irrevocable pledge and dedication of the funds to be derived from the levy and collection of a special *ad valorem* tax not exceeding Twenty-Two and Ninety-Seven Hundredths (22.97) mills (subject to adjustment from time to time due to reassessment) upon all the taxable real property located in the Downtown Development District, as authorized in elections held on December 8, 1979, and April 7, 2001. Said tax is currently being levied at a rate of fourteen and seventy-six hundredths (14.76) mills.

Pursuant to Acts 1130 and 1131 of the 2003 Regular Session of the Louisiana Legislature, the City is authorized to issue limited tax bonds for the Drainage System of the City administered by the Sewerage and Water Board, payable solely from separate *ad valorem* taxes not to exceed 6.40 mills, 6.48 mills, and 9.71 mills, respectively. As of December 2, 2009, the City had \$21,525,000 aggregate principal amount of its limited tax bonds outstanding for the Drainage System and is levying an *ad valorem* tax of 6.78 mills for the payment thereof.

As of December 2, 2009, the City had outstanding \$26,845,000 of limited tax bonds, dated July 6, 2005, and maturing March 1, 2010 to March 1, 2019, inclusive, and March 1, 2021, inclusive, secured by the net proceeds of a 2.5 mills *ad valorem* tax authorized in an election held on July 15, 1995, to finance repairs, renovations and improvements to parks, playgrounds and recreation facilities and for the acquisition of fire fighting, sanitation, and mosquito control equipment.

### **Certificates of Indebtedness**

As of December 2, 2009, the City had outstanding certificates of indebtedness, secured by and payable solely from a pledge and dedication of the excess of annual revenues of the City above statutory, necessary and usual charges in each of the fiscal years during which such certificates are outstanding, comprised of (a) \$22,655,000 of its Refunding Certificates of Indebtedness, Series 1998B (the "Series 1998B Certificates"), (b) \$4,000,000 of its Certificates of Indebtedness, Series 2000 (the "Series 2000 Certificates"), (c) \$128,260,000 Taxable Pension Revenue Bonds, Series 2000 (the "Series 2000 Revenue Bonds") and (d) \$1,025,000 of its Certificates of Indebtedness, Series 2005 (the "Series 2005 Certificates"). The Series 1998B Certificates were issued for the purpose of refunding the City's debt obligation incurred in 1983 under a merger agreement dated March 5, 1983, as amended on September 15, 1983, among the Municipal Police Employees Retirement System, the Board of Trustees of the Police Pension Fund of the City of New Orleans and the City. The Series 2000 Certificates were issued for the purpose of providing funds to the City to pay general settlements and judgments rendered against it. The Series 2000 Revenue Bonds were issued for the purposes of funding a portion of the current projected unfunded accrued liability of the Firefighters' Pension and Relief Fund (Old System) and reimbursing the City for a portion of the appropriations made in fiscal year 2000 to said fund. The Series 2005 Certificates were issued for the purpose of repairing trackage for rail car storage and reworking certain railroad trackage and making infrastructure improvements or enlargements thereon in connection with the CG Rail Project.

As of December 2, 2009, the City had outstanding \$5,995,000 of Limited Tax Certificates of Indebtedness, Series 2003, issued for the purposes of refinancing the City's obligation under a lease agreement, paying the costs of issuance and financing the costs of acquisition of additional vehicles for the City, \$1,515,000 of Limited Tax Certificates of Indebtedness, Series 2004, issued for the purpose of financing the costs of acquisition of additional vehicles for use by the City and \$38,265,000 of Taxable Limited Tax Certificates of Indebtedness, Series 2004B, issued for the purpose of financing a portion of the cost of refunding and extending the City's outstanding Certificates of Indebtedness and paying certain judgements against the City. Said Certificates are payable from proceeds derived from the levy and collection of a special *ad valorem* tax of 14.91 mills (10.85 mills adjusted due to reassessment) which the City is authorized to levy for general purposes pursuant to the Louisiana Constitution of 1974, as amended.

### **Revenue Bonds - Sewerage and Water Board**

The City, acting by and through the Board, is authorized to issue water revenue bonds and sewerage service revenue bonds secured by and payable solely from revenues received from the imposition of water charges and sewerage charges, respectively, and from the amounts held on deposit in the funds and accounts established under the resolutions pursuant to which such bonds were issued. The net revenues are required by statute and by such resolutions to be at least 130% of the maximum annual debt service on bonds payable therefrom.

As of December 2, 2009, there were outstanding \$36,750,000 of water revenue bonds issued by the City for the Sewerage and Water Board. As of December 2, 2009, there were outstanding \$184,055,000 of sewerage service revenue bonds issued by the City for the Sewerage and Water Board.

The Sewerage and Water Board and its sewer, water and drainage systems continue to be challenged due to the Hurricanes and the resulting levee breaches. Revenues are reduced due to the decreased population, expenses have increased, and capital needs have also increased. In response to a Report on Operations for 2008 from Black & Veatch, the consulting engineer for the Sewerage and Water Board, dated October 29, 2009 (available online at the following web address: <http://www.swbno.org/docs.asp>), recommending that the Sewerage and Water board consider additional revenue adjustments to meet the bond debt service coverage tests on its outstanding Water Revenue Bonds, the Sewerage and Water Board at its meeting of November 18, 2009, directed Black & Veatch to initiate a rate study for the water, sewer and drainage systems of the Sewerage and Water Board to determine the amount of any rate increases needed to ensure compliance in future years with the rate covenant contained in the resolution relating to the water revenue bonds issued on behalf of the Sewerage and Water Board and to determine if rate increases are needed in the drainage and sewer systems in order to finance additional capital needs. At such meeting, the Sewerage and Water Board is also expected to resolve to continue diligently to comply with all other requirement of the outstanding bonds resolution, which provides that if rates and charges are likely to be insufficient for the next succeeding Fiscal Year, the Sewerage and Water Board shall promptly take such steps as are permitted by law and as required by law as are necessary to cure or avoid the deficiency. As provided in such resolution, failure to comply with the debt service coverage ratio shall not be an event of default under such resolution so long as the Sewerage and Water Board has complied or is diligently proceeding to comply with the requirements of the resolution relating to the water revenue bonds.

### **Other Revenue Bonds of Related Entities**

As of December 2, 2009, the Audubon Commission had outstanding \$4,380,000 of Audubon Park Commission Aquarium Revenue Refunding Bonds, Series 1997, payable solely from and secured by an irrevocable pledge and dedication of the revenues of the Aquarium (consisting mainly of turnstile revenues), subject to the prior payment therefrom of the Operation and Maintenance Expenses, and of the monies held in the Proceeds Fund, the Debt Service Fund and the Bond Reserve Fund (as said terms are defined in its resolution of February 5, 1992).

“Revenues of the Aquarium” means all income and revenues derived by the Audubon Park Commission from the use and operation of the Aquarium, less and except any and all *ad valorem* tax receipts received by the Audubon Park Commission. Without limiting the generality of the foregoing, “Revenues of the Aquarium” include all the income from the ownership and operation of the Aquarium including admission fees and charges, ground rentals, space rentals in buildings, charges of every character made by concessionaires and earnings of the investment of proceeds of bonds issued pursuant to the aforesaid resolution. Any grant from the City, State or the United States or any corporation, profit or non-profit, shall not be considered “Revenues of the Aquarium.”

The City is authorized through the New Orleans Aviation Board (the “Aviation Board”) to issue taxable and tax-exempt revenue bonds which are secured by and payable solely from the revenues derived from the operation of New Orleans International Airport. As of December 2,

2009, there were \$144,355,000 of outstanding airport revenue bonds of the Aviation Board. The Aviation Board has also issued revenue bonds secured solely from funds derived from an approved passenger facility charge. As of December 2, 2009, there were \$86,415,000 of outstanding passenger facility charge revenue bonds of the Aviation Board.

The City also has outstanding Revenue Bonds issued through the Louisiana Local Government Facilities and Community Development Authority which are payable from the income, revenues and receipts derived from payments made pursuant to various Loan Agreements between said Authority and the City.

On September 29, 2004, the City issued \$11,500,000 of Revenue Bonds (Canal Street Improvements Project) which are payable from payments made by Canal Street Development Corporation and Downtown Development District pursuant to a Cooperative Endeavor Agreement and from payments made by the City from the General Fund. \$9,540,000 is the principal amount currently outstanding.

As of December 2, 2009 the Orleans Parish School Board had outstanding \$39,338,731 of revenue bonds, secured by a constitutional millage of 20.11 mills and the revenues of a (½%) sales and use tax authorized November 4, 1980.

As of December 2, 2009 the Orleans Parish Communication District had \$7,400,000 of its Revenue Bonds, Series 2004 outstanding, which are payable from a dedication of the proceeds of the emergency telephone tax and the excess of annual revenues of the District.

### **Sales Tax Bonds**

The City is authorized to issue bonds secured by and payable from sales tax revenues pursuant to Sub-Part F, Part III, Chapter 4 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, except as otherwise provided in Act 674 of 1985 of the Louisiana Legislature. The City does not presently have any outstanding sales tax bonds.

However, the City does have outstanding \$19,755,000 of Sales Tax Increment Bonds which are payable from the City's 2.5¢ share of the sales tax collected each year solely from the Wal-Mart or any replacement or successor national retailer within the St. Thomas Economic Development District.

### **Overlapping Bonded Debt of Other Entities Secured by Unlimited *Ad Valorem* Taxation**

As of December 2, 2009, the Law Enforcement District of the Parish of Orleans, State of Louisiana had outstanding a total of \$30,825,000 of general obligation bonds which are secured by and payable from unlimited *ad valorem* taxation and \$2,115,000 of Certificates of Indebtedness payable from excess annual revenues.

As of December 2, 2009, the Parishwide School District of the Parish of Orleans, State of Louisiana had outstanding a total of \$124,295,000 of general obligation school bonds for public school purposes, which are secured by and payable from unlimited *ad valorem* taxation.

## Loan and Lease Agreements

The City Council has authorized the Mayor to sign loan agreements and lease agreements on behalf of the City to stimulate business development.

The City and Chase Equipment Finance, Inc., entered into a Master Lease-Purchase Agreement dated August 24, 2009, in the amount of \$7,000,000, at an interest rate of 3.71% per annum for a term of four years, pursuant to which Chase agrees to lease to the City and the City agrees to lease from Chase certain equipment that currently consists of vehicles and other equipment. On October 2, 2009, the City executed a Master Lease-Purchase Agreement with Medtec Ambulance Corporation by which the City may lease Emergency Medical Care Vehicles. By related Lease Schedule the same date, the City ordered fifteen ambulances and financed \$2,200,000. Medtec Ambulance Corporation assigned the Lease Schedule to Oshkosh Capital on October 2, 2009.

## Trend of Indebtedness of the City

The following table sets forth a ten year trend in the amounts of general obligation bonds, limited tax bonds, and certificates of indebtedness of the City outstanding as of the end of each of the following calendar years:

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Limited Tax Bonds</u>	<u>Certificates of Indebtedness</u>	<u>Total</u>
1998	\$487,675,829	\$62,765,000	\$109,475,000	\$659,915,829
1999	497,035,829	60,055,000	99,950,833	657,041,662
2000	464,175,829	67,640,000	288,435,000	820,250,829
2001	464,495,829	77,338,572	408,467,250	950,301,651
2002	473,385,829	92,308,572	254,695,000	820,389,401
2003	470,687,183	86,283,572	296,890,000	853,860,755
2004	499,852,183	81,288,572	295,005,000	876,145,755
2005	493,683,176	107,108,572	290,485,000	891,276,748
2006	478,419,936	102,183,572	280,505,000	861,108,508
2007	538,514,462	94,383,572	249,934,000	802,329,462
2008	523,955,533	91,693,572	222,584,000	770,860,533

Source: Board of Liquidation, City Debt.

## Other Indebtedness

In addition, the City has received multiple Section 108 loans from HUD for economic development projects. As of December 31, 2008, the outstanding loans included: \$3,770,000 for the development of the American Can Factory into apartments; \$16,660,000 of obligations for the development of the Jazzland Theme Park; \$4,000,000 for the development of the Palace of the East; and \$5,914,000 for LA Artworks.

## **TAX MATTERS**

### **Treasury Circular 230 Disclosure**

To ensure compliance with Treasury Circular 230, taxpayers are hereby notified that: (a) any discussion of U.S. federal tax issues in this Official Statement is not intended or written by us to be relied upon, and cannot be relied upon, by taxpayers for the purpose of avoiding penalties that may be imposed on taxpayers pursuant to the Code; (b) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) taxpayers should seek advice based on their particular circumstances with an independent tax advisor. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the “Service”) with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

### **Interest on Bonds**

Pursuant to Section 54AA(f)(1) of the Code, interest on the Bonds is not excluded from gross income for federal income tax purposes. Any opinion to such effect by Co-Bond Counsel is not intended or provided to be used and cannot be used by an owner of the Bonds for the purpose of avoiding penalties that may be imposed on the owner of such Bonds. (See Appendix “G”).

### **State Taxes**

The opinion of Co-Bond Counsel will state that under the Act, the Bonds are exempt from taxation for state, parish, municipal, or other purposes in the State of Louisiana. Each prospective purchaser of the Bonds should consult his or her own tax advisor as to the status of interest on the Bonds under the tax laws of any state other than Louisiana.

### **Tax Treatment of Original Issue Premium**

The Bonds are being offered and sold to the public at a price in excess of their stated principal amounts.

Except as may be provided by regulation, amortized premium on the Bonds will be allocated among, and treated as an offset to, interest payments on such bonds. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Regulations have been issued dealing with certain aspects of federal income tax treatment of premium, but such regulations do not fully address the method to be used to amortize premium on obligations such as the Bonds.

Investors should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

## **Federally Taxable Build America Bonds**

*In General.* The City has designated the Bonds as “Build America Bonds” pursuant to Section 54AA(d) of the Code and as “Qualified Bonds” pursuant to Section 54AA(g) of the Code. Although the Bonds are issued by the City, interest on the Bonds (including original issue discount, as discussed below) is not excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds will be fully subject to federal income taxation. Thus, owners of the Bonds generally must include interest (including original issue discount) on the Bonds in gross income for federal income tax purposes.

*Build America Bonds.* Pursuant to ARRA, the City will receive cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the Bonds. The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued in order to receive the cash subsidy payments. These requirements generally include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of certain bond proceeds be paid periodically to the United States, except under certain circumstances, and a requirement that information reports be filed with the Internal Revenue Service. If the City does not meet these requirements, it is possible that the City may not receive the cash subsidy payments and the Bonds may fail to be “Build America Bonds” under Section 54AA(d) of the Code and “Qualified Bonds” under Section 54AA(g) of the Code retroactively to the date of issuance of the Bonds. Any such failure to qualify as Build America Bonds will not alter the City’s obligation to pay the principal and interest due on the Bonds. The opinion of Co-Bond Counsel will assume continuing compliance with the covenants in the Bond Resolution pertaining to those sections of the Code which affect the receipt of the federal subsidy and, in addition, will rely on representations by the City with respect to matters solely within the knowledge of the City, which Co-Bond Counsel has not independently verified.

In certain circumstances, the cash subsidy payments to be made to the City may be reduced (offset) by amounts determined to be applicable under the Code and Regulations. For example, offsets may occur by reason of any past-due legally enforceable debt of the City to any Federal agency. The amount of any such offset is not predictable, and the City does not currently expect that any such offsets will apply to the credits the City expects to receive. Any such offset does not alter the City's obligation to pay principal and interest due on the Bonds.

*Taxation of Interest Income of the Bonds.* Payments of interest with regard to the Bonds will be includible as ordinary income when received or accrued by the holders thereof in accordance with their respective methods of accounting and applicable provisions of the Code. Payments of interest received with respect to the Bonds will also constitute investment income for purposes of certain limitations of the Code concerning the deductibility of investment interest expense. Potential holders of the Bonds should consult their own tax advisors concerning the treatment of interest payments with regard to the Bonds.

A purchaser (other than a person who purchases a Bond upon issuance at the issue price) who buys a Bond at a discount from its principal amount (or its adjusted issue price if issued with original issue discount) will be subject to the market discount rules of the Code. In general,

the market discount rules of the Code treat principal payments and gain on disposition of a debt instrument as ordinary income to the extent of accrued market discount. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond, that does not exceed the accrued market discount for any taxable year, will be deferred. Each potential investor should consult his tax advisor concerning the application of the market discount rules to the Bonds.

Owners of the Bonds should be aware that certain federal, state and/or local tax consequences may arise from the ownership and disposition of the Bonds or the receipt of interest on the Bonds. Furthermore, future laws and/or regulations enacted by federal, state or local authorities may affect certain owners of the Bonds. All prospective purchasers of the Bonds should consult their legal and tax advisors regarding the applicability of such laws and regulations and the effect that the purchase and ownership of the Bonds may have on their particular financial situation. Except as stated above, Co-Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on or acquisition, ownership or disposition of the Bonds.

*Sale or Exchange of Bonds.* If a Bondholder sells a Bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and the Bondholder's basis in such Bond. Ordinarily, such gain or loss will be treated as a capital gain or loss. At the present time, for individual taxpayers, the maximum capital gain rate for certain assets held for more than twelve months is 15%. However, if a Bond was subject to its initial issuance at a discount, a portion of such gain will be recharacterized as interest and therefore ordinary income. In February of 2009, President Barack Obama proposed increasing the long term capital gains rate to 20%. Co-Bond Counsel cannot predict whether this increase will receive Congressional approval. The federal income tax provisions that relate to capital gains and losses are complex and contain exceptions to the general rules stated herein. Therefore, any potential holders of Bonds are advised to consult their tax advisors regarding the application of those tax provisions to their ownership, sale, or other disposition of a Bond.

If the term of a Bond was materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which relate to redemption provisions. Each potential holder of a Bond should consult its own tax advisor concerning the circumstances in which the Bonds would be deemed reissued and the likely effects, if any, of such reissuance.

*Backup Withholding.* Certain purchasers may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Bonds if the purchasers, upon issuance or subsequent purchase, fail to supply their brokers, or any other person required to collect such information pursuant to the Code, with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fail to provide a certified statement, under penalty of perjury, that they are not subject to backup withholding. Information returns will be sent annually to the Service and to each purchaser setting forth the amount of interest paid with respect to the Bonds and the amount of tax withheld thereon.

*State, Local or Foreign Taxation.* The City makes no representations regarding the tax consequences of purchase, ownership or disposition of the Bonds under the tax laws of any other state, locality or foreign jurisdiction. Investors considering an investment in the Bonds should consult their own tax advisors regarding such tax consequences.

*European Union Directive on the Taxation of Savings Income.* The European Union adopted a directive (2003/48/EC) (the “Directive”) regarding the taxation of savings income. The Directive requires a member state of the European Union (a “Member State”) to provide to the tax authorities of another Member State details of payments of interest or other similar income payments made by a person within its jurisdiction for the immediate benefit of an individual or to certain non-corporate entities resident in that other Member State (or for certain payments secured for their benefit). However, Austria, Belgium, and Luxembourg have opted out of the reporting requirements and are instead applying a special withholding tax for a transitional period in relation to such payments of interest, deducting tax at rates increasing over time to 35% after July 1, 2011. The rate for 2009 is 20%.

A number of non-European Union countries and certain dependent or associated territories of Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments of interest or other similar income payments made by a person in that jurisdiction for the immediate benefit of an individual or to certain non-corporate entities in any Member State. The Member States have entered into reciprocal provision of information or transitional special withholding tax arrangements with certain of those dependent or associated territories. These apply in the same way to payments by persons in any Member State to individuals or certain non-corporate residents in those territories.

No additional amounts will be payable with respect to the Bonds if a payment on such Bond is reduced as a result of any tax, assessment or other governmental charge that is required to be made pursuant to any European Union directive on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such directive. Holders of Bonds should consult their tax advisers regarding the implications of the Directive in their particular circumstances.

*Foreign Investors.* A holder of a Bond which is not a U.S. person (“foreign holder”) will not be subject to U.S. federal income or withholding tax in respect of interest income or gain on the Bonds if certain conditions are satisfied, including: (1) the foreign holder provides an appropriate statement, signed under penalties of perjury, identifying the foreign holder as the beneficial owner and stating, among other things, that the foreign holder is not a U.S. person, (2) the foreign holder is not a “10 percent shareholder” or “related controlled foreign corporation” with respect to the State, and (3) the interest income is not effectively connected with a United States trade or business of the foreign holder. The foregoing exemption does not apply to contingent interest or market discount. To the extent these conditions are not met, a 30% withholding tax will apply to interest income on the Bonds, unless an income tax treaty reduces or eliminates such tax or the interest is effectively connected with the conduct of a trade or business within the United States by such foreign holder. In the latter case, such foreign holder will be subject to U.S. federal income tax with respect to all income from the Bonds at regular rates applicable to U.S. taxpayers, and may be subject to the branch profits tax if it is a corporation. A “U.S. person” is: (i) a citizen

or resident of the United States, (ii) a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions.

Generally, a foreign holder will not be subject to federal income tax on any amount which constitutes capital gain upon the sale, exchange, retirement or other disposition of a Bond unless such foreign holder is an individual present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition and certain other conditions are met, or unless the gain is effectively connected with the conduct of a trade or business in the United States by such foreign holder. If the gain is effectively connected with the conduct of a trade or business in the United States by such foreign holder, such holder will generally be subject to U.S. federal income tax with respect to such gain in the same manner as U.S. holders, as described above, and a foreign holder that is a corporation could be subject to a branch profits tax on such income as well.

*ERISA Considerations.* The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a Bond could be viewed as violating those prohibitions. In addition, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the City or any Dealer of the Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Code Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if the Bonds are acquired by such plans or arrangements with respect to which the City or any Dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code Sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Bonds. The sale of the Bonds to a plan is in no respect a representation by the City that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

### **BOND RATINGS**

Standard & Poor's Public Finance Ratings, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc., and Fitch Ratings, Inc., have assigned their ratings of "BBB," "Baa3" and "BBB," respectively, to the Bonds. Such ratings reflect only the views of such organizations and are not a recommendation to buy, sell or hold the Bonds. Any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Standard & Poor's Public Finance Ratings, Lincoln Plaza, Suite 3200, 500 N. Akard, Dallas, TX 75201, telephone 214-871-1400; Moody's Investors Service, Plaza of the Americas, Suite 2165, 600 N. Pearl Street, Dallas, TX, telephone 214-220-4350; or Fitch Ratings, 111 Congress Avenue, Suite 2010, Austin, TX 78701, telephone 888-262-4820. The Board of Liquidation, the Board and the City may have furnished to such rating agencies information relating to the Bonds and the City, certain of which information and materials have not been included in this Preliminary Official Statement. Generally, a rating agency bases its rating on the information and materials so furnished and on its own investigations, studies and assumptions. A rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. There is no assurance that a rating will not be changed or withdrawn entirely if, in the judgment of the rating agency issuing the rating, circumstances so warrant. Any such changes or withdrawals of any rating could have an adverse effect on the market price for the Bonds.

## **FINANCIAL STATEMENTS**

The audited basic financial statements of the City of New Orleans, for the year ended December 31, 2008, are included in Appendix “C” to this Official Statement, and have been examined by Postlethwaite & Netterville, APAC, with assistance from Bruno and Tervalon, CPAs, Luther Speight, CPAs, and Duplaniter, Hrapman, Hogan and Maher, LLP, to the extent and for the periods indicated in their report thereon, dated as of June 30, 2009. The audited financial statements pertaining to the City which are included in this Official Statement have been included in reliance upon said report; however, since the date of its report, said auditors have not performed any procedures on the financial statements, consented to inclusion of the financial statements herein, and have not performed any additional review procedures related hereto.

Included in Appendix “D” to this Official Statement are the audited financial statements of the Board for the year ended December 31, 2008, which have been examined by Spilsbury, Hamilton, Legendre & Paciera, Certified Public Accountants, to the extent and for the period indicated in their report thereon, dated as of February 27, 2009. The audited financial statements pertaining to the Board which are included in this Official Statement have been included in reliance upon said report; however, said auditors have not consented to inclusion of the financial statements herein and have not performed any additional review procedures related hereto.

## **LEGAL MATTERS**

No litigation has been filed questioning the validity of the Bonds or the security therefor and a certificate to that effect will be delivered by the Issuer to the winning bidder(s) (the “Purchaser”) upon the issuance of the Bonds.

The approving opinion of Foley & Judell, L.L.P., The Cantrell Law Firm and The Godfrey Firm, PLC, Co-Bond Counsel, will be printed on the Bonds. The opinion of Co-Bond Counsel is limited to the matters set forth therein and Co-Bond Counsel is not passing upon the accuracy or completeness of this Official Statement. A manually executed original of this opinion will be delivered to the Purchaser on the date of payment for and delivery of the Bonds. The form of the applicable legal opinion to be delivered depending on the type of Bonds issued appears in Appendix “G” to this Official Statement. For additional information regarding the opinion of Co-Bond Counsel, see the preceding section titled “TAX MATTERS.” The compensation of Co-Bond Counsel is contingent upon the sale and delivery of the Bonds.

## **LITIGATION AFFECTING THE CITY**

Like all political subdivisions in Louisiana, the City may sue and be sued in its official capacity for a variety of causes. The following narrative summarizes the major litigation affecting the City at this time:

*New Orleans Firefighters Local No. 632, et al v. The City of New Orleans, et al.:* The issue of liability in this case is final. The district court has jurisdiction over the ongoing implementation of the judgment. The judgment awarded past due longevity salary increases, the adjustment of retirement benefits to those plaintiffs/members who are entitled to enhanced benefits as a result of the application of the longevity increases, the restoration of annual leave benefits that were forfeited as a result of the “use it or lose it” rule which has since been repealed, and the application of the longevity increase to the annual property tax millage payments.

The Louisiana Constitution and the Revised Statutes prohibit the seizure of public assets to satisfy judgments against a political subdivision. Accordingly, the City cannot be compelled to fund the implementation of the judgment. However, the City Council has appropriated funds to increase the pay of active firefighters in compliance with the judgment. This salary adjustment was implemented as of September 1, 2006 and is ongoing. Accordingly, the unpaid historic back pay is for the period of March 2, 1990 to September 1, 2006. The “use it or lose it” rule was repealed in 2002. Accordingly, the applicable period for the adjustment of past due annual leave is March 2, 1990 to January 2002. The calculation of the historic back pay and annual leave adjustment is ongoing.

The amount needed to fund the increase in the pension payments has been calculated and that amount is approximately \$3,000,000 for 2010. The estimated amount to fund the payment of past due retirement benefits increase for the period of September 1, 2006 to December 31, 2009 is approximately \$9,000,000.

*John Johnson, et al. v. Orleans Parish School Board, et al.:* Residents of houses built on landfill brought class action against the City, its housing authority (HANO), school board (Orleans Parish School Board), and liability insurers to recover for negligence in converting municipal landfill into residential area. The class included current and former business owners and employees and students and employees of elementary schools. The estimated financial impact is \$36,200,000. The City is liable with HANO for half of this amount, or \$18,100,000 plus interest.

The City was in litigation with the United States with respect to certain clean-up costs associated with the Agriculture Street landfill. Following Hurricane Katrina, the United States dropped their demand for monetary damages, and settlement negotiations resulted in operational commitments only. A consent decree was entered into on September 9, 2009 on terms that require no financial obligations of the City.

*Louisiana Assessors Retirement Fund v. The City of New Orleans, et al.:* This lawsuit was filed on April 18, 1994 in the Civil District Court for the Parish of Orleans, State of Louisiana, by the Louisiana Assessors Retirement Fund (“Assessors Fund”), against the City; Richard Brune, Treasurer for the City; and Courtland Crochet, Collector of Revenue for the City. Plaintiff’s Petition sought unspecified damages plus legal interest for the City’s alleged failure to make tax-based contributions (as allegedly provided for in Louisiana Revised Statute 11:1481) to the Assessors Fund from 1974 to date. The trial court allowed a taxpayer to intervene in the suit in order to seek to have La. R.S. 11:1481 declared unconstitutional as a denial of equal protection to New Orleans taxpayers. The case went to trial in September of 2001. Before trial, the court ruled that the statute of

limitations barred plaintiff's claims for damages pre-dating the ten-year period prior to filing suit. On January 2, 2002, the court rendered judgment in favor of the City declaring La. R.S. 11:1481 unconstitutional as a denial of equal protection. The Assessors Fund appealed to the Louisiana Supreme Court on February 1, 2002. On February 7, 2003, the Louisiana Supreme Court ordered that the case be remanded to the trial court for additional proceedings to resolve a standing issue. The Assessors Fund's application for rehearing was denied. On August 11, 2003, the trial court entered a judgment which expressly found that the intervenor had standing to seek a declaratory judgment, and again held R.S. 11:1481 unconstitutional as a denial of equal protection. The Assessors Fund again appealed to the Louisiana Supreme Court. On January 26, 2004, the Supreme Court again remanded the case to the trial court for additional proceedings. In the interim, the original trial judge was elected to the state's Fourth Circuit Court of Appeal. The case is still pending in the trial court.

*Louisiana Clerks of Court Retirement & Relief Fund v. The City of New Orleans, et al.*: This lawsuit was filed March 28, 1995 in the 19th Judicial District Court, Parish of East Baton Rouge, State of Louisiana, by the Louisiana Clerks of Court Retirement and Relief Fund (the "Clerks Fund"), against the City; Richard Brune, Treasurer for the City; and Courtland Crochet, Collector of Revenue for the City (collectively, "Defendants"). Plaintiff's Petition seeks damages plus legal interest for alleged nonpayment of contributions to the Clerks Fund since 1974. In May of 2000, the trial court entered a judgment ordering the City to pay in excess of \$18,000,000 to the Clerks Fund. The City filed a timely suspensive appeal to the First Circuit Court of Appeal. The appellate court reversed the decision of the trial court and ordered that the case be remanded to the trial court for further proceedings. The Clerks Fund sought a writ of certiorari from the Louisiana Supreme Court, which was denied. Trial of the remanded case was set for November 20, 2003. Hearings were conducted on November 20 and 21, 2003, but the trial was not completed. No date for completion of the trial has been set.

*The City of New Orleans, et al. v. Louisiana Assessors' Retirement & Relief Fund, et al.* (hereinafter, "City v. Assessors Fund I"): This lawsuit was filed on September 23, 2003 in the 19th Judicial District Court, East Baton Rouge Parish, State of Louisiana, by the City and Mayor C. Ray Nagin, against the Louisiana Assessors' Retirement & Relief Fund (the "Assessors Fund") and State Treasurer John Kennedy. Plaintiffs' Petition sought a declaratory judgment that Louisiana Revised Statute 11:1481, as amended by Act No. 1276 in 2003 to require the City to pay millions of dollars to the Assessors' Fund, was unconstitutional, and sought to enjoin its enforcement. Revised Statute 11:1481 was subsequently amended by Act No. 860 in 2004 to authorize the diversion of part of the City's allocation from the state Revenue Sharing Fund to the Assessors' Fund if the City did not make annual contributions to the Assessors' Fund which the latter claimed were owing to it (for 2005, the Assessors' Fund sought an annual contribution in excess of \$1,100,000). Plaintiffs then filed an Amended Petition which sought a declaratory judgment that Revised Statute 11:1481, as amended by Act No. 860 in 2004, was unconstitutional, and sought to enjoin its enforcement. In August, 2005, the trial court considered cross-motions for summary judgment brought by plaintiffs and defendants, and held that Louisiana Revised Statute 11:1481, as amended by Act No. 860, violated two provisions of the Louisiana constitution. The Assessors Fund suspensively appealed the trial court's decision to the Louisiana Supreme Court. The issues were fully briefed and oral argument on the appeal took place in May, 2006. On October 1, 2007, the Louisiana Supreme Court handed down an opinion reversing the district court's holding that Act No.

860, as amended, violated two provisions of the Louisiana constitution, and upholding the constitutionality of the statute. On October 14, 2007, the City filed a timely Application for Rehearing (the “Application”) which asked the Louisiana Supreme Court to grant a rehearing of the appeal on the basis of three discrete issues. On January 7, 2008, the Louisiana Supreme Court denied the City’s Application for Rehearing. As a result, funds which had been placed in the registry of the Court pending the outcome of this litigation were distributed to the Assessors Fund.

*The City of New Orleans, et al. v. Louisiana Assessors Retirement & Relief Fund, et al.* (hereinafter, “City v. Assessors Fund II”): On March 12, 2007, while the appeal of City v. Assessors Fund I was pending, Louisiana Assessors’ Retirement Fund requested that the City make a contribution to it for the tax years 2006 and 2007. The stated basis for the requested contribution was the same statute which the district court had previously held unconstitutional in City v. Assessors Fund I. In response, the City filed City v. Assessors Fund II, in which the City asked the court to enjoin, on the basis of the district court’s prior holding in City v. Assessor Fund I, the Assessors’ Retirement Fund’s efforts to collect contributions from the City for the 2006 and 2007 tax years. Pursuant to an Agreed Order entered by the court in City v. Assessors Fund II, the case was stayed and the amounts of the disputed contributions for 2006 and 2007 (totaling \$1,916,383.59) were deposited into the registry of the court pending the Louisiana Supreme Court’s disposition of the appeal of City v. Assessors Fund I. As noted above, on October 1, 2007, the Louisiana Supreme Court reversed the district court’s holding in City v. Assessors Fund I and upheld the constitutionality of Louisiana Revised Statute 11:1481, as amended by Act No. 860, and the City timely filed an Application for Rehearing with respect to that decision. Prior to the Effective Date of this response (specifically, on January 7, 2008), the Louisiana Supreme Court denied the City’s Application for Rehearing. As a result, funds which had been placed in the registry of the Court pending the outcome of this litigation were distributed to the Assessors Fund prior to the Effective Date.

*The City of New Orleans, et al. v. The Louisiana Clerks of Court Retirement and Relief Fund, et al.*: This lawsuit was filed May 11, 2005 in the 19th Judicial District Court, East Baton Rouge Parish, State of Louisiana, by the City and Mayor C. Ray Nagin against the Louisiana Clerks of Court Retirement and Relief Fund (the “Clerks Fund”) and State Treasurer John Kennedy. The City’s Petition sought a declaratory judgment that Louisiana Revised Statute 11:1561(A), as amended by Act No. 856 in 2004 to require the City to pay one-half of one percent of those taxes shown to be collectible by the tax rolls of Orleans Parish to the Clerks Fund, was unconstitutional, and sought to enjoin its enforcement. This matter is still pending in the trial court.

The Department of Housing and Urban Development (“HUD”) issued an audit, dated November 5, 2004, of the City in connection with certain contracts for loan grantee assistance administered by the City. No demand has been made by HUD to the City with respect to any failure to properly administer such grants, but the Office of the Inspector General (“OIG”) has recommended to HUD that the City support or repay such certain grants in full. For a copy of the OIG’s audit reports, see <http://www.hud.gov/offices/oig/reports/oigsearch.cfm>. The City intends to defend itself in this matter if a demand is made by HUD.

The Louisiana Constitution provides that no public property or public funds shall be subject to seizure and that no judgment against a political subdivision shall be exigible, payable or paid except from funds appropriated by the political subdivision against which the judgment is rendered. Accordingly, the City may treat any judgment rendered against it in State court like other

judgments of the City and place any judgment in line for payment upon the appropriation of funds to pay such judgment. The City could also enter into settlement negotiations to reduce the amount to be paid on any judgment.

The litigation information relating to the City is provided for general information purposes. The above litigation does not affect the security for the Bonds.

## **FINANCIAL ADVISOR**

This Official Statement has been prepared under the direction of the Board and with the assistance of Public Financial Management, Inc., Atlanta, Georgia, employed by the Board to perform professional services in the capacity of financial advisor (the "Financial Advisor"). The Financial Advisor has reviewed and commented on certain legal documentation, including the Preliminary Official Statement and the Official Statement. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other information available to the Board, with respect to the appropriateness, accuracy or completeness of disclosure of such information or other information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting such accuracy and completeness of information or any other matter related to such information and the Official Statement.

## **CONTINUING DISCLOSURE**

The City will, pursuant to a Continuing Disclosure Certificate with respect to the Bonds, covenant for the benefit of Bond owners to provide certain financial information and operating data relating to the City by not later than August 31 in each year, with the first report due not later than August 31, 2010 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if deemed by the City to be material. The Annual Report will be filed by the Board with the Electronic Municipal Market Access system ("EMMA") of the Municipal Securities Rulemaking Board (and with any future Louisiana officially designated State Information Depository). Any notices of material events will be filed by the Issuer with EMMA (and with any future Louisiana officially designated State Information Depository). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth herein under the caption "APPENDIX H - Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12 (b)(5) (the "Rule").

The City's initial designated Dissemination Agent for the above information is the Secretary, Board of Liquidation, City Debt, Room 8E17, City Hall, 1300 Perdido Street, New Orleans, Louisiana 70112-2197, telephone 504-658-1410.

Except as provided in the Continuing Disclosure Certificate, the City has not undertaken to provide all information investors may desire to have in making decisions to hold, sell or buy the Bonds.

The City failed to file its audited financial statements for the Fiscal Years ended December 31, 2005 and December 31, 2006 in a timely matter as required by its outstanding Continuing Disclosure Certificates. The audited financial statements for Fiscal Year 2005 were accepted by the City's Budget Committee on July 27, 2007 and filed on July 31, 2007. The Continuing Disclosure Report for Fiscal Year 2006 was filed on September 6, 2007. The City's failure to file audited financial statements on a timely basis in fiscal years 2005 and 2006 is a direct result of Hurricane Katrina.

The City has complied with substantially all of its prior undertakings in fiscal years 2007, 2008, and 2009.

### **ADDITIONAL INFORMATION**

This Official Statement was prepared in conjunction with Fiscal Services, Inc., Suite 2630, One Canal Place, 365 Canal Street, New Orleans, Louisiana 70130-1138, telephone 504-522-4253.

For any additional information concerning the City, please address Mr. David W. Gernhauser, Secretary, Board of Liquidation, City Debt, Room 8E17, City Hall, 1300 Perdido Street, New Orleans, Louisiana 70112-2197, telephone 504-658-1410. For additional information concerning the Bonds, please address Mr. Peter Kessenich, Public Financial Management, 600 Peachtree Street, N.E., Suite 3770, Atlanta, Georgia 30308-2214, telephone 404-876-1919.

The City, Public Financial Management, Fiscal Services, Inc., and Co-Bond Counsel are familiar with the *Disclosure Guidelines for State and Local Government Securities* published by the Government Finance Officers Association.

### **CERTIFICATION AS TO OFFICIAL STATEMENT**

At the time of payment for and delivery of the Bonds, the City will furnish the Purchaser (1) a certificate signed by the Secretary of the Board to the effect that on the date of the Preliminary Official Statement, on the date of the Official Statement, on the date of sale of the Bonds and on the date of the delivery thereof, (a) the descriptions and statements of or pertaining to the Board and the City's general obligation bonds, contained in the Official Statement were and are true and complete in all material respects; (b) insofar as such matters are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they are made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to governmental and non-governmental entities other than the City, and their activities, contained in the Official Statement are concerned, such descriptions, statements and data have been obtained from sources which the Board believes to be reliable and the Board has no reason to believe that they are untrue or incomplete in any material respect, and (2) a certificate signed by the Director of Finance of the City to the effect that on the date of the Preliminary Official Statement, on the date of the Official Statement, on the date of sale of the Bonds, and on the date of the delivery thereof, (a) the descriptions and statements, including

financial statements, of or pertaining to the City contained in the Official Statement (other than the matters covered by the certificate of the Secretary of the Board) were and are true and correct in all material respects, (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading, and (c) other than as set forth herein, there has been no material adverse change in the financial condition of the City since December 31, 2005, the date of the last audited financial statements of the City included in this Official Statement.

## **MISCELLANEOUS**

Potential purchasers of the Bonds should consult their own tax advisors as to the consequences of investing in the Bonds. Also, see "TAX MATTERS" herein.

## **BOARD OF LIQUIDATION, CITY DEBT**

*/s/ David W. Gernhauser*  
**David W. Gernhauser**  
Secretary

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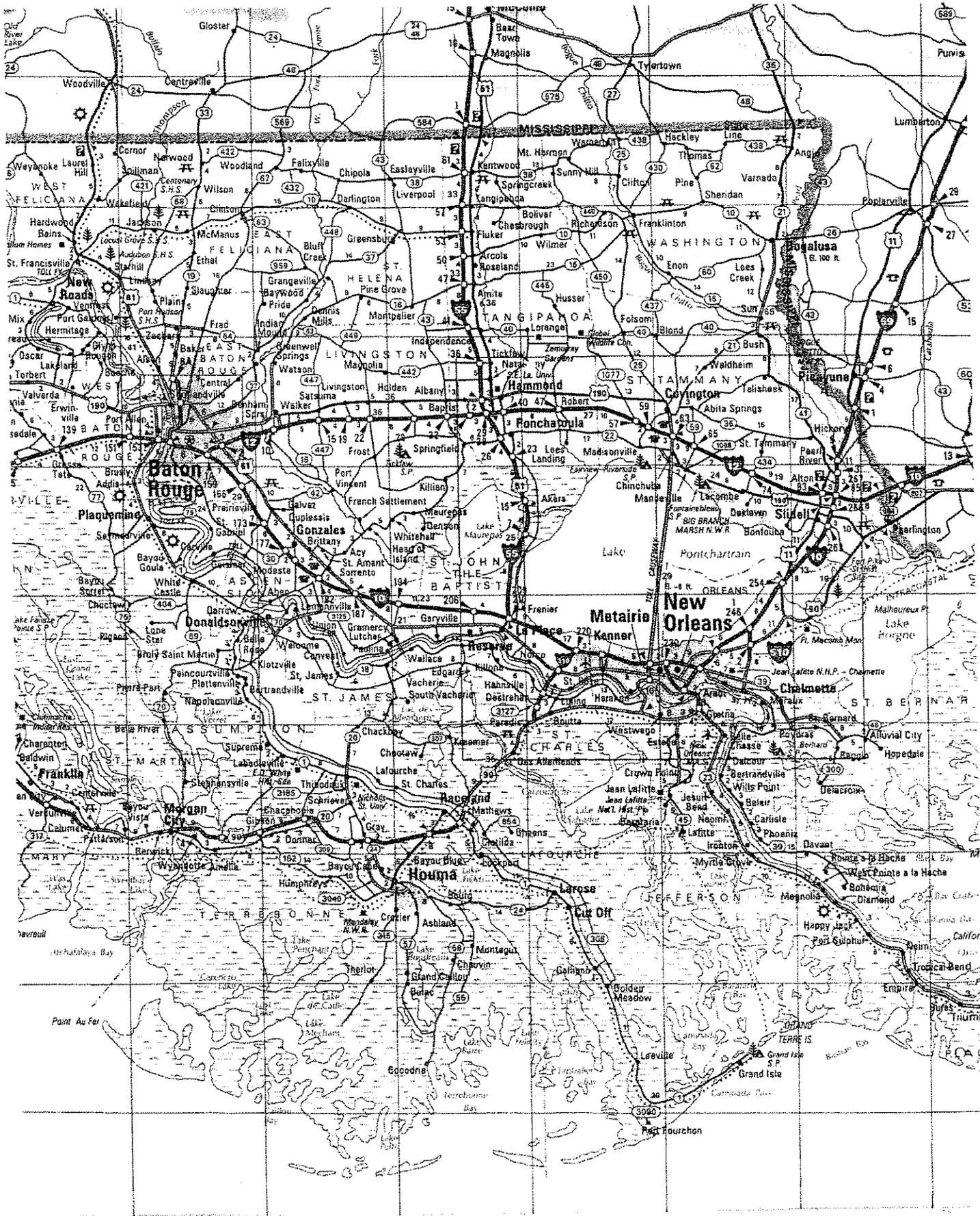
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**MAPS**



**MAP INDICATING THE APPROXIMATE  
LOCATION OF ORLEANS PARISH AND THE  
CITY OF NEW ORLEANS WITHIN THE  
STATE OF LOUISIANA**



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**APPENDIX "A"**

**OFFICIAL NOTICE OF BOND SALE**

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**OFFICIAL NOTICE OF BOND SALE**

**\$40,000,000  
CITY OF NEW ORLEANS, LOUISIANA  
PUBLIC IMPROVEMENT BONDS  
Issue of 2010A**

**Alternative Bidding for:**

**\$40,000,000 Taxable Public Improvement Bonds, Issue of 2010A  
(Build America Bonds – Federally Taxable - Direct Payment to Issuer)**

**or**

**\$40,000,000 Public Improvement Bonds, Tax-Exempt Issue of 2010A**

**Electronic bids via PARITY®  
will be received until one (1:00) o'clock p.m.,  
New Orleans, Louisiana (Central) Time  
on December 16, 2009**

Electronic bids via PARITY® will be received at the office of the Board of Liquidation, City Debt (the “Board”), Room 8E17, City Hall, 1300 Perdido Street, New Orleans, Louisiana 70112-2197 for the purchase of the above described Bonds aggregating \$40,000,000 (the “Bonds”).

**Date of Sale:** December 16, 2009 (or such other date as may be determined by the President and Secretary of the Board and advertised by Munifacts Disclosure Service).

**Hour of Sale:** One (1:00) o'clock p.m., New Orleans, Louisiana (Central) Time.

**Place of Sale:** Office of the Board of Liquidation, City Debt, Room 8E17, City Hall, 1300 Perdido Street, New Orleans, Louisiana 70112-2197, telephone (504) 658-1410.

**Date of Bonds:** Delivery date of the Bonds.

**Form and Denomination:** The Bonds will be issued as fully registered bonds in “book-entry only” form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds, and purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. The Bonds will be in the denomination of Five Thousand Dollars (\$5,000) each, or any integral multiple thereof within a single maturity.

**Taxable or Tax-Exempt Bond Bidding:** The American Recovery and Reinvestment Act of 2009 (the “Recovery Act”) authorizes the Board to issue taxable bonds known as “Build America Bonds” to finance costs for which it could issue tax-exempt bonds and elect to receive a subsidy payment from the United States Treasury equal to 35% of the amount of each interest payment on such taxable bonds. The Board will determine whether to issue (i) all of the Bonds as taxable bonds under the Recovery Act, or (ii) all of the Bonds as tax-exempt bonds, based on market conditions and the bidding on the date of sale. The available subsidy for taxable Bonds

would be paid to the Paying Agent for the Bonds. No holders of taxable Bonds would be entitled to a tax credit.

Bidders may submit bids for the Bonds on either of the following bases:

- (i) All Bonds bearing taxable interest under the Recovery Act; or
- (ii) All Bonds bearing tax-exempt interest.

Following receipt of bids, the Board will determine whether the Bonds will be issued as taxable bonds under the Recovery Act or as tax-exempt bonds.

**Maximum Interest Rate Allowable:** Nine percent (9%) per annum.

**Paying Agent, Authenticating Agent and Redemption Agent:** The Bank of New York Mellon Trust Company, N.A., at its corporate trust office in Dallas, Texas (the “Paying Agent”), or any successor thereto.

**Interest Payment Dates:** June 1 and December 1. The Bonds will bear interest from their date until paid, payable on June 1, 2010 and semiannually on each June 1 and December 1 thereafter.

**Manner and Place of Payment:** Principal of the Bonds will be payable in lawful money of the United States of America at the corporate trust office of the Paying Agent in Dallas, Texas.

**Maturity Schedule:** Bonds will mature on December 1 of each of the following years and in the principal amounts as follows:

<u>DUE</u> <u>(DEC. 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT *</u>	<u>DUE</u> <u>(DEC. 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT*</u>
2011	\$715,000	2026	1,315,000
2012	735,000	2027	1,385,000
2013	760,000	2028	1,450,000
2014	785,000	2029	1,525,000
2015	810,000	2030	1,605,000
2016	845,000	2031	1,685,000
2017	875,000	2032	1,770,000
2018	915,000	2033	1,860,000
2019	950,000	2034	1,950,000
2020	995,000	2035	2,050,000
2021	1,040,000	2036	2,155,000
2022	1,090,000	2037	2,265,000
2023	1,140,000	2038	2,380,000
2024	1,195,000	2039	2,500,000
2025	1,255,000		

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Preliminary, subject to adjustment

**Adjustment of Maturity Schedule:** The schedule of maturities set forth above (the “Maturity Schedule”) represents an estimate of the principal amounts and maturities of the Bonds

which will be sold. If, after final computation of the bids, the Board determines that the maturities of the Bonds should be adjusted in order to maintain level debt service, the Board reserves the right to either increase or decrease the principal amount of any maturity of the Bonds.

In the event of any such adjustment of the Maturity Schedule for the Bonds as described herein, no rebidding or recalculation of the bids submitted will be required or permitted. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest true interest cost solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of the Bonds pursuant to this paragraph. Any such adjustment made will hold constant the bidder's spread on a per bond basis.

**Redemption:** The Bonds maturing December 1, 2020 and thereafter shall be subject to redemption at the option of the City, acting through the Board, prior to their stated maturities, on and after December 1, 2019, in whole or in part at any time and if less than a full maturity then by lot within such maturity at a redemption price equal to the principal net amount of the Bonds to be redeemed plus accrued interest to the redemption date. Any Bonds made the subject of such call or calls shall be redeemed at the principal amount thereof plus accrued interest to the date fixed for redemption. Bonds are not required to be redeemed in inverse order of maturity.

In the event a Bond to be redeemed is of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any multiple thereof) may be redeemed. In the event of redemption of less than all of the outstanding Bonds of like maturity, such Bonds shall be redeemed by lot or in such other manner as shall be deemed fair and equitable by the Paying Agent for random selection.

Notice of any such redemption shall be given by the Board to the Paying Agent at least forty-five (45) days prior to the date fixed for redemption. Notice of redemption shall be given by the Paying Agent by mailing a copy of the redemption notice by first class mail (postage prepaid) not less than thirty (30) days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register.

If a Bidder shall elect to specify Term Bonds as provided in "Special Bidders' Option" below, the Bonds subject to mandatory sinking fund redemption shall also be subject to the terms and conditions described in the Official Statement.

**Extraordinary Optional Redemption for Build America Bonds:** The Series 2010A Bonds are subject to redemption at any time prior to their maturity at the option of the Board. In whole or in part, and if in part shall be selected on a pro rata basis within a maturity, upon the occurrence of an Extraordinary Event, at a redemption price (the "Extraordinary Optional Redemption Price") equal to the greater of (i) 100% of the principal amount of the Series 2010A Bonds to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2010A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010A Bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points (1.00%); plus, in each case, accrued interest on the Series 2010A Bonds to be redeemed to the redemption date.

An "Extraordinary Event" will have occurred if a material adverse change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds") pursuant to which the Board's 35% cash

subsidy payment from the United States Treasury is reduced or eliminated. At the request of the Paying Agent, the redemption price of the Series 2010A Bonds to be redeemed at the option of the Board will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Board at the Board's expense to calculate the redemption price. The Paying Agent and the Board may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2010A Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Financial Institution.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Series 2010A Bond, the United States Treasury security or securities selected by the Designated Financial Institution which has an actual or interpolated maturity comparable to the remaining average life of the Series 2010A Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2010A Bond to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Series 2009A Bond, (i) if the Designated Financial Institution receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Financial Institution obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

“Designated Financial Institution” means any nationally recognized investment banking firm selected by the Board that is a primary U. S. Government securities dealer.

“Reference Treasury Dealer” means each of four firms, specified by the Board from time to time, that are United States Government securities dealers (each a “Primary Treasury Dealer”); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Board will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2010A Bond, the average, as determined by the Designated Financial Institution, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Financial Institution by such Reference treasury Dealer at 3:30 P.M. New York City time, on the third Business Day preceding such redemption date.

“Business Day” means any day other than (a) a Saturday, a Sunday or any other day on which banks located in the cities in which the principal offices of the Board, the Paying Agent or the Reference Treasury Dealer are located are authorized or required to remain closed or (b) a day on which the New York Stock Exchange is closed.

**Security:** The Bonds will be general obligations of the City and are authorized by Part XIV, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 39:1031 to 1043, inclusive), and other constitutional and statutory authority, and proceedings of

the Council of the City of New Orleans and of the Board. The Bonds were specifically authorized by special election held in the City on November 2, 2004, the results of which election have been duly promulgated in accordance with law. The full faith and credit of the City is pledged for the payment of the principal of and interest on the Bonds, and the City is obligated under the aforesaid provisions of law to impose and collect annually in excess of all other taxes, a tax on all the property subject to such taxation in the City, in the manner prescribed by such provisions, in an amount sufficient to pay such principal and interest.

**Bond Insurance:** The City is investigating the possibility of obtaining a policy of municipal bond insurance for the Bonds. If the Bonds are qualified for bond insurance, such insurance would be available at the option of the bidder and at the bidder's cost.

**Electronic Bids:** Electronic bids will be received via PARITY®, in the manner described below, until one (1:00) o'clock p.m., New Orleans, Louisiana time, on December 16, 2009.

Bids may be submitted electronically via PARITY® pursuant to this Official Notice of Bond Sale until one (1:00) o'clock p.m., local New Orleans, Louisiana time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about PARITY®, potential bidders may contact PARITY® at i-Deal (212) 849-5021.

**Disclaimer:** Each prospective electronic bidder shall be solely responsible to register to bid via PARITY® as described above. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the Board nor PARITY®, shall have any duty or obligation to provide or assure access to PARITY® to any prospective bidder, and neither the Board nor PARITY® shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Board is using PARITY® as a communication mechanism, and not as the Board's agent, to conduct the electronic bidding for the Bonds. No other form of electronic bid or provider of electronic bidding services will be accepted. The Board is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Official Notice of Bond Sale and in particular the "Bid Requirements" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via PARITY® are the sole responsibility of the bidders; and the Board is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, he should telephone PARITY® at i-Deal or (212) 849-5021 and notify the Board's Financial Advisor, Public Financial Management (404) 876-1919, Suite 3770, 600 Peachtree Street N.E., Atlanta, Georgia 30308.

**Electronic Bidding Procedures:** Electronic bids must be submitted for the purchase of the Bonds (all or none) via PARITY®. Bids will be communicated electronically to the Board at 1:00 o'clock p.m., local New Orleans, Louisiana time, on Wednesday, December 16, 2009. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via PARITY®, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, or (3) withdraw its proposed bid. Once the bids are communicated electronically via PARITY® to the Board,

each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on PARITY® shall constitute the official time.

**Bid Requirements:** Each bid (i) shall be for the full amount of \$40,000,000 in aggregate principal amount of the Bonds, (ii) shall name the rate or rates of interest to be borne by the Bonds, expressed in multiples of 1/8th or 1/20th of 1%, (iii) shall prescribe one rate of interest, not to exceed nine per centum (9.0%) per annum, for the Bonds of any one maturity, (iv) shall limit the interest due on each Bond for each interest period to a single rate, (v) and shall be unconditional. No bid for less than par or which specifies the cancellation of Tax Exempt Series 2010A Bonds will be considered. Any premium bid (not exceeding 5% of the principal amount of the Tax Exempt Series 2010A Bonds) must be paid in the funds specified for the payment of the Tax Exempt Series 2010 Bonds as part of the purchase price.

In the case of a bid for the Taxable Series 2010A Bonds, the issue price (reoffering price) of each maturity must be specified and cannot exceed the par amount of such maturity by more than 0.25% multiplied by the number of complete years to the earlier of the maturity date or the first optional redemption date for the Taxable Series 2010A Bonds of that maturity. Accordingly Bids for the Taxable Series 2010A Bonds shall not be more than the de minimis premium as specified below for each maturity.

<u>Year</u>	<u>Maximum Permitted Price</u>	<u>Year</u>	<u>Maximum Permitted Price</u>
		2025	102.25%
2011	100.25%	2026	102.25%
2012	100.50%	2027	102.25%
2013	100.75%	2028	102.25%
2014	101.00%	2029	102.25%
2015	101.25%	2030	102.25%
2016	101.50%	2031	102.25%
2017	101.75%	2032	102.25%
2018	102.00%	2033	102.25%
2019	102.25%	2034	102.25%
2020	102.25%	2035	102.25%
2021	102.25%	2036	102.25%
2022	102.25%	2037	102.25%
2023	102.25%	2038	102.25%
2024	102.25%	2039	102.25%

**Special Bidders' Option:** Bidders may specify that all the principal amount of Bonds on any two or more consecutive annual payment dates on or after December 1, 2020 may, *in lieu* of maturing on each of such dates, be combined to comprise one or more maturities of Bonds scheduled to mature on the latest of such annual payment dates and be subject to redemption through mandatory sinking fund installments at the principal amount thereof in the manner described in the Official Statement, on each of the annual payment dates, except for that principal amount of Bonds scheduled to mature on the latest such annual payment date, which Bonds shall

mature on such annual payment date (“Term Bonds”). Bidders may specify one or more of such Term Bonds.

**Award of Bid:** The Bonds will be awarded to the bidder whose bid offers the lowest “true interest cost” to the City, to be determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments on the Bonds from the payment dates to the date of delivery of the Bonds, such that the sum of such present values is equal to the price bid, including any premium bid or less any discount, but not including interest (if any) accrued to the date of delivery (the preceding calculation is sometimes referred to as the “Canadian Interest Cost Method” or “Present Value Method”). For the Taxable Series 2010A Bonds, the computed debt service payments will be made net of the 35% interest subsidy to be received from the United States Treasury. In the case of a tie bid, the winning bid will be awarded by lot.

**Costs Paid by Board:** The costs of preparing, selling and delivering the Bonds shall be paid by the Board.

**Rejection of Bids:** The Board reserves the right to reject any and all bids.

**Waiver of Informalities:** The Board reserves the right to waive any informalities or irregularities in any bid.

**Good Faith Deposit:** In connection with the sale of the Bonds, a good faith deposit (the “Deposit”) of 1% of the principal amount of the Bonds will be required (four hundred thousand dollars (\$400,000)). The manner and timing of the Deposit shall be set forth in the Preliminary Official Statement for the Bonds. The Deposit of the successful bidder or bidders will be deposited and the proceeds credited against the purchase price of the Bonds, or in the case of neglect or refusal to comply with such bid, will be forfeited to the Board as and for liquidated damages. No interest will be allowed on the amount of the Deposit.

**Delivery of the Bonds:** The Bonds will be delivered to DTC on or as soon as practicable after January 19, 2010 in “book-entry only” form. The successful bidder or bidders shall pay in Federal Funds on the date of delivery the balance of the purchase price of the Bonds plus accrued interest, if any. The Bonds will be delivered in New Orleans, Louisiana, or in New York, New York, at the option of the successful bidder, unless another place shall be mutually agreed upon.

**Legal Opinion of Co-Bond Counsel and Closing Documents:** The approving legal opinion of Foley & Judell, L.L.P., The Cantrell Law Firm and The Godfrey Firm, P.L.C., Co-Bond Counsel, who have supervised the proceedings, the Bonds and the transcript of record as passed upon will be furnished without cost to the successful bidder. Said transcript will contain the usual closing proofs, including (i) a certificate that up to the time of delivery no litigation has been filed questioning the validity of the Bonds or the taxes necessary to pay the same, and (ii) a Continuing Disclosure Certificate as hereinafter described.

**CUSIP Numbers:** It is anticipated that the American Bankers' Association Committee on Uniform Security Identification Procedures (CUSIP) identification numbers will be printed on the Bonds, but the failure to print such numbers shall not constitute cause for refusal by the successful bidder to accept delivery of and to pay for the Bonds. No CUSIP identification number shall be deemed to be part of any Bond or a part of the contract evidenced thereby, and no liability shall hereafter attach to the City or the Board or any of the officers or agents thereof because of or on account of such numbers. All expenses in relation to the printing of the CUSIP

identification numbers on the Bonds shall be paid by the Board. However, the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid by the successful bidder.

**Continuing Disclosure:** In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the Board will undertake, pursuant to the resolution providing for the issuance of the Bonds and a Continuing Disclosure Certificate, to provide annual reports and notices of certain material events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement. The City failed to file its audited financial statements for the Fiscal Years ended December 31, 2005 and December 31, 2006 in a timely matter as required by its outstanding Continuing Disclosure Certificate. The audited financial statements for Fiscal Year 2005 were accepted by the Budget Committee on July 27, 2007 and filed on July 31, 2007. The Continuing Disclosure Report for Fiscal Year 2006 was filed on September 6, 2007. The City's failure to file audited financial statements on a timely basis is a direct result of Hurricane Katrina. The Continuing Disclosure Report for Fiscal Year 2007 was filed timely on August 28, 2008 and the Continuing Disclosure Report for Fiscal Year 2008 was filed timely on August 24, 2009.

**Additional Information, Bid Forms, and Official Statements:** Further information and particulars including the Official Statement relating to the Bonds will be furnished upon application to the undersigned. The purchaser will be furnished a reasonable number of final official statements on or before the seventh business day following the sale of the Bonds, such number not to exceed 200.

**Participation by Disadvantaged Business Enterprises:** The City and the Board strongly encourage the participation of disadvantaged business enterprises as bidders or as members of syndicates submitting bids for the purchase of the Bonds. Each bidder is strongly encouraged to make a good faith effort to include disadvantaged business enterprises in their bidding syndicates.

DAVID W. GERNHAUSER, Secretary  
Board of Liquidation, City Debt  
Room 8E17, City Hall  
1300 Perdido Street  
New Orleans, Louisiana 70112-2197  
Telephone: (504) 658-1410  
Website: [www.boardofliquidation.com](http://www.boardofliquidation.com)

**APPENDIX "B"**

**FINANCIAL AND STATISTICAL DATA  
PERTAINING TO THE CITY OF NEW ORLEANS**

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**FINANCIAL AND STATISTICAL DATA  
RELATIVE TO THE CITY OF NEW ORLEANS  
AND THE PARISH OF ORLEANS, STATE OF LOUISIANA**

The City of New Orleans (the “City”) and the Parish of Orleans (the “Parish”) have the same boundaries and are located in southeastern Louisiana approximately 110 miles from the mouth of the Mississippi River. The City does not have the power of annexation; however, its boundaries contain a relatively large amount of undeveloped open lands, much of which is reclaimed wetlands. The City occupies an area of approximately 363.5 square miles, of which approximately 199.4 square miles are land and approximately 164.1 square miles are water, including for example, the Mississippi River and Lake Pontchartrain. The developed area of the City consists of approximately 75 square miles.

