

*In the opinion of Co-Bond Counsel, under existing law, the interest on the Bonds is excluded from gross income of the owners for Federal income tax purposes, as provided in Appendix "H." However, see "TAX EXEMPTION" herein. Under the Act, the Bonds are exempt from all taxation in Louisiana for state, parish, municipal or other local purposes.*

**\$23,375,000**  
**Sewerage Service Refunding Bonds**  
**Series 2009**

**CITY OF NEW ORLEANS, LOUISIANA**

**Dated: Date of Delivery**

**Due: June 1, 2010 to June 1, 2029**

Principal of the Sewerage Service Refunding Bonds, Series 2009 (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 (payable December 1, 2009, and semiannually thereafter on June 1st and December 1st) is payable by check mailed to the Beneficial Owners, and, at certain times, at the option of any such Owner of not less than \$1,000,000 in principal amount of Bonds, by wire transfer.

The Bonds are being initially issued as fully registered bonds, in authorized denominations of \$25,000 or any integral multiple of \$5,000 in excess 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 June 1, 2020, and thereafter, are callable for redemption by the Sewerage and Water Board of New Orleans (the "Board") in whole or in part at any time on or after June 1, 2019, 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.

The City of New Orleans is issuing the Bonds on behalf of the Board for the purpose of refunding \$24,030,000 principal amount of the City's Sewerage Service Refunding Bond Anticipation Notes, Series 2006, which were issued to refund certain outstanding note issues of the City (the "Original Notes"). The Original Notes were issued for the purpose of paying a portion of the costs of capital improvements consisting of the construction of sewerage treatment plants, improvements, extensions, betterments and repairs to the public sewerage system of the City, which are works of public improvement in and for the Board and the City, or for the acquisition of land to be used in connection therewith and paying costs of issuance associated therewith.

**The Bonds and the Outstanding Parity Sewer Bonds (hereinafter defined) are secured by and payable solely from Revenues of the System, including revenues received from the imposition of sewerage rates.** The Bonds are being issued on a complete parity with the Issuer's outstanding (i) Sewerage Service Revenue Bonds, Series 1997, maturing June 1, 2010 through June 1, 2017, inclusive, (ii) Sewerage Service Revenue Bonds, Series 1998, maturing June 1, 2010 through June 1, 2018, inclusive, (iii) Sewerage Service Revenue Bonds, Series 2000, maturing June 1, 2010 through June 1, 2020, inclusive, (iv) Sewerage Service Revenue Bonds, Series 2000B, maturing June 1, 2010 through June 1, 2020, (v) Sewerage Service Revenue Bonds, Series 2001, maturing June 1, 2010 through June 1, 2021, inclusive, (vi) Sewerage Service Revenue Bonds, Series 2002, maturing June 1, 2010 through June 1, 2022, inclusive, (vii) Sewerage Service Revenue Bonds, Series 2003, maturing June 1, 2010 through June 1, 2023, inclusive and (viii) Sewerage Service Revenue Bonds, Series 2004, maturing June 1, 2010 through June 1, 2024, inclusive.

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 scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY CORP. ("Assured Guaranty").



**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. Certain legal matters will be passed upon for the Underwriters by their counsel, Breazeale, Sachse & Wilson, L.L.P., Baton Rouge, Louisiana. It is expected that the Bonds will be delivered in book-entry only form to DTC on or about July 14, 2009, against payment therefor.

**MORGAN KEEGAN & COMPANY, INC.**  
**MERRILL LYNCH & CO.** **LOOP CAPITAL MARKETS, LLC**

The date of this Official Statement is July 7, 2009. This cover page contains information for quick reference only. It is 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

### \$23,375,000 Sewerage Service Refunding Bonds, Series 2009 (Base CUSIP No. 647719)

<u>Due</u> <u>June 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u>	<u>Due</u> <u>June 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u>
2010	\$680,000	3.400%	100.000%	LT8	2015	\$845,000	5.250%	99.544%	LY7
2011	705,000	3.875%	99.879%	LU5	2016	890,000	5.500%	99.428%	LZ4
2012	730,000	4.000%	99.378%	LV3	2017	940,000	5.625%	99.836%	MA8
2013	765,000	4.500%	99.398%	LW1	2018	995,000	5.750%	98.560%	MB6
2014	800,000	5.000%	99.695%	LX9	2019	1,055,000	6.000%	99.771%	MC4

\$6,345,000 6.000% Term Bonds Due June 1, 2024, Price 98.543%, CUSIP MH3  
\$8,625,000 6.250% Term Bonds Due June 1, 2029, Price 97.767%, CUSIP MN0

**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.

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# CITY OF NEW ORLEANS, LOUISIANA

## MAYOR

C. Ray Nagin

## CITY COUNCIL

Arnie Fielkow, *Councilmember at Large, President*  
Jacquelyn B. Clarkson, *Councilmember at Large, Vice-President*  
Shelley Midura, *Councilmember District "A"*  
Stacey 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

Arnie Fielkow, *ex officio*  
Gerald Williams  
Richard P. Wolfe

David W. Gernhauser, *Secretary*

## SEWERAGE AND WATER BOARD OF NEW ORLEANS

C. Ray Nagin, Mayor, President  
Arnie Fielkow, Councilmember-at-Large  
Jacquelyn B. Clarkson, Councilmember-at-Large  
Cynthia Willard-Lewis, Councilmember, District E  
Florence Shornstein, Councilmanic District B  
Gerald Williams, Member, Board of Liquidation,  
City Debt

Tommie A. Vassel, Councilmanic District C and President  
Pro-Tem  
Alan C. Arnold, Member, Board of Liquidation, City Debt  
Benjamin L. Edwards, Sr., At-Large Member  
Loyce P. Wright, At-Large Member  
Karen Henley-Raymond, Councilmanic District D

Marcia St. Martin, Executive Director

## Consultants and Advisors

Postlethwaite & Netterville

Auditors for the Sewerage and Water Board

Spilsbury, Hamilton, Legendre & Paciera

Auditors for the Board of Liquidation, City Debt

Foley & Judell, L.L.P.

Co-Bond Counsel

The Cantrell Law Firm

Co-Bond Counsel

The Godfrey Firm, P.L.C.

Co-Bond Counsel

Gerard M. Victor

Counsel to the Sewerage and Water Board

Black & Veatch Enterprise Management Solutions

Consulting Engineer

Lemle & Kelleher, L.L.P.

Counsel to the Board of Liquidation, City Debt

Public Financial Management

Financial Advisor to the Board of Liquidation, City Debt

Fiscal Services, Inc.

Consultant to the Board of Liquidation, City Debt

**No dealer, broker, salesperson or other person has been authorized by either the City, the Sewerage and Water Board, or the Board of Liquidation 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, the Sewerage and Water Board, or the Board of Liquidation. 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. 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 WEBSITE: <http://www.muniOS.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 WEBSITE.**

#### **Cautionary Statements Regarding Forward-Looking Statements in this Official Statement**

This Official Statement is marked with a dated date and speaks only as of that dated date. Readers are cautioned not to assume that any information has been updated beyond the dated date except as to any portion of the Official Statement that expressly states that it constitutes an update concerning specific recent events occurring after the dated date of the Official Statement. Any information contained in the portion of the Official Statement indicated to concern recent events speaks only as of its date. The City, the Board of Liquidation and the Sewerage and Water Board expressly disclaim any duty to provide an update of any information contained in this Official Statement, except as agreed upon by said parties pursuant to the Continuing Disclosure Certificate included herein as Appendix “I.”

The information contained in this Official Statement may include forward looking statements by using forward-looking words such as “may,” “will,” “should,” “expects,” “believes,” “anticipates,” “estimates,” “budgets” or others. The reader is cautioned that forward-looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, and various other factors which are beyond the control of the City, the Board of Liquidation and the Sewerage and Water Board.

This Official Statement contains projections of revenues, expenditures and other matters. Because the City, the Board of Liquidation and the Sewerage and Water Board cannot predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is included in forward-looking statements.

**Assured Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, nor does it accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading “BOND INSURANCE” and “Appendix “K - Specimen Financial Guaranty Insurance Policy.”**

# OFFICIAL STATEMENT

**\$23,375,000**

## **Sewerage Service Refunding Bonds Series 2009**

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

#### **INTRODUCTION**

This Official Statement of the City of New Orleans, Louisiana (herein referred to either as the “Issuer” or the “City”) provides information with respect to the captioned Sewerage Service Refunding Bonds, Series 2009 (the “Bonds”). This Official Statement contains summaries of certain provisions of the resolutions (each a “Resolution” and collectively, the “Bond Resolution”) adopted on August 25, 1986 (the “General Resolution”), September 19, 2003 (the “Eighth Supplemental Resolution”) and May 20, 2009, as ratified by a resolution to be adopted on July 8, 2009 (collectively, the “Thirteenth Supplemental Resolution”) by the Sewerage and Water Board of New Orleans (herein referred to as either the “Board” or the “Sewerage and Water Board”). The Eighth Supplemental Resolution and the Thirteenth Supplemental Resolution were approved by the Council of the City of New Orleans (the “City Council”) by resolutions adopted on October 2, 2003 and June 4, 2009, respectively, and by the Board of Liquidation, City Debt (the “Board of Liquidation”) by resolutions adopted on September 25, 2003, May 20, 2009, and July 7, 2009, respectively.

Brief descriptions of the Issuer, the Board, the Board of Liquidation, the Bonds, the Bond Resolution, the Act (hereinafter 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 to which referred or summarized.

Additional information about the Issuer is included in Appendix “A” hereto. Audited financial statements of the Sewerage and Water Board for the year ended December 31, 2008, are included in Appendix “B” hereto. The proposed form of the joint opinion of Foley & Judell, L.L.P., The Cantrell Law Firm, and The Godfrey Firm PLC, Co-Bond Counsel, is included in Appendix “H” hereto.

The Bonds are being issued in the name of the City for and on behalf of the Sewerage and Water Board, an independent board created by state statute and charged with maintaining and operating a public sanitary sewerage system (the “Sewerage System”), a water treatment and distribution system (the “Water System”), and a drainage system (the “Drainage System”) for the City. The Bonds are being sold by the Board of Liquidation, which is also responsible for holding and investing debt service funds and reserve funds and for paying principal of and interest on the Bonds.

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

Although water and sewer treatment plants on the West Bank of New Orleans continued to operate, Hurricane Katrina left the majority of the Board's facilities inoperable, destroyed over 500 vehicles and pieces of equipment, approximately 65 percent of the fleet, completely disrupted normal communication channels, and put the lives of many employees who were on duty in jeopardy.

Because of the interruption of water, sewer and drainage service and the limited return of evacuated customers, the Sewerage and Water Board experienced a substantial reduction in water and sewer service revenues, as well as drainage revenues which are ad valorem tax based, following the hurricanes. While a portion of the reduction in revenues is expected to be temporary, some long-term loss of revenues is also anticipated. The loss of revenues is expected to have a significant impact on the financial condition of the Board for several years as the customer base continues to return to New Orleans. For additional information, see the Report on Operations for 2007 of the Sewerage and Water Board, prepared by Black & Veatch (the "Consulting Engineer"), which may be found on the Board's website at the following address: [http://www.swbno.org/documents/Reports/2007\\_operations\\_report.pdf](http://www.swbno.org/documents/Reports/2007_operations_report.pdf). Additional reports are available on the Board's website at the following address: <http://www.swbno.org>.

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. Sewerage service charges were \$61,877,246 in fiscal year 2008, representing an 85% recovery of revenues when compared to fiscal year 2004 immediately before the storms. Sewer system revenues increased since Katrina as a result of rate increases and modest population recovery. Sales tax revenues in fiscal year 2008 were 95% of those in fiscal year 2004. 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 Outstanding Parity Sewer Bonds (hereinafter defined), 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 Parity Sewer Bonds is dependent on many factors the outcome of which are impossible to predict. The Board expects to continue to make principal and interest payments as scheduled without withdrawals from the Debt Service Reserve Fund established under the Bond Resolution.

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. It is anticipated that all proposed flood protection system improvements will 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.

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 SEWERAGE SYSTEM, THE ISSUER, 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.

### **SECURITY FOR THE BONDS**

The Bonds and the Outstanding Parity Sewer Bonds (hereinafter defined) are special and limited obligations of the City and are authorized by Section 4121 of Title 33, and Part XIV, Chapter 4 of Title 39, of the Louisiana Revised Statutes of 1950, as amended (the “Act”) and other statutory and constitutional authority, and the Bond Resolution. The Bonds are being issued on a complete parity with the Issuer’s outstanding (i) \$16,115,000 Sewerage Service Revenue Bonds, Series 1997, maturing June 1, 2010 to June 1, 2017, inclusive, issued pursuant to the General Resolution and the Second Supplemental Resolution adopted by the Board on April 9, 1997; (ii) \$14,360,000 Sewerage Service Revenue Bonds, Series 1998, maturing June 1, 2010 to June 1, 2018, inclusive, issued pursuant to the General Resolution and the Third Supplemental Resolution adopted by the Board on October 14, 1998; (iii) \$18,425,000 Sewerage Service Revenue Bonds, Series 2000, maturing June 1, 2010 to June 1, 2020, inclusive, issued pursuant to the General Resolution and the Fourth Supplemental Resolution adopted by the Board on February 9, 2000; (iv) \$14,010,000 Sewerage Service Revenue Bonds, Series 2000B, maturing June 1, 2010 to June 1, 2017, inclusive and June 1, 2020, issued pursuant to the General Resolution and the Fifth Supplemental Resolution adopted by the Board on August 29, 2000; (v) \$23,015,000 Sewerage Service Revenue Bonds, Series 2001,

maturing June 1, 2010 to June 1, 2021, inclusive, issued pursuant to the General Resolution and the Sixth Supplemental Resolution adopted by the Board on July 18, 2001; (vi) \$43,485,000 Sewerage Service Revenue Bonds, Series 2002, maturing June 1, 2010 to June 1, 2022, inclusive, issued pursuant to the General Resolution and the Seventh Supplemental Resolution adopted by the Board on November 20, 2002; (vii) \$4,260,000 Sewerage Service Revenue Bonds, Series 2003, maturing June 1, 2010 to June 1, 2023, inclusive, issued pursuant to the General Resolution and the Eighth Supplemental Resolution adopted by the Board on September 17, 2003; and (viii) \$27,010,000 Sewerage Service Revenue Bonds, Series 2004, maturing June 1, 2010 to June 1, 2023, inclusive, issued pursuant to the General Resolution and the Ninth Supplemental Resolution adopted by the Board on May 19, 2004 (collectively, the “Outstanding Parity Sewer Bonds”).

Pursuant to the Thirteenth Supplemental Resolution, the Board authorized the issuance of (i) not exceeding \$27,000,000 of Sewerage Service Refunding Bonds, Series 2009 (the “Bonds”) as authorized Additional Bonds for similar purposes as the 1997 Bonds, the 1998 Bonds, the 2000 Bonds, the 2000B Bonds, the 2001 Bonds, the 2002 Bonds, the 2003 Bonds, and the 2004 Bonds, which Bonds are being offered for sale, for the purpose of paying the outstanding principal amount of the Issuer’s Sewerage Service Bond Anticipation Notes, Series 2006 (the “2006 BANs”) on July 15, 2009, the maturity date thereof. The 2006 BANs were issued to refund the Issuer’s Sewerage Service Bond Anticipation Notes, Series 2005A (the “2005A BANs”), which were issued to refund the Issuer’s Sewerage Service Bond Anticipation Notes, Series 2003 (the “2003 BANs”), which were issued for the purpose of financing a portion of the costs of additional construction of sewage treatment plants, improvements, extensions, betterments and repairs to the Sewerage System. A portion of the proceeds of the Bonds will also be used to pay the costs of issuance.

The Bonds and the Outstanding Parity Sewer Bonds are secured by and payable solely from the Revenues of the Sewerage System, including revenues received from the imposition of sewerage rates and the funds and accounts held under the Bond Resolution. The Bonds ***do not*** constitute a general obligation of the City, and neither the credit nor the taxing power of the City is pledged to the payment thereof, or any part thereof, or to the payment of any interest thereon. The revenues of the Water System and the Drainage System of the Board are ***not*** pledged as security for the payment of the Bonds.

As defined in the Bond Resolution, “**Revenues**” means, for any period of computation, all revenues, including earnings on investments in the Sewer System Account, Debt Service Fund, Redemption Fund and Debt Service Reserve Fund, and Rates and Charges (excluding proceeds of insurance, condemnation or the sale or other disposition of any part of the Sewerage System) received by the Board during such period and deposited in the Sewer System Account. Capitalized terms used but not defined herein shall have the meaning set forth in the Bond Resolution.

The statutes and resolutions providing for the Bonds and the Outstanding Parity Sewer Bonds require that funds to be applied to debt service be transferred to the Board of Liquidation monthly. As described herein, the Bond Resolution requires that the current and prospective Revenues of the Sewerage System be at least 130% of annual debt service on bonds payable from such current and prospective net revenues. If the Board fails to establish and maintain sewerage rates at a level to satisfy the 130% rate covenant, the Board of Liquidation is empowered by statute to compel the application of such rates and charges by appropriate judicial proceedings. The Bond Resolution establishes a Debt Service Reserve Fund which is held by the Board of Liquidation. The Bond Resolution permits the deposit to the Debt Service Reserve Fund of either cash, certain securities or a debt service reserve fund surety bond or bonds.

For additional information, see “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION” in Appendix “J.”

Pursuant to a Cooperative Endeavor Agreement with the State, the Board borrowed \$77,465,247 from proceeds of the State’s \$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 (collectively, the “State Bonds”) to pay debt service on the Outstanding Parity Sewer Bonds, the 2005A BANs, and its other

outstanding Drainage System and Water System bonds. The amounts owed by the Board to the State in connection with the State Bonds are secured by available revenues of the Board and are subordinate to the Bonds, the Outstanding Parity Sewer Bonds, and any other bonds heretofore or hereafter issued by the Board.

Additionally, the Board borrowed \$61,956,747 from the Federal Government through a Community Disaster Loan authorized under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the "Stafford Act"), as amended, evidenced by one or more Notes of the Board (the "Notes") which were issued for the purpose of paying current operations of the Board relating to essential services, including water, sewerage and other services related to protecting and promoting the health, safety and public welfare of the community, and paying costs of issuance of the Notes, in anticipation of the revenues of the Board. The Notes are payable from and secured by a pledge of the Board's revenues for each fiscal year while any of the Notes are outstanding, after provision has been made for the payments required in connection with any outstanding bonded indebtedness of the Board, including the Bonds and the Outstanding Parity Sewer Bonds.

### **Additional Parity Bonds**

The Board has authority to issue additional bonds ("Additional Bonds") on a parity with the Bonds and the Outstanding Parity Sewer Bonds as more fully described herein. The Eighth Supplemental Resolution authorized the issuance of Additional Bonds in the amount of \$262,100,000 (*including the Bonds*), and the Board intends to issue additional bonds to fund the proposed capital program. For additional information see "THE SEWERAGE SYSTEM - Debt Service Requirements; Proposed Capital Improvement Program; Adequacy of Revenues to Finance Proposed Capital Improvements" herein. See also the Consulting Engineer's Preliminary Feasibility Letter in Appendix "D."

The Resolution permits the issuance of Additional Bonds on a parity with or subordinate to the Bonds and the Outstanding Parity Sewer Bonds for the purpose of paying all or a portion of the Cost of any Project, making deposits in the Debt Service Fund, the Debt Service Reserve Fund, and the insurance reserve account, if any, paying the cost of issuance of bonds, the payment of the principal of and interest and premium, if any, on notes issued in anticipation of such bonds, or any combination of the foregoing. Additional Bonds may be issued only upon receipt by the Board of Liquidation of, among other things:

1. A certificate of an Authorized Officer of the Board (a) setting forth the amount of Revenues, as audited by a nationally recognized independent public accountant or firm of accountants selected by the Board for the last two full Fiscal Years prior to the Fiscal Year in which such Additional Bonds are issued and (b) showing that one-half of the Revenues received in such two Fiscal Years were, over and above the amount required for operation and maintenance of the Sewerage System, equal to at least (i) the amount required by La. R.S. 33:4121(B)(2)\*, or any successor provisions thereto, and (ii) 110% of the sum of the average Bond Debt Service Requirement on all Bonds Outstanding plus the average Bond Debt Service Requirement on the Series of Additional Bonds proposed to be issued (the average Bond Debt Service Requirement on the Variable Rate Bonds shall be computed at the maximum rate permitted for such bonds); and

2. A certificate of a Consulting Engineer (a) setting forth the estimated annual Revenues for each of the five full Fiscal Years following the issuance of such Additional Bonds (including the Fiscal Year in which such Additional Bonds are issued), after giving effect to any increases or decreases in Rates and Charges projected for such period, to Bonds projected to be issued during such period and to any increase

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\*Section 33:4121(B)(2) of the Louisiana Revised Statutes of 1950, as amended, presently provides that bonds may be sold subject to the limitations and restrictions contained in the resolutions of the Board which authorize the issuance of bonds. Accordingly, the 77% test is no longer applicable to the issuance of additional Bonds once all of the Outstanding Parity Sewer Bonds (other than the Sewerage Service Revenue Bonds, Series 2004, which were sold with the understanding that Additional Bonds could be issued upon compliance with the 110% test set forth in part (ii) of Paragraph (1) above) are paid in full or provisions are made in accordance with the Bond Resolution.

in the Debt Service Reserve Fund Requirement as a result thereof and to any additional Revenues projected to be available during such period from Projects or other Capital Improvements to be completed during such period, and (b) showing for each of such Fiscal Years that the estimated annual Revenues for such Fiscal Year calculated by an Authorized Officer of the Board at the time of the issuance of such Additional Bonds, will be, over and above the amount required for operation and maintenance of the Sewerage System, at least equal to one hundred thirty percent (130%) of (A) the Debt Service Reserve Fund Requirement calculated as of the first day of such Fiscal Year less (B) the amount, if any, of Bond proceeds available or projected to be available to pay principal and interest becoming due in such Fiscal Year on Bonds Outstanding or projected to be Outstanding as of the first day of such Fiscal Year.

When all of the Outstanding Parity Sewer Bonds (other than the Sewerage Service Revenue Bonds, Series 2004, which were sold with the understanding that Additional Bonds could be issued upon compliance with the 110% test set forth in part (ii) of Paragraph (1) above) are paid in full or provisions are made in accordance with the Bond Resolution even though all the Bonds will not then have been paid, the 77% test provided for in the repealed language of La. R. S. 33:4121(B)(2) will no longer be applicable to the issuance of Additional Bonds.

It is expressly provided, however, in the Thirteenth Supplemental Resolution, as amended, that so long as the Bonds remain outstanding and insured by Assured Guaranty Corp. (“Assured Guaranty” or the “Insurer”), the Board and the Board of Liquidation shall only issue Additional Bonds if the Board meets the historical test set forth in the Numbered Paragraph Number 1 of this Section and the threshold is increased to 130% from 110%. Furthermore, the Board is not permitted to make any assumptions with respect to the amortization of debt service on any of its outstanding obligations.

The Resolution also permits the issuance of bond anticipation notes as described in “Appendix J - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION” and as hereinafter summarized. See also “THE SEWERAGE SYSTEM – Debt Service Requirements” for a description of the Additional Bonds to be issued in the future.

**Debt Service Coverage**

The debt service coverage based on the prior two-year test follows:

**Historical Debt Service Coverage**

Average Prior 2 Year Net Revenues*	\$27,276,194
Maximum Annual Debt Service**	20,332,401
Coverage Ratio	134.2%

\* For additional information, see Table 4 of the Consulting Engineer’s Feasibility Letter in Appendix “D.”

\*\* Includes Outstanding Parity Sewer Bonds and the Bonds. See Appendix “D.”

**Debt Service Reserve Fund**

Upon the issuance of the Bonds, the Debt Service Reserve Fund, which is a common reserve fund for the Bonds, all Outstanding Parity Sewer Bonds and any Additional Bonds, will have on deposit therein \$16,164,123.59. No funds are required to be added to the Debt Service Reserve Fund upon delivery of the Bonds to fully fund the Debt Service Reserve Fund Requirement (as defined in Appendix “J” hereto) for the Bonds and the Outstanding Parity Sewer Bonds. No letter of credit, surety bond, insurance policy or other credit facility may be credited to the Debt Service Reserve Fund without the prior written consent of the Insurer.

## PURPOSE OF ISSUE

The Bonds are being issued for the purpose of paying at maturity, together with other available monies, the outstanding principal amount of the 2006 BANs, which were issued for the purpose of paying a portion of the costs of Capital Improvements consisting of the construction of sewage treatment plants, improvements, extensions, betterments and repairs to the public Sewerage System of the City, which are works of public improvement in and for the Board and the City, or for the acquisition of land used in connection therewith. The Bonds are also being issued for the purpose of paying the costs of issuance associated therewith. For additional information, see “THE SEWERAGE SYSTEM - Proposed Capital Improvement Program” herein.

## 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”). 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 UNDERWRITERS 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 UNDERWRITERS 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.

## SOURCES AND USES OF FUNDS

The sources and uses of the proceeds of the Bonds are as follows:

### Sources of Funds

	<u>Bonds</u>
Par Amount	\$23,375,000.00
Transfer from Board	2,764,717.54
Less Original Issue Discount	<u>(334,111.40)</u>
TOTAL	<u>\$25,805,606.14</u>

### Uses of Funds

Refunding of 2006 BANs *	\$24,633,153.00
Costs of Issuance **	966,602.31
Underwriters' Discount	204,531.25
Rounding Amount	<u>1,319.58</u>
TOTAL	<u>\$25,805,606.14</u>

\* Includes outstanding principal of \$24,030,000 and accrued but unpaid interest to the payment date.

\*\* Includes legal, financial advisory and required fees and costs and costs associated with bond insurance.

## THE BONDS

### **Date of Issue**

The Bonds are dated as of delivery, which will be July 14, 2009.

### **Average Life**

The average life of the Bonds is approximately 12.254 years from their dated date.

### **Authority for Issues**

The Bonds are authorized under the provisions of Section 4121 of Title 33, and Part XIV, Chapter 4, of Title 39, of the Louisiana Revised Statutes of 1950, as amended (collectively, the “Act”), and other constitutional and statutory authority.

### **Place of Payment**

Principal of, and premium, if any, on the Bonds is payable by check or draft or by wire transfer by The Bank of New York Mellon Trust Company, N.A., in the City of Dallas, Texas, or any successor paying agent (the “Paying Agent”), to Cede & Co.

### **Payment of Interest**

Interest on the Bonds is payable on December 1, 2009, and semiannually thereafter on June 1 and December 1 of each year (each an “Interest Payment Date”), with interest falling due on and prior to maturity to be payable by check or by wire transfer by the Paying Agent to DTC in accordance with the terms of the DTC Representation Letter.

During any period after the initial delivery of the Bonds in book-entry-only form when such Bonds are delivered in multiple certificate form, upon request of a registered owner of at least \$1,000,000 in principal amount of Bonds outstanding, all payments of principal and interest on such Bonds will be paid by wire transfer in immediately available funds to an account designated by such registered owner; CUSIP number identification with appropriate dollar amounts for each CUSIP number will accompany all payments of principal and interest, whether by check or by wire transfer.

### **Redemption Provisions**

*Optional Redemption.* Those Bonds maturing June 1, 2020, and thereafter, are callable for redemption at the option of the Board of Liquidation in full or in part at any time on or after June 1, 2019, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption. The maturities of the Bonds to be redeemed shall be selected by the Board of Liquidation in its discretion.

Optional redemption of the Bonds shall be applied ratably, as nearly as possible, against each of the mandatory sinking fund requirements set forth below.



*Mandatory Sinking Fund Redemption.* The Bonds due on June 1, 2024, shall be subject to mandatory redemption prior to maturity through application of sinking fund payments on June 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>
2020 .....	\$1,120,000
2021 .....	1,190,000
2022 .....	1,265,000
2023 .....	1,345,000
2024* .....	1,425,000

(\*final maturity)

The Bonds due on June 1, 2029, shall be subject to mandatory redemption prior to maturity through application of sinking fund payments on June 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>
2025 .....	\$1,515,000
2026 .....	1,615,000
2027 .....	1,720,000
2028 .....	1,830,000
2029* .....	1,945,000

(\*final maturity)

In the event of redemption of less than all 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 Redemption**

In the event a Bond to be redeemed is of a denomination larger than \$25,000, a portion of such Bond (\$25,000 or any integral multiple of \$5,000 in excess thereof) may be redeemed. Any Bond which is to be redeemed only in part may be surrendered at the principal corporate trust office of the Paying Agent and there shall be delivered to the Owner of such Bond a new 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. All notices of redemption shall state (i) the redemption date; (ii) the redemption price; (iii) if less than all the Bonds are to be redeemed, the identifying number (and in the case of partial redemption, the respective principal amounts) and CUSIP number of the Bonds to be redeemed; (iv) that on the redemption date the redemption price will become due and payable on each such Bond and interest thereon will cease to accrue thereon from and after said date; and (v) the place where such Bonds are to be surrendered for payment. Official notice of such call of any of the Bonds for redemption shall be given by means of first-class mail, postage prepaid, by notice deposited in the United States mails not less than thirty (30) days prior to the redemption date addressed to the registered owner of each Bond to be redeemed at his address as shown on the registration books maintained by the Paying Agent. Failure to give such notice or any defect therein shall not affect the validity of the redemption proceedings.

## **Form of Bonds**

The Bonds are being issued as fully registered bonds or notes, as the case may be, in “book-entry only” form and registered in the name of Cede & Co., as nominee of DTC, in the denomination of \$25,000 or any integral multiple of \$5,000 in excess thereof. (See “BOOK-ENTRY ONLY SYSTEM”).