New Orleans is one of the largest seaports in the United States, a major trade and service market, and a world-wide tourist and convention center. The manufacturing base is relatively small. The oil and gas industry plays an important role in the New Orleans economy. Several major oil companies, financial institutions, law firms, utilities, government agencies, universities, and hospitals have office buildings in the central business district and are among the largest employers within the City.

**Population**

The actual population of the City, from time to time, may be larger than its basic resident population as a result of an influx of commuters, tourists, visitors and convention attendees. The population of the New Orleans Metropolitan Statistical Area (the “MSA”) (which, as defined by the U.S. Office of Management and Budget, includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist and St. Tammany Parishes) grew from approximately 770,190 in 1950 to approximately 1,337,726 in 2000, an increase of approximately 73.7%. Orleans Parish's population comprised approximately 74.1% of the MSA's population in 1950, as compared to approximately 26.99% in 2008.

**Population of New Orleans and the New Orleans  
Metropolitan Statistical Area**

	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2008</u>
New Orleans	570,445	627,525	593,471	557,482	496,938	484,674	311,853
MSA*	770,190	987,695	1,144,791	1,303,452	1,285,262	1,337,726	1,155,260

(\* Restated to reflect inclusion of Plaquemines and St. James Parishes in 1993.)

Source: Bureau of the Census, U.S. Department of Commerce.

## Assessed Valuations

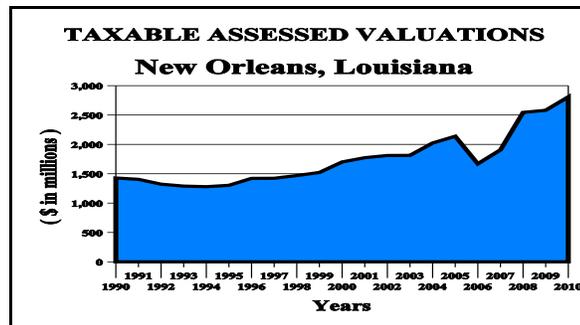
The following tables set forth the assessed value of taxable property in the City of New Orleans, homestead exemptions for the years 2000-2010, and the assessed value of various categories of property for the years 2006-2010.

<b>Assessed Value of Property in the City of New Orleans</b>						
<b>Tax Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Property</b>	<b>Total Assessed Valuation</b>	<b>Less: Homestead Exemptions</b>	<b>Taxable Assessed Valuation</b>
2000	\$1,566,349,584	\$417,866,288	\$189,071,230	\$2,173,287,102	\$472,736,617	\$1,700,550,485
2001	1,622,017,999	437,217,247	188,786,950	2,248,022,196	474,795,273	1,773,226,923
2002	1,668,593,521	445,690,366	172,736,160	2,287,020,047	475,530,514	1,811,489,533
2003	1,668,593,521	448,788,841	173,844,970	2,291,227,332	478,666,076	1,812,561,256
2004	1,852,618,536	484,006,473	164,249,110	2,500,874,119	489,517,102	2,011,357,017
2005	1,967,375,676	465,782,621	171,451,660	2,604,609,957	465,989,854	2,138,620,103
2006	1,432,380,307	394,823,507	170,463,560	1,997,667,374	328,776,640	1,668,890,734
2007	1,650,948,720	344,397,546	139,643,310	2,134,989,576	288,851,693	1,846,137,883
2008	2,297,502,715	394,350,009	144,942,530	2,836,995,254	292,878,255	2,544,116,999
2009	2,353,204,380	405,715,196	152,439,600	2,911,359,176	330,225,920	2,581,133,256
<b>2010</b>	<b>2,489,812,690</b>	<b>517,921,454</b>	<b>163,911,580</b>	<b>3,171,645,724</b>	<b>362,662,706</b>	<b>2,808,983,018</b>

Sources: Tax Commission (1996-2008); City of New Orleans Department of Finance (2009-2010).

(Note: Hurricane Katrina occurred August 29, 2005 and impacted the 2006 tax rolls.)

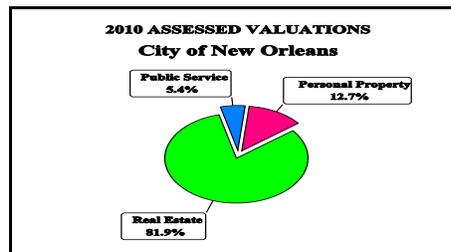
Unlike other municipalities in Louisiana, homestead exemptions are applicable to most taxes levied in the City, pursuant to the provisions of the Louisiana Constitution. For additional information, see Tax Rates and Tax Rate Adjustments herein.



**Assessed Value by Classification**

<b><u>Classification</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
Land	\$435,390,172	\$436,370,360	\$653,702,583	\$603,638,410	\$602,571,490
Improvements	996,990,135	1,214,578,360	1,643,800,132	1,749,565,970	1,887,241,200
Inventories	38,042,810	54,705,294	56,457,872	63,207,160	73,081,410
Machinery & Equipment	70,812,617	91,442,496	105,993,214	120,470,994	211,256,450
Business Furniture & Fixtures	44,254,037	46,935,223	47,860,522	51,981,500	53,371,760
Miscellaneous Personal Property	105,470,596	23,086,826	44,295,346	42,780,048	76,265,890
Watercraft	1,128,926	1,072,244	1,516,160	1,753,320	4,697,560
Credits	769,375	778,730	2,420,820	975,140	1,550,350
Financial Institutions	112,141,850	100,952,510	114,608,180	104,240,460	80,758,810
Leased Equipment	22,203,296	25,424,223	21,397,895	20,306,574	16,939,224
Public Service Corporations	170,463,560	139,643,310	144,942,530	152,439,600	163,911,580
	<u>\$1,997,667,374</u>	<u>\$2,134,989,576</u>	<u>\$2,836,995,254</u>	<u>\$2,911,359,176</u>	<u>\$3,171,645,724</u>

Sources: Tax Commission (2005-2008); City of New Orleans Finance Department (2009-2010).



**Tax Rates and Tax Rate Adjustments**

The Louisiana Constitution and statutory authority supplemental thereto provide (*for millage other than general obligation bond millage*) that the total amount of *ad valorem* taxes collected by any taxing authority in a reappraisal year (which occurs at least every four years) shall not be more or less than the total amount collected in the preceding year, solely because of reappraisal, and the millage are to be increased or decreased to achieve this result. There is a statutory procedure by which the millage, if reduced, may be readjusted upward to the prior authorized millage rate.

The following table shows, in summary, the property tax rates levied in Orleans Parish for the years 2004 through 2009. The 2010 property tax rates are currently unavailable.

<b><u>Purpose</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
	(\$ per \$1,000 of Taxable Assessed Value)					
<b>City:</b>						
General Purposes	14.91	14.91	14.91	14.91	10.85	10.85
Debt Service on General						
Obligation Bonds	28.40	28.40	38.20	31.70	23.80	23.80
Fire and Police	6.40	6.40	6.40	6.40	4.66	4.66
Police (1)	5.26	5.26	5.26	5.26	3.98	3.98
Fire (1)	5.21	5.21	5.21	5.21	3.94	3.94
Audubon Park Zoo	.44	.44	.44	.44	.32	.32
Aquarium	4.11	4.11	4.11	4.11	2.99	2.99
Library	4.32	4.32	4.32	4.32	3.14	3.14
Capital Improvements &						
Infrastructure Trust Fund	2.50	2.50	2.50	2.50	1.82	1.82
Economic Development & Housing	1.25	1.25	1.25	1.25	1.82	1.82
Parkway & Recreation	3.00	3.00	3.00	3.00	2.18	2.18
Streets (Traffic Control Devices)	1.90	1.90	1.90	1.90	1.38	1.38

Sewerage and Water Board:						
Drainage System (Act 617 of 1977)	6.48	6.48	6.48	6.48	4.71	4.60
Drainage System (Ord. 6289, M.C.S.)	9.71	9.71	9.71	9.71	7.06	6.89
Drainage System (R-81-29)	<u>6.40</u>	<u>6.40</u>	<u>6.40</u>	<u>6.40</u>	<u>4.66</u>	<u>4.54</u>
<b>Total City Tax Rates</b>	<b>100.29</b>	<b>100.29</b>	<b>110.09</b>	<b>103.59</b>	<b>77.31</b>	<b>76.91</b>
Assessors (Act 44)	1.19	1.19 (2)	1.19	1.19	0.87	--
Orleans Law Enforcement District	3.00	3.00	4.50	3.50	2.90	2.90
Orleans Parish School Board	52.80	52.80	58.55	52.90	38.47	38.47
Orleans Levee Board	<u>12.76</u>	<u>12.76</u>	<u>12.76</u>	<u>12.76</u>	--	--
<b>Total Parishwide Tax Rates</b>	<b>170.04</b>	<b>168.85</b>	<b>187.09</b>	<b>173.94</b>	<b>119.55</b>	<b>118.28</b>
Orleans Levee District (Eastbank)	--	--	--	--	9.65	10.95
Algiers Levee District (Westbank)	--	--	--	--	9.28	9.28
Downtown Development District (3)	15.90	15.90	15.90	15.90	14.76	14.76
New Orleans Regional Business Park (4)	22.79	22.79	22.79	22.79	20.85	20.85
Garden District Security	19.00	19.00	15.00	15.00	11.62	12.00
Touro Bouligny	--	--	--	12.80	7.80	7.80

(1) No homestead exemption. (2) Act 433 of the 2005 Louisiana Legislature provides that the Board of Assessors for Orleans Parish shall be funded annually no later than March first by the City with no less than two percent of the *ad valorem* taxes levied on property in the City and the Parish of Orleans. Such funding shall produce in the initial year revenue equal to or greater than that which was received by the Board of Assessors from the City for the previous year. The total amount of revenue received by the Board of Assessors shall never be less than that received by said Board in the initial year. In 2004, the amount received by the Board of Assessors was \$2,241,360 from its 1.19 mills, and \$166,092 from State Revenue Sharing. The millage levied by the Board of Assessors for the 2005 tax year shall be transferred to and levied by the City, without the necessity of voter approval, for the 2006 and subsequent tax years. Effective December 31, 2005, and thereafter, the legal authority for the Orleans Parish assessment district is repealed. (3) Tax levied only on certain real property in the central business area of the City. (4) Tax levied on certain real property within the District, excluding residential real property.

Neighborhood based special taxing districts have been created by the Louisiana Legislature in portions of Orleans Parish. These special taxing districts have been authorized, upon voter approval, to impose parcel fees on the real property located within the boundaries of the respective district. They include the Lakeview Crime Prevention District (\$100 parcel fee); the Spring Lake Subdivision Improvement District (\$200 parcel fee); the Lake Carmel Subdivision Improvement District (\$250 parcel fee); the Audubon Area Security District (\$475 parcel fee); the Lake Terrace Crime Prevention District (\$300 parcel fee); the Hurstville Security and Neighborhood Improvement District (\$430 parcel fee); the Lakewood Crime Prevention & Improvement District (\$450 parcel fee); the Lakeshore Crime Prevention District (\$360 parcel fee); the Kenilworth Improvement District (\$200 parcel fee); the Lake Oaks Subdivision Improvement District (\$350 parcel fee); the Lake Forest Estates Improvement District (\$385 parcel fee); the Huntington Park Subdivision Improvement District (\$175 parcel fee); the Twinbrook Security District (\$440 parcel fee); the Kingswood Subdivision Improvement District (\$240 parcel fee); the Tamaron Subdivision Improvement District (\$180 parcel fee); the McKendall Estates Neighborhood Improvement District (\$250 parcel fee); the Lake Bullard Neighborhood Improvement District (250 parcel fee); the Upper Audubon Security District (\$500 parcel fee); the Maple Area Residents Security Tax District (\$365 parcel fee); and the Mid-City Security District (\$300 parcel fee).

## Property Taxpayers

The following list includes the names and the 2009 assessed valuations of the ten largest property taxpayers in Orleans Parish and their assessed value:

	<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>2009 Assessed Valuation</u>
1.	Entergy	Utility	\$70,461,810
2.	BellSouth	Utility	58,460,726
3.	Harrah's	Casino	42,809,120
4.	Capital One, National Association	Bank	39,140,930
5.	Whitney National Bank	Bank	36,091,150
6.	JPMorgan Chase Bank, National Association	Bank	19,728,650
7.	International Rivercenter	Retail Shopping; Hotel	17,466,490
8.	Marriott Hotel	Hotel	15,428,854
9.	Hertz Properties	Commercial Real Estate	11,884,180
10.	C S & M Associates	Commercial Real Estate	<u>11,010,820</u>
	Total		<u>\$322,482,730*</u>

\* Approximately 12.5% of the City's 2009 taxable assessed valuation. The 2010 information is currently unavailable.

Source: Department of Finance, City of New Orleans.

## Penalty for Nonpayment of Taxes

A delinquent tax incurs a penalty of ten percent of the amount of the tax on the day such tax become delinquent (normally February 1st). A delinquent tax accrues interest at a rate of one percent for each month or portion of a month the tax remains unpaid in accordance with Title 47, Section 2101 of the Louisiana Revised Statutes of 1950, as amended. All delinquent taxes for prior years, and taxes that remain delinquent on April 1 of the year in which they become delinquent, incur an additional penalty of 9½% to defray costs of collection if the taxing unit has referred the collection of the delinquent taxes, penalty and interest to an attorney or collection agent. The additional 9½% represents payment to a private collection enterprise employed by the City.

## Property Tax Collections

The property taxes for the calendar year 2009 are currently being collected by the City Finance Department. Act 254 of the 2005 Regular Session of the Louisiana Legislature provides that in Orleans Parish, each tax recipient body that receives a portion of *ad valorem* taxes must reimburse the City's Finance Director for the cost of collection, not to exceed two percent. The cost of collection is deducted from each tax recipient governing bodies' proportionate share of the taxes with the proceeds received from the collection charge to be deposited in the City's General Fund. (La. R. S. 47:1997.1) In addition, the assessors receive 2% of the amount of taxes levied pursuant to Act 433 of the 2005 Louisiana Legislature (La. R. S. 47:1925.8), which provides that the Board of Assessors for Orleans Parish shall be funded annually no later than March first by the City with no less than two percent of the *ad valorem* taxes levied on property in the City and the Parish of Orleans. Such funding shall produce in the initial year revenue equal to or greater than that which was received by the Board of Assessors from the City for the previous year. The total amount of revenue received by the Board of Assessors shall never be less than that received by said Board in the initial year.

The following table shows real and personal property tax levies for the City in each year from 1999 through 2008, the amounts collected and the percentage of such levy that has been collected.

### Property Tax Levies and Collections (Amounts in Thousands)

<u>Tax Year</u>	<u>Total Levied</u>	<u>Collected though December 31, 2008</u>		<u>Balance Outstanding at December 31, 2008</u>		<u>Collected During 2008 Amount</u>
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
<u>Real Estate Taxes</u>						
1999	\$172,016	\$170,301	99.00%	\$1,715	1.00%	\$123
2000	199,666	197,442	98.89	2,224	1.11	143
2001	209,441	207,052	98.86	2,389	1.14	156
2002	214,088	211,242	98.67	2,846	1.33	153
2003	217,039	214,320	98.75	2,719	1.25	219
2004*	247,328	243,594	98.49	3,734	1.51	488
2005	267,327	262,376	98.15	4,951	1.85	380
2006**	219,991	213,778	97.18	6,213	2.82	5,630
2007	250,462	238,101	95.06	12,361	4.94	12,358
2008	269,746	243,204	90.16	26,542	9.84	243,204

\* For 2004, 52.80 mills (30.8% of citywide total) was separately billed 3 months late for the Orleans Parish School Board.

\*\* Due to Hurricane Katrina related legislation, billing was delayed from mid-December, 2005 to mid-May, 2006.

Personal Property Taxes

1999	\$98,467	\$93,451	94.91%	\$5,016	5.09%	\$ 7
2000	105,951	99,637	94.04	6,314	5.96	21
2001	110,058	100,619	91.42	9,439	8.58	10
2002	105,378	96,728	91.79	8,650	8.21	168
2003	110,691	103,756	93.73	6,935	6.27	11
2004*	115,676	109,234	94.43	6,442	5.57	291
2005	106,354	100,809	94.79	5,545	5.21	478
2006**	99,477	91,023	91.50	8,454	8.50	746
2007	82,046	75,241	91.71	6,805	8.29	983
2008	67,548	59,645	88.30	7,903	11.70	59,645

\* For 2004, 52.80 mills (30.8% of citywide total) was separately billed 3 months late for the Orleans Parish School Board.

\*\* Due to Hurricane Katrina related legislation, billing was delayed from mid-December, 2005 to mid-May, 2006.

Source: Department of Finance, City of New Orleans (unaudited).

### Sales and Other Taxes

The general 2½% sales and use tax is the City's largest single source of revenue available to be used to pay operating expenses and serves as an economic indicator for the Parish. In addition, the State of Louisiana, the Regional Transit Authority, and the Orleans Parish School Board levy general sales and use taxes of 4%, 1% and 1½%, respectively, within the boundaries of the Parish. The total sales tax levied on goods sold or used (excluding hotel and motel rooms) in the Parish is 9%. The various sales taxes are not levied on the same sales of goods and services and have different related exemptions. Any increase in the City's sales tax rate would require an affirmative vote in a City election.

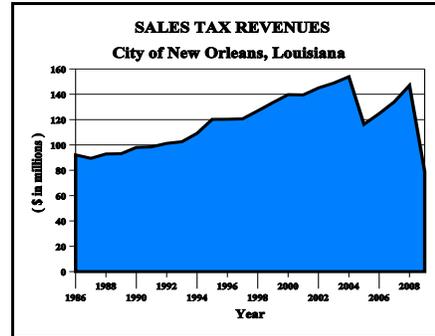
Five public agencies share in the taxation of hotel/motel rooms in Orleans Parish. The rate of taxation of each of the respective agencies is as follows: (a) the State of Louisiana - 2%, (b) the Louisiana Stadium and Exposition District (the Superdome) - 4%, (c) the City - 1½%, (d) the Orleans Parish School Board - 1½% and (e) the Ernest N. Morial-New Orleans Exhibition Hall Authority (the "Authority")- 2% (effective October 1, 1980), plus the proceeds from the "hotel/motel tax" and "food and beverage tax" authorized by the voters on November 21, 1987, and effective April 1, 1988, and which serves as security for outstanding special tax bonds of the Authority.

Effective November 1, 1990, the City began collection of a Hotel Occupancy Privilege Tax upon persons occupying hotel rooms in the City for the purpose of funding tourism promotion by the New Orleans Tourism Marketing Corporation, a nonprofit economic development corporation.

The Constitution prohibits political subdivisions of the State from levying a severance tax, income tax or a tax on motor fuel.

Hurricane Katrina had an impact on the collections of the sales and use taxes of the City of New Orleans. The following table shows annual revenues of the City's general purpose two and one-half percent (2½%) sales and use tax.

<u>Calendar Year</u>	<u>2½% Sales Tax Revenues</u> (\$ in thousands)	<u>Calendar Year</u>	<u>2½% Sales Tax Revenues</u> (\$ in thousands)
1986	\$92,135	1998	\$126,899
1987	89,403	1999	133,490
1988	92,876	2000	139,770
1989	93,063	2001	139,511
1990	98,077	2002	145,009
1991	98,483	2003	148,855
1992	101,221	2004	153,851
1993	102,530	2005	116,339
1994	109,167	2006	124,229 (Unaudited)
1995	120,229	2007	134,114
1996	120,240	2008	147,029
1997	120,652	2009	79,896 (As of August 2009)



Sources: Annual Financial Reports, City of New Orleans; Ordinance 22,907 M.C.S. (2008) Ordinance 23,333 M.C.S. (2009).

### Default Record

According to its Executive Director, the City has never defaulted in the payment of its outstanding bonds.

### Bank Balances

The City reported the following balances in its various funds and accounts as of July 31, 2009:

<u>Name of Fund</u>	<u>Balances</u>		
	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
General Fund	\$41,610,615	\$11,253,802	\$52,864,417
Capital Funds	16,324,426	156,213,570	172,537,996
Debt Service Fund	--	673,840	673,840
Agency Fund	2,070,268	11,107,757	13,178,025
Escrow Fund	250,720	27,384,348	27,635,068
Revolving Fund	1,122,089	75,004,989	76,127,078
Trust Funds	636	8,289,114	8,289,750
Other Funds	24,315,889	884,339	25,200,228
Clearing Funds	<u>12,375,051</u>	<u>12,422,155</u>	<u>24,797,206</u>
Totals	<u>\$98,069,694</u>	<u>\$303,233,913</u>	<u>\$401,303,607</u>

Source: Department of Finance, City of New Orleans. All figures unaudited.

## **Audit Report**

Included in Appendix “B” hereto is a copy of the Annual Financial Report of the Board for the fiscal year ended December 31, 2008, including the independent Auditor’s report of Postlethwaite & Netterville, a Professional Accounting Corporation, dated as of June 30, 2009. The financial statements pertaining to the Board which are included in this Official Statement have been included in reliance upon said report; however, the Auditor has not consented to inclusion of the financial statements herein and has not performed any additional review procedures related thereto.

## **Budget**

A summary of the City’s 2009 operating budget, as amended, appears herein.

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**ANNUAL AVERAGE ORLEANS PARISH CONCURRENT ECONOMIC INDICATORS, 2005, 2006, 2007, 2008  
AND FIRST QUARTER 2009** *(All data not seasonally adjusted.)*

<b>ORLEANS PARISH</b>					
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009:1</b>
<b>EMPLOYMENT</b>					
<b>Total</b>	<b>212,504</b>	<b>151,936</b>	<b>165,383</b>	<b>172,045</b>	<b>168,404</b>
Agriculture, Forestry, Fishing, and Hunting	52	50	60	58	25
Mining	4,146	3,706	3,659	3,819	3,867
Utilities	1,891	1,305	1,102	1,173	1,201
Construction	5,578	6,861	5,448	4,793	5,023
Manufacturing	7,793	6,837	7,795	7,642	6,299
Wholesale Trade	5,486	4,459	4,485	4,415	4,049
Retail Trade	15,344	9,611	11,342	12,614	12,360
Transportation & Warehousing	12,189	9,308	8,639	8,412	7,997
Information	4,979	3,454	3,571	4,846	2,940
Finance & Insurance	7,774	5,998	6,078	5,932	5,556
Real Estate and Rental and Leasing	3,514	2,130	2,293	2,266	2,214
Professional & Technical Services	13,872	13,518	13,222	13,663	13,558
Management of Companies and Enterprises	4,095	2,908	3,334	3,374	3,359
Administrative and Waste Services	13,547	10,518	10,975	9,921	9,204
Educational Services	25,215	16,241	18,496	19,582	20,433
Health Care and Social Services	28,199	14,276	17,421	19,865	20,615
Arts, Entertainment, and Recreation	7,544	5,161	6,189	6,833	4,498
Accommodation and Food Services	29,424	19,166	23,847	25,146	27,590
Other Services, except Public Administration	6,055	4,217	5,099	5,196	5,075
Public Administration	15,396	11,840	11,681	12,003	12,093
<b>EARNINGS (\$ in Thousands)</b>					
	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Quarterly</b>
<b>Total</b>	<b>\$8,470,308</b>	<b>\$7,261,652</b>	<b>\$7,965,849</b>	<b>\$8,593,380</b>	<b>\$2,099,523</b>
Agriculture, Forestry, Fishing, and Hunting	1,375	1,306	1,473	1,644	158
Mining	443,624	457,100	469,753	549,370	137,155
Utilities	122,322	77,139	64,362	69,360	20,080
Construction	235,765	364,819	282,102	250,097	65,988
Manufacturing	385,397	376,646	445,808	454,267	97,001
Wholesale Trade	299,954	283,106	291,028	291,788	71,297
Retail Trade	349,782	278,282	326,427	336,659	81,047
Transportation & Warehousing	559,647	497,155	483,659	457,515	103,205
Information	203,051	146,867	158,311	203,641	42,298
Finance & Insurance	475,347	418,783	456,188	446,596	110,777
Real Estate and Rental and Leasing	105,577	83,270	88,747	87,560	20,354
Professional & Technical Services	822,081	887,008	937,507	1,028,595	225,874
Management of Companies and Enterprises	308,997	203,179	282,016	287,506	101,235
Administrative and Waste Services	402,665	447,544	450,945	420,591	87,221
Educational Services	1,032,052	757,067	873,900	1,023,359	262,311
Health Care and Social Services	1,060,733	646,536	764,407	912,795	237,067
Arts, Entertainment, and Recreation	241,418	144,628	204,702	280,450	50,423
Accommodation and Food Services	537,469	426,677	537,149	578,725	164,518
Other Services, except Public Administration	152,210	126,176	148,243	162,998	39,437
Public Administration	716,437	622,339	676,065	732,260	178,292

Source: Louisiana Workforce Commission.

The Louisiana Workforce Commission has issued *revised* annual average statistics not seasonally adjusted for various employment areas within Louisiana. The annual average figures for Orleans Parish were reported as follows:

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<b>Parish</b> <u>Rate</u>	<u>State Rate</u>
2004	196,479	185,607	10,872	5.5	5.5
2005	181,721	170,352	11,369	6.3	6.7
2006	95,701	90,483	5,218	5.5	3.9
2007	107,299	102,479	4,820	4.5	3.8
2008	112,417	105,559	6,858	6.1	4.6

The preliminary figures for November 2009 for Orleans Parish were reported as follows:

<u>Month</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<b>Parish</b> <u>Rate</u>	<u>State Rate</u>
11/09	112,457	102,813	9,644	8.6	6.3*

\* Seasonally adjusted rate was 6.7.

Source: Louisiana Workforce Commission. December 22, 2009. (*Information updated from preliminary official statement.*)

The following table shows the composition of the employed work force not seasonally adjusted in the New Orleans-Metairie-Kenner MSA.

**Nonfarm Wage and Salary Employment by Major Industry  
(Employees in Thousands)**

*(Information updated from preliminary official statement.)*

	<u>Revised November 2008</u>	<u>Revised October 2009</u>	<u>Preliminary November 2009</u>
Mining & Logging	8.8	8.5	8.5
Construction	34.1	31.1	31.2
Manufacturing	36.3	34.9	34.9
Trade, Transportation, & Utilities	108.7	106.7	107.8
Information	8.4	7.8	7.9
Financial Activities	26.3	25.2	25.1
Professional and Business Services	67.8	66.2	66.2
Education and Health Services	69.9	70.7	70.8
Leisure and Hospitality	67.8	67.8	67.9
Other Services	19.8	19.9	20.0
Government	<u>82.5</u>	<u>83.1</u>	<u>83.1</u>
Total	<u>530.4</u>	<u>521.9</u>	<u>523.4</u>

Source: Louisiana Workforce Commission, Office of Employment Security.

**Largest Employers**

The names of several of the largest employers located in the City and their approximate number of local employees were reported as follows:

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Full-Time Local Employees</u>
Ochsner Health System	Health Care	11,000
Tulane University	Higher Education	2,800
Harrah's New Orleans Casino & Hotel	Tourism	2,400+
Lockheed Martin Michoud Operations	Aerospace Structures and Applications	2,160
Touro Infirmary	Health Care	1,803
Capital One Financial Corp.	Financial Services	1,800
Children's Hospital	Health Care	1,759
Whitney Holding Corp.	Financial Services	1,710
Vinson Guard Service Inc.	Contract Security Guards/Investigators	1,700
Boh Bros. Construction Co. LLC	General Contractor	1,500
USDA National Finance	Financial Services	1,257
U.S. Environmental Services LLC	Environmental Contracting Firm	1,200

Source: New Orleans CityBusiness 2008-2009 Book of Lists. (Information updated from preliminary official statement.)

Note: This list excludes some major employers who declined to supply employment information. The list also excludes State and local governmental employers.

No assurance may be given that any employer listed will either continue to locate in Orleans Parish or maintain employment at the level stated.

## ECONOMIC INDICATORS

### Per Capita Personal Income

A comprehensive revision of the estimates of Per Capita Personal Income by State were published in April 2009 by the Bureau of Economic Analysis of the U.S. Department of Commerce. Listed below is the recent trend in *revised* national income and product accounts (NIPA) estimates of per capita personal income for the Nation and Louisiana. The recent trends in revised per capita personal income for Orleans Parish, Louisiana, and the Nation are indicated in the following table:

	<u>Per Capita Personal Income</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Orleans Parish	\$28,965	\$30,946	\$11,502	\$59,609	\$53,433
Louisiana	25,862	27,262	24,651	32,832	35,100
United States	31,530	33,157	34,690	36,794	38,615

Source: U.S. Department of Commerce, Bureau of Economic Analysis. April 23, 2009

(The personal income level for the United States is derived as the sum of the county estimates; it differs from the national income and product accounts (NIPA) estimate of personal income because, by definition, it omits the earnings of Federal civilian and military personnel stationed abroad and others. It can also differ from the NIPA estimate because of different data sources and revision schedules.)

## Housing

The Real Estate Market Data Center for the Institute for Economic Development & Real Estate of the University of New Orleans periodically publishes its *Metropolitan New Orleans Real Estate Market Analysis*, a recent edition being dated March 2009 (the "Analysis"). According to the Analysis, housing price patterns in Orleans Parish have been and will continue to be impacted for the foreseeable future by the lasting effects of the destructive economically disruptive forces of Hurricane Katrina and the widespread flooding she produced for the City. These effects will unfold in the rates at which local shopping and services/support activities are redeveloped and reintroduced. Areas where relatively little to moderate flood damage and disruption occurred, will continue to attract buyers looking to take advantage of opportunities to acquire first time or trade-up homes. In other instances, respective buyers will continue to be attracted to neighborhoods previously considered beyond their price reach if they are willing to acquire and rebuild homes extensively damaged by flooding such as Lakeview. Patterns of pricing will also be influenced by the unfolding redevelopment efforts fueled by the City's Office of Recovery and the funds released through the Community Development Block Program ("CDBG") to embark on major projects intended not only to rebuild critical infrastructure, but also attract private investment.

Overall, both unit and aggregate dollar sales volumes of residential single family properties fell through the end of 2008 across each major sector of the Orleans Parish housing. Total number of units sold in New Orleans fell 26% from 3,137 in 2007 to 2,321 in 2008, while aggregate sales volume declined from \$594.8 million in 2007 to \$478.1 million in 2008 or by about 20%. Over the same period, average days on the market rose from 90 to 100 days parish-wide or 11%. When compared to other sectors of the New Orleans market, this is a rather modest extension of typical marketing for single family homes.

On the strength of price increases in Central and Eastern Orleans Parish, the average price for a single family home rose from \$189,610 in 2007 to \$205,970 in 2008 or by 8.63%. Price increase in the recovering Eastern New Orleans area averaged just under 24.3% (from \$82,513 to \$102,532) followed by an average 6.85% rise in Central Orleans (from \$238,085 to 254,400). In Eastern New Orleans, the inventory of sold units continues to include a relatively large presence of heavily flood damaged homes, many of which may be sold in "as is" ungutted or partially gutted condition. It should also be noted that closed sales shown in the report exclude Road Home transactions as well as distressed or otherwise non-arms length sales. In the Westbank sector of Orleans Parish, prices fell an average of 14.1% from \$213,343 in 2007 to \$183,344 in 2008.

Average prices rose in eight of the sixteen MLS neighborhoods located in Central Orleans Parish. As in prior years, particularly since Katrina, average price change patterns have been somewhat erratic and fairly wide ranging. Average price increases of 20% or above were typical in neighborhoods such as Center City, City Park and People-St. Bernard, while increases in the range of 3% to 5% were recorded for the Lakefront/Lakeview and Ninth Ward/Bywater neighborhoods. In the Uptown/Fountainbleau neighborhood, average prices rose by just under 9.6% from \$460,398 to \$504,536.

With the exception of the Marigny/Bywater and French Quarter neighborhoods which had relatively few sales and badly skewed average price changes, price softening in other neighborhoods tended to range from 6% to 8%. In the Delgado/Mid-City neighborhood, for example,

average single family home prices edged down 6.34% from \$176,593 in 2007 to \$165,398 in 2008, while in the Carrollton neighborhood average home prices dipped 7.42% from \$225,454 to \$208,731. Average prices in both the Garden District and Lower Garden District edged down by 4.7% and 5.9%, respectively from 2007 to 2008.

In West Bank Orleans, the relatively rapid rise in home prices post-Katrina has largely run its course. The overall average drop of just under 14% between 2007 and 2008 was driven largely by a 21.5% drop in the Algiers MLS neighbor followed by a nearly 13% decrease in average prices of homes sold in the Lakewood neighborhood. In the English Turn (Lower Coast) MLS neighborhood, however, average prices rose an average of 2.84% from \$545,045 in 2007 to \$560,529 in 2008. This reversed the price slide of the previous year when home prices fell from an average of \$597,523 in 2006 or by just under 8.8%.

Although both unit and total dollar volumes of home sales declined across every neighborhood in East New Orleans between 2007 and 2008, average prices paid for units sold rose in each of the six neighborhoods. Furthermore, the average time on the market edged up by just two days (from 80 to 82) indicating a continued strengthening and rebuilding for this badly flood damaged part of the City. Double digit average price increases were prevalent during most of 2008 and ranged from 5.45% in the East New Orleans neighborhood (beyond Parish Road) to 48.45% in the Haynes Boulevard area.

## Education

Elementary and secondary education in Orleans Parish is provided by public, charter, parochial and private schools. The trend in the membership at end of session, average daily membership, and average daily attendance of the public schools located in Orleans Parish follows:

<u>Year</u>	<u>Membership End of Session</u>	<u>Average Daily Membership</u>	<u>Average Daily Attendance</u>
1996-97	80,218	82,304.5	74,211.5
1997-98	80,509	81,712.4	73,822.8
1998-99	80,237	80,969.5	73,531.2
1999-00	78,128	79,245.5	74,826.5
2000-01	74,880	75,575.9	70,535.5
2001-02	71,294	71,897.2	66,397.0
2002-03	68,077	68,778.4	63,041.4
2003-04	66,041	66,682.3	61,961.3
2004-05	63,702	63,969.9	59,721.4
2005-06	8,604	49,139.9	48,675.7
2006-07	8,554	8,891.8	8,574.2
2007-08	9,488	9,509.3	9,159.4

Source: *Annual Financial and Statistical Reports*, Louisiana Department of Education. (Information updated from preliminary official statement.)

In addition to the children attending public schools in New Orleans, there are approximately 25,000 student attending private and parochial schools in the City.

According to the state-run New Orleans Recovery School District, an intermediate educational unit created in 2003 pursuant to L. R. S. 17: 1990 for the purpose of governing public schools in failing school districts, primarily Orleans Parish, there are 34,000 public school students in New Orleans. The New Orleans Recovery School District of the State of Louisiana Department of Education was created to assist the failing public school system in Orleans Parish, but it has a crucial need for qualified teachers.

Institutions of higher education located in New Orleans include:

<b>Institution</b>	<b>Fall Enrollment</b>					<b>Fall Enrollment</b>
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
University of New Orleans	17,360	17,350	11,747	11,363	11,428	12,100
Tulane University	12,976	13,214	10,606	10,333	11,157	11,799
Loyola University New Orleans	5,900	5,500	4,874	4,585	4,634	4,870
Southern University at New Orleans	3,595	3,634	2,314	2,634	3,105	3,163
Xavier University of Louisiana	3,913	4,121	3,012	3,103	3,204	3,320
Dillard University	2,312	1,953	n/a	957	851	1,017
Our Lady of Holy Cross College	<u>1,456</u>	<u>1,452</u>	<u>1,226</u>	<u>1,259</u>	<u>1,296</u>	<u>1,305</u>
	<u>47,512</u>	<u>47,224</u>	<u>33,779</u>	<u>34,234</u>	<u>35,675</u>	<u>37,574</u>

Sources: Baton Rouge Business Report. 2009 figures from *The Times-Picayune*.

These eight institutions educate students in fields such as engineering, health care, public administration, urban studies, law, business, psychology, social sciences, communications, nursing, music, computer information systems, criminal justice, pharmacy, education, and theology. In addition, Delgado Community College, with a Fall 2009 enrollment of 16,715, the LSU Health Sciences Center-New Orleans, with a 2009 Fall enrollment of 2,653, and other similar facilities educate persons in various trades. Also, the acute care hospitals previously listed under the “Largest Employers” have research and teaching facilities and staff to educate, train and employ physicians and medical personnel who come from numerous foreign and domestic locations.

**Tourism** New Orleans is a major convention and tourist center. In 2004, the City attracted approximately 10.1 million visitors and in 2008, 7.6 million visitors, reaching 75% of the Pre-Katrina figure. The first major convention to occur after Katrina was the American Librarian Association Convention held in June of 2006. Between September 2005 and May 2006, 450 meetings and conventions were cancelled, representing 2.25 million room nights for the lodging industry in New Orleans. New Orleans' distinctive music and festivities, including Mardi Gras, all contribute to its attractiveness to tourists. Hurricane Katrina effectively put the tourist industry on hold for two years. Hotel facilities were damaged by the storm; conventions were cancelled; restaurants closed; and tourist attractions became dark. However, over 1,000 restaurants have re-opened in the City, conventions are scheduled for this fall, and the French Quarter is open for business.

The **Aquarium of the Americas** (the “Aquarium”) is a three story structure of approximately 168,104 gross square feet housing more than one million gallons of fresh and salt water. The visitor can view separate aquarium displays ranging from 500 gallons to 500,000 gallons.

Adjacent to the Aquarium is the Entergy/IMAX Theatre containing approximately 60,000 square feet of enclosed building space. Additionally, a new exhibit is planned which will allow the Aquarium to change certain of its aquatic exhibits on at least an annual basis. The Aquarium is located at the foot of Canal Street in the French Quarter area of the City. The Aquarium is dedicated to the conservation and exploration of aquatic environments of the western hemisphere and adjacent waters. Thousands of specimens of marine life representing several hundred species are presented in exhibits at the Aquarium.

The **Louisiana Superdome** is an architecturally unique multi-purpose facility located adjacent to the New Orleans Central Business District. It was completed in August 1975 and was once the largest enclosed stadium arena in the world. It has a seating capacity of approximately 76,000 depending upon the seating configuration used, and can accommodate athletic events as well as conventions, trade shows, major exhibits, circuses and other large public meetings. Exhibition space totals 166,000 square feet and there are also four auxiliary convention halls, 32 meeting rooms and a 27,000 square foot exhibition concourse and parking facilities for approximately 5,000 automobiles and 250 buses. The Superdome's major tenant is the **New Orleans Saints**, a National Football League professional football team. The Saints have played their home games, with the exception of the 2005 season, in the Superdome since its completion in 1975. Since Hurricane Katrina, the Superdome has been substantially renovated inside with improvements adding comfort and luxury to the stadium. The Superdome was recently named as the host of the 2012 NCAA Men's Final Four and the 2013 NFL Super Bowl.

In addition, the **New Orleans Arena**, a \$110 million sports and entertainment facility on a 13 acre site south of the Louisiana Superdome, opened on October 30, 1999. The arena has a floor area of approximately 24,650 square feet of column-free space, and approximately 18,500 padded armchair seats which are adaptable for specific events, including basketball, hockey and concerts. The permanent ice facility measures approximately 85 feet by 200 feet. The arena is home to Tulane University of Louisiana's basketball team. **The Hornets**, a NBA professional basketball team, and other basketball games are played in the Arena, along with concerts, family shows and other entertainment.

The **National WW II Museum**, formally the **D-Day Museum**, is an attraction with great attendance. The quality of the exhibits is generally considered to be excellent. Veterans from every military service have attended this world class facility. For additional information, see <http://www.ddaymuseum.org>.

Tourism in New Orleans not only includes conventions but also major events such as **Mardi Gras**, the **Jazz and Heritage Festival**, since 1995, the **Essence Music Festival**, the **Bayou Classic football game**, the **New Orleans Bowl**, the **Sugar Bowl**, and periodically, the **Super Bowl**, which will be in the City in 2013. Adults may continue to find entertainment in the river boat and land based **casinos** located in the area. On November 14<sup>th</sup>, 2008, Churchill Downs Inc., owner of the Fair Grounds Race Course, opened its new facility with 606 reel and video games, after operating in a temporary facility for 14 months. This was set to be the first day of racing of the 87-day meet.

**Conventions** New Orleans has ranked among the top five cities nationwide as a destination city for conventions. Convention attendance in the Greater New Orleans area increased dramatically since 1981, then has been struggling to recover since Hurricane Katrina. The construction of large facilities such as the Ernest N. Morial Convention Center (the “Convention Center”), and the newly renovated Louisiana Superdome, and hotels including over 1,000 public meeting rooms permitted growth.

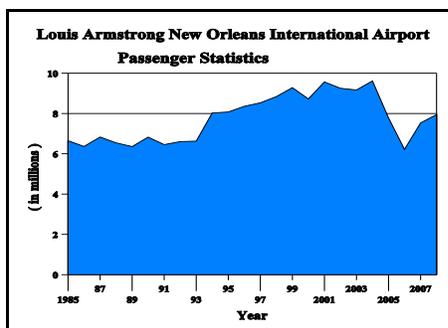
The Convention Center was planned and operated as part of the 1984 World Exposition and opened for convention activity in January, 1985. The Convention Center has accommodated major conventions and trade shows that have brought delegates, spouses and guests to New Orleans. The Convention Center underwent a \$60 million renovation after Katrina that included new flooring and furnishings on all three levels, premium design and architectural finishes, upgraded lighting, high speed wi-fi, a 4,000 seat Conference Auditorium, 12 separate/combinable exhibit halls, and 140 meeting rooms. The Convention Center Board of Commissioners has decided to postpone Phase IV construction plans in order to focus on making major improvements to Phase I improvements that would give New Orleans a competitive advantage in attracting executive conferences and corporate business events.

The Ernest N. Morial - New Orleans Exhibition Hall Authority borrowed approximately \$28,284,267 under its cooperative endeavor agreement with the State of Louisiana under the State’s Tax Credit Program.

**Airport** The **Louis Armstrong New Orleans International Airport** (the “Airport”) is the principal source of transportation of the millions of visitors who come to the City annually. The number of domestic passengers (enplaned and deplaned) rose from approximately 6.6 million in 1985 to approximately 9.6 million in 2004. Since then, the number of domestic passengers has declined to approximately 7.9 million in 2008. In 2004, approximately 4,862,525 passengers were enplaned at the Airport. Enplanements drastically decreased in the final four months of calendar year 2005 following Hurricane Katrina, and only reached 3,904,366. Katrina disrupted normal operations at the Airport until September 13, 2005, when it reopened to commercial flights. In the days after the storm, approximately 5,000 military and civilian personnel were based at the Airport. During this period, activity was restricted to humanitarian flights and rescue missions, and one Airport concourse was used as a makeshift medical center to treat sick and injured evacuees. In 2005, the total number of passengers equaled approximately 6,218,419, compared to approximately 7,944,397 in 2008, or an increase of approximately 27.8%.

The Airport is currently served by the following domestic carriers: American Airlines; America Express Carriers; Continental Airlines; Delta Air and Delta Express; Delta Express; Northwest Airlines; Southwest Airlines; United Airlines; US Airways; and US Airways Express. Of these, Southwest accounts for approximately 28% of the Airport’s passenger market and is classified as the largest carrier at the Airport. Prior to Hurricane Katrina, the Airport averaged 166 flights per month to 42 cities with approximately 21,000 seats. In December 2005, the Airport had 56 flights to 21 cities. As of July 2009, the Airport offered 117 scheduled daily departures to 33 airports across the United States, with a total daily seat capacity of 14,126.

Domestic freight and mail is handled at the Airport by American; Continental; Delta; Delta Express; Northwest; Southwest; United; US Airways; ABX Air; DHL; Federal Express; UPS; and the US Postal Service. Air Cargo for 2004 totaled approximately 80,938.35 metric tons, compared to the approximately 45,237.87 metric tons that was handled in 2008.



**Port** The Board of Commissioners of the Port of New Orleans (the “Dock Board”) is authorized and empowered under the Constitution and laws of the State of Louisiana, to administer the public wharves, docks, sheds, and landings of the port of New Orleans which are owned and operated, or which may be purchased, acquired, or operated by the Dock Board; to construct new wharves and other structures when necessary; to erect sheds and other structures on such wharves and landings; to place and keep these wharves and landings, sheds, and other structures in good condition; to provide mechanical facilities for the use of such wharves, landings, sheds, and other structures; to finance, erect, and operate all basins, locks, canals, and warehouse elevators, and to charge for the use of all facilities administered by it, and for all services rendered by it, such fees, rates, tariffs, or other charges as it may establish. The Dock Board may issue revenue bonds for any authorized purpose payable out of the income, revenues, and receipts derived or to be derived from the properties and facilities owned, leased, mortgaged, or pledged to, maintained or operated by the Dock Board or received by the Dock Board from these properties and facilities, or from contracts or agreements relating to these properties and facilities, including but not limited to lease or sublease agreements, sale agreements, loan agreements, pledge agreements, or other financing agreements.

The 490,000 passengers in 2008 is still well below the record 750,000 for 2004, the last full year before Hurricane Katrina.

The Port intends to renovate the Gov. Nicholls Street Wharf for use by New Orleans Cold Storage, a major poultry exporter. New Orleans Cold Storage is moving because the Army Corps of Engineers has closed the MRGO entirely to reduce wear on the surrounding marshes, which protect St. Bernard Parish from hurricane damage. The closure of the MRGO has resulted in one company, CG Railways, to Mobile, Alabama. In addition, Southern Scrap Material Co. and Bollinger Shipyards have also begun moving some of their operations. In addition to its new terminal at France Road, Seaboard Marine Inc. of Miami, which bases three ships in New Orleans, plans a long-term lease of the Port’s France Road Container Terminal, closed since Hurricane Katrina. Seaboard carries cargo to many smaller ports in Central America, so uses ships small enough to fit through the 84 year old lock on nearby Industrial Canal.

The Board of Commissioners of the Port of New Orleans borrowed approximately \$14,364,960 under its cooperative endeavor agreement with the State of Louisiana under the State's Tax Credit Program.

Pursuant to the Community Disaster Loan Act of 2005, as amended and supplemented, the Board of Commissioners of the Port of New Orleans executed a promissory note in the principal amount of \$7,549,106, to the Federal Emergency Management Agency ("FEMA"). The promissory note matures in 2011. At maturity, the Board of Commissioners of the Port of New Orleans may request an extension for another five years, and if extenuating circumstance exist and the recipient demonstrate an inability to repay, there could be an additional time period of ten years granted by FEMA.

The activity at the Port for the last five years is reflected in the following cargo statistics:

**Port of New Orleans  
Tonnage Summary  
For the Year Ended December 31  
(Short Tons)**

	2003	2004	2005	2006	2007	2008
<b>GENERAL CARGO</b>						
Container (Board-owned)	3,050,508	3,165,964	2,565,879	2,344,186	3,121,022	2,953,231
General Cargo (Non-container Board owned)	<u>3,473,312</u>	<u>4,918,106</u>	<u>4,035,504</u>	<u>5,753,085</u>	<u>3,673,343</u>	<u>2,836,283</u>
Total General Cargo (Board-owned)	6,523,820	8,084,070	6,601,383	8,097,271	6,794,365	5,789,514
General Cargo (Non-Board private facilities)	<u>1,412,903</u>	<u>2,296,048</u>	<u>1,172,614</u>	<u>1,283,180</u>	<u>617,663</u>	<u>199,003</u>
Total General Cargo	7,936,723	10,380,118	7,773,997	9,380,451	7,412,028	5,988,517
<b>BULK CARGO</b>						
Bulk (Board-owned)	49,510	86,248	35,305	84,944	25,907	29,980
Export Grain (Non-Board private facilities)	7,871,755	8,052,320	6,689,888	8,621,478	8,063,948	7,145,417
Other Bulk (Non-Board private facilities)	<u>13,972,914</u>	<u>12,913,825</u>	<u>10,713,396</u>	<u>11,353,731</u>	<u>11,870,605</u>	<u>13,117,581</u>
Total Bulk Cargo	21,894,179	21,052,393	17,438,589	20,060,153	19,960,460	20,292,978
<b>TOTAL CARGO (Board-owned and non-private facilities)</b>	<u><u>28,830,902</u></u>	<u><u>31,432,511</u></u>	<u><u>25,212,586</u></u>	<u><u>29,440,604</u></u>	<u><u>27,372,488</u></u>	<u><u>26,281,495</u></u>
Container Count in TEU's	251,102	258,448	203,411	175,905	250,649	235,324
Ship Calls	1,773	1,904	1,500	1,682	1,503	1,480

Notes:

- A short ton is equal to 2,000 pounds.
- A TEU represents a twenty foot equivalent unit.
- Hurricane Katrina occurred in 2005.

Source: Board of Commissioners of the Port of New Orleans.

**Port of New Orleans  
Leading Inbound/Outbound Cargoes  
Calendar Years 2003 to 2008  
--- (General Cargo Only) ---  
(Short Tons)**

	2003	2004	2005	2006	2007	2008
<b>Inbound Cargo:</b>						
Iron & Steel	1,932,305	4,042,603	2,498,008	4,150,733	2,141,061	1,450,895
Aluminum	442,499	548,012	332,391	413,948	364,715	170,381
Natural Rubber	411,411	494,884	355,036	376,707	221,407	265,946
Forest Products	298,330	392,629	286,774	369,195	291,748	247,047
Coffee	266,174	252,582	195,776	209,042	217,634	245,016
<b>Outbound Cargo:</b>						
Forest Products	558,589	546,243	421,027	327,410	551,879	434,772
Poultry	237,535	274,671	192,636	187,692	261,056	253,138
Iron & Steel	448,708	94,296	191,751	68,419	233,297	141,637
Pesticides	85,485	122,735	128,606	82,092	125,188	139,452
Titan Dioxide, Cadmi Pigment	87,526	67,691	56,422	84,806	174,623	153,228
<b>Port-wide Container Units</b>	<b>164,711</b>	<b>169,304</b>	<b>133,928</b>	<b>120,313</b>	<b>162,995</b>	<b>153,699</b>
<b>PORT-WIDE TEUS</b>	<b>251,102</b>	<b>258,448</b>	<b>203,411</b>	<b>175,905</b>	<b>250,649</b>	<b>235,324</b>

Source: Board of Commissioners of the Port of New Orleans.

## THE CITY

### City Government

The City was founded in 1718, incorporated in 1805, and is the largest populated city in the State. The City's system of government is established in its Home Rule Charter (the "Charter"). The Constitution prohibits the Louisiana Legislature from enacting any law affecting the structure, organization or distribution of the power and function of any local political subdivision which operates under a home rule charter. The Charter may be amended only by the affirmative vote of a majority of the qualified voters in the City voting at an election called by the City Council on its own initiative or upon receipt by it of a petition of not less than ten thousand registered voters.

A number of important local governmental functions in the City are performed by entities which, in varying degrees, operate independently of City government. These entities include the Sewerage and Water Board of New Orleans, which is responsible for water, sewer and drainage service for the City, the Orleans Parish School Board, which is responsible for elementary and secondary education in the City, the New Orleans Aviation Board, which operates the Louis Armstrong International Airport, the Orleans Levee Board, which has primary responsibility for levees, sea walls and breakwaters surrounding the City, and the Board of Liquidation, City Debt, which has certain statutorily defined responsibilities in connection with the issuance and management of bonds and other obligations of the City and its component entities and independent boards. These and other similar entities have their own budgets and revenue sources, and are not included in the City's budget. (See Appendix "F - Debt Statement").

The City has a Mayor-Council plan of government. The Mayor, the chief executive officer, is elected for a four-year term. The Charter provides that the Mayor may not serve more than two consecutive terms. The Mayor appoints the Chief Administrative Officer, who is his principal assistant and the budget officer for the City. The Chief Administrative Officer appoints all department heads, subject to the Mayor's approval, except the City Attorney, who is appointed by the Mayor, and the Director of the Civil Service Department, who is appointed by the Civil Service Commission. There are numerous executive departments and affiliated boards and commissions.

**C. Ray Nagin, Mayor**, began his first term as Mayor of New Orleans in May 2002 and was reelected in 2006. Born in 1956, Mr. Nagin received his B.S. degree in accounting from the Tuskegee University in 1978. His Masters of Business Administration degree was received from Tulane University in 1994. Mayor Nagin is the 51<sup>st</sup> mayor of New Orleans and the first mayor in nearly seven decades to serve without holding a previous elected office. He is the former Vice-President/General Manager of Southeast Louisiana cable system Cox Communications.

Mayor Nagin has served as a board member of the United Way and Covenant House, Chairman of the United Negro College Fund Walkathon fund-raising campaign and President of 100 Black Men of Metro New Orleans. He is the recipient of numerous awards and honors. He and his wife and three children are native New Orleanians.

**The City Council** is the legislative body of City government, consisting of five members elected from districts and two members elected at-large, all for four-year terms. The Charter provides that a person who has served as a councilmember representing a Council district for more than 1 ½ terms in two consecutive terms shall not be elected as a councilmember representing a Council district for the succeeding term, and a person who has served as a councilmember-at-large for more than 1 ½ terms in two consecutive terms shall not be elected as a councilmember-at-large for the succeeding term. The City Council has authority to levy taxes, subject to State law, and to adopt the City's annual capital and operating budgets. Ordinances of the City Council may be vetoed by the Mayor. Vetoes may be overridden by a two-thirds vote of the City Council.

### **City Financial Management, Budgeting and Control**

The City's finances are overseen by the Chief Administrative Officer and the Director of Finance. The Chief Administrative Officer prepares the annual operating and capital budgets and supervises the execution of budget ordinances. After the budget is adopted by the City Council, the Chief Administrative Officer provides a schedule of expenditure allotments by which the timing of expenditures and the nature of expenditures within a department are controlled. All changes to allotments, other than amendments that transfer an appropriation from one classification to another, must be approved by the Chief Administrative Office. The Charter provides that the Mayor shall direct appropriate revisions in allotments to keep expenditures within the revenues received or anticipated.

The Department of Finance maintains the treasury of the City and is responsible for the collection, recordation, deposit and disbursement of all taxes; licenses and permit fees; the maintenance of the City's equipment inventory; disposition of City property declared surplus; the purchasing of materials, supplies and equipment; preparation of City employee payrolls and pension rolls; preparation, validation and distribution of tax bills and rolls; and recommendation of action on claims against the City. In addition, the Department of Finance maintains documentation of financial transactions of the City and prepares its financial reports. In March 2003, the City Council adopted an ordinance amending the City Charter which reassigned certain duties and responsibilities of the Department of Utilities, which was abolished, to the Departments of Finance, Safety and Permits, and Public Works.

Brief biographies of the Chief Administrative Officer and the Director of Finance follow:

**Dr. Brenda Hatfield, Chief Administrative Officer**, was appointed the Chief Administrative Officer for the City two weeks prior to Hurricane Katrina. She previously served as Director of Intergovernmental Relations for Mayor Nagin, and prior to joining the City of New Orleans, she served as Director of Governmental Affairs and Local Programming for Cox Communications. Dr. Hatfield holds a Ph.D. in Education from Louisiana State University, a master's degree in Library Science from the University of Toronto, and several other degrees.

**Reginald E. Zeno, Director of Finance**, was appointed Director of Finance by the Mayor in May 2002. Mr. Zeno was previously employed for twenty years by the Orleans Parish School Board and served as its Budget Director and Interim Chief Financial Officer. He was employed for two years with the Regional Transit Authority as Budget Director, and, most recently, as Chief of Staff. Mr. Zeno holds a B. S. degree in Finance from the University of Louisiana at Lafayette and a Masters of Business Administration from Tulane University. Mr. Zeno is a native of New Orleans.

## **Budgets**

### ***The Capital Budget and Program***

Pursuant to the Charter, in accordance with a schedule prescribed by the Chief Administrative Officer, each office, department and board presents to the City Planning Commission a list of proposed capital improvements to be made in conjunction with its work over the next five years. The City Planning Commission then prepares and submits to the Mayor a five-year capital improvement program.

The Mayor annually recommends to the City Council, on or before November 1, a capital program for the next five years and a capital budget for the first year of the program. The City Council is obligated to approve a capital program and adopt a capital budget before it adopts the annual operating budget. The City Council may not amend the capital program as submitted to it until it has requested and received through the Mayor the recommendations of the City Planning

Commission with respect thereto. The capital program and budget must show the amount and sources of money for each separate project. The amounts budgeted constitute appropriations from the funds indicated when they become available. Expenditures for capital projects are made through the Capital Projects Fund.

The electors of the City have authorized a sum of \$260,000,000 of general obligation bonds to be issued in an election held in the City on November 2, 2004. The first emission of the bonds, in the principal amount of \$75,000,000, was issued in 2007. Market conditions and needs for capital will govern the issuance of the balance of the authorized bonds. Any additional general obligation bonds, other than refunding bonds, in addition to the remaining \$185,000,000 would require an election to approve their issuance.

### ***The Operating Budget***

The Charter requires the annual preparation and adoption of a balanced operating budget for the City. Not later than August 1 of each year, the Chief Administrative Officer is required to make available sufficient data relating to the current and preceding year's appropriations and expenditures for the City Council and for each office, department or board or other entity that (i) is receiving or seeks to receive an appropriation from the City Council payable from any operating fund of the City or (ii) which expends City funds. Any entity which seeks an appropriation from any operating fund of the City shall submit detailed data, in a format which adheres to generally accepted accounting principles, to the Chief Administrative Officer in accordance with a schedule prescribed by the Chief Administrative Officer for compilation and recommendations for review by the Mayor prior to the Mayor's submission of the proposed budget to the City Council.

The Chief Administrative Officer, after consulting with the City Council and the heads of offices, departments and boards, is required by the Charter to prepare a preliminary budget for the consideration of the Mayor. The preliminary budget must include all budget requests, and the recommendations of the Chief Administrative Officer with respect to each request, an estimate of the receipts from each source of revenue and a statement of the total estimated income and total recommended expenditures for each operating fund.

The City's Charter further provides that the City Council may amend the budget during the year by means of ordinances. In 2005, and in prior years, these amendments have primarily affected appropriations for grants which are adjusted as grant awards are confirmed. Adjustments to the budget are made from time to time to prevent deficits occurring in certain expenditure accounts and to recognize differences in anticipated revenues.

A summary of the initially adopted City budget for the year ending December 31, 2009 follows:

<b>Revenues</b>	<b>Amount</b>	<b>% of Total</b>
Taxes	\$ 286,864,182	24.72%
Intergovernmental	664,776,299	57.29%
Licenses & Permits	60,751,030	5.24%
Service Charges	52,051,602	4.49%
Other Financing Sources	50,677,209	4.37%
Miscellaneous	16,978,469	1.46%
Fines and Forfeitures	28,260,700	2.44%
<b>Total Revenues</b>	<b>1,160,359,491</b>	<b>100.00%</b>

<b>Expenditures</b>	<b>Amount</b>	<b>% of Total</b>
Personal Services	\$ 279,359,571	24.08%
Other Operating	732,331,613	63.11%
Debt Service	48,668,307	4.19%
Provisions for Reserves	0	0.00%
Grants, Fund Transfers	100,000,000	8.62%
<b>Total Expenditures</b>	<b>1,160,359,491</b>	<b>100.00%</b>

Source: Chief Administrative Office, City of New Orleans.  
Total may not add due to rounding.

### **Financial Controls**

Internal accounting controls have been developed by the City to provide reasonable, but not absolute, assurance that assets are properly safeguarded against loss from unauthorized use or disposition and the financial records used in the preparation of financial statements and accountability of assets are reliable.

The Charter requires that the City Council execute an agreement with a certified public accountant or firm of certified public accountants for the purpose of securing an audit of the accounts of the City and may execute such an agreement for the purpose of securing an audit of the accounts of any office or public body that receives or expends City funds, including non-municipal offices and public bodies. As soon as practicable, and in no event later than six months after the close of the fiscal year, the accountant or accountants shall submit to the City Council a report upon the transactions of the year just completed.

The Department of Finance annually prepares the City's Comprehensive Annual Financial Report in conformance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

### **Employee Relations**

Under State law, the City and its employees, may enter into collective bargaining agreements, subject to the rules and regulations of the New Orleans Civil Service Commission. State and local laws do not expressly prohibit strikes by City employees although Civil Service Commission rules permit discipline and discharge of classified employees who fail to discharge their duties in a satisfactory manner.

The compensation of classified City employees is set by a comprehensive pay plan prepared by the Civil Service Commission and submitted for approval or rejection to the City Council. The Civil Service Commission is composed of five members appointed by the City Council and must be selected from nominees submitted by the presidents of several local universities and are prohibited from engaging in political activities. Once a pay plan has been adopted, the City Administration implements that plan through its adoption of a pay policy. The pay plan and the pay policy combined determines the actual compensation of City employees. The compensation of unclassified employees is set by a pay plan and pay policy recommended by the Mayor and adopted by ordinance of the City Council.

Certain employees of the Police Department, Fire Department and Department of Parks and Parkways belong to employee organizations which have agreements with the City.

Certain City employees from time to time stage “sickouts” and/or demonstrations protesting their salaries. The Service Employees International Union, Local 100, and the New Orleans Public Workers Council of the AFL-CIO are now recognized as the official bargaining agent for certain City employees. An election was held on October 11 and 12, 2001, for certain City employees to decide on a department-by-department basis whether their positions will be part of a collective bargaining unit. In February 2002, a three-year collective bargaining agreement covering seventeen departments and/or agencies and approximately 1,550 employees, excluding the Police, Fire and Finance Departments, and including such provisions that workers are not allowed to strike and compensation, layoff and promotion policies will remain under the control of the New Orleans Civil Service Commission, became the first labor contract between the City and its employees.

## **Retirement Systems**

The City has four separate pension systems: (1) Fire Fighter's Pension and Relief Fund--Old System (“Old Fire System”); (2) Fire Fighter's Pension and Relief Fund--New System (“New Fire System”); (3) Police Pension Fund--Old System (“Old Police System”); and (4) the Employees' Retirement System of the City of New Orleans (“Employees' System”). In addition, the State administers the Municipal Police Employees' Retirement System (redesignated as the Municipal and State Police Retirement System of Louisiana, effective January 1, 1987, “MPERS”) and the Fire Fighter's Retirement System (“FRS”). The Old Fire System covers firemen who were employed prior to December 31, 1967. The New Fire System covers firemen hired since that date. Currently, there are no old firefighters who are members of FRS, however, Act 715 of 1991 of the Regular Session of the Louisiana Legislature permits firemen employed by the City to become members of FRS after July 1, 1992, and in accordance with certain other conditions. Effective March 6, 1983, all members of the Old Police System, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of MPERS. The Old Police System remains responsible for the payment of certain benefits due to differences in length of service and age requirements for the participants who were not transferred to MPERS. The Employees' System covers all City employees other than firemen and policemen. All systems are funded on an actuarial basis except the Old Police System and the Old Fire System which are funded on a pay-as-you-go basis.

## Other Matters

Act 380 of 2005 pertains to the Algiers Development District for the City of New Orleans (the “ADD”) and designates it as a local redevelopment authority for federal military base realignment purposes. The ADD began to receive in January 2004 income from the Algiers Economic Development District No. 1, a tax increment-financing (TIF) district located in Algiers (the Fifteenth Ward of the City) on the west bank of the Mississippi River. The TIF district collects a portion of the sales and use taxes levied within its boundaries (primarily from a Wal-Mart store). Funds from this source and others were used to prepare the “Federal City” concept for the Base Realignment and Closure proceedings recently held by the U. S. Department of Defense. Future economic development projects will be largely dictated by the Naval Support Activity Base realignment or closure decisions. However, Act 380 authorized an *ad valorem* tax on all real property within the boundaries of the ADD after voter authorization. It expanded the debt issuing authority of the ADD, and increase the general obligation bond debt limit authority of the ADD from \$50,000,000 to \$200,000,000. Act 380 also authorized a “design-construct” process for the completion of public improvements by the ADD.

Act 467 of 2005 creates the Orleans Parish Juvenile Services Financing District with boundaries coterminous with the boundaries of Orleans Parish. The Act authorizes an *ad valorem* tax of up to ten mills, subject to voter approval, and authorized the issuance of general obligation bonds, subject to voter approval, for the purposes set forth in the Act.

Act 487 of 2005 creates and provides for the Greater New Orleans Biosciences Economic Development District (the “District”), comprising all of the territory located in Orleans Parish bounded by Earhart Blvd., Carrollton Ave., Loyola Ave., and Iberville St. The New Orleans medical and biosciences efforts employed approximately 24,000 persons in 2004 with average salaries well above the state average, and it receives considerable federal research and bioscience funding, in recognition of its historical excellence in health care and education. The District was created for the purpose of:

- facilitating the creation of high paying jobs by assisting the biomedical institutions and employees in the District with development of bioscience facilities and programs;
- acting to acquire and develop real estate needed to grow the academic research institutions within the District;
- receiving public and private funds for such purpose;
- assisting with increasing research and training dollars for institutions within the District;
- receiving public and private funds for such purpose;
- assisting with increasing research dollars for health-related research and training;
- increasing basic and clinical research and the health and bioscience workforce;
- working to bridge commercialization opportunities from research developed within the District;
- enhancing interdisciplinary biosciences; and
- acting as a link to private sector life sciences companies in the state, all with a view toward job growth in the District.

The District is authorized to issue debt; enter into an agreement with the City for funding; levy fees and charges; levy an *ad valorem* tax, subject to voter approval; create a biosciences development and job creation plan as set forth in the Act; and sets forth projects to be implemented under the plan.

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**ANNUAL FINANCIAL STATEMENTS  
OF THE  
CITY OF NEW ORLEANS, LOUISIANA  
FOR THE YEAR ENDED  
DECEMBER 31, 2008**

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**CITY OF NEW ORLEANS, LOUISIANA**

Comprehensive Annual Financial Report

For the year ended December 31, 2008

(With Independent Auditors' Report Thereon)



A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

**CITY OF NEW ORLEANS, LOUISIANA**  
Comprehensive Annual Financial Report  
For the year ended December 31, 2008  
(With Independent Auditors' Report Thereon)

Prepared by the  
Finance Department of the  
City of New Orleans

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**Comprehensive Annual Financial Report**  
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## **INTRODUCTORY SECTION**

DEPARTMENT OF FINANCE  
BUREAU OF ACCOUNTING  
CITY OF NEW ORLEANS

C. RAY NAGIN  
MAYOR

REGINALD ZENO  
DIRECTOR

June 30, 2009

The Honorable Mayor and the City Council  
City of New Orleans, Louisiana

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of New Orleans (City) for the year ended December 31, 2008.

The CAFR has been prepared in conformance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The City's basis of accounting and its various funds are explained in the notes to the accompanying financial statements.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the City. The City has implemented Government Accounting Standards Boards ("GASB") Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Our Comprehensive Annual Financial Report is divided into three sections:

- The Introductory Section includes a list of principal officials and information about the organizational structure of the City, its accounting and budgetary systems, and fund structure.
- The Financial Section includes the Basic Financial Statements. The financial statements are preceded by a management discussion and analysis which provides an overview of the City's financial activities in 2008. Schedules provide certain information and details of data summarized in the financial statements. The statements and schedules included in this section pertain to those operations which, when taken together, make up the reporting entity of the City.
- The Statistical Section includes tables containing historical financial data, debt statistics, and selected financial and demographic information of the City that are of interest to potential investors in our bonds and other readers, including ten-year revenue and expenditure information.



## THE REPORTING ENTITY AND ITS SERVICES

New Orleans, one of the largest cities in Louisiana, was founded in 1718 and incorporated in 1805. The City's system of government is established by its Home Rule Charter, which became effective in 1954. The Louisiana Constitution prohibits the state legislature from enacting any law affecting the structure, organization, or distribution of the powers and functions of any local subdivision which operates under a Home Rule Charter. The City's Home Rule Charter may be amended only by a vote of a majority of qualified voters in the City, voting at an election called by the City Council on its own initiative, or upon receipt of a petition of not less than ten thousand registered voters.

The City has a Mayor-Council form of government. The Mayor is elected for a four-year term and is limited to two consecutive terms. The Mayor appoints the Chief Administrative Officer, who is his principal assistant and budget officer for the City. The City has executive departments and numerous affiliated boards and commissions, and provides a full range of services, including police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, and recreational activities and cultural events.

The Council is the legislative body of the City government, and is comprised of five Council members elected from five geographic districts and two members elected at large. All Council members are limited to two consecutive four-year terms. Laws are enacted through Council ordinance. The Council adopts the City's annual capital and operating budgets. Ordinances of the Council may be vetoed by the Mayor. Vetoes may be overridden by a two-thirds vote of the Council.

The financial statements of the reporting entity include those of the City (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the City are financially accountable, or the relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**Component Units** - In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units. Each blended and discretely presented component unit has a December 31 year end. Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices

**Blended Component Units** - For financial reporting purposes, the Board of Liquidation, City Debt is included (blended) in the operations and activities of the City because it handles all matters relating to the bonded debt of the City. Complete financial statements for this blended component unit may be obtained at the entity's administrative offices.

**Discretely Presented Component Units** - The financial statements of the City include all government activities, organization and functions for which the City is financially accountable, or the relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Based upon the foregoing criteria, the financial statements of the following associated organizations are included in the basic financial statements:

Audubon Commission  
Canal Street Development Corporation  
Downtown Development District  
French Market Corporation  
Municipal Court of the City of New Orleans  
Municipal Yacht Harbor Management Corporation  
Louis Armstrong New Orleans International Airport  
New Orleans Tourism Marketing Corporation  
Orleans Parish Communication District  
~~Sewerage and Water Board of New Orleans~~  
Upper Pontalba Building Restoration Corporation

Current Louisiana law provides for the creation of several districts and independently elected public officials for the provision of certain services at the parish level. Examples would include the Orleans Parish School Board, Assessors, Civil and Criminal Sheriffs and Clerk of Court. These officials prepare their own budgets and operate independently of the City. The results of operations of those offices are not included in this report because there is a lack of financial responsibility of these offices on the part of the City's elected officials.

#### YEAR IN REVIEW

For the City of New Orleans, 2008 was a year of tremendous progress in the recovery from Hurricane Katrina. The first two years following the storm were spent taking care of the basics that must follow a catastrophe of this magnitude: search and rescue, burying the dead, dewatering the city and removing massive amounts of debris. Significantly, the City of New Orleans also invested major time and effort in trying to obtaining the funding necessary to rebuild following the greatest natural and man-made disaster in the country's history.

In 2007, the City of New Orleans completed a planning process that included hundreds of meetings and the input of thousands of citizens. The City also worked with the State of Louisiana to initiate a \$200 million revolving loan fund to provide interim financing for projects scheduled to receive FEMA funding, which is expended primarily through a reimbursement process. Because of its limited access to funding immediately after the storm, rebuilding projects to this point had rotated a limited pool of dollars to undertake projects totaling \$45 million. Facilities related to public safety were the immediate focus.

Throughout 2008, the City of New Orleans has continued to stabilize the public safety system. In January, 2008, the City reopened the New Orleans Police Department Headquarters, which had suffered major damages in the storm. This allowed officers and departments to move from their

temporary locations back into an appropriate facility. Shortly afterward, the City re-opened the Traffic and Municipal Courts Building. Later that year, a new facility was acquired and dedicated for use as a new Police Special Operations Division and another as the Third District Police Station. The new district station is former credit union building that has been retrofitted to meet the needs of police officers. In 2009, the City purchased the other building on the site for use as a Municipal Training Academy, further consolidating the Police Department's facilities and giving them control of the entire campus.

In December, the City held a ribbon cutting ceremony following the repair and renovation of the Orleans Parish Prison. The City also ended the year with the announcement that the Mahalia Jackson Theater for the Performing Arts, the City's premiere facility for live performance and home to the ballet and orchestra, would reopen in January 2009. That building suffered major damage during the storm and underwent renovations totaling more than \$20 million.

This also was a major year for street construction in New Orleans. Because of the time it takes to complete street work, many projects will be completed in 2009 or early 2010. The Department of Public Works has begun work that will total nearly \$700 million, making it the largest investment ever in the city's basic infrastructure.

New Orleans also continued to stabilize its population in 2008. The U.S. Census Bureau acknowledged in its annual population estimates that New Orleans was one of the fastest growing cities in the country. This increased population occurred as displaced New Orleanians returned home and new people moved to the City to help with rebuilding and to take advantage of opportunities here. When the Census released its estimate of the City's July 1, 2007 population in 2008, the City challenged, arguing that the estimate was far too low. The challenge was successful and the Census increased its estimate from that period from 239,124 to 288,113. By the end of 2008, the City's population was estimated at 324,000, or more than 70 percent of New Orleans' pre-Katrina population of 455,000.

Finally, the City of New Orleans faced its first major storm threat since Hurricane Katrina and Hurricane Rita in 2005. In August, Mayor C. Ray Nagin hurriedly returned to New Orleans from Denver where he was attending the Democratic National Convention when a storm in the Gulf of Mexico threatened New Orleans. It was just before Katrina's third anniversary and Hurricane Gustav looked like a storm that would leave major devastation. Mayor Nagin ultimately issued a mandatory evacuation for the city.

Hurricane Gustav did hit the city, but its major impact was felt elsewhere. Still, the storm provided an opportunity for the City to put its improved hurricane preparation into practice. For the first time, the City implemented its City Assisted Evacuation Plan, which was developed after Hurricane Katrina as a process to help those who could not evacuate on their own to leave the city. Using this plan, citizens can go to any of 17 designated pick-up locations to obtain a ride to an intermodal transportation system, which uses buses, trains and airplanes to evacuate citizens. Citizens with medical needs were transported from their homes. The implementation of the program was successful, and nearly 20,000 residents were evacuated using this method.

In its third year after Hurricane Katrina, New Orleans became a much more stable city, allowing it to lay the groundwork for enhanced growth and building in 2009 and beyond.

## MAJOR INITIATIVES

The full recovery of the City of New Orleans is the driving force for all of the City's efforts. Mayor C. Ray Nagin has prioritized four areas, which are consistent with the City's budget categories: Public Safety, Recovery and Livable Communities, Opportunities for Youth, and High Performing Government.

### **Blight Reduction**

Mayor C. Ray Nagin and New Orleans Redevelopment Authority (NORA) Executive Director Joseph E. Williams signed a Cooperative Endeavor Agreement (CEA) that will help further reduce the number of blighted properties that exist in New Orleans as a result of the devastation from Hurricanes Katrina and Rita.

The CEA represents a \$38 million commitment to NORA by the City of New Orleans. It is funded as a portion of the City's \$411 million in Disaster CDBG funding administered through the Louisiana Recovery Authority (LRA). Under this agreement, NORA will implement a number of programs on behalf of the City of New Orleans to help fight blight, maintain public health and safety, and spur redevelopment in New Orleans.

The CEA includes funding for the following:

- The Clean and Lien program -- \$5 million: Program will allow NORA to manage the performance of maintenance and yard cleaning on properties that received judgments of blight or public nuisance under Chapter 28 of a City Ordinance.
- Acquisition and Redevelopments: VA Hospital, Pontilly, Lake Forest Plaza, South Claiborne, and additional projects ("Bayou District", Greater Treme, St. Claude Avenue Corridor, Oretha Castle Haley Avenue Corridor, "Gert Town", Chef Menteur Highway Corridor) -- \$23.3 million.
- Lot Next Door Incentive Program Management -- \$250,000: Gives property owners with a homestead exemption a right of first refusal on adjacent properties that NORA owns.
- Quick Take Authority -- \$2 million: Provides NORA with quick take authority in all area given to City, provided by Ordinance M.C.S 22645.
- Blighted Property Lending Fund -- \$2 million: NORA shall utilize funds provided to increase the availability of construction financing for developers, contractors, non-profits and other small entrepreneurs interested in redeveloping blighted properties and derelict historic properties.
- Rehab and Construction Mitigation Study -- \$550,000: NORA shall commission a study to determine the appropriate level for insurance pricing that would combine an analysis of the risk of different storm events, model of the performance of the existing housing stock during different storm events, and the valuation of different properties and the expected losses from storm damages.

- Commercial Appraisal Fund -- \$500,000: Provides NORA with funds to conduct appraisals of commercial, industrial, and other vacant and derelict properties located in the City's targeted area, opportunity zones, and other locations agreed upon by ORDA, NORA, upon approval by the City.
- Methodist Hospital Planning Study --\$500,000: Provides NORA with funds for hiring consultants to complete an independent financial and physical feasibility study of the potential for renewed hospital and medical services on the former Methodist Hospital site.
- Property Inventory Database - \$375,000: Provides NORA with funds for hiring professional services to maintain a database for all properties acquired or to be acquired by NORA and its redevelopment status.

The purpose of this CEA is to accelerate the eradication of blight in post-Katrina New Orleans and to enhance the redevelopment of key strategic areas across our City. Prior to the CEA, the City of New Orleans has committed \$8 million dollars to NORA - \$2 million for general operations, \$1 million for property acquisition and redevelopment in the bio-medical corridor, and \$5 million for property acquisition in the City's 17 Target Areas.

### **Home Ownership Initiatives**

The City of New Orleans, working in collaboration with the Finance Authority of New Orleans, the Louisiana Recovery Authority and the Louisiana office of Community Development, announced the "Pathway to Homeownership" Soft-Second Mortgage Loan Program designed to assist residents in purchasing homes, and those current homeowners who need help with renovating their homes.

The program is open to properties located in the Housing Opportunity Zones in Orleans Parish, which were created in response to the two year citizen-driven Unified New Orleans Plan (UNOP) for recovery and redevelopment of New Orleans.

The initial phase of the program funded by the Louisiana Recovery Authority (LRA) offers soft-second mortgage loans for up to \$65,000 to first time homebuyers with household incomes of 80 percent or less of the metropolitan area median income (AMI). The loans will be available through participating lenders, and are offered at zero percent interest with payments on the loan deferred until the sale or refinance of the home. In addition, this phase of the program offers up to \$10,000 in closing cost assistance for the homebuyer's principal residence in any one of the Housing Opportunity Zones.

The LRA approved \$27.8 million to fund this portion of the program. The City expanded the program to more of its citizens by investing other dollars, increasing the total program to \$106 million.

### **E10 Fuel Program**

The City of New Orleans is helping to create a greener city and cleaner environment by replacing traditional unleaded gasoline with E10 (Ethanol 10 percent) fuel for its fleet of vehicles.

The city began dispensing E10 at all of its fuel facilities. E10 will significantly reduce the pollution caused by City vehicles. E10 reduces tailpipe carbon monoxide emissions by as much as 30 percent, reduces exhaust volatile organic compound (VOC) emissions by 12 percent, and reduces hydro-carbon emissions by more than 25 percent.

The use of more environmentally friendly bio-fuels is an important goal established in Mayor Nagin's greening plan for the City. The plan also includes other strategies that have now been implemented, including the establishment of a Green Council and a green building ordinance. The City also has hired a chief energy officer, and is implementing a pavement management system and soil remediation programs.

Ethanol is non-toxic, water soluble and is the most harmless and biodegradable component of gasoline. Ethanol occurs naturally during the fermentation of organic matter.

When gasoline is spilled on land or in water, ethanol is the first component to quickly, safely and naturally degrade. More importantly, the presence of ethanol in gasoline means the reduced presence of more toxic components such as benzene. As a result, gasoline spills are less threatening to the environment.

#### **Raising Employee Salaries to Regional Average**

Following through on a commitment that he announced during his budget address to the City Council in fall 2007, Mayor C. Ray Nagin proposed pay raises for City employees in nearly every position classification to increase their compensation rate to the Southern regional average. The raises for many employees became effective as early as July 2008.

The increases follow a comprehensive review of every job's qualifications, responsibilities and pay. This is the first time the City of New Orleans has undertaken this type of comprehensive review, which is a part of Mayor Nagin's performance budgeting criteria implemented in 2007. The review resulted in a new compensation structure designed to ensure competitive, equitable pay throughout City government. Employees who currently earn less than the Southern regional average will see their salaries increased to that level. Employees who are currently paid above the regional average will not receive increases.

Under the new compensation structure, the minimum paid to any City employee will be \$9.10 per hour, a substantial increase over the current minimum of \$7.50 hourly and far above the federal minimum wage of \$6.15 hourly. Classified employees also will be able, for the first time, to earn merit pay increases based on outstanding job performance.

Pay increases for unclassified employees - those who serve at the pleasure of the Mayor - were implemented on a staggered basis from August 1 through the start of November.

Mayor Nagin has given raises to all employees for five of the six years he has been in office. He is the first Mayor in New Orleans history to provide pay increases on such a consistent basis.

The pay increases totaled just over \$2 million for the remainder of 2008.

## **Roadway Repairs**

In July, the City's Department of Public Works kicked off a construction project that will repair about 17,000 FEMA-eligible roadway and sidewalk sites on minor streets.

All sites are expected to be repaired in approximately 18 to 24 months. The repairs, which include roadway and sidewalk patching as well as driveway apron and curb repairs, are being performed along minor streets, which are typically the smaller streets within neighborhoods. The project includes approximately 17,000 locations at an estimated cost of \$42.8 million, all of which will be reimbursed by the Federal Emergency Management Agency (FEMA).

Citizens can track repairs in their neighborhoods by visiting [www.cityofno.com/streets](http://www.cityofno.com/streets).

## **DEPARTMENT FOCUS – DEPARTMENT OF PUBLIC WORKS**

The Department of Public Works (DPW) is responsible for the City's streets, roads, bridges, and related infrastructure. DPW is also charged with responsibility for parking management, enforcement of parking regulations and adjudication of parking violations.

The Department administers capital programs for infrastructure within the right of ways, including City bond funds, federal and state infrastructure transportation grants, FEMA and Federal Highway relief funds, and capital programs for the Office of Recovery Management. In addition, DPW is responsible for permitting, traffic signs, traffic signals, road markings, and reviewing all traffic impact studies. DPW's baseline maintenance program includes repairs related to emergency roadway and bridge hazards, as well as, support services for major city events such as Mardi Gras.

### **Parking Enforcement**

The parking division is responsible for running parking meter operations, issuing citations to vehicles that are illegally parked and managing curb usage efficiently.

### **Towing and Impoundment**

The towing division is responsible for supporting parking operations, special event and other departmental operations, and abandoned vehicle support.

### **Engineering-Capital Program**

Engineering is responsible for managing the roadway capital program, which includes processing invoices, designing the capital program, and managing construction. It is also responsible for supporting City Planning with zoning and subdivision issues.

In 2008, the Department of Public Works reached many rebuilding milestones in the repair of critical infrastructure including streets and roadways damaged as a result of Hurricanes Katrina and Rita and the flooding that followed.

The department kicked off 22 street and roadway projects, 11 reconstruction projects, and 10 rehabilitation projects funded through the use of Capital Bonds. Mac Arthur Boulevard and Patterson Drive, both of which are in Algiers, are among some of the major projects managed by Public Works funded with bond money. Mac Arthur Boulevard will cost approximately \$14 million with the Patterson Drive project costing an estimated \$3.8 million once completed. The repair of Patterson Drive marks the first of the \$162 million 2004 Street Bond Projects to move into construction phase.

Other major street repair projects include Robert E. Lee Boulevard, Fleur de Lis Boulevard, and six street repairs in New Orleans East: Adele, Fulton, Cardenas, Papania, Redwood Street, and Sandalwood Streets.

Public Works also broke ground on the first of three Off-system bridge rehabilitation projects. The Michoud Boulevard Bridge over the Maxent Lagoon in New Orleans East will be replaced as part of a project funded by the Federal Highway Administration and the New Orleans Sewerage and Water Board. The project's cost is estimated at approximately \$4 million and is projected to be completed by summer 2009.

The City also monitors roadway projects funded as a part of the South Louisiana Submerged Road Program with participation from the Regional Planning Commission. The state completed projects on Marconi Drive, Crowder Road, and Whitney/LB Landry Avenue. The submerged road program is funded through the Federal Highway Administration.

### **NEIGHBORHOOD REVITALIZATION**

The rehabilitation of parks and walking paths remains vital to neighborhood revitalization. In 2008, the City invested \$170,000 to repair a community icon, the Joe Brown Memorial Park walking path. In addition to the construction of bike paths, minor - street overlay projects began in the West Riverside neighborhoods; Irish Channel and St. Mary neighborhoods projects were completed earlier this month.

"Our goal was to create innovative and cost effective programs to continue the recovery of our city's infrastructure," said Robert Mendoza, Director of Public Works. "We've utilized many different funding sources such as the Capital Bond program, and have also utilized the federal public assistance program to repair sidewalks and streets that were damaged by flooding after Hurricanes Katrina and Rita. We've successfully solicited FEMA's assistance and will be reimbursed for more than 17,000 individual repairs, and the repair of 6,000 city blocks."

### **RECOVERY PROGRAMS**

In September, the city launched the replacement of 205 school zone flashing beacons at 82 private and public school, all damaged by the storms of 2005. The beacons will be powered by solar panels, reducing their energy consumption. The project, which cost \$1.4 million, was completed in June 2009.

In preparation of the 2008 storm season, the department launched a city-wide drainage project calling for the cleaning of all catch basins and storm drainage lines identified as greater than 25 percent full of recovery-related debris. Inspections have identified slightly over 1.1 million linear

feet of drain lines to be cleaned out of a total 5.85 million linear feet inspected. The estimated cost for all Federal Emergency Management Agency (FEMA) eligible cleaning is approximately \$1.9 million.

In November, Public Works launched the City's first pay-by-phone option for parking meters at 326 on-street spaces in the Riverbend neighborhood and Lower Magazine areas. This option gives motorists the opportunity to pay parking meter fees from inside their cars, and also allows them to add time to the meter remotely. In April and in July, the department also expanded the red light camera program launched in December 2007 to select intersections throughout the City.

As of December 31, 2008, the department had repaired more than 87,000 potholes, cleaned 10,000 storm drains, repaired 16,000 street lights, repaired or replaced 11,000 street signs, and cleaned 1.1 million linear feet of drain lines City-wide. Between July and December 2008, the City has also repaired more than 2,000 individual sites as part of the Federal Emergency Management Agency (FEMA) sidewalk and roadway repair program. This program is estimated to cost \$42.8 million, which will be reimbursed to the City by FEMA.

### ECONOMIC OUTLOOK

While much of the country faces a major economic downturn as a result of the global financial crisis, New Orleans is prospering. Although much of the impact in the local economy is the result of recovery related building, the economy of New Orleans has historically been counter-cyclical to the rest of the U.S.

New Orleans is seeing record attendance at some events, such as the annual Essence Festival, which is held in July. Mardi Gras attendance is nearing pre-Katrina and events such as the Sugar Bowl, French Quarter Festival and Jazz Festival numbers equal or exceed pre-Katrina. In 2008, the City of New Orleans also hosted the NBA All Star Game, which brought thousands of visitors to the City.

The New Orleans tax base continues to be strong. Job growth numbers are above national averages, and the City's unemployment rate is among the lowest in the country. Downtown office occupancies are at some of their highest levels and there are more fine dining restaurants open than pre-Katrina.

The nation has noticed the City's post-Katrina accomplishments. Business Week ranks New Orleans as one of the best cities to ride out the national recession. Money Magazine says we are the sixth fastest growing real estate market in America. Outside Magazine told the world we are one of the 20 best towns in America to live in.

New Orleans also made a major achievement when all three bond rating upgraded the City's credit to investment grade. This came just three years after the City neared bankruptcy and was the result of the development of a five-year budget plan for the first time in the City's history, the institution of a significant reserve fund, and strong fiscal restraint.

Local economists predict an economic boom in New Orleans for the next seven-plus years. City Hall is managing \$1.4 billion in projects, including \$630 million in citywide street work. The Sewerage and Water Board has \$3.4 billion in active projects.

The U.S. Army Corp of Engineers recently awarded another \$5 billion in construction projects on its way to spending \$14 billion in our area. HUD has \$700 million under construction. The public school system has announced \$800 million in new and renovated facilities. A new project to redevelop a military base into a Federal City has broken ground on \$200 million in projects and will eventually total \$750 million. The new VA Hospital site will be cleared by year end and, with LSU, \$2 billion in two new state of the art teaching hospitals will emerge. And the private sector has \$4 billion in projects underway.

### FINANCIAL CONTROLS

The City's administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The administration also ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions

The City is required to undergo an annual single audit in conformity with the U.S. Office of Management and Budget Circular A-133, "Audit of States, Local Governments, and Not-for-Profit Organizations." Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations can be found in the separate report on the single audit of the City of New Orleans.

### BUDGETARY PROCEDURES

The City's Charter requires the annual preparation of a balanced operating budget. It prohibits the Department of Finance from approving any expenditure under any portion of the annual operating budget unless sufficient revenues have been appropriated by the City Council to finance the proposed expenditure. The City Council is required to appropriate the necessary tax and other revenue measures to produce a balanced budget. In addition, no budgeted expenditures may be made unless authorized by the Mayor or the Chief Administrative Officer through an allotment system.

The City monitors revenues and expenditures closely during the year. Transfers within the budget are adopted by the City Council when necessary to increase or curtail budgeted expenditures to ensure a balanced budget.

The City maintains budgetary controls at the departmental level by cost object classification and allocates appropriations on a quarterly basis. The City's Home Rule Charter (the Charter) specifies three cost object classifications: personal services, other operating expenses, and debt service. All expenditures are recorded at the individual line item level and are summarized for reporting purposes in these three expenditure classifications.

Encumbrances are recorded via an on-line processing system. If sufficient funds are not available to cover a purchase, the requisition is rejected and returned to the originating department for appropriation or allotment changes, transfer of funds, or cancellation. Appropriations may be amended through councilmanic action during the year and all unencumbered appropriations lapse at year-end. Neither the City Charter nor state law, allow deficit spending. The Department of Finance is able to control all of the above through a computerized financial management system and the use of a program budget. The basic concept of program budgeting rests on the tenet that public expenditures should be justified by their impact on public goals and not measured solely by the criteria of efficiency and economy.

### **CAPITAL BUDGET**

The Mayor annually recommends to the City Council a capital improvement program for the next five years and a capital budget by project for the first year of the program. The City Council is obligated to approve a capital budget program and adopt a capital budget before it adopts the annual operating budget. The capital program and budget must show the amounts and sources of money for each project. The amounts budgeted constitute appropriations from the funds indicated, when they become available. Expenditures for capital projects are made through the capital projects fund.

### **BUDGETARY AND FINANCIAL REPORTING**

The fund structure by which the financial transactions of the City of New Orleans are recorded is defined in the 1954 Home Rule Charter. All general governmental functions other than debt service and capital improvements are accounted for in the general fund. Encumbrances of the current year are recorded as obligations against budgetary appropriations. Appropriations neither encumbered nor expended lapse at the end of the fiscal year.

### **RISK MANAGEMENT**

The City maintains a self-insurance program for its motor vehicle fleet, general liability, and police department excessive force losses. Premiums are charged to the City's various funds for unemployment and worker's compensation self-insurance programs and to various funds of employees for hospitalization self-insurance programs. In addition, the City's Risk Management Division works toward reducing the number of claims which proceed to lawsuits, and decreasing the amount of time before a claim is processed or resolved. The division also provides investigations and support services, and also employs various risk control techniques.

### **INDEPENDENT AUDIT**

The City Charter requires an audit of the financial statements of all accounts of the City by an independent certified public accountant selected by the City Council. Accordingly, this year's audit was completed by Postlethwaite & Netterville, APAC with assistance from Bruno and Tervalon, CPAs, Luther Speight, CPAs, and Duplantier, Hrapmann, Hogan and Maher, LLP, among others.

### AWARD FOR FINANCIAL REPORTING

The Government Finance Officer's Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to governments for their comprehensive annual financial reports. In order to be awarded a Certificate of Achievement, governments are required to publish an easily readable and efficiently organized comprehensive annual financial report. In 1994, 1996, 1997, 1998, 2000, 2001, 2002 and 2004, the City of New Orleans was awarded the Certificate of Achievement for Excellence in Financial Reporting.

We believe that our current annual financial report meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

### ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the patience and dedication of the entire staff of the Finance Department; however, a special word of appreciation is due to the Bureau of Accounting staff who prepared this financial report while coping with the hectic day-to-day work which must be done. I would also like to express my appreciation to all members of the Finance Department and the staff of other departments, boards, and agencies of the City who assisted and contributed to the preparation of this report.

Finally, I would like to acknowledge the helpful suggestions and support received from the Mayor, CAO, and staff members of the City Council and Council Audit Committee. Their support is greatly appreciated.

Respectfully submitted,



Reginald Zeno  
Director of Finance

## City of New Orleans, Louisiana

### Government Officials - Elected and Appointed

December 31, 2008

#### City Council

Councilmember-at-Large	Mr. Arnie Fielkow
Councilmember-at-Large	Ms. Jacquelyn Brechtel Clarkson
Councilmember - District A	Ms. Shelley Midura
Councilmember - District B	Ms. Stacy S. Head
Councilmember - District C	Mr. James Carter
Councilmember - District D	Ms. Cynthia Hedge-Morrell
Councilmember - District E	Ms. Cynthia Willard-Lewis

#### Executive Staff

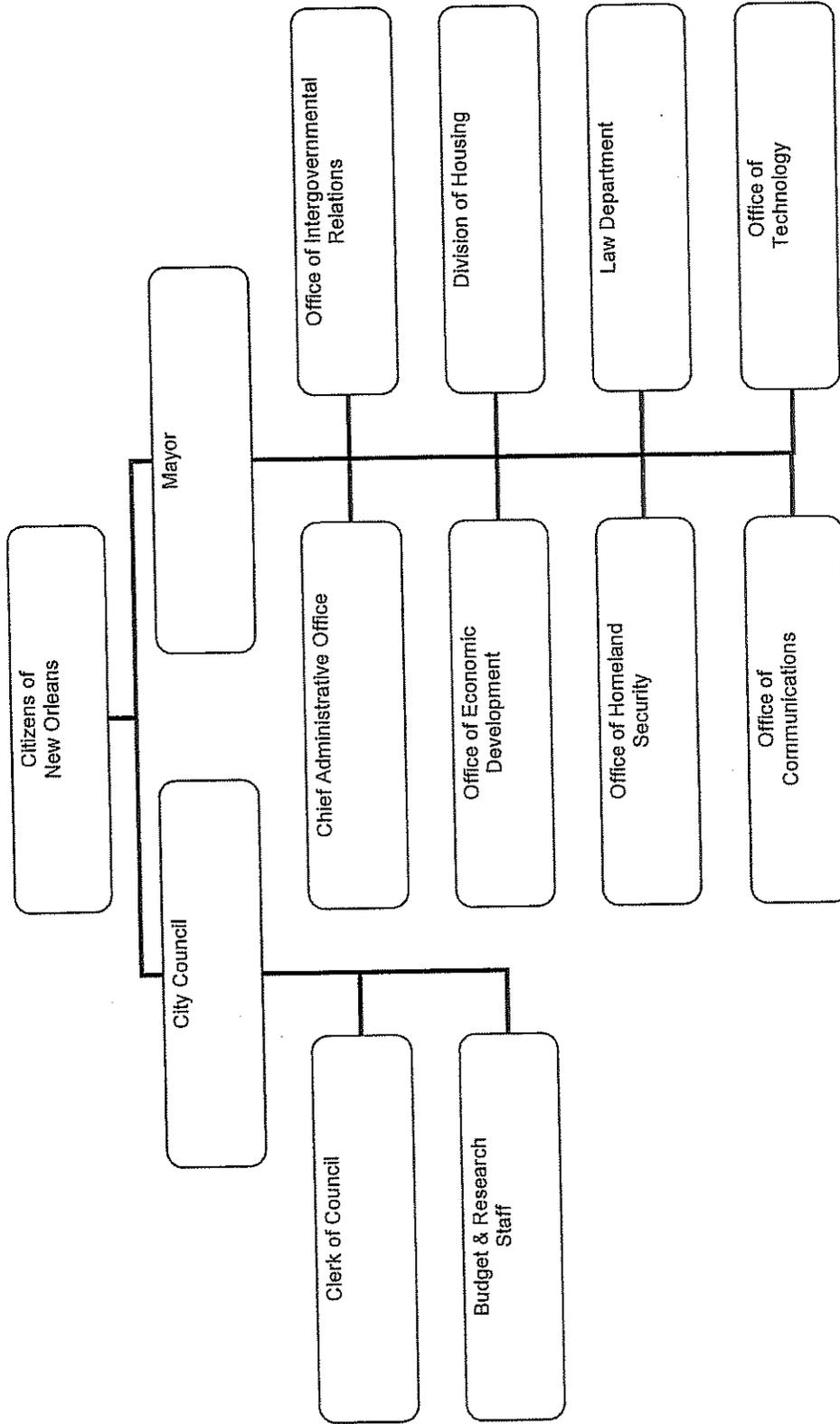
Mayor	Mr. C. Ray Nagin
Chief Administrative Officer	Dr. Brenda G. Hatfield
Chief of Technology	Mr. H. Harrison Boyd
City Attorney	Ms. Penya Moses-Fields, Esq.
Director of Communications	Ms. Ceeon Quiett
Director of Homeland Security	Col. Jerry Sneed
Executive Assistant, Intergovernmental Relations	Ms. Julie Schwam Harris
Director of Finance	Mr. Reginald Zeno

#### Department Heads

City Planning	Ms. Yolanda Rodriguez
Acting Director of Civil Service	Ms. Lisa Hudson
Director of Health	Dr. Kevin Stephens
Director of Human Services	Mr. Richard Winder
Director of Parkway and Parks	Ms. Ann E. Macdonald
Director of Property Management	Ms. Pamela Sims Smith
Director of Public Works	Mr. Robert Mendoza
Director of Recreation	Mr. Larry Barabino
Director of Safety & Permits	Mr. Paul May
Director of Sanitation	Ms. Veronica White
Director of Sewerage & Water Board	Ms. Marcia St. Martin
Superintendent - Fire	Mr. Charles Parent
Superintendent - Police	Mr. Warren Riley
Comptroller	Mr. Kim T. DeLarge, Sr.

CITY OF NEW ORLEANS, LOUISIANA

New Orleans City Government Organizational Chart



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**FINANCIAL SECTION**

### **Independent Auditors' Report**

The Honorable Mayor and Members  
City Council of the City of New Orleans, Louisiana:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Upper Pontalba Building Restoration Corporation, and the Canal Street Development Corporation, which represent 9% and 26% respectively, of the assets and revenues of the aggregate discretely presented component units; the Firefighters' Pension and Relief Fund of the City of New Orleans (old and new systems), the Police Pension Fund of the City of New Orleans, and the Employees' Retirement System of the City of New Orleans, which represent 83% of the assets and 34% of the additions and revenues of the aggregate remaining fund information; and the Board of Liquidation, City Debt, which is a major fund and 14% and 9% of assets and revenues of the governmental activities, respectively. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the, the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Upper Pontalba Building Restoration Corporation, the Canal Street Development Corporation, the Firefighters' Pension and Relief Fund of the City of New Orleans (old and new systems), the Police Pension Fund of the City of New Orleans, the Employees' Retirement System of the City of New Orleans, and the Board of Liquidation, City Debt, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the City as of December 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated June 30, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, budgetary comparison schedule, and schedules of funding progress are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying supplementary information consisting of the letter of transmittal and statistical section are presented for purposes of additional analysis and are not part of the basic financial statements. We did not audit the information and we express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying financial information as listed in the Table of Contents as Combining Statements, pages 75 through 108 is presented for purposes of additional analysis and is not a required part of the primary government financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and the combining and individual fund financial statements and schedules, and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds taken as a whole.



Metairie, Louisiana  
June 30, 2009



**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2008

**Management's Discussion and Analysis**

The following Management's Discussion and Analysis (MD&A) of the City of New Orleans, Louisiana's (the City), financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the City's financial statements and the notes to the financial statements. The reader should keep in mind that many of the variances reported in the City's financial statements are a result of the City being struck by Hurricane Katrina. On August 29, 2005, Hurricane Katrina struck the United States' Gulf Coast and caused destruction across the City of New Orleans and the States of Louisiana, Mississippi, and Alabama. Hurricane Katrina's tidal surges and the resulting levee breaches left eighty percent of the City under water. Ninety percent of the City's residents left under mandatory evacuation orders. The City suffered losses to buildings, police cars, fire trucks, parks and other City owned properties and equipment. Hurricane Katrina also devastated the City's economy, primarily the tourism and convention industries, and negatively impacted tax collections. Grants from federal and state governments and a Community Disaster Loan (CDL) from the Federal government enabled the City to continue to serve returning citizens. In 2008 the City's rebuilding programs were well underway with more than \$20 billion of construction projects that are under construction or in final design. Tourism was expanding and the repopulation of citizens positively impacted City revenues.

**Financial Highlights**

- The City's net assets balance on the government-wide basis was a deficit of \$12.1 million at December 31, 2008.
- The Government-wide Statement of Activities reported a decrease in net assets of \$86.4 million.
- 2008 General Fund tax revenues increased by \$7.7 million compared to 2007.
- The General Fund reported an excess of expenses over revenues and other financing sources of \$36.6 million for a total ending fund balance at December 31, 2008 of \$61.0 million. The General Fund's undesignated fund balance at December 31, 2008 is \$36.4 million.
- Total Governmental Funds reported an excess of expenses over revenues and other financing sources (deficiency) of \$154.5 million.
- Total cash and investments of Governmental Funds amounted to \$379.4 million at December 31, 2008, an increase of \$25.3 million over the beginning of the year total.
- Total bonded debt amounted to \$696.6 million, a decrease of \$21.2 million over the beginning of the year total. The State of Louisiana authorized the City to borrow through the Gulf Opportunity Zone Program \$52.2 million to defray the cost of debt service in the General Fund. \$12.3 million was used in 2008 to pay part of the City's debt service.

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2008

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information to provide greater detail of data presented in the basic financial statements.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the year ended December 31, 2008. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. earned but unused leave for vacations).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health and human services, culture and recreation, urban development and housing and economic development. All of the business-type activities of the City are undertaken through component units, which are presented separately.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statement. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources. Such information may be useful in evaluating government's financing requirements.

Because the focus of governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2008

information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 76 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for its seven major funds: the General Fund, the Department of Housing and Urban Development (HUD) grant fund, the Federal UDAG fund, the Federal Emergency Management Agency (FEMA) fund, the debt service fund, the capital projects fund and the Community Disaster Loan (CDL) Fund. Data from the other governmental funds are combined under the heading, "Nonmajor Governmental Funds".

**Proprietary Funds.** The City does not directly maintain proprietary funds. Proprietary activities are included within component units of the City.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information to demonstrate legal budgetary compliance for each major fund for which an annual budget is adopted and to provide information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2008

**Net Assets**

December 31, 2008 and 2007

(In thousands)

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 503,162	589,884
Capital assets	1,249,860	1,220,588
Total assets	<u>1,753,022</u>	<u>1,810,472</u>
Long-term liabilities	1,581,255	1,518,219
Other liabilities	183,129	217,257
Total liabilities	<u>1,764,384</u>	<u>1,735,476</u>
Net assets:		
Invested of capital assets, net of related debt	641,132	645,610
Restricted	92,584	97,506
Unrestricted (deficit)	<u>(745,078)</u>	<u>(668,120)</u>
Total net assets	<u>\$ (11,362)</u>	<u>74,996</u>

**Government-wide Financial Analysis**

As noted above, net assets may serve over time as a useful indicator of a government's financial position. The City's liabilities exceeded assets by \$12.1 million at December 31, 2008.

The City's Statement of Net Assets reflects its investment in capital assets, land, construction-in-progress, infrastructure, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding, in the amount of \$641.1 million at December 31, 2008. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided for by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Debt service funds have accumulated \$66.9 million at December 31, 2008 to provide for the servicing of annual interest and principal payments on bonds and are classified in restricted net assets. The unrestricted deficit net assets in the amount of \$745.8 million is due to the City's recording of long-term obligations including claims and judgments, liabilities, accrued annual and sick leave. The unrestricted deficit increased by \$80.1 million, which is primarily due to the change in net assets described below.

**CITY OF NEW ORLEANS**  
**Management's Discussion and Analysis**  
**December 31, 2008**

**Governmental Activities**

Governmental activities decreased the City's net assets by \$86.4 million. Total revenue decreased overall by \$13.2 million or 2.0% from \$653.8 million in 2007 to \$640.6 million in 2008. Operating grants and contributions decreased by \$15.8 million and capital grants and contributions decreased by \$31.9 million compared to 2007. Property tax collections increased from \$142.5 million in 2007 to \$152.7 million in 2008, an increase of \$10.2 million or 7.2%. Real estate property taxes were assessed and the majority collected in the beginning of the fiscal year. Sales tax collections increased by \$3.5 million or 2.6%.

Total expenses were \$727.0 million in 2008, an increase of \$8.6 million, or 1.2%, compared to \$718.4 million in 2007. General government expense increased \$1.6 million or 0.8% from \$203.6 million in 2007 to \$205.3 million in 2008. Public safety expense decreased \$47.7 million or 18.9% from \$252.4 million in 2007 to \$204.7 million in 2008. Public works expense decreased \$7.7 million from \$143.2 in 2007 to \$135.5 million in 2008 due primarily to ongoing rebuilding efforts. Finally, urban development and housing expense increased \$28.4 million or 134.0% from \$21.1 million in 2007 to \$49.5 million in 2008 as more citizens returned.

A comparison of 2007 to 2008 is as follows (amounts are reported in thousands):

	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues:		
Charges for services	\$ 120,706	91,827
Operating grants and contributions	118,295	134,097
Capital grants and contributions	20,353	52,244
General revenues:		
Property taxes	152,690	142,480
Sales taxes	137,581	134,114
Other taxes	42,191	44,324
Investment earnings	18,251	19,580
Insurance proceeds	5,866	5,257
Miscellaneous	49,320	29,890
Loss on disposal of assets	(24,651)	—
Total revenues	<u>640,602</u>	<u>653,813</u>
Expenses:		
General government	205,260	203,620
Public safety	204,749	252,474
Public works	135,507	143,211
Health and human services	19,973	18,438
Culture and recreation	21,710	12,600
Urban development and housing	49,507	21,157
Economic development	17,102	6,606
Interest and fiscal changes	73,152	60,267
Total expenses	<u>726,960</u>	<u>718,373</u>
Decrease in net assets	(86,358)	(64,560)
Net assets, beginning of year as restated	74,996	139,556
Net assets, ending	<u>\$ (11,362)</u>	<u>74,996</u>

**CITY OF NEW ORLEANS**  
Management's Discussion and Analysis  
December 31, 2008

**Financial Analysis of the Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2008, the City's governmental funds reported a combined ending fund balance of \$299.0 million, a decrease of \$154.5 million when compared to the prior year. Unreserved-undesignated fund balance, as of December 31, 2008, was \$41.2 million and is available for spending at the government's discretion. The unreserved-designated fund balance in the amount of \$64.7 million indicates that it is not available for new spending because it has already been designated for expenditure by the City in future years. The reserved fund balance in the amount of \$193.1 million is primarily reserved to pay debt service (\$66.9 million), for grantee loans (\$987,000), and to liquidate contracts and purchase orders of the prior period (\$125.2 million).

**General Fund**

The General Fund is the chief operating fund of the City. At December 31, 2008, total fund balance was \$61.0 million. The City's General Fund decreased by \$36.6 million in 2008. Key factors relative to this change are as follows:

- Expenditures increased in 2008 to \$462.5 million compared to \$425.9 in 2007, which represents an 8.6% increase. This \$36.6 million increase is due largely to increased general government, public safety expenditures and the rebuilding effort.
- Other financing sources totaled \$24.7 million in 2008 representing a \$7.2 million or a 22.6% decrease in comparison to 2007. The City's General Fund received a \$12.3 million debt service assistance loan from the State. CDL proceeds were recorded in a separate CDL Fund in 2006, 2007 and 2008.
- Intergovernmental revenues decreased by \$7.5 million or 27.0% to \$20.1 million.
- Total Revenues and Other Financing Sources for the General Fund increased by \$4.6 million or 1.1% compared to 2007.
- Charges for services increased by \$9.0 million or 25.7% compared to 2007.
- Taxes increased by \$7.7 million or 3.3% as compared to 2007. This increase is primarily due to the increased collections of sales, property, utility, and gaming taxes during the year.

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The accompanying table shows the amount (in thousands) of general fund revenues by source for 2008 and 2007.

Revenues and Other Financing Sources	2008 Actual	% of Total	Increase (Decrease) Over 2007	2007 Actual	% of Total
Taxes	\$ 239,207	56.17%	7,678	\$ 231,529	54.96%
Licenses and permits	60,335	14.17	4,845	55,490	13.17
Intergovernmental	20,126	4.73	(7,458)	27,584	6.55
Charges for services	44,105	10.36	9,025	35,080	8.33
Fines and forfeits	16,300	3.83	4,534	11,766	2.79
Interest income	9,488	2.23	(4,461)	13,949	3.31
Contributions, gifts, and donations	851	0.20	293	558	0.13
Miscellaneous	10,733	2.52	(2,667)	13,400	3.18
Other financing sources (uses) net	24,723	5.81	(7,202)	31,925	7.58
	<u>\$ 425,868</u>	<u>100.0%</u>	<u>4,587</u>	<u>\$ 421,281</u>	<u>100.0%</u>

The accompanying table shows the amount (in thousands) of general fund expenditures by source for 2008 and 2007.

Expenditures	2008 Actual	% of Total	Increase (Decrease) Over 2007	2007 Actual	% of Total
General Government	\$ 146,786	31.74%	\$ 143,704	\$ 231,529	61.68%
Public Safety	165,685	35.83	154,205	55,490	14.78
Public Works	71,427	15.44	61,610	27,584	7.35
Health and Human Services	13,510	2.92	10,714	35,080	9.34
Other	17,385	3.76	12,130	11,766	3.13
Debt Service	47,680	10.31	43,552	13,949	3.72
	<u>\$ 462,473</u>	<u>100.0%</u>	<u>\$ 425,915</u>	<u>\$ 375,398</u>	<u>100.0%</u>

**HUD Fund**

This special revenue fund is used to account for funding from the Department of Housing and Urban Development (HUD). Some of the major initiatives are Community Development Block Grants (CDBG), HOME Investment Partnership Act Program (HOME), Emergency Shelter Grant (ESG) Program, and Housing Opportunities for Persons with HIV/AIDS (HOPWA). Revenues decreased \$1.0 million from \$23.1 million in 2007 to \$22.1 million in 2008, and expenditures decreased \$0.8 million from \$23.2 million in 2007 to \$22.4 million in 2008.

## CITY OF NEW ORLEANS

### Management's Discussion and Analysis

December 31, 2008

#### **Federal UDAG Fund**

The Federal UDAG special revenue fund accounts for grants received from the HUD for the purpose of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Expenditures increased \$1.4 million from \$2.1 million in 2007 and \$3.5 million in 2008. There were no revenues in 2008 compared to \$14.5 million in 2007.

#### **FEMA Fund**

The FEMA Fund is a major fund, which primarily accounts for grants received as a result of Hurricanes Katrina, Rita and Gustav from the Federal government. FEMA, as authorized by the Stafford Act, assists individuals, as well as, state and local governments with response to and recovery from disasters. The FEMA grants are reimbursement basis grants where expenditures and related revenues have been accrued. The deficit in the FEMA fund at December 31, 2008 of \$23.5 million, results from revenue which has been deferred and will be collected by the City in 2009. Revenue amounted to \$66.1 million in 2008 while expenditures totaled \$73.2 million.

#### **Community Disaster Loan Fund**

The Community Disaster Loan fund (CDL fund) accounted for \$34.4 of disaster loan proceeds, an increase of \$1.7 million, all of which was used to assist in paying public safety expenses in 2008.

#### **Debt Service Funds**

The Debt Service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Total fund balance for the Debt Service Fund was \$66.9 million at December 31, 2008, which was a \$6.4 million decrease compared to the prior year balance of \$73.3 million.

#### **Capital Project Funds**

The Capital Projects fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and other repair and maintenance projects, other than those accounted for in the component units. Expenditures for capital projects in 2008 totaled \$126.6 million, an increase of \$64.5 million compared to 2007. This increase is due to the resumption of the construction of projects on hold after Hurricane Katrina and new projects.

#### **General Fund Budgetary Highlights**

Variances between the General Fund's amended budget and the actual revenues were caused generally by the return of many citizens trying to rebuild, which caused an increase in revenues. The variance between the General Fund's amended budget and the actual expenditures were due to the increase in population and the need to provide additional City services for the increased population.

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	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>2008 Revenues</b>			
Taxes	\$ 243,362	239,207	(4,155)
Licenses and Permits	48,005	60,335	12,330
Intergovernmental	10,024	20,126	10,102
Charges for Services	41,940	44,105	2,165
Fines and Forfeits	25,095	16,300	(8,795)
Interest Income	15,176	9,488	(5,688)
Contributions gifts and Donations	1,557	851	(706)
Miscellaneous	8,604	10,733	2,129
Total Revenues	<u>393,763</u>	<u>401,145</u>	<u>7,382</u>
<b>Expenditures</b>	<u>490,328</u>	<u>462,473</u>	<u>27,855</u>
Other Financing Sources (Uses)	<u>96,565</u>	<u>24,723</u>	<u>(71,842)</u>
Net Change in Assets \$	<u>-</u>	<u>(36,605)</u>	<u>(92,315)</u>

**Capital Assets**

Capital assets at December 31, 2008 and 2007 are as follows (net of depreciation):

	2008	2007
Land	\$ 99,663	103,522
Construction in progress	148,116	96,309
Buildings, improvements, and equipment	130,802	95,166
Other	17,810	18,854
Infrastructure assets	853,469	900,898
	<u>\$ 1,249,860</u>	<u>1,214,749</u>

Hurricane Katrina caused physical damage from the flooding to the City's capital assets. As a result, certain assets were destroyed and other assets, specifically buildings, require restoration efforts to restore their service utility. Some assets have been repaired, resulting in a increase in the category buildings, improvements, and equipment.

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**Debt Administration**

Outstanding general obligation bonds at December 31, 2008 totaled \$524.0 million, all of which are considered to be net, direct-tax supported debt. There are no special assessment bonds outstanding.

During 2008, the City issued the following bonds or certificates of indebtedness:

- \$12.3 million of State of Louisiana Go Zone Notes were obtained to pay 2008 general obligation bond debt service payments.
- \$34.4 million of CDL proceeds, used to assist in paying public safety expenses in 2008, were received.

**Outstanding Debt**

	2008	2007
General obligation bonds	\$ 523,955	538,514
Accreted GO 1991 refunding bonds	126,553	130,742
Limited tax bonds	28,480	30,045
Revenue bonds	144,130	148,740
	823,118	848,041
Certificates of indebtedness	93,415	110,165
Notes payable (CDL loan)	204,731	170,358
Capital leases	27,492	28,715
Go Zone Notes	71,428	59,083
Section 108 HUD loans	30,344	32,405
	\$ 1,250,528	1,248,767

The following is a summary of debt transactions:

Balance at January 1, 2008	\$ 1,248,767
New issues	46,718
Payments	(44,957)
Balance at December 31, 2008	\$ 1,250,528

The Louisiana Legislature, in Act 1 of 1994, increased the City's general obligation bond debt limit to an amount equal to the greater of (i) \$500,000,000 or (ii) 35% of total assessed valuation of the City. Under Act No. 1 of the City's debt limit, based on the most recent assessed valuations, is \$992.9 million as of December 31, 2008. At December 31, 2008, the City's legal debt limit for General Obligation Bonds is \$992.9 million. At December 31, 2008, the City's legal debt margin adjusted for outstanding principal of \$524.0 million and past and future accretion of \$200.0 million on the City's outstanding General

**CITY OF NEW ORLEANS**  
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Obligation Bonds, plus net assets available in the Debt Service Fund of \$36.9 million to service this debt was \$305.9 million.

On May 1, 2007, Moody's upgraded the City's general obligation bond rating to "Baa3" investment grade. Fitch upgraded the City's general obligation bond rating "BBB", investment grade in April 2009, and Standard & Poor's Corporation upgraded the City's general obligation bond rating "BBB", investment grade in March of 2009.

**Economic Factors and Next Year's Budgets and Rates**

The City's financial position improved in 2008, as a result the budget for expenditures were increased to \$493.1 million. The 2008 revenues increase was a result of the increase in the City's population which caused an increase in tax collections and charges for services. The expenditures budget was also increased to provide services to the increased population and continue the rebuilding process.

The following table presents an adopted budget comparison for 2009, 2008, and 2007 (amounts in thousands):

	2009	2008	2007
Revenues and other financing sources	\$ 493,100	\$ 474,324	\$ 455,705
Expenditures	493,100	474,324	455,705

In the first quarter of 2006, the City drew the remaining balance of \$58.6 million from the original \$120 million CDL. In 2006, the City also received authorization for a second CDL from FEMA for \$120 million. The City drew \$17.6 million in December of 2006, \$32.7 million in 2007, \$34.4 million in the 2008 and \$25.3 in the first half of 2009. The City plans to draw down the remaining balance during 2010.

In 2006, the State of Louisiana authorized the City to borrow through the Gulf Opportunity Zone Program \$52.2 million to defray the cost of debt service in the General Fund for the years 2006 through 2009. Through December 2008, the General Fund has borrowed \$71.4 million under this program.

New Orleans is world-renowned as a leader in hosting large-scale events. The City's Mardi Gras celebration, the Jazz & Heritage Festival, Bayou Classic, and summer Essence Festival are annual attractions drawing millions of visitors each year, and are major parts of the City's tourism industry.

In addition to the events mentioned above, the 2008 NFL New Orleans Saints Football team played to sold out season ticket holders and 2008-09 NBA Hornets played to record breaking crowds. The City hosted the Bowl Championship Series national college football championship game. The Arena Football Championship game was played at the renovated New Orleans Arena and the City also hosted the National Basketball Association All-Star Game in February 2008. The Super Dome has undergone a

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major renovations to add and maintain its world renown venue. The City has been selected by the NFL to host the 2013 Super Bowl game.

In 2009, the City will also host The National Association of Black Accountants, Inc. and Microsoft Corporation's World Partners Conference at the Ernest N. Morial Convention Center.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information may be addressed to the Office of the Director of Finance, City of New Orleans, 1300 Perdido Street, Room 3E06, New Orleans, Louisiana 70112.

## CITY OF NEW ORLEANS, LOUISIANA

## Statement of Net Assets

December 31, 2008

(Amounts in thousands)

Assets	Primary Governmental Governmental activities	Component units
Cash and cash equivalents	\$ 77,429	67,125
Investments	302,001	85,453
Receivables (net of allowance for uncollectibles):		
Taxes	44,626	10,323
Accounts	6,072	21,614
Interest	308	337
Grantee loans	5,657	—
Other	—	180
Due from component units	3,573	—
Due from other governments	59,044	15,180
Other assets	4,452	44,899
Restricted cash and investments	—	268,520
Capital assets (net of accumulated depreciation)	1,249,860	2,086,018
Total assets	<u>1,753,022</u>	<u>2,599,649</u>
<b>Liabilities</b>		
Accounts payable	131,626	49,479
Retainages payable	4,027	2,763
Accrued expenses	272	40,605
Taxes Payable	16,143	—
Accrued interest payable	18,435	4,278
Advances from component units	361	—
Due to component units	2,023	—
Due to other governments	4,682	31,276
Other postretirement benefits liability	—	5,909
Deferred revenues	5,560	7
Liabilities payable from restricted assets	—	13,453
Non-current liabilities due within one year	108,833	56,060
Non-current liabilities due in more than one year	1,472,422	685,132
Total liabilities	<u>1,764,384</u>	<u>888,962</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	641,132	1,641,652
Restricted for debt service	77,379	51,690
Restricted for capital improvement (deficit)	15,205	(60,032)
Restricted for operating reserve	—	15,014
Unrestricted (deficit)	(745,078)	62,363
Total net assets	<u>\$ (11,362)</u>	<u>1,710,687</u>

See accompanying notes to basic financial statements.