## **Provisions for Transfer, Registration and Assignment**

The Bonds may be transferred, registered and assigned only on the registration books of the Paying Agent, and such registration shall be at the expense of the Issuer. A Bond may be assigned by the execution of an assignment form on such Bonds or by other instruments of transfer and assignment acceptable to the Paying Agent. A new Bond or Bonds will be delivered by the Paying Agent to the last assignee (the new registered owner) in exchange for such transferred and assigned Bonds after receipt of such Bonds to be transferred in proper form. Such new Bond or Bonds must be in the denomination of \$25,000 or any integral multiple of \$5,000 in excess thereof within a single maturity. Neither the City nor the Paying Agent shall be required to issue, register the transfer of, or exchange (i) any Bond during a period beginning at the opening of business on the 15th day of the month next preceding an Interest Payment Date and ending at the close of business on the Interest Payment Date, or (ii) any Bond called for redemption prior to maturity during a period beginning at the opening of business fifteen (15) days before the date of the mailing of a notice of redemption of such Bonds and ending on the date of such redemption.

## **Maturities**

The Bonds will mature WITH OPTION OF PRIOR PAYMENT (as hereinabove provided) on June 1 as indicated on the inside cover of this Official Statement.

## **Additional Covenants**

***Limitation on Variable Rate Debt.*** So long as the Bonds remain outstanding and insured by the Insurer, the Sewerage and Water Board shall not issue, and the Board of Liquidation shall not issue on behalf of the Sewerage and Water Board, variable rate indebtedness without the prior written consent of the Insurer.

***Limitation on Derivative Instruments.*** So long as the Bonds remain outstanding and insured by the Insurer, the Sewerage and Water Board shall not enter into, and the Board of Liquidation shall not enter into on behalf of the Sewerage and Water Board, any derivative instruments without the prior written consent of the Insurer.

***Liquidity Covenant.*** So long as the Bonds remain outstanding and insured by the Insurer, the Sewerage and Water Board shall at all times maintain unrestricted cash and investments equal to at least ninety (90) days of operating expenses.

***Purchase in Lieu of Redemption.*** Without the prior written consent of the Insurer, neither the Sewerage and Water Board nor the Board of Liquidation, nor any affiliates of either, shall purchase any of the Bonds in lieu of redemption unless such Bonds are redeemed, defeased or cancelled.

***Calculation of Debt Service.*** So long as the Bonds remain outstanding and insured by the Insurer, the Sewerage and Water Board shall not be permitted to make any assumptions with respect to the amortization of debt service on any of its outstanding obligations, including but not limited to the Bonds and the Outstanding Parity Sewer Bonds.

## **Provisions Applicable if Book-Entry System Terminated**

**General.** Purchasers of Bonds will receive principal and interest payments, and may transfer and exchange Bonds, pursuant to the following provisions only if the book-entry only system is terminated. Otherwise, payments and transfers will be made only as described above under “Book-Entry Only System.”

**Place of Payment.** Principal of the Bonds will be payable at the principal corporate trust office of the Paying Agent.

**Payment of Principal and Interest.** Upon discontinuation of the book-entry only system, interest on the Bonds will be payable by check mailed on or before the Interest Payment Date by the Paying Agent to the registered owner, determined as of the close of business on the 15th calendar day of the month next preceding an Interest Payment Date (the “Record Date”), whether or not such day is a Business Day (as defined in the Bond Resolution), at the address of such registered owner as it appears on the registration books of the Paying Agent.

The person in whose name any Bond is registered at the close of business on the Record Date with respect to an Interest Payment Date (unless such Bond has been called for redemption on a redemption date which is prior to such Interest Payment Date) shall be entitled to receive the interest payable with respect to such Interest Payment Date notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date.

**Provisions for Transfer, Registration and Assignment.** Except as provided under DTC’s book-entry only system, the Bonds may be transferred, registered and assigned only on the registration books of the Paying Agent, and such registration shall be at the expense of the Issuer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instruments of transfer and assignment acceptable to the Paying Agent. A new Bond or Bonds of the same series will be delivered by the Paying Agent to the last assignee (the new registered owner) in exchange for such transferred and assigned Bonds after receipt of the Bonds to be transferred in proper form. Such new Bond or Bonds must be in the denomination of \$5,000 or any integral multiple thereof within a single maturity. Neither the Issuer nor the Paying Agent shall be required to issue, register the transfer of, or exchange (i) any Bond during a period beginning at the opening of business on the 15th day of the month next preceding an Interest Payment Date and ending at the close of business on the Interest Payment Date, or (ii) any Bond called for redemption prior to maturity during a period beginning at the opening of business fifteen (15) days before the date of the mailing of a notice of redemption of such Bonds and ending on the date of such redemption.

## **BOND INSURANCE**

### **The Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Corp. (“Assured Guaranty” or the “Insurer”) will issue its financial guaranty insurance policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

## The Insurer

Assured Guaranty is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. Assured Guaranty commenced operations in 1988. Assured Guaranty is a wholly owned, indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. Neither AGL nor any of its shareholders is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty’s financial strength is rated “AAA” (negative outlook) by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”), “Aa2” (on review for possible downgrade) by Moody’s Investors Service, Inc. (“Moody’s”) and “AA” (evolving) by Fitch, Inc. (“Fitch”). Each rating of Assured Guaranty should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

### *Recent Developments*

#### Ratings

On July 1, 2009, S&P published a Research Update in which it affirmed its “AAA” counterparty credit and financial strength ratings on Assured Guaranty. At the same time, S&P revised its outlook on Assured Guaranty to negative from stable. Reference is made to the Research Update, a copy of which is available at [www.standardandpoors.com](http://www.standardandpoors.com), for the complete text of S&P’s comments.

On May 20, 2009, Moody’s issued a press release stating that it had placed the “Aa2” insurance financial strength rating of Assured Guaranty on review for possible downgrade. Reference is made to the press release, a copy of which is available at [www.moody.com](http://www.moody.com), for the complete text of Moody’s comments.

In a press release dated May 4, 2009, Fitch announced that it had downgraded the insurer financial strength rating of Assured Guaranty to “AA” from “AAA” and placed such rating on Rating Watch Evolving. Reference is made to the press release, a copy of which is available at [www.fitchratings.com](http://www.fitchratings.com), for the complete text of Fitch’s comments.

There can be no assurance as to the outcome of Moody’s review or the timing of when such review may be completed, or as to the further action that Fitch or S&P may take with respect to Assured Guaranty.

For more information regarding Assured Guaranty’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which was filed by AGL with the Securities and Exchange Commission (“SEC”) on February 26, 2009, and AGL’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, which was filed by AGL with the SEC on May 11, 2009.

## Acquisition of FSA

On July 1, 2009, AGL acquired the financial guaranty operations of Financial Security Assurance Holdings Ltd. (“FSA”), the parent of financial guaranty insurance company Financial Security Assurance, Inc.

### *Capitalization of Assured Guaranty Corp.*

As of March 31, 2009, Assured Guaranty had total admitted assets of \$1,926,329,505 (unaudited), total liabilities of \$1,570,615,119 (unaudited), total surplus of \$355,714,386 (unaudited) and total statutory capital (surplus plus contingency reserves) of \$1,109,717,908 (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

*Incorporation of Certain Documents by Reference*

The portions of the following documents relating to Assured Guaranty are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- The Annual Report on Form 10-K of AGL for the fiscal year ended December 31, 2008 (which was filed by AGL with the SEC on February 26, 2009); and
- The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009 (which was filed by AGL with the SEC on May 11, 2009).

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in documents filed by AGL with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds shall be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such consolidated financial statements.

Any statement contained in a document incorporated herein by reference or contained herein under the heading “BOND INSURANCE-The Insurer” shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document which is incorporated by reference herein also modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Copies of the consolidated financial statements of Assured Guaranty incorporated by reference herein and of the statutory financial statements filed by Assured Guaranty with the Maryland Insurance Administration are available upon request by contacting Assured Guaranty at 1325 Avenue of the Americas, New York, New York 10019 or by calling Assured Guaranty at (212) 974-0100. In addition, the information regarding Assured Guaranty that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC’s web site at <http://www.sec.gov> and at AGL’s web site at <http://www.assuredguaranty.com>, from the SEC’s Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Assured Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading “BOND INSURANCE.”

## SEWERAGE AND WATER BOARD OF NEW ORLEANS

The Sewerage and Water Board was created by Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City government to construct, maintain and operate the Water System and the Sewerage System for the City. In 1903, the Legislature gave the Board control of and responsibility for the Drainage System. As affirmed by the decision of the Louisiana Supreme Court in *Roberts v. Sewerage and Water Board*, 634 So.2d 341 (La. 1994), the Board is “an autonomous or self-governing legal entity with respect to the management of its business or function of providing water, sewerage and drainage service to customers in Orleans and other parishes.” As such, the Board is legally independent of the City of New Orleans, which has no control over the administration of its activities and finances, except the approval of the City Council and the Board of Liquidation in the case of bond issues and certain rate increases.

The Board is composed of thirteen members, including the Mayor, the two Councilmembers-at-large, and one District Councilmember selected by the City Council, two members of the Board of Liquidation appointed by the Mayor on the recommendation of the Board of Liquidation, and seven citizens appointed by the Mayor with the advice and consent of the City Council. Two of said citizen members are appointed from the City at-large and one from each of the five councilmanic districts. These appointed members, who serve for nine (9) year staggered terms, can only be removed for cause. All members serve without pay. The Board presently has two vacancies.

The Mayor is the *ex-officio* President of the Board and one of the citizen members is elected by the Board to serve as president *pro tempore* in the absence of the Mayor. The Board also appoints and fixes the salaries of the Executive Director, Deputy Executive Director (vacant), General Superintendent, Deputy General Superintendent (vacant), and Special Counsel who hold office at the pleasure of the Board. The Executive Director exercises general administrative functions and managerial authority over the operations and activities of the Board. The Deputy Director assists and advises the Executive Director, and is responsible for the administrative services, environmental affairs, management services, planning and budget, and support services divisions. The General Superintendent is responsible for the engineering, operations, facility maintenance, networks, and plumbing divisions. The Deputy General Superintendent assists the General Superintendent. The Board is in the process of conducting a national search to fill the positions of Deputy Executive Director and Deputy General Superintendent.

A staff of approximately 960 oversees the water, sewerage and drainage systems. Prior to the hurricanes, the Board employed approximately 1,200 employees. Brief biographies of the Executive Director and General Superintendent follow:

**Marcia A. St. Martin, Executive Director** (2004 to present). Mrs. St. Martin, formerly Deputy Director, became Executive Director on August 18, 2004. She supervises and provides leadership for the agency's employees, and is responsible for the administration of over \$175 million in annual revenues, an asset base of over \$1 billion and a capital expansion program. As Deputy Director, Mrs. St. Martin assisted the Executive Director with overall management of the agency, concentrating on finance and budgeting, human resources, project planning, pension trust fund, fleet management, support services, regulatory compliance and organizational development. She has supervised special studies and managed the Board's Employee Retirement System. She is an active member of the Water Environment Federation, American Water Works Association, National Association of Clean Water Agencies, Louisiana Public Employee Retirement Systems Association, and the National Association of Fleet Administrators. She holds a Bachelor of Science Degree in Accounting and Business Administration from Xavier University of Louisiana. She has 37 years of experience in city government, including service as Director of the Department of Safety and Permits, Parking Administrator of the Department of Streets, and Assistant Superintendent of Automotive Maintenance.

**Joseph R. Becker, General Superintendent** (2008 to present). Joseph Becker has been an employee of the Sewerage and Water Board for 22 years and has served as General Superintendent since September 2008. He is a registered Civil and Environmental Engineer in the state of Louisiana and graduated with a Bachelor of Science degree in civil engineering from the University of New Orleans in 1985. Mr. Becker maintains DHH class IV certifications in Wastewater Collection and Water Distribution and is a member of the American Public Works Association, American Water Works Association and the American Society of Civil Engineers.

## **THE SEWERAGE SYSTEM**

### **The Sewerage System**

**General.** The unusual topography of New Orleans presents unique design and operational challenges for the collection, transportation and treatment of wastewater. The Sewerage System is comprised of two distinct systems which are located on the east and west banks of the Mississippi River (the “East Bank System” and the “West Bank System,” respectively).

The Sewerage System's capacity is approximately 280 million gallons per day (“MGD”) and the total sewage flow of the City averages approximately 90 MGD during dry weather. Sewage undergoes secondary treatment and the effluent, pursuant to Environmental Protection Agency (“EPA”) Permit, is thereafter chlorinated and discharged into the Mississippi River. The resulting sludge is thickened, then dewatered with belt presses and disposed of by incineration.

The collection and treatment systems consist of gravity sewers, lift stations, pump stations, force mains and treatment plants.

**Collection System.** The collection system comprises (i) approximately 1,350 miles of gravity lines (lines which do not require an additional force or pressure to convey the wastewater) and (ii) approximately 100 miles of force mains, which convey wastewater under pressure from 83 pump and lift stations.

Sewer lines in the gravity system are primarily constructed of vitrified clay. Lines in the force main system are primarily cast iron, cathodically protected steel and prestressed concrete. The gravity collection and trunk sewers range in size from 6 inches to 84 inches.

The 83 pump and lift stations consist of both above and below ground type stations with primarily vertical and horizontal type centrifugal pumps. 80 of the pumping and lift stations are unmanned; however, the Board maintains a Supervisory Control and Data Acquisition (“SCADA”) system for the remote monitoring of sewage pumping stations.

**Treatment Plants.** The East Bank Treatment Plant is a secondary treatment plant with a dry weather flow capacity of 90 MGD and a peak weather flow of 233 MGD. The facility consists of a pretreatment unit containing six bar screens and six grit basins, all in four, parallel covered oxygen reactor basins and 32 mechanical agitators and mixers, ten clarifier basins, four two-meter belt filter presses for waste sludge dewatering, two sludge disposal incinerators consisting of a fluidized bed unit and a multiple hearth furnace, on-site cryogenic oxygen generation plants, and chlorination facilities. Construction of the East Bank Treatment Plant was funded in part with grants from the EPA under the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq. (the “Clean Water Act”).

The West Bank Treatment Plant has a dry weather capacity flow of 20 MGD and a peak flow of 50 MGD and provides secondary sewage treatment for that portion of the City located on the west bank of the Mississippi River. This plant consists of four parallel bar screens, two aerated grit basins, three primary clarifiers, chlorination facilities, two single state trickling filters and four secondary clarifiers.

***The Consent Decree.*** In 1998, the EPA and the Board, the City, and the State of Louisiana entered into a consent decree under the jurisdiction of the U.S. District Court for the Eastern District of Louisiana (the “Consent Decree”) in settlement of litigation resulting from alleged violations of 33 U.S.C. § 1251 et seq. (the “Clean Water Act”) and 42 U.S.C. § 7401 et seq. (the “Clean Air Act”). Additional parties to the Consent Decree include (1) the League of Women Voters of New Orleans, (2) the Lake Pontchartrain Basin Foundation, (3) the Orleans Audubon Society, and (4) the Louisiana Environmental Action Network. In the Consent Decree, the Board agreed to pay a penalty of \$1.5 million over three (3) years (the last installment was paid in 2000) and perform a Supplemental Environmental Project of \$2 million over five (5) years titled, “Lincoln Beach Water Quality Improvement Plan,” which was completed in 2003.

In addition, the Consent Decree requires the Board and the City to perform remedial measures to prevent unauthorized discharges, including: (a) continuous operation of a SCADA system at each pump station within the collection system (except for the McCoy-Darby pump station); (b) seal most cross connections between the Sewerage System and the Drainage System and close all other valved connections; (c) develop an EPA approved Preventive Maintenance Program; (d) comply with the EPA approved Sewer Overflow Action Plan which the Board developed; (e) comply with the EPA approved Unauthorized Discharge Tracking and Reporting Plan; (f) complete the Board’s comprehensive collection system remedial action program, including (1) evaluation of each basin in the collection system for its condition and capacity in accordance with required study due dates (“CSEs”), (2) preparation of remedial measures action plans (“RMAPs”) for each basin (i.e. Lakeview, Central Business District, Gentilly, Uptown, Mid City, Ninth Ward, Carrollton, New Orleans East, and South Shore) in accordance with required due dates, and (3) implement construction of EPA approved RMAPs on or before December 31, 2010, subject to stipulated penalties; (g) develop and implement a computerized collection system model; (h) establish a Storm Sewer Monitoring Program at Stations 3, 6, 7, 10, 14, and 16 to test for fecal coliform, fecal streptococcus, enterococcus, and caffeine; (i) complete implementation of an employee training program submitted to EPA in 1997; (j) continue the public education program and report to EPA on the progress of the program; and (k) issue quarterly and annual status reports to EPA containing a summary of compliance with the above described activities. For additional information, see “THE SEWERAGE SYSTEM – Proposed Capital Improvements.”

The Consent Decree sets forth stipulated penalties ranging from \$500 per day to \$10,000 per day and up to \$25,000 per calendar quarter for the Board’s failure to submit timely reports and completed documents, meet RMAP and construction milestones, or satisfy certain other requirements of the Consent Decree.

Immediately following Hurricane Katrina, the Board sought relief from the requirements of the Consent Decree under its *force majeure* provisions. This request was formally granted on February 7, 2006, and relief has been continued under a series of extensions. Therefore, the Board has been and is in compliance. During this time, the Board and the United States government have engaged in extensive discussions to develop a new RMAPs schedule and other Consent Decree requirements in light of the damage caused by Katrina and have agreed upon a modified schedule. The Modified Consent Decree currently is under final review by the parties, after which it will be lodged with the court and published for public comment. It is expected that the court will enter the new decree in approximately 100 days.

The Board has completed CSEs and RMAPs for all basins. It has also completed remedial action construction on four of the nine basins. Further, the Board has commenced work on the unfinished basins prior to the start date called for in the draft Modified Consent Decree. A comprehensive financing plan has been developed, and it is anticipated that no additional indebtedness will be incurred over the next five (5) years. See “Proposed Capital Improvement Program” herein.



## **Sewerage Service Rates**

Sewerage service rates are fixed by the Board but may not become effective, except as hereinafter noted, unless and until approved by the Board of Liquidation and the City Council. Prior to any adjustment in the rates, the Board must hold at least three public meetings for the purpose of discussing the rates. The rates are required by law to be equal and uniform for each grade or class of customers. The rates are designed to recover the operation, maintenance and capital costs of the Sewerage System from each customer class, based upon the cost of providing sewerage service to the class.

Certain sewerage rate increases are mandated by law and may be made by the Board unilaterally, without the approval of the Board of Liquidation or the City Council. So long as any sewerage service revenue bonds issued pursuant to the General Resolution are outstanding, the Board is required by the General Resolution to fix sewerage rates sufficient to produce revenues, over and above the amount required for the operation and maintenance of the Sewerage System, at least equal to 130% of the maximum amount required in any calendar year for interest, principal, sinking fund payments and debt service reserves on all such bonds then outstanding. If the Board should ever fail to increase sewerage rates to the extent necessary to satisfy the 130% revenue test, the Board of Liquidation may compel it to do so by appropriate judicial proceedings. No such action has ever been required to be taken by the Board of Liquidation since all rate increases necessary to satisfy the test in the past have been timely made by the Board.

Sewerage service rates are composed of a "Monthly Readiness to Serve Charge" based upon the size of the water meter and Monthly Quantity Charges ("Quantity Charges") based upon water consumption. Quantity Charges for residential customers are applied to only 85% of the metered water consumption, allowing 15% for lawn watering and other uses which contribute no flow to the Sewerage System. All other classes are based on 100% of water consumption. The rules of the Board provide that water from private wells and other non-Board sources which is discharged into the Sewerage System is to be metered and included in computing the Quantity Charges. Any customer who can show that only a portion of the metered water usage is discharged into the Sewerage System is charged only for the quantity discharged into the Sewerage System. A residential customer may have either the 15% allowance or a special exemption, but not both. The City, certain public institutions and the Medical Center of Louisiana, a State institution, are exempt from sewerage service rates.

The Board has not raised rates for the Sewerage System since 2006 and does not at present plan to increase rates again until 2012.

## **SEWERAGE SERVICE CHARGES**

There follows a schedule of charges and surcharges for private users of the sewerage system commencing July 1, 2005 consisting of (i) a Readiness-to Serve Charge, (ii) a Volume Charge and (iii) an Excessive Strength Surcharge on customers whose sewage effluent exceeds normal limitations:

**Readiness to Serve Charge:**

Meter Size (Inches)	<u>Total Monthly Charge (\$)</u>				
	<u>July 2005</u>	<u>July 2006</u>	<u>July 2007</u>	<u>July 2008</u>	<u>May 2009</u>
5/8	10.20	11.60	11.60	11.60	11.60
3/4	14.50	16.50	16.50	16.50	16.50
1.0	20.75	23.50	23.50	23.50	23.50
1-1/2	37.75	43.25	43.25	43.25	43.25
2.0	55.25	63.25	63.25	63.25	63.25
3.0	131.00	150.00	150.00	150.00	150.00
4.0	220.00	250.00	250.00	250.00	250.00
6.0	435.00	500.00	500.00	500.00	500.00
8.0	650.00	750.00	750.00	750.00	750.00
10.0	875.00	1000.00	1000.00	1000.00	1000.00
12.0	1000.00	1,150.00	1,150.00	1,150.00	1,150.00
16.0	1,350.00	1,550.00	1,550.00	1,550.00	1,550.00

**Monthly Quantity Charge:**

Per 1,000 gallons	<u>Total Charge (\$)</u>				
	<u>July 2005</u>	<u>July 2006</u>	<u>July 2007</u>	<u>July 2008</u>	<u>May 2009</u>
	3.54	4.04	4.04	4.04	4.04

**Excessive Strength Surcharge:**

$$S = V_s \times 8.34 \times \{[\text{BOD Unit Charge} \times (\text{BOD} - 285)] + [\text{SS Unit Charge} \times (\text{SS} - 395)]\}$$

where:

S = Surcharge in dollars

V<sub>s</sub> = Sewerage volume in million gallons

8.34 = Pounds per gallon of water

BOD Unit Charge = Unit charge for BOD in dollars per pound as follows:

**Rates Effective (\$)**

	<u>July, 2005</u>	<u>July, 2006</u>	<u>July 2007</u>	<u>July 2008</u>	<u>May 2009</u>
Unit Charge	.2415	.2619	.2619	.2619	.2619

BOD = BOD strength index in parts per million (or milligrams per liter) by weight

285 = Allowed BOD strength in parts per million (or milligrams per liter) by weight

SS Unit Charge = Unit charge for suspended solids in dollars per pound as follows:

	<u>Rates Effective (\$)</u>	<u>July, 2005</u>	<u>July, 2006</u>	<u>July 2007</u>	<u>July 2008</u>	<u>May 2009</u>
Unit Charge		.1461	.1494	.1494	.1494	.1494

SS = Suspended solids strength index in parts per million (or milligrams per liter) by weight

395 = Allowed SS strength in parts per million (or milligrams per liter) by weight

*In the event the effective date of an increase in charges and/or surcharges falls during a customer's billing cycle, then the increases shall be pro-rated and billed only with respect to the number of days in the billing cycle which fall on or after the effective dates set forth above.*

## **Governmental Regulation**

The Clean Water Act requires that every discharger of pollutants into navigable waters acquire a National Pollution Discharge Elimination System (“NPDES”) permit from the EPA, or from a state or interstate agency delegated permit program responsibility by the EPA. NPDES permits control the type and quantity of discharge which will be allowed while the discharger is moving toward compliance with the two-step clean-up schedule.

Part 2, Title 30 of the Louisiana Revised Statutes, the “Louisiana Environmental Quality Act,” created the Department of Environmental Quality (the “DEQ”). The DEQ has jurisdiction over matters affecting the regulation of air quality, water pollution control, solid waste disposal, radiation, the protection and preservation of scenic rivers and streams, and the management of hazardous waters. The Secretary of the DEQ is authorized to establish pollution standards for waters of the State and to control or prohibit the discharge of polluting substances into State waters and to otherwise promulgate rules and regulations for the protection of the environment.

The Secretary of the DEQ has adopted water quality criteria, approved by the EPA under the Clean Water Act, which regulate the temperature, chemical and bacteriological content of waterways in the State. Specific criteria are established for various zones. The regulations provide that the failure of any stream or other waterway to meet the criteria shall not be the result of the discharge of waste to the water body. Violators are subject to prohibiting orders enforceable in the courts and to criminal penalties. Civil damages are recoverable by the Secretary for violations resulting in the killing of fish or other wildlife or the rendering of a water body unfit to support such wildlife.

The Sewerage and Water Board has obtained all permits required for the points of discharge of sewage into the Mississippi River.

## **Sewerage Department Operations**

Customers and sales for 2004 through 2008 are shown below. Funds for the operation, maintenance, and debt service requirements of the Sewerage Department are obtained from sewerage service charges. The balance of revenue remaining after meeting these costs may be used for cash financing of capital improvements as required. Other fund sources included proceeds from Sewerage Revenue Bonds, participation by others, interest earned on invested funds, and other minor sources.

**SEWERAGE DEPARTMENT  
ANNUAL SEWAGE VOLUMES  
AND AVERAGE NUMBER OF CUSTOMERS (a)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Single Family Residential (b)</b>					
Customers	121,154	93,897	104,312	96,611	87,079
Sales (1,000,000 gal.)	7,653	5,403	4,316	5,096	4,770
Sales Per Customer (1,000 gal.)	63	58	41	53	55
<b>Multi-Residential</b>					
Customers	5,414	4,176	4,811	4,616	4,187
Sales (1,000,000 gal.)	1,635	1,094	766	747	703
Sales Per Customer (1,000 gal.)	302	262	159	162	168
<b>Commercial</b>					
Customers	11,897	9,262	13,623	10,513	9,514
Sales (1,000,000 gal.)	7,786	5,751	5,368	5,529	5,393
Sales Per Customer (1,000 gal.)	654	618	394	525	566
<b>Industrial</b>					
Customers	37	28	71	35	32
Sales (1,000,000 gal.)	86	57	67	94	287
Sales Per Customer (1,000 gal.)	2,348	2,023	937	2,675	8,889
<b>Total</b>					
Customers	138,871	107,393	122,817	111,775	100,812
Sales (1,000,000 gal.)	17,160	12,305	10,517	11,466	11,152

(a) Excludes customers receiving free service.

(b) Includes duplexes.

Source: Year-end Bill Tab Summaries, Black & Veatch.

Revenues and expenditures related to the operations of the Sewerage Department are discussed in the following paragraphs.

**Operating Revenues**

Sewerage Department operating revenue consists of sales revenues based on the schedule of sewerage service charges and delinquent fees shown in a following Table.

Historical operating revenues are also shown in a following Table.

**Nonoperating Revenues**

Sewerage Department nonoperating revenue includes interest earned on the investment of available funds, revenues from plumbing inspection and license fees, and other minor items of revenue. Interest earned comes from investments in the Sewerage System fund, the capital projects and construction fund. Historical nonoperating revenues are also shown in a following Table.

**Operation and Maintenance Expenses**

Historical operation and maintenance expenses are shown in a following Table. The Sewerage and Water Board utilizes a system of accounts designed to group expenses by function for budget purposes. Under the present system of accounts, expenses are categorized under the classifications of management and general, operations, and other. Management and general expenses include wages, materials and supplies, services, and other costs of operating the Office of the Management Services Director, Personnel Administration, Finance Department, Information Systems, Administrative Services, Budget and

Planning, Environmental Affairs and Support Services, Customer Services Department, and other administrative services including the Deputy Director, Executive Director, and Legal Department. Operations expenses encompass the costs of collecting, transporting, treating, and disposing of wastewater. Other expenses include such items as general insurance, outside services employed, social security, worker's compensation insurance, pension and medical insurance contributions, and miscellaneous expenditures.

**NOTE: HISTORICAL DATA INCLUDED HEREIN IS PRESENTED FOR INFORMATION PURPOSES ONLY AND IS NOT A FORECAST OF FUTURE OPERATIONS. ADOPTED AND PROPOSED RATE INCREASES, BOND ISSUES, FEDERAL MATCHING FUNDS, PROPOSED CAPITAL IMPROVEMENTS AND OTHER COSTS MAY SIGNIFICANTLY CHANGE THE REVENUES AND EXPENDITURES OF THE SEWERAGE DEPARTMENT FROM HISTORICAL INFORMATION.**

**SEWERAGE DEPARTMENT  
STATEMENT OF HISTORICAL REVENUES (a)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Operating Revenue</b>					
Sewerage Service Charges (b)	\$72,252,115	\$57,329,963	\$62,657,636	\$68,304,547	\$61,877,246
Total Operating Revenue					
<b>Nonoperating Revenue</b>					
Interest Income	2,673,124	4,218,505	4,568,292	1,273,048	1,094,327
Plumbing Inspection and License Fees	116,574	87,630	295,122	271,170	295,302
Revenue Sharing	413,099	350,659	352,048	245,933	286,233
Other Income	<u>284,927</u>	<u>256,648</u>	<u>58,566</u>	<u>266,798</u>	<u>288,674</u>
Total Nonoperating Revenue	<u>3,487,724</u>	<u>4,913,443</u>	<u>5,274,017</u>	<u>2,056,949</u>	<u>1,964,536</u>
Total Revenue	<u>\$75,739,839</u>	<u>\$62,243,406</u>	<u>\$67,931,653</u>	<u>\$70,361,496</u>	<u>\$63,841,782</u>

Source: Black & Veatch.

- (a) Above revenues are prepared on an accrual basis and do not exactly correspond to the numbers used in calculating debt service coverage and additional bonds tests.
- (b) Sewerage Service Charges includes charges to customers for delinquent fees.