CITY OF NEW ORLEANS, LOUISIANA

Balance Sheet — Governmental Funds

Year ended December 31, 2008

(Amounts in thousands)

	General	HUD	Federal UDAG	FEMA	CDL	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>									
Cash and cash equivalents	\$ 26,828	2,711	21,061	8		119	12,196	14,506	77,429
Investments	25,917					66,911	186,035	23,118	302,001
Receivables, net:									
Interest	308								308
Property taxes	12,122								12,122
Accounts	13,641					10,349		1,763	25,753
Grantee loans	4,443	571					7	1,051	6,072
Franchise taxes			987					4,670	5,657
Due from other funds	6,751							2,084	6,751
Due from other governments	41,002		1,814				21,110	9,337	44,900
Due from component unit	117	5,964		22,516			2,760		59,044
Advances to other funds	813								3,573
Other assets	252								252
<b>Total assets</b>	<b>\$ 132,194</b>	<b>9,246</b>	<b>23,862</b>	<b>22,524</b>		<b>77,379</b>	<b>222,128</b>	<b>56,546</b>	<b>543,879</b>
<b>Liabilities</b>									
Accounts payable	\$ 47,314	6,619	184	10,786			57,951	8,772	131,626
Retainage payable							4,027		4,027
Accrued expenses		54		1		133		84	272
Due to other funds	1,877		1,253	26,673			465	14,632	44,900
Due to other governments	3,360						649	673	4,682
Due to component unit	2,000						23		2,023
Advances from other funds								252	252
Advances from component units							361		361
Deferred revenues	16,628	2,840		8,577		10,349	15,205	2,371	55,970
<b>Total liabilities</b>	<b>71,179</b>	<b>9,513</b>	<b>1,437</b>	<b>46,037</b>		<b>10,482</b>	<b>78,681</b>	<b>26,784</b>	<b>244,113</b>
<b>Fund Balances</b>									
Fund balances:									
Reserved	7,229		22,425			66,897	95,357	1,218	193,126
Unreserved:									
Designated for subsequent year	17,016			(23,513)			48,090	28,544	65,106
Undesignated	36,770	(267)		(23,513)			143,447	29,762	299,766
<b>Total fund balances</b>	<b>61,015</b>	<b>(267)</b>	<b>22,425</b>	<b>(23,513)</b>		<b>66,897</b>	<b>222,128</b>	<b>56,546</b>	<b>543,879</b>
<b>Total liabilities and fund balances</b>	<b>\$ 132,194</b>	<b>9,246</b>	<b>23,862</b>	<b>22,524</b>		<b>77,379</b>	<b>222,128</b>	<b>56,546</b>	<b>543,879</b>

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

Reconciliation of Balance Sheet — Governmental Funds to the  
Statement of Net Assets

December 31, 2008

(Amounts in thousands)

Total fund balances — governmental funds	\$ 299,766
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,249,860
Certain receivables are not available to pay for the current period's expenditures and, are therefore, deferred in the funds	50,410
Bond issue costs are capitalized and amortized over the life of the bonds in the government-wide statement of net assets	4,435
Interest expense is accrued at year-end in the government-wide financial statements, but is recorded only if due and payable on the governmental fund financial statements	(18,435)
Taxes Payable	(16,143)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Long-term liabilities consist of:	
Bonds payable	(830,954)
Certificates of indebtedness	(93,415)
Loans payable	(306,502)
Capital leases payable	(27,492)
Annual and sick leave	(47,514)
Claims payable	(180,987)
Net pension obligation	(55,818)
Other long-term liabilities	(38,573)
Total net assets — governmental activities	\$ <u>(11,362)</u>

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -- Governmental Funds**  
**Year ended December 31, 2008**  
 (Amounts in thousands)

	General	HUD	Federal UDAG	FEMA	CDD	Debt Service	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b>Revenues:</b>									
Taxes	239,207	—	—	—	—	50,451	—	5,984	295,642
Licenses and permits	60,335	—	—	—	—	—	—	—	60,335
Intergovernmental	20,126	22,110	—	66,097	—	—	26,661	26,935	161,929
Charges for services	44,105	—	—	—	—	—	—	—	44,105
Program income	—	—	—	—	—	—	—	68	68
Fines and forfeits	16,300	—	—	—	—	—	—	932	17,232
Interest income	9,488	—	—	—	—	3,083	—	198	12,769
Contributions, gifts and donations	851	—	—	—	—	—	—	2,261	3,112
Miscellaneous and other	10,733	—	—	—	—	—	222	18,126	29,081
<b>Total revenues</b>	<b>401,145</b>	<b>22,110</b>	<b>—</b>	<b>66,097</b>	<b>—</b>	<b>53,534</b>	<b>26,883</b>	<b>54,504</b>	<b>624,273</b>
<b>Expenditures:</b>									
Current:									
General government	144,397	—	—	36,624	—	430	6,170	22,927	210,548
Public safety	158,456	—	—	4,570	34,373	—	61	2,970	200,430
Public works	71,427	368	—	3,951	—	—	88	—	75,834
Health and human services	13,510	137	—	1,295	—	—	—	5,016	19,973
Culture and recreation	17,385	—	—	19	—	—	868	1,806	20,078
Urban development and housing	—	21,872	—	26,788	—	—	—	105	49,507
Economic development and assistance	—	—	742	—	—	—	—	15,401	17,102
Capital outlays	9,618	—	1,701	—	—	—	119,375	—	128,993
Debt service:									
Principal	25,318	—	486	—	—	16,124	—	240	42,168
Interest and fiscal charges	22,362	—	571	—	—	43,350	—	308	66,591
<b>Total expenditures</b>	<b>462,473</b>	<b>22,377</b>	<b>3,500</b>	<b>73,247</b>	<b>34,373</b>	<b>59,904</b>	<b>126,577</b>	<b>48,773</b>	<b>831,224</b>
<b>(Deficiency) excess of revenue over expenditures</b>	<b>(61,328)</b>	<b>(267)</b>	<b>(3,500)</b>	<b>(7,150)</b>	<b>(34,373)</b>	<b>(6,370)</b>	<b>(99,694)</b>	<b>5,731</b>	<b>(206,951)</b>
<b>Other financing sources (uses):</b>									
Transfers in	13,938	—	—	—	—	—	—	1,387	15,325
Transfers out	(1,387)	—	—	—	—	—	—	(13,938)	(15,325)
Issuance of notes payable	—	—	—	—	34,373	—	—	—	34,373
Debt service assistance loan	12,345	—	—	—	—	—	—	—	12,345
Insurance proceeds	—	—	—	—	—	—	5,866	—	5,866
Other, net	(173)	—	—	—	—	—	—	—	(173)
<b>Total other financing sources (uses)</b>	<b>24,723</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>34,373</b>	<b>—</b>	<b>5,866</b>	<b>(12,551)</b>	<b>52,411</b>
<b>Net change in fund balances</b>	<b>(36,605)</b>	<b>(267)</b>	<b>(3,500)</b>	<b>(7,150)</b>	<b>—</b>	<b>(6,370)</b>	<b>(93,828)</b>	<b>(6,820)</b>	<b>(194,540)</b>
<b>Fund balances -- beginning of year</b>	<b>95,194</b>	<b>—</b>	<b>25,187</b>	<b>(17,356)</b>	<b>—</b>	<b>73,267</b>	<b>243,804</b>	<b>36,582</b>	<b>456,678</b>
<b>Prior period adjustments</b>	<b>2,426</b>	<b>—</b>	<b>738</b>	<b>993</b>	<b>—</b>	<b>—</b>	<b>(6,529)</b>	<b>—</b>	<b>(2,372)</b>
<b>Fund balances -- beginning of year, as adjusted</b>	<b>97,620</b>	<b>—</b>	<b>25,925</b>	<b>(16,363)</b>	<b>—</b>	<b>73,267</b>	<b>237,275</b>	<b>36,582</b>	<b>454,306</b>
<b>Fund balances -- end of year</b>	<b>61,015</b>	<b>(267)</b>	<b>22,425</b>	<b>(23,513)</b>	<b>—</b>	<b>66,897</b>	<b>143,447</b>	<b>29,762</b>	<b>299,766</b>

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities

Year ended December 31, 2008

(Amounts in thousands)

Net change in fund balances – total governmental funds	\$ (154,540)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This represents the amount that depreciation and loss on disposals exceeded capital outlays in the current period.	29,272
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This represents the change in deferred revenue.	33,295
The increase in taxes payable related to current year refunds due to taxpayers does not consume current resources in the governmental funds, but reduces tax revenue in the statement of activities.	(3,490)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, but has no effect net assets.	(46,718)
The repayment of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.	42,168
Amortization of premium, discount, and loss on refunding of \$5,087 (net) was recorded in the current period.	5,087
Amortization of bond costs \$523 was recorded in the current period.	(523)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This represents the change in interest payable from the prior to the current period.	(5,643)
Compensated absences are recorded in the governmental funds when paid, but are recorded in the statement of activities when earned. This represents the amount compensated absences earned exceeded amounts paid in the current period.	(3,544)
Legal claims and judgments are recorded in the governmental funds when paid, but are recorded in the statement of activities when incurred. This represents the amount claims paid and changes in estimates to claims exceed new claims incurred in the current period.	47,614
Changes in estimates related to municipal landfill closure costs do not consume current financial resources in the governmental funds, but are expensed in the statement of activities.	6,272
Other post retirement benefits contributions are recorded as expenditures when paid by the governmental funds. This is the amount that the annual other post retirement benefit costs exceeded the other post retirement benefit contributions.	(13,842)
Pension and contributions are recorded as expenditures when paid by the governmental funds. Pension expense is recorded based on the annual pension cost in the statement of activities. This is the amount that the annual pension cost exceeded pension contributions.	(21,766)
Change in net assets of governmental activities	<u>\$ (86,358)</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Statement of Fiduciary Net Assets

December 31, 2008

(Amounts in thousands)

Assets	Pension Trust Funds	Agency Funds
Cash	\$ 5,794	3,847
Investments	480,455	22,617
Accounts	—	5,956
Accrued interest	8,071	—
Contribution	458	—
Other	3,249	—
Due from other governments	—	11,417
Capital assets, net of accumulated depreciation	5,353	—
Total assets	503,380	43,837
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	771	53
Other payables and accruals	3,700	43,784
Notes payable	39,010	—
Total liabilities	43,481	43,837
Net assets:		
Net assets held in trust for pension benefits	\$ 459,899	—

See accompanying notes to basic financial statements.

**CITY OF NEW ORLEANS, LOUISIANA**  
Statement of Changes in Fiduciary Net Assets  
Year ended December 31, 2008  
(Amounts in thousands)

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 14,691
Members	4,559
Fire insurance rebate	1,556
Other	778
Total contributions	<u>21,584</u>
Investment income:	
Net appreciation in fair value of investments	441
Interest and dividends	11,214
Other investment income	1,488
Total investment income	<u>13,143</u>
Investment expense	<u>(6,809)</u>
Net investment income	<u>6,334</u>
Total additions	<u>27,918</u>
Deductions:	
Pension benefits	66,637
Refunds of member contributions	966
Death benefits	102
Administrative expenses	1,696
DROP withdrawal	2,950
PLOP withdrawal	1,859
Net depreciation in fair value of investments	200,581
Transfers to other plans	817
Total deductions	<u>275,608</u>
Decrease in net assets	<u>(247,690)</u>
Net assets held in trust for pension benefits – beginning of year	<u>707,589</u>
Net assets held in trust for pension benefits – end of year	<u>\$ 459,899</u>

See accompanying notes to basic financial statements.

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Net Assets

Component Units

December 31, 2008

(Amounts in thousands)

Assets	Audubon Commission	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Current assets:					
Cash and cash equivalents	\$ 1,135	3,255	34,588	28,147	67,125
Investments	—	79,111	—	6,342	85,453
Receivables (net of allowances for uncollectibles):					
Property taxes	—	—	10,323	—	10,323
Accounts	1,013	9,336	7,302	3,963	21,614
Accrued interest	—	2	322	13	337
Other	—	—	—	180	180
Due from other governments	—	1,187	13,240	753	15,180
Inventory of supplies	1,567	117	12,888	—	14,572
Prepaid expenses and deposits	1,507	968	1,546	783	4,804
Other assets	—	—	5,328	15	5,343
Total current assets	<u>5,222</u>	<u>93,976</u>	<u>85,537</u>	<u>40,196</u>	<u>224,931</u>
Restricted cash and investments:					
Customer deposits	—	—	5,390	9,367	14,757
Construction account	—	—	54,207	—	54,207
Current debt service account	—	10,778	9,821	1,968	22,567
Future debt service account	1,496	9,554	22,254	443	33,747
Contingency (renewal and replacement) account	—	2,037	—	756	2,793
Operation and maintenance account	—	8,785	—	629	9,414
Capital improvements	830	48,018	67,782	—	116,630
Health insurance reserve	—	—	5,081	—	5,081
Receivables	—	2,045	—	—	2,045
Other	—	6,326	212	741	7,279
Total restricted assets	<u>2,326</u>	<u>87,543</u>	<u>164,747</u>	<u>13,904</u>	<u>268,520</u>
Capital assets, less accumulated depreciation	<u>143,962</u>	<u>393,233</u>	<u>1,509,805</u>	<u>39,018</u>	<u>2,086,018</u>
Other assets	<u>12,383</u>	<u>5,589</u>	<u>1,698</u>	<u>510</u>	<u>20,180</u>
Total assets	<u>\$ 163,893</u>	<u>580,341</u>	<u>1,761,787</u>	<u>93,628</u>	<u>2,599,649</u>

See accompanying notes to basic financial statements.

(Continued)

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Net Assets

Component Units

December 31, 2008

(Amounts in thousands)

Liabilities and Net Assets	Audubon Commission	Louis Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Current liabilities (payable from current assets):					
Accounts payable	\$ 5,385	6,271	36,049	1,774	49,479
Retainages payable	—	509	2,254	—	2,763
Other payables and accruals	—	5,346	33,140	2,119	40,605
Due to other governments	—	—	29,170	2,106	31,276
Capital lease payable	—	1,134	—	4	1,138
Other postretirement benefits liability	—	—	5,909	—	5,909
Deferred revenues	—	—	—	7	7
Total current liabilities (payable from current assets)	<u>5,385</u>	<u>13,260</u>	<u>106,522</u>	<u>6,010</u>	<u>131,177</u>
Current liabilities (payable from restricted assets):					
Retainages payable	—	1,136	1,813	—	2,949
Capital projects payable	291	4,712	—	—	5,003
Accrued interest	70	3,168	1,033	7	4,278
Limited tax bonds	2,269	—	—	—	2,269
Bonds payable, current portion	—	13,675	37,282	515	51,472
Revenue bonds	1,181	—	—	—	1,181
Deposits and other	—	—	5,390	111	5,501
Total current liabilities (payable from restricted assets)	<u>3,811</u>	<u>22,691</u>	<u>45,518</u>	<u>633</u>	<u>72,653</u>
Total current liabilities	<u>9,196</u>	<u>35,951</u>	<u>152,040</u>	<u>6,643</u>	<u>203,830</u>
Long-term liabilities:					
Claims payable	—	—	4,873	—	4,873
Other postretirement benefits liability	—	—	9,278	—	9,278
Limited tax bonds (net of current portion)	30,335	—	—	—	30,335
Revenue bonds (net of current portion and unamortized discounts)	3,933	—	220,644	18,763	243,340
Refunding bonds (net of current portion and unamortized loss on advance refunding)	15,088	177,424	—	2,780	195,292
Loans payable	—	46,255	139,417	1,349	187,021
Other	12,615	800	—	1,578	14,993
Total long-term liabilities	<u>61,971</u>	<u>224,479</u>	<u>374,212</u>	<u>24,470</u>	<u>685,132</u>
Total liabilities	<u>71,167</u>	<u>260,430</u>	<u>526,252</u>	<u>31,113</u>	<u>888,962</u>
Net assets:					
Invested in capital assets – net of related debt	91,618	212,864	1,306,085	31,085	1,641,652
Restricted for bond debt service	—	17,164	32,075	2,451	51,690
Restricted for capital improvements	—	41,837	(102,625)	756	(60,032)
Restricted for operating reserve	—	14,385	—	629	15,014
Unrestricted	1,108	33,661	—	27,594	62,363
Total net assets	<u>\$ 92,726</u>	<u>319,911</u>	<u>1,235,535</u>	<u>62,515</u>	<u>1,710,687</u>

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Activities

Component Units

Year ended December 31, 2008

(Amounts in thousands)

	Program revenues			Louisiana				Net (expense) revenue and changes in net assets	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Audubon Commission	Armstrong New Orleans International Airport	Sewerage and Water Board	Nonmajor Component Units	Total
Component units:									
Audubon Commission	\$ 54,586	30,317	—	10,813	(13,456)	—	—	—	(13,456)
Louis Armstrong New Orleans International Airport	90,928	62,097	—	4,083	—	(24,748)	—	—	(24,748)
Sewerage and Water Board	172,894	106,463	(4)	(29,932)	—	—	(96,367)	(15,584)	(96,367)
Other nonmajor component units	31,964	12,502	3,878	—	—	—	—	(15,584)	(15,584)
Total component units	\$ 350,372	211,379	3,874	(15,036)	(13,456)	(24,748)	(96,367)	(15,584)	(150,155)
General revenues:									
Interest revenue						2,714	3,546	848	7,108
Property taxes					7,255	—	42,706	5,422	55,383
Passenger facility charges					—	16,299	—	—	16,299
Other					3,281	1,535	—	11,479	16,295
Total general revenues					10,536	20,548	46,252	17,749	95,085
Changes in net assets					(2,920)	(4,200)	(50,115)	2,165	(55,070)
Net assets – beginning					95,646	324,111	1,285,650	60,350	1,765,757
Net assets – ending					\$ 92,726	319,911	1,235,535	62,515	1,710,687

See accompanying notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

(1) **Summary of Significant Accounting Policies**

The financial statements of the City of New Orleans, Louisiana (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The most significant accounting and reporting policies of the City are described in the following notes to financial statements.

The City was incorporated in 1805. The City's system of government was established by its Home Rule Charter, which became effective in 1954 and was amended effective January 1, 1996. The City operates under a Mayor-Council form of government and provides the following types of services as authorized by its charter: public safety, health and human services, public works, water and sewerage, urban development and housing, economic development, culture and recreation, airport, and general government services. Education and welfare are administered by other governmental entities.

***Basis of Presentation – Financial Reporting Entity***

The accompanying financial statements include financial statements for the City and certain legally separate organizations in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14*. Organizations are included if the City is financially accountable for them, or the nature and significance of their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The City is financially accountable for an organization if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. In addition, an organization that is fiscally dependent on the primary government should be included in its reporting entity.

***Component Units***

In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units. Each blended and discretely presented component unit has a December 31 year-end. The Municipal Yacht Harbor Management Corporation does not prepare complete financial statements.

Complete financial statements of the following individual discretely presented component units can be obtained from their administrative offices:

Audubon Commission  
1300 Perdido Street, Suite 2E04  
New Orleans, Louisiana, 70112

Louis Armstrong New Orleans International  
Airport  
New Orleans Aviation Board  
P.O. Box 20007  
New Orleans, Louisiana 70141

Orleans Parish Communication District  
301 South Broad Street  
New Orleans, Louisiana 70119

Municipal Court of the City of New Orleans  
727 South Broad Street  
New Orleans, Louisiana 70119

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2008

Sewerage and Water Board  
625 St. Joseph Street  
New Orleans, Louisiana 70165

Downtown Development District  
1010 Common Street, Suite 100  
New Orleans, Louisiana 70112

New Orleans Tourism Marketing Corporation  
One Canal Place  
Suite 2020  
New Orleans, Louisiana 70130

French Market Corporation  
1008 N. Peters Street, 3 floor  
New Orleans, Louisiana 70116

Upper Pontalba Building Restoration Corporation  
1008 N. Peters Street, 2 Floor  
New Orleans, Louisiana 70116

Canal Street Development Corporation  
1300 Perdido Street, Suite 2E04  
New Orleans, Louisiana 70112

#### ***Blended Component Units***

Blended component units, although legally separate entities, are, in substance, part of the City's operations, as they provide services exclusively or almost exclusively for the City. Following is a description of those legally separate component units for which the City is financially accountable that are blended with the primary government because they are, in substance, part of the government's operations. Blended means the data from these units are combined with data of the primary government.

***Board of Liquidation, City Debt (The Board)*** – The Board is a separate legal entity and is included (blended) in the operations of the debt service fund and governmental activities of the City because it handles all matters relating to the bonded debt of the City.

In addition, the following component units are reported as pension trust funds:

***Employee's Retirement System of the City of New Orleans (NOMERS)*** – NOMERS is a separate legal entity established by City ordinance to provide pension benefits for substantially all City employees, except police officers and fire fighters. The Mayor appoints a voting majority of the members of the NOMERS governing board. NOMERS is presented as a pension trust fund because NOMERS serves the employees of the City. The net assets of NOMERS are held for the sole benefit of the participants and are not available for appropriation.

***Firefighters' Pension and Relief Fund (FPRF)*** – FPRF is a separate legal entity established by City ordinance to provide pension benefits for City firefighters. The Mayor appoints the members of the FPRF governing board. FPRF is presented as a pension trust fund because FPRF serves the employees of the City. The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. The net assets of FPRF are held for the sole benefit of the participants and are not available for appropriation.

***Police Pension Fund (PPF)*** – PPF is a separate legal entity established by City ordinance to provide pension benefits for City police officers. The Mayor appoints the members of the PPF governing board. PPF is presented as a pension trust fund because PPF serves the employees of the City. The net assets of PPF are held for the sole benefit of the participants and are not available for appropriation.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

***Discretely Presented Component Units***

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the City.

The following are the City's discretely presented component units:

<b>Major Discretely Presented Component Units</b>	<b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>
<b><i>Louis Armstrong New Orleans International Airport (the Airport)</i></b>	Local government corporation established in 1943 by the City to provide for the operation and maintenance of the Airport. The Board consists of nine members appointed by the Mayor of the City with approval of the City Council. The City of Kenner, Louisiana and the Parish of St. Charles, Louisiana each have input as to the selection of one board member. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<b><i>Sewerage and Water Board</i></b>	A local government corporation created by the City through Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain, and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In accordance with Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The board is composed of 13 members, including the Mayor of the City, the two Council members-at-Large, and one District Council member selected by the City Council, two members of the Board of Liquidation and seven citizens appointed by the Mayor. The appointed members of the board serve staggered nine-year terms. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

<b>Major Discretely Presented Component Units</b>	<b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>
<i>Audubon Commission (the Commission)</i>	<p>The Commission was created by the Louisiana Legislature to manage and operate its facilities consisting of nine museums and parks dedicated to celebrating the wonders of nature, with goals of fostering education, research, wildlife conservation, family entertainment, and positive economic impact. The Commission has a 24-member board appointed by the Mayor. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.</p>
<i>Downtown Development District</i>	<p>Local government corporation created by Act 498 of 1974 and amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature, effective January 1, 1975. The District is a special taxing district designated "the Core Area Development District of the City of New Orleans," later renamed the Downtown Development District of the City of New Orleans, comprising all the territory within prescribed boundaries. The Board of Directors is composed of nine members for governance of the District. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.</p>
<i>New Orleans Tourism Marketing Corporation</i>	<p>A local government corporation created by the City on January 1, 1990. Its objectives and purposes are to continuously stimulate the hospitality and tourism industry of the City of New Orleans through regional, national, and international advertising and marketing of the City of New Orleans as a tourist and convention site and a vacation destination; to stimulate economic development in the City of New Orleans through the marketing and solicitation of conventions and trade shows throughout the U.S. and the World; and to advance, promote, and maintain tourism and trade in the City of New Orleans through marketing activities directed at the discretionary tourist or traveler through advertising, direct mailing, or other means. A 15-member Board of Directors is appointed in various ways. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.</p>

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

<u>Major Discretely Presented Component Units</u>	<u>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
<i>Municipal Yacht Harbor Management Corporation</i>	Local corporation formed by the City to operate the Municipal Yacht Harbor in the manner comparable to that of a private business enterprise; to provide a safe and secure environment for recreational boating; to ensure that the cost associated with providing services to the general public are financed or recovered through user fee and charge; and to place an emphasis on generating a sufficient amount of net operating revenues to be used for maintenance and capital improvement projects. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<i>French Market Corporation</i>	Local government corporation formed January 1, 1972 by the City to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans. These properties include five buildings and the Farmers Market. The French Market is a nonprofit corporation that is owned by the City and administered by a board of directors consisting of 12 members appointed by the Mayor. The City has financial accountability because it appoints a voting majority of the Corporation and the City can impose its will.
<i>Upper Pontalba Building Restoration Corporation</i>	Local government corporation organized on July 14, 1988 by the City for the purpose of renovating and operating the Upper Pontalba Building. The organization is a nonprofit corporation administered by a board of directors consisting of 7 members that are appointed by the sole stockholder, the Mayor of New Orleans. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

<b>Major Discretely Presented Component Units</b>	<b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>
<i>Canal Street Development Corporation</i>	Nonprofit, public benefit corporation incorporated on August 8, 1989 under the Internal Revenue Code Section 501(c)(3) for the sole and exclusive purpose of stimulating business development in the Central Business District and the adaptive reuse and development of Canal Street for commercial purposes. This objective is currently being met through renovations and the leasing of donated real estate and economic development endeavors downtown. The organization's board of directors is comprised of two Councilmen from the City Council and other board members who are appointed by the Mayor of the City. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.
<i>Orleans Parish Communication District</i>	The Orleans Parish Communication District, comprising Orleans Parish, was created effective July 13, 1982, pursuant to Act No. 155 of the 1982 Regular Session of the Louisiana Legislature. The district was created for the purpose of establishing a local emergency telephone service; to establish a primary emergency telephone number; to provide for the governing body of the District; and to authorize the governing authority of such district to levy an emergency telephone tax. This act was amended by Act No. 1029 in 1999 to provide for the creation of multi-parish communications districts; to provide information relative to the rate of the emergency telephone service charge on landline phones; and to authorize the levy of an emergency telephone service charge on certain wireless communications systems. The City has financial accountability because it appoints a voting majority of the Board and the City can impose its will.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

*Municipal Court of the City of New Orleans*

The Traffic Court consists of four judges appointed, selected, and qualified under Article VII, Section 94 of the Louisiana Constitution, the enabling ordinances enacted by the City Council, and the duly elected successors of such judges, and such other judges who may be created and authorized under the state constitution (1956, § 38-2). The jurisdiction of the Traffic Court shall extend to the trial of offenses against the ordinances of the City regulating traffic upon the public streets of the City and such other jurisdiction as may be conferred upon it by the state constitution.

*Related and Jointly Governed Organizations*

Related organizations and jointly governed organizations provide services within the City that are administered by separate boards or commissions, for which the City is not financially accountable, and such organizations are, therefore, not reported as component units of the City even though the Mayor and/or the City Council may appoint a voting majority of an organization's board.

*Related Organizations*

For the following organizations, the Mayor and/or the City Council appoints a voting majority of the members of the respective boards.

- Community Improvement Agency
- Housing Authority of New Orleans
- Finance Authority of New Orleans
- Public Belt Railroad Commission
- New Orleans Affordable Home Ownership, Inc.
- Regional Transit Authority

*Jointly Governed Organizations*

The City is a participant in other jointly governed organizations. The Mayor and/or the City Council appoints members of the boards for the following organizations. Such appointments represent less than a voting majority of the respective boards. There is no ongoing financial interest or ongoing financial responsibility for these entities.

- New Orleans Regional Loan Corporation
- New Orleans City Park Improvement Association
- New Orleans Exhibition Hall Authority
- Regional Planning Commission

# CITY OF NEW ORLEANS, LOUISIANA

## Notes to Basic Financial Statements

December 31, 2008

### **Basis of Presentation – Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. Activity for the City and its discretely presented component units are reported separately in the government-wide financial statements. The effect of interfund activity has been eliminated in these statements.

Governmental activities are supported in part by property taxes, sales taxes, franchise taxes, charges for services, and grant revenues from the federal government and the State of Louisiana.

The statement of activities reports the change in the City's net assets from January 1, 2008 to December 31, 2008. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

In addition to the government-wide financial statements, the City also reports financial statements for its governmental and fiduciary funds; these statements are classified as fund financial statements. The fund financial statements are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

Information in the governmental fund financial statements is reported on a major fund basis. The identification of major funds is determined by the City each year under the methods outlined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – of State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – of State and Local Governments: Omnibus GASB Statements*. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are reported in the aggregate in the non-major governmental funds column.

### **Governmental Funds**

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources, and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds:

- (a) **General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.
- (b) **HUD Fund** – This special revenue fund is used to account for funding from the Department of Housing and Urban Development (HUD). Some of the major initiatives are Community Development Block Grants (CDBG), HOME Investment Partnership Act Program (HOME),

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

Emergency Shelter Grant (ESG) Program, and Housing Opportunities for Persons with HIV/AIDS (HOPWA).

- (c) *Federal UDAG Fund* – This special revenue fund accounts for grants received from the Department of HUD for the purpose of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City.
- (d) *FEMA Fund* – This special revenue fund accounts for grants received from the Federal Emergency Management Agency (FEMA) for Hurricane Katrina relief efforts.
- (e) *CDL Fund* – This special revenue fund is used to account for the proceeds from the Community Disaster Loans. The proceeds were all spent in public safety expenditures in 2006.
- (f) *Debt Service Fund* – The debt service fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds, limited tax bonds, and revenue bonds, including debt principal, interest, and related costs.
- (g) *Capital Projects Fund* – The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. These include the following:

- (a) *Pension Trust Funds* – account for the accumulation of resources for pension benefit payments to qualified employees.
- (b) *Agency Funds* – are custodial in nature and do not involve measurement of results of operations.

**Basis of Accounting-Measurement Focus**

***Government-Wide Financial Statements (GWFS)***

The statement of net assets and the statement of activities include all the financial activities of the City, except for the fiduciary funds, and its component units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2008

#### *Fund Financial Statements*

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their reported fund balances are considered a measure of "available spendable resources." Governmental fund statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Under the modified accrual basis of accounting, revenues are recorded when considered both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers amounts collected within sixty days after year-end, excluding grant moneys for which the period is one year after year-end, to be available and recognizes them as revenues of the current period. Expenditures are generally recognized under the modified accrual basis of accounting in the accounting period in which the fund liability is incurred. Expenditures related to principal and interest on long-term debt, claims, judgments, landfill post closing costs, and compensated absences are recognized when matured (i.e., due and payable). The following types of revenues are susceptible to accrual under the modified accrual basis of accounting: delinquent property taxes (including penalty and interest); services billed to other funds; sales tax; franchise fees; investment earnings, and grants. Intergovernmental revenues from reimbursable grants and capital projects are recognized when all eligibility requirements have been met and amounts are considered available.

Noncurrent portions of certain long-term receivables, primarily property taxes and special assessments, are reported on the balance sheet of governmental funds in spite of their spending measurement focus. Special reporting treatments are used to indicate that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become available.

Licenses and permits, certain charges for services, fines, and forfeitures, and miscellaneous other revenues are recorded as revenues when received in cash because they are generally not measurable or available until actually received.

#### *Pension Trust and Agency Funds*

Pension trust funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Their revenues are recognized when earned, and their expenses are recognized when incurred. Agency funds use the accrual basis of accounting, but do not involve the measurement of operations.

#### *Use of Restricted Assets*

When restricted and unrestricted resources are available to cover expenses, unrestricted resources are first applied.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

*Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments*

Investments are stated at fair value based on quoted market prices.

*Accounts Receivable*

Property tax receivables of \$39,587,000 and grantee loan receivables of \$36,145,000 are shown net of an allowance of uncollectible amounts of \$13,834,000 and \$30,488,000, respectively.

*Capital Assets*

Capital assets (i.e., land, buildings, equipment, and improvements other than buildings), which include the City's infrastructure, and construction in progress are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets are recorded at their fair value on the date donated. An item is classified as an asset if the initial individual cost is \$5,000 or greater. Capital assets of the City are reported in the government-wide financial statements but not in the governmental fund financial statements. Assets subject to depreciation are depreciated using the straight-line method.

Additions and improvements that significantly extend the useful life of an asset are capitalized. Repairs and maintenance costs are expensed as incurred.

The City reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment in the carrying value of capital assets. If facts or circumstances support the possibility of impairment, management follows guidance in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment will be made to the carrying value of the capital assets.

The estimated useful lives (in years) of all depreciable assets are as follows:

Buildings and improvements	20 – 40
Equipment and vehicles	5 – 10
Infrastructure	25 – 50
Other	5 – 15

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2008

Fully depreciated capital assets are included in the capital asset accounts until their disposal. The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement, and any resulting gain or loss is recorded in the financial statements.

#### *Annual and Sick Leave*

All full-time classified employees of the City hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 may accrue a maximum of 45 days of annual leave and an unlimited number of days of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon his or her current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued leave to additional days of service.

For governmental funds, annual and sick leave expenditures are recorded when due and payable. All vacation and sick leave is accrued when earned at the government-wide level.

#### *Litigation*

Claims and judgments are recognized in the governmental funds as expenditures when due and payable. Therefore, claims and judgments that are due and payable would be expected to be liquidated with expendable available financial resources. To the extent that claims and judgments mature prior to December 31, and are payable from current financial resources, they are accrued at December 31, 2008. Other liabilities not expected to mature as of December 31, 2008 are reported as liabilities in the government-wide financial statements. Estimates of claims and judgment liabilities (both incurred and reported and incurred but not reported) are made through a case-by-case review of all claims and the application of historical experience to the outstanding claims.

#### *Fund Balance*

##### *(a) Reserved*

Indicates that portion of fund balance, which has been legally segregated (e.g., by bond ordinance) for specific purposes and not available for appropriation.

##### *(b) Designated Fund Balance*

Indicates that portion of fund balance for which the City management has placed limitations as to use.

##### *(c) Undesignated Fund Balance*

Indicates that portion of fund balance, which is available for appropriation in future periods.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

(2) **Natural Disaster**

On August 29, 2005, Hurricane Katrina struck the United States' gulf coast and caused destruction across the City and the states of Louisiana, Mississippi, and Alabama. Hurricane Katrina's tidal surges and the resulting levee breaches left eighty percent of the City under water. Ninety percent of the City's residents left under mandatory evacuation orders. The City suffered losses to buildings, police cars, fire trucks, parks, and other City-owned properties and equipment.

In 2005, the City received a \$102,000,000 grant from FEMA for reimbursement of expenditures for recovery efforts that began immediately after the storm. Additional grants were received in 2006 to fund expenditures recorded in 2005. In addition, the City received \$1,300,000 from the State of Louisiana as compensation for the revenue shortfall caused by the storm. These grants were reflected as operating grants in the 2005 fund level statement of activities. The City also received authorization for a \$120,000,000 Community Disaster Loan (CDL). As of December 31, 2005, the City had drawn \$61,396,000 of the CDL. The remaining \$58,604,000 was drawn down during 2006. The City received authorization during 2006 for an additional \$120,000,000 CDL on which \$17,610,000 was drawn down as of December 31, 2006. In addition to the funds drawn down in 2006, the City also drew down \$34,373,000 and \$32,748,000 during 2008 and 2007 respectively. These loans are reflected as long-term liabilities in the accompanying government-wide financial statements and are further described in Note 7. At the fund level these loans and related expenditures were recorded in the new major special revenue fund named CDL.

(3) **Deposits and Investments**

**Deposits.** The City's deposits are subject to and maintained in accordance with the State of Louisiana's Constitutional Revised Statutes (Revised Statutes). Under the Revised Statutes, all deposits exceeding the amount insured by the FDIC are to be fully collateralized with specific approved securities designated therein valued at 102% of the deposits. The eligible collateral pledged are held in custody by any Federal Reserve Bank, or branch thereof or an independent third party with whom the City has a current custodial agreement. All collateral held must be clearly marked, indicating evidence of ownership (safekeeping receipt). Deposits collateralized under the Revised Statutes are considered collateralized with securities held by the pledging financial institutions trust department or agent in the "City's name."

At December 31, 2008, the carrying amount of the City's deposits was \$87,070,000.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it under state law. At December 31, 2008, the City's bank deposits secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City's name amounted to \$73,222,590. Of these bank balances, \$71,972,600 was covered by collateral held by the pledging banks' trust department or agent in the City's name and the remainder was covered under federal depository insurance. At December 31, 2008, the Board of Liquidation, a blended component unit, held cash of \$119,000 for the City of New Orleans. The deposit was in a financial institution in the name of the Board of Liquidation and was fully secured by federal depository insurance and collateral in the name of the Board of Liquidation.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2008

**Investments.** The City's investment policy states its primary objectives, in priority order, of investment activities shall be:

Safety: Safety/security of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

Liquidity: The City investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

Return on Investments: The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with investment risks constraints and the cash flow characteristics of the portfolio. Return on investments shall be secondary to the safety and liquidity objectives described above. The core of investments is limited to qualified, relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed.

The City's investment policy applies to all investment activities of the City under the control of the Director of Finance, including management of certain investments related to governmental and agency funds. All deposits and investments shall be made with a qualified public depository or dealer. Broker/Dealers are selected by their credit worthiness and must be authorized to provide investment services in the state of Louisiana. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

The City's policy also requires, to the extent possible, diversification of its investments by security type and institution. With the exception of U.S. Treasury securities, bank certificates of deposit (as limited by R.S.39:1242d), and authorized pools, no more than 25% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. This diversification is required in order that potential losses on individual securities do not exceed the income of the remainder of the portfolio. Deviation from expectations will be reported in a timely manner and appropriate action taken to control adverse risks.

The City invests monies with the Louisiana Asset Management Pool (LAMP). LAMP is a nonprofit corporation organized under the laws of the State of Louisiana formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investments policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. LAMP's portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar-weighted average of portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined weekly to monitor any variances

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

between amortized cost and market value. For purposes of determining participants' share, investments are valued at amortized cost. LAMP is designed to be highly liquid to provide immediate access to participants.

The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value, which is based on available market values. The Local Government Investment Pool is a "2a-7-like" pool in accordance with GASB Statement No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value.

At December 31, 2008, the City's market value of investments was as follows (amounts in thousands):

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Pension Trust</u>	<u>Total</u>
LAMP	\$ 48,719	\$ 22,617	\$ —	\$ 71,336
Money market	127,864	—	—	127,864
Certificates of deposit	66,460	—	—	66,460
U.S. Agency securities	55,475	—	32,314	87,789
Treasury bills	3,476	—	—	3,476
Corporate bonds	—	—	41,314	41,314
Stock and mutual funds	—	—	206,839	206,839
Real estate and real estate funds	—	—	43,775	43,775
Invested in corporations, partnerships, and limited liability corporations	—	—	40,304	40,304
Invested in hedge funds, private equity funds, and fund to fund	—	—	46,086	46,086
Notes receivable	—	—	26,092	26,092
Cash equivalents	—	—	30,011	30,011
Other	7	—	13,720	13,727
<b>Total investments</b>	<b>\$ 302,001</b>	<b>\$ 22,617</b>	<b>\$ 480,455</b>	<b>\$ 805,073</b>

**Interest Rate Risk** – Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for investments under the control of the City by limiting the maximum maturity of investments in accordance with their investment policy. As stated in its investment policy, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, cash will not be invested in securities maturing more than three years from the date of purchase.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

At December 31, 2008, the governmental funds, investment balances and maturities for those investments were as follows (amounts in thousands):

	Investment maturity in years				
	Total	Less than one year	1 - 5	6 - 10	More than 10
Money market	\$ 127,864	127,864	—	—	—
Certificates of deposit	66,460	66,460	—	—	—
U.S. Agency	55,475	23,228	14,891	—	17,356
U.S. Treasury	3,476	3,476	—	—	—
Total investments	\$ 253,275	221,028	14,891	—	17,356

At December 31, 2008, the Firefighters' Pension trust fund's investment balances and maturities for those investments subject to interest rate risk were as follows (amounts in thousands):

	Investment maturity in years				
	Total	Less than one year	1 - 5	6 - 10	More than 10
Corporate bonds	5,859	—	5,224	588	47
Total investments	\$ 5,859	—	5,224	588	47
Notes receivable	\$ 26,092	5,565	9,806	—	10,721
Collateral held under securities lending	\$ 918	918	—	—	—

At December 31, 2008, the Municipal Employees' Pension trust fund's investment balances and maturities for those investments subject to interest rate risk were as follows (amounts in thousands):

Bond Maturities	Market Value
0 - 2 Years	\$ 33,479
2 - 3 Years	6,534
3 - 4 Years	8,110
4 - 5 Years	2,906
5 - 6 Years	3,587
More than 6 years	8,175
Non Categorized	4,060
	\$ 66,851

**Credit Quality Risk** – Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the City. The City does not have a policy statement concerning credit quality risk in its investment policy. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not assigned credit quality ratings. Credit quality ratings are reported on obligations of U.S. government agencies not explicitly guaranteed by the U.S. government. LAMP has been rated AAA by Standard & Poor's Corporation.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

The following table provides information on the credit ratings associated with the Municipal Employees' pension trust fund's investments in debt securities at December 31, 2008 (amounts in thousands):

<u>Quality Sectors</u>	<u>Market Value</u>
Treasury	\$ 1,161
Agency	28,886
AAA	9,172
AA	1,697
A	9,196
BAA	7,997
Other	8,742
	<u>\$ 66,851</u>

The following table provides information on the credit ratings associated with the Firefighters' pension trust fund's investments in debt securities at December 31, 2008 (amounts in thousands):

	<u>Corporate bonds</u>
Baa1	\$ 357
Baa2	31
Ba2	23
Ba3	526
B1	566
B2	938
B3	1,101
Caa1	1,061
Caa2	757
Caa3	245
Ca	198
C	3
WR	3
NR	50
Total	<u>\$ 5,859</u>

**Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the City's name. The investments of the City and NOMERS' trust fund's investments owned at December 31, 2008 were not subject to custodial credit risk.

The City has no formal investment policy regarding custodial credit risk.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

At December 31, 2008, the Firefighter's new system cash collateral held under the securities lending program in the amount of \$918,426 is exposed to custodial credit risk since the collateral is not in the name of the fund.

**Concentration of Credit Risk** – The City's investment policy does not allow for more than 25% of the total investment portfolio to be invested in a single security type with the exception of U.S. Treasury securities, bank certificates of deposit, and authorized pools. As of December 31, 2008, management believes all investments are in compliance with this policy. All of the City's investments are issued or explicitly guaranteed by the U.S. government or are held in LAMP and are not subject to concentration of credit risk.

The NOMERS pension trust fund's investment policy mandates the maximum limits on position held with each assets class as follows: equities (65%), fixed income (55%), and alternative investments (20%). As of December 31, 2008, all NOMERS investments were in compliance with this policy.

The Firefighter's Pension and Relief Fund's investment policy states that no more than 25% of the equity portfolio market value may be invested in any single industry. The equity holdings in any single corporation shall not exceed 5% of the market value of the equity portfolio at any time. In addition, no more than 5% of total fund assets at market may be invested in any one issuer's securities (exclusive of issues of the U.S. Treasury or other federal agencies). At December 31, 2008, there were no investment holdings that exceeded the fund's concentration of credit risk investment policy.

**Securities Lending Transactions** – The Board of Trustees of the Firefighter's Pension and Relief Fund authorized the fund to enter into a securities lending program. These agreements consist of the loan of stock and bonds with a simultaneous agreement to reacquire the same loaned security in the future plus a contract rate of interest. The Fund requires the dealer to transfer cash or collateral of no less than 100% of the market value of the securities underlying the securities lending agreements.

In cases of security loans in which the collateral received by the fund is cash, the fund is able to reinvest the cash under the agreement with the dealer. When this occurs the collateral is reported as an asset with a corresponding liability. If the fund receives collateral other than cash, it may not reinvest the collateral. When this occurs, the fund does not record the collateral on the financial statements. In both cases, the loaned securities continue to be reported as an asset on the balance sheet and in Note 7. The cash collateral was invested in cash equivalents and fixed income securities at December 31, 2008. The maturities of these investments match the maturities of the securities loans.

At year end, the fund has no credit risk exposure to borrowers because the amounts the borrowers owe the Fund exceed the amounts the Fund owes the borrowers. The fund cannot pledge or sell collateral securities received unless the borrower defaults.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

(4) Tax Revenues

At December 31, 2008, the total sales tax levied in the City is 9%, of which 4% is state sales tax, 1.5% is levied by the Orleans Parish School Board (the School Board), and 1% is dedicated for transportation and is levied by the Regional Transit Authority (RTA). The remaining 2.5% is used to fund the general operations of the City. The City administers and collects the entire 5% of local sales tax. The School Board's portion of the sales tax is accounted for in the Orleans Parish School Board sales tax clearing fund, and the RTA's portion of the sales tax is accounted for in the RTA sales tax clearing fund, both of which are agency funds.

The City levies a tax on real and personal property. Portions of these property taxes are dedicated for fire and police protection services and the public library system. Taxes on real and personal property are levied on January 1 of the assessment year based upon the assessed value as of the prior August 15. However, before the tax can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are due and payable on January 1, the date on which an enforceable lien attaches on the property, and are delinquent on February 1.

The assessed value of property in the City for each year is determined by an elected Board of Assessors. It is then certified by the Louisiana Tax Commission as complying with the Louisiana Constitution of 1974. The City is permitted by the Louisiana statutes to levy taxes up to \$31.78 per \$1,000 of assessed valuation for general governmental services (including fire and police) other than the payment of principal and interest on long-term debt and other purposes specifically approved by the voters. It is permitted to levy taxes in unlimited amounts for the payment of principal and interest on general obligation bonds of the City.

Property tax levies per \$1,000 of assessed valuation accounted for within the funds of the City (primary government only) for the year ended December 31, 2008 are as follows:

General:		
General governmental services	\$	10.85
Dedicated for fire and police		4.66
Public library		3.14
Fire and police, without applying homestead exemption		7.92
Parkways and parks and recreation department		2.18
Street and traffic control device maintenance		1.38
Act 44		0.87
Special revenue:		
Neighborhood housing improvement fund		0.91
New Orleans economic development fund		0.91
Capital Improvement and Infrastructure		1.82
Debt service		23.80
	\$	<u>58.44</u>

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

Property taxes levied on January 1, 2008, collected during 2008, or expected to be collected within the first 60 days of 2009, are recognized as revenues in the statement of revenues, expenditures, and changes in fund balances – governmental funds. The entire estimated collectible amount of the tax levy for the fiscal year is recorded as revenue in the government-wide financial statements. Property taxes paid under protest are held in escrow until resolution of the dispute. Amounts collected for other governmental entities are accounted for in the agency funds.

**(5) Grantee Loans**

The City's grantee loan balances at December 31, 2008 are as follows (amounts in thousands):

	Gross	Allowance	Net
UDAG	\$ 6,473	(5,486)	987
HUD	25,002	(25,002)	—
Nonmajor (HUD loan)	4,670	—	4,670
Total grantee loans	\$ 36,145	(30,488)	5,657

**(a) UDAG**

The City has received certain grant awards or loans from the HUD for the purposes of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Fourteen individual loans are outstanding at December 31, 2008 totaling \$6,473,000, which bear interest at rates ranging from 0.1% to 7.0%. These loans are receivable over a 15- to 30-year period. Once loan repayments are received and the project is accepted by HUD, the City may use the amounts received for other allowable economic development activities specified in the grant agreement. The City has recorded \$5,487,000 in allowance for bad debt on these loans.

**(b) HUD Section 108**

The City received a Section 108 loan from HUD to allow/provide loans to the private sector for economic development. At December 31, 2008, there were four outstanding loans which bear interest at rates of 2% to 7% and are receivable over 15 to 30 years.

During 1998, HUD agreed to loan to the City \$24,375,000 for the development of the Jazzland Theme Park. These funds were subsequently loaned to Jazzland, Inc. (Jazzland) and were due from Jazzland in bi-annual installments plus 7.87% interest. During 2001, Jazzland failed to remit to the City a required payment and was in default on its loan as of December 31, 2001. On February 28, 2002, Jazzland filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. As a result, the City wrote off its remaining receivable from Jazzland. In 2002, Six Flags Theme Park, Inc. assumed management of Jazzland, and the theme park was renamed "Six Flags New Orleans." Six Flags had agreed to make monthly lease payments of \$116,667 to the Industrial Development Board (IDB), which in turn, would transfer the money to the City. The payments by the IDB are being made to the City. The lease expires in 2017. These moneys are to be used by the City to repay the HUD loan. Annual debt service on the loan is \$2,400,000 through 2017. During 2008, \$11,659,000 was received in payment of the outstanding loan. The City has recorded \$12,717,000 in allowance for the remaining balance on these loans.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

December 31, 2008

During 2000, HUD agreed to loan to the City \$5,000,000 for the development of the old American Can Factory into apartments. The City subsequently loaned these funds and an additional \$1,500,000 (amount received by the City through Urban Development Action Grants) to Historic Restoration, Inc. (HRI). These funds are due from HRI in quarterly installments plus 2% interest. The principal payments commenced on April 1, 2003, and the final payment is due January 1, 2040. The outstanding balances at December 31, 2008 are \$4,670,000 on the HUD loan and \$987,000 on the UDAG loan.

During 2002, HUD agreed to loan to the City \$5,000,000 for the development of the Palace of the East. The City subsequently loaned these funds to the Palace of the East. The loan is due to be repaid in quarterly installments plus 6% interest. The principal payments commenced on July 15, 2004, and the final payment is due on August 1, 2021, with. The outstanding balance at December 31, 2008 is \$4,823,000. No payments were received during the year ended December 31, 2008. The City has recorded an allowance of \$4,823,000 against this loan.

During 2002, HUD agreed to loan to the City approximately \$7,047,000 million for the development of the Louisiana Artists Guild, a Louisiana Nonprofit Corporation. The City subsequently loaned these funds to LA Artworks. The loan is due to be repaid in quarterly installments plus interest of 5.6183%. Principal payments commenced on October 15, 2003 and end on July 15, 2022. The outstanding balance at December 31, 2008 is \$7,047,000. No payments were received during the year ended December 31, 2008. The City has recorded an allowance of \$7,047,000 against this loan.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

**(6) Capital Assets**

A summary of changes in capital assets of governmental activities (amounts in thousands) is as follows:

	<u>Balance January 1, 2008</u>	<u>Additions</u>	<u>Deletions and adjustments</u>	<u>Transfers</u>	<u>Balance December 31, 2008</u>
Nondepreciable capital assets:					
Land	\$ 103,522	1,259	(5,118)	—	99,663
Construction in progress	<u>100,361</u>	<u>110,731</u>	<u>—</u>	<u>(62,976)</u>	<u>148,116</u>
Total nondepreciable capital assets	<u>203,883</u>	<u>111,990</u>	<u>(5,118)</u>	<u>(62,976)</u>	<u>247,779</u>
Depreciable capital assets:					
Infrastructure	2,303,930	—	(7,176)	18,702	2,315,456
Buildings and improvements	164,238	7,366	(35,805)	43,462	179,261
Equipment and vehicles	68,949	9,637	(1,393)	—	77,193
Other	<u>41,896</u>	<u>—</u>	<u>(1,980)</u>	<u>812</u>	<u>40,728</u>
Total depreciable capital assets	<u>2,579,013</u>	<u>17,003</u>	<u>(46,354)</u>	<u>62,976</u>	<u>2,612,638</u>
Less accumulated depreciation for:					
Infrastructure	1,403,032	59,673	(718)	—	1,461,987
Buildings and improvements	92,370	5,127	(23,439)	—	74,058
Equipment and vehicles	43,864	8,638	(908)	—	51,594
Other	<u>23,042</u>	<u>1,632</u>	<u>(1,756)</u>	<u>—</u>	<u>22,918</u>
Total accumulated depreciation	<u>1,562,308</u>	<u>75,070</u>	<u>(26,821)</u>	<u>—</u>	<u>1,610,557</u>
Total depreciable capital assets, net	<u>1,016,705</u>	<u>(58,067)</u>	<u>(19,533)</u>	<u>62,976</u>	<u>1,002,081</u>
Total	\$ <u>1,220,588</u>	<u>53,923</u>	<u>(24,651)</u>	<u>—</u>	<u>1,249,860</u>

Depreciation expense was charged to functions/programs of the primary government as follows (amounts in thousands):

General government	\$ 9,446
Public safety	4,319
Public works	59,673
Culture and recreation	<u>1,632</u>
Total depreciation expense	\$ <u>75,070</u>

**(7) Long-Term Debt**

***Debt Service Fund***

The City's debt service fund is the Board, City Debt (the Board of Liquidation), an autonomous, self-perpetuating board created under the State of Louisiana Constitution of 1974. All property taxes levied

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

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by the City and dedicated to the payment of outstanding general obligation bonds are collected by the City and, as required by law, paid over to the Board of Liquidation as collected.

The Board of Liquidation annually determines the amount of property 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 bonds proposed to be issued by the City during such year. The annual determination of the necessary tax millage to service bonds of the City is adopted by resolution of the Board of Liquidation, which is submitted to the City Council. The millage recommended by the Board of Liquidation is then levied by the City Council. The millages for the various limited bonds of the City were established at the time the bonds were issued based upon approval of the voters. Administrative expenditures paid in connection with the operations of the Board of Liquidation are recorded in the City's Debt Service fund.

***Bond Transactions***

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Bonds payable, excluding unamortized premium of \$11,759,000, at December 31, 2008 comprise the following (all bonds are serial bonds) (amounts in thousands):

<u>Description</u>	<u>Original issue</u>	<u>Range of average interest rates</u>	<u>Amount outstanding</u>	<u>Due in one year</u>
General obligation bonds:				
1998-2007 Public Improvement Bonds, due in annual installments ranging from \$3,645 to \$11,990 through December 2036	\$ 297,400	4.0 - 7.0%	\$ 211,820	\$ 5,200
1991 General Obligation Refunding Bonds, due in annual installments ranging from \$3,839 to \$9,964 commencing in September 2004 through September 2018	98,886	6.7 - 7.1%	54,410	7,352
1998 General Obligation Refunding Bonds, due in annual installments ranging from \$210 to \$13,080 through December 2026	106,520	3.7 - 5.5%	94,030	3,110
2002 General Obligation Refunding Bonds, due in annual installments ranging from \$300 to \$19,950 commencing on September 1, 2015 through September 1, 2021	58,415	5.1%	58,415	—

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

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Description	Original issue	Range of average interest rates	Amount outstanding	Due in one year
General obligation bonds, continued:				
2005 General Obligation Refunding Bonds, due in annual installments ranging from \$275 to \$8,795 commencing in December 2009 through December 1, 2029	\$ 105,280	3.0 - 5.25%	\$ 105,280	\$ 275
Limited tax bonds:				
2005 Limited Tax Bonds, due in annual installments of \$1,450 to 2,900 commencing in March 2006 through March 1, 2021	33,000	3.0-5.0%	28,480	1,635
Revenue bonds:				
2000 Taxable Pension Revenue Bonds, due in annual installments from \$3,600 to \$7,000 commencing on September 1, 2001 through September 1, 2030	170,660	6.95%	134,160	5,900
2004 Variable Rate Revenue Bonds, due in annual installments from \$355 to \$865 commencing on August 1, 2005 through August 1, 2024	11,500	Variable	9,970	430
Total bonds			696,565	23,902
Accreted bond discount at December 31, 2008			126,553	—
			<u>\$ 823,118</u>	<u>23,902</u>

In November 2004, the City received approval from taxpayers to issue \$260,000,000 in General Obligation Bonds. The City issued \$75,000,000 in face amount of these authorized General Obligation Bonds in December 2007 at a premium of \$147,000, proceeds of which were transferred to the Capital Projects Fund. Remaining authorized and unissued General Obligation Bonds were \$185,000,000 at December 31, 2008.

**CITY OF NEW ORLEANS, LOUISIANA**

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The payment requirements for all bonds outstanding, including accretion on the 1991 General Obligation Bonds of \$126,553,000 (included in interest payments) as of December 31, 2008, are as follows (amounts in thousands):

	Principal	Interest
Year ending December 31:		
2009	\$ 23,902	55,121
2010	27,055	56,244
2011	27,610	57,198
2012	28,142	58,118
2013	28,573	59,126
2014 – 2018	156,493	309,222
2019 – 2023	216,990	73,282
2024 – 2028	109,855	34,694
2029 – 2033	63,440	12,236
2034 – 2036	14,505	1,485
	\$ 696,565	716,726

The City's legal debt limit for General Obligation Bonds is \$992,948,000. At December 31, 2008, the City's legal debt margin adjusted for outstanding principal of \$523,956,000 and past and future accretion of \$200,040,000 on the City's outstanding General Obligation Bonds, plus net assets available in the Debt Service Fund of \$36,922,000 to service this debt was \$305,875,000.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. At December 31, 2008, management believes it is in compliance with all financial related covenants.

***Revenue Bonds***

Included in bonds payable are The Firefighters' Pension and Relief Fund (Old System) Bonds which were issued in 2000 to fund a portion of the projected unfunded accrued liability for the pension plan. The bonds are secured and payable solely from moneys that are available after payment of contractual and statutory obligations and other required expenses, including outstanding certificates of indebtedness. The bonds bear interest at a variable rate determined weekly based on the Bond Market Association Municipal Swap Index™ (BMA); however, the City entered into an interest rate swap agreement over the term of the bonds, which resulted in a fixed rate of 6.95%. As of December 31, 2008, \$134,160,000 in outstanding bonds was recorded as a liability in the government-wide financial statements. The swap terminates in September 2030.

***Objective of the interest rate swap.*** As a means of lowering its borrowing costs, when compared against fixed-rate bonds at the time of issuance in 2000, the City entered into an interest rate swap in connection with its \$170.6 million Taxable Pension Variable-Rate Revenue Bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate of 6.95%.

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

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**Terms.** The bonds and the related swap agreement mature on September 1, 2030, and the swap's notional amount of \$171 million matches the \$171 million variable-rate bonds. The swap agreement was executed contemporaneously with the issuance of the bonds (November 2000). Starting in fiscal year 2001, the notional value of the swap and the principal amount of the associated debt decline. Under the swap, the City pays the counterparty, UBS, a fixed payment of 6.95% and receives a variable payment computed weekly based on the BMA swap index. In addition to the swap agreement, the City entered into a remarketing arrangement with JPMorgan Chase, which obligates the bank to buy the bonds at par at the remarketing agent's demand if the remarketing agent cannot resell the bonds ("the put"). In February 2008, the remarketing agent exercised its put option, which resulted in the bonds becoming "bank bonds" and the City being required to pay interest at the bank's prime rate. The bank bond rate increased to the bank's prime rate plus 1% after 90 days. This payment is an addition to the swap payments, which require the City to pay the counterparty a fixed 6.95% reduced by a variable rate equal to the current 30 day London Interbank Borrowing Rate (LIBOR).

**Fair value.** Because interest rates have declined since execution of the swap, the swap had a negative fair value of \$52.8 million as of December 31, 2008. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

**Credit risk.** As of December 31, 2008, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa2, A+, and A+ by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively, as of December 31, 2008.

**Termination risk.** The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the City if the counterparty's credit quality rating falls below "A-" as issued by Moody's Investors Service. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value. If at the time of termination the swap has a positive fair value, the City would receive a cash payment.

#### **Certificates of Indebtedness**

In 1998, the City issued \$75,205,000, of which \$29,490,000 remained outstanding at December 31, 2008, in certificates of indebtedness (Series 1998B) for the primary purpose of refunding the City's Series 1992 certificates of indebtedness, the City's debt obligation incurred in 1983, and additional debt incurred in 1993 under the merger agreement between the Municipal Police Employees' Retirement System (MPERS) and the City's board of trustees of the Police Pension Fund. The certificates bear interest ranging from 4.05% to 5.1%, payable semiannually and will be fully matured on December 1, 2012.

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In December 2000, the City issued \$27,000,000, of which \$7,800,000 remained outstanding at December 31, 2008, in certificates of indebtedness (Series 2000) for the primary purpose of paying general settlements and judgments rendered against the City. The certificates bear interest ranging from 5% to 5.5%, payable semiannually and will be fully matured on December 1, 2010.

In January 2002, the City issued \$5,155,000, of which \$2,725,000 remained outstanding at December 31, 2008, in certificates of indebtedness (Series 2001C) for the primary purpose of paying general settlements and judgments rendered against the City. The certificates bear interest ranging from 3.5% to 4.25%, payable semiannually and will be fully matured on February 1, 2011.

In March 2003, the City issued \$38,555,000, of which \$11,845,000 remained outstanding at December 31, 2008, in certificates of indebtedness (Series 2003) for the primary purpose of refinancing the payments of the City under an existing lease agreement financing the costs of acquisition of additional vehicles and paying the costs of issuance. The certificates bear interest ranging from 2.97% to 3.4%, payable semiannually and will be fully matured on March 1, 2010.

In April 2004, the City issued \$4,065,000, of which \$2,060,000 remained outstanding at December 31, 2008, in limited tax certificates of indebtedness (Series 2004) for the primary purpose of financing the costs of acquisition of additional vehicles and paying the costs of issuance. The certificates bear interest ranging from 2% to 3.5%, payable semiannually and will be fully matured on April 1, 2011.

In December 2004, the City issued \$40,415,000, of which \$38,265,000 remained outstanding at December 31, 2008, in limited tax certificates of indebtedness (Series 2004B) for the primary purpose of financing the partial defeasance of the 1998B Certificates, financing judgment claims against the City, and paying the costs of issuance. The certificates bear interest ranging from 3.15% to 4.75%, payable semiannually and will be fully matured on March 1, 2014.

During 2005, the City issued \$2,050,000, of which \$1,230,000 remained outstanding at December 31, 2008, in certificates of indebtedness (Series 2005) for the primary purpose of paying costs to repair trackage for rail car storage and to make infrastructure improvements in connection with the CG Rail Project. The certificates bear interest of 3.59%, payable semiannually and will be fully matured on December 1, 2014.

The requirements to amortize the certificates of indebtedness are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2009	\$ 18,110	4,176
2010	19,845	3,345
2011	14,590	2,462
2012	14,855	1,765
2013	12,675	925
2014	13,340	319
	<u>\$ 93,415</u>	<u>12,992</u>

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***Loans Payable***

The City has entered into a Community Disaster Loan (CDL) agreement with the Federal Emergency Management Agency (FEMA) to assist in paying current operations as a result of Hurricane Katrina. During 2005, the City was authorized to draw down \$120,000,000. As of December 31, 2005, the City has drawn down \$61,396,000 and the full \$120,000,000 at December 31, 2006. During 2006, the City was authorized a new \$120,000,000 CDL of which \$17,611,000 was drawn down at December 31, 2006. The City drew down \$32,748,000 during the year ended December 31, 2007. The City has pledged as collateral future revenues from anticipated taxes. The two CDL's, which accrue interest at a rate of 2.75% and 2.93%, are due at the end of five years but can be extended for an additional five years. Interest in the amount of \$16,117,000 and \$9,681,000 will be due on the outstanding principal balance in 2010 and 2011, respectively. Accrued interest through the year ended December 31, 2008 was \$13,048,000.

The City entered into a cooperative endeavor agreement with the State of Louisiana to provide for the issuance of general obligation bonds of the State of Louisiana (GO Zone Series) to fund the debt service assistance loan program, which will make scheduled debt service payments on behalf of the City for certain issues of outstanding debt. The city borrowed \$23,550,000 and \$12,345,000 for the years ended December 31, 2007 and 2008, respectively. The loans are payable beginning in 5 years in equal installments over 15 years commencing in 2012. Interest is deferred during the initial 5 year period and then accrues at a rate of 4.64% during the repayment period.

The requirements to amortize the debt service assistance loan are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2012	\$ 3,401	3,314
2013	3,559	3,156
2014 - 2018	20,429	13,147
2019 - 2023	25,629	7,947
2024 - 2028	18,410	1,734
	<u>\$ 71,428</u>	<u>29,298</u>

***Other Long-Term Liabilities***

The City has entered into contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, with the Secretary of HUD as guarantor. Portions of these funds were used to fund grantee loans referred to in Note 5. The loans consist of notes bearing interest at either fixed interest rates ranging from 5% to 8% or variable interest rates based upon the London Interbank Offered Rate (LIBOR). As of December 31, 2008, \$30,344,000 is recorded as a liability in the government-wide financial statements.