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**SEWERAGE DEPARTMENT  
HISTORICAL OPERATION AND MAINTENANCE EXPENSES**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	\$	\$	\$	\$	\$
<b>Management and General Expenses</b>					
Administrative	2,528,091	1,575,719	2,630,861	2,341,636	2,710,619
Management Services Director	64,635	72,370	54,986	19,451	22,630
Building and Grounds and Support Services	752,517	704,393	833,341	1,020,976	1,148,020
Personnel Administration	330,135	289,726	216,821	271,329	286,969
Finance Administration	534,728	588,646	525,451	546,981	617,079
Information Systems	1,550,033	1,782,016	1,626,143	1,485,788	1,409,909
Revenue and Customer Service	3,078,293	2,882,380	2,325,703	2,746,331	3,482,253
Purchasing	191,210	195,690	158,120	171,419	196,183
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Management and General	9,029,642	8,090,940	8,371,426	8,603,911	9,873,660
<b>Operations Expenses</b>					
General Superintendent	283,685	167,604	119,672	143,189	172,537
Drainage Pumping and Central Control	343,313	335,715	210,012	333,390	335,881
Sewerage Pumping	2,349,727	2,404,140	2,018,413	2,962,907	3,530,071
Chief of Operations	76,593	73,583	52,294	56,706	45,578
Water Pumping and Power	379,879	1,949,523	3,023,657	342,093	1,931,804
Sewerage Treatment	12,525,522	8,982,281	8,091,279	9,989,978	10,001,042
Chief of Facilities Maintenance	81,746	86,558	44,510	48,584	55,990
Facilities Maintenance	2,336,736	2,739,218	2,342,667	2,607,184	3,035,342
Central Yard	1,827,746	1,835,205	1,467,353	1,876,880	1,879,518
Office of Chief of Networks	127,722	82,558	66,186	260,551	87,629
Networks	7,533,371	6,885,272	5,741,081	7,494,584	7,713,092
Engineering	958,961	1,014,334	766,945	863,407	1,021,766
Plumbing	433,278	461,851	400,924	441,827	499,620
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operations	29,258,279	27,017,842	24,344,993	27,421,280	30,309,870
<b>Other Expenses</b>					
Special Accounts	1,404,331	1,281,688	1,393,262	1,420,981	937,175
Payroll Related Expenses	1,910,244	1,856,416	1,818,997	4,815,145	4,823,058
Overhead Allocation	(3,222,884)	(3,371,886)	(2,890,799)	(3,492,313)	(3,576,413)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other	91,691	(233,782)	321,460	2,743,813	2,183,819
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operation and Maintenance	38,379,612	34,875,000	33,037,879	38,769,004	42,367,349

Source: Expenditure Analysis by Group Report, Black & Veatch.

Note: Historical operation and maintenance expenses do not include the non-cash portion of provisions for claims as recorded in the Comprehensive Annual Financial Report. Totals may not add due to rounding.

## **Proposed Capital Improvement Program**

The Board's staff annually prepares a Capital Improvement Program calling for expenditures, exclusive of prorated interest, for a five-year period. The program includes additional sewage treatment capacity, pumping stations, force mains, sewers, and improvements required by the EPA and the Consent Decree. The new or expanded facilities are necessary to provide for future growth and to provide adequate treatment of the sewage before it is discharged to the Mississippi River. The proposed Five-Year Capital Improvement Program, shown on the following page, reflects current cost estimates and inflationary trends in construction costs.

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**SEWERAGE DEPARTMENT**  
**PROPOSED CAPITAL IMPROVEMENTS (a)**  
(\$ in thousands)

<b>CAPITAL PROJECT NO.</b>	<b>PROJECT</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total</b>
		\$	\$	\$	\$	\$	\$
<b><u>Reinvestment in Assests</u></b>							
317	Extensions and Replacements of Gravity Mains (b)						0
319	Extensions and Replacements of Sanitary Sewer Mains Algiers (b)			5,600,000	6,816,700	10,225,000	22,641,700
326	Extensions and Replacement to Pumping Stations (b)						0
339	Mains in Streets Department Contracts	5,200,000	3,900,000	5,200,000	5,200,000	5,200,000	24,700,000
348	Extensions and Replacements - Treatment Plants	2,680,200	6,294,000	5,340,000	4,223,000	3,475,000	22,012,200
600	Sewer Share of Power Projects (b)	67,000	2,272,500	20,000	20,000	20,000	2,399,500
702	Sewer Reserve for Emergencies						0
800	Sewer Share of General Budget Items (b)	<u>6,697,000</u>	<u>          </u>	<u>1,200,000</u>	<u>4,622,000</u>	<u>366,000</u>	<u>12,885,000</u>
	Total Routine Annual Improvements	14,644,200	12,466,500	17,360,000	20,881,700	19,286,000	84,638,400
<b><u>Major Capital Improvements</u></b>							
300	Engineering/Inspection of Developer Installations	10,000	10,000	10,000	10,000	10,000	50,000
308	Sewer Rehabilitation						0
313	Extensions and Replacements - Sewer Force Mains (b)						0
318	Rehabilitation Gravity Sewer System (b)						0
358	East Bank Sewer Treatment Plant Expansion	10,000					10,000
367	Sewer System Evaluation Study						0
368	Wetland Assimilation	10,150,000					10,150,000
375	Sewer Hurricane Recovery Bonds	100,000	100,000	100,000	100,000	100,000	500,000
381	Modification and Expansion of West Bank Sewerage Treatment Plant to 20/50 MGD	<u>600,000</u>	<u>100,000</u>	<u>          </u>	<u>7,790,000</u>	<u>          </u>	<u>8,490,000</u>
	Total Major Improvements	<u>10,870,000</u>	<u>210,000</u>	<u>110,000</u>	<u>7,900,000</u>	<u>110,000</u>	<u>19,200,000</u>
	<b>Total Sewerage System Improvements</b>	<u>25,514,200</u>	<u>12,676,500</u>	<u>17,470,000</u>	<u>28,781,700</u>	<u>19,396,000</u>	<u>103,838,400</u>

(a) The improvements for the 2009-2013 period are revisions of the budget approved December 17, 2008. The revised budget will be presented to the Board for ratification in July.

(b) Costs associated with CP 313, 317, 318, 319, 326, 348, 609, 807, 810, and 823, totaling \$369,299,000 have been removed from the table and will be funded from FEMA reimbursements.

Source: Sewerage and Water Board.

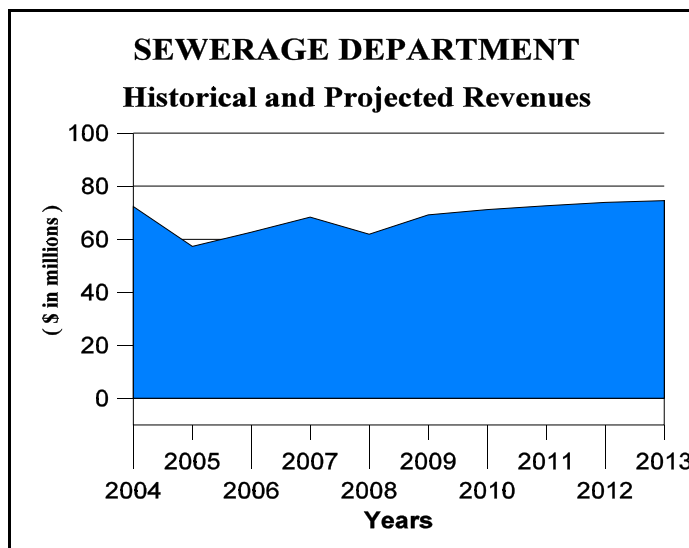


## Historical and Projected Operating Revenues

Historical and projected operating revenues of the Sewerage Department consist of sewerage service charges and delinquent fees which are summarized from 1999 through 2008 in the following Table. Future revenues reflect the existing rate schedule and newly adopted rate increases.

### SEWERAGE DEPARTMENT HISTORICAL AND PROJECTED REVENUES FROM SEWERAGE SERVICE CHARGES

<u>Year</u>	<u>Amount</u>
	<b>Historical</b>
2004	\$72,252,115
2005	57,329,963
2006	62,657,636
2007	68,304,547
2008	61,877,246
	<b>Projected (a)</b>
2009	69,241,100
2010	71,118,100
2011	72,663,100
2012	73,865,100
2013	74,592,100



Source: Black & Veatch

(a) Above revenues are prepared on an accrual basis and do not exactly correspond to the numbers used in calculating debt service coverage and additional bonds tests. For additional information, see Tables 1 and 4 of Appendix "D," Consulting Engineer's Feasibility Letter.

## Debt Service Requirements

There are currently outstanding \$160,680,000 of Outstanding Parity Sewer Bonds (not including the Bonds or the 2006 BANs being refunded by the Bonds). The Consulting Engineer's Feasibility Letter in Appendix "D" calculates the actual debt service requirements on the Bonds and the Outstanding Parity Sewer Bonds. To complete the capital program as presently contemplated, future authorizations for additional bonds are required. The projections assume additional sewer rate increases as detailed in Table 4 of Appendix "D."

## Adequacy of Revenues to Finance Proposed Capital Improvements

Future operation, maintenance, and capital costs of the Sewerage Department will be financed with funds from (i) the operating and nonoperating revenue sources, (ii) the proceeds of Additional Bonds, (iii) the proceeds of bond anticipation notes, and (iv) EPA grants. The proposed program of capital improvements to Sewerage Department facilities anticipates *average* total expenditures of \$20,767,680 annually through 2013. Participation by others and operating transfers are projected to offset some of the capital program costs. Participation by others consists of monies collected from developers and individuals for the extension of sewerage service to new customers and from governmental agencies for replacement and expansion of Sewerage System facilities.

The Consulting Engineer's Feasibility Letter presents a summary of the adequacy of present revenue sources to finance projected operating and capital requirements of the Sewerage System Fund. Total revenue requirements consist of operation and maintenance expenditures, allowance for uncollectibles, debt service, and capital requirements.

See Table 4 in Appendix "D."

### **Billing Procedures**

Sewerage service charges are billed and collected by the Sewerage and Water Board. The average 96,658 residential, 4,647 multi-residential, 10,561 commercial, and 36 industrial meters are read and billed monthly. Approximately 2,200 meters are read using a state-of-the-art electronic system. All revenue applications are processed and supported by the Information Systems Department on the Board's mainframe computer and PC Network.

### **Collection Procedures**

Currently the Board's automated collection enforcement system takes effect after an account is at least 30 days past the due date and has a balance of at least \$75.00. The delinquent action consists of a 10-day notice of termination of service to the service address of the customer of record and also to the mailing address if different. In the case of multi-residential or commercial customers, a notice is posted on the front door of the premises. In the event of any billing dispute, the notice of termination of service also advises the manner in which a customer may request an impartial evidentiary hearing before a Customer Review Officer, who has full authority to order adjustment of the bill if necessary.

It is the policy of the Board to write off unpaid final delinquent accounts after three years.

### **Largest Customers of the Sewerage System for 2008**

	<u>ACCOUNT NAME</u>	<u>TYPE OF BUSINESS</u>	<u>NUMBER OF ACCOUNTS</u>	<u>GALLONS USED 2008 (12 months)</u>	<u>2008 SEWERAGE REVENUE</u>
1.	Housing Authority of New Orleans	Housing	138	215,414,400	\$769,403
2.	University of New Orleans	University	8	143,655,600	633,215
3.	Tulane University	University	40	130,111,200	625,975
4.	Tulane Medical Center	Hospital	11	132,901,200	550,397
5.	New Orleans Hilton	Hotel	6	130,419,600	433,833
6.	Triangle Real Estate	Housing	9	66,816,000	330,087
7.	U.S. Naval Support	Government	8	62,232,000	293,364
8.	Audubon Institute	Government	13	148,164,000	287,762
9.	Loyola University	University	15	14,477,600	282,878
10.	NASA – Michoud	Government	5	55,425,600	245,057

Source: Sewerage and Water Board

## **CONSULTING ENGINEER'S OPINION**

Black & Veatch's projections of operation and maintenance expenses are shown on the Consulting Engineer's Feasibility Letter in Appendix "D" and are categorized by the present system of accounts. Estimates of future expenses are based on analysis of past trends in Sewerage System costs recognizing the existing City civil service pay plan and provide an allowance for continuing inflation.

Included in the Consulting Engineer's Feasibility Letter is the opinion of the Consulting Engineer regarding (i) the adequacy of sewerage service rates to produce revenues required for operations and maintenance and (ii) debt service on the Bonds and the Outstanding Parity Sewer Bonds. See Appendix "D."

## FINANCIAL INFORMATION RELATING TO THE SEWERAGE AND WATER BOARD

### Bank Balances

The Board reported the following bank balances in its sewerage funds as of April 30, 2009 (rounded to the nearest dollar):

<u>Name of Fund/Account</u>	<u>Balances</u>		
	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Water System Fund	\$ 1,411,868	\$ 700,000	\$ 2,111,868
Water Fund (Health Reserve)	0	1,732,616	1,732,616
Water Customer Deposits	527,776	7,250,000	7,777,776
Sewerage System Fund	2,700,498	1,857,000	4,557,498
Sewerage Fund (Health Reserve)	0	1,733,737	1,733,737
Drainage Operating Maintenance	1,286,153	1,275,000	2,561,153
Drainage Fund (Health Reserve)	0	1,732,616	1,732,616
Miscellaneous Accounts (C&E)	9,331	2,419,141	2,428,472
TOTALS	<u>\$5,935,626</u>	<u>\$18,700,110</u>	<u>\$24,635,736</u>

Source: Sewerage and Water Board of New Orleans. All figures unaudited.

## DEBT STATEMENT

### Short Term Debt of the Sewerage and Water Board

The Sewerage and Water Board of New Orleans has no outstanding short term indebtedness other than normal accounts payable or as otherwise stated in this Official Statement, according to the Board's Financial Administrator.

### 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.

In 1986, all of the City's previously outstanding water revenue bonds and sewerage service revenue bonds were refunded. The resulting modernization of the resolutions under which such bonds had been issued has assisted the Board in its financing of improvements to the water and sewerage systems of the City. As of June 2, 2009, there were outstanding \$38,770,000 of water revenue bonds issued by the City for the Board. As of June 2, 2009, there were outstanding \$160,680,000 of sewerage service revenue bonds issued by the City for the Board. In addition, the City has issued for the Board the 2006 BANs in the aggregate principal amount of \$24,030,000, which mature on July 15, 2009, and are being paid with the proceeds of the Bonds.

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

As of June 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 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 June 2, 2009, there were \$113,330,000 of outstanding airport revenue bonds of the New Orleans Aviation Board. The Aviation Board has also issued revenue bonds secured solely from funds derived from an approved passenger facility charge. As of June 2, 2009, there were \$86,415,000 of outstanding passenger facility charge revenue bonds of the New Orleans 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.

## **General Obligation Bonds of the City**

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 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 \$523,955,533 aggregate principal amount of its general obligation bonds outstanding as of June 2, 2009. In calculating the amount of general obligation bonds outstanding, there is an amount on deposit in the debt service and reserve fund dedicated to the payment of general obligation bonds that may be deducted from the above total. 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 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.

## Limited Tax Bonds of the City

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 June 2, 2009, the Audubon Commission, had \$2,415,000 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 hundredths (.44) mills *ad valorem* tax (.20 mills adjusted due to reassessment), and had \$31,963,572 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.

The City is authorized to issue limited tax bonds for the Downtown Development District (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 June 2, 2009, the City had outstanding \$6,125,000 of limited tax bonds for the Downtown Development District, maturing December 1, 2009 to December 1, 2015, inclusive, and December 1, 2019, 2022, and 2026, inclusive, 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 of the City of New Orleans, 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 a 6.40 mill *ad valorem* tax; payable solely from a 6.48 mill *ad valorem* tax; and payable solely from a 9.71 mill *ad valorem* tax. As of June 2, 2009, the City had \$22,710,000 aggregate principal amount of its limited tax bonds outstanding for the Drainage System secured by and payable solely from the proceeds of a 6.78 mill *ad valorem* tax.

As of June 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 of the City

As of June 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) \$29,490,000 of its Refunding Certificates of Indebtedness, Series 1998B (the "Series 1998B Certificates"), (b) \$7,800,000 of its Certificates of Indebtedness, Series 2000 (the "Series 2000 Certificates"), (c) \$134,160,000 Taxable Pension Revenue Bonds, Series 2000 (the "Series 2000 Revenue Bonds") and (d) \$1,230,000 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 June 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 which the City is authorized to levy for general purposes pursuant to the Louisiana Constitution of 1974, as amended.

### **Sales Tax Bonds of the City**

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 \$19,785,000 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 June 2, 2009, the Law Enforcement District of the Parish of Orleans, State of Louisiana had outstanding a total of \$31,825,000 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 June 2, 2004, the Parishwide School District of the Parish of Orleans, State of Louisiana had outstanding a total of \$131,560,000 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.

### **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.

### 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	50,359,000	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.



## BOARD OF LIQUIDATION, CITY DEBT

The Board of Liquidation was created by the Louisiana Legislature in 1880 and made a “body corporate,” separate and distinct from the City, in 1890. The Bonds are being sold through the Board of Liquidation, which also approves their issuance.

The Board is required to pay to the Board of Liquidation monthly from revenues of the Sewerage System amounts not less than one-twelfth of the annual payment of principal and interest on the Bonds, the Outstanding Parity Sewer Bonds, and any additional bonds payable from the revenues of the Sewerage System, and amounts required to be deposited to the Reserve Fund. The Board of Liquidation is empowered to compel, by appropriate judicial proceedings, the Board to fix sewerage rates which will produce net revenues sufficient to pay such debt service and to fund such reserve fund.

The Board of Liquidation 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 of Liquidation, 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)

## TAX EXEMPTION

### Interest on Bonds

The delivery of the Bonds is subject to the joint legal opinion of Foley & Judell, L.L.P., The Cantrell Law Firm, and The Godfrey Firm PLC, Co-Bond Counsel, New Orleans, Louisiana, to the effect that interest on the Bonds is excluded from gross income of the owners for federal income tax purposes under existing law. See Appendix “H.”

### Louisiana Taxes

The opinion of Co-Bond Counsel will state that under the Act, the Bonds are exempt from all taxation in Louisiana for state, parish, municipal or other local purposes.

## **Alternative Minimum Tax Consideration**

The Internal Revenue Code of 1986, as amended (the “Code”) imposes a 20% alternative minimum tax on the “alternative minimum taxable income” of a corporation, if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations.

Furthermore, a corporation's alternative minimum taxable income includes 75% of the amount by which a corporation's “adjusted current earnings” exceeds a corporation's alternative minimum taxable income. Interest on the Bonds will not be included in a corporation's “adjusted current earnings.”

## **General**

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations to be excluded from gross income for federal income tax purposes. These requirements 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.

The joint 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 exclusion from gross income of interest on the Bonds for federal income tax purposes 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. If the City should fail to comply with the covenants in the Bond Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become included in gross income from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to corporations with Subchapter C earnings and profits and passive investment income that exceeds 25% of their gross receipts, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. In addition, certain foreign corporations doing business in the United States may be subject to a “branch profits tax” on their effectively-connected earnings and profits. These categories of owners should consult their own tax advisors as to the applicability of these consequences.

## **Qualified Tax-Exempt Obligations (Non-Bank Deductibility)**

The Tax Reform Act of 1986 revised Section 265 of the Code so as to generally deny financial institutions 100% of the interest deductions that are allocable to tax-exempt obligations acquired after August 7, 1986; however, an exception is permitted under the Tax Reform Act of 1986 and the American Recovery and Reinvestment Tax Act of 2009 for certain qualified tax-exempt obligations which allows financial institutions to continue to treat the interest on such obligations as being subject to the 20% disallowance provision under prior law if the Issuer, together with certain subordinate entities, reasonably expects that it will not issue more than \$30,000,000 of governmental purpose bonds in a calendar year and designates such bonds as “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3)(B) of the Code. The Bonds are **not** designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3)(B) of the Code.

## Original Issue Discount

The Bonds maturing June 1, 2011 to June 1, 2019, inclusive, and June 1, 2024 and June 1, 2029 (collectively, the “OID Bonds”), are sold to their original owners at a discount. The difference between the initial public offering prices of the OID Bonds and their stated amounts constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes and which is exempt from all present State taxation subject to the caveats and provisions described herein.

Owners of OID Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such OID Bonds as of any date, including the date of disposition of an OID Bond and with respect to the state and local consequences of owning an OID Bond.

## LITIGATION

The Board is a defendant in a number of claims and lawsuits pending in various courts (both Federal and State).

According to the Board's Special Counsel, there are several cases which present a possible exposure to the Board. Four (4) cases – *Palmer, Aguilar, Gourgues, and Trabeaux* – result from suits filed by multiple plaintiffs in connection with alleged damages received due to odor emanating from the East Bank Sewer Treatment Plant. A settlement in the total amount of \$50,000 is pending in these cases.

(1) There is presently ongoing litigation for property damages resulting from certain work done in connection with the Southeast Louisiana (SELA) project. The Board, the U.S. Army Corps of Engineers, and others are working jointly on this project. Because the Board is insured for its public works projects, the insurance carrier for the Board is handling this litigation. Out of an abundance of caution, the Board has established reserves in excess of \$300,000 for all of the SELA litigation cases. Several claims have also been filed in connection with this work which have not yet resulted in legal action.

(2) The Board has other ongoing litigation in several areas and cases of claims for damages to property and for personal injuries, including the following cases:

- (a) *Hotel Partners, L.L.C. v. City of New Orleans et al* - Property damages, loss of rental income, reserves set at \$500,000;
- (b) *Walter Breaux, Jr., et al v. Angelo Iafrate Constr., LLC, et al* - Property damage due to roadway construction, reserved at \$500,000
- (c) *Joycelyn Sinclair Griffith, et al v. B&K Const. Co., et al* - Property damage due to roadway construction, reserved at \$500,000
- (d) *Hanover Ins. Co., et al v. B&K Const. Co., et al* - Property damages due to roadway construction, reserved at \$500,000
- (e) *Claudia Speicher v. B&K Const. Co., et al* - Property damages due to roadway construction, reserved at \$500,000
- (f) *Wilfred Luckie, et al v. B&K Const. Co., et al* - Property damages due to roadway construction, reserved at \$500,000
- (g) *Rotag Industrial Services, L.L.C. v. Veolia Water North America, et al* - Contract payment dispute, reserved of \$1,000,000;
- (h) *Eddie Hartson, et al v. AAA Sprinkler Service, et al* - Property damage due to fire and alleged inadequate water pressure, reserved at \$500,000;
- (i) *Linas Brock, et al v. Sewerage and Water Board of New Orleans, et al* - Wrongful death of driver, reserve set at \$500,000

(3) Hurricane Katrina caused levee breaches in many parts of the New Orleans area, resulting in devastating losses to residents and businesses located in the city of New Orleans. As a consequence, twenty-nine (29) class action lawsuits, to date, have been brought against many governmental agencies, contractors, consultants, and insurance companies, including the Sewerage and Water Board of New Orleans, in the United States District Court for the Eastern District of Louisiana. These consolidated cases are in their preliminary stages and the litigation process is expected to last several years. Although it is impossible, at this time, to assign any quantum value to these cases, the Sewerage and Water Board of New Orleans has asserted that it has no responsibility for the cause of the levee breaches.

There is additional ongoing litigation in several areas for damages to property and for personal injuries, none of which Special Counsel to the Board estimates to exceed \$300,000, and which he considers to be of questionable liability by the Board.

There is not now pending, or to the knowledge of the Counsel to the Board of Liquidation or the City Attorney or Special Counsel to the Board, any litigation or threat of litigation seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings of authority under which they are to be issued.

## **UNDERWRITING**

The Bonds are being purchased by Morgan Keegan & Company, Inc., of New Orleans, Louisiana, Merrill Lynch, Pierce, Fenner & Smith, Inc., of New York, New York, and Loop Capital Markets, LLC, of Chicago, Illinois (collectively, the “Underwriters”), at a purchase price of \$22,836,357.35 (representing the principal amount of the Bonds, less a net original issue discount of \$334,111.40, and less Underwriters’ discount of \$204,531.25).

As stated herein, the Bonds are being issued for the purpose of paying the outstanding principal amount of the Issuer’s 2006 BANs. The 2006 BANs were purchased when issued by Merrill Lynch, Pierce, Fenner & Smith, Inc., who is one of the participants in the underwriting syndicate for the Bonds and who currently maintains an ownership interest in the 2006 BANs.

## **LEGAL MATTERS**

The joint approving opinion of Foley & Judell, L.L.P., The Cantrell Law Firm and The Godfrey Firm PLC, Co-Bond Counsel, will be given with respect to the Bonds. Each 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 such opinion will be delivered to the Underwriters on the date of payment for and delivery of the Bonds. The forms of said legal opinions appear in Appendix “H” to this Official Statement. For additional information regarding the opinions of Co-Bond Counsel, see the preceding section titled “TAX EXEMPTION.” The compensation of Co-Bond Counsel is contingent upon the sale and delivery of the Bonds.

Certain other legal matters will be passed upon for the Board of Liquidation by its counsel, Lemle & Kelleher, L.L.P., New Orleans, Louisiana, and for the Underwriters by their counsel, Breazeale, Sachse & Wilson, L.L.P., Baton Rouge, Louisiana.

## **FINANCIAL STATEMENTS**

The combined financial statements of the Sewerage and Water Board of New Orleans, for the year ended December 31, 2008, included in APPENDIX “B” to this Official Statement, have been examined by Postlethwaite & Netterville, to the extent and for the periods indicated in their report thereon, dated as of June 12, 2009.

The audited financial statements of the Board of Liquidation for the year ended December 31, 2008, included by reference in APPENDIX “E” to this Official Statement, 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 included in this Official Statement have been included in reliance upon said reports.

## **CONTINUING DISCLOSURE**

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

Except as provided in the Continuing Disclosure Certificate, the Issuer has not undertaken to provide all information investors may desire to have in making decisions to hold, sell or buy the Bonds. The City has complied with substantially all of its prior undertakings under the Rule, particularly those undertakings relating to the Outstanding Parity Sewer Bonds, except for certain disclosure undertakings related to certain general fund indebtedness. The City has implemented procedures to ensure annual disclosure for such indebtedness.

## **FINANCIAL ADVISOR**

This Official Statement has been prepared under the direction of the Board of Liquidation and with the assistance of Public Financial Management, Inc., Atlanta, Georgia, employed by the Board of Liquidation 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 of Liquidation, 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.

## **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 “AAA,” “Aa2” and “AA,” respectively, to the Bonds, with the understanding that the Policy of Assured Guaranty will be issued concurrently with the delivery of 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. S&P initially rated the Bonds "BBB-," Moody's originally rated the Bonds "Baa3," and Fitch initially rated the Bonds "BBB-." 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.

On April 14, 2009, Moody's Investors Service ("Moody's") upgraded its rating on the Outstanding Parity Sewer Bonds to "Baa3" from "Ba1." On May 11, 2009, Standard & Poor's Public Finance Ratings, a division of The McGraw-Hill Companies, Inc. ("S&P"), upgraded its rating on the Outstanding Parity Sewer Bonds to "BBB-" from "B." On February 13, 2009, Fitch Ratings ("Fitch") upgraded its rating on the Outstanding Parity Sewer Bonds to "BBB-" from "B." On June 25, 2009, Fitch revised its outlook on the Outstanding Parity Sewer Bonds to "Stable" from "Positive."

### **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, the Board, or the Board of Liquidation, 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, telephone (404-876-1919).

The Board, the City, the Board of Liquidation, the Financial Advisor, 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 (January 1991 edition).

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

At the time of payment for and delivery of the Bonds, the City will furnish the Underwriters (1) a certificate signed by the Secretary of the Board of Liquidation 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 of Liquidation, and the revenue bonds issued for the Sewerage and Water Board 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, 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 of Liquidation believes to be reliable and the Board of

Liquidation 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 certificates of the Secretary of the Board of Liquidation and the Executive Director of the Sewerage and Water 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 (3) a certificate signed by the Executive Director of the Sewerage and Water Board to the effect that on the date of the Preliminary Official Statement, on the date of the Official Statement, on the date of the sale of the Bonds, and on the date of delivery thereof, (a) the descriptions and statements, including financial statements, of or pertaining to the Sewerage and Water Board contained in the Official Statement (other than the matters covered by the certificates of the Secretary of the Board of Liquidation and the Director of Finance of the City) were true and correct in all material respects, (b) insofar as the Sewerage and Water Board 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 Sewerage and Water Board since December 31, 2008, the date of the last audited financial statements of the Sewerage and Water Board appearing in the Official Statement.

## **MISCELLANEOUS**

This Official Statement has been deemed to be final by the City as of its date, within the meaning of the Rule of the Securities and Exchange Commission.

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

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

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

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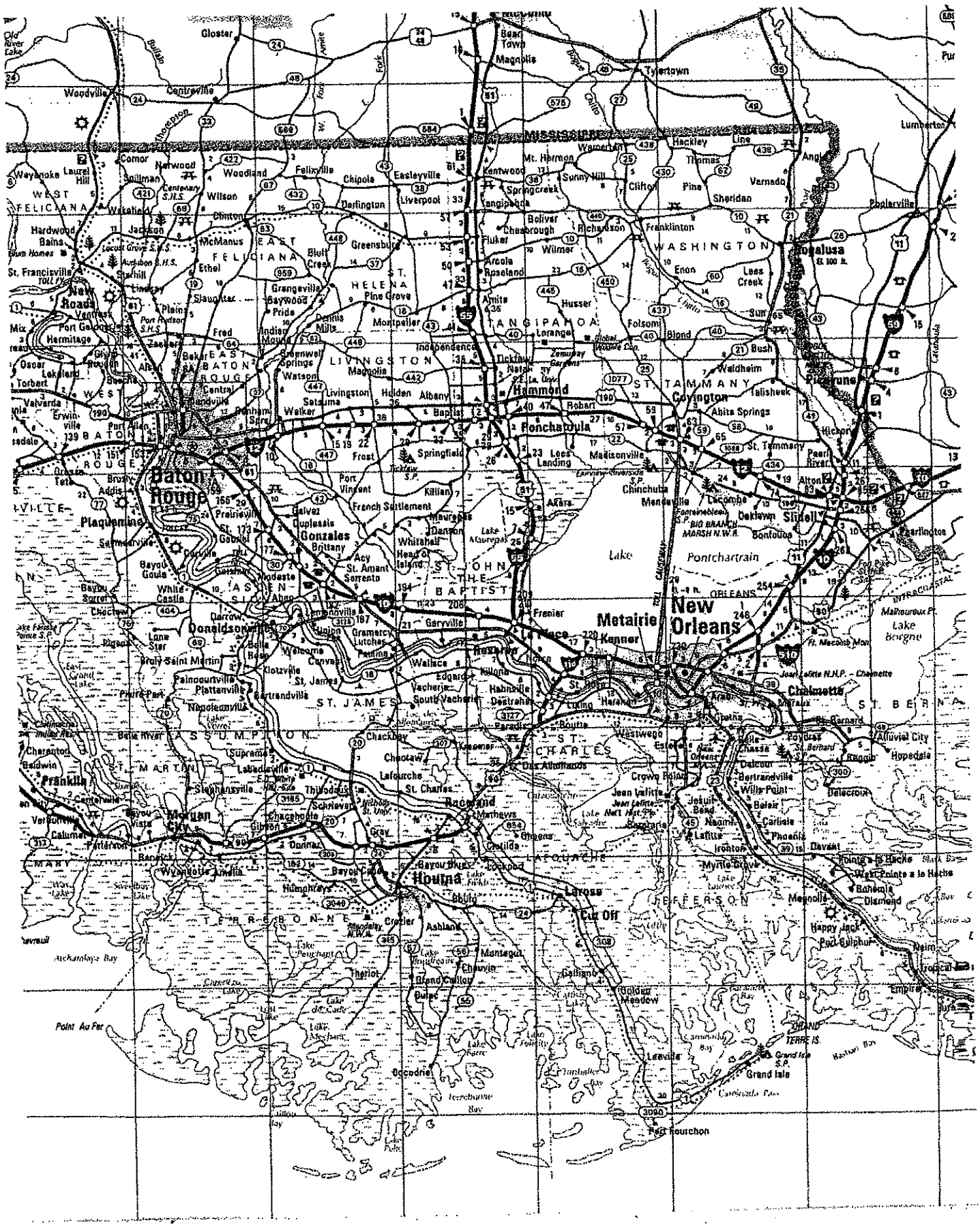
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**MAPS**



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"**

**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. The Sewerage and Water Board (the “Board”) is an independent board of 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**

	<b><u>1950</u></b>	<b><u>1960</u></b>	<b><u>1970</u></b>	<b><u>1980</u></b>	<b><u>1990</u></b>	<b><u>2000</u></b>	<b><u>2008</u></b>
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 2000-2009, and the assessed value of various categories of property for the years 2005-2009.

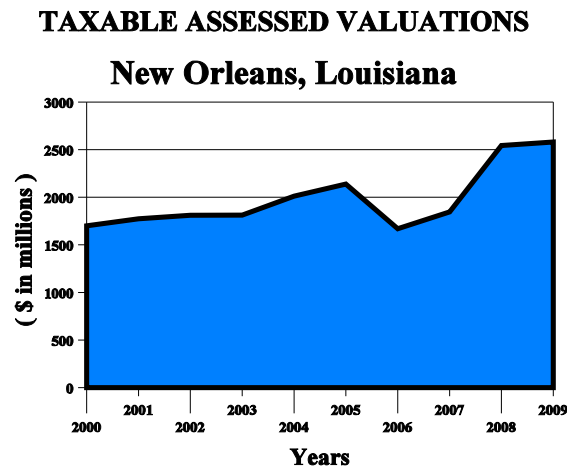
<u>Assessed Value of Property in the City of New Orleans</u>						
<u>Tax Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Property</u>	<u>Total Assessed Valuation</u>	<u>Less: Homestead Exemptions</u>	<u>Taxable Assessed Valuation</u>
2000	\$1,566,349,584	\$417,866,288	\$189,071,230	\$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

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

(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.

A general reappraisal of property was made by the Assessors for the 2008 tax roll. The assessed valuations had a significant increase.

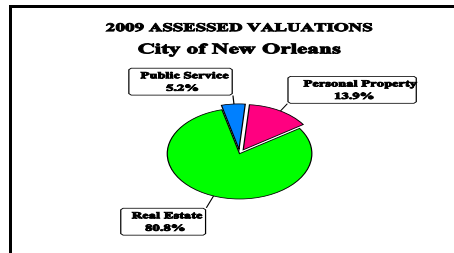




**Assessed Value by Classification**

<b><u>Classification</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>
Land	\$ 433,871,082	\$435,390,172	\$436,370,360	\$653,702,583	\$603,638,410
Improvements	1,533,504,594	996,990,135	1,214,578,360	1,643,800,132	1,749,565,970
Inventories	60,665,604	38,042,810	54,705,294	56,457,872	63,207,160
Machinery & Equipment	85,323,836	70,812,617	91,442,496	105,993,214	120,470,994
Business Furniture & Fixtures	57,944,811	44,254,037	46,935,223	47,860,522	51,981,500
Miscellaneous Personal Property	108,122,998	105,470,596	23,086,826	44,295,346	42,780,048
Watercraft	15,799,550	1,128,926	1,072,244	1,516,160	1,753,320
Credits	1,406,608	769,375	778,730	2,420,820	975,140
Financial Institutions	112,347,214	112,141,850	100,952,510	114,608,180	104,240,460
Leased Equipment	24,172,000	22,203,296	25,424,223	21,397,895	20,306,574
Public Service Corporations	<u>171,451,660</u>	<u>170,463,560</u>	<u>139,643,310</u>	<u>144,942,530</u>	<u>152,439,600</u>
	<u>\$2,604,609,957</u>	<u>\$1,997,667,374</u>	<u>\$2,134,989,576</u>	<u>\$2,836,995,254</u>	<u>\$2,911,359,176</u>

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



The following table shows the assessed valuation of taxable property in Orleans Parish for 2009, and the estimated fair market value applicable to each classification of property. The estimated fair market value is derived from the assessed valuation.

<b><u>Classification of Property</u></b>	<b><u>2009 Assessed Valuation</u></b>	<b><u>Constitutional Percentages of Market Value</u></b>	<b><u>2009 Estimated Market Value</u></b>
Land	\$603,638,410	10%	\$6,036,384,000
Improvements for Residential Purposes	1,278,725,180	10%	12,787,251,000
Public Service Properties	152,439,600	25%	609,758,400
Other Property	<u>876,555,986</u>	15%	<u>5,843,707,000</u>
Gross Values	\$2,911,359,176		\$25,277,100,000
Less: Homestead Exemptions	(330,225,920)	10%	(3,302,259,000)
Net Homestead Exemptions	<u>\$2,581,133,256</u>		<u>\$21,974,841,000</u>

Source: Department of Finance, City of New Orleans.

**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.

<u>Purpose</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	(\$ 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)	6.40	6.40	6.40	6.40	4.66	4.54
<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	12.76	12.76	12.76	12.76	--	--
<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.

Source: Department of Finance, City of New Orleans.

## 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 1997 through 2006, the amounts collected and the percentage of such levy that has been collected.

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

<b>Tax Year</b>	<b>Total Levied</b>	<b>Collected though December 31, 2006</b>		<b>Balance Outstanding at December 31, 2006</b>		<b>Collected During 2008 Amount</b>
		<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	
<i>Real Estate Taxes</i>						
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.

<i>Personal Property Taxes</i>						
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
1995	120,229	2007	134,114
1996	120,240	2008	147,029
1997	120,652	2009	157,439 (Original budget)



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 Board has never defaulted in the payment of its outstanding bonds.

### 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 12, 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

Included in Appendix "C" hereto is a summary of the budget of Board for the fiscal year ending December 31, 2009.

## Bank Balances

The City reported the following balances in its various funds and accounts as of April 30, 2009:

<u>Name of Fund</u>	<u>Balances</u>		
	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
General Fund	\$78,009,827	\$21,035,569	\$99,045,396
Capital Funds	8,337,298	185,766,735	194,104,033
Debt Service Fund		673,959	673,959
Agency Fund	8,833,237	7,546,655	16,379,892
Escrow Fund	562,903	30,667,283	31,230,186
Revolving Fund	1,414,036	71,198,134	72,612,170
Trust Funds		9,121,925	9,121,925
Other Funds	24,957,834	872,556	25,830,390
Clearing Funds	15,594,814	4,212,725	19,807,539
Totals	<u>\$137,709,949</u>	<u>\$331,095,541</u>	<u>\$468,805,490</u>

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

## Employment

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>	<u>Parish 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 May 2009 for Orleans Parish were reported as follows:  
(Updated information from Preliminary Official Statement).

<u>Month</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Parish Rate</u>	<u>State Rate</u>
05/09	111,496	102,416	9,080	8.1	6.3*

\* Seasonally adjusted rate was 6.6.

Source: Louisiana Workforce Commission. June 25, 2009.

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)**

	<b>Revised <u>April 2008</u></b>	<b>Revised <u>March 2009</u></b>	<b>Preliminary <u>April 2009</u></b>
Mining & Logging	8.5	8.6	8.6
Construction	32.5	33.1	32.5
Manufacturing	36.2	35.8	35.4
Trade, Transportation, & Utilities	108.9	108.5	108.2
Information	9.9	8.2	8.1
Financial Activities	26.9	25.7	25.5
Professional and Business Services	69.4	66.2	65.7
Education and Health Services	68.0	70.0	69.9
Leisure and Hospitality	68.5	68.9	68.8
Other Services	19.7	19.8	19.7
Government	<u>79.6</u>	<u>82.5</u>	<u>82.5</u>
Total	528.1	527.3	524.9

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:

<b><u>Employer</u></b>	<b><u>Type of Business</u></b>	<b><u>Approximate Number of Full-Time Local Employees</u></b>
Ochsner Health System	Health Care	9,107
Tulane University	Higher Education	4,410
Lockheed Martin Michoud Operations	Aerospace Structures and Applications	2,832
American Nursing Services Inc.	Nurse Supplemental Staffing	2,250
Children's Hospital	Health Care	1,917
Touro Infirmary	Health Care	1,835
Vinson Guard Service Inc.	Contract Security Guards/Investigators	1,636
Boh Bros. Construction Co. LLC	General Contractor	1,500
Whitney National Bank	Financial Services	1,399
University of New Orleans	Higher Education	1,334
USDA National Finance	Financial Services	1,300
Textron Marine & Land Systems	Manufacturing Armored Vehicles	1,165
Pan American Life Insurance	Insurance	796

Source: New Orleans CityBusiness 2007-2008 Book of Lists.

Note: This list does not include some major employers who declined to supply employment information. The list excludes governmental employers such as the City, the State and offices and all but one agency of the Federal Government, which comprise approximately 7% of the workforce.

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

**ANNUAL AVERAGE ORLEANS PARISH CONCURRENT ECONOMIC INDICATORS, 2004, 2005, 2006, 2007 AND THIRD QUARTER 2008** (All data not seasonally adjusted.)

<b>ORLEANS PARISH</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008:3</b>
<b>EMPLOYMENT</b>					
<b>Total</b>	<b>247,260</b>	<b>212,504</b>	<b>151,936</b>	<b>165,383</b>	<b>171,411</b>
Agriculture, Forestry, Fishing, and Hunting	68	52	50	60	58
Mining	4,217	4,146	3,706	3,659	3,962
Utilities	1,967	1,891	1,305	1,102	1,186
Construction	6,470	5,578	6,861	5,448	4,958
Manufacturing	7,711	7,793	6,837	7,795	7,587
Wholesale Trade	6,307	5,486	4,459	4,485	4,375
Retail Trade	19,103	15,344	9,611	11,342	12,611
Transportation & Warehousing	13,044	12,189	9,308	8,639	8,268
Information	5,253	4,979	3,454	3,571	4,527
Finance & Insurance	9,605	7,774	5,998	6,078	5,864
Real Estate and Rental and Leasing	4,116	3,514	2,130	2,293	2,166
Professional & Technical Services	15,035	13,872	13,518	13,222	13,696
Management of Companies and Enterprises	4,579	4,095	2,908	3,334	3,298
Administrative and Waste Services	15,712	13,547	10,518	10,975	9,741
Educational Services	30,808	25,215	16,241	18,496	19,428
Health Care and Social Services	34,565	28,199	14,276	17,421	20,334
Arts, Entertainment, and Recreation	8,538	7,544	5,161	6,189	6,570
Accommodation and Food Services	35,328	29,424	19,166	23,847	24,836
Other Services, except Public Administration	7,588	6,055	4,217	5,099	5,232
Public Administration	16,877	15,396	11,840	11,681	12,197
<b>EARNINGS (\$ in Thousands)</b>					
	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Quarterly</b>
<b>Total</b>	<b>\$9,118,298</b>	<b>\$8,470,308</b>	<b>\$7,261,652</b>	<b>\$7,965,849</b>	<b>\$2,007,877</b>
Agriculture, Forestry, Fishing, and Hunting	1,380	1,375	1,306	1,473	415
Mining	427,495	443,624	457,100	469,753	109,811
Utilities	113,848	122,322	77,139	64,362	17,742
Construction	250,580	235,765	364,819	282,102	65,358
Manufacturing	360,559	385,397	376,646	445,808	107,742
Wholesale Trade	313,427	299,954	283,106	291,028	68,331
Retail Trade	431,721	349,782	278,282	326,427	82,109
Transportation & Warehousing	560,893	559,647	497,155	483,659	104,040
Information	200,968	203,051	146,867	158,311	46,096
Finance & Insurance	499,247	475,347	418,783	456,188	104,277
Real Estate and Rental and Leasing	117,965	105,577	83,270	88,747	20,466
Professional & Technical Services	843,432	822,081	887,008	937,507	225,171
Management of Companies and Enterprises	290,504	308,997	203,179	282,016	61,376
Administrative and Waste Services	417,627	402,665	447,544	450,945	79,396
Educational Services	1,227,054	1,032,052	757,067	873,900	262,299
Health Care and Social Services	1,285,127	1,060,733	646,536	764,407	233,964
Arts, Entertainment, and Recreation	249,410	241,418	144,628	204,702	62,959
Accommodation and Food Services	608,450	537,469	426,677	537,149	131,325
Other Services, except Public Administration	175,721	152,210	126,176	148,243	38,797
Public Administration	732,494	716,437	622,339	676,065	182,772

Source: Louisiana Workforce Commission.



## 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 2008 (the "Analysis"). According to the Analysis, pricing patterns in Orleans Parish continue to be influenced by the extent of flooding damage existent within neighborhoods, the pace of recovery as evidenced by rebuilding and repopulation rates, the level of evident repairs to damaged infrastructure and restoration of support services and conveniences such as shopping locations, doctors' offices and branch banking facilities. The total number of units sold in New Orleans fell from 3,301 in 2006 to 3,137 in 2007 (or by 5.3%), while the total dollar volume of sales slipped 20.5% from \$748.4 million in 2006 to \$594.8 million in 2007. At the same time, the parish-wide average sales price fell from \$226,716 to \$189,610 or by 16.4% and the average time on the market extended 45.2% from 62 to 90 days. The Central New Orleans sector, encompassing numerous neighborhoods suffering severe flood damage, experienced the steepest price decline (9.5%) from \$262,938 to \$238,085. The 1,771 transactions recorded through the MLS system during this period included a wide range of properties in varying conditions - some newly renovated, some gutted but not renovated and some in pretty much the same condition they were in the day after the flood waters receded.

Pricing shifts from one neighborhood to the other have tended to be very erratic over the past two years and 2007 was no different. And, in all likelihood, this is a pattern that will continue for the foreseeable future as the City's rebuilding unfolds and as properties acquired through the Road Home Program are placed back into commerce and as blighted and adjudicated parcels are slowly redeveloped. In the City Park area, for example, the average price of a home sold during 2007 rose to \$173,624 (or by 1.8%) as compared to the prior year's average price change of

45.5% (from \$313,095 in 2005 to \$170,542 in 2006). In the nearby Carrollton neighborhood average prices in 2007 slipped by 13.8% to \$225,454 following last year's increase of 8.6%. Prices in the Uptown-Fountainbleau neighborhood rose 6.4% to \$460,398 during 2007, while in the Lower Garden District and the Claiborne-Tulane neighborhood average prices rose 13.2% (to \$425,691) and 27.6% (to \$137,579) respectively.

Price resistance and extended marketing times for higher valued homes contributed to an overall average decline of 0.25% in the West Bank Orleans sector of the market. Although average prices slipped from \$213,884 to \$213,343 and days on the market extended 47.4% (from 65 to 96), the English Turn neighborhood accounted for the majority of this softening. This area is one of the highest average home price sectors of the New Orleans market at \$545,045. This represents a decrease of just under 8.8% from 2006's average of \$597,523. In the Lakewood neighborhood of West Bank Orleans, the average price of a home fell by just under 3.2% (to \$178,918), while in the Algiers neighborhood, average prices edged up by 2.9% (to \$161,882). These two neighborhoods remain relatively affordable areas within the New Orleans region, particularly for those with jobs on the West Bank of either Orleans or Jefferson Parishes.

The Eastern New Orleans sector of the market continued to rebound through 2007 and is generally characterized by increasing levels of unit and dollar volumes of sales, rising average home prices and marketing times that have not extended as long as many neighborhoods throughout the region experienced during the year. The number of units sold during 2007 more nearly doubled (from 462 to 904) while the aggregate dollar volume of sales rose from \$36.8 Million in 2006 to \$74.6 million in 2007. At the same time, the sector's average home price rose 3.5% (from \$79,731 to \$82,513) and average time on the market extended from 60 to 80 days or by about one-third. Four of the six neighborhoods in Eastern New Orleans experienced average price appreciation ranging from 3.7% in Lake Forest (to \$107,827) to 20.8% in the Haynes Boulevard area (from \$53,574 in 2006 to \$64,700 in 2007).

## 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

Source: *Annual Financial and Statistical Reports*, Louisiana Department of Education.

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:

<u>Institution</u>	<u>Fall Enrollment</u>					<u>Fall Enrollment</u>
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
University of New Orleans	17,421	17,360	17,350	11,747	11,363	11,428
Tulane University	12,759	12,976	13,214	10,606	10,333	11,095
Loyola University New Orleans	5,903	5,900	5,500	4,874	4,585	4,626
Southern University at New Orleans	3,300	3,595	3,634	2,314	2,634	3,105
Xavier University of Louisiana	3,994	3,913	4,121	3,012	3,103	3,232
Dillard University	2,225	2,312	1,953	n/a	957	851
Our Lady of Holy Cross College	<u>1,379</u>	<u>1,456</u>	<u>1,452</u>	<u>1,226</u>	<u>1,259</u>	<u>1,301</u>
	<u>46,981</u>	<u>47,512</u>	<u>47,224</u>	<u>33,779</u>	<u>34,234</u>	<u>35,638</u>

Sources: Baton Rouge Business Report. 2008 figures from institutions.

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 2008 enrollment of 14,450, the LSU Health Sciences Center-New Orleans, with a 2008 Fall enrollment of 2,435, 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.

## **GENERAL REMARKS**

**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

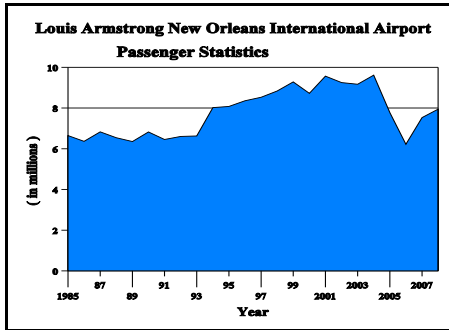
and land based **casinos** located in the area. On November 14<sup>th</sup>, 2008, Churchill Downs Inc., owner of the Fair Grounds Race Course, opened its new facility with 606 reel and video games, after operating in a temporary facility for 14 months. This was set to be the first day of racing of the 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.

**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 February 1, 2009, the Airport offered 120 scheduled daily departures to 33 airports across the United States.



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 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><b>28,830,902</b></u>	<u><b>31,432,511</b></u>	<u><b>25,212,586</b></u>	<u><b>29,440,604</b></u>	<u><b>27,372,488</b></u>	<u><b>26,281,495</b></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	<u>28,260,700</u>	<u>2.44%</u>
<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	<u>100,000,000</u>	<u>8.62%</u>
<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.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2008**

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# SEWERAGE AND WATER BOARD OF NEW ORLEANS

New Orleans, Louisiana

Comprehensive Annual Financial Report  
For The Year Ended  
December 31, 2008

## MISSION STATEMENT

To be one of the best and most respected suppliers of sewer, water, and drainage service in the south-central United States by providing quality, reliable, and cost effective service to our Customers while maintaining fair and ethical treatment of our well-trained and highly motivated employees.

## OUR VALUE

Open, honest, communication  
Trust and respect for each other

Offering and encouraging education and opportunity to employees  
Fostering enthusiasm among employees through example of the  
managers/supervisors

Providing direction and planning and encouraging interdepartment  
teamwork

Assuring reliability in providing services to customers

## KEY RESULT AREAS

Customer Satisfaction  
Cost Effectiveness  
Employee Satisfaction  
Capabilities Improvement through Training

Prepared by:  
Finance Administration  
Ethel H. Williams  
Utility Financial Administrator

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report

Year ended December 31, 2008

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"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21<sup>ST</sup> CENTURY"

# Sewerage & Water Board of New Orleans

G. RAY MAGIN, President  
TOMMIE A. VASSEL, President Pro-Tem  
NEW ORLEANS, LA. 70165 • 504-522-2857 OR 524-4127  
www.swbncb.org

June 12, 2009

## TO: THE HONORABLE PRESIDENT AND MEMBERS OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

We are pleased to present the Comprehensive Annual Financial Report of the Sewerage and Water Board of New Orleans for the year ended December 31, 2008. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest solely with the Sewerage and Water Board. It is our belief that the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position, results of operations, and cash flows of the Board's Enterprise and Pension Trust Funds. All disclosures necessary to enable the reader to gain an understanding of the Sewerage and Water Board's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four (4) major sections: Introductory, Financial, Statistical and Supplemental. The Introductory Section includes the transmittal letter and listings of the officers, members and committees of the Board of Directors. This section also includes the Board's organizational chart and a reproduction of the 2007 Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association. The Financial Section includes the independent auditors' report, along with the basic financial statements, required supplementary information, accompanying notes and other supplementary information. The individual fund statements for the Enterprise and Pension Trust Funds are included. Required supplementary information includes management's discussion and analysis and a schedule of pension funding progress and contributions. The Statistical Section includes selected financial and demographic information, generally in a multi-year presentation. Additional information relative to the Sewerage and Water Board's operations is included in a Supplemental Section.

The independent audit of the financial statements of the Sewerage and Water Board was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Sewerage and Water Board's separately issued Single Audit Report.

The Sewerage and Water Board meets the criteria for classification as an "other stand-alone government" as described in Governmental Accounting Standards Board Statement No. 14. The reporting entity includes the Enterprise Fund and the Pension Trust Fund. The Enterprise Fund is composed of three (3) independent systems: Water, Sewerage and Drainage. The Board adopted Governmental Accounting Standards Board Statement No. 34 - Basic Financial Statements - Management's Discussion and Analysis for State and Local Government in 2002. The Board adopted Governmental Accounting Standards Board Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions in 2007.

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Members of the Board: ALAN ARNOLD • JACQUES YVON CLARISON • BENJAMIN L. EDWARDS, SR. • ARNIE FRELKOW • C. RAY MAGIN • FLORENCE W. SCHÖRNSTEIN • KAREN HENLEY-RAVYOND • TOMMIE A. VASSEL • CYNTHIA WILLARD-LEWIS • GERALD WILLIAMS, PhD • LONCE F. WRIGHT  
*"No Staff Opportunity Employed"*

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Sewerage and Water Board's MD&A can be found immediately following the report of the independent auditors.

Sewerage and Water Board of New Orleans is a political subdivision created in 1899 by Louisiana State Statutes. The Board is charged with construction, operation, and maintenance of Water, Sewerage and Drainage Systems for the City of New Orleans. By agreement, approximately 2,550 acres of adjoining Jefferson Parish is served by the Board's drainage facilities for which Jefferson Parish pays its pro rata share of expenses. In addition, the Board provides sewerage services to Jefferson Parish businesses the majority of which are restaurants located in the West End neighborhood near the Lakefront. Additionally, the Board provides water and sewerage services to the Plaquemines Parish Industrial Park. The Sewerage and Water Board was established as a "special board" operating independently of city government. The Mayor of New Orleans serves as the President of the Board of Directors which is composed of three (3) representatives of the City Council, two (2) representatives of the Board of Liquidation, City Debt and seven (7) appointees as designated by the State Statutes.

### ECONOMIC CONDITION AND OUTLOOK

According to the March 2009 Metropolitan Report, Economic Indicators for the New Orleans Area prepared by the Division of Business and Economic Research, University of New Orleans, in 2008, New Orleans was still in recovery mode from Katrina lows which kept it moving up while the U.S. lost ground as a whole. 12,600 jobs (2.5%) were added to the New Orleans metropolitan area when comparing the annual averages of 2008 and 2007.

Energy prices were extremely volatile in 2008. They reached record highs in the summer and then plunged in the autumn.

According to the report, wages in the New Orleans region are still up after their Katrina jump. In the first half of 2008, wages grew 3.2%. They are up 28% over pre-Katrina levels.

Specifically, erosion in gains are starting to show up. Durable Goods Manufacturing jobs were down 1% by the end of the year. However this is still much better than the U.S. where in the same period, the same sector was down close to 6%. Retail sales jobs were down 3.1% locally and this is similar to the U.S. trend during that time. During that same time frame, accommodation and construction held onto gains while their national counterparts showed heavy losses.

However, as the nation entered the recession in late 2007, high oil prices and the post-Katrina recovery left the New Orleans area positioned on a better base. Plus Katrina removed housing stock, labor force, jobs, and companies. If there had been any excess in any of those things in the New Orleans area, they were involuntarily removed. The higher wages due to the tight labor market and insurance and Road Home payments combined to result in the New Orleans per capita income moving above the national average. This provides money flowing through the local economy and helps keep stores and restaurants going.

It can be seen that residential construction activity slowed in 2008. In 2007, non-residential construction activity dominated the local market. This category includes the construction of commercial buildings including refineries. However, in 2008, non-building construction - that is, infrastructure construction - roads, bridges and levees played an enormous part, according to the report.

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Orleans had a very strong first half, with visitation at mid-year 2008 up by 14.2% over the first half of 2007. Visitation in the second half of the year is typical slow months of July, August and December. However, tourism activity slowed more than usual in the second half of 2008. New Orleans visitation was roughly at 75% of its pre-Katrina levels.

According to the report, taxable sales in total have remained above pre-Katrina levels. Damaged parishes such as Orleans and St. Bernard continue to climb, while the recovery boom seen in sales in Jefferson and St. Tammany parishes is moderating. When combining the metro areas, total taxable sales in 2008 beat those in 2007 by 2.7%. This is definitely counter the national trend. Employment in retail trade was up slightly (0.4%) for the year but erosion probably brought on by national trends of tightening by consumers slowed an erosion of employment being down 3% by year end.

#### MAJOR INITIATIVES

Improvements completed over the previous year at the plant are as follows:

##### Water

###### The Carrollton Plant

- The anhydrous ammonia tank has been rehabilitated.
- G4 sedimentation basin has been rehabilitated and is ready to be put back in service.
- G3 sedimentation basin has been cleaned and is currently having rate and sludge line components installed.
- Design for a new disinfection storage and feed facility is almost complete which includes a second chlorine and ammonia addition point for an emergency chlorine addition point.
- Overhaul of sedimentation basin G3 is currently under way. A new flocculation drive system is to be installed. Also, improvements to the mono-rake system will increase the efficiency of sludge removal from the sedimentation basin.
- Head loss pressure cells are to be added to the filters to monitor pressure loss through the filters. Currently, approximately 10 percent of the filters have been retrofitted with head loss pressure cells.
- A hydraulic leak between sedimentation basin I4 and chlorine contact basin C5 is to be investigated and rectified; however, this cannot be done until the other sedimentation basins are back in service. As a consequence of the leakage, chlorine contact basins C5/C6 are out of service.
- Improvements to flow measuring system.
- A second sludge line to the river is currently in the design phase. This will add redundancy and flexibility to the operations.
- Repairs to the I4 flocculation equipment and mono-rake system.

###### The Algiers Plant

- The facility has purchased a sodium hypochlorite generation system, which is currently being installed.

##### Water Pumping & Power

- At present, total capacity of the plant is 41 MWs as Turbine 4 (20 MW) is undergoing repairs but at a reduced capacity of 12 MW.

- A new Boiler No. 2 is currently being installed. Once turbine 4 and the new boiler are in service the plant will be at the original potential capacity of 61 MW.
- Older systems repaired since the hurricane include the condenser tanks, turbine No. 5 oil system, and the motor control center.
- Additional work at the power plant includes a new distribution pipe installation at the power plant.
- Currently the local power company is designing a new high-pressure natural gas line that will allow the power plant to eliminate the need for the gas compressors located at the power plant.
- Of the two steam driven distribution pumps located at the power plant, one is in the process of being reconditioned, and the final one is scheduled to be reconditioned.
- Raw water pumps at the New River Station have been returned to service.
- All intake and effluent pumping stations are currently operational.
- Typically, the Claiborne pumping station and the two steam driven turbine pumps are adequate for pumping, with the Ponola Station serving as a backup. However, due to a pump out of service at the Claiborne station system, the Ponola pumping station is currently in operation.
- The Corps of Engineers is considering a new 15 MW, 60-Hertz gas turbine generator to supplement the current power available from Entergy to serve the plant and the raw water intake stations.
- The Corps of Engineers is in the planning stages of adding a levee system around the Carrollton Plant, which would protect the power plant and other plant assets during a flood event.

##### Water Distribution System

- The Board, with the aid of contractors, is currently conducting a block-by-block evaluation of the piping system to detect leaks.
- The Board is exploring engineering approaches to isolate sections of the distribution network for better leak detection and has planned an evaluation of a leak detection system over a small area. In fact, bids have been opened to install the new leak detection system.
- Over 23,000 leaks have been fixed between July of 2007 and May of 2008.
- The Networks Department is also coordinating efforts with the local fire Department for checking, operation, painting and lubricating the fire hydrants with the Board supplying the plan and gress to the contractor. All the hydrants in the City have been assigned an identification number and have been mapped. The program was started four years ago and requires the 16,500 fire hydrants in the database to be inspected every two years.