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The requirements to amortize the Section 108 loans are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2009	\$ 2,182	1,902
2010	2,318	1,777
2011	2,456	1,640
2012	2,610	1,493
2013	2,780	1,333
2014 - 2018	14,224	3,769
2019 - 2023	3,774	516
	\$ 30,344	12,430

On October 15, 2000, the City entered into an agreement with a vendor to purchase heating, ventilation and air cooling (HVAC) equipment under a 20 year capital lease. The City entered into two similar subsequent agreements with this vendor on June 1, 2001 and February 15, 2002 primarily for the purpose of purchasing additional HVAC equipment and traffic lights, respectively. The original net present value of these capital leases were \$9,625,000, \$17,912,000 and \$6,248,000 with corresponding interest rates of 7.8%, 7.1% and 6.5%, respectively. Under terms of the agreement, title to this equipment is to transfer to the City at the end of the lease. The contracts provided for a guaranteed energy savings component, which when combined with certain other savings, stipulated by the City, would exceed the debt service requirements on this capital lease. Following Hurricane Katrina, the City and the vendor agreed to amend their original agreement to remove the guaranteed savings component and to reduce the monthly maintenance contract. This liability and the related asset were not previously recorded on the City's books. The HVAC equipment under the leases dated in 2000 and 2001, were recorded as Buildings and Improvements (Note 6) and depreciated over 20 years, with an adjustment made for estimated impairment from Hurricane Katrina. As the traffic light equipment was substantially destroyed in 2005, these assets were not recorded on the City's books.

The requirements to amortize the capital leases are as follows (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2009	\$ 1,311	1,921
2010	1,406	1,826
2011	1,508	1,724
2012	1,660	1,615
2013	1,823	1,494
2014 - 2018	11,288	5,296
2019 - 2023	8,496	1,037
	\$ 27,492	14,913

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The City has recorded \$47,514,000 in accrued annual and sick leave in accordance with its pay-out policies. During the year active employees earned and used \$30,941,000 and \$27,397,000 in sick and vacation leave benefits, respectively. The entire annual and sick liability is recorded in the government wide statements and no liability is recorded in the governmental funds.

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2008 was as follows (amounts in thousands):

	January 1, 2008	Additions	Deletions	December 31, 2008	Due in one year
Claims and judgments (note 12)	\$ 228,601	97,306	(144,920)	180,987	20,816
Landfill closing costs (note 12)	12,560	-	(6,272)	6,288	182
Accrued annual and sick leave	43,970	30,941	(27,397)	47,514	5,000
Revenue bonds	150,140	-	(6,010)	144,130	6,330
Certificates of indebtedness	110,165	-	(16,750)	93,415	18,110
General obligation bonds (a)	669,256	-	(18,748)	650,508	21,575
Limited tax bonds	30,045	-	(1,565)	28,480	1,635
Deferred loss on refunding	(3,747)	-	347	(3,400)	346
Premium on bonds payable	13,051	-	(1,293)	11,758	1,240
Discount on bonds payable	(571)	-	48	(523)	(48)
Community Disaster Loan	170,358	34,373	-	204,731	-
Debt Service Assistance Program	59,083	12,345	-	71,428	-
HUD Section 108 loan	32,405	-	(2,061)	30,344	2,182
Capital leases	28,715	-	(1,223)	27,492	1,311
Net pension obligation	34,052	37,235	(15,469)	55,818	14,374
Post-employment benefit	18,443	33,066	(19,224)	32,285	15,780
	<u>\$ 1,596,526</u>	<u>245,266</u>	<u>(260,537)</u>	<u>1,581,255</u>	<u>108,833</u>

(a) Additions and deletions include amounts related to accretion of 1991 Refunding Series of 14,101 and (16,870), respectively.

The above liabilities will be repaid from the General Fund, except for HUD Section 108 loans, which will be repaid from the UDAG Fund, and the General Obligation and Limited Tax Bonds and a portion of the Debt Service Assistance Loan Program, which will be repaid from the Debt Service Fund. The Board of Liquidation handles all the bonded debt of the City and results of its operations are reported in the debt service fund. For the year ended December 31, 2008, the debt service fund had \$66.897,000 in fund balance reserved to service this debt.

**(8) Pension Plans and Postretirement Healthcare Benefits**

At December 31, 2008, the City sponsors and administers four separate single-employer, contributory defined benefit pension plans, namely: (1) Firefighters' Pension and Relief Fund – Old System; (2) Firefighters' Pension and Relief Fund – New System; (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees' Retirement System (State of Louisiana) (MPERS). The Police Plan of the City will remain responsible for the payment of certain benefits due to differences in length of service and

## CITY OF NEW ORLEANS, LOUISIANA

### Notes to Basic Financial Statements

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age requirements for the participants who were not transferred to the MPERS plan. MPERS is the only cost-sharing, multiple-employer retirement plan in which employees of the City participate. The Employees' Plan covers all City employees other than firefighters and police.

All four plans use the accrual basis of accounting for changes in net assets. Within this context, interest income is recognized when earned, as are employer and employee contributions, except in the case of the Police Plan, which recognizes employer contributions when due from the City. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### *MPERS Plan Description*

On March 6, 1983, an agreement was signed among the City, the Police Pension Funds of the City of New Orleans, and the MPERS, which provided for the merger of the Police Pension Plans with the MPERS. As of that date, all members of the Police Pension Plans, active and retired, became members of the MPERS. Those members covered by the system who did not meet the age and service requirements of the MPERS will be paid by the Police Pension Fund of the City until they reach age 50 or 55, depending on the length of active service. The MPERS is a defined benefit pension plan established by a State of Louisiana statute.

Employees become eligible for retirement under the MPERS plan at age 50, after being a member of the plan for 1 year and after 20 years of active continuous service. An employee who is age 55 becomes eligible for retirement benefits after 16 years of active continuous service. The plan also provides death and disability benefits. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809, or by calling (800) 443-4248.

#### *Employees' Plan, Police Plan, Firefighters' Pension and Relief Fund – Old and New System Descriptions*

Each plan is a defined benefit pension plan established by the State of Louisiana statute, which provide retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana. Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan.

Employees' Retirement System of the City of New Orleans  
1300 Perdido Street, Suite 1E12  
New Orleans, Louisiana 70112  
(504) 658-1850

Police Pension Fund of the City of New Orleans  
715 S. Broad, Room B23  
New Orleans, Louisiana 70119  
(504) 826-2900

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Firefighters' Pension and Relief Fund of the  
 City of New Orleans (Old and New Systems)  
 329 S. Dorgenois Street  
 New Orleans, Louisiana 70119  
 (504) 821-4671

***Funding Policies and Annual Pension Costs***

The employer contributions for the MPERS and the Firefighters' Pension and Relief Fund (New System) are based on actuarially determined amounts. The employer contribution for the Police Pension Fund is based on amounts necessary to cover administrative costs and payments of pensions and benefits, as certified by the board of trustees of the Fund. The employer contribution for the Firefighters' Pension and Relief Fund (Old System) is based on amounts necessary to pay current expenses, and, in effect, is being funded on a "pay-as-you-go" basis. In December 2000, the City issued \$170,660,000 of taxable pension revenue bonds to fund the projected unfunded accrued liability of the Firefighters' Pension and Relief Fund (Old System). Debt service is to be paid from the General Fund. Employees covered under the MPERS contribute 4% of their earnable compensation to the plan. Employees covered under the Firefighters' Pension and Relief Fund of the City of New Orleans (Old and New Systems) contribute 6% of salary for the first 20 years of employment.

As a result of the merger contract with the MPERS to transfer all active policemen who were participating in the City's Police Pension Fund to MPERS, there were no active participants in the plan and therefore the only contributions by employees to the plan related to retirees' contributions for the purchase of military service credit. The City's annual pension cost for the current year and related actuarial methods and assumptions for each plan is as follows (amounts in thousands):

	<u>Employees' Retirement System</u>	<u>Police Pension Fund</u>	<u>Firefighters' Pension and Relief Fund (Old System)</u>	<u>Firefighters' Pension and Relief Fund (New System)</u>
Annual required contribution (thousands)	\$ 9,430	—	19,336	10,965
Annual pension cost (thousands)	9,434	—	17,851	10,297
Contributions made (thousands)	4,991	—	—	10,478
Actuarial valuation date	1/1/09	12/31/08	12/31/08	12/31/08
Actuarial cost method	Frozen entry age actuarial cost method	Entry age normal cost method	Entry age normal cost method	Aggregate actuarial cost method

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	Employees' Retirement System	Police Pension Fund	Firefighters' Pension and Relief Fund (Old System)	Firefighters' Pension and Relief Fund (New System)
Amortization method	(a)	(b)	Specific number of years – level amount, closed	(c)
Remaining amortization period	(a)	(b)	6 years	(c)
Asset valuation method	Market value	Cost which approximates market	Market value	Three-year averaging
Actuarial assumptions:				
Investment rate of return	7.75%	7.00%	7.50%	7.50%
Projected salary increases	4.50	NA	5.00	5.00

- (a) The amortization period for the year, which ended on December 31, 2008, is being maintained. Beginning with the January 1, 1992 actuarial valuation, the amortization amount was “frozen” and is equal to the 12-year remaining amortization amount over the period January 1, 1992 through December 31, 2008.
- (b) The “Entry Age Normal” cost method was used to calculate the funding requirements of the Fund. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as a percentage of payroll for each participant between entry age and assumed retirement age.
- (c) The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities *Annual Pension Cost, Prepaid Pension Asset, and Net Pension Obligation* – The City’s annual pension cost (APC), prepaid pension asset (PPA), and net pension obligation (NPO) to the City of New Orleans Employees’ Retirement System and the Firefighters’ Pension and Relief Fund (Old System and New System) for the current year are as follows (amounts in thousands):

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	<u>New Orleans Employees' Retirement System</u>	<u>Firefighters' Pension and Relief Fund (Old System)</u>	<u>Firefighters' Pension and Relief Fund (New System)</u>
Annual required contribution	\$ 9,430	19,336	10,965
Interest on PPA (NPO)	(4)	2,226	306
Adjustment to annual required contribution	<u>(48)</u>	<u>(5,013)</u>	<u>37</u>
Annual pension cost	9,378	16,549	11,308
Contributions made	<u>4,991</u>	<u>-</u>	<u>10,478</u>
Decrease (increase) in PPA (NPO)	(4,387)	(16,549)	(830)
PPA (NPO), beginning of year	<u>-</u>	<u>(30,990)</u>	<u>(3,062)</u>
PPA (NPO), end of year	<u>\$ (4,387)</u>	<u>(47,539)</u>	<u>(3,892)</u>

The NPOs are approximately \$4,387,000, \$47,539,000, and \$3,892,000 respectively, at December 31, 2008, and are recorded in the governmental activities of the government-wide statement of net assets.

**Three Year Trend Information (amounts in thousands)**

	<u>Year ending</u>	<u>APC</u>	<u>Percentage of APC contributed</u>	<u>NPO (PPA)</u>
MPERS	12/31/08	\$ 9,434	53%	\$ 4,387
	12/31/07	3,572	133	(52)
	12/31/06	4,003	100	1,266
Firefighters' Pension and Relief Fund (Old System)	12/31/08	17,851	—	47,539
	12/31/07	18,025	—	30,990
	12/31/06	19,567	—	13,874
Firefighters' Pension and Relief Fund (New System)	12/31/08	10,297	102	3,892
	12/31/07	10,863	82	3,062
	12/31/06	10,209	92	2,493

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

***Postretirement Healthcare Benefits***

**Plan Description**

The City of New Orleans' medical benefits are provided through a self-insured comprehensive health benefit program and are made available to employees upon retirement.

Medical benefits are provided to employees upon actual retirement (that is, at the end of the DROP period, if applicable) according to the eligibility provisions of the System by which the employee is covered. The vast majority of City employees are covered by one of three primary systems: The Employees' Retirement System of the City of New Orleans (NOMERS), the Louisiana State Municipal Police Employees Retirement System (MPERS), and the New Orleans Firefighters' Pension and Relief Fund (NOFF). The maximum DROP period is five years in NOMERS and NOFF and three years in MPERS. Retirement (DROP entry) eligibility is as follows: in NOMERS, the earliest of 30 years of service at any age; age 60 and 10 years of service; age 65 and 5 years of service; or, satisfaction of the "Rule of 80" (age plus service equals or exceeds 80); in MPERS, the earlier of 25 years of service and age 50 and 20 years of service (in MPERS, DROP entry requires age 55 and 12 years of service or 20 years of service and eligibility to retire); in NOFF, age 50 and 12 years of service. However, because of the "back-loaded" benefit formula in the NOFF plan relative to years of service, the retirement assumption used for that plan was the earliest of age 50 and 30 years of service, age 55 and 25 years of service, and age 60 and 12 years of service.

**Contribution Rates**

Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy**

Until 2007, the City recognized the cost of providing post-employment medical benefits (the City's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning January 1, 2007, the City implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45).

In 2008, the City's portion of health care funding cost for retired employees totaled \$19,223,653.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

**Annual Required Contribution**

The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning January 1, 2008 is \$33,394,386, as set forth below:

	<u>Medical</u>
Normal Cost	\$ 8,732,764
30-year UAL amortization amount	<u>24,661,622</u>
Annual required contribution (ARC)	<u>\$ 33,394,386</u>

**Net Post-employment Benefit Obligation (Asset)**

The table below shows the City's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending December 31, 2008:

	<u>Medical</u>
Beginning Net OPEB Obligation (Asset) 1/1/2008	\$ 18,442,786
Annual required contribution	33,394,386
Interest on Net OPEB Obligation	737,711
ARC Adjustment	<u>1,066,550</u>
OPEB Cost	33,065,547
Contribution	-
Current year retiree premium	<u>19,223,653</u>
Change in Net OPEB Obligation	<u>13,841,894</u>
Ending Net OPEB Obligation (Asset) 12/31/2008	<u>\$ 32,284,680</u>

The following table shows the City's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net PEB Liability</u>
December 31, 2008	\$33,065,547	58.14%	\$32,284,680
December 31, 2007	\$30,778,145	40.08%	\$18,442,786

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

**Funded Status and Funding Progress**

In the fiscal year ending December 31, 2008, The City made no contributions to its post employment benefits plan. The plan was not funded, has no assets, and hence has a funded ratio of zero. As of January 1, 2008, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$426,450,108, which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2008, the entire actuarial accrued liability of \$426,450,108 was unfunded.

Actuarial Accrued Liability (AAL)	\$	426,450,108
Actuarial Value of Plan Assets (AVP)		-
Unfunded Act. Accrued Liability (UAAL)	\$	<u>426,450,108</u>
Funded Ratio (AVP/AAL)		0%
Covered Payroll (active plan members)	\$	226,763,971
UAAL as a percentage of covered payroll		188%

**Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

**Actuarial Cost Method**

The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**Actuarial Value of Plan Assets**

There are not any plan assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

**Turnover Rate**

The following age related turnover scale was used:

Age	Percent Turnover
18 – 25	20.00%
26 - 40	12.00%
41 – 54	8.00%
55+	6.00%

**Post employment Benefit Plan Eligibility Requirements**

Based on past experience, it has been assumed that entitlement to benefits will commence at the end of the DROP period, as described under the heading “Plan Description.” In addition, an additional delay of one year after retirement eligibility was included for NOMERS employees and a further two years’ delay where eligibility was under the “Rule of 80.”

**Investment Return Assumption (Discount Rate)**

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

**Health Care Cost Trend Rate**

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)).

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

"State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

**Mortality Rate**

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans.

**Method of Determining Value of Benefits**

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer rates provided are "unblended" rates for active and retired as required by GASB 45 for valuation purposes.

**(9) Individual Fund Disclosures**

*Deficit Fund Equity*

At December 31, 2008, the FEMA and HUD funds had deficit fund balances in the amounts of approximately \$23,513,000 and \$267,000, respectively, resulting from accrued expenditures for which no revenue has been recognized.

*Interfund Receivables and Payables*

Individual fund interfund receivables and payables at December 31, 2008 were as follows (amounts in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	FEMA Fund	\$ 26,673
	Federal UDAG Fund	1,253
	Nonmajor Funds	13,076
Nonmajor Funds	Nonmajor Funds	2,021
	General Fund	63
Federal UADG Fund	General Fund	1,814
		<u>\$ 44,900</u>

Interfund balances resulted from the time lag between the dates (1) when interfund services are provided or reimbursable expenditures occur and (2) payments between funds are made. For example, the General Fund originally incurred expenditures that were ultimately recorded in the FEMA grant and reimbursed by the federal government. The interfund balances between the General Fund and the HUD Grant Fund and Nonmajor Funds result from timing differences in the payment for services and reimbursement from the federal government.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

***Interfund Advances***

Individual fund interfund advances at December 31, 2008 were as follows (amounts in thousands):

	<u>Advances to other funds</u>	<u>Advances from other funds</u>
General	\$ 252	—
Nonmajor special revenue:		
Sidewalk paving and repairing	—	2
Department of Safety and Permits -- Demolition	—	250
Total nonmajor special revenue	<u>—</u>	<u>252</u>
	<u>\$ 252</u>	<u>252</u>

The interfund balances are not expected to be repaid within the year.

***Fund Transfers***

Individual fund transfers for the year ended December 31, 2008 were as follows (amounts in thousands):

	<u>Transfers-in</u>	<u>Transfers-out</u>
General	\$ 13,938	(1,387)
Nonmajor governmental funds	1,387	(13,938)
Total	<u>\$ 15,325</u>	<u>(15,325)</u>

Transfers are used to (1) move revenues from the fund that statute or the budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds. Amounts transferred to the General Fund from the Rivergate Development Corporation Fund (included as a nonmajor governmental fund) represent net rents and other cost reimbursements received related to the land-based casino. Amounts transferred to the Federal UDAG Fund represents advances made from the Community Development Block Grant (CDBG) to pay debt service.

***Charges to Component Units for Support Services***

Charges for support services paid to the general fund during fiscal year 2008 by the Airport amounted to \$3,579,000 primarily for overhead reimbursement and fire protection.

The City does not charge the Downtown Development District, French Market Corporation, the Municipal Yacht Harbor Management Corporation, the Upper Pontalba Building Restoration Corporation, or Canal Street Development Corporation for any support services provided to them. In addition, the City does not charge rent to the Audubon Commission for the land which is owned by the City on which the golf course operates.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

**(10) Fund Balance Reserves**

Certain fund balance amounts in the following funds have been reserved to indicate a restriction for a particular purpose or amounts that are not available for appropriation. Details of the components of reserved fund balance at December 31, 2008 are as follows (amounts in thousands):

	Governmental funds					Total
	General	Federal UDAG	Debt service	Capital projects	Other governmental	
Encumbrances \$	7,229	21,438	—	95,357	1,218	125,242
Debt service	—	—	66,897	—	—	66,897
Grantee loans	—	987	—	—	—	987
Total	\$ 7,229	22,425	66,897	95,357	1,218	193,126

**(11) Interest Income**

Interest earned on investments held by the City's capital projects fund, certain special revenue funds (Sidewalk Paving and Repairing, Traffic Court Judicial Expense, Department of Safety and Permits – Demolition, Vieux Carre' Commission, and Municipal Court Judicial Expense) and certain agency funds (Clearing and Deposit) is recorded as revenue of the General Fund. The amount of interest revenue recorded by the General Fund on investments of the capital projects fund for the year ended December 31, 2008 was approximately \$5,020,000.

**(12) Commitments and Contingencies**

*Operating Lease Agreements*

The City has commitments under several operating lease agreements for equipment and facilities. These lease agreements are primarily for copier and data processing equipment and for land and buildings. They are cancelable by the City at any time. However, City management believes that such leases will generally be renewed or replaced each year. Annual rent in 2008 for such operating lease agreements was approximately \$5,154,000.

*Claims and Judgments*

The City is a defendant in a number of claims and lawsuits alleging, among other things, personal injury, police brutality, wrongful death, overcollection of property taxes, and improperly designed drainage systems.

*Self-Insurance*

The City is self-insured for its motor vehicle fleet, and general liability and police department excessive force, workers' compensation, hospitalization, and unemployment losses and claims.

The City's claims are financed on a "pay-as-you-go" basis for its motor vehicle fleet, general liability and police department excessive force losses. Premiums are charged by the General Fund to the City's various funds for the unemployment and worker's compensation self-insurance programs and to employees and the

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

City's various funds for the hospitalization self-insurance programs. Paid claims in excess of such premiums, if any, are funded by the General Fund.

As of December 31, 2008, the City has determined, through an analysis of historical experience, the adequacy of the liability necessary to cover all losses and claims, both incurred and reported and incurred but not reported (IBNR), under its self-insurance programs. The City does not discount its claims liabilities. The liabilities of \$359,000 for motor vehicle fleet, \$108,432,000 for general liability and police department excessive force losses, \$67,691,000 for workers' compensation, and \$4,505,000 for hospitalization and unemployment have been accrued in the government-wide financial statements in the total amount of \$180,987,000.

Changes to the City's claims liability amounts in fiscal 2008 and 2007 are as follows (amounts in thousands):

	<u>Beginning of fiscal year liability</u>	<u>Claims and changes in estimates</u>	<u>Benefit payments, claims, and adjustments</u>	<u>Balance at fiscal year-end</u>	<u>Short-term Portion</u>
General liability and police liability:					
2007	\$ 204,507	(28,482)	(3,414)	172,611	7,000
2008	172,611	21,026	(85,205)	108,432	4,000
Workers' compensation:					
2007	49,281	13,581	(13,689)	49,173	13,689
2008	49,173	34,864	(16,346)	67,691	16,345
Motor vehicle fleet:					
2007	698	57	(418)	337	337
2008	337	498	(476)	359	359
Hospitalization and unemployment:					
2007	5,009	52,257	(50,786)	6,480	6,480
2008	6,480	40,918	(42,893)	4,505	112
Total:					
2007	259,495	37,413	(68,307)	228,601	27,506
2008	228,601	97,306	(144,920)	180,987	20,816

***Federal Financial Assistance Questioned Costs***

The City receives federal financial assistance directly from federal agencies or passed through from other government agencies. Audits of the City's federal award programs periodically disclosed certain items or transactions as questioned costs. The ultimate resolution or determination as to whether the costs will be disallowed under the affected grants will be made by the various funding sources and cannot be determined at this time. The City believes disallowances, if any, will be immaterial to its financial position and operations.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2008

*Landfill Closing Costs*

The City owns two closed landfill sites located in the eastern portion of the City (Recovery I Landfill and Gentilly Landfill). State and federal laws require the City to cap the landfill and to monitor and maintain the site for 30 subsequent years. The Gentilly Landfill, which was closed in 1995, was reopened in 2005 under an agreement with a third party vendor. The agreement requires the vendor to pay a 3% royalty fee to the City and a fee equal to 50 cents per cubic yard of waste disposed at the site to be put in to trust to fund the future landfill post closure costs until such time that this liability becomes fully funded, as certified by the Louisiana Department of Environmental Quality (LDEQ). The City does not record this liability on its' books, as the third party vendor is contributing to the trust in accordance with the agreement. The Recovery I site was closed in June 2003 upon obtainment of the Closure Certificate from LDEQ.

Through the time of closure, in the government-wide financial statements, the City recognized a portion of the closure and postclosure care costs in each operating period although actual payouts will not occur until this landfill is capped and closed, respectively. The amount recognized each year to date was based on the landfills' capacities used as of the balance sheet date. As of December 31, 2008, the City has estimated its liability at \$6,288,000.

These amounts are based on what it would cost to perform all closure and postclosure care beginning in 2007 for a 30 year period, adjusted for annual cost increases of 3%. Actual cost may be higher due to inflation, changes in technology, or changes in regulations, and may need to be covered by charges from future tax revenue. Current funding of these costs comes from the General Fund.

*Prior Years' Defeased Bonds*

In prior years, the City entered into advance refunding transactions whereby it issued General Obligation Refunding Bonds to effect early retirement of certain General Obligation Bonds. The net proceeds of these refunding bonds were placed in irrevocable escrow accounts 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 accounts and the refundable bonds are no longer included on the City's basic financial statement of net assets. The outstanding balance of the refunded bonds at December 31, 2008 is as follows (amounts in thousands):

	<u>2007</u>	<u>Payments</u>	<u>2008</u>
1999 Public Improvement Bond	\$ <u>27,005</u>	<u>-</u>	<u>27,005</u>

*Arbitrage*

The City has issued tax-exempt bonds that are subject to arbitrage regulations of the Internal Revenue Service, which impose restrictions on the use of proceeds from tax-exempt bonds. If certain of these restrictions are not complied with, the bonds could lose their tax-exempt status retroactive to the date of original issuance and also result in the City being subject to arbitrage rebates. The City believes it is in compliance with the arbitrage regulations with respect to all of its tax-exempt bond issues.

**CITY OF NEW ORLEANS, LOUISIANA**

Notes to Basic Financial Statements

December 31, 2008

**(13) Restatement**

During 2008, the City identified several adjustments which impacted prior year financial statements. A summary of the impact of these adjustments is as follows. The impact on fund balance was as follows:

Fund balance, as previously reported, December 31, 2007	\$	456,678
Prior period adjustments		
FEMA Special Revenue Fund related to intergovernmental revenue		993
Federal UDAG Fund due to over-accrued expense		738
Capital Projects related to deferred revenue		(6,529)
General fund related to unrecorded investments		2,426
		<u>(2,372)</u>
Fund balance, as restated, December 31, 2007	\$	<u>454,306</u>

The impact on net assets was as follows:

Net assets, as previously reported, December 31, 2007	\$	71,529
Prior period adjustments		
Related to unrecorded revenue		993
Related to over-accrued expenses		738
Related to deferred revenue		(6,529)
Unrecorded assets		8,265
		<u>3,467</u>
Net assets, as restated, December 31, 2007	\$	<u>74,996</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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## CITY OF NEW ORLEANS, LOUISIANA

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget (Non-GAAP Budgetary Basis) and Actual – General Fund

Year ended December 31, 2008

(Amounts in thousands)

	Original budget	Revised budget	Actual on budgetary basis	Variance favorable (unfavorable)
Revenues:				
Taxes	\$ 243,313	243,667	239,350	(4,317)
Licenses and permits	48,005	48,005	60,241	12,236
Intergovernmental	10,024	10,024	19,044	9,020
Charges for services	41,896	41,940	44,116	2,176
Fines and forfeits	25,144	25,144	16,300	(8,844)
Interest income	15,176	15,176	9,488	(5,688)
Contributions, gifts, and donations	5,234	588	851	263
Miscellaneous	3,674	9,573	10,733	1,160
Total revenues	392,466	394,117	400,123	6,006
Expenditures:				
Current:				
General government	103,007	124,453	162,434	(37,981)
Public safety	213,865	218,083	157,886	60,197
Public works	60,080	61,580	83,037	(21,457)
Health and human services	10,533	10,578	13,494	(2,916)
Culture and recreation	21,720	23,428	17,547	5,881
Urban development and housing	—	—	—	—
Debt service:				
Principal retirement	25,318	25,318	25,318	—
Interest and fiscal charges	39,801	21,238	22,362	(1,124)
Other, net	—	—	—	—
Total expenditures	474,324	484,678	482,078	2,600
(Deficiency) excess of revenues over expenditures	(81,858)	(90,561)	(81,955)	8,606
Other financing sources (uses):				
Operating transfers in	14,575	14,885	13,938	(947)
Proceeds from notes payable	44,848	44,848	12,345	(32,503)
Operating transfers out	—	—	(1,387)	(1,387)
Appropriations from prior year budgetary fund balance	22,435	30,828	40,828	10,000
Reduction in prior year's outstanding encumbrances	—	—	5,481	5,481
Other	—	—	24,270	24,270
Total other financing sources (uses)	81,858	90,561	95,475	4,914
(Deficiency) excess of revenues and other financing sources over expenditures and other financing uses	\$ —	—	13,520	13,520
Fund balances, beginning of year			81,094	
Less appropriation from beginning of year fund balance			(40,828)	
Fund balances – budgetary basis, end of year			\$ 53,786	

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA

Budget to GAAP Reconciliation

(Unaudited)

The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual presents comparisons of the legally adopted original budget and final budget (non-GAAP basis) with actual data on a budgetary basis. In the general fund, accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with GAAP. A reconciliation of this basis and timing differences is presented below (amounts in thousands):

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 13,520
Adjustments:	
To adjust revenues for accruals and deferrals	(14,778)
Appropriation from beginning of year fund balance	<u>(35,347)</u>
Net change in fund balance	<u>\$ (36,605)</u>

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Schedule of Funding Progress  
 Required Supplementary Information Under GASB Statement No. 27  
 Year ended December 31, 2008  
 (Unaudited)  
 (Amounts in Thousands)

Actuarial valuation date	Value of assets (a)	Actuarial accrued liability (AAL) (b)	Excess of assets over AAL (a-b)	Funded ratio (a/b)	Covered payroll (c)	Excess as percentage of covered payroll ((a-b)/c)
<b>Employees' Retirement System:</b>						
12/31/06	403,370	378,794	24,576	106.49	52,985	46.38
12/31/07	398,491	423,794	(25,303)	94.03	63,457	(39.87)
12/31/08	381,604	450,943	(69,339)	84.62	78,846	(87.94)
<b>Police Pension Fund:</b>						
12/31/06	1,648	1,626	22	101.35	—	N/A
12/31/07	1,635	1,613	22	101.36	—	N/A
12/31/08	1,622	1,600	22	101.38	—	N/A
<b>Firefighters' Pension and Relief Fund (Old System):</b>						
12/31/06	20,215	165,856	(145,641)	12.19	—	N/A
12/31/07	19,037	170,527	(151,490)	11.16	—	N/A
12/31/08	16,839	168,202	(151,363)	10.01	—	N/A
<b>Firefighters' Pension and Relief Fund (New System):</b>						
12/31/07	229,317	300,189	(70,872)	76.39	22,459	(315.56)
12/31/08	212,727	321,387	(108,660)	66.19	22,735	(477.94)

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**

Schedule of Funding Progress

Required Supplementary Information Under GASB Statement No. 45

Year ended December 31, 2008

(Unaudited)

(Amounts in Thousands)

Actuarial valuation date	Value of assets (a)	Actuarial accrued liability (AAL) (b)	Excess of assets over AAL (a-b)	Funded ratio (a/b)	Covered payroll (c)	Excess as percentage of covered payroll ((a-b)/c)
12/31/07	—	398,422	(398,422)	—	198,626	(200.59)
12/31/08	—	426,450	(426,450)	—	226,764	(188.06)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Notes to Required Supplementary Information  
Year ended December 31, 2008  
(Unaudited)

Required Supplementary Information includes budgetary comparisons for the General Fund and the Schedules of Funding Progress.

**(1) Budgetary Data**

The procedures used by the City in establishing the general fund budgetary data are as follows:

- Not later than November 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted, after proper official public notification, to obtain taxpayer comments.
- Not later than December 1, the budget is legally enacted through passage of an ordinance.
- The City's budget ordinance is structured such that revenues are budgeted by source, and expenditures are budgeted by department and by principal object classification within a department. The City's charter provides that expenditures may not legally exceed appropriations either at a departmental level or at the principal object classification within a department.

The Mayor's office is allowed to authorize the transfer of budgeted amounts from one budget activity to another within a principal object classification within the same department. Budgetary transfers between principal object classifications of the same department or between departments must be approved by the City Council. Throughout the year, several amendments to the budget were made by the City Council. There were no supplemental appropriations necessary during the current year.

- The City utilizes formal budgetary integration as a management control device during the year for the general and capital projects funds. Formal budgetary integration is not employed for the debt service and special revenue funds because effective budgetary control is alternatively achieved through other provisions.
- Unencumbered appropriations lapse at year-end. Current year transactions, which are directly related to a prior year's budget, are not rebudgeted in the current year.
- The City adopts an ordinance subsequent to year end to agree the final budgeted expenditures to actual expenditures.

**(2) Schedules of Funding Progress**

The actuarial value of assets for the Old System does not include contributions receivable of \$13,720,000, \$41,700,000, and \$55,168,000 for the years ended December 31, 2008, 2007, and 2006, respectively. For actuarial purposes, contribution receivable is not deemed to be an asset of the fund. However, for the purposes of the calculation of the prepaid pension asset, the contribution receivable is included in the actuarial value of plan assets in accordance with U.S. generally accepted accounting principles.

The Firefighters' Pension and Relief Fund (New System) uses the aggregate actuarial cost method; therefore, a schedule of funding progress is not required when this method is used in determining funding requirements because this method does not separately identify an actuarial accrued liability.

**COMBINING STATEMENTS**

**NON-MAJOR GOVERNMENTAL FUNDS**

## CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2008

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. Significant special revenue funds are as follows:

- *National League of Cities*- Used to account for funds allocated for participation in the National League of Cities organization which promotes cities as centers of opportunities, leadership and governance.
- *New Orleans Economic Development* – Used to account for funds allocated to programs designed to alleviate economic development problems, improve quality of life, and provide jobs for the citizens of New Orleans.
- *Neighborhood Housing Improvement* – Used to account for funds allocated to programs which repair and renovate housing in low-income areas.
- *American Can* – Used to account for repayment of the Section 108 loan received from the U.S. Department of Housing and Urban Development (HUD) for the benefit of the American Can Project.
- *Rivergate Special Fund* – Used to account for funds received from Rivergate parking facilities which has been earmarked for payment to the Audubon Commission as per the “Riverfront Economic Development Agreement”.
- *New Orleans Building Corporation*- Charged with managing and developing under-used, deteriorated, or vacant City properties. NOBC identifies public properties with economic or cultural potential, determines development options, and guides the redevelopment effort.
- *Rivergate Development Corporation* – Used to account for and oversee the development of any additions to the land-based casino site and the surroundings properties.
- *Termite Control Fund* – Used to account for revenues of the New Orleans Mosquito, Termite, & Rodent Control Board as a result of consulting, conferences held for private companies and governmental agencies, and technical support supplied to companies testing their termite control products. Expenditures shall be used to purchase materials necessary to supply technical or consulting advice to companies testing their products.
- *Piazza D'italia Development* – Used to protect and preserve the Piazza and for future development of the areas bounded by Tchoupitalous, Poydras, South Peter and Lafayette Streets.

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2008

- *Traffic Court Judicial Expense*- Used to account for monies collected from contempt fines and penalties paid by persons charged with traffic violations and allocated to the proper administration of the court or office of the individual judges.
- *Sex Offender Proprietary Fund* – Used to account for funds collected by the New Orleans Police Department as a result of annual registration of criminals, annual updates for registration information, criminal penalties for failure to register, and related matters. Expenditures from the fund are for equipment and supplies necessary for its operation and continuation.
- *Municipal Court Judicial Expense*- Used to account for monies collected from bond forfeitures in connection with administration of municipal court or in other manners provided by law.
- *Sidewalk Paving and Repairing* – Used to account for funds dedicated to maintaining sidewalks.
- *Special Events* – Used to account for the City’s participation in events in the City and to host special events on behalf of the City for the citizens.
- *Adopt-a-Pothole Program* – Used to account for funds donated to repair damaged City streets.
- *Department of Safety and Permits – Demolitions* – Used to account for funds allocated to the demolitions of building or structures
- *Mayor’s Office of Tourism and Arts* – Used to account for programs and initiative specifically directed toward supporting and advancing arts organizations.
- *Mayoral Fellows Program* – Used to account for funds to offer post-baccalaureate students the opportunity to serve in the New Orleans city government while helping to create a cadre of potential leaders for the community.
- *Music and Entertainment Commission*- Used to account for funds allocated for programs designed to attract music and entertainment to the City
- *New Orleans Police Department Crime Prevention* – Used to account for donations earmarked to assist the Police Department in their crime fighting efforts.
- *Asset Seizure*- Used to account for property confiscated from drug dealers by the police department to be used for crime fighting measures.

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2008

- *New Orleans War on Drugs* – Used to account for donations received from private individuals, corporations, and other institutions and entities in order to aid and assist the City in its efforts to eradicate illegal substance abuse.
- *New Orleans Recreation Department* – Used to account for donations designated to assist in the purchase of playground equipment.
- *New Orleans Film Commission* – Used to account for funds received for the spending budget of the New Orleans Film Commission from various sources, such as the New Orleans Tourism Marketing Corporation, as well as grant funds, donations, and other monetary contributions from private individual corporations, and other institutions and entities in the private sector to support the programs and activities of the commission.
- *New Orleans Special Events* – Used to account for funds received for donations from private individuals, corporations, and other institutions and entities in the private sector to lessen the burdens of government on the city in attracting and hosting national conventions, special events and other activities which shall benefit the City.
- *Vieux Carré Commission* – Used to account for funds received used to encourage residential uses in the Vieux Carré and which shall be used only for public purposes which help retain or increase residential uses within the boundaries of the Vieux Carré National Register History District.
- *Vieux Carre' Restoration* – Used to account for funds to revitalize and preserve the Historic District.
- *Public Library Donations* - Used to account for donations to enhance the City's library system.
- *Sanitation Recycling* – Used to account for funds received resulting from the sale of recyclable materials brought to and /or purchased by the City of New Orleans Department of Sanitation Recycling Center, which shall be utilized only as a budget enhancement and not an offset for public purposes and which shall further the needs and accomplishments of the Department of Sanitation.
- *Plant-a-Tree Campaign*- Used to account for funds allocated to programs designed for planting and beautifying trees, plants, and flowers throughout the City.
- *Municipal Endowment – Cox Cable* – Used to account for funds allocated for programs related to video or audio community service programming in New Orleans or the arts, humanities, and cultures of New Orleans

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2008

- *Capital Improvements and Infrastructure*- Used to account for funds allocated for the improvements of infrastructures within the City
- *Grant Recipient Funds*- Used to account for funds and other state and federal financial assistance.
- *Delgado- Albania Plantation Commission* – Used to account for funds generated from the operation of a sugar cane plantation.
- *Edward Wisner* - Used to account for approximately 53,500 acres of land and waterbottoms in Jefferson, St. John the Baptist and Lafourche Parishes, Louisiana from the estate of Edward Wisner to the City of New Orleans, Louisiana as Trustee, for a 100 year charitable trust. The beneficiaries of the trust include the City of New Orleans, Louisiana as beneficiary for several charitable purposes, Charity Hospital, of New Orleans, Louisiana, Tulane University, and The Salvation Army. Specific portions of the land or the income from the land were also set aside for the establishment and maintenance of specified structures for certain other organizations operating within the City of New Orleans, Louisiana. This trust was created by an Act of Donation dated August 4, 1914.
- *LaHache Music* – Used to account for funds to promote the history of New Orleans musicians and facilitate the development of new musicians and composers.
- *Place De France- Joan of Arc* – Used to account for funds to maintain the Joan of Arc Monument and the surrounding area.
- *Simon Hersheim* – Used to account for funds for the purpose of purchasing books for the Public Library.
- *Kiwanis Club Lee Circle Sprinkler System* – Used to maintain and improve the sprinkler system for the beautification and benefit of Lee Circle.
- *Ella West Freeman Foundation* – Used to account for funds to establish and facilitate programs aimed at education, arts performing and applied, community improvement and governmental oversight, and human service organizations with an emphasis on capital projects for established agencies.
- *Isaac Delgado Memorial* – Used to account for funds which will benefit Delgado Community College.
- *John McDonogh School* – Used to account for funds to promote education through the City of New Orleans.

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2008

- *Lafayette Cemetery No. 1 Under Wiley of Lilly Violet* – a bequeath to the City to maintain Lafayette Cemetery No. 1.
- *Mahalia Zimmerman Tomb* – a bequeath to the City to maintain Ms. Zimmerman's tomb.
- *Mrs. Otto Joachim* – Used to account for funds to promote the study of orchestra music and violinists.
- *Sickles Legacy* – Used to account for funds designated to establish a city dispensary for gratuitous dispensing of medicine and medical advice to the poor.
- *Helen Alder Levy Library* – Used to account for funds for the purpose of the establishment and maintenance of the Helen Alder Levy Memorial Room at the New Orleans Public Library.
- *Housing and Environment Improvements*- Used to improve health, housing and environmental conditions in the City
- *Imagine It Clean*- establish to receive allocations to support the programs and activities of the program
- *Environmental Improvement*- Used to account for funds received from fines, fees, costs, and penalties and allocated to programs designed to improve health, housing, and environmental conditions in the City.
- *Miscellaneous Donations* -- Used to account for donations designated to specific city departments.
- *Other* – Used to account for all monies and all property acquired by donations for a designated purpose, not required to be held intact.

CITY OF NEW ORLEANS  
Consolidating Balance Sheet  
Non-major Governmental Funds  
December 31, 2007  
(Amounts in thousands)

Assets	National League of Cities	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Rivergate Special Fund	New Orleans Building Corporation
Cash	6	927	---	713	271	33	96
Investments	---	7,408	2,303	729	---	650	---
Accounts receivable (net, where applicable, of allowances for uncollectibles)	---	---	22	248	---	---	---
Property taxes receivable	---	462	462	---	---	---	---
Grantee loans receivable	---	---	---	---	4,670	---	---
Due from other funds	---	460	---	---	---	---	---
Due from other governments	---	---	---	---	---	---	---
Other assets	---	---	---	---	---	---	4
<b>Total assets</b>	<b>6</b>	<b>9,257</b>	<b>2,787</b>	<b>1,690</b>	<b>4,941</b>	<b>683</b>	<b>100</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	1	218	572	165	---	---	---
Accrued liabilities	---	---	---	---	---	---	---
Due to other funds	---	---	---	706	---	683	---
Due to other governments	---	---	---	---	379	---	---
Advances from other funds	---	---	---	---	---	---	---
Deferred revenues	---	462	462	---	---	---	---
<b>Total liabilities</b>	<b>1</b>	<b>680</b>	<b>1,034</b>	<b>871</b>	<b>379</b>	<b>683</b>	<b>---</b>
Fund balances:							
Reserved for encumbrances	---	497	209	205	---	---	---
Unreserved:							
Undesignated	5	8,080	1,544	614	4,562	---	100
<b>Total fund balances</b>	<b>5</b>	<b>8,577</b>	<b>1,753</b>	<b>819</b>	<b>4,562</b>	<b>---</b>	<b>100</b>
<b>Total liabilities and fund balances</b>	<b>6</b>	<b>9,257</b>	<b>2,787</b>	<b>1,690</b>	<b>4,941</b>	<b>683</b>	<b>100</b>

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2007  
 (Amounts in thousands)

Assets	Rivergate Development Corporation	Termite Control Fund	Piazza D'Italia Development	Traffic Court Judicial Expense	Sex Offender Proprietary Fund	Municipal Court Judicial Expense	Sidewalk Paving and Repairing	New Orleans Special Events
Cash	838	134	—	945	77	—	1	1
Investments	1,273	359	—	—	—	—	1	1
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	469	—	—	—	—
Property taxes receivable	—	—	—	—	—	—	—	—
Grantee loans receivable	—	—	—	—	—	—	—	—
Due from other funds	1,561	—	—	—	—	1,418	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—
<b>Total assets</b>	<b>3,672</b>	<b>493</b>	<b>—</b>	<b>1,414</b>	<b>77</b>	<b>1,418</b>	<b>2</b>	<b>2</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	5	13	2	116	—	67	—	—
Accrued liabilities	8	—	—	—	—	23	—	—
Due to other funds	700	—	31	1,086	—	2,636	—	—
Due to other governments	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	2	—
Deferred revenues	—	—	—	—	—	—	—	—
<b>Total liabilities</b>	<b>713</b>	<b>13</b>	<b>33</b>	<b>1,202</b>	<b>—</b>	<b>2,726</b>	<b>2</b>	<b>—</b>
<b>Fund balances:</b>								
Reserved for encumbrances	101	—	86	—	—	—	—	—
Unreserved:								
Undesignated	2,858	480	(119)	212	77	(1,308)	—	2
<b>Total fund balances</b>	<b>2,959</b>	<b>480</b>	<b>(33)</b>	<b>212</b>	<b>77</b>	<b>(1,308)</b>	<b>—</b>	<b>2</b>
<b>Total liabilities and fund balances</b>	<b>3,672</b>	<b>493</b>	<b>—</b>	<b>1,414</b>	<b>77</b>	<b>1,418</b>	<b>2</b>	<b>2</b>

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS**  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2007  
 (Amounts in thousands)

Assets	Adopt-a-Pothole Program	Department of Safety and Permits—Demolition	Mayor's Office of Tourism and Arts	Mayoral Fellows Program	Music and Entertainment Commission	New Orleans Police Department Crime Prevention	Asset Seizure	New Orleans War on Drugs
Cash	39	26	83	68	11	1	290	8
Investments	100	21	—	—	115	—	215	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	281	—	—	—	—	—	—
Property taxes receivable	—	—	—	—	—	—	—	—
Grantee loans receivable	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—
<b>Total assets</b>	<b>139</b>	<b>328</b>	<b>83</b>	<b>68</b>	<b>126</b>	<b>1</b>	<b>505</b>	<b>8</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	—	—	—	8	—	—	2	—
Accrued liabilities	—	—	—	3	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—
Advances from other funds	—	250	—	—	—	—	—	—
Deferred revenues	—	—	—	—	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>250</b>	<b>—</b>	<b>11</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>—</b>
<b>Fund balances:</b>								
Reserved for encumbrances	116	—	—	—	—	—	—	—
Unreserved:								
Undesignated	23	78	83	57	126	1	503	8
<b>Total fund balances</b>	<b>139</b>	<b>78</b>	<b>83</b>	<b>57</b>	<b>126</b>	<b>1</b>	<b>503</b>	<b>8</b>
<b>Total liabilities and fund balances</b>	<b>139</b>	<b>328</b>	<b>83</b>	<b>68</b>	<b>126</b>	<b>1</b>	<b>505</b>	<b>8</b>

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS  
Consolidating Balance Sheet  
Non-major Governmental Funds  
December 31, 2007  
(Amounts in thousands)

Assets	New Orleans Recreation Department	New Orleans Film Commission	New Orleans Special Events	Vieux Carré Commission	Vieux Carré Restoration	Public Library Donations	Sanitation Recycling	Plant-n-Tree Campaign
Cash	52	80	13	56	1	149	11	408
Investments	—	141	80	—	—	42	60	—
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—	—	—	—
Property taxes receivable	—	—	—	—	—	—	—	—
Grantee loans receivable	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—
<b>Total assets</b>	<b>52</b>	<b>221</b>	<b>93</b>	<b>56</b>	<b>1</b>	<b>191</b>	<b>71</b>	<b>408</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	—	—	—	—	—	1	—	216
Accrued liabilities	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—	—
Deferred revenues	—	—	—	—	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>216</b>
Fund balances:								
Reserved for encumbrances	—	—	—	—	—	—	—	—
Unreserved:								
Undesignated	52	221	93	56	1	190	71	192
<b>Total fund balances</b>	<b>52</b>	<b>221</b>	<b>93</b>	<b>56</b>	<b>1</b>	<b>190</b>	<b>71</b>	<b>192</b>
<b>Total liabilities and fund balances</b>	<b>52</b>	<b>221</b>	<b>93</b>	<b>56</b>	<b>1</b>	<b>191</b>	<b>71</b>	<b>408</b>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
Consolidating Balance Sheet  
Non-major Governmental Funds  
December 31, 2007  
(Amounts in thousands)

Assets	Municipal Employment- Cox Cable	Capital Improvement and Infrastructure	Grant Recipient Funds	Delgado- Albarrin Pininfone Commission	Edward Wisner	LaFache Music	Place DeFrance John of Arc	Simon Hersheim
Cash	169	2,564	3,262	246	2,284	3	5	17
Investments	2,008	79	---	2,039	4,423	---	---	80
Accounts receivable (net, where applicable, of allowances for uncollectibles)	24	---	---	---	---	---	---	---
Property taxes receivable	---	839	---	---	---	---	---	---
Grantee loans receivable	---	---	63	---	---	---	---	---
Due from other funds	---	---	7,919	---	---	---	---	---
Due from other governments	---	---	---	13	---	---	---	---
Other assets	---	---	---	---	---	---	---	---
<b>Total assets</b>	<b>2,201</b>	<b>3,482</b>	<b>11,244</b>	<b>2,298</b>	<b>6,707</b>	<b>3</b>	<b>5</b>	<b>97</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	91	---	7,270	2	---	---	---	---
Accrued liabilities	---	---	50	---	---	---	---	---
Due to other funds	---	---	8,750	---	---	---	---	---
Due to other governments	---	---	294	---	---	---	---	---
Advances from other funds	---	---	---	---	---	---	---	---
Deferred revenues	---	839	608	---	---	---	---	---
<b>Total liabilities</b>	<b>91</b>	<b>839</b>	<b>17,012</b>	<b>2</b>	---	---	---	---
<b>Fund balances:</b>								
Reserved for encumbrances	---	---	---	3	---	---	---	---
Unreserved:								
Undesignated	2,110	2,643	(5,768)	2,293	6,707	3	5	97
<b>Total fund balances</b>	<b>2,110</b>	<b>2,643</b>	<b>(5,768)</b>	<b>2,296</b>	<b>6,707</b>	<b>3</b>	<b>5</b>	<b>97</b>
<b>Total liabilities and fund balances</b>	<b>2,201</b>	<b>3,482</b>	<b>11,244</b>	<b>2,298</b>	<b>6,707</b>	<b>3</b>	<b>5</b>	<b>97</b>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2007  
 (Amounts in thousands)

Assets	Kiwanis Club	Lee Circle Sprinkler System	Ella West Freeman Foundation	Isaac Delgado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lily Violet	Mahalin Zimmerman Tomb	Mrs. Otto Joachim	Siddles Legacy	Helen Adler Levy Library
Cash	5	—	4	79	—	4	3	1	47	8
Investments	—	—	4	467	—	17	—	—	260	40
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	—	—	—	—	—	7
Property taxes receivable	—	—	—	—	—	—	—	—	—	—
Grantee loans receivable	—	—	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—	—	—
<b>Total assets</b>	<b>5</b>	<b>—</b>	<b>8</b>	<b>546</b>	<b>—</b>	<b>21</b>	<b>3</b>	<b>1</b>	<b>307</b>	<b>55</b>
<b>Liabilities and Fund Balances</b>										
Liabilities:										
Accounts payable	—	—	—	—	—	—	—	—	—	4
Accrued liabilities	—	—	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—	—	—	—	—
Deferred revenues	—	—	—	—	—	—	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4</b>
Fund balances:										
Reserved for encumbrances	—	—	—	—	—	—	—	—	—	—
Unreserved:										
Undesignated	5	—	8	546	—	21	3	1	307	51
<b>Total fund balances</b>	<b>5</b>	<b>—</b>	<b>8</b>	<b>546</b>	<b>—</b>	<b>21</b>	<b>3</b>	<b>1</b>	<b>307</b>	<b>51</b>
<b>Total liabilities and fund balances</b>	<b>5</b>	<b>—</b>	<b>8</b>	<b>546</b>	<b>—</b>	<b>21</b>	<b>3</b>	<b>1</b>	<b>307</b>	<b>55</b>

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS  
 Consolidating Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2007  
 (Amounts in thousands)

Assets	Housing and Environment Improvement	Imagine It Clean	Miscellaneous Donations	Other	Total 2008
Cash	125	84	252	6	14,506
Investments	—	—	—	203	23,118
Accounts receivable (net, where applicable, of allowances for uncollectibles)	—	—	—	—	1,051
Property taxes receivable	—	—	—	—	1,763
Grantee loans receivable	—	—	—	—	4,670
Due from other funds	—	—	—	—	2,084
Due from other governments	—	—	—	—	9,337
Other assets	—	—	—	—	17
Total assets	125	84	252	209	56,546
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	—	—	19	—	8,772
Accrued liabilities	—	—	—	—	84
Due to other funds	—	—	—	—	14,632
Due to other governments	—	—	—	—	673
Advances from other funds	—	—	—	—	252
Deferred revenues	—	—	—	—	2,371
Total liabilities	—	—	19	—	26,784
Fund balances:					
Reserved for encumbrances	—	—	1	—	1,218
Unreserved:					
Undesignated	125	84	232	209	28,544
Total fund balances	125	84	233	209	29,762
Total liabilities and fund balances	125	84	252	209	56,546

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds

Year ended December 31, 2008

(Amounts in thousands)

	National League of Cities	New Orleans Economic Development	Neighborhood Housing Improvement	Environmental Improvement	American Can	Rivergate Special Fund	New Orleans Building Corporation	Rivergate Development Corporation	Termites Control Fund
<b>Revenues:</b>									
Taxes		1,818	1,818						
Intergovernmental									
Program income				386					
Fines and forfeits									
Interest income					170				
Contributions, gifts, and donations									
Miscellaneous							15,873		158
<b>Total revenues</b>		<b>1,818</b>	<b>1,818</b>	<b>386</b>	<b>170</b>		<b>15,873</b>		<b>158</b>
<b>Expenditures:</b>									
General government							235		234
Public safety									
Health and human services				474					
Culture and recreation									
Urban development and housing									
Economic development and assistance		1,092	3,293						
Debt service									
Principal									
Interest					240				
					308				
<b>Total expenditures</b>		<b>1,092</b>	<b>3,293</b>	<b>474</b>	<b>548</b>		<b>235</b>		<b>234</b>
<b>Excess (deficiency) of revenues over expenditures</b>		<b>726</b>	<b>(1,475)</b>	<b>(88)</b>	<b>(378)</b>		<b>15,638</b>		<b>(76)</b>
<b>Other financing sources (uses):</b>									
Operating transfers in									
Operating transfers out									
<b>Total other financing sources (uses)</b>									
<b>Net change in fund balance</b>		<b>726</b>	<b>(1,475)</b>	<b>(88)</b>	<b>(378)</b>		<b>1,700</b>		<b>(76)</b>
<b>Fund balances:</b>									
Beginning of year	5	7,851	3,228	907	4,940		1,259		556
End of year	5	8,577	1,753	819	4,562		2,959		480

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Non-major Governmental Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Piazza Development	Traffic Court Judicial Expense	Sex Offender Proprietary Fund	Municipal Court Judicial Expense	Sidewalk Paving and Repairing	Special Events	Adopt-a- Pothole Program	Department of Safety and Permits - Demolition	Mayor's Office of Tourism and Arts
<b>Revenues:</b>									
Taxes									
Intergovernmental									
Program income									
Fines and forfeits									
Interest income							2		98
Contributions, gifts, and donations			22						
Miscellaneous		2,073							
Total revenues		2,073	22				2		98
<b>Expenditures:</b>									
General government	38	2,494		2,062					
Public safety									
Health and human services									
Culture and recreation									58
Urban development and housing									
Economic development and assistance									
Debt service									
Principal									
Interest									
Total expenditures	38	2,494		2,062					58
Excess (deficiency) of revenues over expenditures	(38)	(421)	22	(2,062)			2		40
<b>Other financing sources (uses):</b>									
Operating transfers in		633		754					
Operating transfers out									
Total other financing sources (uses)		633		754					
Net change in fund balance	(38)	212	22	(1,308)			2		40
<b>Fund balances:</b>									
Beginning of year	5		55			2	137	78	43
End of year	(33)	212	77	(1,308)		2	139	78	83

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Non-major Governmental Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Mayor's Felloes Program	Music and Entertainment Commission	New Orleans Police Department - Crime Prevention	Asset Seizure	New Orleans War on Drugs	New Orleans Recreation Department	New Orleans Film Commission	New Orleans Special Events	Vieux Carre' Commission
<b>Revenues:</b>									
Taxes	--	--	--	--	--	--	--	--	--
Intergovernmental	--	--	--	--	--	--	--	--	--
Program income	--	--	--	--	--	--	--	--	--
Fines and forfeits	--	--	--	449	--	--	--	--	--
Interest income	180	4	--	5	--	--	3	2	--
Contributions, gifts, and donations	--	19	--	--	--	--	--	--	--
Miscellaneous	--	--	--	--	--	--	--	--	--
<b>Total revenues</b>	<b>180</b>	<b>23</b>	<b>--</b>	<b>454</b>	<b>--</b>	<b>--</b>	<b>3</b>	<b>2</b>	<b>--</b>
<b>Expenditures:</b>									
General government	183	--	--	--	--	--	--	--	--
Public safety	--	--	--	331	--	--	--	--	--
Health and human services	--	--	--	--	--	--	--	--	--
Culture and recreation	--	117	--	--	--	--	1	--	--
Urban development and housing	--	--	--	--	--	--	--	--	--
Economic development and assistance	--	--	--	--	--	--	--	--	--
Debt service	--	--	--	--	--	--	--	--	--
Principal	--	--	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--	--	--
<b>Total expenditures</b>	<b>183</b>	<b>117</b>	<b>--</b>	<b>331</b>	<b>--</b>	<b>--</b>	<b>1</b>	<b>--</b>	<b>--</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3)</b>	<b>(94)</b>	<b>--</b>	<b>123</b>	<b>--</b>	<b>--</b>	<b>2</b>	<b>2</b>	<b>--</b>
<b>Other financing sources (uses):</b>									
Operating transfers in	--	--	--	--	--	--	--	--	--
Operating transfers out	--	--	--	--	--	--	--	--	--
<b>Total other financing sources (uses)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Net change in fund balance</b>	<b>(3)</b>	<b>(94)</b>	<b>--</b>	<b>123</b>	<b>--</b>	<b>--</b>	<b>2</b>	<b>2</b>	<b>--</b>
<b>Fund balances:</b>									
Beginning of year	60	220	1	380	8	52	219	91	56
End of year	57	126	1	503	8	52	221	93	56

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances

Non-major Governmental Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Vieux Carre' Restoration	Public Library Donations	Sanitation Recycling	Plant- A-Tree Campaign	Municipal Employment— Cox Cable	Capital Improvement and Infrastructure	Grant Recipient Funds	Delgado- Altonia Plantation Commission	Edward Wagner
<b>Revenues:</b>									
Taxes						2,348			
Intergovernmental							26,935		
Program income							68		
Fines and forfeits					48				105
Interest income		2	1	116				97	1,560
Contributions, gifts, and donations									
Miscellaneous									
<b>Total revenues</b>		2	1	116	48	2,348	27,003	97	1,665
<b>Expenditures:</b>									
General government							17,681		
Public safety							2,619		
Health and human services							4,518		
Culture and recreation				220	182		59	12	1,056
Urban development and housing							105		
Economic development and assistance							11,016		
Debt service									
Principal									
Interest									
<b>Total expenditures</b>				220	182		35,998	12	1,056
<b>Excess (deficiency) of revenues over expenditures</b>		2	1	(104)	(134)	2,348	(8,995)	85	609
<b>Other financing sources (uses):</b>									
Operating transfers in									
Operating transfers out									
<b>Total other financing sources (uses)</b>									
<b>Net change in fund balance</b>		2	1	(104)	(134)	2,348	(8,995)	85	609
<b>Fund balances:</b>									
Beginning of year	1	188	70	296	2,244	295	3,227	2,211	6,098
End of year	1	190	71	192	2,110	2,643	(5,768)	2,296	6,707

See accompanying independent auditors' report.

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances

Non-major Governmental Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	LaBache Music	Place DeFrance—Joan of Arc	Simon Hersheim	Kiwanis Club Lee Circle Sprinkler System	Ella West Freeman Foundation	Isaac Delgado Memorial	John McDonogh School	Lafayette Cemetery No. 1 Under Will of Lilly Violet	Mohalin Zimmerman Tomb
<b>Revenues:</b>									
Taxes									
Intergovernmental									
Program income									
Fines and forfeits			2			14			
Interest income									
Contributions, gifts, and donations									
Miscellaneous			2			14			
<b>Total revenues</b>			2			14			
<b>Expenditures:</b>									
General government									
Public safety									
Health and human services									
Culture and recreation									
Urban development and housing									
Economic development and assistance									
Debt service									
Principal									
Interest									
<b>Total expenditures</b>									
<b>Excess (deficiency) of revenues over expenditures</b>			2			14			
<b>Other financing sources (uses):</b>									
Operating transfers in									
Operating transfers out									
<b>Total other financing sources (uses)</b>									
<b>Net change in fund balance</b>			2			14			
<b>Fund balances:</b>									
Beginning of year	3	5	95	5	8	532		21	3
End of year	3	5	97	5	8	546		21	3

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds

Year ended December 31, 2008

(Amounts in thousands)

	Mrs. Otto Joachim	Stekles Legacy	Helen Adler Levy Library	Housing and Environment Improvement	Imagine It Clean	Miscellaneous Donations	Other	Total
<b>Revenues:</b>								
Taxes								5,984
Intergovernmental								26,935
Program income								68
Fines and forfeits				97				932
Interest income		8	1				1	198
Contributions, gifts, and donations						21		2,261
Miscellaneous								18,126
<b>Total revenues</b>		8	1	97		21	1	54,504
<b>Expenditures:</b>								
General government								22,927
Public safety						20		2,970
Health and human services						24		5,016
Culture and recreation						101		1,806
Urban development and housing								105
Economic development and assistance								15,401
Debt service								240
Principal								308
Interest								
<b>Total expenditures</b>						145		48,773
<b>Excess (deficiency) of revenues over expenditures</b>		8	1	97		(124)	1	5,731
<b>Other financing sources (uses):</b>								
Operating transfers in								1,387
Operating transfers out								(13,938)
<b>Total other financing sources (uses)</b>								(12,551)
<b>Net change in fund balance</b>		8	1	97		(124)	1	(6,820)
<b>Fund balances:</b>								
Beginning of year	1	299	50	28	84	357	208	36,582
End of year	1	307	51	125	84	233	209	29,762

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA  
 Combining Balance Sheet  
 Grant Recipient Funds  
 December 31, 2008  
 (Amounts in thousands)

	Federal Department of Interior	Federal Justice Administration	FDJ Office of Justice Program	Department of Defense	Federal Department of Health	Federal Department of Commerce	Department of Economic Development
<b>Assets</b>							
Cash	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—
Due from other governments	—	526	490	—	3,451	—	—
Total assets	—	526	490	—	3,451	—	—
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	—	53	31	7	3,375	—	—
Accrued liability	—	3	—	2	26	—	—
Due to other funds	1	1,105	895	93	1,708	291	3
Due to other governments	—	—	—	—	—	—	—
Deferred revenues	—	—	—	—	—	—	—
Total liabilities	1	1,161	926	102	5,109	291	3
<b>Fund balances:</b>							
<b>Unreserved:</b>							
Designated for subsequent years' expenditures	(1)	(635)	(436)	(102)	(1,658)	(291)	(3)
Total fund balances	(1)	(635)	(436)	(102)	(1,658)	(291)	(3)
Total liabilities and fund balances	—	526	490	—	3,451	—	—

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Balance Sheet  
 Grant Recipient Funds  
 December 31, 2008  
 (Amounts in thousands)

	Federal Energy Grant	Federal Department of Agriculture	Louisiana Commission on Law Enforcement	Department of Health and Human Resources	Environmental Protection Agency	Louisiana Department of Public Safety	Louisiana Department of Education
<b>Assets</b>							
Cash	20	615	—	1,689	—	501	2
Due from other funds	57	—	—	—	—	—	3
Due from other governments	—	531	111	72	—	—	—
Total assets	77	1,146	111	1,761	—	501	5
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	—	18	716	70	—	—	—
Accrued liability	1	2	5	—	—	—	—
Due to other funds	—	—	1,078	—	8	—	—
Due to other governments	5	—	—	—	—	—	—
Deferred revenues	—	531	—	71	—	—	—
Total liabilities	6	551	1,799	141	8	—	—
<b>Fund balances:</b>							
Unreserved:							
Designated for subsequent years' expenditures	71	595	(1,688)	1,620	(8)	501	5
Total fund balances	71	595	(1,688)	1,620	(8)	501	5
Total liabilities and fund balances	77	1,146	111	1,761	—	501	5

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Balance Sheet  
 Grant Recipient Funds  
 December 31, 2008  
 (Amounts in thousands)

Assets	Louisiana Department of Agriculture and Forestry	Department of Culture, Recreation, and Tourism	Federal Department of Highway Administration	Department of Labor	Department of Resources	Traffic Court	Private Grants
Cash	109	—	—	—	37	289	—
Due from other funds	—	2	—	—	—	—	1
Due from other governments	—	—	—	2,506	6	—	—
<b>Total assets</b>	<b>109</b>	<b>2</b>	<b>—</b>	<b>2,506</b>	<b>43</b>	<b>289</b>	<b>1</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	—	—	—	1,698	11	—	—
Accrued liability	—	—	—	7	—	—	—
Due to other funds	—	—	50	2,090	—	289	—
Due to other governments	—	—	—	—	—	—	—
Deferred revenues	—	—	—	—	6	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>50</b>	<b>3,795</b>	<b>17</b>	<b>289</b>	<b>—</b>
<b>Fund balances:</b>							
Unreserved:							
Designated for subsequent years' expenditures	109	2	(50)	(1,289)	26	—	1
<b>Total fund balances</b>	<b>109</b>	<b>2</b>	<b>(50)</b>	<b>(1,289)</b>	<b>26</b>	<b>—</b>	<b>1</b>
<b>Total liabilities and fund balances</b>	<b>109</b>	<b>2</b>	<b>—</b>	<b>2,506</b>	<b>43</b>	<b>289</b>	<b>1</b>

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Balance Sheet  
 Grant Recipient Funds  
 December 31, 2008  
 (Amounts in thousands)

Assets	Federal Department of Homeland Security	Federal Department of Social Service	Louisiana Office of Community Development	Louisiana Military Department	Total 2008
Cash	--	--	--	--	3,262
Due from other funds	--	--	--	63	63
Due from other governments	117	--	104	5	7,919
Total assets	117	--	104	5	11,244
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	18	129	1,143	1	7,270
Accrued liability	4	--	--	--	50
Due to other funds	244	78	1,122	24	8,790
Due to other governments	--	--	--	--	294
Deferred revenues	--	--	--	--	608
Total liabilities	266	207	2,265	25	17,012
Fund balances:					
Unreserved:					
Designated for subsequent years' expenditures	(149)	(207)	(2,161)	(20)	(5,768)
Total fund balances	(149)	(207)	(2,161)	(20)	(5,768)
Total liabilities and fund balances	117	--	104	5	11,244

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Grant Recipient Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Federal Department of Interior	Federal Justice Administration	FDJ Office of Justice Program	Federal Department of Health	Department of Defense	Federal Department of Commerce	Department of Economic Development
Revenues:							
Intergovernmental	13	575	760	11,920	107	(146)	24
Program income	13	575	760	11,920	107	(146)	24
Total revenues							
Expenditures:							
General government	14	540	1,196	10,616	209	145	27
Public safety		670					
Health and human services				2,832			
Culture and recreation							
Urban Development							
Economic development and assistance							
Total expenditures	14	1,210	1,196	13,448	209	145	27
(Deficiency) excess of revenues over expenditures	(1)	(635)	(436)	(1,528)	(102)	(291)	(3)
Net change in fund balance	(1)	(635)	(436)	(1,528)	(102)	(291)	(3)
Fund balances:							
Beginning of year				(130)			
End of year	(1)	(635)	(436)	(1,658)	(102)	(291)	(3)

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Grant Recipient Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Federal Energy Grant	Federal Department of Agriculture	Louisiana Commission on Law Enforcement	Department of Health and Human Resources	Environmental Protection Agency	Louisiana Department of Public Safety	Louisiana Department of Education
Revenues:							
Intergovernmental Program Income	53	148	866	1,198	38	534	—
Total revenues	53	148	866	1,266	38	534	—
Expenditures:							
General government	54	261	1,084	19	46	—	—
Public safety	—	—	1,826	89	—	34	—
Health and human services	—	—	38	1,648	—	—	—
Culture and recreation	—	—	—	50	—	—	—
Urban Development	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Total expenditures	54	261	2,948	1,806	46	34	—
(Deficiency) excess of revenues over expenditures	(1)	(113)	(2,082)	(540)	(8)	500	—
Net change in fund balance	(1)	(113)	(2,082)	(540)	(8)	500	—
Fund balances:							
Beginning of year	72	708	394	2,160	—	1	5
End of year	71	595	(1,688)	1,620	(8)	501	5

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Grant Recipient Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Louisiana Department of Agriculture and Forestry	Department of Culture, Recreation and Tourism	Federal Department of Highway Administration	Department of Labor	Department of Natural Resources	Traffic Court	Private Grants
Revenues:							
Intergovernmental Program income	115	--	(50)	9,817	56	--	--
Total revenues	115	--	(50)	9,817	56	--	--
Expenditures:							
General government	--	--	--	90	41	--	--
Public safety	--	--	--	--	--	--	--
Health and human services	--	--	--	--	--	--	--
Culture and recreation	9	--	--	--	--	--	--
Urban Development	--	--	--	11,016	--	--	--
Economic development and assistance	--	--	--	11,106	41	--	--
Total expenditures	9	--	--	11,289	15	--	--
(Deficiency) excess of revenues over expenditures	106	--	(50)	(1,289)	15	--	--
Net change in fund balance	106	--	(50)	(1,289)	15	--	--
Fund balances:							
Beginning of year	3	2	--	--	11	--	1
End of year	109	2	(50)	(1,289)	26	--	1

(Continued)

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Grant Recipient Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Federal Department of Homeland Security	Federal Department of Social Service	Louisiana Office of Community Development	Louisiana Military Department	Total 2008
<b>Revenues:</b>					
Intergovernmental	472	234	104	97	26,935
Program income	—	—	—	—	68
Total revenues	472	234	104	97	27,003
<b>Expenditures:</b>					
General government	621	441	2,160	117	17,681
Public safety	—	—	—	—	2,619
Health and human services	—	—	—	—	4,518
Culture and recreation	—	—	—	—	59
Urban Development	—	—	105	—	105
Economic development and assistance	—	—	—	—	11,016
Total expenditures	621	441	2,265	117	35,998
(Deficiency) excess of revenues over expenditures	(149)	(207)	(2,161)	(20)	(8,995)
Net change in fund balance	(149)	(207)	(2,161)	(20)	(8,995)
<b>Fund balances:</b>					
Beginning of year	—	—	—	—	3,227
End of year	(149)	(207)	(2,161)	(20)	(5,768)

See accompanying independent auditors' report.

**FIDUCIARY FUNDS**

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Fiduciary Funds

December 31, 2008

Pension trust funds are used to account for the accumulation of resources to be used for retirement annuities and death and disability benefits for employees covered by the various plans. Resources are contributed by employees at rates fixed by laws and by the City at amounts determined by actuarial study.

Agency funds are used to account for all monies held by the City in a custodial capacity. Such monies are recorded as assets and equally offset by liabilities. These funds do not measure revenues, expenditures, or expenses. The City's agency funds are as follows:

- *Clearing Fund* - Used to account for money being held pending payment thereof to other funds as provided by law.
- *Deposit Fund* - Used to account for money deposited under any ordinance or contract in connection with the exercise of any right or privilege for the purpose of guaranteeing performance of any obligation.
- *Escrow Fund* - Used to account for money paid to or deposited with any officer, department, or board under protest or held subject to the proper determination of the rights of the City.

## CITY OF NEW ORLEANS, LOUISIANA

## Combining Statement of Plan Net Assets

## Pension Trust Funds

December 31, 2008

(Amounts in thousands)

Assets	Firefighters'		Police old system	Employees' retirement system	Firefighters' bond fund	Elimination	Total
	Old system	New system					
Current assets:							
Cash	\$ 56	625	1,995	3,118	—	—	5,794
Investments	16,722	186,932	—	263,081	13,720	—	480,455
Receivables:							
Accrued interest	2	7,209	—	860	—	—	8,071
Contribution	13,720	48	—	410	—	(13,720)	458
Other	—	3,137	11	101	—	—	3,249
Property and equipment, net of accumulated depreciation	67	5,286	—	—	—	—	5,353
Total assets	\$ 30,567	203,237	2,006	267,570	13,720	(13,720)	503,380
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	\$ 3	760	8	—	—	—	771
Other payables and accruals	5	3,466	—	229	—	—	3,700
Total current liabilities	8	4,226	8	229	—	—	4,471
Long-term liabilities:							
Notes payable	—	39,010	—	—	—	—	39,010
Total long-term liabilities	—	39,010	—	—	—	—	39,010
Total liabilities	8	43,236	8	229	—	—	43,481
Net assets:							
Reserved for:							
Employees' pension benefits	30,559	160,001	1,998	267,341	13,720	(13,720)	459,899
Total net assets	30,559	160,001	1,998	267,341	13,720	(13,720)	459,899
Total liabilities and net assets	\$ 30,567	203,237	2,006	267,570	13,720	(13,720)	503,380

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA  
 Combining Statement of Changes in Plan Net Assets  
 Pension Trust Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Firefighters'		Police old system	Employees' retirement system	Firefighters' bond fund	Elimination	Totals
	Old system	New system					
<b>Additions:</b>							
<b>Contributions:</b>							
Employer	\$ —	9,700	—	4,991	—	—	14,691
Members	—	1,129	—	3,430	—	—	4,559
Fire insurance rebate	778	778	—	—	—	—	1,556
Other	—	15	131	632	—	—	778
<b>Total contributions</b>	<b>778</b>	<b>11,622</b>	<b>131</b>	<b>9,053</b>	<b>—</b>	<b>—</b>	<b>21,584</b>
<b>Investment income:</b>							
Net appreciation in fair value of investments	441	—	—	—	—	—	441
Interest and dividends	336	3,800	24	7,054	16	(16)	11,214
Other investment income	11	1,477	—	—	11	(11)	1,488
Less investment expense	(62)	(4,756)	(2)	(1,989)	—	—	(6,809)
<b>Net investment income</b>	<b>726</b>	<b>521</b>	<b>22</b>	<b>5,065</b>	<b>27</b>	<b>(27)</b>	<b>6,334</b>
<b>Total additions</b>	<b>1,504</b>	<b>12,143</b>	<b>153</b>	<b>14,118</b>	<b>27</b>	<b>(27)</b>	<b>27,918</b>
<b>Deductions:</b>							
Pension benefits	21,222	15,466	30	29,919	18,600	(18,600)	66,637
Refund of member contributions	—	61	—	905	—	—	966
Death benefits	84	18	—	—	—	—	102
Administrative expenses	535	862	123	176	82	(82)	1,696
DROP withdrawal	139	881	—	1,930	—	—	2,950
PLOP withdrawal	377	1,482	—	—	—	—	1,859
Net depreciation in fair value of investments	9,325	65,300	—	125,956	9,325	(9,325)	200,581
Transfers	—	115	13	689	—	—	817
<b>Total deductions</b>	<b>31,682</b>	<b>84,185</b>	<b>156</b>	<b>159,575</b>	<b>28,007</b>	<b>(28,007)</b>	<b>275,608</b>
<b>Net increase (decrease)</b>	<b>(30,178)</b>	<b>(72,042)</b>	<b>(13)</b>	<b>(145,457)</b>	<b>(27,980)</b>	<b>27,980</b>	<b>(247,690)</b>
Net assets held in trust for pension benefits – beginning of year	60,737	232,043	2,011	412,798	41,700	(41,700)	707,589
Net assets held in trust for pension benefits – end of year	\$ 30,559	160,001	1,998	267,341	13,720	(13,720)	459,899

See accompanying independent auditors' report.

**CITY OF NEW ORLEANS, LOUISIANA**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year ended December 31, 2008  
(Amounts in thousands)

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
<b>Clearing fund:</b>				
<b>Assets:</b>				
Cash	\$ 6,382	2,428,990	2,432,732	2,640
Investments	2,756	2,736	5,020	472
Accounts receivable	6,894	79,763	80,784	5,873
Due from other governments	943	126,795	116,532	11,206
	<u>\$ 16,975</u>	<u>2,638,284</u>	<u>2,635,068</u>	<u>20,191</u>
<b>Liabilities:</b>				
Accounts payable	\$ 501	3,838	4,337	2
Other payables and accruals	5,218	2,871,419	2,856,448	20,189
Due to other governments	11,256	90,065	101,321	—
	<u>\$ 16,975</u>	<u>2,965,322</u>	<u>2,962,106</u>	<u>20,191</u>
<b>Deposit fund:</b>				
<b>Assets:</b>				
Cash	\$ 167	5,081	5,014	234
Investments	2,501	1,530	1,310	2,721
Accounts receivable	—	83	—	83
Due from other governments	133	78	—	211
	<u>\$ 2,801</u>	<u>6,772</u>	<u>6,324</u>	<u>3,249</u>
<b>Liabilities:</b>				
Accounts payable	—	174	123	51
Other payables and accruals	2,801	523	126	3,198
	<u>\$ 2,801</u>	<u>697</u>	<u>249</u>	<u>3,249</u>

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year ended December 31, 2008  
 (Amounts in thousands)

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
Escrow fund				
Assets:				
Cash	\$ 3,233	89,424	91,684	973
Investments	26,199	11,788	18,563	19,424
	<u>\$ 29,432</u>	<u>101,212</u>	<u>110,247</u>	<u>20,397</u>
Liabilities:				
Accounts payable	\$ —	18,503	18,503	—
Other payables and accruals	29,432	23,510	32,545	20,397
	<u>\$ 29,432</u>	<u>42,013</u>	<u>51,048</u>	<u>20,397</u>
Total all agency funds:				
Assets:				
Cash	\$ 9,782	2,523,495	2,529,430	3,847
Investments	31,456	16,054	24,893	22,617
Accounts receivable	6,894	79,846	80,784	5,956
Due from other governments	1,076	126,873	116,532	11,417
	<u>\$ 49,208</u>	<u>2,746,268</u>	<u>2,751,639</u>	<u>43,837</u>
Liabilities:				
Accounts payable	\$ 501	22,515	22,963	53
Other payables and accruals	37,451	2,895,452	2,889,119	43,784
Due to other governments	11,256	90,065	101,321	—
	<u>\$ 49,208</u>	<u>3,008,032</u>	<u>3,013,403</u>	<u>43,837</u>

See accompanying independent auditors' report.

**NON-MAJOR COMPONENT UNITS**

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Assets

Non-major Component Units

December 31, 2008

(Amounts in thousands)

Assets	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Marilet Corporation	Upper Pontalba Building Restoration Corporation	Canal Street Development Corporation	New Orleans Municipal Court	Total
Current assets:									
Cash	\$ 569	6,517	6,865	658	2,149	701	7,391	3,297	28,147
Investments	5,057	—	—	1,285	—	—	—	—	6,342
Receivables (net of allowances for uncollectibles):									
Accounts	1,108	1,438	800	79	321	18	199	—	3,963
Accrued interest	13	—	—	—	—	—	—	—	13
Other	—	—	—	—	—	22	—	158	180
Due from other governments	186	—	—	—	—	—	567	—	753
Prepaid expenses and deposits	68	—	291	—	180	244	—	—	783
Other assets	14	—	—	—	—	—	—	1	15
Total current assets	7,015	7,955	7,956	2,022	2,650	985	8,157	3,456	40,196
Restricted cash and investments:									
Customer deposits	274	—	9,093	—	1,846	—	—	—	9,367
Current debt service account	—	—	—	—	—	122	—	—	1,968
Future debt service account	—	—	—	—	—	443	—	—	443
Contingency (renewal and replacement) account	—	—	—	—	—	736	—	—	736
Operation and maintenance account	—	—	—	700	—	629	—	—	629
Other	—	—	—	—	—	41	—	—	741
Total restricted assets	274	—	9,093	700	1,846	1,991	—	—	13,904
Property, plant, and equipment – at cost, less accumulated depreciation	190	31	8,638	—	15,697	8,339	6,123	—	39,018
Other assets	62	—	—	361	87	—	—	—	510
Total assets	\$ 7,541	7,986	25,687	3,083	20,280	11,315	14,280	3,456	93,628

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Combining Statement of Net Assets

Non-major Component Units

December 31, 2008

(Amounts in thousands)

	Downtown Development District	New Orleans Tourism Marketing Corporation	Orleans Parish Communication District	Municipal Yacht Harbor Management Corporation	French Market Corporation	Upper Pontalba Building Restoration Corporation	Canal Street Development Corporation	New Orleans Municipal Court Judicial Fund	Total
<b>Liabilities and Net Assets</b>									
Current liabilities (payable from current assets):									
Accounts payable	609	130	100	224	637	74	173	476	1,774
Other payables and accruals	43	—	701	13	713	669	—	25	2,119
Due to other governments	329	613	470	—	—	—	—	—	2,106
Capital lease payable	4	—	—	—	—	3	—	—	4
Deferred revenues	—	—	—	—	4	—	—	—	7
Total current liabilities (payable from current assets)	985	743	1,271	237	1,354	746	173	501	6,010
Current liabilities (payable from restricted assets):									
Accrued interest	—	—	—	—	—	7	—	—	7
Bonds payable, current portion	215	—	—	—	—	300	—	—	515
Deposits and other	—	—	—	—	—	111	—	—	111
Total current liabilities (payable from restricted assets)	215	—	—	—	—	418	—	—	633
Total current liabilities	1,200	743	1,271	237	1,354	1,164	173	501	6,643
Long-term liabilities:									
Capital lease payable	—	—	7,400	600	4,853	—	—	—	18,763
Revenue bonds (net of current portion)	5,910	—	—	—	—	2,780	—	—	2,780
Refunding bonds (net of current portion and unamortized loss on advances refunding)	—	—	1,349	—	—	—	—	—	1,349
FEMA Community Disaster Loan	1,441	51	86	—	—	—	—	—	1,578
Other	7,351	51	8,835	600	4,853	2,780	—	—	24,470
Total long-term liabilities	8,551	794	10,106	837	6,207	3,944	173	501	31,113
Total liabilities	190	32	8,638	211	10,843	5,259	6,123	—	31,085
Net assets:	274	—	895	—	465	606	—	—	2,451
Invested in capital assets -- net of related debt	—	—	—	—	—	629	—	—	629
Restricted for bond debt service	—	—	—	—	—	756	—	—	756
Operations reserve	—	—	—	—	—	121	7,984	2,955	27,594
Restricted for replacement and improvement reserve	(1,474)	7,160	6,048	2,035	2,765	—	—	—	62,515
Unrestricted	(1,010)	7,192	15,581	2,246	14,073	7,371	14,107	2,955	62,515
Total net assets	7,541	7,986	25,687	3,083	20,280	11,315	14,280	3,456	93,628
Total liabilities and net assets									

See accompanying independent auditors' report.



**STATISTICAL SECTION**

# City of New Orleans, Louisiana

## Statistical Section

This part of the City of New Orleans, Louisiana's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### Contents

#### Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Exhibit E-1 Net Assets by Component

Exhibit E-2 Changes in Net Assets

Exhibit E-3 Fund Balances

Exhibit E-4 Schedule of Changes in Fund Balance

#### Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Exhibit E-5 Assessed Value and Estimated Actual Value of Taxable Property

Exhibit E-6 Property Tax Rates

Exhibit E-7 Principal Property Taxpayers

Exhibit E-8 Property Tax Levies and Collections

#### Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt.

Exhibit E-9 Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita

Exhibit E-10 Direct and Overlapping Debt

Exhibit E-11 Legal Debt Margin Information

#### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City financial activities take place.

Exhibit E-12 Demographic and Economic Statistics

Exhibit E-13 Principal Employers

#### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

Exhibit E-14 City of New Orleans Employees by Department

Exhibit E-15 City of New Orleans Capital Asset Statistics

Exhibit E-16 Operating Indicators by Function

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF NEW ORLEANS, LOUISIANA

Net Assets by Component  
Last Seven Fiscal Years  
(accrual basis of accounting)  
(expressed in thousands)

(unaudited)

	2002	2003	2004	2005	2006	2007	2008
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 879,590	834,329	817,046	678,766	610,072	645,610	641,132
Restricted	35,294	31,274	33,062	32,495	61,592	97,506	92,584
Unrestricted	(237,455)	(370,206)	(542,998)	(501,722)	(532,108)	(668,120)	(745,078)
Total governmental activities net assets	\$ 677,429	495,397	307,110	209,539	139,556	74,996	(11,362)
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 879,590	834,329	817,046	678,766	610,072	645,610	641,132
Restricted	35,294	31,274	33,062	32,495	61,592	97,506	92,584
Unrestricted	(237,455)	(370,206)	(542,998)	(501,722)	(532,108)	(668,120)	(745,078)
Total primary government net assets	\$ 677,429	495,397	307,110	209,539	139,556	74,996	(11,362)

Due to the changes in fund structures initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

CITY OF NEW ORLEANS, LOUISIANA

CHANGES IN NET ASSETS  
Last Seven Fiscal Years  
(accrual basis of accounting)  
(expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008
(unaudited)							
<b>Revenues</b>							
Governmental activities:							
Program Revenues:							
Charges for services:							
General government	68,670	70,822	75,410	59,207	50,768	51,749	63,812
Public safety	12,821	14,225	13,630	12,540	16,430	20,133	29,321
Public works	21,983	15,174	18,439	10,528	7,735	14,284	18,075
Health and human services	4,771	6,700	7,518	5,014	2,867	301	6,690
Culture and recreation	825	679	722	375	234	—	638
Urban development and housing	29	89	—	52	—	138	—
Economic development	—	127	94	94	597	4,229	170
Operating grants and contributions	75,577	90,215	93,926	222,175	77,773	134,097	118,295
Capital grants and contributions	17,395	13,405	15,478	12,728	10,256	53,237	20,355
General Revenues:							
Property taxes	136,304	130,961	146,065	160,130	127,659	142,480	152,690
Sales taxes	145,262	148,855	153,851	116,339	124,229	134,114	137,581
Other taxes	44,348	55,830	56,222	46,226	44,172	44,324	42,191
Investment earnings	—	—	3,803	11,133	17,862	19,580	18,251
Insurance proceeds	—	—	—	—	—	5,257	5,866
Miscellaneous	33,139	28,355	21,355	17,232	1,812	29,890	49,320
Gain on impairment	—	—	—	5,542	—	—	—
Loss on disposal of assets	—	—	—	—	—	—	(24,651)
Total primary government program revenues	561,124	573,221	606,635	679,315	482,394	653,813	600,602
<b>Expenses</b>							
Governmental activities:							
General government	\$ 180,591	294,275	332,685	238,143	193,604	203,620	203,260
Public safety	180,575	195,016	195,470	249,423	174,530	252,474	204,749
Public works	110,192	132,901	123,926	144,465	90,511	143,211	135,507
Health and human services	16,928	19,798	20,836	22,368	13,385	18,438	19,973
Culture and recreation	26,704	26,956	25,119	22,627	9,922	12,600	21,710
Urban development and housing	27,728	20,553	23,760	28,330	8,278	21,157	49,507
Economic development	12,721	14,218	15,149	13,731	6,968	6,606	17,102
Repairs and maintenance	—	—	—	—	—	—	—
Interest and fiscal charges	50,065	59,536	57,977	57,799	55,179	60,267	73,152
Total primary government expenses	605,504	757,253	794,922	776,886	552,377	718,373	726,960
<b>Net Revenue (Expense)</b>							
Total primary government	\$ (44,380)	(182,032)	(188,287)	(97,571)	(69,983)	(64,560)	(86,358)

Due to the changes in fund structures initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

**CITY OF NEW ORLEANS, LOUISIANA**

Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(expressed in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Fund</b>										
Reserved	25,946	25,541	15,525	10,463	9,792	26,813	4,087	4,716	16,526	7,229
Unreserved:										
Designated for subsequent year	1,717	760	3,762	3,905	2,752	2,611	23,743	65,837	40,083	17,016
Undesignated	5,578	1,929	2,674	9,574	8,722	3,138	18,477	29,275	41,011	36,770
Total general fund	33,241	28,230	21,961	23,942	21,266	32,562	46,307	99,828	97,620	61,015
<b>All Other Governmental Funds</b>										
Reserved	818,552	114,269	64,345	83,616	100,627	111,271	105,586	105,955	158,297	185,897
Unreserved reported in:										
HUD	—	—	—	1,235	—	—	—	—	—	(267)
Federal UDAG	—	—	—	12,117	—	—	—	(10,846)	(16,363)	(23,513)
FEMA	—	—	—	—	—	—	(13,045)	146,956	180,116	48,090
Capital Projects	92,097	77,261	80,000	91,022	85,633	95,112	118,617	28,974	34,636	28,544
Non-major Governmental	49,656	55,459	56,100	43,002	45,994	27,844	24,438	28,974	34,636	28,544
Total all other government funds	960,305	246,989	200,445	230,992	232,254	234,227	235,596	271,039	356,686	238,751

**CITY OF NEW ORLEANS, LOUISIANA**  
**Change in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(expressed in thousands)**

(unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>REVENUES</b>										
Taxes	276,425	297,204	303,856	295,205	309,247	328,510	284,177	275,063	298,620	295,642
Licenses and permits	53,672	57,021	62,540	56,616	64,959	64,190	53,129	55,590	55,490	60,335
Intergovernmental	81,000	92,978	100,564	93,810	81,872	88,297	215,920	96,454	171,369	161,929
Charges for services	44,039	42,604	44,983	52,204	49,163	52,378	34,150	31,766	35,080	44,105
Program income	3,258	970	1,821	521	1,004	565	348	927	66	68
Fines and forfeits	14,438	13,448	17,097	18,222	17,201	22,667	15,557	8,330	12,325	17,232
Interest income	12,220	14,669	15,548	7,981	6,606	4,601	10,444	17,082	19,580	12,769
Contributions, gifts, donations	2,234	11,164	2,924	1,712	21,509	13,725	4,874	2,346	3,164	3,112
Miscellaneous and other	30,582	33,859	31,659	33,970	25,335	29,477	24,245	23,767	48,229	29,081
<b>Total Revenues</b>	<b>517,868</b>	<b>563,917</b>	<b>580,992</b>	<b>560,241</b>	<b>576,896</b>	<b>604,410</b>	<b>642,844</b>	<b>511,325</b>	<b>643,923</b>	<b>624,273</b>
<b>EXPENDITURES</b>										
General government	151,348	185,384	228,318	138,286	175,228	172,902	221,556	185,120	188,003	210,348
Public safety	162,376	167,953	158,179	154,931	163,700	185,156	243,939	169,141	209,423	200,430
Public works	56,067	64,568	60,269	65,009	63,614	69,355	61,687	31,281	79,397	75,834
Health and human services	20,241	16,801	17,901	18,801	19,788	20,775	22,368	13,237	17,844	19,973
Culture and recreation	27,762	30,545	33,009	26,302	26,846	24,875	19,536	8,704	13,425	20,078
Urban development and housing	2,976	32,300	31,360	28,006	20,521	23,728	28,330	8,186	22,529	49,507
Economic development and assistance	12,372	7,987	10,828	12,372	14,218	15,149	13,731	6,891	8,935	17,102
Capital projects	48,275	26,341	43,176	44,841	94,784	58,144	45,141	28,544	57,134	128,993
Debt service:										
Principal	30,185	38,787	46,155	38,315	47,106	44,005	37,912	37,329	40,951	42,168
Interest and fiscal charges	26,858	27,892	36,589	40,680	39,494	53,409	56,931	58,311	58,423	66,591
Payment to escrow for pension fund	—	170,660	—	—	—	—	—	—	—	—
Other, net	—	453	1,505	—	—	—	—	—	—	—
<b>Total Expenditures</b>	<b>538,460</b>	<b>769,669</b>	<b>667,289</b>	<b>567,743</b>	<b>665,299</b>	<b>667,498</b>	<b>751,131</b>	<b>546,744</b>	<b>696,084</b>	<b>831,224</b>
Revenue over (under) expenditures	(20,592)	(205,752)	(86,297)	(7,502)	(88,403)	(63,088)	(108,287)	(35,419)	(52,161)	(206,951)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	10,426	16,973	14,753	16,095	15,721	64,741	77,479	15,816	93,956	15,325
Transfers in from component unit	1,000	1,100	1,100	3,075	—	—	—	—	—	—
Transfers out	(10,426)	(16,973)	(14,753)	(16,095)	(15,721)	(64,741)	(77,479)	(15,816)	(93,956)	(15,325)
Issuance of notes payable	—	—	—	—	—	—	61,396	76,214	32,748	34,373
Issuance of Go Zone Notes	—	—	—	—	—	—	—	35,533	—	12,345
Issuance of long-term debt	32,400	197,757	32,384	107,235	80,200	88,980	51,350	—	75,147	—
Issuance of refunding bonds	—	—	—	—	—	—	105,279	—	—	—
Premium on issuance of long-term debt	—	—	—	—	1,513	127	12,901	—	—	—
Debt service assistance loan	—	—	—	—	—	—	—	—	23,549	—
Insurance proceeds	—	—	—	—	—	—	10,565	13,404	4,925	5,866
Payment to escrow agent	—	—	—	(70,280)	—	(12,760)	(118,090)	—	—	—
Other, net	—	—	—	—	5,276	10	—	(768)	(769)	(173)
<b>Total other financing sources (uses)</b>	<b>33,400</b>	<b>198,857</b>	<b>33,484</b>	<b>40,030</b>	<b>86,989</b>	<b>76,337</b>	<b>123,401</b>	<b>124,383</b>	<b>135,600</b>	<b>52,411</b>
<b>Net change in fund balances</b>	<b>12,808</b>	<b>(6,895)</b>	<b>(52,813)</b>	<b>32,528</b>	<b>(1,414)</b>	<b>13,269</b>	<b>15,114</b>	<b>88,964</b>	<b>83,439</b>	<b>(154,540)</b>
<b>GASB 44 debt service disclosure</b>	<b>11.64%</b>	<b>8.97%</b>	<b>13.26%</b>	<b>15.15%</b>	<b>15.18%</b>	<b>15.99%</b>	<b>13.43%</b>	<b>18.46%</b>	<b>15.55%</b>	<b>15.49%</b>

**CITY OF NEW ORLEANS, LOUISIANA**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(in thousands of dollars)

(unaudited)

Fiscal Year	Net Assessed Value		Total Net Assessed Value	Estimated actual value	Assessed Value as a Percentage of Actual Value
	Real Estate	Personal Property			
1999	\$ 1,013,240	592,741	1,605,981	12,636,496	12.71%
2000	1,159,821	628,860	1,788,681	14,133,694	12.66%
2001	1,214,098	651,744	1,865,842	14,751,485	12.65%
2002	1,231,764	619,368	1,851,132	14,687,067	12.60%
2003	1,248,743	650,595	1,899,338	15,040,781	12.63%
2004	1,423,261	679,826	2,103,087	16,731,518	12.57%
2005	1,492,750	620,797	2,113,547	16,774,183	12.60%
2006	1,103,604	565,287	1,668,891	13,245,167	12.60%
2007	1,362,097	483,200	1,845,297	14,645,214	12.60%
2008	2,004,624	539,492	2,544,116	20,698,664	12.29%

(1) Amounts are net of homestead exemption.

Source: City of New Orleans Department of Finance Bureau of the Treasury

**CITY OF NEW ORLEANS, LOUISIANA**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(Number of Mills)**

(unaudited)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Direct property tax rates:										
City alimony, Sec. 15, Act 4 of 1916; Art. XIV, Sec. 24 Const. 1921 Act 151 of 1962	5	10.85	14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91
Interest and redemption city bond, Sec. 15, Act 4 of 1916 (Amended Act 575 of 1966)		23.80	31.70	38.20	28.40	28.40	28.40	26.90	26.90	26.90
Special tax for sewerage, water and drainage, Act 197 of 1958 and Act 626 of 1960, Art. XIV, Sec. 23.1, 23.4-23.12 Const. 1921		—	—	—	—	—	—	—	—	—
Special tax for maintenance, operations and extension of the drainage system, Act 565 of 1966, Art. XIV, Sec. 23.2 Const. 1921 and Art. VI, Sec. 22.36 and 32 Const. 1974.1 and Art. VII, Sec. 23, 1974 Const. LSA R.S. 47:1705 (B)		16.43	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59
Special tax for establishing and main- taining a zoological garden in Audubon Park, Art. X, Sec. 10 and Sec. 801 of Title 39 LA Const. 1972 approved by voters in a referendum November 1972		0.32	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Special dedicated tax to operate the Public Library Act VII, Part II Sec. 23 of LA Const. 1974, LSA R.S. 47:1705(B) approved by voters in November 1986		3.14	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32
Special tax dedicated to maintenance of double platoon Fire Department and triple platoon Police Department, Act 7 of 1920 Art. XIV, Sec. 25, Const. 1921		3.11	4.27	4.27	4.27	4.27	4.27	4.27	4.27	4.27
Special tax (additional) for increase in pay to officers and members of Police and Fire Department, Act 260 of 1928, Art. XIV, Sec. 25, Const. 1921		1.55	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13
Special tax to establish and main- tain an aquarium by the Audubon Commission Act. VII, Part II Sec. 23, of LA Const. 1974, LSA R.S. 47:1705 (B) approved by the voters in November 1986		2.99	4.11	4.11	4.11	4.11	4.11	4.11	4.11	4.11
Special tax, Police without Homestead Exemption; Police protection, Act 1103 of 1990; Art. VII, Sec. 23		3.98	5.26	5.26	5.26	5.26	5.26	5.26	5.26	5.26
Special tax, Fire without Homestead Exemption; Additional millages for fire protection, Act 1103 of 1990; Art. VII, Sec. 23		3.94	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21
Special tax, Neighborhood Housing Improvement		0.91	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Capital Improvements & Infrastructure Trust Fund		1.82	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Special tax, New Orleans Economic Development Fund		0.91	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Special tax, Parkways and Park and Recreation Department		2.18	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Special tax, Street and Traffic Control Device Maintenance		1.38	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Act 4 Assessors		0.87	1.19	1.19	—	—	—	—	—	—
		78.18	106.05	112.53	101.54	101.54	101.54	100.04	100.04	100.04

(Continued)

**CITY OF NEW ORLEANS, LOUISIANA**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(Number of Mills)**

(Unaudited)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Overlapping Property Tax Rates:</b>										
Special tax to provide funds for Board of funds for Board of Assessors according to Sec. 192531, 1925.2A title 47 LA revised statute Act 450, 1986	—	—	—	1.19	1.19	1.19	1.19	1.19	1.19	1.19
Special tax, Orleans Parish Levee Board, for support, maintenance and construction of levees and levee drainage as authorized by Act 6, Sec. 39, Const. 1974	4.53	6.21	6.21	6.21	6.21	6.21	6.21	5.46	5.46	5.46
Special tax, Orleans Parish Levee Board, for support, maintenance and construction of levees and levee drainage Art. XVI, Sec. 2 Const. 1921 amended, ratified Art. 6, Sec. 31 if the 1974 Const.	4.77	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Special tax for Orleans Parish School Board, for support, maintenance and construction of Public Schools of the City of New Orleans as levied by said board annually Act 51 of 1920, Act. XII, Sec. 16 Const. 1921 Act 264 of 1926; Act 751 of 1964	38.57	52.90	58.55	52.80	52.80	53.05	45.10	53.05	52.70	51.10
Special tax, Law Enforcement District of Orleans Parish, LRS 33:90001-9010	2.90	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total Overlapping property tax rates	50.77	69.16	74.31	69.75	69.75	70.00	62.05	69.25	68.90	67.30
Total	\$ 128.95	175.19	186.84	171.29	171.29	171.54	162.09	169.29	168.94	167.34

Source: City of New Orleans Administrative Office

CITY OF NEW ORLEANS, LOUISIANA  
Principal Property Taxpayers  
Last Ten Fiscal Years  
(Amounts in thousands)

(Unmodified)

Name of Taxpayer	Type of business	2008			2007			2006			2005			2004		
		Taxable Assessed Value	Rank	Percentage of total assessed value	Taxable Assessed Value	Rank	Percentage of total assessed value	Taxable Assessed Value	Rank	Percentage of total assessed value	Taxable Assessed Value	Rank	Percentage of total assessed value	Taxable Assessed Value	Rank	Percentage of total assessed value
Energy Services	Electric and gas utilities	63,918	1	2.51	62,461	1	3.19	60,220	1	3.65	75,766	1	3.58	74,383	1	3.72
Bellsouth Telecommunications	Telephone utilities	57,127	2	2.25	54,206	2	2.95	58,436	2	3.55	57,952	2	2.74	59,469	2	2.98
Capital One Bank	Financial institution	46,409	3	1.82	42,459	3	2.31	23,583	5	1.43	21,671	5	1.03	26,700	5	1.33
Whitney National Bank	Financial institution	35,163	4	1.38	30,240	4	1.64	27,178	4	1.65	26,701	4	1.26	25,780	6	1.29
Harris's Entertainment	Hospitality and gaming	41,221	5	1.62	28,510	5	1.55	19,058	7	1.16	19,058	8	0.90	19,196	8	0.96
International River Center	Real Estate	19,807	6	0.78	18,464	8	1.00	20,725	6	1.26	19,197	7	0.91	11,246	10	0.56
CS&M Association (Sheraton)	Real Estate	19,196	7	0.76	19,197	7	1.04	13,385	9	0.81	14,219	9	0.67	14,141	9	0.96
J P Morgan Chase Bank	Financial institution	19,171	8	0.76	20,459	6	1.11	15,271	8	0.93						
Marriott Hotel Properties	Hospitality	13,723	9	0.54	14,545	9	0.79									
Hertz Properties	Auto Rental	10,877	10	0.43	11,737	10	0.64									
Hibernia National Bank	Financial institution							49,568	3	3.01	44,500	3	2.10	44,932	3	2.24
SFAC New Orleans (Hyatt)	Hospitality							11,247	10	0.68	11,247	10	0.53	29,825	4	1.49
Bank One	Financial institution							21,643	6	1.00	21,643	6	1.00	20,135	7	1.00
Tenet	Managed Care															
Jazzland	Theme Park															
A T & T Communications	Telecommunications															
Crescent Real Estate Equities	Real Estate															
EOP New Orleans LLC	Telecommunications															

Source: City of New Orleans Department of Finance Bureau of the Treasury

(Continued)

CITY OF NEW ORLEANS, LOUISIANA  
Principal Property Taxpayers  
Last Ten Fiscal Years  
(amounts in thousands)

(unaudited)

Name of Taxpayer	Type of Business	2003			2002			2001			2000			1999		
		Taxable Assessed Value	Percentage of total assessed value	Rank	Taxable Assessed Value	Percentage of total assessed value	Rank	Taxable Assessed Value	Percentage of total assessed value	Rank	Taxable Assessed Value	Percentage of total assessed value	Rank	Taxable Assessed Value	Percentage of total assessed value	Rank
Energy Services	Electric and gas utilities	73,366	4.17	1	74,501	4.11	1	72,612	3.89	1	72,612	4.15	70,099	4.13	1	
Bellsouth Telecommunications	Telephone utilities	60,995	3.37	2	59,439	3.28	2	61,875	3.32	2	61,875	3.53	67,488	3.98	2	
Capital One Bank	Financial institution	24,146	1.80	5	26,398	1.46	6	26,610	1.42	5	26,610	1.52	20,148	1.19	5	
Wiley National Bank	Financial institution	23,946	1.34	6	33,119	1.83	4	22,688	1.22	6	22,688	1.30	17,439	1.03	6	
Harris's Entertainment	Hospitality and gaming	14,241	0.76	8	14,241	0.79	9	14,241	0.76	9	14,241	0.81	12,625	0.74	9	
International River Center	Real Estate	11,463	0.63	10												
CS&M Association (Sheraton)	Financial institution															
J P Morgan Chase Bank	Financial institution															
Marriott Hotel Properties	Hospitality	13,728	0.72	9									14,978	0.88	7	
Herz Properties	Auto Rental															
Hibernia National Bank	Financial institution	42,611	2.36	3	38,930	2.15	4	30,972	1.66	4	30,972	1.77	23,391	1.38	4	
SHC New Orleans (Hyatt)	Hospitality	32,624	1.32	4	30,414	1.68	5	37,504	2.01	3	37,504	2.14	32,107	1.89	3	
Bank One	Financial institution	18,319	1.01	7	16,575	0.91	7	13,328	0.71	10	13,328	0.76				
Tenet	Managed Care				14,314	0.79	8	14,811	0.79	7	14,811	0.85				
Jazzland	Themed Park							14,688	0.79	8	14,687	0.84	14,764	0.87	8	
A T & T Communications	Telecommunications															
Crescent Real Estate Equities	Real Estate				13,181	0.73	10						12,347	0.73	10	
BOP New Orleans LLC	Telecommunications															

Source: City of New Orleans Department of Finance Bureau of the Treasury

**CITY OF NEW ORLEANS, LOUISIANA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

(unaudited)

Fiscal Year	Total levied	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percent		Amount	Percentage of Levy	
<b>Real estate taxes:</b>							
1999	\$ 172,016	\$ 159,563	92.76	\$ 10,738	\$ 170,301	99.00	
2000	199,666	181,900	91.10	15,542	197,442	98.89	
2001	209,441	195,395	93.29	11,657	207,052	98.86	
2002	214,088	200,727	93.76	10,515	211,242	98.67	
2003	217,039	205,934	94.88	8,386	214,320	98.75	
2004	247,328	231,442	93.58	12,152	243,594	98.49	
2005	267,327	248,381	92.91	13,995	262,376	98.15	
2006	219,991	194,337	88.34	19,441	213,778	97.18	
2007	250,462	225,743	90.13	12,358	238,101	95.06	
2008	269,746	243,204	90.16	—	243,204	90.16	
<b>Personal Property Taxes:</b>							
1999	\$ 98,467	\$ 81,111	82.37	\$ 12,340	\$ 93,451	94.91	
2000	105,951	95,533	90.17	4,104	99,637	94.04	
2001	110,058	91,086	82.76	9,533	100,619	91.42	
2002	105,378	91,030	86.38	5,698	96,728	91.79	
2003	110,691	99,402	89.80	4,354	103,756	93.73	
2004	115,676	106,473	92.04	2,761	109,234	94.43	
2005	106,354	99,120	93.20	1,689	100,809	94.79	
2006	99,477	87,878	88.34	3,145	91,023	91.50	
2007	82,046	74,258	90.51	983	75,241	91.71	
2008	67,548	59,645	88.30	—	59,645	88.30	

Source: City of New Orleans Department of Finance Bureau of the Treasury

**CITY OF NEW ORLEANS, LOUISIANA**  
**Ratio of General Obligation Bonded Debt to Assessed**  
**Value and Bonded Debt per Capita**

Last Ten Fiscal Years

(amount in thousands)

(unaudited)

Fiscal year	Population (1)	Assessed value real estate and personal property	General obligation bonded debt	Ratio of bonded debt to assessed value	Bonded debt per capita (2)
1999	486	1,605,981	485,156	30.21	998
2000	484	1,788,681	464,176	25.95	959
2001	478	1,865,842	464,495	24.89	972
2002	473	1,851,132	473,386	25.57	1,001
2003	468	1,899,338	485,986	25.59	1,038
2004	462	2,103,087	499,852	23.77	1,082
2005	455	2,113,547	493,683	23.36	1,085
2006	211	1,668,891	478,420	28.67	2,267
2007	288	1,845,297	538,514	29.18	1,870
2008	312	2,544,116	523,955	20.59	1,679

Source:

(1) United States Census Bureau

(2) Bonded debt per capita not in thousands.

Note: Bonded debt does not include the effects of accretion on deep discount bonds.

**CITY OF NEW ORLEANS, LOUISIANA**  
 Computation of Direct and Overlapping Debt  
 Last Ten Fiscal Years  
 (Amounts in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>City of New Orleans:</b>				(unaudited)						
General Obligation, limited tax, and revenue bonds	\$ 497,036	645,271	640,465	643,708	650,761	658,452	687,888	655,800	717,299	696,565
Sewerage and Water Board	86,120	127,585	155,020	259,285	367,215	416,200	407,774	369,458	270,743	22,710
Audubon Commission	58,577	56,410	59,864	56,772	54,149	51,308	48,312	46,399	50,170	34,379
Total direct City debt	641,733	829,266	855,349	959,765	1,072,125	1,125,960	1,143,974	1,071,657	1,038,212	753,654
<b>Overlapping Debt: * (1)</b>										
Orleans Parish School Board	359,079	356,364	337,377	324,898	287,318	256,385	261,640	266,945	216,869	138,430
Orleans Levee District	117,939	113,680	111,150	125,217	78,360	74,345	69,890	65,115	60,005	54,530
Total overlapping debt	477,018	470,044	448,527	450,115	365,678	330,730	331,530	332,060	276,874	192,960
Total direct and overlapping debt	\$ 1,118,751	1,299,310	1,303,876	1,409,880	1,437,803	1,456,690	1,475,504	1,403,717	1,315,086	946,614

\* The percentage of overlapping debt for both School Board and Levee District are @ 100%

Sources: Orleans Parish School Board and Orleans Levee District

(1) The fiscal year for both the School Board and Levee Districts are June 30. The overlapping debt stated is for June 30 of that year.

**CITY OF NEW ORLEANS, LOUISIANA**  
**Computation of Legal Debt Margin**  
**Last Ten Years**

(amount in thousands)

(unaudited)

Fiscal year	Assessed value real estate and personal property	Debt Limitation 35% of total assessed value*	Amount of debt applicable to debt limitation **			Less Assets in debt service fund available for retirement of General Obligation Bds.	Total Amount of debt applicable to debt limit	Legal debt margin
			General Obligation Bonds ***	Limited Tax Bonds	Total			
1999	\$ 2,212,297	774,304	485,156	11,880	497,036	32,605	464,431	309,873
2000	2,173,287	760,650	464,176	10,435	474,611	35,786	438,825	321,825
2001	2,251,699	788,095	464,495	8,910	473,405	35,294	438,111	349,984
2002	2,251,699	788,095	473,386	7,305	480,691	32,878	447,813	340,282
2003	2,291,227	801,929	485,986	5,615	491,601	31,274	460,327	341,602
2004	2,500,874	875,306	499,852	3,840	503,692	33,062	470,630	404,676
2005	2,618,651	916,528	493,683	33,000	526,683	32,495	494,188	422,340
2006	2,007,914	702,770	478,420	33,000	511,420	61,592	449,828	252,942
2007	2,135,022	747,258	538,515	30,045	568,560	97,506	471,054	276,204
2008	2,544,116	890,441	523,955	28,480	552,435	66,897	485,538	404,903

Sources:

\* Per Act 4 of 1916 of the Legislature of the State of Louisiana as amended by Act 576 of 1966, as amended by Act 420 of 1978, as amended by Act 159 of 1984, as amended by Act 1 of 1994.

\*\* Excludes revenue bonds

\*\*\* Excludes the effects of accretion on deep discount bonds

**CITY OF NEW ORLEANS, LOUISIANA**  
**Demographic and Economic Statistics**  
**Last Ten Years**

(unaudited)

Fiscal year	Population (1) (3)	Per Capita Income (1) (3) (4)	Unemployment Rate (2) (3)
1999	486	24,223	4.5
2000	484	25,519	4.7
2001	478	27,930	6.0
2002	473	28,109	5.4
2003	468	28,965	5.4
2004	462	30,946	4.9
2005	455	11,502	7.4
2006	211	59,609	4.3
2007	288	53,433	3.5
2008	312	unavailable	4.4

Source and other:

(1) United States Census Bureau

(2) United States Department of Labor, Bureau of Labor Statistics

(3) Population in thousands, per capita income in US dollars, unemployment rate as percentage of population

(4) Bureau of Economic Economic Analysis, U.S. Department of Commerce

**CITY OF NEW ORLEANS, LOUISIANA**  
Principal Employers (non-public)  
Last Ten Years

(unaudited)

	1999	2000	2001	2002	2003	2004 *	2005 *	2006	2007	2008
Acme Truck Line Inc.										
Al Copeland Investments Inc.										
American Nursing Services										
Avondale Industries Inc.										
Bally's Casino Lakeshore Resort										
Bank One Louisiana										
BellSouth										
Boh Bros. Construction Co., LLC										
Boomtown Casino Westbank										
Columbia/HCA Healthcare Corp.										
Energy Corp.										
First Commerce Corp.										
Harrah's New Orleans, A Jazz Casino Co.										
HCA-The Healthcare Co.										
Hibernia Corp.										
Hope Haven Center										
Houma Industries										
JCC Holding Co. LLC										
Laitram LLC										
Lockheed Martin Manned Space Systems										
Meadowcrest Hospital										
Memorial Medical Center										
Methodist Hospital										
Northrup Grumman Avondale										
Ochsner Medical Institutions										
Ochsner Medical Authority										
Regional Transit Authority										
Superior Energy Services, Inc.										
Tenet Louisiana Health System										
Textron Marine & Land Systems										
Touro Infirmary										
Tulane University										
USDA, National Finance Center										
USES Corp./U.S. Environmental Sys., LLC										
Vinson Guard Service, Inc.										
West Jefferson Medical Center										
Whitney National Bank										

Source: New Orleans City Business Book except for 2006.  
2006 source infoUSA.com.

\* These years are unavailable.

**CITY OF NEW ORLEANS, LOUISIANA**  
**Full Time City Employees by Department**  
**Last Five Fiscal Years**

(unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Audubon Park	4	4	3	1	3
Aviation	200	116	111	114	111
Canal Street Development Corp.	2	2	0	1	0
Chief Administrative Office	166	59	61	65	61
City Council	69	41	49	59	49
City Planning	24	9	10	16	10
Civil Service	37	12	14	18	14
Coroner's Office	25	10	11	12	11
Criminal District Court/Clerk	90	52	78	88	78
Finance	173	59	69	84	69
Fire	770	751	687	685	687
French Market	41	13	18	25	18
Health	322	191	164	189	164
Historic Districts	8	6	6	9	6
Juvenile Court	59	30	28	27	28
Law	97	49	54	52	54
Library	221	19	81	88	81
Mayor's Office	98	67	75	110	75
Mosquito Control	36	38	33	36	33
Municipal Court	82	53	55	57	55
Museum of Art	44	10	22	18	22
Neighborhood One/NHIF	114	47	42	62	42
Parks and Parkways	218	100	85	107	85
Police	2,261	1,867	1,649	1,680	1,649
Property Management	142	89	73	72	73
Public Works	273	62	95	128	95
Recreation	222	21	33	42	33
Rivergate Development Corp.	2	1	1	2	1
Safety & Permits	104	61	61	65	61
Sanitation	77	35	33	23	33
Traffic Court	120	43	53	65	53
Vieux Carre	8	2	2	4	2
Welfare	63	14	20	26	20
Workforce Investment Act	7	6	7	8	7
Yacht Harbor	19	4	4	2	4
Sewer and Water Board	1,208	1,183	948	884	948
	<u>7,406</u>	<u>5,126</u>	<u>4,735</u>	<u>4,924</u>	<u>4,735</u>

Source: City of New Orleans Civil Service.

Information for years 1999 through 2003 are unavailable.

**City Of New Orleans, LOUISIANA**  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

(unaudited)

Function:	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Fire and Emergency Services:</b>										
Number of Stations:										
Police	8	8	8	8	8	8	8	8	8	8
Fire	*	*	33	33	33	33	15	30	30	29
<b>Recreation:</b>										
Number of facilities	178	172	169	169	169	169	*	*	89	104
<b>Roads:</b>										
Miles of roads maintained	1,759	1,759	1,757	1,757	1,757	1,757	*	*	1,759	1,759

Sources: City of New Orleans Police, Fire, Recreation, Recreation, and Public Works Departments.

\* Information not available for these years.

**City Of New Orleans**  
**Operating Indicators by Function**  
**Last Eight Fiscal Years**

(unaudited)

	Fiscal Year							
	2001	2002	2003	2004	2005	2006	2007	2008
<b>Emergency Responses:</b>								
<b>Police Department:</b>								
Response to Phone Emergencies	47,742	48,080	45,006	43,537	38,728	181,745	197,049	189,436
911 Responses	*	*	*	*	7,776	323,378	399,609	433,926
<b>Fire Department:</b>								
Response to Phone Emergencies	*	*	*	*	2,340	35,497	30,063	32,436
911 Responses	*	*	*	*	239	9,410	9,442	9,712
<b>EMS:</b>								
Response to Phone Emergencies	*	*	*	*	2,039	25,964	28,716	37,324
911 Responses	*	*	*	*	466	25,326	34,134	31,224
<b>Waste Disposal:</b>								
<b>Department of Sanitation:</b>								
Garbage Tonnage	271,716	275,238	268,661	284,242	219,258	114,427	173,239	214,827

Information for years 1999 and 2000 not available.

Sources: City of New Orleans Departments: Police, Fire, Health, Sanitation.

\* Information not available.

**ANNUAL FINANCIAL STATEMENTS  
OF THE  
BOARD OF LIQUIDATION, CITY DEBT  
FOR THE YEAR ENDED  
DECEMBER 31, 2008**

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

**Annual Statement**

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**December 31, 2008**

**[www.boardofliquidation.com](http://www.boardofliquidation.com)**

BOARD OF LIQUIDATION, CITY DEBT  
NEW ORLEANS, LOUISIANA  
DECEMBER 31, 2008

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BOARD OF LIQUIDATION, CITY DEBT  
NEW ORLEANS, LOUISIANA  
DECEMBER 31, 2008

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**COMPOSITION AND AUTHORITY OF THE BOARD OF LIQUIDATION, CITY DEBT**

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

**OFFICERS OF THE BOARD**

Mary K. Zervigon, President  
Barbara Lamont, Vice President  
David W. Gernhauser, Secretary  
Tracy David Madison, Assistant Secretary

**COUNSEL**

Lemle & Kelleher

**MEMBERS OF THE BOARD**

Barbara Lamont  
Richard P. Wolfe

Wanda Ackers-Brooks  
Alan C. Arnold

Mary K. Zervigon  
Gerald Williams

Jacquelyn B. Clarkson, Councilwoman  
Arnie Fielkow, Councilman  
C. Ray Nagin, Mayor

Ex-Officio  
Ex-Officio  
Ex-Officio

MARY K. ZERVIGON  
PRESIDENT

BARBARA LAMONT  
VICE PRESIDENT

DAVID W. GERNHAUSER  
SECRETARY

TRACY DAVID MADISON  
ASST. SECRETARY

MEMBERS OF BOARD

ALAN C. ARNOLD  
WANDA ACKERS BROOKS  
BARBARA LAMONT  
GERALD WILLIAMS  
RICHARD P. WOLFE  
MARY K. ZERVIGON

## Board of Liquidation, City Debt

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New Orleans, La. 70112

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

January 2, 2009

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, 2008 for the Bonded Debt administered by the Board of Liquidation, City Debt, for the accounts of the Sewerage and Water Board of New Orleans, the Audubon Park Commission of New Orleans, the Downtown Development District of New Orleans, the Audubon Area Security District, the Garden District Security Tax District, Huntington Park Subdivision Improvement District, the Kingswood Subdivision Improvement District, the Lake Carmel Improvement District, the Lake Forest Estates Improvement District, the Lake Oaks Subdivision Improvement District, the Spring Lake Improvement District, the Touro-Bouligny Security District, the Twinbrook Security District, and the Upper Hurstville Security District.

Sincerely,



Mary K. Zervigon



David W. Gernhauser

BOARD OF LIQUIDATION, CITY DEBT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2008

**Introduction**

Within this section of the Board of Liquidation, City Debt's (the "Board") annual financial report, management provides narrative discussion and analysis of the financial activities of the Board for the fiscal year ended December 31, 2008. The Board's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional information is available in the transmittal letter which precedes the *Management's Discussion and Analysis*. The discussion focuses on the Board's primary government, and unless otherwise noted, there are no component units to be reported separately from the primary government.

**Fund Accounting**

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

**Overview of Financial Statements**

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

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

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

**Basic Financial Statements**

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

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

**Notes to Financial Statements**

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

BOARD OF LIQUIDATION, CITY DEBT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
DECEMBER 31, 2008

**Other Information**

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

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

**Financial Analysis of the Board's Funds**

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

**Fiduciary Funds**

The Debt Service and Reserve Funds in the Debt Administration section of the financial report have a fund balance of \$71,936,886. The Tax Credit Bond loan payable balance of \$117,656,502 is a result of the Board and the custodial agencies entering into Cooperative Endeavor Agreements with the State of Louisiana to secure proceeds from the Gulf Opportunity Tax Credit Bond Loan Program. Escrow accounts were created at Hancock Bank to make debt service payments on outstanding bonds for governmental agencies affected by Hurricanes Katrina and Rita. The General Obligation Debt Service Funds are designated for future debt service payments and were included in calculating the millage necessary to service the General Obligation Debt for 2009. The 2009 millage levy is 23.8 mills, equal to the 23.8 mills in 2008. A key factor in maintaining the same millage is the positive increase in gross assessments of property values in the City of New Orleans. This favorable trend along with an 85% ad valorem tax collection rate provided a Debt Service Fund balance to carry forward to 2009 and allowed the millage rate to remain the same as it was in 2008.

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

	<u>Debt Administration</u>		
	<u>2008</u>	<u>2007</u>	<u>Changes</u>
Total assets	\$ <u>99,848,855</u>	\$ <u>101,829,065</u>	\$ <u>(1,980,210)</u>
Total liabilities	\$ <u>27,911,969</u>	\$ <u>27,946,969</u>	\$ <u>(35,000)</u>
Total custodial debt service and reserve fund	\$ <u>71,936,886</u>	\$ <u>73,882,096</u>	\$ <u>(1,945,210)</u>
Receipts	\$ <u>90,520,578</u>	\$ <u>212,363,384</u>	\$ <u>(121,842,806)</u>
Disbursements	\$ <u>92,500,788</u>	\$ <u>200,288,065</u>	\$ <u>(107,787,277)</u>
Excess (deficiency) of receipts over disbursements	\$ <u>(1,980,210)</u>	\$ <u>12,075,319</u>	\$ <u>(14,055,529)</u>

BOARD OF LIQUIDATION, CITY DEBT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
DECEMBER 31, 2008

	<u>Custodial Accounts</u>		<u>Changes</u>
	<u>2008</u>	<u>2007</u>	
Total assets	\$ <u>122,155,324</u>	\$ <u>153,506,490</u>	\$( <u>31,351,166</u> )
Total liabilities	\$ <u>90,039,293</u>	\$ <u>72,695,503</u>	\$ <u>17,343,790</u>
Total custodial debt service and reserve fund	\$ <u>32,116,031</u>	\$ <u>80,810,987</u>	\$( <u>48,694,956</u> )
Receipts	\$ <u>71,127,634</u>	\$ <u>97,412,842</u>	\$( <u>26,285,208</u> )
Disbursements	\$ <u>102,478,801</u>	\$ <u>101,744,085</u>	\$ <u>734,716</u>
Excess (deficiency) of receipts over disbursements	\$( <u>31,351,167</u> )	\$ ( <u>4,331,243</u> )	\$( <u>27,019,924</u> )

	<u>Totals</u>		<u>Changes</u>
	<u>2008</u>	<u>2007</u>	
Total assets	\$ <u>222,004,179</u>	\$ <u>255,335,556</u>	\$( <u>33,331,377</u> )
Total liabilities	\$ <u>117,951,262</u>	\$ <u>100,642,473</u>	\$ <u>17,308,789</u>
Total custodial debt service and reserve fund	\$ <u>104,052,917</u>	\$ <u>154,693,083</u>	\$( <u>50,640,166</u> )
Receipts	\$ <u>161,648,212</u>	\$ <u>309,776,226</u>	\$( <u>148,128,014</u> )
Disbursements	\$ <u>194,979,589</u>	\$ <u>302,032,150</u>	\$( <u>107,052,561</u> )
Excess (deficiency) of receipts over disbursements	\$( <u>33,331,377</u> )	\$ <u>7,744,076</u>	\$( <u>41,075,453</u> )

Key Changes in Assets and Liabilities include:

- Assets decreased in debt administration due to less general obligation bond ad valorem tax receipts.
- Assets decreased in the custodial accounts due to decreased receipts and payment of debt.
- Liabilities increased primarily due to the Gulf Opportunity Tax Credit Bond Loan Program loan proceeds drawn down and used during 2008.

Key changes in receipts include:

Debt Administration

- Ad valorem tax receipts decreased \$11,308,025.
- Bond proceeds decreased \$75,146,655.
- Debt service funds decreased \$2,859,326.
- Debt service from the Gulf Opportunity Tax Credit Bond Loan Program loan decreased \$30,898,032.

BOARD OF LIQUIDATION, CITY DEBT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
DECEMBER 31, 2008

Debt Administration (Cont'd)

- Interest on investments decreased \$1,332,050. This was primarily due to a decrease in interest rates as a result of the national financial crisis.
- Excess debt service and reserve decreased \$296,130.