##### Sewerage The East Bank Wastewater Treatment Plant

- All buildings have been repaired except a new control room is under construction and should be completed in six months. The administration building containing the laboratory was destroyed by floodwaters and demolished. The lab functions are being done off site and the staff is occupying trailers.
- Most equipment has been repaired and is operational. Final clarifier No. 4 is currently under repair and will be finished within six months. Cracks in the deck of the activated sludge tanks are in the process of repair, which will be reimbursed by FEMA.
- At present an RFP has been released to purchase and install an oxygen production facility at the plant. Oxygen is currently trucked in at significant cost and the new oxygen plant will

reduce the cost of oxygen to the plant. The plant uses approximately 20 tons of oxygen a day.

- Two new belt filter presses with a gravity zone are to be added to the plant. Two existing belt presses will continue to be used.
- At present the influent TSS and BOD concentration are approximately 120 milligrams per liter (mg/L) and 90 mg/L, respectively. This is significantly lower than normal concentrations, which is probably the result of a significant increase in the amount of inflow in filtration in the collection system following the hurricanes requiring treatment at the plant. Effluent quality has been adequate over the year.

#### The West Bank Wastewater Treatment Plant

- New variable frequency drives have been installed for the effluent pumps.
- A new solids treatment building and belt filter press is currently at 30% level of design for the plant.
- A new sodium hypochlorite system including tanks and pumps is at 50% level of design.
- A new chemical (BioCalc) is used instead of hydrogen peroxide for odor control in the collection system. A significant benefit has been realized in the effluent quality of the trickling filter plant since the new chemical does not adversely impact the biofilm in the trickling filter, although the chemical cost is approximately 20% higher than using hydrogen peroxide.

#### The Sewage Pumping and Lift Stations

- Initially, the Board's rehabilitation of the pumps included checking and greasing bearings, cleaning motors with steam, and then baking them. This method was unsuccessful and resulted in many pump motor and bearing failures.
- As a result, the Board changed the rehabilitation process to a three-step process that includes electrical repair, bearing repair, and flood proofing of stations. About 40% of the electrical work has been completed.
- Bearing repair work has not been initiated at most stations. The final phase of flood proofing has not started to date.
- FEMA funding will pay for the repairs to the sewerage stations. In order to receive these funds, the stations have to be repaired to pre-Katrina conditions. Most stations are located below ground and the rehabilitated stations will be vulnerable to flooding. The Board wishes to elevate most of the stations so that this does not occur again.
- The Board is currently in negotiations with FEMA to elevate the stations with the funds that will be provided by this agency. This would ensure continuous operations of all stations during flooding events. Some of the buildings also suffered structural damage. Repair work on buildings is almost complete.
- The Board has issued emergency bids for generators, portable pumps, automation and SCADA panels for the damaged stations, the costs of which will be reimbursed by FEMA.
- Maintenance personnel estimates about 5 years will be required to have all the pumping stations back online.
- The estimated cost for all sewage pumping station repairs is approximately \$80 million, which is paid for by FEMA.
- It is important to note that FEMA will only be paying for damage that was due to Katrina.
- As contractors are repairing mechanical equipment stations, more problems are being uncovered that are potentially due to the Board's ability to maintain the stations before the storm.

#### **Sewer Collection System:**

- Phase I of Consultant Montgomery Watson Harza has inspected 50 percent of the sewer lines and has cleaned 15 percent of the collection system.
- A phase II assessment will begin shortly to finish the inspections.
- The Board has plans to clean and inspect 25 to 30 percent of the sewer lines with closed-circuit television.
- All the manholes have also been inspected.
- The inspections completed to date have primarily focused on areas that were under water after the hurricane. The West Bank and the Uplawn areas have yet to be inspected, but the Board personnel consider the areas inspected to be a good representation of the remaining sections.
- The projected costs for repairs to the water distribution system are \$10 to \$20 million.
- The Board has also made an estimated payment of \$3 million for the 50 percent of the sewer system inspected.
- The estimated time frame for repairing the distribution network is 2 to 3 years.
- The sewer system is expected to take approximately 5 years to get back to pre-Katrina condition.

#### **Drainages:**

- **Pump Stations:** The Board also has responsibility for operating and maintaining the 24 drainage and 12 underpass pumping stations in New Orleans. The drainage stations suffered significant damage from the floodwaters. Most motors have been rewound and are in service within the drainage stations.
- The CORPS is providing 100 percent funding, valued at \$40 million, for electrical, mechanical and structural upgrades to the drainage stations. This does not include needed work at the underpass drainage stations.
- The CORPS is providing 100 percent funding, valued at \$205 million, for storm proofing of drainage pump stations.

A five-year Capital Program budget of \$2,229,524,000 was approved by Sewerage and Water Board in December 2008. The approved amount for Drainage projects was \$1,414,692,000 of that amount; \$814,842,000 is participation by others.

#### **FINANCIAL INFORMATION**

Management of the Sewerage and Water Board is responsible for designing and maintaining an internal control structure sufficient to safeguard the Board's assets against loss, theft or misuse and to ensure the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these goals are met. The concept of reasonable assurance recognizes that (1) the cost of internal controls should not exceed the benefits expected to be derived and (2) the valuation of costs and benefits require the exercise of judgment by management.

The Enterprise Fund's water and sewerage systems are financed by user fees. The unique characteristics of the services provided by the drainage system of New Orleans requires the use of Enterprise Fund accounting in order to obtain a meaningful measure of the cost of providing the services and capital maintenance. On March 21, 2007, the Board approved a series of five annual water rate increases beginning with the first increase on November 1, 2007 followed by four additional increases to be implemented on July 1 of each year, 2008 through 2011. The New Orleans City Council approved the annual water rate increases on October 4, 2007.

Revenues from the three- (3) mill, six- (6) mill and nine- (9) mill ad valorem taxes, which are restricted exclusively for drainage services, finance the Drainage System. These ad valorem taxes are the operating revenues of the drainage system.

**Budgetary Control:** The Sewerage and Water Board maintains an internal budgetary control through the preparation and monitoring of an annual operating and capital budget for the Water, Sewerage, and Drainage funds. Monthly budget reports are provided to department level managers to assist them in their fiscal responsibilities.

**General Operations:** The change in net assets for the year ended December 31, 2008 was approximately a decrease of \$50.1 million or 442.9% less than the change in net assets for the year ended December 31, 2007. The Board's total operating revenues decreased by 0.6% to approximately \$109.0 million, and total operating expenses increased 7.0% to approximately \$171.2 million. Operating revenues decreased primarily as a result of a decline in volume due to decreases in the customer base following Hurricane Katrina offset by an increase in water rates. Property taxes increased by \$3.0 million in 2008 due to an increase in assessed value offset by a decrease in the millage. Operating expenses increased primarily as a result of a pay increase and increases in energy costs.

**Pension Trust Fund Operations:** The contributions to the Pension Trust Funds are based on actuarial valuations.

**Debt Administration:** The Board of Liquidation, City Debt has responsibility for the administration of the Board's debt. Drainage debt services payments are supported by ad valorem tax collections, while user fees are used to provide debt services for the Water and Sewerage System bonds. The Board's Sewerage and Water and Drainage bonds outstanding as of December 31, 2008 totaled \$256,255,000.

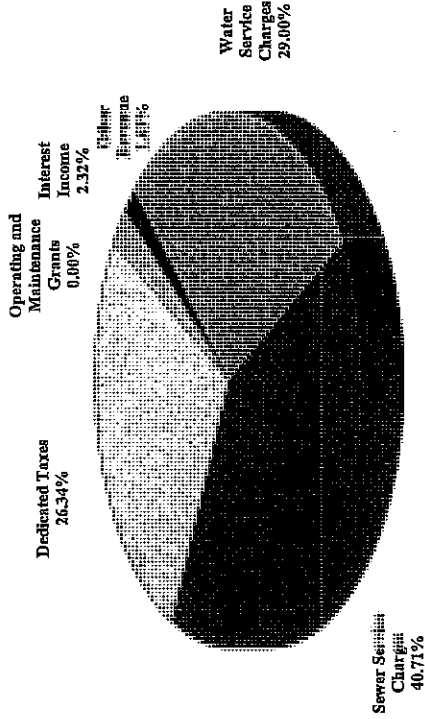
**Cash Management:** Cash temporarily idle in the Enterprise Fund during the year was invested in commercial bank certificates of deposit, repurchase agreements, and U.S. Treasury Bills. Effective, January 1998, investments were recorded at fair value. Investment income on these idle funds was \$3,563,119.

**Risk Management:** The Sewerage and Water Board uses both insured and retained risk programs to manage exposures to loss. The Board administers self-insured programs for property and automobile liability exposures. Also, retained risk programs for general liability and workers' compensation losses and claims are administered by the Board.

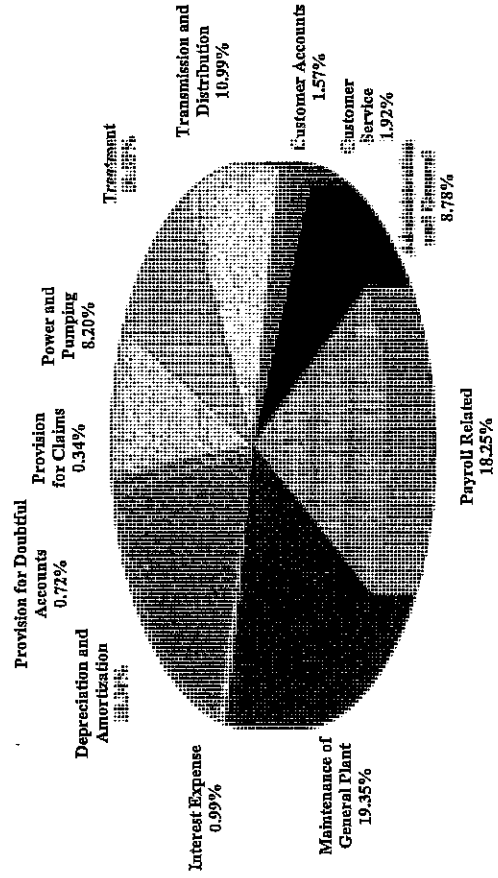
**Other Information:** State Statutes and covenants governing outstanding bond issues require an annual audit of the Board's financial records by independent certified public accountants. The accounting firms of Postlethwaite & Netterville was selected by the Board to perform this audit. The independent auditors' report on the basic financial statements is included in the Financial Section of the report. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sewerage and Water Board of New Orleans for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

## 2008 Revenues



## 2008 Expenses



A Certificate of Achievement is valid for a period of one (1) year only. The Sewerage and Water Board of New Orleans has received a Certificate of Achievement for twenty-five (25) years. We believe our current report continues to conform to the Certification of Achievement Program requirements and we are submitting it to GFOA.

**Acknowledgments:** The Comprehensive Annual Financial Report was prepared by the dedicated staff of the Director's Office, particularly the Finance Administration and Printing Department. Additionally, we realize that the cooperation of each Department of the Sewerage & Water Board of New Orleans is essential, and we appreciate the willingness to work together toward this endeavor.

We also wish to thank the members of the Board for their interest and support in our efforts to achieve greater fiscal efficiency and accountability.

Yours very truly,

*Marcia A. St. Martin*  
 Marcia A. St. Martin  
 Executive Director

*Eric H. Williams*  
 Eric H. Williams  
 Financial Administrator

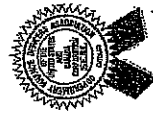
**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Sewerage and Water Board  
of New Orleans, Louisiana**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Paul H. Post*

President

*William R. Egan*

Executive Director

**MEMBERS OF  
SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
December 31, 2008

---

C. RAY NAGIN ..... Mayor

ALAN C. ARONLD ..... Member- Board of Liquidation, City Debt

JACQUELYN CLARKSON ..... Councilwoman-At-Large

BENJAMIN L. EDWARD, SR. .... At-Large

ARNIE FIELKOW ..... Councilman-At-Large

KAREN HENLEY-RAYMOND ..... Councilwoman-At-Large

FLORENCE W. SCHORNSTEIN..... Councilwoman District B

TOMMIE VASSEL ..... Councilmanic District C

CYNTHIA WILLARD-LEWIS..... Councilmanic District E

DR. GERALD WILLIAMS ..... Member-Board of Liquidation-City Debt

LOYCE P. WRIGHT..... At-Large Appointment

**OFFICERS  
of the  
SEWERAGE AND WATER BOARD  
OF NEW ORLEANS**

---

December 31, 2008

C. RAY NAGIN ..... Mayor, City of New Orleans

TOMMIE A. VASSEL ..... President Pro Tem

MARCIA A. ST. MARTIN ..... Executive Director

VACANT ..... Deputy Director

JOSEPH BECKER ..... General Superintendent

VACANT ..... Deputy General Superintendent

GERARD A. VICTOR ..... Special Counsel



COMMITTEES  
OF THE  
SEWERAGE AND WATER BOARD  
OF  
NEW ORLEANS  
December 31, 2008

EXECUTIVE COMMITTEE  
TOMMIE VASSEL - Chairperson

LOYCE P. WRIGHT

FLORENCE W. SCHORNSTEIN

FINANCE AND OPERATIONS COMMITTEE  
LOYCE P. WRIGHT - Chairperson

FLORENCE W. SCHORNSTEIN  
JACQUELYN CLARKSON

KAREN HENLEY-RAYMOND  
DR. GERALD WILLIAMS

INFRASTRUCTURE COMMITTEE  
FLORENCE W. SCHORNSTEIN - Chairperson

BENJAMIN EDWARDS

KAREN HENLEY-RAYMOND

CYNTHIA WILLARD-LEWIS

PLUMBING COMMITTEE  
ARNE FELKOW-Chairperson

CYNTHIA WILLARD-LEWIS

ALAN C. ARNOLD

BENJAMIN EDWARDS

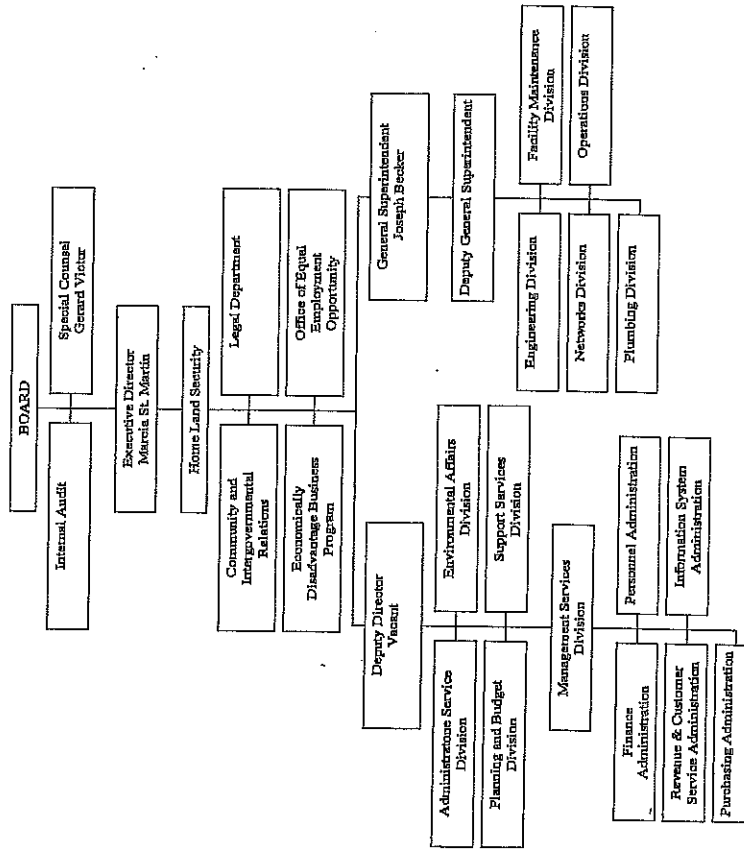
PENSION COMMITTEE  
TOMMIE A. VASSEL - Chairperson

ARNE FELKOW  
CYNTHIA WILLARD-LEWIS  
DR. GERALD WILLIAMS

PATRICIA W. CAMPBELL  
WARREN I. LAWRENCE  
DEKTER JOSEPH

JOHN WILSON  
MICHAEL CONEERY & COMPANY, ACTUARY

SEWERAGE AND WATER BOARD OF NEW ORLEANS 2008  
ORGANIZATIONAL CHART



THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

DIVISION HEADS OF DEPUTY DIRECTOR

December 31, 2008

VACANT  
DEPUTY DIRECTOR

ADMINISTRATIVE SERVICES DIVISION  
VACANT

ENVIRONMENTAL AFFAIRS DIVISION  
GORDON C. AUSTIN

MANAGEMENT SERVICES DIVISION  
VACANT

PLANNING AND BUDGET DIVISION  
DEXTER JOSEPH

SUPPORT SERVICES DIVISION  
LINDA PAISANT

THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

DIVISION HEADS OF GENERAL SUPERINTENDENT

December 31, 2008

JOSEPH BECKER  
GENERAL SUPERINTENDENT

VACANT  
DEPUTY GENERAL SUPERINTENDENT

ENGINEERING DIVISION  
JOHN (JACK) HUERKAMP

FACILITY MAINTENANCE DIVISION  
GABE SINNORRELLI

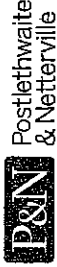
NETWORKS DIVISION  
RUDY AUGUST

OPERATIONS DIVISION  
BOB MOEINIAN

PLUMBING DIVISION  
JAMES J. ARNOLD

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**THE SEWERAGE AND WATER BOARD OF NEW ORLEANS  
DEPARTMENT HEADS OF MANAGEMENT SERVICES DIRECTOR**

December 31, 2008

MANAGEMENT SERVICES DIRECTOR

FINANCE ADMINISTRATION

ETHEL H. WILLIAMS

INFORMATION SYSTEMS ADMINISTRATION

MELINDA NELSON

PERSONNEL ADMINISTRATION

KEVIN F. WALSH

PURCHASING ADMINISTRATION

WILLIE M. MINGO JR.

REVENUE AND CUSTOMER SERVICES ADMINISTRATION

JACQUELINE K. SHINE

**INDEPENDENT AUDITORS' REPORT**

Members of the Board  
Sewerage and Water Board of New Orleans:

We have audited the basic financial statements of the Sewerage and Water Board of New Orleans as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These basic financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and 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 Sewerage and Water Board's internal control over financial reporting. Accordingly, we express no such opinion. 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 audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Sewerage and Water Board of New Orleans as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the Schedules of Funding Progress and Employer Contributions as listed on the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report, dated June 12, 2009, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 audits.

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30th Floor - Energy Centre • 1100 Poydras Street • New Orleans, LA 70163-3000 • Tel: 504.589.2978  
2324 Severn Avenue • Metairie, LA 70001 • Tel: 504.837.5990 • Fax: 504.834.3609

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**SEWERAGE & WATER BOARD OF NEW ORLEANS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

This section of the Sewerage & Water Board of New Orleans' (the Board) annual financial report presents a discussion and analysis of the Board's financial performance during the fiscal year that ended December 31, 2008. Please read it in conjunction with the Board's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

Recovery from Hurricane Katrina and the resulting flooding continued to be the most significant event to occur during 2008. Repairs to water, sewerage, and drainage systems, building repairs, and vehicle and equipment repairs continued throughout 2008.

**Enterprise Fund**

The major highlights in the Board's enterprise fund were as follows:

**2008**

- The Board's additions to its major systems approximated \$76.1 million.
- The SELA project which is a major upgrade to the drainage system by the Corps of Engineers continued to be postponed during 2008 with no additions to work in progress recorded during the year.
- Federal Emergency Management Agency (FEMA) Disaster Public Assistance grants expended totaled \$16.0 million, of which approximately \$16.0 million were capital contributions and approximately \$25,000 were for operating and maintenance expenses.

**2007**

- The Board's additions to its major systems approximated \$91.4 million.
- The SELA project which is a major upgrade to the drainage system by the Corps of Engineers continued to be postponed during 2007 with no additions to work in progress recorded during the year.
- Federal Emergency Management Agency (FEMA) Disaster Public Assistance grants expended totaled \$69.2 million, of which \$67.4 million were capital contributions and \$1.8 million were for operating and maintenance expenses.

Our audits were made for the purpose of forming an opinion on the 2008 and 2007 basic financial statements of the Board taken as a whole. The accompanying information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Statistical Information and Supplemental Information sections as listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements of the Board. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

New Orleans, Louisiana  
June 12, 2009



**Pension Trust Fund**

**2008**

The major highlight in the Board's pension trust fund was the weakening financial performance in the stock market as compared to 2007 and the resulting depreciation of \$60.7 million in the market value of the investments held by the plan during 2008, as opposed to the appreciation of \$5.2 million in the market value of the investments during 2007. The plan net assets available of benefits decreased to \$162.4 million.

**2007**

The major highlight in the Board's pension trust fund was the weakening financial performance in the stock market as compared to 2006 and the resulting appreciation of \$5.2 million in the market value of the investments held by the plan during 2007, 78.6% less than the appreciation during 2006. The plan net assets available of benefits increased to \$227.8 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of five parts: management's discussion and analysis (this section), the financial statements, the notes to the financial statements, required supplementary information, and other supplementary information.

**Government-wide Financial Statements – Enterprise Fund**

The Board's principal activities of providing water, sewerage, and drainages services are accounted for in a single proprietary fund – the enterprise fund. Enterprise funds are used to report business activities. Since the enterprise fund is the Board's single activity, its financial statements are presented as the Board's government-wide financial statements.

The financial statements provide both long-term and short-term information about the Board's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

The Board's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Assets. All assets and liabilities associated with the operation of the Board are included in the Statements of Net Assets.

The Statement of Net Assets reports the Board's net assets. Net assets - the difference between the Board's assets and liabilities - are one way to measure the Board's financial health or position.

**Fund Financial Statements – Pension Trust Fund**

The Board's fund financial statements consist of its pension trust fund. As a fiduciary fund, the pension trust fund is held for the benefit of employees and retirees of the Board. The pension trust fund is not

reflected in the government wide financials because the resources are not available to the Board for its activities. The accounting for the pension trust fund is much like that used by the enterprise fund.

**FINANCIAL ANALYSIS OF THE BOARD'S**

**ENTERPRISE FUND**

**2008 Net Assets**

The Board's total assets at December 31, 2008 were approximately \$1.8 billion, a 1.6% decrease from December 31, 2007 (see Table A-1).

	2008	2007	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)
Current unrestricted assets	\$ 85,536,897	\$ 130,654,155	\$ (45,117,258)	\$ (45,117,258)	-34.5%
Restricted assets	164,746,871	191,182,517	(26,435,646)	(26,435,646)	-13.8%
Property, plant and equipment - net	1,505,805,388	1,465,225,933	44,579,455	44,579,455	3.0%
Other funds	1,698,192	4,185,361	(2,487,169)	(2,487,169)	-59.4%
<b>Total assets</b>	<b>\$ 1,761,787,348</b>	<b>\$ 1,791,247,966</b>	<b>\$ (29,460,618)</b>	<b>\$ (29,460,618)</b>	<b>-1.6%</b>
Current liabilities	\$ 151,039,186	\$ 115,274,616	\$ 35,764,570	\$ 35,764,570	31.9%
Long-term liabilities	376,212,805	390,329,513	(14,116,707)	(14,116,707)	-4.1%
<b>Total liabilities</b>	<b>\$ 527,251,992</b>	<b>\$ 505,604,129</b>	<b>\$ 21,647,863</b>	<b>\$ 21,647,863</b>	<b>4.3%</b>
<b>Net assets:</b>					
Invested in capital assets, net of related debt	1,306,085,162	1,265,078,246	41,006,916	41,006,916	3.2%
Restricted	(76,349,809)	29,571,597	(105,921,406)	(105,921,406)	-442.9%
<b>Total net assets</b>	<b>\$ 1,229,735,353</b>	<b>\$ 1,294,649,843</b>	<b>\$ (64,914,490)</b>	<b>\$ (64,914,490)</b>	<b>-5.0%</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,761,787,348</b>	<b>\$ 1,791,247,966</b>	<b>\$ (29,460,618)</b>	<b>\$ (29,460,618)</b>	<b>-1.6%</b>

The decrease in total assets of \$29.5 million resulted primarily from a write off of \$48.0 million of FEMA receivables due to prior expenditures currently in dispute and subject to appeal or expenditures that were disallowed by FEMA, offset by an increase in property, plant, and equipment of \$44.6 million due to \$16.5 million in construction funds expended and \$18.1 million of capital contributions less the annual provision for depreciation of \$31.5 million, payments made on bonds of \$12.6 million offset by new loans of \$12.8 million borrowed through the Debt Service Assistance program, and an overpayment of FEMA grant funds in the amount of \$21.1 million. Current liabilities increased by \$36.8 million and long-term liabilities decreased by \$16.1 million in 2008 as compared to 2007 due primarily to debt service payments made on bonds offset by additional debt from the Debt Service Assistance Fund loan and an overpayment of FEMA grant funds of \$21.1 million.

**2007 Net Assets**

The Board's total assets at December 31, 2007 were approximately \$1.8 billion, a 6.0% increase over December 31, 2006 (see Table A-1).

	2007	2006	Increase (Decrease)	Increase (Decrease)
Current assets	\$ 130,654,155	\$ 97,310,544	\$ 33,343,611	34.3%
Restricted assets	191,182,517	189,820,167	1,362,350	0.7%
Property, plant and equipment - net	1,463,225,933	1,397,088,784	66,137,149	4.9%
Other assets	4,185,361	5,158,276	(972,915)	-19.0%
<b>Total assets</b>	<b>\$ 1,791,247,966</b>	<b>\$ 1,689,387,771</b>	<b>\$ 101,860,195</b>	<b>6.0%</b>
Current liabilities	\$ 115,274,616	\$ 104,679,864	\$ 10,594,752	10.1%
Long-term liabilities	390,225,513	363,082,083	27,143,430	7.5%
<b>Total liabilities</b>	<b>505,500,129</b>	<b>467,761,947</b>	<b>37,738,182</b>	<b>8.1%</b>
<b>Net assets:</b>				
Invested in capital assets, net of retained debt	1,265,078,240	1,191,197,662	73,880,578	6.2%
Restricted	20,571,597	50,418,135	(29,846,538)	-59.4%
<b>Total net assets</b>	<b>1,285,649,837</b>	<b>1,241,615,817</b>	<b>44,034,020</b>	<b>3.5%</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,791,247,966</b>	<b>\$ 1,689,387,771</b>	<b>\$ 101,860,195</b>	<b>6.0%</b>

The increase in total assets of \$101.9 million resulted primarily from an increase in property, plant and equipment of \$68.1 million in 2007 due to \$9.1 million in construction funds expended and \$72.0 million of capital contributions less the annual provision for depreciation of \$25.4 million, payments made on revenue bonds of \$12.0 million offset by new loans of \$40.1 million borrowed through the Special Community Disaster Loan program and the Debt Service Assistance Fund program. Current liabilities increased by \$10.6 million and long-term liabilities increased by \$27.2 million in 2007 as compared to 2006 due primarily to debt service payments made on revenue bonds offset by additional debt from the Special Community Disaster loan and the Debt Service Assistance Fund loan.

**2008 Changes in Net Assets**

The change in net assets for the year ended December 31, 2008 was a decrease of approximately \$50.1 million, as opposed to an increase in net assets of approximately \$64.0 million for the year ended December 31, 2007. The Board's total operating revenues decreased by 0.6% to approximately \$109.0 million, and total operating expenses increased 7.0% to approximately \$171.2 million. The changes in net assets are detailed in Table A-3, operating expenses are detailed in Table A-4.

	2008	2007	Increase (Decrease)	Increase (Decrease)
Operating revenues:				
Charges for services	\$ 106,469,582	\$ 106,644,409	\$ (174,827)	-0.2%
Other	2,417,983	2,527,070	(99,087)	-3.9%
<b>Total operating revenues</b>	<b>108,887,565</b>	<b>109,171,479</b>	<b>(283,914)</b>	<b>-0.6%</b>
Operating expenses (Table A-3)	171,734,171	159,967,931	11,766,240	7.0%
Operating loss	(62,222,600)	(50,398,452)	(11,824,148)	-23.5%
Non-operating revenues:				
Property taxes	39,762,635	36,667,904	3,094,731	8.3%
Other taxes	515,235	443,122	72,113	16.4%
Operating and maintenance grants	(3,273)	1,771,888	(1,781,161)	-100.2%
Hurricane grants	-	205,995	(205,995)	-100.0%
Investment income (expense)	1,825,534	3,383,157	(1,557,623)	-46.0%
<b>Total non-operating revenues</b>	<b>42,039,731</b>	<b>42,471,156</b>	<b>(431,425)</b>	<b>-1.0%</b>
Income before capital contributions	(20,182,869)	(7,921,986)	(12,260,883)	-154.8%
Capital contributions	(29,931,607)	71,953,106	(101,884,713)	-141.6%
<b>Change in net assets</b>	<b>(50,114,681)</b>	<b>64,034,120</b>	<b>(114,148,801)</b>	<b>-178.3%</b>
Net assets, beginning of year	1,235,649,837	1,231,615,817	4,034,020	5.2%
<b>Net assets, end of year</b>	<b>\$ 1,285,535,156</b>	<b>\$ 1,285,649,837</b>	<b>\$ (114,148)</b>	<b>-3.9%</b>

Property taxes increased by \$3.0 million in 2008 due to an increase in assessed value offset by a decrease in the millage.

Capital revenue from federal grants and construction of Board property was approximately \$(29.9) million as a result of grant revenues of approximately \$18.1 million offset by a write off of approximately \$48.0 million of receivables due to FEMA Disaster Public Assistance grant expenditures that were disallowed or currently in dispute and subject to appeal. Operating and maintenance grants decreased by 100.2% to \$(3,973). Capital contributions and operating and maintenance grants are primarily related to FEMA Disaster Public Assistance grants.