Custodial Accounts

- Ad valorem taxes decreased \$9,614,556.
- Interest on investments decreased \$4,075,536.
- Revenue Sharing - State of Louisiana increased \$142,028.
- Debt service funds decreased \$658,379.
- Bond proceeds decreased \$395,472.
- Tax Credit Bond Loan proceeds decreased \$11,354,766.
- Excess reserve and debt service funds decreased \$329,238.

Key changes in disbursements include:

Debt Administration

- Interest payments increased \$1,576,118. This follows the debt service schedule which includes the issuance of new general obligation bonds in 2007.
- Principal payments were \$32,411,545 less. The majority of this decrease was because there was a General Obligation bond call in 2007.
- Funds returned decreased by \$76,058,932 as a result of bond proceeds from a bond sale in 2007 transferred to the City of New Orleans.
- Contract services decreased \$56,062.
- Cost of issuance decreased \$857,579.

***Long-term Debt Administration***

At the end of the fiscal year, the Board administers total bonded debt outstanding of \$523,955,533 in General Obligation Bonds and \$28,480,000 in Limited Tax Bonds. The General Obligation Bonds are backed and fully funded with an unlimited ad valorem tax levy through the Board's statutory authority. The Limited Tax Bonds are supported by a voter approved tax millage of 2.5 mills collected by the City of New Orleans and remitted to the Board daily. Other Custodial long-term debt is supported by voter approved special tax millages and revenues generated through the custodial agency. Debt service is collected from these custodial special taxes to pay debt service on special tax bonds. Debt service on the Revenue Bonds are supported by revenues remitted to the Board on a monthly basis by the Sewerage and Water Board of New Orleans.

Outstanding bonds administered by the Board at December 31, 2008 and 2007 are as follows:

BOARD OF LIQUIDATION, CITY DEBT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
DECEMBER 31, 2008

**Long-term Debt Administration (Cont'd)**

	<u>2008</u>	<u>2007</u>
<b>City of New Orleans:</b>		
General Obligation Bonds	\$523,955,533	\$538,514,462
Limited Tax Bonds	\$ 28,480,000	\$ 30,045,000
<b>Sewerage &amp; Water Board of New Orleans:</b>		
Drainage System Bonds	\$ 22,710,000	\$ 23,835,000
Sewerage Service Revenue Bonds	\$170,745,000	\$172,065,000
Sewerage Service Revenue Bonds Anticipation Notes	\$ 24,030,000	\$ 24,030,000
Water Revenue Bonds	\$ 38,770,000	\$ 40,069,000
<b>Audubon Park Commission:</b>		
Audubon Park Improvement Bonds	\$ 2,415,000	\$ 2,415,000
Audubon Aquarium Bonds	\$ 31,963,572	\$ 31,963,572
<b>Downtown Development District:</b>		
Downtown Development District Bonds	\$ 6,125,000	\$ 6,125,000

**Bond Ratings**

Bond ratings for the General Obligation Bonds of the City of New Orleans were upgraded by Moody's Rating Service and Fitch Rating Service to Baa3 and BBB- respectively with investment grade ratings. Standard & Poor's Rating upgraded the general obligation bonds to BB, still non investment grade. These ratings are a result of the effects of Hurricanes Katrina and Rita. The Board officials, as well as the City of New Orleans administration, continue to meet with the rating agencies and expect a favorable report from the rating agencies when the City plans to issue bonds in 2009.

**Contacting the Board's Financial Management**

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

**SPILSBURY, HAMILTON, LEGENDRE & PACIERA, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS OF  
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SOCIETY OF LOUISIANA  
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(1905-1985)  
KEITH T. HAMILTON, C.P.A.  
(1932-2003)  
LEROY P. LEGENDRE, C.P.A.  
(Retired)

INDEPENDENT AUDITOR'S REPORT

Mrs. Mary K. Zervigon, President, and Members  
Board of Liquidation, City Debt  
New Orleans, Louisiana

We have audited the accompanying financial statements of the Board of Liquidation, City Debt, a component unit of the City of New Orleans, as of and for the year ended December 31, 2008 as listed in the table of contents. These financial statements are the responsibility of the management of the Board of Liquidation, City Debt. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, custodial, and debt service and reserve fund balances of the Board of Liquidation, City Debt, at December 31, 2008, and cash receipts, disbursements and changes in liabilities, custodial and debt service fund balances for the year then ended, on the basis of accounting described in Note B.

Mrs. Mary K. Zervigon, President, and Members  
Board of Liquidation, City Debt

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2009 on our consideration of the Board of Liquidation, City Debt's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 5 through 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purposes of additional analysis, and is not a required part of the financial statements of the Board of Liquidation, City Debt. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Spilsbury, Hamilton, Legendre & Paciera*

February 27, 2009

FINANCIAL STATEMENTS

BOARD OF LIQUIDATION, CITY DEBT  
 FIDUCIARY FUND TYPE - AGENCY FUND  
 COMBINING STATEMENT OF ASSETS, LIABILITIES, AND CUSTODIAL,  
 DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS  
 DECEMBER 31, 2008

	<u>Debt Administration</u>	<u>Account of Sewerage &amp; Water Board</u>
<u>ASSETS</u>		
Cash	\$ 56,277	\$ 724,295
Cash - Paying Agent	25,300	0
Certificates of deposit	99,316,397	97,195,000
U.S. Treasury Bills-cost	450,881	17,634,780
<i>Total Assets</i>	\$ 99,848,855	\$ 115,554,075
 <u>LIABILITIES AND CUSTODIAL, DEBT SERVICE AND RESERVE FUNDS</u>		
Interest payable	\$ 93,260	\$ 0
Principal payable	176,200	0
Principal payable-Paying Agent	25,300	0
Tax Credit Bond loan payable	27,617,209	77,465,247
Reserve funds	53,614,094	0
Debt service funds	18,322,792	0
Custodial fund balance (deficit)	0	38,088,828
<i>Total Liabilities, and Custodial, Debt Service and Reserve Funds</i>	\$ 99,848,855	\$ 115,554,075

See accompanying notes to financial statements.

Account of Downtown Development District	Account of Audubon Park Commission	Accounts of Special Taxing Districts	Total (Memorandum Only)
\$ 1,742	\$ 2,037	\$ 8,107	\$ 792,458
0	0	0	25,300
4,489,000	170,000	772,000	201,942,397
567,926	44,581	545,856	19,244,024
<u>\$ 5,058,668</u>	<u>\$ 216,618</u>	<u>\$ 1,325,963</u>	<u>\$ 222,004,179</u>

\$ 0	\$ 0	\$ 0	\$ 93,260
0	0	0	176,200
0	0	0	25,300
1,441,694	11,132,352	0	117,656,502
0	0	0	53,614,094
0	0	0	18,322,792
3,616,974	(10,915,734)	1,325,963	32,116,031
<u>\$ 5,058,668</u>	<u>\$ 216,618</u>	<u>\$ 1,325,963</u>	<u>\$ 222,004,179</u>

BOARD OF LIQUIDATION, CITY DEBT  
 FIDUCIARY FUND TYPE - AGENCY FUND  
 COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN LIABILITIES,  
 AND CUSTODIAL, DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS  
 YEAR ENDED DECEMBER 31, 2008

	<u>Debt Administration</u>
<u>RECEIPTS</u>	
Ad valorem taxes-Current year	\$ 50,756,266
Fee-Current year	0
Excess Escrow-Bank of New York	284
Revenue sharing-State of Louisiana	0
Debt service funds	35,617,140
Interest on investments	3,082,757
Tax Credit Bond loan proceeds	0
Excess reserve and debt service funds	1,064,131
<i>Total receipts</i>	90,520,578
 <u>DISBURSEMENTS</u>	
Interest on bonds	59,416,959
Principal on bonds	31,463,929
Warrants	0
Debt service	0
Personal services	344,724
Contractual services	57,281
Legal and office expenses	27,544
Funds returned to City of New Orleans, Sewerage & Water Board, and Audubon Park Commission	1,110,260
Cost of issuance-bond issue	80,091
<i>Total disbursements</i>	92,500,788
 Excess (Deficiency) of receipts over disbursements	 (1,980,210)
 Liabilities, and Custodial Debt Service and Reserve Funds at:	
December 31, 2007	101,829,065
December 31, 2008	\$ 99,848,855

Account of Sewerage & Water Board	Account of Downtown Development District	Account of Audubon Park Commission	Accounts of Special Taxing Districts	Total (Memorandum Only)
\$ 33,928,545	\$ 4,641,198	\$ 6,922,964	\$ 957,283	\$ 97,206,256
0	0	0	848,150	848,150
0	0	0	0	284
686,581	0	0	0	686,581
0	0	0	0	35,617,140
4,637,098	252,724	47,067	47,105	8,066,751
12,805,269	535,448	4,003,071	0	17,343,788
798,228	9,281	7,622	0	1,879,262
<u>52,855,721</u>	<u>5,438,651</u>	<u>10,980,724</u>	<u>1,852,538</u>	<u>161,648,212</u>
0	0	0	0	59,416,959
0	0	0	0	31,463,929
67,564,209	7,031,044	8,655,000	1,821,942	85,072,195
12,868,087	535,448	4,003,071	0	17,406,606
0	0	0	0	344,724
0	0	0	0	57,281
0	0	0	0	27,544
0	0	0	0	1,110,260
0	0	0	0	80,091
<u>80,432,296</u>	<u>7,566,492</u>	<u>12,658,071</u>	<u>1,821,942</u>	<u>194,979,589</u>
(27,576,575)	(2,127,841)	(1,677,347)	30,596	(33,331,377)
143,130,650	7,186,509	1,893,965	1,295,367	255,335,556
<u>\$ 115,554,075</u>	<u>\$ 5,058,668</u>	<u>\$ 216,618</u>	<u>\$ 1,325,963</u>	<u>\$ 222,004,179</u>

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
DECEMBER 31, 2008

A. General Information

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

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

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

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

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DECEMBER 31, 2008

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General Information (Cont'd)

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

In addition, the Board of Liquidation, City Debt, serves in a custodial capacity for the accounts of the Sewerage and Water Board of New Orleans, the Downtown Development District of New Orleans, the Audubon Park Commission of New Orleans, the Lake Forest Estates Improvement District, the Garden District Security Tax District, the Springlake Improvement District, the Audubon Area Security District, the Lake Carmel Subdivision Improvement District, the Huntington Park Subdivision Improvement District, the Twinbrook Security District, the Touro-Boulligny Security District, the Lake Oaks Subdivision Improvement District, the Upper Hurstville Security District, and the Kingswood Subdivision 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. The Board of Liquidation, City Debt, pays any expenditure made from these accounts as authorized by warrants and supporting resolutions of the various agencies.

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

B. Summary of Significant Accounting Policies

Fund Accounting

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

Method of Accounting

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

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
(Continued)  
DECEMBER 31, 2008

C. Cash, Escrow funds and Time Certificates of Deposit

At December 31, 2008, the Board's deposits with banks consisted of cash totaling \$792,458, and time certificates of deposit of \$201,942,397. These deposits were covered by Federal Deposit Insurance or by collateral held by a third party in the Board's name.

D. Funds Held in Trust

At December 31, 2008, the Board's paying agent, the Bank of New York Mellon, was holding cash in trust of \$25,300. These funds are to be used to pay matured or called bonds when they are presented for payment. This balance is included in cash at December 31, 2008. Also, the related bonds payable is included in the principal payable balance at December 31, 2008. The Bank of New York Mellon in the Board's name holds these insured deposits.

E. Bank Balances

At December 31, 2008, the Board had bank balances of cash and certificates of deposits categorized as follows:

Insured	\$ 812,244
Collateralized	<u>202,427,773</u>
Total Bank Balances	<u>\$203,240,017</u>

F. Investments

Investments are stated at cost. At December 31, 2008 the carrying amount of the Board's investment in U.S. Treasury Bills was \$19,244,024 with a market value of \$19,418,392. The Board's agents in the Board's name hold these uninsured and unregistered investments.

G. Annual and Sick Leave

All present employees of the Board are permitted to accumulate annual and sick leave. Upon termination of employment, an employee is paid for their accumulated annual leave based on his current hourly rate of pay, and for their accumulated sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting their accrued sick leave to additional years of service. At December 31, 2008 this amount totaled \$101,578.

H. Pension Plan

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

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

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
(Continued)  
DECEMBER 31, 2008

Pension Plan (Cont'd)

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

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

Employees contribute 4% of their salary per year. Employer contributions to the plan are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of thirty years beginning July 1, 1974, using the level percentage of payroll method. The Board's contributions to the Plan during the year totaled \$18,587.

I. Tax Credit Bond Loan Program

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

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

Paying outstanding debt for special tax bonds of the:

Downtown Development District,

Audubon Commission, and

Sewerage and Water Board of New Orleans, and

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

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

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

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
(Continued)  
DECEMBER 31, 2008

Tax Credit Bond Loan Program (Cont'd)

Total amounts available under these loans are:

Cooperative Endeavor Agreement between the State and:

Board of Liquidation:

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

27,617,209

Downtown Development District	<u>1,600,153</u>
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Audubon Park Commission:

Audubon Park Commission .32 Mills	1,091,230
Audubon Park Commission 2.99 Mills	<u>10,759,776</u>

11,851,006

Sewerage and Water Board	<u>77,465,247</u>
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\$118,533,615

Borrowings as of December 31, 2008 were:

Cooperative Endeavor Agreement between the State and:

Board of Liquidation:

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

27,617,209

Downtown Development District	<u>1,441,694</u>
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Audubon Park Commission:

Audubon Park Commission .32 Mills	1,028,975
Audubon Park Commission 2.99 Mills	<u>10,103,377</u>

11,132,352

Sewerage and Water Board	<u>77,465,247</u>
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\$117,656,502

As of December 31, 2008, the \$24,713,549 available for general obligation bonds was borrowed to make fiscal year 2006 debt service payments.

As of December 31, 2008, the \$2,903,660 available for the City of New Orleans Limited Tax bonds was borrowed to make the debt service payments that were due September 1, 2006 and March 1, 2007.

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
(Continued)  
DECEMBER 31, 2008

Tax Credit Bond Loan Program (Cont'd)

As of December 31, 2008, \$1,441,694 of the \$1,600,153 available for the Downtown Development District was borrowed to make the debt service payments which were due on December 1, 2006, June 1, 2007, December 1, 2007, June 1, 2008 and December 1, 2008. The remaining balance of \$158,459 will be borrowed to make debt service payments through June 1, 2009 as follows:

2009	<u>\$158,459</u>
------	------------------

As of December 31, 2008, \$11,132,352 of the \$11,851,006 available for the Audubon Park Commission was borrowed to make the debt service payments due on October 1, 2006, December 1, 2006, April 1, 2007, June 1, 2007, October 1, 2007, December 1, 2007, April 1, 2008, June 1, 2008 October 1, 2008 and December 1, 2008. The remaining balance of \$718,654 will be applied to debt service payments on Zoo Special Tax Bonds through June 1, 2009 and Aquarium Special Tax Bonds through April 1, 2009 as follows:

2009	<u>\$718,654</u>
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In addition to the above loans, the Audubon Park Commission's Cooperative endeavor agreement includes an additional \$4,907,500 for their 1997 Aquarium Revenue Bonds. These bonds are not part of the Board's responsibility; accordingly, the related loan is not included in the accompanying financial statements.

As of December 31, 2008, the entire \$77,465,247 available for the Sewerage and Water Board of New Orleans was borrowed. \$45,965,247 was used to make debt service payments on the Drainage System special tax bonds, the Sewerage Service revenue bonds, and the Water revenue bonds that were due on December 1, 2006, June 1, 2007, December 1, 2007, and June 1, 2008. \$31,500,000 was used to make a partial payment on the maturing Sewerage Service Revenue bond anticipation notes that matured on July 26, 2006.

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

J. Advance Refunding and Defeased Bonds

On July 6, 2005, the City of New Orleans entered into a transaction whereby it issued \$105,280,000 of general obligation bonds for the purpose of refunding a portion of its outstanding general obligation bonds at December 31, 2005. Net proceeds from issuance of the refunding bonds were placed in an irrevocable escrow account along with general obligation bond debt service funds collected and invested in U.S. Treasury obligations that, together with the interest earned thereon, will provide amounts sufficient for payment of all principal and interest on the refunding bonds. Accordingly, the escrow account and the refunded bonds are not included in these financial statements. At December 31, 2008, the outstanding balance of the refunded general obligation bonds totaled \$27,005,000.

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
(Continued)  
DECEMBER 31, 2008

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Advance Refunding and Defeased Bonds (Cont'd)

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

K. Total (Memorandum Only) Columns

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

SUPPLEMENTAL INFORMATION

BOARD OF LIQUIDATION, CITY DEBT  
DEBT ADMINISTRATION  
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND  
DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS  
DECEMBER 31, 2008

	General Obligation Bonds	Capital Improvement Limited Tax	Drainage System Bonds 6 mill	Drainage System Bonds 9 mill	Water Revenue Bonds
<u>ASSETS</u>					
Cash (Due to other funds)	\$ (90,541)	\$ 0	\$ 80	\$ 23,905	\$ 7,561
Cash-Paying Agent	10,000	0	0	0	0
Certificates of deposit	61,398,133	5,262,158	0	0	5,029,030
U.S. Treasury Bills-cost	450,881	0	0	0	0
<i>Total Assets</i>	<u>\$ 61,768,473</u>	<u>\$ 5,262,158</u>	<u>\$ 80</u>	<u>\$ 23,905</u>	<u>\$ 5,036,591</u>
<u>LIABILITIES AND DEBT SERVICE AND RESERVE FUNDS</u>					
Interest payable	\$ 40,714	\$ 0	\$ 80	\$ 5,755	\$ 2,506
Principal payable	82,300	0	0	18,150	5,000
Principal payable-Paying Agent	10,000	0	0	0	0
Tax Credit Bond loan payable	24,713,549	2,903,660	0	0	0
Reserve funds	30,779,069	0	0	0	3,928,380
Debt service funds	6,142,841	2,358,498	0	0	1,100,705
<i>Total Liabilities, and Debt Service and Reserve Funds</i>	<u>\$ 61,768,473</u>	<u>\$ 5,262,158</u>	<u>\$ 80</u>	<u>\$ 23,905</u>	<u>\$ 5,036,591</u>

<u>Sewerage Service Revenue Bonds</u>	<u>Sewerage &amp; Water Board Matured Bonds</u>	<u>Audubon Park Commission Bonds</u>	<u>Audubon Park Commission Aquarium Bonds</u>	<u>Downtown Develop- ment District Tax Bonds</u>	<u>Defeased Bonds</u>	<u>Total</u>
\$ 6,127	\$ 37,142	\$ 710	\$ 0	\$ 0	\$ 71,293	\$ 56,277
0	0	0	15,300	0	0	25,300
27,046,119	0	307,088	0	273,869	0	99,316,397
0	0	0	0	0	0	450,881
<u>\$ 27,052,246</u>	<u>\$ 37,142</u>	<u>\$ 307,798</u>	<u>\$ 15,300</u>	<u>\$ 273,869</u>	<u>\$ 71,293</u>	<u>\$ 99,848,855</u>

\$ 810	\$ 12,142	\$ 710	\$ 0	\$ 0	\$ 30,543	\$ 93,260
5,000	25,000	0	0	0	40,750	176,200
0	0	0	15,300	0	0	25,300
0	0	0	0	0	0	27,617,209
18,325,688	0	307,088	0	273,869	0	53,614,094
8,720,748	0	0	0	0	0	18,322,792
<u>\$ 27,052,246</u>	<u>\$ 37,142</u>	<u>\$ 307,798</u>	<u>\$ 15,300</u>	<u>\$ 273,869</u>	<u>\$ 71,293</u>	<u>\$ 99,848,855</u>

BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF SEWERAGE & WATER BOARD OF NEW ORLEANS  
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND  
CUSTODIAL FUNDS-MODIFIED CASH BASIS  
DECEMBER 31, 2008

	<u>Construction &amp; Extension Fund 2 mill</u>	<u>Drainage System Fund 3 mill</u>	<u>Drainage System Fund 6 mill</u>
<u>ASSETS</u>			
Cash	\$ 2,166	\$ 108,875	\$ 5,488
Certificates of deposit	2,415,000	13,575,000	16,105,000
U.S. Treasury Bills-cost	0	0	999,563
<i>Total Assets</i>	<u>\$ 2,417,166</u>	<u>\$ 13,683,875</u>	<u>\$ 17,110,051</u>
<u>LIABILITIES AND CUSTODIAL FUNDS</u>			
Tax Credit Bond Loan payable	\$ 0	\$ 0	\$ 0
Custodial fund balance (deficit)	<u>2,417,166</u>	<u>13,683,875</u>	<u>17,110,051</u>
<i>Total Liabilities and Custodial Funds</i>	<u>\$ 2,417,166</u>	<u>\$ 13,683,875</u>	<u>\$ 17,110,051</u>

Drainage System Fund 9 mill	Drainage System Bond Proceeds	Water Revenue Bond Proceeds	Sewerage Service Revenue Bond Proceeds	Total
\$ 47,500	\$ 87,113	\$ 203,918	\$ 269,235	\$ 724,295
23,000,000	5,920,000	5,770,000	30,410,000	97,195,000
2,152,618	3,081,290	1,069,238	10,332,071	17,634,780
<u>\$ 25,200,118</u>	<u>\$ 9,088,403</u>	<u>\$ 7,043,156</u>	<u>\$ 41,011,306</u>	<u>\$ 115,554,075</u>
\$ 4,335,115	\$ 0	\$ 6,807,041	\$ 66,323,091	\$ 77,465,247
20,865,003	9,088,403	236,115	(25,311,785)	38,088,828
<u>\$ 25,200,118</u>	<u>\$ 9,088,403</u>	<u>\$ 7,043,156</u>	<u>\$ 41,011,306</u>	<u>\$ 115,554,075</u>

BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS  
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND  
CUSTODIAL FUNDS-MODIFIED CASH BASIS  
DECEMBER 31, 2008

	<u>Special Tax Fund</u>	<u>DDD Bond Proceeds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 803	\$ 939	\$ 1,742
Certificates of deposit	4,392,000	97,000	4,489,000
U.S. Treasury Bills-cost	305,291	262,635	567,926
<i>Total Assets</i>	<u>\$ 4,698,094</u>	<u>\$ 360,574</u>	<u>\$ 5,058,668</u>
 <u>LIABILITES AND CUSTODIAL FUNDS</u>			
Tax Credit Bond Loan payable	\$ 1,441,694	\$ 0	\$ 1,441,694
Custodial fund balance	3,256,400	360,574	3,616,974
<i>Total Liabilites And Custodial Funds</i>	<u>\$ 4,698,094</u>	<u>\$ 360,574</u>	<u>\$ 5,058,668</u>

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BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF AUDUBON PARK COMMISSION OF NEW ORLEANS  
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND  
CUSTODIAL FUNDS-MODIFIED CASH BASIS  
DECEMBER 31, 2008

	<u>Aquarium Tax Fund</u>
<u>ASSETS</u>	
Cash	\$ 930
Certificates of deposit	0
U.S. Treasury Bills-cost	44,581
<i>Total Assets</i>	<u>\$ 45,511</u>
<u>LIABILITES AND CUSTODIAL FUNDS</u>	
Tax Credit Bond Loan payable	\$ 10,103,377
Custodial fund balance (deficit)	(10,057,866)
<i>Total Liabilites And Custodial Funds</i>	<u>\$ 45,511</u>

Aquarium Bond Proceeds	Special Tax Fund	Total
\$ 114	\$ 993	\$ 2,037
170,000	0	170,000
0	0	44,581
<u>\$ 170,114</u>	<u>\$ 993</u>	<u>\$ 216,618</u>
\$ 0	\$ 1,028,975	\$ 11,132,352
170,114	(1,027,982)	(10,915,734)
<u>\$ 170,114</u>	<u>\$ 993</u>	<u>\$ 216,618</u>

BOARD OF LIQUIDATION, CITY DEBT  
 ACCOUNTS OF SPECIAL TAXING DISTRICTS OF NEW ORLEANS  
 COMBINING SCHEDULE OF ASSETS AND  
 CUSTODIAL FUNDS-MODIFIED CASH BASIS  
 DECEMBER 31, 2008

	Audubon Area Security District	Garden District Security Tax District	Huntington Park Subdivision Improvement District	Kingswood Subdivision Improvement District	Lake Carmel Subdivision Improvement District
<b><u>ASSETS</u></b>					
Cash	\$ 245	\$ 1,025	\$ 1,841	\$ 601	\$ 575
Certificates of deposit	82,000	213,000	24,000	44,000	27,000
U.S. Treasury Bills-cost	4,953	354,656	0	12,879	43,589
<i>Total Assets</i>	<u>\$ 87,198</u>	<u>\$ 568,681</u>	<u>\$ 25,841</u>	<u>\$ 57,480</u>	<u>\$ 71,164</u>
<b><u>CUSTODIAL FUND BALANCE</u></b>	<u>\$ 87,198</u>	<u>\$ 568,681</u>	<u>\$ 25,841</u>	<u>\$ 57,480</u>	<u>\$ 71,164</u>

Lake Forest Estates Improvement District	Lake Oaks Subdivision Improvement District	Springlake Improvement District	Touro- Boulogny Security District	Twinbrook Security District	Upper Hurtsville Security District	Total
\$ 939	\$ 676	\$ 567	\$ 914	\$ 239	\$ 485	\$ 8,107
63,000	60,000	4,000	131,000	89,000	35,000	772,000
42,599	20,805	25,758	0	0	40,617	545,856
<u>\$ 106,538</u>	<u>\$ 81,481</u>	<u>\$ 30,325</u>	<u>\$ 131,914</u>	<u>\$ 89,239</u>	<u>\$ 76,102</u>	<u>\$ 1,325,963</u>
<u>\$ 106,538</u>	<u>\$ 81,481</u>	<u>\$ 30,325</u>	<u>\$ 131,914</u>	<u>\$ 89,239</u>	<u>\$ 76,102</u>	<u>\$ 1,325,963</u>

BOARD OF LIQUIDATION, CITY DEBT  
DEBT ADMINISTRATION  
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN LIABILITIES, AND DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2008

	General Obligation Bonds	Capital Improvement Limited Tax	Drainage System Bonds 6 mill	Drainage System Bonds 9 mill	Water Revenue Bonds
<b>RECEIPTS</b>					
Ad valorem taxes-Current year	\$ 49,387,776	\$ 1,368,490	\$ 0	\$ 0	\$ 0
Excess Escrow-Bank of New York	284	0	0	0	0
Debt service funds	0	0	0	55,537	3,629,745
Interest on investments	3,082,757	0	0	0	0
Excess reserve and debt service funds	0	0	0	0	199,640
<i>Total receipts</i>	<u>52,470,817</u>	<u>1,368,490</u>	<u>0</u>	<u>55,537</u>	<u>3,829,385</u>
<b>DISBURSEMENTS</b>					
Interest on bonds	41,910,270	1,330,035	0	534,888	1,665,096
Principal on bonds	14,588,929	1,565,000	0	1,125,000	1,920,000
Personal services	344,724	0	0	0	0
Contractual services	57,281	0	0	0	0
Computer and office expenses	27,544	0	0	0	0
Funds returned to City of New Orleans, Sewerage & Water Board, and Audubon Park Commission	0	0	0	0	199,640
Cost of issuance-bond issue	80,091	0	0	0	0
<i>Total disbursements</i>	<u>57,008,839</u>	<u>2,895,035</u>	<u>0</u>	<u>1,659,888</u>	<u>3,784,736</u>
Excess (Deficiency) of receipts over disbursements	(4,538,022)	(1,526,545)	0	(1,604,351)	44,649
Liabilities, and Debt Service and Reserve funds at:					
December 31, 2007	66,306,495	6,788,703	80	1,628,256	4,991,942
December 31, 2008	<u>\$ 61,768,473</u>	<u>\$ 5,262,158</u>	<u>\$ 80</u>	<u>\$ 23,905</u>	<u>\$ 5,036,591</u>

Sewerage Service Revenue Bonds	Sewerage & Water Board Matured Bonds	Audubon Park Commission Bonds	Audubon Park Commission Aquarium Bonds	Downtown Development District Tax Bonds	Deceased Bonds	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,756,266
0	0	0	0	0	0	284
13,030,842	0	0	0	0	18,901,016	35,617,140
0	0	0	0	0	0	3,082,757
847,588	0	7,622	0	9,281	0	1,064,131
<u>13,878,430</u>	<u>0</u>	<u>7,622</u>	<u>0</u>	<u>9,281</u>	<u>18,901,016</u>	<u>90,520,578</u>
6,015,654	0	0	0	0	7,961,016	59,416,959
1,320,000	0	0	0	0	10,945,000	31,463,929
0	0	0	0	0	0	344,724
0	0	0	0	0	0	57,281
0	0	0	0	0	0	27,544
893,717	0	7,622	0	9,281	0	1,110,260
0	0	0	0	0	0	80,091
<u>8,229,371</u>	<u>0</u>	<u>7,622</u>	<u>0</u>	<u>9,281</u>	<u>18,906,016</u>	<u>92,500,788</u>
5,649,059	0	0	0	0	(5,000)	(1,980,210)
21,403,187	37,142	307,798	15,300	273,869	76,293	101,829,065
<u>\$ 27,052,246</u>	<u>\$ 37,142</u>	<u>\$ 307,798</u>	<u>\$ 15,300</u>	<u>\$ 273,869</u>	<u>\$ 71,293</u>	<u>\$ 99,848,855</u>

ACCOUNT OF SEWERAGE & WATER BOARD OF NEW ORLEANS  
 COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND  
 CHANGES IN CUSTODIAL FUNDS-MODIFIED CASH BASIS  
 YEAR ENDED DECEMBER 31, 2008

	Construction & Extension Fund 2 mill	Drainage System Fund 3 mill	Drainage System Fund 6 mill
<u>RECEIPTS</u>			
Ad valorem taxes-Current year	\$ 0	\$ 9,679,614	\$ 9,783,794
Revenue sharing-State of Louisiana	0	686,581	0
Interest on investments	62,649	577,051	804,887
Tax Credit Bond loan proceeds	0	0	0
Excess reserve and debt service funds	0	0	0
<i>Total receipts</i>	62,649	10,943,246	10,588,681
<u>DISBURSEMENTS</u>			
Warrants	7,544	16,545,199	13,220,847
Debt service	0	0	0
<i>Total disbursements</i>	7,544	16,545,199	13,220,847
Excess (Deficiency) of receipts over disbursements	55,105	(5,601,953)	(2,632,166)
Liabilities and Custodial Fund Balance at:			
December 31, 2007	2,362,061	19,285,828	19,742,217
December 31, 2008	\$ 2,417,166	\$ 13,683,875	\$ 17,110,051

Drainage System Fund 9 mill	Drainage System Bond Proceeds	Water Revenue Bond Proceeds	Sewerage Service Revenue Bond Proceeds	Total
\$ 14,465,137	\$ 0	\$ 0	\$ 0	\$ 33,928,545
0	0	0	0	686,581
1,194,386	330,760	261,555	1,405,810	4,637,098
534,888	0	252,033	12,018,348	12,805,269
0	0	84,952	713,276	798,228
<u>16,194,411</u>	<u>330,760</u>	<u>598,540</u>	<u>14,137,434</u>	<u>52,855,721</u>
20,843,049	3,058,285	3,646,275	10,243,010	67,564,209
590,426	0	252,034	12,025,627	12,868,087
<u>21,433,475</u>	<u>3,058,285</u>	<u>3,898,309</u>	<u>22,268,637</u>	<u>80,432,296</u>
(5,239,064)	(2,727,525)	(3,299,769)	(8,131,203)	(27,576,575)
<u>30,439,182</u>	<u>11,815,928</u>	<u>10,342,925</u>	<u>49,142,509</u>	<u>143,130,650</u>
<u>\$ 25,200,118</u>	<u>\$ 9,088,403</u>	<u>\$ 7,043,156</u>	<u>\$ 41,011,306</u>	<u>\$ 115,554,075</u>

BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS  
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN CUSTODIAL FUNDS-MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2008

	Special Tax Fund	DDD Bond Proceeds	Total
<u>RECEIPTS</u>			
Ad valorem taxes-Current year	\$ 4,641,198	\$ 0	\$ 4,641,198
Interest on investments	194,288	58,436	252,724
Tax Credit Bond loan proceeds	535,448	0	535,448
Excess reserve and debt service funds	0	9,281	9,281
<i>Total receipts</i>	<u>5,370,934</u>	<u>67,717</u>	<u>5,438,651</u>
<u>DISBURSEMENTS</u>			
Warrants	5,130,787	1,900,257	7,031,044
Debt service	535,448	0	535,448
<i>Total disbursements</i>	<u>5,666,235</u>	<u>1,900,257</u>	<u>7,566,492</u>
Excess (Deficiency) of receipts over disbursements	(295,301)	(1,832,540)	(2,127,841)
Liabilities and Custodial Fund Balance at:			
December 31, 2007	4,993,395	2,193,114	7,186,509
December 31, 2008	<u>\$ 4,698,094</u>	<u>\$ 360,574</u>	<u>\$ 5,058,668</u>

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BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF AUDUBON PARK COMMISSION OF NEW ORLEANS  
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN CUSTODIAL FUNDS-MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2008

	Aquarium Tax Fund
<u>RECEIPTS</u>	
Ad valorem taxes-Current year	\$ 6,253,555
Interest on investments	265
Tax Credit Bond loan proceeds	3,631,811
Excess reserve and debt service funds	0
<i>Total receipts</i>	9,885,631
<u>DISBURSEMENTS</u>	
Warrants	6,219,000
Debt service	3,631,811
<i>Total disbursements</i>	9,850,811
Excess (Deficiency) of receipts over disbursements	34,820
Liabilities and Custodial Fund Balance at:	
December 31, 2007	10,691
December 31, 2008	\$ 45,511

<u>Aquarium Bond Proceeds</u>	<u>Special Tax Fund</u>	<u>Total</u>
\$ 0	\$ 669,409	\$ 6,922,964
46,802	0	47,067
0	371,260	4,003,071
0	7,622	7,622
<u>46,802</u>	<u>1,048,291</u>	<u>10,980,724</u>
1,759,000	677,000	8,655,000
0	371,260	4,003,071
<u>1,759,000</u>	<u>1,048,260</u>	<u>12,658,071</u>
(1,712,198)	31	(1,677,347)
1,882,312	962	1,893,965
<u>\$ 170,114</u>	<u>\$ 993</u>	<u>\$ 216,618</u>

BOARD OF LIQUIDATION, CITY DEBT  
 ACCOUNTS OF SPECIAL TAXING DISTRICTS OF NEW ORLEANS  
 COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND  
 CHANGES IN CUSTODIAL FUNDS-MODIFIED CASH BASIS  
 YEAR ENDED DECEMBER 31, 2008

	Audubon Area Security District	Garden District Security Tax District	Huntington Park Improvement District	Kingswood Subdivision Improvement District
<b>RECEIPTS</b>				
Ad valorem taxes-Current year	\$ 0	\$ 718,378	\$ 0	\$ 0
Fee-Current year	119,925	0	18,202	56,927
Interest on investments	4,236	20,750	511	695
<i>Total receipts</i>	<u>124,161</u>	<u>739,128</u>	<u>18,713</u>	<u>57,622</u>
<b>DISBURSEMENTS</b>				
Warrants	155,000	710,000	6,800	142
<i>Total disbursements</i>	<u>155,000</u>	<u>710,000</u>	<u>6,800</u>	<u>142</u>
Excess (Deficiency) of receipts over disbursements	(30,839)	29,128	11,913	57,480
Custodial Fund Balance at:				
December 31, 2007	118,037	539,553	13,928	0
December 31, 2008	<u>\$ 87,198</u>	<u>\$ 568,681</u>	<u>\$ 25,841</u>	<u>\$ 57,480</u>

Lake Carmel Subdivision Improvement District	Lake Forest Estates Improvement District	Lake Oaks Subdivision Improvement District	Springlake Improvement District	Touro- Boulogny Security District	Twinbrook Security District	Upper Hurtsville Security District	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 238,905	\$ 0	\$ 0	\$ 957,283
74,811	65,725	98,372	33,600	0	220,000	160,588	848,150
3,092	2,576	2,334	799	4,516	3,640	3,956	47,105
<u>77,903</u>	<u>68,301</u>	<u>100,706</u>	<u>34,399</u>	<u>243,421</u>	<u>223,640</u>	<u>164,544</u>	<u>1,852,538</u>
125,000	49,000	80,000	30,000	210,000	196,000	260,000	1,821,942
<u>125,000</u>	<u>49,000</u>	<u>80,000</u>	<u>30,000</u>	<u>210,000</u>	<u>196,000</u>	<u>260,000</u>	<u>1,821,942</u>
(47,097)	19,301	20,706	4,399	33,421	27,640	(95,456)	30,596
118,261	87,237	60,775	25,926	98,493	61,599	171,558	1,295,367
<u>\$ 71,164</u>	<u>\$ 106,538</u>	<u>\$ 81,481</u>	<u>\$ 30,325</u>	<u>\$ 131,914</u>	<u>\$ 89,239</u>	<u>\$ 76,102</u>	<u>\$ 1,325,963</u>

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT  
 DECEMBER 31, 2008

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

See accompanying notes.

<u>Average Annual Interest Cost</u>	<u>Principal due 2009</u>	<u>Interest due 2009</u>	<u>Debt Service due 2009</u>	<u>Amount Outstanding (Note A.)</u>
7.071%	\$ 7,351,824	\$ 18,093,176	\$ 25,445,000	\$ 54,410,533
4.948%	3,110,000	4,999,488	8,109,488	94,030,000
5.843%	705,000	47,235	752,235	705,000
5.225%	520,000	1,102,437	1,622,437	21,260,000
5.307%	700,000	1,581,293	2,281,293	29,980,000
5.384%	0	3,018,769	3,018,769	58,415,000
5.021%	915,000	1,923,175	2,838,175	38,220,000
5.096%	645,000	1,584,888	2,229,888	31,260,000
4.347%	325,000	695,800	1,020,800	15,395,000
5.180%	275,000	5,444,950	5,719,950	105,280,000
5.086%	1,390,000	3,810,825	5,200,825	75,000,000
	<u>\$ 15,936,824</u>	<u>\$ 42,302,036</u>	<u>\$ 58,238,860</u>	<u>\$ 523,955,533</u>
4.045%	<u>\$ 1,635,000</u>	<u>\$ 1,282,035</u>	<u>\$ 2,917,035</u>	<u>\$ 28,480,000</u>
4.838%	\$ 500,000	\$ 294,473	\$ 794,473	\$ 6,175,000
4.457%	685,000	716,116	1,401,116	16,535,000
	<u>\$ 1,185,000</u>	<u>\$ 1,010,589</u>	<u>\$ 2,195,589</u>	<u>\$ 22,710,000</u>

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT (CONTINUED)  
 DECEMBER 31, 2008

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

See accompanying notes.

Average Annual Interest Cost	Principal due 2009	Interest due 2009	Debt Service due 2009	Amount Outstanding (Note A.)
5.359%	\$ 1,570,000	\$ 898,135	\$ 2,468,135	\$ 17,685,000
4.817%	1,265,000	711,462	1,976,462	15,625,000
5.478%	1,160,000	1,036,625	2,196,625	19,585,000
5.424%	895,000	769,474	1,664,474	14,905,000
5.018%	1,420,000	1,164,860	2,584,860	24,435,000
4.362%	2,255,000	2,195,550	4,450,550	45,740,000
3.939%	230,000	174,021	404,021	4,490,000
4.262%	1,270,000	1,143,269	2,413,269	28,280,000
	<u>\$ 10,065,000</u>	<u>\$ 8,093,396</u>	<u>\$ 18,158,396</u>	<u>\$ 170,745,000</u>
5.020%	<u>\$ 24,030,000</u>	<u>\$ 1,206,306</u>	<u>\$ 25,236,306</u>	<u>\$ 24,030,000</u>
4.817%	\$ 810,000	\$ 471,728	1,281,728	\$ 10,000,000
4.567%	1,210,000	1,377,125	2,587,125	28,770,000
	<u>\$ 2,020,000</u>	<u>\$ 1,848,853</u>	<u>\$ 3,868,853</u>	<u>\$ 38,770,000</u>
5.422%	<u>\$ 245,000</u>	<u>\$ 62,255</u>	<u>\$ 307,255</u>	<u>\$ 2,415,000</u>
4.731%	\$ 15,000	\$ 345,704	\$ 360,704	\$ 13,405,000
5.586%	65,000	15,145	80,145	6,288,572
3.726%	2,240,000	295,550	2,535,550	12,270,000
	<u>\$ 2,320,000</u>	<u>\$ 656,399</u>	<u>\$ 2,976,399</u>	<u>\$ 31,963,572</u>
5.193%	<u>\$ 215,000</u>	<u>\$ 158,459</u>	<u>\$ 373,459</u>	<u>\$ 6,125,000</u>

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT (CONTINUED)  
 DECEMBER 31, 2008

	<u>Date of Bonds</u>	<u>Date of Defeasance</u>
<u>DEFEASED BONDS-DEBT SERVICE</u>		
<u>GUARANTEED BY ESCROW AGREEMENTS (Note N.)</u>		
<u>AUDUBON PARK COMMISSION BONDS .4 MILL</u>		
Refunding & Improvement Bonds, Series 1997	Jan. 1, 1997	July 19, 2006
<u>AUDUBON PARK COMMISSION AQUARIUM BONDS 3.8 MILL</u>		
Refunding Bonds, Series 2001A	Nov. 1, 2001	July 19, 2006
Bond Series 2001B	Nov. 1, 2001	July 19, 2006
Refunding Bonds, Series 2003A	July 9, 2003	July 19, 2006
<u>DOWNTOWN DEVELOPMENT DISTRICT TAX BONDS 22.97 MILL</u>		
Limited Tax Bonds Series 2001	July 1, 2001	July 19, 2006
<u>GENERAL OBLIGATION REFUNDING</u>		
Public Improvement Bonds, Issue of 1999 (Note O.)	Dec. 1, 1997	July 6, 2005

<u>Date of Calls or Final Maturity</u>	<u>Principal due 2009</u>	<u>Interest &amp; Premium due 2009</u>	<u>Debt Service due 2009</u>	<u>Amount Outstanding (Note A.)</u>
Dec. 1, 2008	\$ 0	\$ 62,255	\$ 62,255	\$ 0
Oct. 1, 2008	\$ 0	\$ 345,704	\$ 345,704	\$ 0
Oct. 1, 2008	0	15,145	15,145	0
Oct. 1, 2008	0	295,550	295,550	0
	<u>\$ 0</u>	<u>\$ 656,399</u>	<u>\$ 656,399</u>	<u>\$ 0</u>
Dec. 1, 2008	\$ 0	\$ 158,459	\$ 158,459	\$ 0
Nov. 1, 2009	<u>\$ 27,005,000</u>	<u>\$ 1,549,947</u>	<u>\$ 28,554,947</u>	<u>\$ 27,005,000</u>

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO SCHEDULE OF BONDED DEBT ADMINISTERED  
BY BOARD OF LIQUIDATION, CITY DEBT  
DECEMBER 31, 2008

- Note A. Amount Outstanding - Amount excludes balances recorded as liabilities in the Combining Statement of Assets, Liabilities, and Custodial, Debt Service and Reserve Funds-Modified Cash Basis
- Note B. General Obligation Bonds - Legal Debt Limit: \$1,020,858,767; Debt Service Coverage: Unlimited Ad Valorem Tax Levy; Reserve Fund: Sufficient to cover 1/2 of the high year's Principal and Interest due.
- Note C. Refunded General Obligation Bonds (1998) - A portion of these Issues Refunded in 1998. Debt Service guaranteed by Escrow Agreement.
- Note D. Refunded General Obligation Bonds (2002) - A portion of these Issues Refunded in 2002. Debt Service guaranteed by Escrow Agreement.
- Note E. Refunded General Obligation Bonds (2005) - A portion of these Issues Refunded in 2005. Debt Service guaranteed by Escrow Agreement.
- Note F. Limited Tax Bonds - Debt Service Coverage: 2008 Tax Yield 110% of Debt Service due
- Note G. Drainage System Bonds - Legal Debt Limit: 9 mill \$68,000,000; Debt Service Coverage: 2008 Tax Yield 659% of Debt Service Due- 9 mill
- Note H. Sewerage Service Revenue Bonds - Bond Debt Service Coverage: Rates sufficient to produce revenues over and above the amount required for operation and maintenance of the system which shall be not less than 130% of the maximum of Debt Service due in any calendar year on all outstanding bonds. Bond Reserve Fund: High year's principal and interest due.
- Note I. Bond Anticipation Notes - Bond Debt Service Coverage: Interest on BANs deposited in equal monthly installments from the Sewerage Service Revenue Account at the Sewerage Service Revenue Account at the Sewerage & Water Board of New Orleans to the Board of Liquidation, City Debt. Reserve Fund: None
- Note J. Water Revenue Bonds - Debt Service Coverage: Rates sufficient to produce revenues over and above the amount required for operation and maintenance of the system which shall be not less than 130% of the maximum of Debt Service due in any calendar year on all outstanding bonds. Reserve Fund: High year's principal and interest due.
- Note K. Audubon Park Commission .4 Mill Bonds - Debt Service Coverage: 2008 Tax Yield 181% of Debt Service due.

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO SCHEDULE OF BONDED DEBT ADMINISTERED  
BY BOARD OF LIQUIDATION, CITY DEBT (CONTINUED)  
DECEMBER 31, 2008

- Note L. Audubon Park Commission 3.8 Mill Bonds - Debt Service Coverage: 2008 Tax Yield 172% of Debt Service due. Reserve Fund: Sufficient to cover 1/2 of the high year's Principal and Interest due.
- Note M. Downtown Development District Bonds - Debt Service Coverage: 2008 Tax Yield 873% of Debt Service due. Reserve Fund: Sufficient to cover 1/2 of the high year's Principal and Interest due.
- Note N. Defeased Bonds - Defeased bonds are not obligations of the City of New Orleans, the Sewerage & Water Board, the Downtown Development District or the Audubon Park Commission.
- Note O. Refunded Defeased Public Improvement Bond (2005) - Only a portion of the issue was refunded in 2005.

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF DEDICATED AD VALOREM TAX MILLAGE AVAILABLE FOR SERVICING OF BONDED DEBT  
 DECEMBER 31, 2008

	1988
<u>DEBT SERVICE</u>	34.20
<u>CAPITAL IMPROVEMENT LIMITED TAX (Note B.)</u>	N/A
<u>SEWERAGE &amp; WATER BOARD:</u>	
Construction & Extension of Sewerage, Water & Drainage System (Tax expired 12/31/91)	4.00
Operation, Maintenance and Construction & Extension of Drainage System	6.01
Operation, Maintenance and Construction of Drainage System	6.09
Operation, Maintenance and Construction of Drainage System	9.13
<u>AUDUBON PARK COMMISSION:</u>	
Audubon Park Zoo	.41
Audubon Park Aquarium (Note C.)	3.86
<u>DOWNTOWN DEVELOPMENT DISTRICT</u>	12.50

See accompanying notes.

Millage (Note A.)

<u>1989</u>	<u>1990 &amp; 1991</u>	<u>1992</u>	<u>1993 through 2002</u>	<u>2003 through 2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
37.90	35.30	26.90	26.90	28.40	38.20	31.70	23.80	23.80
N/A	N/A	N/A	2.50	2.50	2.50	2.50	1.82	1.82
4.00	4.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6.01	6.01	6.40	6.40	6.40	6.40	6.40	4.66	4.54
6.09	6.09	6.48	6.48	6.48	6.48	6.48	4.71	4.6
9.13	9.13	9.71	9.71	9.71	9.71	9.71	7.06	6.89
.41	.41	.44	.44	.44	.44	.44	0.32	0.32
3.86	3.86	4.11	4.11	4.11	4.11	4.11	2.99	2.99
13.24	13.24	15.68	15.90	15.90	15.90	15.90	14.76	14.76

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO SCHEDULE OF DEDICATED AD VALOREM TAX MILLAGE  
AVAILABLE FOR SERVICING OF BONDED DEBT  
DECEMBER 31, 2008

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

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF SEWERAGE & WATER BOARD MATURED BONDS-DEBT ADMINISTRATION  
 DECEMBER 31, 2008

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

\* Tax expired December 31, 1991.

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF DEFEASED BONDS-DEBT ADMINISTRATION  
 AT AND FOR THE YEAR ENDED DECEMBER 31, 2008

	General Obligation Bonds	Drainage System Fund	Sewerage Service Revenue Bonds
<u>RECEIPTS</u>			
Debt service funds-Escrow Accounts			
Interest	\$ 1,549,948	\$ 534,888	\$ 3,755,627
Principal	0	0	8,270,000
<i>Total Receipts</i>	<u>1,549,948</u>	<u>534,888</u>	<u>12,025,627</u>
<u>DISBURSEMENTS</u>			
Interest on refunded bonds	1,549,948	534,888	3,755,627
Principal on refunded bonds	5,000	0	8,270,000
<i>Total disbursements</i>	<u>1,554,948</u>	<u>534,888</u>	<u>12,025,627</u>
Excess (Deficiency) of receipts over disbursements	(5,000)	0	0
Fund Balances at:			
December 31, 2007	43,678	0	14,320
December 31, 2008	<u>\$ 38,678</u>	<u>\$ 0</u>	<u>\$ 14,320</u>
<u>ASSETS</u>			
Cash	\$ 38,678	\$ 0	\$ 14,320
<i>Total Assets</i>	<u>\$ 38,678</u>	<u>\$ 0</u>	<u>\$ 14,320</u>
<u>LIABILITIES</u>			
Interest payable	\$ 15,463	\$ 0	\$ 1,785
Principal payable	23,215	0	12,535
<i>Total Liabilities</i>	<u>\$ 38,678</u>	<u>\$ 0</u>	<u>\$ 14,320</u>

Water Revenue Bonds	Audubon Park Commission Aquarium Bonds	Audubon Park Commission Bonds	Downtown Development District	Limited Tax Bonds 2.5 Mills	Total
\$ 252,034 0	\$ 1,401,811 2,230,000	\$ 136,260 235,000	\$ 330,448 205,000	\$ 0 0	\$ 7,961,016 10,940,000
<u>252,034</u>	<u>3,631,811</u>	<u>371,260</u>	<u>535,448</u>	<u>0</u>	<u>18,901,016</u>
252,034 0	1,401,811 2,230,000	136,260 235,000	330,448 205,000	0 0	7,961,016 10,945,000
<u>252,034</u>	<u>3,631,811</u>	<u>371,260</u>	<u>535,448</u>	<u>0</u>	<u>18,906,016</u>
0	0	0	0	0	(5,000)
16,076	2,219	0	0	0	76,293
<u>\$ 16,076</u>	<u>\$ 2,219</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 71,293</u>
\$ 16,076	\$ 2,219	\$ 0	\$ 0	\$ 0	\$ 71,293
\$ 16,076	\$ 2,219	\$ 0	\$ 0	\$ 0	\$ 71,293
\$ 11,076 5,000	\$ 2,219 0	\$ 0 0	\$ 0 0	\$ 0 0	\$ 30,543 40,750
<u>\$ 16,076</u>	<u>\$ 2,219</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 71,293</u>

BOARD OF LIQUIDATION, CITY DEBT  
SCHEDULE OF ITEMIZED DISBURSEMENTS-INTEREST AND PRINCIPAL PAID  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Debt Service Fund
<u>GENERAL OBLIGATION BONDS</u>	
Public Improvement Bonds, Issue of 1992	\$ 0
Public Improvement Bonds, Issue of 1999	95,113
Public Improvement Bonds, Issue of 2001	1,134,613
Public Improvement Bonds, Issue of 2002	1,621,193
Public Improvement Bonds, Issue of 2003	1,970,163
Public Improvement Bonds, Issue of 2004	1,609,288
Public Improvement Bonds, Issue of 2005A	714,700
Public Improvement Bonds, Issue of 2007A	3,673,212
General Obligation Refunding Bonds, Series 1991	17,501,071
General Obligation Refunding Bonds, Series 1998	5,127,198
General Obligation Refunding Bonds, Series 2002	3,018,769
General Obligation Refunding Bonds, Series 2005	5,444,950
Total General Obligation Bonds	\$ 41,910,270
 <u>SPECIAL TAX BONDS</u>	
Limited Tax Bonds, Series 2005	\$ 1,330,035
 <u>SEWER &amp; WATER BOARD SPECIAL TAX BONDS</u>	
Drainage System Bonds, Series 1998	\$ 157,330
Drainage System Bonds, Series 2002	377,558
Total Drainage System 9 mill bonds	\$ 534,888
 <u>SEWER &amp; WATER BOARD REVENUE BONDS &amp; BANS</u>	
Sewerage Service Revenue Bonds, Series 1997	\$ 469,085
Sewerage Service Revenue Bonds, Series 1998	369,567
Sewerage Service Revenue Bonds, Series 2000	1,103,069
Sewerage Service Revenue Bonds, Series 2000B	396,484
Sewerage Service Revenue Bonds, Series 2001	588,700
Sewerage Service Revenue Bonds, Series 2002	1,120,325
Sewerage Service Revenue Bonds, Series 2003	179,371
Sewerage Service Revenue Bonds, Series 2004	582,747
Sewerage Service Revenue Refunding BANS 2006	1,206,306
Total Sewerage Service Revenue Bonds	\$ 6,015,654

Interest Paid			Principal Paid			Total Interest and Principal
Tax Credit Bond Loan	Total Interest	Debt Service Fund	Tax Credit Bond Loan	Total Principal		
\$ 0	\$ 0	\$ 30,000	\$ 0	\$ 30,000	\$ 30,000	
0	95,113	665,000	0	665,000	760,113	
0	1,134,613	495,000	0	495,000	1,629,613	
0	1,621,193	665,000	0	665,000	2,286,193	
0	1,970,163	895,000	0	895,000	2,865,163	
0	1,609,288	610,000	0	610,000	2,219,288	
0	714,700	315,000	0	315,000	1,029,700	
0	3,673,212	0	0	0	3,673,212	
0	17,501,071	7,943,929	0	7,943,929	25,445,000	
0	5,127,198	2,970,000	0	2,970,000	8,097,198	
0	3,018,769	0	0	0	3,018,769	
0	5,444,950	0	0	0	5,444,950	
<u>\$ 0</u>	<u>\$ 41,910,270</u>	<u>\$ 14,588,929</u>	<u>\$ 0</u>	<u>\$ 14,588,929</u>	<u>\$ 56,499,199</u>	
<u>\$ 0</u>	<u>\$ 1,330,035</u>	<u>\$ 1,565,000</u>	<u>\$ 0</u>	<u>\$ 1,565,000</u>	<u>\$ 2,895,035</u>	
\$ 0	\$ 157,330	\$ 475,000	\$ 0	\$ 475,000	\$ 632,330	
0	377,558	650,000	0	650,000	1,027,558	
<u>\$ 0</u>	<u>\$ 534,888</u>	<u>\$ 1,125,000</u>	<u>\$ 0</u>	<u>\$ 1,125,000</u>	<u>\$ 1,659,888</u>	
\$ 0	\$ 469,085	\$ 0	\$ 0	\$ 0	\$ 469,085	
0	369,567	0	0	0	369,567	
0	1,103,069	1,095,000	0	1,095,000	2,198,069	
0	396,484	0	0	0	396,484	
0	588,700	0	0	0	588,700	
0	1,120,325	0	0	0	1,120,325	
0	179,371	225,000	0	225,000	404,371	
0	582,747	0	0	0	582,747	
0	1,206,306	0	0	0	1,206,306	
<u>\$ 0</u>	<u>\$ 6,015,654</u>	<u>\$ 1,320,000</u>	<u>\$ 0</u>	<u>\$ 1,320,000</u>	<u>\$ 7,335,654</u>	

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF ITEMIZED DISBURSEMENTS-INTEREST AND PRINCIPAL PAID (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Debt Service Fund
<u>SPECIAL TAX &amp; REVENUE BONDS (CONTINUED)</u>	
Water Revenue Bonds, Series 1998	\$ 252,033
Water Revenue Bonds, Series 2002	1,413,063
Total Water Revenue Bonds	\$ 1,665,096
<u>DEFEASED BONDS</u>	
<u>GENERAL OBLIGATION DEFEASED BONDS</u>	
Public Improvement Bonds, Issue of 1999	\$ 1,549,947
General Obligation Bonds, Series 1986	0
Total General Obligation Defeased Bonds	\$ 1,549,947
<u>SEWER &amp; WATER BOARD SPECIAL TAX BONDS</u>	
Drainage System Bonds, Series 1998	\$ 0
Drainage System Bonds, Series 2002	0
Total Drainage System 9 mill bonds	\$ 0
<u>SEWER &amp; WATER BOARD REVENUE BONDS</u>	
Sewerage Service Revenue Bonds, Series 1997	\$ 0
Sewerage Service Revenue Bonds, Series 1998	0
Sewerage Service Revenue Bonds, Series 2000B	0
Sewerage Service Revenue Bonds, Series 2001	0
Sewerage Service Revenue Bonds, Series 2002	0
Sewerage Service Revenue Bonds, Series 2004	0
Total Sewerage Service Revenue Bonds	\$ 0
Water Revenue Bonds, Series 1998	\$ 0
Total Water Revenue Bonds	\$ 0
<u>AUDUBON COMMISSION SPECIAL TAX BONDS</u>	
Audubon Park Commission Improvement Bonds, Series 1997	\$ 0
Audubon Park Commission Aquarium Bonds, Series 2001A	\$ 0
Audubon Park Commission Aquarium Bonds, Series 2001B	0
Audubon Park Commission Aquarium Bonds, Series 2003A	0
Total Audubon Park Commission Aquarium Bonds	\$ 0
Downtown Development District Special Tax Bonds, Series 2001	\$ 0
Total Special Tax & Revenue Bonds Defeased	\$ 0
Total Defeased Bonds	\$ 1,549,947
Total Itemized Disbursements-Interest, Principal and Premium Paid	\$ 53,005,890

## Interest Paid

## Principal Paid

Interest Paid		Principal Paid				Total Interest and Principal
Tax Credit Bond Loan	Total Interest	Debt Service Fund	Tax Credit Bond Loan	Total Principal		
\$ 0	\$ 252,033	\$ 770,000	\$ 0	\$ 770,000	\$ 1,022,033	
0	1,413,063	1,150,000	0	1,150,000	2,563,063	
\$ 0	\$ 1,665,096	\$ 1,920,000	\$ 0	\$ 1,920,000	\$ 3,585,096	
\$ 0	\$ 1,549,947	\$ 0	\$ 0	\$ 0	\$ 1,549,947	
0	0	5,000	0	5,000	5,000	
\$ 0	\$ 1,549,947	\$ 5,000	\$ 0	\$ 5,000	\$ 1,554,947	
\$ 157,330	\$ 157,330	\$ 0	\$ 0	\$ 0	\$ 157,330	
377,558	377,558	0	0	0	377,558	
\$ 534,888	\$ 534,888	\$ 0	\$ 0	\$ 0	\$ 534,888	
\$ 506,335	\$ 506,335	\$ 0	\$ 1,490,000	\$ 1,490,000	\$ 1,996,335	
395,067	395,067	0	1,200,000	1,200,000	1,595,067	
417,734	417,734	0	850,000	850,000	1,267,734	
653,670	653,670	0	1,360,000	1,360,000	2,013,670	
1,163,025	1,163,025	0	2,135,000	2,135,000	3,298,025	
619,797	619,797	0	1,235,000	1,235,000	1,854,797	
\$ 3,755,628	\$ 3,755,628	\$ 0	\$ 8,270,000	\$ 8,270,000	\$ 12,025,628	
\$ 252,034	\$ 252,034	\$ 0	\$ 0	\$ 0	\$ 252,034	
\$ 252,034	\$ 252,034	\$ 0	\$ 0	\$ 0	\$ 252,034	
\$ 136,260	\$ 136,260	\$ 0	\$ 235,000	\$ 235,000	\$ 371,260	
\$ 691,971	\$ 691,971	\$ 0	\$ 15,000	\$ 15,000	\$ 706,971	
32,540	32,540	0	60,000	60,000	92,540	
677,300	677,300	0	2,155,000	2,155,000	2,832,300	
\$ 1,401,811	\$ 1,401,811	\$ 0	\$ 2,230,000	\$ 2,230,000	\$ 3,631,811	
\$ 330,448	\$ 330,448	\$ 0	\$ 205,000	\$ 205,000	\$ 535,448	
\$ 1,868,519	\$ 1,868,519	\$ 0	\$ 2,670,000	\$ 2,670,000	\$ 4,538,519	
\$ 6,411,069	\$ 7,961,016	\$ 5,000	\$ 10,940,000	\$ 10,945,000	\$ 18,906,016	
\$ 6,411,069	\$ 59,416,959	\$ 20,523,929	\$ 10,940,000	\$ 31,463,929	\$ 90,880,888	

**SPILSBURY, HAMILTON, LEGENDRE & PACIERA, LLC**

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(1932-2003)  
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(Retired)

INDEPENDENT AUDITOR'S REPORT

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

Mrs. Mary K. Zervigon, President, and Members  
Board of Liquidation, City Debt  
New Orleans, Louisiana

We have audited the financial statements of the Board of Liquidation, City Debt as of and for the year ended December 31, 2008, and have issued our report thereon dated February 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Mrs. Mary K. Zervigon, President, and Members  
Board of Liquidation, City Debt

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

Compliance and Other Matters

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

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

*Spilsbury, Hamilton, Legendre & Paciera* LLC

February 27, 2009

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**APPENDIX “E”**

**PROPOSED CAPITAL BUDGET AND PROGRAM**

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**CITY OF NEW ORLEANS  
EXECUTIVE CAPITAL BUDGET  
FOR CALENDAR AND FISCAL YEAR**

**2010**

SUBMITTED BY  
**C. RAY NAGIN**  
MAYOR

**October 30, 2009**

PREPARED BY  
**BRENDA G. HATFIELD, Ph.D.**  
CHIEF ADMINISTRATIVE OFFICER  
AND  
BUDGET OFFICER

**CYNTHIA SYLVAIN-LEAR**  
DEPUTY CHIEF ADMINISTRATIVE OFFICER

**WILLIAM M. CHRISMAN**  
DIRECTOR, CAPITAL PROJECTS ADMINISTRATION

**DAVID B. BECNEL**  
CAPITAL PROJECTS ADMINISTRATOR



# **CITY OF NEW ORLEANS**

## **THE COUNCIL**

<b>ARNIE FIELKOW</b>	<b>COUNCILMEMBER-AT-LARGE</b>
<b>JACQUELYN B. CLARKSON</b>	<b>COUNCILMEMBER-AT-LARGE</b>
<b>SHELLEY MIDURA</b>	<b>COUNCILMEMBER DISTRICT "A"</b>
<b>STACY S. HEAD</b>	<b>COUNCILMEMBER DISTRICT "B"</b>
<b>JAMES CARTER</b>	<b>COUNCILMEMBER DISTRICT "C"</b>
<b>CYNTHIA HEDGE-MORRELL</b>	<b>COUNCILMEMBER DISTRICT "D"</b>
<b>CYNTHIA WILLARD-LEWIS</b>	<b>COUNCILMEMBER DISTRICT "E"</b>



**CITY OF NEW ORLEANS  
COUNCIL FISCAL OFFICE**

**CALVIN J. AGUILLARD**

**COUNCIL FISCAL OFFICER**

**BARBARA T. AVALOS**

**ASSISTANT COUNCIL FISCAL OFFICER**



## **CHIEF ADMINISTRATIVE OFFICE CAPITAL BUDGET DIVISION**

**BRENDA G. HATFIELD, Ph.D.**  
**CHIEF ADMINISTRATIVE OFFICER**

**CYNTHIA SYLVAIN-LEAR**  
**DEPUTY CHIEF ADMINISTRATIVE OFFICER**

**WILLIAM M. CHRISMAN**  
**DIRECTOR, CAPITAL PROJECTS ADMINISTRATION**

**DAVID B. BECNEL**  
**CAPITAL PROJECTS ADMINISTRATOR**

### **CAPITAL PROJECTS STAFF**

**Karl H. Clifford, CSI, AIA, Senior Architect**  
**Miriam F. Lemann, CSI, CCA, Senior Architect**  
**Patrick J. Sullivan, Management Development Specialist II**  
**Jennifer R. Cecil, Management Development Analyst II**  
**Kim T. DeLarge, Jr., Management Development Analyst II**

# CITY OF NEW ORLEANS

C. RAY NAGIN, MAYOR

October 30, 2009



Honorable Members of the Council  
City of New Orleans  
1300 Perdido St., Room 2W02  
New Orleans, Louisiana 70112

Ladies and Gentlemen:

Pursuant to the requirements of Section 3-117 and 4-206(g) of the City Charter, I submit for your consideration, a recommended 2010-2014 Capital Budget Program. Our recovery effort has been an enormous endeavor. We have more projects in design and under construction than ever before in this city's history. In order to appropriate funds for current and upcoming projects, we amended the 2009 Capital Budget Ordinance numerous times to add \$83,945,407 in newly obligated FEMA Recovery Funds and \$20,000,000 in American Recovery and Reinvestment Act funds.

The proposed 2010 Capital Budget will be bolstered by prior budget ordinances. In particular, we are pleased that the Board of Liquidation approved the sale of \$40,000,000 in General Obligation Bonds for the Department of Public Works. These bond funds, which were appropriated in the 2008 Capital Budget, will allow us to continue our aggressive street renovation program.

I recommend a 2010 Capital Budget of \$53,725,512 to be funded from the following sources:

Miscellaneous Capital Funds:	\$ 400,000
Anticipated FEMA Funding:	\$ 28,614,281
Sewerage and Water Board Participant Funds:	\$ 18,826,099
Federal Roadway Funds:	\$ 4,710,132
State Capital Outlay Funds:	<u>\$ 1,175,000</u>
Total:	\$ 53,725,512

Major Components of the 2010 Capital Budget include:

\$ 1,705,442	Public Safety Facilities
\$ 24,661,231	Major and Minor Streets and related Infrastructure Improvements
\$ 5,162,255	Parks and Recreation facilities
\$ 19,766,994	Community Centers
\$ 2,429,590	Improvements to Other Facilities

# CITY OF NEW ORLEANS

C. RAY NAGIN, MAYOR

I am recommending that Miscellaneous Capital Funds be allocated as follows:

Recovery I Landfill Monitoring:	\$ 25,000
Mosquito and Termite Control Program:	\$ 25,000
City Hall Office Improvements:	\$ 100,000
CAO Planning Account:	<u>\$ 250,000</u>

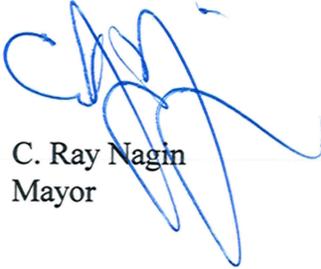
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Total:	\$ 400,000
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We are moving forward in the face of the unprecedented challenges to our infrastructure as a result of the events of the last few years. Thank you for your cooperation and assistance in the rebuilding of essential facilities, streets, bridges and bike paths for a truly incredible community.

Sincerely,



C. Ray Nagin  
Mayor

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**2010 - 2014 CAPITAL FUNDS BY DEPARTMENT  
GENERAL OBLIGATION BONDS AND MISCELLANEOUS CAPITAL FUNDS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTALS</u>
Sanitation	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000
Property Management	\$100,000	\$4,100,000	\$100,000	\$100,000	\$100,000	\$4,500,000
Public Works	\$0	\$34,420,000	\$0	\$0	\$0	\$34,420,000
Recreation	\$0	\$6,815,000	\$0	\$0	\$0	\$6,815,000
Parks & Parkways	\$0	\$200,000	\$0	\$0	\$0	\$200,000
Mosquito & Termite Control	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000
French Market Corp.	\$0	\$100,000	\$0	\$0	\$0	\$100,000
Municipal Yacht Harbor	\$0	\$594,500	\$0	\$0	\$0	\$594,500
Chief Administrative Office	\$250,000	\$4,120,500	\$250,000	\$250,000	\$250,000	\$5,120,500
<b>TOTALS</b>	<b>\$400,000</b>	<b>\$50,400,000</b>	<b>\$400,000</b>	<b>\$400,000</b>	<b>\$400,000</b>	<b>\$52,000,000</b>

**OTHER 2010 CAPITAL FUNDS BY DEPARTMENT**

	Anticipated FEMA	Federal Funds	Sewerage and Water Board	State Capital Outlay	TOTALS
Fire	\$414,309	\$0	\$0	\$0	\$414,309
Police	\$6,771	\$0	\$0	\$0	\$6,771
Property Management	\$21,001,356	\$0	\$0	\$50,000	\$21,051,356
Public Works	\$0	\$4,710,132	\$18,826,099	\$1,125,000	\$24,661,231
Recreation	\$4,794,101	\$0	\$0	\$0	\$4,794,101
Parks & Parkways	\$368,154	\$0	\$0	\$0	\$368,154
Mosquito & Termite Control	\$2,029,590	\$0	\$0	\$0	\$2,029,590
<b>TOTALS</b>	<b>\$28,614,281</b>	<b>\$4,710,132</b>	<b>\$18,826,099</b>	<b>\$1,175,000</b>	<b>\$53,325,512</b>

**2010 STATEMENT OF CAPITAL FUND REVENUES**

<u>SOURCE OF FUNDS</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTAL</u>
<b>General Obligation Bonds</b>	\$0	\$50,000,000	\$0	\$0	\$0	\$50,000,000
<b>Miscellaneous Capital Funds</b>	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$2,000,000
<b>Totals</b>	<u>\$400,000</u>	<u>\$50,400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$52,000,000</u>
<b>Federal Roadway Funds</b>	\$4,710,132	2010 Anticipated Federal Urban Systems Funding				
<b>FEMA Funding</b>	\$28,614,281	Additional Anticipated Public Assistance funding for Hurricanes Katrina and Rita				
<b>Sewerage and Water Board</b>	\$18,826,099	2010 Anticipated Participant funding for sub-surface utility repairs				
<b>State Capital Outlay</b>	\$1,175,000	2010 Priority 1 Projects Holiday Drive Roadway Construction ( General MacArthur to Behrman) Algiers Courthouse Renovation				
<b>TOTALS</b>	<u>\$53,725,512</u>					

**DETAILS OF RECOMMENDATIONS  
SECTION I - DEPARTMENT OF FIRE**

<u>PROJECT DESCRIPTION</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTALS</u>
<b>Anticipated FEMA Funding (FK)</b>						
Fire Communications	\$345,043 FK	\$0	\$0	\$0	\$0	\$345,043
Engine House # 14	\$8,185 FK	\$0	\$0	\$0	\$0	\$8,185
Engine House # 25	\$1,595 FK	\$0	\$0	\$0	\$0	\$1,595
Engine House # 26	\$13,719 FK	\$0	\$0	\$0	\$0	\$13,719
Engine House Fuel Tanks	\$45,767 FK	\$0	\$0	\$0	\$0	\$45,767
<b>Totals, Department of Fire</b>	<b>\$414,309</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$414,309</b>

**DETAILS OF RECOMMENDATIONS  
SECTION II - DEPARTMENT OF POLICE**

<u>PROJECT DESCRIPTION</u>	<u>\$2,010</u>	<u>\$2,011</u>	<u>\$2,012</u>	<u>\$2,013</u>	<u>\$2,014</u>	<u>TOTALS</u>
<b>Anticipated FEMA Funding (FK)</b>						
Police Stables and K9 Unit	\$6,771 FK	\$0	\$0	\$0	\$0	\$6,771
<b>Totals, Department of Police</b>	<b>\$6,771</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,771</b>

**DETAILS OF RECOMMENDATIONS  
SECTION III - DEPARTMENT OF SANITATION**

<u>PROJECT DESCRIPTION</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTALS</u>
<b>Bond Funds (BF) and Miscellaneous Capital Funds (MCF)</b>						
Recovery I Landfill Monitoring for DEQ compliance	\$25,000 MCF	\$125,000				
<b>Totals, Department of Sanitation</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$125,000</b>

**DETAILS OF RECOMMENDATIONS  
SECTION IV - DEPARTMENT OF PROPERTY MANAGEMENT**

<u>PROJECT DESCRIPTION</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTALS</u>
<b>Bond Funds (BF) and Miscellaneous Capital Funds (MCF)</b>						
City Hall Office Improvements	\$100,000 MCF	\$100,000 MCF	\$100,000 MCF	\$100,000 MCF	\$100,000 MCF	\$500,000
New Multi-Purpose Center in Eastern New Orleans	\$0	\$2,000,000 BF	\$0	\$0	\$0	\$2,000,000
New Upper Ninth Ward Community Center	\$0	\$2,000,000 BF	\$0	\$0	\$0	\$2,000,000
<b>Anticipated FEMA Funding (FK)</b>						
A. P. Sanchez Complex	\$7,895,586 FK	\$0	\$0	\$0	\$0	\$7,895,586
Civil District Court	\$138,762 FK	\$0	\$0	\$0	\$0	\$138,762
DA's Office Building	\$1,095,600 FK	\$0	\$0	\$0	\$0	\$1,095,600
Desire / Florida MSC	\$11,118,460 FK	\$0	\$0	\$0	\$0	\$11,118,460
Lyons Community Center	\$752,948 FK	\$0	\$0	\$0	\$0	\$752,948
<b>State Capital Outlay (SA)</b>						
Algiers Courthouse Renovation	\$50,000 SA	\$0	\$0	\$0	\$0	\$50,000
<b>Totals, Dept. of Property Management</b>	<b>\$21,151,356</b>	<b>\$4,100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$25,551,356</b>

**DETAILS OF RECOMMENDATIONS  
SECTION V - DEPARTMENT OF PUBLIC WORKS**

<u>PROJECT DESCRIPTION</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTALS</u>
<b>Bond Funds (BF) and Miscellaneous Capital Funds (MCF)</b>						
Major Streets	\$0	\$2,000,000 BF	\$0	\$0	\$0	\$2,000,000
Minor Streets	\$0	\$2,800,000 BF	\$0	\$0	\$0	\$2,800,000
ADA Sidewalk & Curb Cuts	\$0	\$600,000 BF	\$0	\$0	\$0	\$600,000
Bridge Replacement	\$0	\$670,000 BF	\$0	\$0	\$0	\$670,000
New Bikeways - Citywide	\$0	\$200,000 BF	\$0	\$0	\$0	\$200,000
Public Works Facility	\$0	\$4,150,000 BF	\$0	\$0	\$0	\$4,150,000
Streets Redevelopment	\$0	\$24,000,000 BF	\$0	\$0	\$0	\$24,000,000
<b>Federal Funds (FB)</b>						
Urban Systems	\$4,710,132 FB	\$0	\$0	\$0	\$0	\$4,710,132
<b>Sewerage and Water Board Funds (WB)</b>						
Participant Improvements	\$18,826,099 WB	\$0	\$0	\$0	\$0	\$18,826,099
<b>State Capital Outlay (SA)</b>						
Holiday Drive Construction	\$1,125,000 SA	\$0	\$0	\$0	\$0	\$1,125,000
<b>Totals, Department of Public Works</b>	<b>\$24,661,231</b>	<b>\$34,420,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,081,231</b>

**DETAILS OF RECOMMENDATIONS  
SECTION VI DEPARTMENT OF RECREATION**

<u>PROJECT DESCRIPTION</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTALS</u>
<b>Bond Funds (BF) and Miscellaneous Capital Funds (MCF)</b>						
Behrman Center Improvements	\$0	\$430,000 BF	\$0	\$0	\$0	\$430,000
Bodenger Playground Improvements	\$0	\$300,000 BF	\$0	\$0	\$0	\$300,000
Cabrini Playground	\$0	\$200,000 BF	\$0	\$0	\$0	\$200,000
Delery Playground	\$0	\$200,000 BF	\$0	\$0	\$0	\$200,000
Di Benedetto Playground	\$0	\$300,000 BF	\$0	\$0	\$0	\$300,000
Donsereaux Harrison Playground	\$0	\$400,000 BF	\$0	\$0	\$0	\$400,000
Eastshore Playground	\$0	\$300,000 BF	\$0	\$0	\$0	\$300,000
Kerry Curley Playground	\$0	\$300,000 BF	\$0	\$0	\$0	\$300,000
Lemann I Playground	\$0	\$100,000 BF	\$0	\$0	\$0	\$100,000
McKay Playspot	\$0	\$100,000 BF	\$0	\$0	\$0	\$100,000
McQue Playground	\$0	\$100,000 BF	\$0	\$0	\$0	\$100,000
NORD Citywide Bleachers	\$0	\$100,000 BF	\$0	\$0	\$0	\$100,000
NORD Citywide Roofing and Shelters	\$0	\$100,500 BF	\$0	\$0	\$0	\$100,500
NORD Warehouse	\$0	\$1,800,000 BF	\$0	\$0	\$0	\$1,800,000
Nonwood Thompson Renovations	\$0	\$200,000 BF	\$0	\$0	\$0	\$200,000

Oak Park Improvements	\$0	\$200,000	BF	\$0	\$0	\$0	\$200,000
Sanchez Pool	\$0	\$434,500	BF	\$0	\$0	\$0	\$434,500
Saratoga Street facility	\$0	\$200,000	BF	\$0	\$0	\$0	\$200,000
Stadium Field Lighting	\$0	\$850,000	BF	\$0	\$0	\$0	\$850,000
Van McMurray Playground	\$0	\$200,000	BF	\$0	\$0	\$0	\$200,000
<b>Anticipated FEMA Funding (FK)</b>							
Barrow Stadium	\$103,435	FK	\$0	\$0	\$0	\$0	\$103,435
Harrell Community Center	\$7,638	FK	\$0	\$0	\$0	\$0	\$7,638
Joe Brown Park	\$2,475,884	FK	\$0	\$0	\$0	\$0	\$2,475,884
Maugrauer Center Improvements	\$47,371	FK	\$0	\$0	\$0	\$0	\$47,371
Rosenwald Center, Pool, & Playground	\$367,755	FK	\$0	\$0	\$0	\$0	\$367,755
Stallings/St. Claude Center and Pool	\$1,631,146	FK	\$0	\$0	\$0	\$0	\$1,631,146
Stern Tennis Center	\$135,381	FK	\$0	\$0	\$0	\$0	\$135,381
Village De 'Lest Playground	\$25,491	FK	\$0	\$0	\$0	\$0	\$25,491
<b>Totals, New Orleans Recreation Dept.</b>	<b>\$4,794,101</b>		<b>\$6,815,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,609,101</b>

**DETAILS OF RECOMMENDATIONS  
SECTION VII - DEPARTMENT OF PARKS & PARKWAYS**

<u>PROJECT DESCRIPTION</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTALS</u>
<b>Bond Funds (BF) and Miscellaneous Capital Funds (MCF)</b>						
Citywide Parks	\$0	\$200,000 BF	\$0	\$0	\$0	\$200,000
<b>Anticipated FEMA Funding (FK)</b>						
Brechtel Park	\$115,883 FK	\$0	\$0	\$0	\$0	\$115,883
Pontchartrain Park Golf Course	\$252,271 FK	\$0	\$0	\$0	\$0	\$252,271
<b>Totals, Department of Parks &amp; Parkways</b>	<b>\$368,154</b>	<b>\$200,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$568,154</b>

**DETAILS OF RECOMMENDATIONS  
SECTION VIII - DEPARTMENT OF MOSQUITO AND TERMITE CONTROL**

<u>PROJECT DESCRIPTION</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTALS</u>
<b>Bond Funds (BF) and Miscellaneous Capital Funds (MCF)</b>						
Citywide Termite Control Program	\$25,000 MCF	\$25,000 MCF	\$25,000 MCF	\$25,000 MCF	\$25,000 MCF	\$125,000
<b>Anticipated FEMA Funding (FK)</b>						
Mosquito Control Back Shop	\$1,356,956 FK	\$0	\$0	\$0	\$0	\$1,356,956
Mosquito Control Middle Shop	\$672,634 FK	\$0	\$0	\$0	\$0	\$672,634
<b>Totals, Department of Mosquito and Termite Control</b>	<b>\$2,054,590</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$2,154,590</b>

**DETAILS OF RECOMMENDATIONS  
SECTION IX - FRENCH MARKET CORPORATION**

<u>PROJECT DESCRIPTION</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTALS</u>
<b>Bond Funds (BF) and Miscellaneous Capital Funds (MCF)</b>						
French Market Improvements	\$0	\$100,000 BF	\$0	\$0	\$0	\$100,000
<b>Totals, French Market Corporation</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>

**DETAILS OF RECOMMENDATIONS  
SECTION X - MUNICIPAL YACHT HARBOR**

<u>PROJECT DESCRIPTION</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTALS</u>
<b>Bond Funds (BF) and Miscellaneous Capital Funds (MCF)</b>						
Marina Dredging	\$0	\$444,500 BF	\$0	\$0	\$0	\$444,500
Safety & Fire Equipment	\$0	\$150,000 BF	\$0	\$0	\$0	\$150,000
<b>Totals, Municipal Yacht Harbor</b>	<b>\$0</b>	<b>\$594,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$594,500</b>

**DETAILS OF RECOMMENTATIONS  
SECTION XI - CHIEF ADMINISTRATIVE OFFICE**

<u>PROJECT DESCRIPTION</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTALS</u>
<b>Bond Funds (BF) and Miscellaneous Capital Funds (MCF)</b>						
CAO Project Planning for Ongoing Capital Projects	\$250,000 MCF	\$250,000 MCF	\$250,000 MCF	\$250,000 MCF	\$250,000 MCF	\$1,250,000
Energy Management	\$0	\$3,870,500 BF	\$0	\$0	\$0	\$3,870,500
<b>Totals, Chief Administrative Office</b>	<b>\$250,000</b>	<b>\$4,120,500</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$5,120,500</b>

**APPENDIX "F"**

**DEBT STATEMENT**

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**STATEMENT OF DIRECT AND UNDERLYING BONDED DEBT  
AS OF DECEMBER 2, 2009**

(The accompanying notes are an integral part of this statement)

<u>Notes</u>	<u>Name of Issuer &amp; Issue</u>	<u>Interest Rates (%)</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding</u>	<u>Principal Amount Due Within One Year</u>
(1)	<b><u>Direct Bonded Debt of the City of New Orleans (a)</u></b>					
(2)	General Obligation Refunding Bonds, Series 1991	0.0	9/30/91	9/01/18	\$47,058,709*	\$6,859,718*
(2)	General Obligation Refunding Bonds, Series 1998	4.75-5.5	12/01/98	12/01/26	90,920,000	3,305,000
(2)	Public Improvement Bonds, Issue of 2001	5.0-6.5	4/01/01	12/01/30	20,740,000	550,000
(2)	General Obligation Refunding Bonds, Series 2002	5.125-5.375	4/01/02	9/01/21	58,415,000	0
(2)	Public Improvement Bonds, Issue of 2002	5.125-5.35	4/01/02	12/01/31	29,280,000	740,000
(2)	Public Improvement Bonds, Issue of 2003	5.0-5.25	10/02/03	12/01/33	37,305,000	940,000
(2)	Public Improvement Bonds, Issue of 2004	4.0-6.0	7/13/04	12/01/33	30,615,000	680,000
(2)	Public Improvement Bonds, Issue of 2005A	4.0-6.0	5/24/05	12/01/34	15,070,000	340,000
(2)	General Obligation Refunding Bonds, Series 2005	5.0-5.25	7/06/05	12/01/29	105,005,000	3,935,000
(2)	Public Improvement Bonds, Issue of 2007A	5.0-5.25	12/14/07	12/01/36	73,610,000	1,450,000
(3)	Refunding Certificates of Indebtedness, Series 1998B	5.0-5.1	4/01/98	12/01/12	22,655,000	7,180,000
(3)	Certificates of Indebtedness, Series 2000	5.5	12/01/00	12/01/10	4,000,000	4,000,000
(3)	Certificates of Indebtedness, Series 2005	3.59	7/11/05	12/01/14	1,025,000	205,000
(4)	Taxable Pension Revenue Bonds, Series 2000	10.5	12/19/00	9/01/30	128,260,000	6,100,000
(5)	Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds (City of New Orleans) Series 2001C	4.1-4.25	12/01/01	8/01/11	1,850,000	905,000
(6)	Limited Tax Certificates of Indebtedness, Series 2003	3.4	3/01/03	3/01/10	5,995,000	5,995,000
(6)	Limited Tax Certificates of Indebtedness, Series 2004	3.25-3.5	4/01/04	3/01/11	1,515,000	560,000
(6)	Taxable Limited Tax Certificates of Indebtedness, Series 2004B	4.1-4.75	12/23/04	3/01/14	38,265,000	1,000,000
(7)	Sales Tax Increment Revenue Bonds (St. Thomas Economic Development District) Series 2003	8.125	11/03/03	4/01/50	19,755,000	70,000
(8)	Variable Rate Revenue Bonds (Canal Street Improvements Project), Series 2004	variable	9/29/04	8/01/24	9,540,000	450,000
(9)	Limited Tax Bonds, Series 2005	3.0-5.0	7/06/05	3/01/21	26,845,000	1,705,000
(10)	LPFA Revenue Bonds (Hurricane Recovery Program), Series 2007	4.0-5.0	11/13/07	6/01/27	259,965,000	9,550,000
(11)	Promissory Note (CDL Federal Program)	2.75	11/15/05	11/14/10	120,000,000	--
(11)	Promissory Note (CDL Federal Program)	2.93	8/23/06	8/22/11	50,359,000	--
(A)	Cooperative Endeavor Agreement with the State of Louisiana (Certificates of Indebtedness, Capital leases, LCDA Bonds)	4.64	6/19/06	7/15/26	52,268,594	0
(A)	Cooperative Endeavor Agreement with the State of Louisiana (General Obligation Bonds)	4.64	6/19/06	7/15/26	24,713,549	0
(A)	Cooperative Endeavor Agreement with the State of Louisiana (Capital Improvement Bonds)	4.64	6/19/06	7/15/26	2,903,660	0
*	<i>Original principal amount of compound interest bonds.</i>					
(a)	<i>Excludes Section 108 HUD loans.</i>					

<u>Notes</u>	<u>Name of Issuer &amp; Issue</u>	<u>Interest Rates (%)</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding</u>	<u>Principal Amount Due Within One Year</u>
(12)	<b><u>Underlying Bonded Debt of the Sewerage and Water Board</u></b>					
(13)	Drainage System Bonds, Series 1998	4.45-5.0	12/01/98	12/01/18	\$5,675,000	\$520,000
(13)	Drainage System Bonds, Series 2002	3.45-4.65	10/01/02	12/01/22	15,850,000	715,000
(14)	Water Revenue Bonds, Series 1998	4.5-4.9	12/01/98	12/01/18	9,190,000	845,000
(14)	Water Revenue Bonds, Series 2002	3.75-5.0	10/01/02	12/01/22	27,560,000	1,270,000
(15)	Sewerage Service Revenue Bonds, Series 1997	5.2-5.4	6/01/97	6/01/17	16,115,000	1,655,000
(15)	Sewerage Service Revenue Bonds, Series 1998	4.4-5.0	12/01/98	6/01/18	14,360,000	1,320,000
(15)	Sewerage Service Revenue Bonds, Series 2000	5.25-5.5	5/01/00	6/01/20	18,425,000	1,230,000
(15)	Sewerage Service Revenue Bonds, Series 2000B	5.0-5.5	11/01/00	6/01/20	14,010,000	950,000
(15)	Sewerage Service Revenue Bonds, Series 2001	4.4-5.2	12/01/01	6/01/21	23,015,000	1,485,000
(15)	Sewerage Service Revenue Bonds, Series 2002	4.0-5.0	12/01/02	6/01/22	43,485,000	2,380,000
(15)	Sewerage Service Revenue Bonds, Series 2003	2.8-5.0	12/03/03	6/01/23	4,260,000	235,000
(15)	Sewerage Service Revenue Bonds, Series 2004	3.25-5.0	12/16/04	6/01/24	27,010,000	1,320,000
(15)	Sewerage Service Revenue Refunding Bonds, Series 2009	3.4-6.25	7/14/09	6/01/29	23,375,000	680,000
(11)	Promissory Note (CDL Federal Program)	2.93	8/16/06	8/27/11	33,644,153	--
(11)	Promissory Note (CDL Federal Program)	2.66	1/24/06	1/23/11	22,298,689	--
(11)	Promissory Note (CDL Federal Program)	3.12	5/25/06	6/21/11	6,013,905	--
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	77,465,247	0
(16)	<b><u>Underlying Bonded Debt of Audubon Commission</u></b>					
(17)	Audubon Commission Improvement and Refunding Bonds, Series 1997	5.1-5.2	1/01/97	12/01/16	2,170,000	260,000
(18)	Audubon Commission Aquarium Refunding Bonds, Series 2001A	4.0-5.375	11/01/01	10/01/17	13,390,000	15,000
(18)	Audubon Commission Aquarium Bonds, Series 2001B	4.0-4.7	11/01/01	10/01/17	640,000	70,000
(18)	Audubon Commission Aquarium Bonds, Series 2001B	0.0	11/29/01	10/01/21	5,583,572*	0
(18)	Audubon Commission Aquarium Refunding Bonds, Series 2003A	5.0	7/09/03	10/01/13	10,030,000	2,325,000
(19)	Audubon Park Commission Aquarium Revenue Refunding Bonds, Series 1997	5.0	11/01/97	4/01/12	4,380,000	1,400,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana (Revenue Bonds)	4.64	6/19/06	7/15/26	4,907,500	0
(A)	Cooperative Endeavor Agreement with the State of Louisiana (4.11 Mill Tax Bonds)	4.64	6/19/06	7/15/26	10,759,776	0
(A)	Cooperative Endeavor Agreement with the State of Louisiana (.44 Mill Tax Bonds)	4.64	6/19/06	7/15/26	1,091,230	0
*	<i>Original principal amount of compound interest bonds.</i>					
(20)	<b><u>Underlying Bonded Debt of Parishwide School District of the Parish of Orleans</u></b>					
(2)	General Obligation School Bonds, Series 1995	5.3-5.375	10/01/95	9/01/18	22,780,000	1,925,000
(2)	General Obligation School Bonds, Series 1996	4.9-5.0	3/01/96	9/01/20	21,995,000	1,510,000
(2)	General Obligation School Bonds, Series 1997	5.125-5.375	3/01/97	9/01/21	23,425,000	1,430,000
(2)	General Obligation School Bonds, Series 1997A	5.0-5.125	12/01/97	9/01/21	23,425,000	1,430,000
(2)	General Obligation School Bonds, Series 1998A	4.85-5.125	3/01/98	9/01/22	24,910,000	1,350,000
(2)	General Obligation School Refunding Bonds, Series 1998B	4.7-5.5	3/01/98	9/01/20	7,760,000	50,000

<u>Notes</u>	<u>Name of Issuer &amp; Issue</u>	<u>Interest Rates (%)</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding</u>	<u>Principal Amount Due Within One Year</u>
<b>(21) <u>Underlying Bonded Debt of the Orleans Parish School Board</u></b>						
(22)	Public School Refunding Bonds, Series 1991	--	12/19/91	2/01/15	\$16,523,731*	\$3,486,876
(22)	Public School Refunding Bonds, Series 1995B (Tax Exempt)	5.2	12/01/95	2/01/14	22,815,000	4,735,000
(11)	Promissory Note (CDL Federal Program)	2.94	4/19/06	4/18/11	26,430,814	0
(11)	Promissory Note (CDL Federal Program)	2.93	8/28/06	8/27/11	33,045,240	0
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	37,384,301	0
*	<i>Original principal amount of compound interest bonds.</i>					
<p>The Louisiana Public Facilities Authority ("LPFA") has issued \$7,375,000 of its Lease Revenue Refunding Bonds (Orleans Parish School Board Energy Retrofit Project) Series 2003, which are payable from payments to be made pursuant to a Lease Agreement dated as of June 1, 2003, by and between the LPFA and the Orleans Parish School Board (the "School Board"). The School Board's obligation is subject to an annual good faith effort to appropriate funds sufficient to pay all of the School Board's obligations under said Lease Agreement. The School Board's obligation to the LPFA is not included in the above debt statement. Also excluded is a loan from the EPA with a final maturity of 5/31/13 and an outstanding principal amount as of 6/30/08 of \$591,206).</p>						
<b>(23) <u>Underlying Bonded Debt of the Regional Transit Authority</u></b>						
(24)	Sales Tax Revenue Bonds, Series 1991	6.5	12/01/91	12/01/21	7,526,409*	433,527
(24)	Sales Tax Revenue Refunding Bonds, Series 1998A	7.95-8.0	12/01/98	12/01/13	10,070,000	2,235,000
(25)	LCDA Revenue Bonds (Canal Streetcar Project), Series 2000	variable	9/12/00	3/01/25	25,507,800	1,076,800
(25)	LCDA Revenue Bonds (Desire Streetcar Project), Series 2000A	variable	9/12/00	1/01/30	26,862,656	780,400
(26)	Certificates of Participation	5.0	7/16/02	5/01/10	6,415,000	6,415,000
(11)	Promissory Note (CDL Federal Program)	3.0	8/08/06	8/07/11	24,712,417	--
(11)	Promissory Note (CDL Federal Program)	2.93	8/28/06	8/27/11	22,496,607	--
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	35,867,738	0
*	<i>Original principal amount of compound interest bonds.</i>					
<b>(27) <u>Underlying Bonded Debt of Law Enforcement District of the Parish of Orleans</u></b>						
(2)	General Obligation Refunding Bonds, Series 1997	4.95	11/01/97	5/01/10	2,995,000	2,995,000
(2)	General Obligation Bonds, Series 2001	4.2-5.0	3/01/01	3/01/16	8,830,000	1,340,000
(2)	General Obligation Bonds, Series 2008	3.6-4.05	12/01/08	9/01/18	9,000,000	1,000,000
(2)	General Obligation Bonds, Series 2009	3.35-3.8	3/01/09	9/01/18	10,000,000	925,000
(3)	Certificates of Indebtedness, Series 2002	5.05-5.15	1/07/02	1/01/12	2,115,000	670,000
(11)	Promissory Note (CDL Federal Program)	2.69	11/18/05	11/17/10	18,029,067	--
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	17,256,120	0
<b>(28) <u>Underlying Bonded Debt of New Orleans Municipal Yacht Harbor Management Corporation</u></b>						
(29)	Revenue Bonds, 1981 Series	6.0	2/08/82	2/08/12	505,134	195,000

<u>Notes</u>	<u>Name of Issuer &amp; Issue</u>	<u>Interest Rates (%)</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding</u>	<u>Principal Amount Due Within One Year</u>
(30)	<b><u>Underlying Bonded Debt of New Orleans Aviation Board</u></b>					
(31)	Revenue Bonds (Passenger Facility Charge Projects) Series 2007A	4.25-5.5	11/20/07	1/01/38	\$64,925,000	\$1,015,000
(31)	Revenue Refunding Bonds (Passenger Facility Charge Projects) Series 2007B-1	5.25	11/20/07	1/01/20	4,295,000	0
(31)	Revenue Refunding Bonds (Passenger Facility Charge Projects) Series 2007B-2	4.25-5.25	11/20/07	1/01/19	17,195,000	1,510,000
(32)	Revenue Refunding Bonds (Restructuring GARBs) Series 2009A-1	4.25-6.0	2/03/09	1/01/23	73,960,000	0
(32)	Revenue Refunding Bonds (Restructuring GARBs) Series 2009A-2	4.25-6.0	2/03/09	1/01/23	23,055,000	0
(32)	Revenue Refunding Bonds (Restructuring GARBs) Series 2009B (Taxable)	4.5-5.1	2/03/09	1/01/15	27,140,000	0
(32)	Revenue Refunding Bonds (Restructuring GARBs) Series 2009C (Taxable)	3.5-4.5	2/03/09	1/01/12	20,200,000	8,185,000
(11)	Promissory Note (CDL Federal Program)	2.93	6/14/06	6/13/11	8,112,103	--
(11)	Promissory Note (CDL Federal Program)	3.06	8/23/06	8/22/11	2,187,816	--
(11)	Promissory Note (CDL Federal Program)	2.93	10/03/06	10/02/11	582,722	--
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	35,371,990	0
(33)	<b><u>Underlying Bonded Debt of the Orleans Levee District</u></b>					
(34)	Public Improvement Bonds, Series 1986	5.95	8/29/86	11/01/15	15,605,000	2,180,000
(35)	Public Improvement Refunding Bonds, Series 1996	6.4	10/29/96	11/01/15	1,190,000	170,000
(35)	Levee Improvement Bonds, Series 1986	5.95	8/28/86	11/01/14	23,005,000	3,960,000
(35)	Levee Improvement Refunding Bonds, Series 1996	6.25	10/29/96	11/01/14	2,980,000	425,000
(11)	Promissory Note (CDL Federal Program)	3.12	2006	6/21/11	3,346,000	--
(11)	Promissory Note (CDL Federal Program)	2.93	2006	8/27/11	671,734	--
(11)	Promissory Note (CDL Federal Program)	2.93	2006	8/27/11	5,312,334	--
(11)	Promissory Note (CDL Federal Program)	2.87	2006	9/10/11	230,752	--
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	26,125,671	0
(36)	<b><u>Underlying Bonded Debt of the Orleans Parish Communications District</u></b>					
(37)	Revenue Bonds, Series 2004	3.75-4.35	9/24/04	9/01/19	7,400,000	595,000
(11)	Promissory Note (CDL Federal Program)	2.93	8/28/06	8/27/11	471,154	--
(11)	Promissory Note (CDL Federal Program)	2.68	1/18/06	1/17/11	799,416	--
(38)	<b><u>Underlying Debt of the French Market Corporation</u></b>					
(39)	Taxable Revenue Bonds, Series 2005A	6.15	8/03/06	5/01/25	4,132,000	434,000
(40)	<b><u>Underlying Bonded Debt of the Downtown Development District</u></b>					
(41)	Downtown Development District Limited Tax Bonds, Series 2001	4.6-6.6	7/01/01	12/01/26	5,910,000	225,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	1,600,153	0

## NOTES

- (A) On July 19, 2006, the State of Louisiana issued \$200,000,000 General Obligation Gulf Tax Credit Bonds, Series 2006-A; \$194,475,000 General Obligation Match Bonds, Series 2006-B; and \$200,000,000 General Obligation Refunding Bonds, Series 2008. In conjunction therewith, certain debt issuing entities in the City and the State entered Cooperative Endeavor Agreements in which the State agreed to make loans to the entities from the proceeds of any combination of the said bonds of the State pursuant to Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006 (“Act 41”) for the following purposes:
- Paying debt service of the City on outstanding debt for general obligation and special limited tax bonds.
  - Paying outstanding debt for special tax bonds of the Downtown Development District, Audubon Commission, and Sewerage and Water Board.
  - Paying outstanding sewerage revenue and water revenue bonds of the Sewerage and Water Board.
  - Paying outstanding bonds of the Orleans Parishwide School District; the Orleans Parish School Board; the Orleans Law Enforcement District; the New Orleans Aviation Board; the Orleans Levee District; the New Orleans Exhibition Hall Authority, and the Board of Commissioners of the Port of New Orleans.
- (1) The 2010 taxable assessed valuation for City purposes is approximately \$2,678,381,864. Certain City taxes are levied on the total assessed value of the City, which is approximately \$3,041,047,270 for 2010.
- (2) Secured by and payable from unlimited *ad valorem* taxation.
- (3) Secured by and payable as to principal and interest from a pledge and dedication of the excess of annual revenues of the issuer above statutory, necessary and usual charges in each of the fiscal years during which the obligations are outstanding.
- (4) Secured by and payable solely from moneys of the City that are available after payment of contractual and statutory obligations and other required expenses, including the payment of outstanding Certificates of Indebtedness of the City, in each of the fiscal years during which the bonds are outstanding, any Issuer Derivative Payments are due or any amounts are owed under the Bond Facility, as provided in the resolutions adopted, as amended, by the City Council on August 3, 2000, September 21, 2000, November 16, 2000, and December 1, 2000. These bonds are now held in a liquidity facility by JPMorgan Chase Bank (the “Bank”) because of failed remarketings. The Bank has agreed to extensions of the liquidity facility, but no assurance may be given that it will continue to do so. If not, the City would be required to begin accelerated amortization of the outstanding bonds over ten semiannual payments. The City expects to refinance these bonds.
- (5) Payable from the income, revenues and receipts derived from payments made pursuant to a Loan Agreement dated as of December 1, 2001, between the Louisiana Local Government Environmental Facilities and Community Development Authority and the City.
- (6) Secured by and payable from an irrevocable pledge and dedication of the funds to be derived by the issuer from the levy and collection of a special tax of ten and eighty-five hundredths (10.85) mills (the “Tax”). The issuer is authorized to impose and collect the Tax in each year during which the certificates are outstanding. The Tax is authorized to be levied on all the property subject to taxation within the corporate boundaries of the issuer pursuant to the provisions of Article VI, Section 26 of the Louisiana Constitution of 1974, as amended, and is authorized to be levied for general purposes.
- (7) Secured by and payable solely from an irrevocable pledge and dedication of the City’s 2 ½% tax collected each year on the sale at retail, use, the lease or rental, the consumption and storage for use and consumption of tangible personal property, and the sales of services, all as defined in R. S. 47:301 *et seq.* and as specified in Ordinance 24,072 MCS derived by the City solely from Wal-Mart or any replacement or successor national retailer occupying the improvements which are expected to be occupied by a Wal-Mart to be located within the St. Thomas Economic Development District.
- (8) Payable from (i) money received from a draw on a Letter of Credit issued by Hibernia Bank, (ii) payments made by Canal Street Development Corporation and Downtown Development District pursuant to a Cooperative Endeavor Agreement, and (ii) payments made by the City from the General Fund.
- (9) Secured by and payable from a pledge and dedication of the funds to be derived from the levy and collection of a special *ad valorem* tax of two and one-half (2½) mills (subject to adjustment from time to time due to reassessment), which the City is authorized to collect for a period of twenty-six (26) years, approved in an election held in the City on July 15, 1995.

- (10) Payable solely from amounts on deposit in the Funds and Accounts established in the Indenture (other than the Rebate Fund or Construction Fund), from payments or prepayments to be made by the State under the Bond CEA (other than fees and expenses payable to the Authority and amounts payable pursuant to the Authority's right to reimbursement in certain circumstances), and will be secured by a pledge and assignment of such amounts and such payments to the Trustee pursuant to the Indenture.
- (11) Secured by a pledge of the issuer's revenues for each fiscal year after payment of outstanding bonded indebtedness.
- (12) The Sewerage and Water Board is the agency responsible for the sewerage, water and drainage systems of the City.
- (13) Limited tax bonds, secured by the avails of the equivalent of a six and seventy-eight hundredths (6.78) mills *ad valorem tax*.
- (14) Secured by and payable solely from net revenues derived from the imposition of water rates.
- (15) Secured by and payable solely from revenues of the system, including revenues received from the imposition of sewerage rates.
- (16) The Audubon Commission is a related entity of the City established by state act and the City Charter.
- (17) Secured by and payable solely from the tax revenues derived from the levy and collection of a thirty-two hundredths (.32) mill tax upon all taxable property in the City.
- (18) Secured by and payable solely from an irrevocable pledge and dedication of the funds to be derived from the levy and collection of a two and ninety-nine hundredths (2.99) mills special *ad valorem* tax subject to taxation within the City authorized to be collected for a period of thirty-five (35) years, beginning in 1987, in an election held on November 4, 1986.
- (19) Payable solely from and secured by a pledge of the revenues, subject to the payment of all necessary operation and maintenance expenses of the Aquarium.
- (20) The total 2010 assessed valuation of Parishwide School District of the Parish of Orleans is approximately \$3,041,047,270, of which approximately \$2,678,381,864 is taxable.
- (21) The Orleans Parish School Board is parishwide.
- (22) Payable from (i) a constitutional millage (20.11 mills) and (ii) the net revenues from a one-half of one percent (½%) sales and use tax authorized in an election held on November 4, 1980.
- (23) The Regional Transit Authority ("RTA") is primarily located in the City of New Orleans (Orleans Parish) and is parishwide.
- (24) Secured by and payable from the Pledged Tax Revenues, i.e. primarily the net revenues derived from the levy and collection of one-half of a one percent (½%) sales and use tax levied by the Authority upon the items and services subject to the sales and use tax, authorized in an election held on January 19, 1985, and a pledge upon moneys held in the funds and accounts held under the Indenture.
- (25) Under agreements with the Louisiana Local Government Environmental Facilities and Community Development Authority ("LCDA"), RTA may borrow not exceeding \$65,820,000 in funds to finance the local match portion of the costs expected to be incurred in the construction of the Canal Street Corridor and Desire Street Corridor Projects. The funds are provided from a portion of the proceeds of a Master Indenture Agreement and the sale of revenue bonds by LCDA. The principal amounts shown in this debt statement represent the amounts drawn down currently, and will be amortized over the remaining life of the agreement.
- (26) The proceeds of these certificates were used to refinance the costs of acquiring 175 buses and other costs of issuance, and are payable from rental payments to be made pursuant to a Lease-Purchase Agreement between the Regional Transit Authority and Willow Leasing, L.L.C.
- (27) The Law Enforcement District of the Parish of Orleans is parishwide and has a 2010 taxable assessed valuation of approximately \$2,678,381,864.
- (28) The New Orleans Municipal Yacht Harbor Management Corporation is a related utility of the City.
- (29) Secured solely from the income and revenues derived from the operation of the Municipal Yacht Harbor.
- (30) The New Orleans Aviation Board is responsible for the management and operation of the New Orleans International Airport, owned by the City and located in Kenner, Louisiana.
- (31) These bonds are special, limited obligations of the Aviation Board, payable from and secured by (i) Net PFC Revenues generated from passenger facility charges approved by the Federal Aviation Administration (the "Approved PFC") and imposed and collected by the Aviation Board for the use of the New Orleans International Airport, subject to the Aviation Board's obligation to make payments into the Arbitrage Rebate Fund of the first Supplemental Indenture, (ii) the proceeds of any reserve asset and of any additional securities, and (iii) amounts on deposit in certain funds and accounts, included within the stand alone PFC Trust Estate.

- (32) Payable solely from and secured by (i) general airport revenues subject to the Aviation Board's obligation to pay the operation and maintenance expenses of the Airport and make payments into the Arbitrage Rebate Fund of the first Supplemental Indenture, (ii) the proceeds of any reserve asset and of any additional securities as further described in the official statement, and (iii) amounts on deposit in certain funds and accounts.
- (33) The Orleans Levee District is parishwide and has a 2010 taxable assessed valuation of approximately \$2,678,381,864.
- (34) Payable from the Orleans Levee District's 5.25 mills constitutional *ad valorem* tax.
- (35) Payable from the Orleans Levee District's 4.95 mills special levee improvement *ad valorem* tax.
- (36) The Orleans Parish Communications District is parishwide.
- (37) Payable solely from and secured by a pledge and dedication of (i) the proceeds of the emergency telephone tax imposed pursuant to law, and (ii) the excess of annual revenues of the District above statutory, necessary and usual charges in each of the fiscal years during which the Bonds are outstanding.
- (38) The French Market Corporation is a non-profit corporation owned by the City of New Orleans.
- (39) Payable from the revenues of the French Market.
- (40) The Downtown Development District had a 2009 taxable assessed valuation of approximately \$383,064,570. The 2010 taxable assessed valuation is currently unavailable.
- (41) Secured by and payable from an irrevocable pledge and dedication of the funds to be derived from the levy and collection of a special *ad valorem* tax not exceeding Fourteen and Seventy-Six Hundredths (14.76) mills upon all the taxable real property located in The Downtown Development District of the City of New Orleans, authorized in elections held on December 8, 1979 and April 7, 2001. The Tax is currently being levied at a rate of fourteen and seventy-six hundredths (14.76) mills.

*(NOTE: The above statement excludes certain outstanding indebtedness of the New Orleans Home Mortgage Authority; New Orleans Exhibition Hall Authority; Greater New Orleans Expressway Commission; New Orleans Finance Authority; New Orleans Industrial Development Board, Inc.; New Orleans Housing Development Corporation; Transportation Center Authority; New Orleans Regional Loan Corporation; Upper Pontalba Building Restoration Corp.; Louisiana Stadium and Exposition District; Board of Commissioners of the Port of New Orleans, and certain capital leases.)*

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**FORM  
OF  
LEGAL OPINION**

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Co-Bond Counsel  
to the  
Board of Liquidation, City Debt

**(FORM OF LEGAL OPINION)**

Board of Liquidation, City Debt  
City of New Orleans, Louisiana  
New Orleans, Louisiana

**\$40,000,000**

**CITY OF NEW ORLEANS, LOUISIANA**

**TAXABLE PUBLIC IMPROVEMENT BONDS, ISSUE OF 2010A**

**(BUILD AMERICA BONDS – FEDERALLY TAXABLE – DIRECT PAYMENT TO ISSUER)**

We have acted as co-bond counsel to the City of New Orleans, Louisiana (the “City”) in connection with the issuance of the captioned bonds (the “Bonds”). The Bonds are issued in fully registered form, are dated, bear interest at the rates, are subject to redemption, are payable, and mature on the dates and in the principal amounts as set forth in the Bond Resolution (hereinafter defined).

The Bonds have been issued by the City pursuant to a resolution adopted by the Board of Liquidation, City Debt (the “Board of Liquidation”), on December 16, 2009 (the “Bond Resolution”), under the authority conferred by Part XIV, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950, as amended (the “Act”), and other constitutional and statutory authority, and are the second emission of \$260,000,000 of bonds that were specially authorized at an election held on November 2, 2004, the results of which election having been duly promulgated in accordance with law.

We have examined the provisions of the Constitution and statutes of the State of Louisiana, a certified transcript of the proceedings of the governing authority of the City and the Board of Liquidation relating to the issuance of the Bonds, and such other documents, proofs and matters of law as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations contained in the Bond Resolution and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Bonds are valid and binding general obligations of the City.
2. All taxable property within the territory of the City is subject to the levy of *ad valorem* taxes for the payment of the principal of and interest on the Bonds without limit as to rate or amount.

3. Pursuant to Section 54AA(f)(1) of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Bonds is not excluded from gross income for federal income tax purposes. This opinion is not intended or provided by Co-Bond Counsel to be used and cannot be used by an owner of the Bonds for the purpose of avoiding penalties that may be imposed on the owner of such Bonds. The opinion set forth in this paragraph is provided to support the promotion or marketing of the Bonds. Each owner of the Bonds should seek advice based on its particular circumstances from an independent tax advisor.

4. Under the Act, the Bonds are exempt from all taxation for state, parish, municipal, or other purposes in the State of Louisiana.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforceability may also be subject to the exercise of the sovereign police powers of the State of Louisiana, or its governmental bodies, and the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

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**APPENDIX “H”**

**FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

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## FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$40,000,000

CITY OF NEW ORLEANS, LOUISIANA

TAXABLE PUBLIC IMPROVEMENT BONDS, ISSUE OF 2010A

(BUILD AMERICA BONDS – FEDERALLY TAXABLE – DIRECT PAYMENT TO ISSUER)

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of New Orleans, Louisiana, (the “Issuer”), acting through its duly elected Mayor and the Board of Liquidation, City Debt (the “Board”), the entity created and charged by Act No. 133 of the 1880 Regular Session, as amended by Act 628 of the 1995 Regular Session of the Louisiana Legislature, with the issuance and administration of the general obligation debt of the Issuer, acting through its duly authorized President, in connection with the issuance of \$40,000,000 of the above-captioned bonds of the City of New Orleans, Louisiana (the “Bonds”). The Bonds are being issued pursuant to a Resolution adopted by the Board on December 16, 2009 (the “Resolution”), and are described in that certain Official Statement dated December 16, 2009 (the “Official Statement”) which contains certain information concerning the Issuer, the *ad valorem* taxes securing the Bonds and certain financial and other information relating thereto. The Issuer and the Board covenant and agree as follows:

SECTION 1. *Definitions.* In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Dissemination Agent**” shall mean the duly appointed Secretary of the Board, or any successor Dissemination Agent designated by the City acting through the Board.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board which has been designated by the Securities and Exchange Commission as the single centralized repository for the collection and availability of continuing disclosure documents for purposes of the Rule. The continuing disclosure documents must be provided to the MSRB in searchable portable document format (PDF) to the following:

Municipal Securities Rulemaking Board  
Electronic Municipal Market Access Center  
[www.emma.msrb.org](http://www.emma.msrb.org)

“**Official Statement**” shall mean the Official Statement with respect to the Bonds, the City and the Board dated December 16, 2009.

“**Participating Underwriter**” shall mean any of the original Purchasers (as defined in the Resolution) of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“**Repositories**” shall mean the MSRB and the State Information Depository, if any.

**“Bond Resolution”** shall mean the Bond Resolution as adopted by the Board on December 16, 2007, authorizing the issuance of the Bonds.

**“Rule”** shall mean Rule 15c2-12 (b) (5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**“State Information Depository”** shall mean any public or private depository or entity designated by the State of Louisiana as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Information Depository.

SECTION 2. *Purpose of the Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the City and the Board for the benefit of the Owners of the Bonds, including owners of beneficial interests in the Bonds, and the Participating Underwriter, and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b) (5).

SECTION 3. *Provision of Annual Reports.*

- a. The City acting through the Board shall, or shall cause the Dissemination Agent to, in each year no later than eight (8) months from the end of the Issuer's first fiscal year ending after issuance of the Bonds, with the first such report to be due not later than August 31, 2010, provide to the Repositories and to the Bond Insurer, if any, an Annual Report which is consistent with the requirements set forth below. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as set forth below; *provided* that the audited financial statements of the City, the Commission and the Board may be submitted separately from the balance of the Annual Report.
- b. If the Dissemination Agent is unable to provide to the Repositories an Annual Report by the date required in (a) above, the City acting through the Board shall send a Notice of Failure to File Annual Report to each of the Repositories, in substantially the form attached as Exhibit A.
- c. The Dissemination Agent shall determine each year prior to the date for providing the Annual Report the name and address of each of the Repositories.

SECTION 4. *Content of Annual Reports.* The City's Annual Report shall contain or incorporate by reference the following.

- a. Audited financial statements of both the City and the Board for the preceding fiscal year. If the City's or the Board's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- b. Basis of accounting used by the City and the Board in reporting their financial statements. The City and the Board follow GAAP principles and mandated Louisiana statutory accounting requirements as in effect from time to time. In the event of any material change in such requirements the impact of such changes will be described in the Annual Report of the year such change occurs.

- c. The total amount of general obligation debt of the City issued, as well as any general obligation debt which has been authorized but not yet issued.
- d. Any material changes in the assessment procedures and the homestead exemption as authorized by law.
- e. The assessed value of taxable property in the City and homestead exemptions for the most recent tax year available from the Louisiana Tax Commission.
- f. The assessed value of property by classifications for the City for the most recent tax year available from the Louisiana Tax Commission.
- g. The assessed valuations of taxable property in the City including motor vehicles for the prior tax year.
- h. The millage rates for the prior tax year.
- i. The *ad valorem* tax levies and collections of the City and the Board for the prior tax year.
- j. A listing of the ten largest *ad valorem* taxpayers within the City for the prior tax year.
- k. Updated information reflecting the trend of indebtedness of the Issuer.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a deemed final official statement, it shall be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

SECTION 5. *Reporting of Listed Events.* (a) This section shall govern the giving of notices of the occurrence of any of the following Listed Events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) Modifications to rights of Bondholders;
- (viii) Bond calls;
- (ix) Defeasance;
- (x) Release, substitution, or sale of property securing repayment of the Bonds; or
- (xi) Rating changes.

Whenever the City or the Board obtains knowledge of the occurrence of a Listed Event, the City, acting through the Board shall as soon as possible determine if such event would constitute material information for owners of Bonds, *provided*, that any event under (i), (viii), (ix) or (xi) will always be deemed to be material.

(b) After the City or the Board determines that knowledge of the occurrence of a Listed Event is material, the Dissemination Agent shall file a notice of such occurrence with each of the Repositories *or* the Municipal Securities Rulemaking Board, and with any State Information Depository. Notwithstanding the

foregoing, notice of Listed Events described above in (viii) and (ix) need not be given under this paragraph (b) any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Bond Resolution.

SECTION 6. *Termination of Reporting Obligation.* The obligations of both the City and the Board under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. *Dissemination Agent.* The City, acting through the Board may, from time to time, appoint or engage a successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. *Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Certificate, the Board acting on behalf of itself and the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if:

- (a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or type of business conducted;
- (b) This Disclosure Certificate, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by an opinion of a nationally recognized bond counsel or by approving vote of the holders of the Bonds pursuant to the terms of the Resolution at the time of the amendment.

In the event of any such amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report relating to the Issuer and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of change of accounting principles, on the presentation) of financial information or operating date being presented by or in respect of the Issuer.

SECTION 9. *Additional Information.* Nothing in this Disclosure Certificate shall be deemed to prevent the City or the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City or the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, neither the City nor the Board shall have any obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. *Default.* In the event of a failure of the City to comply with any provision of this Disclosure Certificate any Bondowner (including any owner of a beneficial interest in the Bonds) or the Participating Underwriter may take such actions as may be necessary and appropriate, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure

Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. *Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the City, the Board, the Dissemination Agent, the Participating Underwriter and owners (including any owner of a beneficial interest in the Bonds) from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. *Other Stipulations.* Any document submitted to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB, and shall be submitted in word-searchable PDF format (without regard to diagrams, images and other non-textual elements).

IN FAITH WHEREOF, the undersigned have executed this Continuing Disclosure Certificate on this, the \_\_\_\_ of January, 2010.

CITY OF NEW ORLEANS, LOUISIANA

By: \_\_\_\_\_  
Mayor

BOARD OF LIQUIDATION, CITY DEBT

ATTEST:

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Secretary

**EXHIBIT A**  
**to Continuing Disclosure Certificate**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of New Orleans, Louisiana

Name of Bond Issue: \$40,000,000 Taxable Public Improvement Bonds, Issue of 2010A  
(Build America Bonds – Federally Taxable – Direct Payment to Issuer)

Date of Issuance: January 19, 2010

NOTICE IS HEREBY GIVEN that neither the City of New Orleans, Louisiana, nor the Board of Liquidation City Debt (the “Board”), has provided an Annual Report as required by Section 21 of the Bond Resolution of the Board dated December 16, 2009, providing for the issuance of the above bonds. The Issuer anticipates that its Annual Report will be filed by \_\_\_\_\_.

Date: \_\_\_\_\_

BOARD OF LIQUIDATION, CITY DEBT

By: \_\_\_\_\_  
Secretary

**APPENDIX "I"**

**DEBT SERVICE SCHEDULE**

BOND DEBT SERVICE

City of New Orleans, Louisiana  
Public Improvement Bonds, Issue of 2010  
(Taxable Build America Bonds)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2010			1,178,589.96	1,178,589.96	
12/01/2010			1,607,168.13	1,607,168.13	2,785,758.09
06/01/2011			1,607,168.13	1,607,168.13	
12/01/2011	715,000	5.125%	1,607,168.13	2,322,168.13	3,929,336.26
06/01/2012			1,588,846.25	1,588,846.25	
12/01/2012	735,000	5.550%	1,588,846.25	2,323,846.25	3,912,692.50
06/01/2013			1,568,450.00	1,568,450.00	
12/01/2013	760,000	5.900%	1,568,450.00	2,328,450.00	3,896,900.00
06/01/2014			1,546,030.00	1,546,030.00	
12/01/2014	785,000	6.200%	1,546,030.00	2,331,030.00	3,877,060.00
06/01/2015			1,521,695.00	1,521,695.00	
12/01/2015	810,000	6.400%	1,521,695.00	2,331,695.00	3,853,390.00
06/01/2016			1,495,775.00	1,495,775.00	
12/01/2016	845,000	6.550%	1,495,775.00	2,340,775.00	3,836,550.00
06/01/2017			1,468,101.25	1,468,101.25	
12/01/2017	875,000	6.750%	1,468,101.25	2,343,101.25	3,811,202.50
06/01/2018			1,438,570.00	1,438,570.00	
12/01/2018	915,000	7.000%	1,438,570.00	2,353,570.00	3,792,140.00
06/01/2019			1,406,545.00	1,406,545.00	
12/01/2019	950,000	7.200%	1,406,545.00	2,356,545.00	3,763,090.00
06/01/2020			1,372,345.00	1,372,345.00	
12/01/2020	995,000	7.300%	1,372,345.00	2,367,345.00	3,739,690.00
06/01/2021			1,336,027.50	1,336,027.50	
12/01/2021	1,040,000	7.700%	1,336,027.50	2,376,027.50	3,712,055.00
06/01/2022			1,295,987.50	1,295,987.50	
12/01/2022	1,090,000	7.700%	1,295,987.50	2,385,987.50	3,681,975.00
06/01/2023			1,254,022.50	1,254,022.50	
12/01/2023	1,140,000	7.700%	1,254,022.50	2,394,022.50	3,648,045.00
06/01/2024			1,210,132.50	1,210,132.50	
12/01/2024	1,195,000	8.000%	1,210,132.50	2,405,132.50	3,615,265.00
06/01/2025			1,162,332.50	1,162,332.50	
12/01/2025	1,255,000	8.000%	1,162,332.50	2,417,332.50	3,579,665.00
06/01/2026			1,112,132.50	1,112,132.50	
12/01/2026	1,315,000	8.000%	1,112,132.50	2,427,132.50	3,539,265.00
06/01/2027			1,059,532.50	1,059,532.50	
12/01/2027	1,385,000	8.300%	1,059,532.50	2,444,532.50	3,504,065.00
06/01/2028			1,002,055.00	1,002,055.00	
12/01/2028	1,450,000	8.300%	1,002,055.00	2,452,055.00	3,454,110.00
06/01/2029			941,880.00	941,880.00	
12/01/2029	1,525,000	8.300%	941,880.00	2,466,880.00	3,408,760.00
06/01/2030			878,592.50	878,592.50	
12/01/2030	1,605,000	8.550%	878,592.50	2,483,592.50	3,362,185.00
06/01/2031			809,978.75	809,978.75	
12/01/2031	1,685,000	8.550%	809,978.75	2,494,978.75	3,304,957.50
06/01/2032			737,945.00	737,945.00	
12/01/2032	1,770,000	8.550%	737,945.00	2,507,945.00	3,245,890.00
06/01/2033			662,277.50	662,277.50	
12/01/2033	1,860,000	8.550%	662,277.50	2,522,277.50	3,184,555.00
06/01/2034			582,762.50	582,762.50	
12/01/2034	1,950,000	8.550%	582,762.50	2,532,762.50	3,115,525.00
06/01/2035			499,400.00	499,400.00	
12/01/2035	2,050,000	8.800%	499,400.00	2,549,400.00	3,048,800.00
06/01/2036			409,200.00	409,200.00	
12/01/2036	2,155,000	8.800%	409,200.00	2,564,200.00	2,973,400.00
06/01/2037			314,380.00	314,380.00	
12/01/2037	2,265,000	8.800%	314,380.00	2,579,380.00	2,893,760.00
06/01/2038			214,720.00	214,720.00	
12/01/2038	2,380,000	8.800%	214,720.00	2,594,720.00	2,809,440.00
06/01/2039			110,000.00	110,000.00	
12/01/2039	2,500,000	8.800%	110,000.00	2,610,000.00	2,720,000.00
	40,000,000		63,999,526.85	103,999,526.85	103,999,526.85