	2008	2007	Increase (Decrease)	Increase (Decrease)
Power and pumping	\$ 14,713,641	\$ 17,411,954	\$ (2,698,313)	-15.5%
Treatment	18,994,205	16,230,975	2,763,230	17.0%
Transmission and distribution	2,719,554	19,832,226	(17,112,672)	-85.3%
Customer service	3,323,696	2,290,092	1,033,604	45.1%
Administration and general	15,173,190	2,670,145	12,503,045	470.1%
Payroll related	31,549,622	14,899,028	16,650,594	111.8%
Maintenance of general plant	33,455,074	26,995,626	6,459,448	24.0%
Depreciation	31,546,017	25,577,723	5,968,294	23.3%
Amortization	1,350,019	12,613,283	(11,263,264)	-89.1%
Provision for doubtful accounts	1,587,465	(2,448,965)	4,036,430	-157.0%
Provision for claims	171,734,171	159,967,931	11,766,240	7.0%
<b>Total operating expenses</b>	<b>\$ 171,734,171</b>	<b>\$ 159,967,931</b>	<b>\$ 11,766,240</b>	<b>7.0%</b>

The increase in power and pumping expenses in 2008 of \$1.1 million or 8.7% is primarily due to an increase in salaries. The increase in treatment expenses in 2008 of \$2.0 million or 12.1% is primarily due to an increase in the costs of chemicals. The decrease in transmission and distribution expenses in 2008 of \$38,017 or 4.2% is primarily due to a decrease in damages due to natural disasters. The increase in payroll related expenses in 2008 of \$3.3 million or 11.6% is primarily due to salary increases in accordance with City of New Orleans Civil Service as well as an increased number of employees and \$8.5 million recognized for an increase in the other postretirement benefits liability. The increase in maintenance of general plant in 2008 of \$6.5 million or 23.9% resulted primarily from increases in the cost of high pressure gas, materials, supplies, contracts, fuel and electricity for all facilities and increases in payroll related costs, professional services, and consulting costs. Provisions for doubtful accounts decreased by \$11.4 million or 90.1% in 2008 as a result of a smaller increase in closed accounts which are fully reserved than in 2007 and additional reserves for amounts not expected to be collected following Hurricane Katrina recognized during 2007. Provisions for claims increased by \$3.0 million in 2008 as compared to 2007. Claims expense varies due to the number and severity of the claims during any period. The increase is due primarily to a large increase in reserves recognized during 2008 offset by claims payments made during 2008.

#### 2007 Changes in Net Assets

The change in net assets for the year ended December 31, 2007 was approximately \$1.9 million or 2.9% less than the change in net assets for the year ended December 31, 2006. The Board's total operating revenues increased by 9.2% to approximately \$109.6 million, and total operating expenses increased 5.2% to approximately \$160.0 million. The changes in net assets are detailed in Table A-3; operating expenses are detailed in Table A-4.

	2007	2006	Increase (Decrease)	Increase (Decrease)
Operating revenues:				
Charges for services	\$ 106,642,409	\$ 97,047,638	\$ 9,594,771	9.9%
Other	2,827,070	3,250,683	(423,613)	-11.0%
Total operating revenues	109,469,479	100,298,321	9,231,158	9.2%
Operating expenses (Table A-4)	159,857,931	152,017,247	7,859,684	5.2%
Operating loss	(50,388,452)	(51,674,595)	1,286,143	2.5%
Non-operating revenues:				
Property taxes	36,667,594	33,175,025	3,492,569	10.5%
Other taxes	443,122	64,371	(378,749)	-58.9%
Operating and maintenance grants	1,771,188	35,013,145	(33,241,957)	-94.9%
Hurricane gain	205,995	2,303,397	(2,097,402)	-91.1%
Investment income (expense)	3,953,197	3,862,398	90,799	2.4%
Total non-operating revenues	22,040,296	71,918,437	(49,878,141)	-69.4%
Income before capital contributions	(28,918,156)	(28,396,169)	(521,987)	1.8%
Capital contributions	71,855,165	42,616,735	29,238,430	68.7%
Change in net assets	64,040,000	65,955,266	(1,915,266)	-2.9%
Net assets, beginning of year	1,221,615,817	1,155,660,551	65,955,266	5.7%
Net assets, end of year	\$ 1,285,655,817	\$ 1,221,615,817	\$ 64,040,000	5.2%

Operating revenues increased primarily as a result of an increase in sewerage rates offset by a decline in volume due to decreases in the customer base following Hurricane Katrina. Property taxes increased by \$3.5 million in 2007 due to an increase in assessed value.

Capital revenue from federal grants and construction of Board property by other agencies increased by 68.7% to \$72.0 million. Operating and maintenance grants decreased by 94.9% to \$1.3 million. Capital contributions and operating and maintenance grants are primarily related to FEMA Disaster Public Assistance grants. Hurricane gain consisted of \$0.2 million in proceeds from the sale of scrapped equipment damaged during Hurricane Katrina in 2007 and insurance recoveries of \$2.3 million in 2006.

	2007	2006	Increase (Decrease)	Increase (Decrease)
Power and pumping	\$ 13,041,934	\$ 11,576,640	\$ 1,465,314	12.7%
Treatment	16,280,975	19,218,870	(2,937,895)	-15.3%
Transmission and distribution	19,832,226	13,845,793	5,986,433	43.2%
Customer service	2,250,092	1,970,612	279,480	14.2%
Administration and general	2,670,145	2,265,250	404,895	17.9%
Payroll related	14,859,028	13,714,644	1,144,384	8.3%
Maintenance of general plant	28,235,815	17,914,664	10,345,121	57.7%
Depreciation	26,993,626	23,344,467	3,649,159	15.6%
Amortization	158,019	208,065	(50,046)	-24.0%
Provision for doubtful accounts	17,615,283	22,353,906	(4,738,623)	-21.2%
Provision for claims	(2,418,957)	2,618,657	(5,037,614)	-192.1%
Total operating expenses	\$ 159,857,931	\$ 152,017,247	\$ 7,859,684	5.2%

The increase in power and pumping expenses in 2007 of \$1.5 million or 12.7% is primarily due to increases in the cost of natural gas and increased fuel consumption. The increase in treatment expenses in 2007 of \$2.8 million or 20.4% is primarily due to an increase in the costs of chemicals and continued leaks in the system, which result in the treatment of more water than under normal circumstances. The increase in transmission and distribution expenses in 2007 of \$6.0 million or 43.2% is primarily due to additional costs related to repairs of leaks in the system and increases in contractor and material costs. The increase in payroll related expenses in 2007 of \$10.3 million or 57.7% is primarily due to \$6.6 million recognized for other postretirement benefits liability in connection with the implementation of GASB 4, as well as salary increases in accordance with City of New Orleans Civil Service, individual pay plan increases for certain departments, and increases in hospitalization expense. The increase in maintenance of general plant in 2007 of \$10.3 million or 57.7% resulted primarily from increases in the cost of high pressure gas, materials, supplies, contracts, fuel and electricity for all facilities and increases in payroll related costs, professional services, and consulting costs. Provisions for doubtful accounts decreased by \$9.7 million or 43.6% in 2007 as a result of a smaller increase in closed accounts which are fully reserved than in 2006 and additional reserves for amounts not expected to be collected following Hurricane Katrina recognized during 2006. Provisions for claims decreased by \$5.1 million or 192.1% in 2007 as compared to 2006. Claims expense varies due to the number and severity of the claims during any period. The decrease is due primarily to several large decreases in reserves recognized during 2007.

#### PENSION TRUST FUND

#### 2008 Plan Net Assets

The Board's total plan net assets of its pension trust fund at December 31, 2008 was approximately \$162.4 million, a 28.7% decrease from December 31, 2007 (see table A-7). Total assets decreased 28.2% to \$166.4 million.

	2008	2007	Increase (Decrease)	Increase (Decrease)
Cash	\$ 776,446	\$ 102,653	\$ 673,793	656.4%
Investments	165,246,434	231,011,414	(65,764,980)	-28.5%
Receivables	120,733	420,795	(300,062)	-71.3%
Other assets	274,483	257,562	16,921	6.6%
Total assets	166,418,096	231,792,424	(65,374,328)	-28.2%
DROP participant payable	4,034,240	3,956,600	77,640	1.7%
Total liabilities	4,034,240	3,956,600	77,640	-1.7%
Plan net assets	\$ 162,383,856	\$ 227,835,824	\$ (65,441,968)	-28.7%

Plan net assets decreased by \$65.4 million in 2008 primarily due to realized and unrealized losses on investments recognized in 2008.

**2007 Plan Net Assets**

The Board's total plan net assets of its pension trust fund at December 31, 2007 was approximately \$227.8 million, a 0.8% increase over December 31, 2006 (see table A-7). Total assets increased 1.1% to \$231.8 million.

	2007	2006	Increase (Decrease)	Increase (Decrease)
Cash	\$ 102,653	\$ 1,104,112	\$ (1,001,459)	-90.7%
Investments	231,011,414	227,419,270	3,592,144	1.6%
Receivables	420,795	547,587	(126,792)	-23.2%
Other assets	257,562	144,359	113,203	127.5%
Total assets	231,792,424	229,184,172	2,608,252	1.1%
DROP participant payable	3,966,600	3,247,090	719,510	22.2%
Total liabilities	3,966,600	3,247,090	719,510	-22.2%
Plan net assets	\$ 227,825,824	\$ 225,937,082	\$ 1,888,742	0.8%

Plan net assets increased by \$1.9 million in 2007 primarily due to realized and unrealized gains on investments recognized in 2007.

**2008 Changes in Plan Net Assets**

	2008	2007	Increase (Decrease)	Increase (Decrease)
Additions:				
Contributions	\$ 7,017,975	\$ 6,753,824	\$ 264,151	3.9%
Net income on investments	(59,190,144)	7,947,645	(67,137,789)	-844.8%
Total additions	(52,172,169)	14,701,469	(66,873,638)	-454.9%
Deductions:				
Benefits	(10,782,636)	(10,625,533)	(157,103)	1.5%
Employee refunds	(133,779)	(215,746)	81,967	-38.0%
Employee DROP contributions	(2,353,384)	(1,971,448)	(381,936)	19.4%
Total deductions	(13,269,799)	(12,812,727)	(457,072)	3.6%
Change in net assets	(65,441,968)	1,888,742	(67,330,710)	-3564.8%
Plan net assets, beginning of year	227,825,824	225,937,082	1,888,742	0.8%
Plan net assets, end of year	\$ 162,383,856	\$ 227,825,824	\$ (65,441,968)	-28.7%

Net income on investments decreased by \$67.1 million or 844.8% during 2008 due to declining performance in the stock market as compared to 2007. The decrease in the change in plan net assets of \$67.3 million resulted primarily from a decrease in unrealized gains on investments in 2008.

**2007 Changes in Plan Net Assets**

	2007	2006	Increase (Decrease)	Increase (Decrease)
Additions:				
Contributions	\$ 6,753,824	\$ 6,683,136	\$ 70,688	1.1%
Net income on investments	7,947,645	25,080,710	(21,133,065)	-72.7%
Total additions	14,701,469	35,763,846	(21,062,377)	-58.9%
Deductions:				
Benefits	(10,625,533)	(9,905,119)	(720,414)	7.3%
Employee refunds	(215,746)	(680,769)	465,023	-68.3%
Employee DROP contributions	(1,971,448)	(1,645,967)	(325,481)	19.8%
Total deductions	(12,812,727)	(12,231,855)	(580,872)	4.7%
Change in net assets	1,888,742	23,531,991	(21,643,249)	-92.0%
Plan net assets, beginning of year	225,937,082	202,405,091	23,531,991	11.6%
Plan net assets, end of year	\$ 227,825,824	\$ 225,937,082	\$ 1,888,742	0.8%



Net income on investments decreased by \$21.1 million or 72.7% during 2007 due to declining performance in the stock market as compared to 2006. The decrease in the change in plan net assets of \$21.6 million resulted primarily from a decrease in unrealized gains on investments in 2007.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### 2008 Capital Assets

As of December 31, 2008, the Board had invested approximately \$2.1 billion in capital assets. Net of accumulated depreciation, the Board's net capital assets at December 31, 2008 totaled approximately \$1.5 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$44.6 million or 3.0% over December 31, 2007.

At December 31, 2008, the Board's budget for its five year capital improvements program totaled approximately \$2.2 billion including \$295.6 million for water, \$320.3 million for sewerage and \$1.4 billion for drainage. Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2008, the Board has committed or appropriated \$67.8 million in investments for use in future capital projects and has \$54.2 million of bond proceeds remaining for construction. The capital project investments are included in restricted assets.

The capital improvements budget for 2009 is \$625.8 million, including \$293.8 million for projects, which are expected to be funded by federal grants and programs. Significant projects included in property, plant and equipment in progress as of December 31, 2008 include the following:

- Hurricane Katrina related Repairs and Replacement
  - Southeast Louisiana Flood Control Program
- Sewer System Sanitization Evaluation and Rehabilitation Program
  - Drainage Pumping Stations and Canals
  - Eastbank Sewer Treatment Plant
  - Westbank Sewer Treatment Plant

##### 2007 Capital Assets

As of December 31, 2007, the Board had invested approximately \$2.0 billion in capital assets. Net of accumulated depreciation, the Board's net capital assets at December 31, 2007 totaled approximately \$1.5 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$68.1 million or 4.9% over December 31, 2006.

At December 31, 2007, the Board's budget for its five year capital improvements program totaled \$2.3 billion including \$430.2 million for water, \$889.1 million for sewerage and \$956.1 million for drainage. Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2007, the Board has committed or appropriated \$82.5 million in investments for use in future capital projects and has \$70.7 million of bond proceeds remaining for construction. The capital project investments are included in restricted assets.

The capital improvements budget for 2008 is \$427.9 million, including \$132.0 million for projects, which are expected to be funded by federal grants and programs.

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##### 2008 Debt Administration

The Board continues to make its regularly scheduled payments on its bonds. During 2008, \$12.6 million in principal payments were made.

The Board entered into a Cooperative Endeavor Agreement with the State of Louisiana in July 2006 to borrow up to \$77.5 million from the Debt Service Assistance Fund. During 2008, the Board made additional draw downs of \$12.8 million on the loan program.

All bond debt covenants have been met.

##### 2007 Debt Administration

The Board continues to make its regularly scheduled payments on its bonds. During 2007, \$12.0 million in principal payments were made.

During 2007, the Board made additional draw downs from the Federal Emergency Management Agency under the Community Disaster Loan Act of 2005 totaling \$15.9 million.

The Board entered into a Cooperative Endeavor Agreement with the State of Louisiana in July 2006 to borrow up to \$77.5 million from the Debt Service Assistance Fund. During 2007, the Board made additional draw downs of \$24.2 million on the loan program.

All bond debt covenants have been met.

##### ECONOMIC FACTORS AND RATES

In post Katrina, there are significant other revenues and expenses, which impact the Board. State and federal grants related to the disaster are expected to have a significant impact on 2009. Total FEMA debris removal, mitigation, and capital replacement grants are expected to exceed \$254 million. Of these approximately \$200.3 million has been recognized through 2008. FEMA revenues will continue to be recognized as buildings, systems, and other reimbursable assets are repaired or replaced. In 2009, the Board will recognize additional portions of these revenues but much of the construction and replacement will not have been completed and the revenues although measurable may not be available due to the slowness of actual receipts of FEMA funds.

On March 21, 2007, the Board approved a series of five annual water rate increases beginning with the first increase on November 1, 2007 followed by four additional increases to be implemented on July 1 of each year, 2008 through 2011. The New Orleans City Council approved the annual water rate increases on October 4, 2007.

The number of open accounts has decreased from approximately 121,000 at the end of 2005 to approximately 110,000 currently, a decrease of 9.1%.

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**CONTACTING THE BOARD'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Sewerage & Water Board of New Orleans at (504) 585-2356.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS  
STATEMENTS OF NET ASSETS  
December 31, 2008 and 2007**

	2008	2007
<b>ASSETS</b>		
Noncurrent assets:		
Property, plant and equipment	\$ 2,122,573,459	\$ 2,048,433,759
Less: accumulated depreciation	612,768,071	583,207,826
Property, plant and equipment, net	1,509,805,388	1,465,225,933
Due from City of New Orleans, less current portion	-	97,908
Other assets:		
Bond issue costs	1,091,426	1,249,443
Deposits	51,315	51,315
Net pension asset	555,451	2,786,695
Total other assets	1,698,192	4,087,453
Total noncurrent assets	1,511,503,580	1,469,411,294
Current assets:		
Unrestricted:		
Cash	34,388,256	17,893,399
Accounts receivable:		
Customers (net of allowance for doubtful accounts)	7,301,967	16,106,497
Taxes	10,223,398	4,549,206
Interest	322,318	1,411,315
Grants	13,116,853	72,283,123
Miscellaneous	5,036,848	4,650,290
Due from City of New Orleans, current	122,812	200,000
Due from other fund	290,778	290,778
Inventory of supplies	12,887,851	12,176,730
Prepaid expenses	1,545,816	1,322,517
Total unrestricted	85,536,897	130,654,155
Restricted:		
Capital projects	67,781,695	82,479,722
Construction funds	54,205,676	70,699,720
Debt service reserve	22,254,068	22,254,068
Customer deposits	5,390,167	4,964,522
Health insurance reserve	5,080,812	4,840,389
Debt service	9,821,453	5,752,096
Other	212,000	212,000
Total restricted	164,746,871	191,182,517
Total current assets	250,283,768	321,836,672
Total assets	\$ 1,761,787,348	\$ 1,791,247,966

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**STATEMENTS OF NET ASSETS**  
(Continued)

**NET ASSETS AND LIABILITIES**

	2008	2007
<b>Net Assets:</b>		
Invested in capital assets - net of related debt	\$ 1,306,085,162	\$ 1,265,078,240
Restricted For:		
Debt service	32,075,521	27,986,164
Capital projects	(102,625,327)	(7,414,567)
Total restricted for net assets	(70,549,806)	20,571,597
Total net assets	1,235,535,356	1,285,649,837
<b>Liabilities:</b>		
<b>Long-term liabilities:</b>		
Claims payable	4,873,176	5,556,117
Other postretirement benefits liability	9,278,067	-
Bonds payable (net of current maturities)	220,644,423	258,155,527
Special Community Disaster loan payable	61,956,747	61,956,747
Debt Service Assistance Fund loan payable	77,460,393	64,655,122
Total long-term liabilities	374,212,806	390,323,513
<b>Current liabilities (payable from current assets):</b>		
Accounts payable	36,048,591	50,142,494
Due to City of New Orleans	151,333	26,933
Due to other governments (Note 14)	28,926,619	-
Retainers and estimates payable	2,253,676	2,473,429
Due to pension trust fund	90,290	95,804
Accrued salaries	1,301,684	855,615
Accrued vacation and sick pay	9,435,109	8,982,354
Capital lease payable	18,253,689	23,424,687
Claims payable	-	104,445
Other postretirement benefits liability	5,908,635	6,674,710
Other liabilities	4,149,709	2,444,165
Total current liabilities	106,521,333	95,224,636
<b>Current liabilities (payable from restricted assets):</b>		
Accrued interest	1,032,516	1,535,591
Bonds payable	37,282,479	12,587,441
Retainers and estimates payable	1,812,689	952,426
Customer deposits	5,590,167	4,964,522
Total current liabilities	45,517,851	20,049,980
Total liabilities	152,039,186	115,274,616
Total net assets and liabilities	1,083,506,170	1,170,375,221

See accompanying notes to financial statements.

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
For the years ended December 31, 2008 and 2007

	2008	2007
<b>Operating revenues:</b>		
Sales of water and delinquent fees	\$ 43,995,732	\$ 37,795,522
Sewerage service charges	61,877,246	68,304,547
Plumbing inspection and license fees	590,604	542,340
Other revenue	2,487,983	2,927,070
Total operating revenues	108,951,565	109,569,479
<b>Operating Expenses:</b>		
Power and pumping	14,178,641	13,041,954
Treatment	18,243,782	16,200,975
Transmission and distribution	18,994,209	19,832,226
Customer accounts	2,719,594	2,290,092
Customer service	3,323,696	2,670,145
Administration and general	15,173,190	14,899,028
Payroll related	31,549,622	28,259,815
Maintenance of general plant	33,455,074	26,993,626
Depreciation	31,546,017	25,377,733
Amortization	158,019	158,019
Provision for doubtful accounts	1,244,862	12,613,283
Provision for claims	587,465	(2,448,965)
Total operating expenses	171,174,171	159,977,951
Operating loss	(62,222,606)	(50,398,452)
<b>Non-operating revenues (expenses):</b>		
Two-mill tax	-	120
Three-mill tax	11,294,822	10,381,155
Six-mill tax	11,406,561	10,513,559
Nine-mill tax	17,001,253	15,773,070
Other taxes	515,735	443,122
Operating and maintenance grants	(3,973)	1,777,188
Interest income	3,545,564	5,826,769
Hurricane gain	-	205,995
Interest expense	(1,720,030)	(2,443,612)
Total non-operating revenues (expenses)	42,039,732	42,477,366
Loss before capital contributions	(20,182,874)	(7,921,086)
Capital contributions	(29,931,607)	71,955,106
Change in net assets	(50,114,481)	64,034,020
Net assets:		
Beginning of year	1,285,649,837	1,221,615,817
End of year	\$ 1,235,535,356	\$ 1,285,649,837

See accompanying notes to financial statements.

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**STATEMENTS OF CASH FLOWS**  
**ENTERPRISE FUND**

For the years ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Cash received from customers	\$ 113,557,045	\$ 90,872,549
Cash payments to suppliers for goods and services	(72,538,365)	(89,872,656)
Cash payments to employees for services	(54,394,472)	(54,394,472)
Other revenue	2,692,029	5,912,556
Net cash used in operating activities	(13,258,019)	(47,482,223)
Cash flows from noncapital financing activities		
Proceeds from property taxes	34,444,278	41,638,050
Proceeds from federal operating and maintenance grants	695,562	1,083,116
Cash received from other government (Note 14)	21,097,027	-
Net cash provided by noncapital financing activities	56,236,867	42,721,166
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(81,327,975)	(54,136,105)
Proceeds from Special Community Disaster Loan	-	15,945,181
Proceeds from Debt Service Assistance Fund loan	12,805,271	24,161,049
Principal payments on bonds payable	(12,635,000)	(12,020,000)
Interest paid on bonds payable	(14,483,620)	(13,322,332)
Principal payments on capital lease	(104,445)	(2,656,227)
Interest paid on capital lease	(1,409)	(43,612)
Proceeds from construction fund, net (Note 14)	7,831,592	-
Capital contributed by developers and federal grants	28,612,316	41,166,867
Net cash used in capital and related financing activities	(59,305,270)	(905,179)
Cash flows from investing activities		
Payments for purchase of investments	(482,917,302)	(470,107,390)
Proceeds from maturities of investments	510,268,751	468,795,632
Investment income	6,119,988	9,877,116
Net cash provided by investing activities	33,471,437	8,565,358
Net increase in cash	17,145,015	2,899,122
Cash at the beginning of the year	18,377,893	15,478,771
Cash at the end of the year	\$ 35,522,908	\$ 18,377,893
Reconciliation of cash and restricted cash (note 2)		
Current assets - cash	\$ 34,588,256	\$ 17,933,399
Restricted assets - cash	934,652	444,494
Total cash	\$ 35,522,908	\$ 18,377,893

(Continued)

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**STATEMENTS OF CASH FLOWS**  
**(Continued)**

**ENTERPRISE FUND**

For the years ended December 31, 2008 and 2007

	2008	2007
Reconciliation of operating loss to net cash used in operating activities is as follows:		
Operating loss	\$ (62,222,606)	\$ (90,398,452)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	31,546,017	25,377,733
Provision for claims	587,465	(2,448,965)
Provision for doubtful accounts	1,244,862	12,613,283
Amortization	158,019	158,019
Change in operating assets and liabilities:		
(Increase) decrease in customer and other receivables	7,559,667	(15,006,027)
Increase in inventory	(711,121)	(2,578,116)
Increase (decrease) in prepaid expenses and other receivables	(511,949)	1,769,166
Decrease in net pension asset	2,231,244	663,310
Increase (decrease) in accounts payable	2,066,541	(72,408,188)
Increase (decrease) in accrued salaries, due to pension and accrued vacation and sick pay	893,310	(310,561)
Increase in net other postretirement benefits liability	8,511,992	6,674,710
Decrease in other liabilities	(4,611,460)	(1,588,135)
Net cash used in operating activities	\$ (13,258,019)	\$ (47,482,223)

See accompanying notes to financial statements.

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**STATEMENTS OF PLAN NET ASSETS**  
**PENSION TRUST FUND**  
**December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Assets:</b>		
Cash	\$ 776,446	\$ 102,653
<b>Receivables:</b>		
Investment income	103,710	401,192
Employee contributions receivable	17,023	19,603
Due from other fund	274,483	257,562
Investments	165,246,434	231,011,414
<b>Total assets</b>	<u>166,418,096</u>	<u>231,792,424</u>
<b>Liabilities:</b>		
DROP participants payable	4,034,240	3,966,600
<b>Total liabilities</b>	<u>4,034,240</u>	<u>3,966,600</u>
<b>Plan net assets available for pension benefits</b>	<u>\$ 162,383,856</u>	<u>\$ 227,825,824</u>

See accompanying notes to financial statements.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**STATEMENTS OF CHANGES IN PLAN NET ASSETS**  
**PENSION TRUST FUND**  
**For the years ended December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Additions:</b>		
<b>Contributions:</b>		
Employee contributions	\$ 1,143,858	\$ 1,014,461
Employer contributions	4,915,512	3,885,124
City annuity and other transfers in	958,605	1,854,239
<b>Total contributions</b>	<u>7,017,975</u>	<u>6,753,824</u>
<b>Investment income:</b>		
Interest income	(27,774)	1,036,269
Dividend income	1,812,649	2,041,471
Net appreciation	1,784,875	5,242,261
	<u>(316,309)</u>	<u>8,320,001</u>
<b>Less investment expense</b>		
	<u>1,468,566</u>	<u>7,947,645</u>
<b>Net investment income</b>	<u>8,486,541</u>	<u>14,701,469</u>
<b>Total additions</b>		
	<u>(60,658,710)</u>	<u>(10,625,533)</u>
<b>Deductions:</b>		
Net depreciation in investments	(10,782,636)	(10,625,533)
Benefits	(133,779)	(215,746)
Employee refunds	(2,353,384)	(1,971,448)
<b>Employee contributions to DROP</b>		
	<u>(73,928,509)</u>	<u>(12,812,727)</u>
<b>Total deductions</b>		
	<u>(65,441,968)</u>	<u>1,888,742</u>
<b>Change in plan net assets</b>	<u>227,825,824</u>	<u>225,937,082</u>
<b>Plan net assets at beginning of year</b>		
	<u>\$ 162,383,856</u>	<u>\$ 227,825,824</u>

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

History and Organization

The major operation of the Sewerage and Water Board of New Orleans (the Board) is providing water, sewerage and drainage services for the City of New Orleans (City). The Sewerage and Water Board of New Orleans was created by 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 1903, the Legislature gave the Board control of and responsibility for the City's major drainage system and relieved the City of the duty of providing in its annual operating budget or otherwise for the maintenance and operations of the water, sewerage and drainage systems.

In accordance with the 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 rates are based on the actual water consumed and on the costs of maintenance and operation of the water and sewerage systems, including the costs of improvements and replacements. The collections of water and sewerage revenues are to be used by the Board for the maintenance and operation of the systems, the cost of improvements, betterments, and replacements, and to provide for the payments of interest and principal on the bonds payable. On March 21, 2007, the Board approved a series of five annual water rate increases beginning with the first increase on November 1, 2007 followed by four additional increases to be implemented on July 1 of each year, 2008 through 2011. The New Orleans City Council approved the annual water rate increases on October 4, 2007.

The Board has also been given the authority to levy and collect various tax millages which are used for the operation and maintenance of the drainage operations. All excess revenues collected are made available for capital development of the system. The proceeds of the rate collections and tax millages are invested in such investments as authorized by the LRS. These investments are reflected in the combined statement of net assets, as "restricted assets," as they are restricted to the purposes as described above.

The Board is composed of thirteen members, including the Mayor of the City, the two Council Members-at-Large, and one District Councilman 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 Board's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to utilities and to governmental units. The following is a summary of the more significant policies.

(A) Reporting Entity

In conformity with the Governmental Accounting Standards Board's definition of a reporting entity, the Board includes an enterprise fund and a pension trust fund for financial reporting purposes. The Board is considered a reporting entity based on the following criteria:

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SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(1) Summary of Significant Accounting Policies (continued)

- (a) Responsibility for surpluses/deficits. The Board is solely responsible for its surpluses/deficits. In accordance with Louisiana Revised Statutes, no other governmental unit is responsible for the Board's deficits or has a claim to its surpluses. The Board's operations are self-sustaining; revenues are generated through charges to customers and dedicated property taxes. Other than grants, no funding is received from the State of Louisiana or the City of New Orleans.
- (b) Budget Approval. The Board is solely responsible for reviewing, approving and revising its budget.
- (c) Responsibility for Debt. The Louisiana Revised Statutes authorize the Board to issue bonds; such bonds must bear on their face a statement that they do not constitute a debt of the City. The Board is solely responsible for payments to the bondholders. No other governmental unit is required by statute to make any payments to bondholders nor have any payments to bondholders ever been made by any governmental unit, except the Board.
- (d) Designation of Management. The Board controls the hiring of management and employees.
- (e) Special Financial Relationship. The Board has no special financial relationships with any other governmental unit.
- (f) Statutory Authority. The Board's statutory authority was created by the State of Louisiana as an independent governmental unit. Only an amendment to state statutes can change or abolish the Board's authority.

The Board is a stand-alone entity as defined by Governmental Accounting Standards Board Statement 14, *The Financial Reporting Entity*. The Board is a legally-separate governmental organization that does not have a separately elected governing body and does not meet the definition of a component unit. As a result of a Louisiana Supreme Court decision on March 21, 1994, the Board was declared to be an autonomous or self-governing legal entity, legally independent of the city, state and other governments, created and organized pursuant to Louisiana Revised Statutes 33:4071 as a board, separate and independent of the governing authorities of the City and vested with autonomous or self governing authority. No other government can mandate actions of the Board nor impose specific financial burdens. The Board is fiscally independent to operate under its bond covenant and the provisions of Louisiana Revised Statute provisions.

The City of New Orleans includes the Board as a component unit in the City's financial statements.

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

(1) Summary of Significant Accounting Policies (continued)

(B) Basis of Financial Statement Presentation

The Board's basic financial statements consist of the government-wide statements which include the proprietary fund (the enterprise fund) and the fund financial statements which include the fiduciary fund (the pension trust fund). The operations of the Board are accounted for in the following fund types:

Proprietary Fund Type

The proprietary fund is used to account for the Board's ongoing operations and activities which are similar to those often found in the private sector. The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Net assets are segregated into amounts invested in capital assets (net of related debt), restricted for debt service, restricted for capital projects and unrestricted. The Board's restricted assets are expendable for their purposes. The Board utilizes available restricted assets before utilizing unrestricted assets. The operating statements present increases (revenues) and decreases (expenses) in net assets. The Board maintains one proprietary fund type—the enterprise fund. The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance. The presentation of the financial statements of the enterprise fund follows the format recommended by the National Association of Regulatory Utility Commissioners (NARUC).

The statement of net assets arrangement for a utility reflects the relative importance of the various accounts. "Property, plant and equipment" is the first major category on the asset side, and long-term capitalization categories of net assets are listed first on the liability side. Current assets and current liabilities are assigned a relatively less important position in the center of the statement of net assets, rather than being placed first as in the statement of net assets of commercial and industrial enterprises.

Operating revenues include all charges for service; other revenues include reconection fees and other miscellaneous charges. Operating expenses include the costs associated with providing water, sewerage and drainage services. Interest income, interest expense and tax revenues are presented as non-operating items.

The enterprise fund is presented in the government-wide financial statements.

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

(1) Summary of Significant Accounting Policies (continued)

Fiduciary Fund Type

The fiduciary fund is used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Board maintains one fiduciary fund type—the pension trust fund. The pension trust fund uses the flow of economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included in the statement of plan net assets. The pension trust fund is used to account for the activity of the Board's employee retirement plan.

The pension trust fund is presented in the fund financial statements.

The Board applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its enterprise fund and pension trust fund operations unless those pronouncements conflict with or contradict GASB pronouncements.

(C) Basis of Accounting

The enterprise fund and the pension trust fund prepare their financial statements on the accrual basis of accounting. Unbilled utility service charges are not recorded as management considers the effect of not recording such unbilled receivables as not material. Property taxes are recorded as revenue in the year for which they are levied. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the pension plan are recognized when due and the employer has made a commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

(D) Investments

Investments are reported at fair value, except for short-term investments (maturity of one year or less) which are reported at amortized cost, which approximates fair value. Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

(E) Inventory of Supplies

Inventory of supplies is stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

(F) Property, Plant and Equipment

Property, plant and equipment are carried at historical cost. The Board capitalizes moveable equipment with a value of \$10,000 or greater, stationary, network and other equipment with a value of \$5,000 or greater and all real estate. The cost of additions includes contracted work, direct labor, materials and allocable cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

(1) Summary of Significant Accounting Policies (continued)

Interest is capitalized on property, plant, and equipment acquired and/or constructed with tax exempt debt. Depreciation is computed using the straight-line method over the estimated useful life of the asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue for the period. The cost of maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments.

(G) Vacation and Sick Pay

Vacation (annual leave) and sick pay (sick leave) are accrued when earned. Annual leave is accrued at the rate of .6923 of a workday for each bi-weekly accrual period for all employees on the payroll as of December 31, 1978. Employees hired after that date earn leave at a rate of .5 of a workday per bi-weekly pay period.

All employees on the payroll as of December 31, 1978 receive three bonus days each year; all employees hired after that date receive three bonus days each year for five through nine calendar years of continuous service; six bonus days each year for ten through fourteen years; nine bonus days each year for fifteen through nineteen years; and, twelve days for twenty or more years of continuous service. Civil Service's policy permits employees a limited amount of earned but unused annual leave which will be paid to employees upon separation from the Board. The amount shall not exceed ninety days for employees hired before January 1, 1979, and forty-five days for employees hired after December 31, 1978.

Sick leave is accumulated on a bi-weekly basis by all employees hired prior to December 31, 1978 at an accrual rate of .923 of a workday. For employees hired subsequent to December 31, 1978, the accrual rate is .5 of a workday for each bi-weekly period, plus a two day bonus each year for employees with six through fifteen calendar years of continuous service, and seven bonus days each year for employees with sixteen or more calendar years of continuous service.

Upon separation from the Board, an employee can elect to convert unused sick leave for retirement credits or cash. The conversion to cash is determined by a rate ranging from one day of pay for five days of leave for the 1st through 100th leave day to one day of pay for one day of leave for all days in excess of the 400th leave day. The total liability for unconverted sick leave as December 31, 2008 and 2007 is approximately \$12,949,000 and \$12,259,000, respectively. The amount included in the statements of net assets as of December 31, 2008 and 2007 is \$9,435,109 and \$8,982,354, respectively, which represents the annual leave and the converted sick leave since virtually all employees convert their sick leave to cash. The amounts for compensated absences include the salary cost as well as certain salary related costs, such as the Board's share of social security expense. The following table summarizes changes in the Board's vacation and sick pay liability.

Year	Beginning of Year Liability	Current Year		End of Year Liability
		Earned and Changes in Estimate	Payments	
2008	8,982,354	6,182,313	(6,635,068)	9,435,109
2007	9,436,585	7,248,789	(6,794,558)	8,982,354

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

(1) Summary of Significant Accounting Policies (continued)

(H) Pension

The Board funds the accrued pension cost for its contributory pension plan which covers substantially all employees. Annual costs are actuarially computed using the entry age normal cost method.

(I) Drainage System

In 1903, the Legislature gave the Board control of and responsibility for the City's drainage system. The Drainage System was established as a department of the enterprise fund to account for the revenues from three-mill, six-mill and nine-mill ad valorem taxes designated exclusively for drainage services. These revenues have been supplemented by inspection and license fees collected by the Board. There exists a potential for additional financing by additional user service charges. Expenditures from the system are for the debt service of three-mill, six-mill and nine-mill tax bonds and drainage related operation, maintenance and construction.

(J) Self-Insurance/Risk Management

The Board is self-insured for general liability, worker's compensation, unemployment compensation and hospitalization benefits and claims. The accrued liability for the various types of claims represents an estimate by management of the eventual loss on the claims arising prior to year-end, including claims incurred and not yet reported including estimates of both future payments of losses and related claims adjustment and expense. Estimated expenses and recoveries are based on a case by case review.

(K) Capital Contributions

Contributions from developers and others, and receipts of Federal, State and City grants for acquisition of property, plant and equipment are recorded as capital contributions in the statement of revenues, expenses and changes in net assets.

(L) Bond Issue Cost and Refinancing Gains (Losses)

Costs related to issuing bonds are capitalized and amortized based upon the methods used to approximate the interest method over the life of the bonds. Beginning with fiscal years in 1994 and thereafter, gains and losses associated with refundings and advance refundings are being deferred and amortized based upon the methods used to approximate the interest method over the life of the new bonds or the remaining term on any refunded bond, whichever is shorter. Premiums associated with bond issues are amortized over the interest yield method.

(M) Cash Flows

For purposes of the statement of cash flows, only cash on hand and on deposit at financial institutions are considered to be cash equivalents. Certificates of deposits, treasury bills and other securities are considered investments.

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

(1) Summary of Significant Accounting Policies (continued)

(N) Use of Restricted Assets

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

(O) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(P) Net Assets

The Board classifies net assets into two components: invested in capital assets, net of related debt and restricted. These components are defined as follows:

**Invested in capital assets, net of related debt** - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in this component of net assets. Rather, that portion of debt is included in the same component of net assets as the unspent proceeds.

**Restricted** - This component reports those net assets with externally imposed constraints placed on their use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** - This component reports net assets that do not meet the definition of either of the other two components.

(2) Cash and Investments

The Board's investments and cash consist primarily of investments in direct obligations of the United States or agencies thereof and deposits with financial institutions.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

(2) Cash and Investments (continued)

**Custodial Credit Risk** - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes require that the Board's cash and certificates of deposit be covered by federal depository insurance or collateral. At December 31, 2008, the Board's deposits with banks consisted of cash totaling \$40,291,215 and certificates of deposit of \$138,370,437. At December 31, 2007, the Board's deposits with banks consisted of cash totaling \$22,882,391 and certificates of deposit of \$116,329,710. Of the cash bank balance at December 31, 2008 and 2007, \$815,258 and \$760,331, respectively, is covered by federal depository insurance. The remaining amount of the Board's cash bank balances and all certificates of deposit for 2008 and 2007 were covered by collateral held by custodial agents of the financial institutions in the name of the Board.

In accordance with GASB 40, unless there is information to the contrary, obligations of the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

The following are the components of the Board's cash and investments as of December 31:

	2008	Unrestricted	Restricted	Total
Enterprise Fund:				
Cash and money market funds	\$	34,588,256	\$ 934,652	\$ 35,522,908
Certificates of deposit		34,588,256	138,370,437	173,893,945
Investments		-	25,441,782	25,441,782
Total cash and investments at fair value	\$	34,588,256	\$ 164,746,871	\$ 199,335,127
		Unrestricted	Restricted	Total
2007				
Enterprise Fund:				
Cash and money market funds	\$	17,933,399	\$ 444,494	\$ 18,377,893
Certificates of deposit		17,933,399	116,329,710	134,707,603
Investments		-	74,408,313	74,408,313
Total cash and investments at fair value	\$	17,933,399	\$ 191,182,517	\$ 209,115,916

The composition and carrying value of investments is as follows:

	2008	2007
Enterprise Fund:		
LAMP	\$	7,814,883
U.S. Government Securities and Instrumentalities	\$	17,596,899
	\$	25,411,782
	\$	74,408,313

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(2) Cash and Investments (continued)

	2008	2007
Pension Trust Fund:		
Money Market	\$ 979,756	\$ 1,637,157
LAMP	4,035,743	-
Corporate Bonds	71,876,205	80,714,328
Equities	88,354,730	148,659,929
	\$ 165,246,434	\$ 231,011,414

Investments - Statutes authorize the Board to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Report, repurchase agreements, and the Louisiana Asset Management Pool (LAMP). In addition, the pension trust fund is authorized to invest in corporate bonds rated A or better by Standard & Poor's Corporation or AAA or better by Moody's Investors Service, and equity securities.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana R.S. 33:2955. 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 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. LAMP is designed to be highly liquid to provide immediate access to participants. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost.

Under the provisions of its benefit plan and state law, the Board's pension benefit trust engages in securities lending to broker dealers and other entities for cash collateral that will be returned for the same securities in the future. The cash collateral cannot be liquidated by the Board unless the borrower defaults. Cash collateral is initially pledged at 104% of the market value of securities lent and additional collateral is provided by the next business day if the value falls to less than 100% of the market value of the securities lent. No collateral exposure existed as of December 31, 2008 and 2007. The value of securities lent at December 31, 2008 and 2007 was \$38,883,529 and \$40,559,644 and \$54,107,811.

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SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(2) Cash and Investments (continued)

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Board has a formal investment policy that states that the investment portfolio shall remain sufficiently liquid to meet all operating and capital requirements that may be reasonably anticipated and that maturities of investments are to be structured in concert with cash needs to meet anticipated demand. As of December 31, 2008 and 2007, the Board's Enterprise Fund investments in U.S. Government Securities and Instrumentalities included U.S. Treasury Bills and Strips totaling \$17,596,899 and \$66,601,313, respectively, all of which have a remaining maturity of less than one year.

Credit Risk - State law limits investments in securities issued, or backed by United States Treasury obligations, and U.S. Government instrumentalities, which are federally sponsored. The Board's investment policy does not further limit its investment choices. LAMP is rated AAAm by Standard & Poor's. The Pension Trust Fund's investment policy requires that fixed income investments be investment grade (BBB or higher as rated by Standard & Poor's or Baa or higher as rated by Moody's). Bonds rated below BBB/Baa are not to exceed 15% of the portfolio and non-rated bonds are not to exceed 1% of the portfolio.

(3) Defined Benefit Pension Plan

The Board has a single-employer contributory retirement plan covering all full-time employees, the Pension Trust Fund (PTF). The Board's payroll for current employees covered by PTF for the years ended December 31, 2008 and 2007 was \$29,466,571 and \$26,544,603, respectively; such amounts exclude overtime and standby payroll. Total payroll, including overtime and standby payroll, was \$42,733,299 and \$38,438,336 for the years ended December 31, 2008 and 2007, respectively. At December 31, the PTF membership consisted of

	2008	2007
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	752	737
Current employees:		
Vested	604	558
Non-vested	223	247
	827	805
Total	1,579	1,542

The benefit provisions were established by action of the Board in 1956 in accordance with Louisiana statutes. The Board retains exclusive control over the plan through the Pension Committee of the PTF. Effective January 1, 1996, the plan became qualified under Internal Revenue Code Section 401(a) and thus is tax exempt.

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SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(3) Defined Benefit Pension Plan (continued)

The plan provides for retirement benefits as well as death and disability benefits. All benefits vest after ten years of service. Employees who retire at or after age sixty-five with ten years of credited service are entitled to an annual retirement benefit, payable biweekly for life, in an amount equal to two percent of their average compensation for each year of credited service up to ten years, increasing by (1) one-half percent per year for service years over ten years, (2) an additional one-half percent per year for service years over twenty years and (3) an additional one percent per year for service years over thirty years, for a maximum of four percent for each year of credited service. Average compensation is the average annual earned compensation (prior to 2002, less \$1,200) for the period of thirty-six successive months of service during which the employee's compensation was the highest. Employees with thirty years or more of credited service may retire without a reduction in benefits. Employees may retire prior to age sixty-two without thirty years of service with a reduction in benefits of three percent for each year of age below the age of sixty-two. If an employee leaves covered employment or dies before three years of credited service, the accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary.

The retirement allowance for retirees over age sixty-two is subject to a cost of living adjustment each January 1, provided that the member retired on or after January 1, 1984. The adjustment is based on the increase in the Consumer Price Index for all urban wage earners published by the U.S. Department of Labor, but is limited to an annual maximum of two percent on the first \$10,000 of initial retirement benefits.

Effective September 23, 1993, employers may transfer credit between the Board's plan and the City of New Orleans retirement system with full credit for vested service. The Board and its employees are obligated under plan provisions to make all required contributions to the plan. The required contributions are actuarially determined. Level percentage of payroll employer contribution rates is determined using the entry age normal actuarial funding method. Employees are required to contribute four percent of their regular salaries or wages.

The Board had attained full funding of the actuarially computed pension liability in 2000. Effective June 19, 2002, however, as a result of the adoption of several plan changes in accordance with the Board's reciprocity agreement with the City of New Orleans, the plan became unfunded. These changes impacted the plan's funding requirements by \$20,333,855, which is being amortized over a 10 year period. Key changes adopted included: (a) amendment to benefit formula; (b) adoption of a "rule of 80" retirement; (c) change in the years of service required for a terminating employee to qualify for a later separation benefit from 10 years to 5 years; and (d) elimination of the exclusion of the first \$1,200 of earnings from benefits and contributions.

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increase of 5.0% per year. Both (a) and (b) included an inflation component of 2.0%. The actuarial value of assets was determined using a seven-year weighted market average.

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SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(3) Defined Benefit Pension Plan (continued)

The Board's net pension asset for the years ended December 31 was as follows:

	2008	2007
Annual required contribution	\$ 7,146,527	\$ 4,598,587
Interest on net pension obligation	(195,069)	(241,500)
Adjustments to annual required contribution	384,575	476,115
Annual pension cost	7,336,034	4,833,202
Contributions made	5,104,788	4,189,892
Decrease in net pension asset	2,231,245	663,310
Net pension asset, beginning of year	2,786,696	3,450,005
Net pension asset, end of year	\$ 555,451	\$ 2,786,695

The net pension asset is being amortized over 10 years as of December 31, 2008, using the level dollar closed method and using the same interest, salary increase and inflation factors as the plan.

Trend information for Board and employee contributions is as follows:

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
Fiscal year ending:			
December 31, 2008	\$ 7,336,034	70%	\$ 555,451
December 31, 2007	\$ 4,833,202	86%	\$ 2,786,695
December 31, 2006	\$ 4,326,480	94%	\$ 3,450,005
December 31, 2005	\$ 5,216,428	82%	\$ 3,718,709

The actuarially determined contribution requirement for the Board was 24.253% for 2008 and 17.324% for 2007. The requirement for employees is 4.0 percent. The actual Board's and employees' contributions (including contributions for transferred employees from other pension plans) for years ended December 31 were as follows:

	2008	2007
Employer and other transfers	\$ 5,874,117	\$ 5,739,363
Employee	1,143,858	1,014,461
Total Contributions	\$ 7,017,975	\$ 6,753,824

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SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(3) Defined Benefit Pension Plan (continued)

DROP

Beginning in 1996, the Board offered employees a "Deferred Retirement Option Plan" (DROP), an optional retirement program which allows an employee to elect to freeze his or her retirement benefits, but continue to work and draw a salary for a minimum period of one year to a maximum period of five years. While continuing employment, the retirement benefits are segregated from overall plan assets available to other participants. As of December 31, 2008 and 2007, 99 and 81 employees, respectively, participated in the plan. The amount of plan assets segregated for these individuals was \$4,034,240 and \$3,966,600 as of December 31, 2008 and 2007, respectively.

A separate report on the pension trust fund is not issued.

(4) Property, Plant and Equipment

The useful lives of property, plant and equipment consisted of the following:

Power and pumping stations - buildings	57 years
Power and pumping stations - machinery	40 years
Distribution systems	75 years
Sewerage collection	75 years
Canals and subsurface drains	75 to 100 years
Treatment plants	50 years
Connections and meters	50 years
Power transmission	50 years
General plant	12 years
General buildings	25 years

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(4) Property, Plant and Equipment (continued)

Property, plant and equipment consisted of the following as of December 31:

	2008			
	Beginning Balance	Additions	Deletions	Ending Balance
Cost				
Real estate rights, non depreciable	\$ 8,639,525	\$ -	\$ -	\$ 8,639,525
Power and pumping stations - buildings	287,862,377	5,780,064	-	293,642,441
Power and pumping stations - machinery	224,489,768	10,345,533	-	234,835,301
Distribution systems	121,812,303	288,776	(434,291)	121,666,788
Sewerage collection	234,788,244	20,447,865	(1,392,029)	253,843,280
Canals and subsurface drainage	281,803,343	157,647	-	281,960,990
Treatment plants	116,746,590	3,965,689	-	120,712,279
Connections and meters	38,521,713	3,811,737	(56,521)	42,276,929
Power transmission	23,607,668	-	-	23,607,668
General plant	180,041,127	9,175,622	(102,131)	189,714,618
General buildings	7,586,547	-	-	7,586,547
Total property, plant and equipment in service	1,525,899,205	54,570,933	(1,985,772)	1,578,484,366
Construction in progress	522,534,554	76,074,913	(54,520,374)	544,089,093
Total property, plant and equipment	2,048,433,759	130,645,846	(56,506,146)	2,122,573,459
Accumulated Depreciation				
Power and pumping stations - buildings	85,608,774	5,138,743	-	90,747,517
Power and pumping stations - machinery	107,360,835	5,869,946	-	113,230,781
Distribution systems	40,813,481	1,609,010	(434,291)	41,988,200
Sewerage collection	30,615,649	3,376,115	(1,392,829)	32,598,935
Canals and subsurface drainage	53,661,590	2,848,083	-	56,509,673
Treatment plants	42,194,556	2,414,246	-	44,608,802
Connections and meters	26,460,858	845,537	(56,521)	27,249,874
Power transmission	11,470,802	472,153	-	11,942,955
General plant	180,041,127	8,668,722	(102,131)	188,607,718
General buildings	4,980,154	303,462	-	5,283,616
Total accumulated depreciation	583,207,826	31,546,017	(1,985,772)	612,768,071
Net property, plant, and equipment	\$ 1,465,225,933	\$ 99,099,829	\$ (54,520,374)	\$ 1,509,805,388

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

(4) Property, Plant and Equipment (continued)

	2007			
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Cost</b>				
Real estate rights, non depreciable	\$ 8,659,525	\$ -	\$ -	\$ 8,659,525
Power and pumping stations - buildings	278,823,495	9,038,882	-	287,862,377
machinery	222,504,768	1,985,000	-	224,489,768
Distribution systems	119,077,196	3,516,334	(781,227)	121,812,303
Sewerage collection	228,195,494	7,669,343	(1,076,593)	234,788,244
Canals and subsurface drainage	280,879,403	923,940	-	281,803,343
Treatment plants	113,375,473	3,371,117	-	116,746,590
Connections and meters	38,527,630	106,561	(112,478)	38,521,713
Power transmission	23,607,668	-	-	23,607,668
General plant	177,252,452	3,192,454	(403,779)	180,041,127
General buildings	7,586,547	-	-	7,586,547
Total property, plant and equipment in service	1,498,469,651	29,803,691	(2,374,077)	1,525,899,265
Construction in progress	458,566,912	94,192,714	(30,225,072)	522,534,554
Total property, plant and equipment	1,957,036,563	123,996,345	(32,599,149)	2,048,433,759
<b>Accumulated Depreciation</b>				
Power and pumping stations - buildings	79,655,020	5,953,754	-	85,608,774
machinery	101,749,477	5,611,358	-	107,360,835
Distribution systems	39,965,448	1,629,260	(781,227)	40,813,481
Sewerage collection	28,369,539	3,122,683	(1,076,593)	30,615,649
Canals and subsurface drainage	51,417,955	2,243,635	-	53,661,590
Treatment plants	39,859,624	2,334,932	-	42,194,556
Connections and meters	25,802,903	770,433	(112,478)	26,460,858
Power transmission	10,998,649	472,153	-	11,470,802
General plant	177,252,452	3,192,454	(403,779)	180,041,127
General buildings	4,676,692	303,462	-	4,980,154
Total accumulated depreciation	559,947,779	25,634,124	(2,374,077)	583,207,826
Net property, plant, and equipment	\$ 1,397,088,784	\$ 98,362,221	\$ (30,225,072)	\$ 1,465,225,933

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

(4) Property, Plant and Equipment (continued)

Interest capitalized was as follows for the years ended December 31:

	2008	2007
Interest income	\$ 1,966,531	\$ 3,979,717
Interest expense	(12,293,962)	(13,222,352)
Net interest capitalized	\$ (10,327,431)	\$ (9,242,635)

(5) Customer Receivables

Customer receivables as of December 31 consist of the following:

	2008	2007
Customer Accounts	\$ 21,675,663	\$ 16,652,907
Water	27,092,747	24,813,536
Sewer	48,768,410	41,466,443
Allowance for Doubtful Accounts	\$ 16,652,907	\$ 5,022,756
Net	\$ 48,768,410	\$ 7,301,967
Customer Accounts	\$ 24,065,882	\$ 16,721,384
Water	34,237,243	25,475,244
Sewer	58,303,125	42,196,628
Allowance for Doubtful Accounts	\$ 16,721,384	\$ 7,344,498
Net	\$ 58,303,125	\$ 16,106,497

(6) Due from the City of New Orleans

In accordance with the terms of an agreement with the City of New Orleans, the Board and the City agreed to offset \$2,098,687 (net of unearned discount \$285,696) owed by the City to the Board at the rate of \$200,000 annually in lieu of civil service charges through 2009. As of December 31, 2008 and 2007, \$122,812 and \$297,908, respectively, was due from the City of New Orleans.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

(7) Changes in Long-term Obligations

a. Bonds Payable

Bonds payable consisted of the following as of December 31:

	Principal Balances
	2008      2007
5.00% to 6.25% sewerage revenue bonds, series 1997 (initial average interest cost 5.36%), due in annual principal installments ranging from \$1,100,000 to \$2,425,000; final payment due June 1, 2017	\$ 17,685,000    \$ 19,175,000
4.125% to 6.125% water revenue bonds, series 1998 (initial average interest cost 4.82%), due in annual principal installments ranging from \$625,000 to \$1,220,000; final payment due December 1, 2018	10,000,000      10,770,000
4.125% to 6.000% sewer revenue bonds, series 1998 (initial average interest cost 4.82%), due in annual principal installments ranging from \$950,000 to \$1,910,000; final payment due June 1, 2018	15,625,000      16,825,000
4.10% to 6.10% drainage system bonds, series 1998 (initial average interest cost 4.84%), due in annual principal installments ranging from \$370,000 to \$760,000; final payment due December 1, 2018	6,175,000        6,650,000
5.25% to 6.50% sewer revenue bonds, series 2000 (initial average interest cost 5.48%), due in annual principal installments ranging from \$820,000 to \$2,205,000; final payment due June 1, 2020	19,585,000      20,680,000
5.00% to 7.00% sewer revenue bonds, series 2000B (initial average interest cost 5.43%), due in annual principal installments ranging from \$640,000 to \$1,660,000; final payment due June 1, 2020	14,905,000      15,755,000
4.40% to 6.70% sewer revenue bonds, series 2001 (initial average interest cost 5.02%), due in annual principal installments ranging from \$1,100,000 to \$2,455,000; final payment due December 1, 2021	24,435,000      25,795,000

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

(7) Changes in Long-term Obligations (continued)

a. Bonds Payable (continued)

	Principal Balances
	2008      2007
3.00% to 5.00% sewerage service revenue bonds, series 2002 (initial average interest cost 4.56%; due in annual principal installments ranging from \$1,635,000 to \$4,520,000; final payment due June 1, 2022.	\$ 45,740,000    \$ 47,875,000
3.00% to 5.00% water revenue bonds, series 2002 (initial average interest cost 4.57%; due in annual principal installments ranging from \$945,000 to \$1,658,000; final payment due December 1, 2022.	28,770,000      29,920,000
3.45% to 6.00% drainage system bonds, series 2002 (initial average interest cost 4.46%), due in annual principal installments ranging from \$510,000 to \$2,155,000; final payment due December 1, 2022.	16,535,000      17,185,000
2.20% to 5.00% sewerage service revenue bonds, series 2003 (initial average interest cost 4.45%); due in annual principal installments ranging from \$140,000 to \$395,000; final payment due June 1, 2023.	4,490,000        4,715,000
3.25% to 6.00% sewerage service revenue bonds, series 2004 (initial average interest cost 4.62%); due in annual principal installments ranging from \$945,000 to \$3,685,000; final payment due June 1, 2024.	28,280,000      29,515,000
5.02% sewerage service refunding bond anticipation notes, series 2006; due in one principal installment of \$24,030,000 on July 15, 2009.	24,030,000      24,030,000
	256,255,000    268,890,000
Plus bond premiums	1,671,902        1,852,968
Total	257,926,902    270,742,968
Less current maturities	37,282,479      12,587,441
Bond payable, long-term	\$ 220,644,423    \$ 258,155,527

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(7) Changes in Long-term Obligations (continued)

a. Bonds Payable (continued)

The changes in long-term debt were as follows:

	2008	2007
Balance, beginning of year	\$ 268,890,000	\$ 280,910,000
Payments	(12,635,000)	(12,020,000)
Balance, end of year	\$ 256,255,000	\$ 268,890,000

Year	Principal	Interest	Total
2009	\$ 37,300,000	\$ 10,952,837	\$ 48,252,837
2010	13,925,000	10,449,008	24,374,008
2011	14,630,000	9,807,092	24,437,092
2012	15,355,000	9,110,507	24,465,507
2013	16,115,000	8,365,622	24,480,622
2014-2018	91,120,000	28,380,617	119,500,617
2019-2023	63,375,000	7,378,121	72,753,121
2024	2,435,000	54,788	2,489,788
Total	\$ 256,255,000	\$ 84,602,270	\$ 340,753,592

The annual requirements to amortize all bonds payable as of December 31, 2008, are as follows:

The amount of revenue bonds and tax bonds payable as of December 31, 2008, are as follows:

Year	Revenue Bonds	Tax Bonds	Total
2009	\$ 36,115,000	\$ 1,185,000	\$ 37,300,000
2010	12,690,000	1,235,000	13,925,000
2011	13,330,000	1,300,000	14,630,000
2012	13,995,000	1,360,000	15,355,000
2013	14,690,000	1,425,000	16,115,000
2014-2018	82,955,000	8,165,000	91,120,000
2019-2023	57,335,000	8,040,000	63,375,000
2024	2,435,000	54,788	2,489,788
Total	\$ 233,545,000	\$ 22,710,000	\$ 256,255,000

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(7) Changes in Long-term Obligations (continued)

a. Bonds Payable (continued)

The indentures under which these bonds were issued provide for the establishment of restricted funds for debt service as follows:

1. Debt service funds are required for the payment of interest and principal on the revenue and tax bonds. Monthly deposits on revenue bonds, excluding bond anticipation notes, are required to be made into this fund from operations in an amount equal to 1/6 of the interest falling due on the next interest payment date, and an amount equal to 1/12 of the principal falling due on the next principal payment date. All debt service funds are administered by the Board of Liquidation. The required amount to be accumulated in this fund was \$6,926,669 and \$6,647,720 at December 31, 2008 and 2007, respectively; the accumulated balance at December 31, 2008 and 2007 was \$9,821,453 and \$4,127,745 respectively. Monthly deposits to the debt service funds were temporarily suspended due to debt service payments being paid directly by the State of Louisiana through a Cooperative Endeavor Agreement and resumed as of June 2008. See note (7) c. for additional information.
2. A debt service reserve is required for an amount equal to but not less than fifty percent of the amount required to be credited in said month to the debt service fund until there shall be accumulated in the debt service reserve account the largest amount required in any future calendar year to pay the principal and interest on outstanding bonds, except for the water and sewer bonds. The water and sewer bonds require an amount equal to the largest amount required in any future calendar year to pay the principal of and interest on outstanding bonds. There is no debt service reserve required for the 1998 and 2002 drainage 9 mill tax bonds. The required amount to be accumulated in this fund was \$22,289,918 at December 31, 2008 and 2007; the accumulated balance at December 31, 2008 and 2007 was \$22,234,068.

The net operating revenues of the Water Department for the years ended December 31, 2008 and 2007 did not meet the bond indenture required debt service coverage of 130 percent. The Board is in compliance with the requirements of its long-term debt agreements for the Sewerage Department at December 31, and 2008 and 2007.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

(7) Changes in Long-term Obligations (continued)

d. Capital Leases

During October 2005, the Board entered into a capital lease for the replacement of vehicles damaged during Hurricane Katrina totaling \$943,373. Additional vehicles totaling \$8,762,253 were purchased during 2006 under the same terms. Payments on these capital leases under separate payment schedules were based on the date of delivery beginning in October 2005 and ending March 2007. Lease terms include monthly payments of principal and interest at an interest rate of 2.68%. This capital lease was secured by a security interest in the vehicles.

During August 2006, the Board entered into a capital lease for the replacement of vehicles damaged during Hurricane Katrina totaling \$658,200 with payments beginning in August 2006 and ending March 2008. Lease terms include monthly payments of principal and interest at an interest rate of 8.08%. This capital lease was secured by a security interest in the vehicles.

The vehicles subject to the capital lease are included in property plant and equipment - general plant with a net book value of \$7,742,446 and \$8,590,508, at December 31, 2008 and 2007, respectively.

Due to City of New Orleans

The Board bills and collects sanitation charges on behalf of the City of New Orleans (City). The Board is not liable for any uncollected sanitation charges.

Additionally, amounts included in accounts payable due to the city were \$2,763,866 and \$500,959 at December 31, 2008 and December 31, 2007, respectively.

Property Taxes

Property taxes are levied by the City of New Orleans. Taxes on real and personal property attach as an enforceable lien on the property as of January 1. Taxes are levied on January 1, are payable on January 1, and are delinquent on February 1.

The assessed value of the property is determined by an elected Board of Assessors. The assessed value for 2008 and 2007 was \$2,836,995,254 and \$2,134,989,576, respectively. The combined tax rate dedicated for the Board for the years ended December 31, 2008 and 2007 was \$16.43 and \$22.59, respectively, per \$1,000 of assessed valuation. These dedicated funds are available for operations, maintenance, construction and extension of the drainage system (except for subsurface systems).

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

(7) Changes in Long-term Obligations (continued)

b. Special Community Disaster Loan Payable

During January 2006, the Board entered into a long-term agreement with the Federal Emergency Management Agency under the Community Disaster Loan Act of 2005 as a result of the major disaster declaration of August 29, 2005 for Hurricane Katrina. The Board made draw downs totaling \$61,956,747 as of December 31, 2008. The loan is for a term of five years, which may be extended, and shall bear interest at the latest five-year Treasury rate at the time of the closing date of the loan, plus one percent. Simple interest accrues from the date of each disbursement. Payments of principal and interest are deferred until the end of the five year period. As of December 31, 2008 and 2007, approximately \$4.1 million and \$2.4 million of interest was accrued, respectively.

Interest rates and maturity dates for the draw downs are as follows:

Maturity Date	Interest Rate	Principal
January 23, 2011	2.66%	\$ 22,298,689
June 21, 2011	3.12%	6,013,905
August 27, 2011	2.93%	33,644,153
		<u>\$ 61,956,747</u>

Operating revenues are pledged as security for the loan. Debt service requirements relating to the loan due in 2011 include \$61,956,747 of principal and \$8,475,957 of interest.

c. Debt Service Assistance

In July 2006, the Board and the State of Louisiana (the State) entered into a Cooperative Endeavor Agreement whereby the State agreed to lend up to \$77,463,247 from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2005 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006, to assist in payment of debt service requirements from 2006 through 2008 due to disruption of tax bases and revenue streams caused by Hurricanes Katrina and Rita. Draw downs on the loan will be made as debt service payments become due. No principal or interest shall be payable during the initial five year period of the loan. After the expiration of the initial five year period, the loan shall bear interest at a fixed rate of 4.64 percent. Principal payments on the bonds begin in July 2012 and the loan will mature in July 2026. Interest is payable semi-annually on January 15 and July 15 beginning January 2012. The loan may be prepaid without penalty or premium. The Board has the right to request one extension of its obligation to begin payments under the loan not to exceed five years. As of December 31, 2008, the Board has drawn down \$77,460,393 on this agreement.

Debt service requirements relating to the bond are as follows:

Years Ending June 30	Principal	Interest	Total
2012	\$ 3,688,291	\$ 3,594,387	\$ 7,282,678
2013	3,839,428	3,423,250	7,262,678
2014-2018	22,155,375	14,258,017	36,413,392
2019-2023	27,795,069	8,618,323	36,413,392
2024-2027	19,962,230	1,880,951	21,843,181
	<u>\$ 77,460,393</u>	<u>\$ 31,774,928</u>	<u>\$ 109,235,321</u>



**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

(10) **Commitments**

a. **Capital Improvements**

At December 31, 2008, the Board's budget for its five year capital improvements program totaled \$2,229,524,000 including \$294,589,000 for water, \$520,253,000 for sewerage and \$1,414,682,000 for drainage.

Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2008, the Board has committed or appropriated \$67,781,695 in investments for use in future capital projects and has \$54,206,676 of bond proceeds remaining for construction. The capital project investments are included in restricted assets.

The capital improvements budget for 2009 is \$625,803,000 including \$293,756,000 for projects, which are expected to be funded by federal grants and programs. Significant projects included in property, plant and equipment in progress as of December 31, 2008 include the following:

- Hurricane Katrina related Repairs and Replacement  
Southeast Louisiana Flood Control Program
- Sewer System Sanitation Evaluation and Rehabilitation Program
- Drainage Pumping Stations and Canals
- Eastbank Sewer Treatment Plant
- Westbank Sewer Treatment Plant

b. **Self-Insurance**

The Board is self-insured for general liability, worker's compensation, and hospitalization benefits and claims. Settled claims have not exceeded excess coverage in any of the past three fiscal years. Hospitalization benefits are charged to payroll related expense.

General liability claims are segregated internally by "claims" and "suits" depending on the scope and type of claim, and are handled by the Office of the Special Counsel and Administrative Services. Individual general liability losses have ranged from \$100 to \$7,500,000, illustrating the volatility of this exposure. The provision for claims expense for 2008 and 2007 amounted to \$3,990,705 and \$4,168,677, respectively.

Worker's compensation expense provision for 2008 and 2007 amounted to \$1,530,333 and \$1,719,712, respectively.

The hospitalization self-insurance benefits are administered by Blue Cross of Louisiana. The Board's expense provision in excess of employee contributions for 2008 and 2007 was approximately \$11,871,000 and \$13,015,000, respectively, and is included in payroll related expenses.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

(10) **Commitments (continued)**

b. **Self-Insurance (continued)**

Changes in the claims payable amount are as follows (health payments are reflected net):

Fiscal Year	Beginning of Year	Current Year		End of Year
		Claims and Estimate Change	Claim Payments	
2008	\$ 28,980,804	\$ 11,361,649	\$ (17,215,588)	\$ 23,126,865
2007	32,809,054	10,840,357	(14,668,607)	28,980,804

The composition of claims payable is as follows:

	2008	2007
<b>Short-term:</b>		
Workers' Compensation	\$ 1,170,516	\$ 901,949
Health Insurance	2,144,600	3,047,836
General Liability	14,938,573	19,474,902
Total short-term	18,253,689	23,424,687
<b>Long-term:</b>		
Workers' Compensation	4,873,176	5,256,117
General Liability	-	300,000
Total long-term	4,873,176	5,556,117
<b>Total</b>	<b>\$ 23,126,865</b>	<b>\$ 28,980,804</b>

c. **Regulatory Matters**

The Board, as well as other utilities, is subject to environmental standards imposed by federal, state and local environmental laws and regulations. The Board has entered into a consent decree with the United States which allows the Board to go forward with its major program to repair and rehabilitate the sewerage system while drawing on a \$100 million commitment from the United States Environmental Protection Agency. The Board expended \$39,347,784 of the commitment at December 31, 2008 and 2007. The overall costs of the program are estimated at \$604.8 million over a period ending in 2010. The Board is in compliance with the decree.

The Board is also participating in Federal financial award programs which are subject to financial and compliance audits by various agencies. No disallowed costs have been identified. As part of Federal and other governmental agency funding, the Board is required to match a portion of funding received. The Board believes it has sufficient funds to meet its matching requirements.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

(10) Commitments (continued)

d. Postemployment Healthcare Benefits

Plan Description - The Board's post-employment medical benefits for retirees are provided through a self-insured medical plan and are made available to employees upon actual retirement.

The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 62 and 10 years of service; age 65 and 5 years of service; age 70 regardless of service; or, if age plus service equals at least 80. Complete plan provisions are contained in the official plan documents. Currently, the Board provides post-employment medical benefits to 582 retired employees.

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 Board recognized the cost of providing post-employment medical benefits (the Board'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. In 2008 and 2007, the Board's portion of health care funding cost for retired employees totaled \$5,673,616 and \$6,143,654, respectively.

Effective January 1, 2007, the Board implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following tables.

Annual Required Contribution - The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The 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 actuarially computed ARC is as follows:

Normal Cost	2008	2007
30-year UAL amortization amount	\$ 4,013,401	\$ 3,191,001
Annual required contribution (ARC)	\$ 10,291,219	\$ 9,627,363
	\$ 14,304,620	\$ 12,818,364

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

(10) Commitments (continued)

d. Postemployment Healthcare Benefits (continued)

Net Post-employment Benefit Obligation - The table below shows the Board's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31:

	2008	2007
Beginning Net OPEB Obligation	\$ 6,674,710	\$ -
Annual required contribution	14,304,620	12,818,364
Interest on Net OPEB Obligation	266,988	-
ARC Adjustment	(386,000)	-
OPEB Cost Contribution	14,185,608	12,818,364
Current year retiree premium	(5,673,616)	(6,143,654)
Change in Net OPEB Obligation	8,511,992	6,674,710
Ending Net OPEB Obligation	\$ 15,186,702	\$ 6,674,710

The following table shows the Board's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability:

	Annual	Percentage of	Net PEB
	Annual	Annual Cost	Liability
	Cost	Contributed	(Asset)
Fiscal Year Ended	OPEB Cost	40.00%	\$ 15,186,702
December 31, 2008	\$ 14,304,620		
December 31, 2007	12,818,364	47.93%	6,674,710

Funded Status and Funding Progress - In 2008 and 2007, The Board made no contributions to its post-employment benefits plan. The plan is 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 \$177,956,339, which is defined as that portion, as determined by a particular actuarial cost method (the Board 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.

	2008	2007
Actuarial Accrued Liability (AAL)	\$ 177,956,339	\$ 147,995,856
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ 177,956,339	\$ 147,995,856

Funded Ratio (AVP/AAL) 0.00%

Covered Payroll (active plan members) \$ 29,466,571 \$ 26,544,603  
UAAL as a percentage of covered payroll 604.93% 557.54%

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SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(10) Commitments (continued)

d. Postemployment Healthcare Benefits (continued)

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 Board and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Board 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 Board 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.

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 - An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 7%. In addition to age related turnover, it has additionally been assumed that 10% of future eligible retirees will decline coverage upon retirement. The rates for each age are below:

Age	Percent Turnover
18 - 25	10.0%
26 - 40	8.0%
41 - 54	5.0%
55+	4.0%

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

(10) Commitments (continued)

d. Postemployment Healthcare Benefits (continued)

Post employment Benefit Plan Eligibility Requirements - It is assumed that entitlement to benefits will commence five years after earliest eligibility for retirement (D.R.O.P. entry). The five years is to accommodate the anticipated period of the D.R.O.P. Also, if the initial eligibility for D.R.O.P. entry is prior to age 55, an additional one year delay has been assumed, and it has been assumed that members eligible for the "Rule of 80" retirement formula delay three years beyond that earliest retirement date. Medical benefits are provided to employees upon actual retirement. The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 62 and 10 years of service; age 65 and 5 years of service; age 70 regardless of service; or, if age plus service equals at least 80. Entitlement to benefits continues through Medicare to death.

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 Care 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). "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 rate and 50% of the unloaded female mortality rates, was 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. Since GASB 45 requires the use of "unblended" rates, the 94GAR mortality table described above was used to "blend" the rates so as to reproduce the composite blended rates overall as the rate structure to calculate the actuarial valuation results for life insurance.

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 current premium schedules for active and retired are "unblended" rates, as required by GASB 45.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

(11) **Deferred Compensation Plan**

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property, and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the employees, therefore the assets of the plan are not included in these financial statements.

(12) **Budgets**

Operating and capital expenditure budgets are adopted by the Board on a basis consistent with accounting principles generally accepted in the United States. While not legally required, this budgetary information is employed as a management control device during the year. Comparison between actual and budgeted expenses is not a required presentation for an Enterprise Fund.

(13) **Segment Information**

The Board issued revenue bonds to finance its water and sewerage departments which operate the Board's water and sewerage treatment plants and distribution and collection systems. These bonds are accounted for in a single fund; however, investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

Summary financial information for these departments as of and for the year ended December 31 is as follows:

	Water		Sewer	
	2008	2007	2008	2007
Condensed Statements of Net Assets				
	(amounts in thousands)			
Assets:				
Property, plant and equipment	\$ 289,624	\$ 282,715	\$ 618,416	\$ 599,493
Current unrestricted assets	980	21,302	53,642	77,678
Restricted assets	21,384	26,567	72,237	74,841
Other assets	470	1,627	1,021	1,854
Total assets	\$ 314,458	\$ 332,211	\$ 745,316	\$ 753,866
Net assets:				
Invested in capital assets, net of related debt	\$ 251,873	\$ 248,615	\$ 463,595	\$ 443,246
Restricted	(119,995)	(61,603)	(15,595)	6,833
Total net assets	\$ 137,880	\$ 187,012	\$ 448,002	\$ 450,079
Liabilities:				
Current	56,732	28,401	28,252	39,858
Current liabilities payable from restricted assets	7,894	7,246	36,294	11,420
Noncurrent liabilities	112,012	109,552	252,768	252,509
Total liabilities	\$ 176,638	\$ 145,199	\$ 297,314	\$ 303,787
Total liabilities and net assets	\$ 314,458	\$ 332,211	\$ 745,316	\$ 753,866

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

(13) **Segment Information (continued)**

	Water		Sewer	
	2008	2007	2008	2007
Condensed Statements of Revenues, Expenses and Changes in Net Assets				
	(amounts in thousands)			
Service charges, pledged against bonds	\$ 45,266	\$ 39,349	\$ 62,461	\$ 68,843
Depreciation expense	(13,521)	(5,288)	(8,078)	(6,767)
Other operating expenses	(67,867)	(63,377)	(42,649)	(46,991)
Operating income	(36,122)	(30,316)	11,734	15,085
Nonoperating revenues (expenses):				
Investment earnings	410	633	987	1,133
Other	(1,464)	(1,389)	255	942
Capital contributions	(11,956)	10,665	(13,053)	50,269
Change in net assets	(49,132)	(20,407)	(2,077)	67,429
Beginning net assets	187,012	207,419	450,079	362,650
Ending net assets	\$ 137,880	\$ 187,012	\$ 448,002	\$ 450,079

Condensed Statements of Cash Flows

	Water		Sewer	
	2008	2007	2008	2007
(amounts in thousands)				
Net cash provided by (used in):				
Operating activities	\$ (21)	\$ (23,790)	\$ 22,781	\$ 1,027
Noncapital financing activities	21,434	197	403	246
Capital and related financing activities	(8,231)	8,854	(25,707)	(2,894)
Investing activities	4,461	90	4,930	12,113
Net increase (decrease)	17,543	(14,649)	2,409	10,492
Cash and cash equivalents:				
Beginning of year	(11,909)	2,740	20,172	9,680
End of year	\$ 5,434	\$ (11,909)	\$ 22,581	\$ 20,172

(14) **Natural Disaster**

On August 29, 2005, the New Orleans region suffered significant damage to property and lives when Hurricane Katrina struck the Gulf Coast area. The Board sustained significant damage to Board-owned facilities, service vehicles, and inventory, which were flooded and/or wind damaged.

For the year ended December 31, 2005, losses totaling \$55,909,262 were provided as follows. The net book value of damaged property was \$49,238,527 and lost inventory amounted to \$6,670,735. Insurance proceeds of \$2,346,397 were received in 2007. No further insurance proceeds were received in 2008.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS  
(Continued)

(14) Natural Disaster (continued)

As of December 31, 2008 and 2007, the Board has cumulatively received \$140,969,811 and \$113,635,454, respectively, of cash reimbursements from the Federal Emergency Management Agency (FEMA). Included in accounts receivable as of December 31, 2008 and 2007 are \$13,046,833 and \$72,165,526, respectively, of reimbursements due from FEMA. In 2008, approximately \$48 million of receivables were written off as a result of expenses previously submitted to FEMA for reimbursement that are currently in dispute and subject to appeal or due to expenses that have been disallowed by FEMA. Eligible FEMA grants totaling in excess of \$254 million are in various stages of the approval process and include amounts for system repairs, building repairs, vehicle and equipment repairs and replacements, temporary power, supplies and other costs.

On June 29, 2007, the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana, City of New Orleans, Louisiana, and the Louisiana Public Facilities Authority (LPFA). The LPFA agreed to issue its bonds to provide the cash capital investment to pay for capital improvements of the City of New Orleans and the Board. The establishment of the construction fund permits the Board and City of New Orleans to publicly bid contracts that are subject to a Project Worksheet that has been obligated by FEMA or for which an award letter has been received and encumber such amounts. The State of Louisiana, City of New Orleans, and Sewerage and Water Board agree that as FEMA pays any reimbursement amounts related to projects for which disbursements have been made, or the City or the Sewerage and Water Board receives monies related to the hazard mitigation grant program for which disbursements have been made from the construction fund, the full amount of such projects shall be deposited in the construction fund and used to fund additional projects until all City of New Orleans and Sewerage and Water Board improvements are completed. The total amount made available to the Board under the agreement was \$100,000,000. At December 31, 2008, the Board had an outstanding obligation under the agreement of \$7,831,592 included as a liability in due to other governments on the statements of net assets, which represent amounts not yet reimbursed by FEMA and deposited back into the construction fund. There were no outstanding obligations at December 31, 2007.

In 2008, the Board received an excess payment of FEMA funds in the amount of \$21,097,027. This balance is included as a liability in due to other governments on the statements of net assets.

(15) Restatement

The Board identified an error in accumulated depreciation which impacted prior year financial statements. This error resulted in a restatement which reduced accumulated depreciation and increased net assets invested in capital assets - net of related debt by \$19,727,707 and \$7,842,904 as of December 31, 2007 and 2006, respectively.

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
Required Supplementary Information Under GASB Statement No. 25  
SCHEDULE OF FUNDING PROGRESS  
For the years ended December 31, 2008 and 2007

Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL	Funded Ratio	Covered Payroll (millions)	Unfunded AAL as a Percentage of payroll
2008	\$ 222,498,640	\$ 260,616,822	\$ 38,018,182	83.41%	29	123.02%
2007	223,583,589	245,202,189	21,618,600	91.18%	27	81.44%
2006	217,274,416	235,664,407	18,389,991	92.20%	26	70.92%
2005	209,829,340	225,544,886	15,715,546	93.03%	30	52.30%
2004	204,706,452	218,155,395	13,448,943	93.84%	30	44.58%
2003	196,697,432	205,362,089	8,664,657	95.78%	28	30.46%
2002	187,892,716	197,523,094	9,430,378	95.22%	29	32.65%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
2008	\$ 7,146,647	\$ 4,915,512	68.78%
2007	4,598,587	3,885,124	84.49%
2006	4,073,502	3,343,713	82.08%
2005	4,702,354	3,716,381	79.03%
2004	4,271,797	3,721,034	87.11%
2003	3,193,339	3,391,537	106.21%

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**Required Supplementary Information Under GASB Statement No. 45**  
**SCHEDULE OF FUNDING PROGRESS**  
**For the years ended December 31, 2008 and 2007**

Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL	Funded Ratio	Covered Payroll (millions)	Unfunded AAL as a Percentage of payroll
2008	\$ -	\$ 177,956,339	\$ 177,956,339	0.00%	\$ 29	603.83%
2007	-	147,995,856	147,995,856	0.00%	27	557.54%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
2008	\$ 14,304,620	\$ 5,673,616	39.66%
2007	12,818,364	6,143,654	47.93%

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**SCHEDULE OF NET ASSETS BY DEPARTMENT**  
**ENTERPRISE FUND**  
 As of December 31, 2008 and 2007

Schedule 1

ASSETS	Water System		Sewerage System		Drainage System		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>Noncurrent assets:</b>								
Property, plant and equipment	\$ 529,929,680	\$ 509,991,021	\$ 786,470,975	\$ 760,963,739	\$ 806,172,804	\$ 777,579,999	\$ 2,122,573,459	\$ 2,048,433,759
Less accumulated depreciation	240,306,194	237,275,520	168,054,495	161,369,556	204,407,382	194,562,430	612,768,071	583,207,636
	289,623,486	282,715,501	618,416,480	599,493,183	601,765,422	583,017,569	1,509,805,388	1,465,226,123
Due from City of New Orleans, less cum	-	46,996	-	34,268	-	16,644	-	97,908
Other assets:								
Bond issue costs	175,147	192,185	836,899	965,459	80,180	91,789	1,091,426	1,249,443
Deposits	22,950	22,950	17,965	17,965	10,480	10,480	51,315	51,315
Pension Asset	272,170	1,363,480	166,636	836,009	116,645	585,206	555,451	2,786,695
	470,267	1,580,615	1,020,700	1,819,433	207,225	687,405	1,098,192	4,087,453
Total noncurrent assets	290,093,753	284,342,812	619,437,180	601,346,884	601,972,647	583,721,598	1,511,503,580	1,469,411,794
<b>Current assets:</b>								
<b>Unrestricted:</b>								
Cash	5,694,327	(12,152,551)	22,114,150	19,940,483	7,379,779	10,245,463	34,588,256	17,933,399
Accounts receivable:								
Customers, net of allowance	5,022,756	7,344,498	2,279,211	8,761,999	-	-	7,301,967	16,106,497
Taxes	-	-	-	-	18,323,398	4,549,206	10,323,398	4,549,206
Interest	63,752	106,977	33,882	68,159	224,684	966,179	322,318	1,141,315
Grants	6,225,456	32,421,003	4,343,628	28,830,525	2,547,769	11,091,995	13,116,953	72,343,123
Miscellaneous	3,197,381	3,024,899	158,257	285,328	1,640,510	1,340,063	5,036,848	4,650,290
Due from City of New Orleans, cu	58,950	96,000	42,984	70,000	20,878	34,000	122,812	200,000
Due from (to) other internal depart	(28,543,708)	(19,047,488)	21,398,449	16,967,861	7,436,037	2,370,405	290,778	393,778
Inventory of supplies	9,164,970	8,913,274	2,689,541	2,390,915	1,033,340	872,541	13,887,851	12,176,730
Prepaid expenses	695,617	595,138	541,086	462,881	309,163	264,505	1,942,816	1,322,517
Total unrestricted	979,501	21,301,745	53,641,838	77,678,153	30,915,598	31,674,257	85,536,897	130,634,155
<b>Restricted assets:</b>								
Capital projects	9,829,833	7,910,478	2,119,679	2,187,676	55,832,183	72,461,568	67,781,695	82,479,722
Construction funds	1,347,928	6,999,912	41,297,608	49,643,615	11,561,140	14,055,193	54,206,676	70,699,720
Debt service reserve	3,938,380	3,928,380	18,325,688	18,325,688	-	-	22,254,068	22,254,068
Customer deposits	5,390,167	4,964,522	-	-	-	-	5,390,167	4,964,522
Health insurance reserve	1,693,239	1,613,463	1,694,334	1,613,463	1,693,239	1,613,463	5,080,812	4,840,389
Debt service	1,100,705	1,056,056	8,720,748	3,071,689	-	1,604,351	9,821,453	5,733,096
Other	94,000	94,000	79,000	79,000	39,000	39,000	212,000	212,000
Total restricted	21,384,252	26,566,811	72,237,057	74,441,131	69,125,562	89,774,575	164,746,871	191,183,517
Total current assets	24,563,753	47,868,556	125,878,895	152,119,284	100,041,128	121,448,832	250,283,768	321,836,672
	\$ 314,457,506	\$ 332,211,368	\$ 745,316,075	\$ 753,866,168	\$ 702,013,767	\$ 705,170,430	\$ 1,761,787,348	\$ 1,791,247,966

(Continued)

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**SCHEDULE OF NET ASSETS BY DEPARTMENT, CONTINUED**  
**ENTERPRISE FUND**  
 As of December 31, 2008 and 2007

Schedule 1, Continued

NET ASSETS AND LIABILITIES	Water System		Sewerage System		Drainage System		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>Net assets:</b>								
Invested in capital assets - net of returns	\$ 251,873,348	\$ 248,614,804	\$ 483,595,052	\$ 443,245,583	\$ 590,616,562	\$ 573,217,853	\$ 1,306,085,162	\$ 1,265,078,240
<b>Restricted for:</b>								
Debt service	5,029,085	4,984,436	27,046,436	21,397,377	-	1,604,351	32,079,871	27,986,164
Capital Projects	(119,922,335)	(66,287,307)	(43,639,491)	(14,564,873)	59,056,489	73,737,027	(102,625,327)	(7,414,587)
Total net assets	137,880,298	187,012,033	448,001,997	450,078,573	649,673,051	648,339,231	1,235,535,356	1,285,649,817
<b>Long-term liabilities:</b>								
Claims payable	1,624,392	1,902,039	1,624,392	1,902,039	1,624,392	1,752,039	4,873,176	5,306,117
Other postretirement benefits liability	4,546,253	-	2,783,419	-	1,948,395	-	9,278,067	-
Bonds payable (net of current maturities)	37,077,866	39,138,531	162,041,557	194,306,596	21,525,000	22,710,080	220,644,423	258,155,527
Special Community Disaster loan payab	61,956,747	61,956,747	-	-	-	-	61,956,747	61,956,747
Debt Service Assistance Fund loan payab	6,807,041	6,555,007	66,318,237	54,299,888	4,355,115	3,880,227	77,460,393	64,855,122
	112,012,299	109,552,324	332,787,605	252,508,923	29,452,902	28,262,266	374,212,806	390,323,513
<b>Current liabilities (payable from current assets):</b>								
Accounts payable	12,412,668	11,411,477	16,798,006	28,983,758	6,837,917	9,747,259	36,048,591	50,142,494
Due to City of New Orleans	151,333	26,993	-	-	-	-	151,333	26,933
Due to other governments	26,227,043	-	1,784,936	-	916,630	-	28,928,619	-
Retainers and estimates payable	694,750	937,131	1,055,182	1,151,119	523,744	385,179	2,253,676	2,473,429
Due to other fund	44,242	46,944	28,767	22,035	24,281	26,823	90,290	95,804
Accrued salaries	121,176	434,163	285,071	245,936	295,437	185,516	1,301,684	835,615
Accrued vacation and sick pay	4,808,613	4,302,793	1,940,358	2,842,911	1,686,138	1,637,550	9,435,109	8,982,354
Client payable	4,626,867	3,279,986	3,613,217	4,583,788	10,011,605	13,960,913	18,253,689	23,424,887
Capital lease payable	-	41,778	-	41,778	-	20,889	-	104,445
Other postretirement benefits liability	2,895,231	3,270,608	1,772,591	2,802,413	1,240,813	1,401,689	5,908,635	6,674,710
Other liabilities	4,149,789	2,459,353	-	(14,712)	-	(476)	4,149,709	2,444,165
	56,331,642	28,401,166	28,252,128	39,859,126	21,537,565	26,965,344	106,521,335	95,324,636
<b>Current liabilities (payable from restricted assets):</b>								
Accrued interest	154,071	159,761	794,229	1,286,682	84,216	89,148	1,032,316	1,535,591
Bonds payable	2,020,000	1,920,000	34,077,479	9,542,441	1,185,000	1,125,000	37,281,479	12,587,441
Retainers and estimates payable	369,029	201,562	1,432,637	391,423	121,023	169,441	1,812,689	962,626
Customer deposits	5,390,167	4,964,522	-	-	-	-	5,390,167	4,964,522
	7,333,267	7,245,845	36,294,345	11,420,546	1,390,239	1,383,589	45,517,851	20,049,980
Total current liabilities	64,564,909	35,647,011	64,546,473	51,278,672	22,927,804	28,348,933	152,059,186	115,374,616
Total liabilities	176,477,208	145,199,335	297,314,078	302,787,595	52,360,706	56,611,199	326,251,992	505,598,129
Total fund equity and liabilities	\$ 314,457,506	\$ 332,211,368	\$ 745,316,075	\$ 753,866,168	\$ 702,013,767	\$ 705,170,430	\$ 1,761,787,348	\$ 1,791,247,966

See independent auditors' report.

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SEWERAGE AND WATER BOARD OF NEW ORLEANS  
 SCHEDULE OF PROPERTY, PLANT, AND EQUIPMENT BY DEPARTMENT  
 For Year Ended December 31, 2008

	Water	Sewer	Drainage	Total
Real estate rights, non depreciable	\$ 2,898,138	\$ 930,439	\$ 4,810,948	\$ 8,639,525
Power and pumping stations - buildings	56,724,971	29,675,231	207,242,239	293,642,441
Power and pumping stations - machinery	111,389,487	28,330,218	95,113,596	234,833,301
Distribution systems	121,666,788	-	-	121,666,788
Sewerage collection	-	253,843,280	-	253,843,280
Canals and subsurface drainages	-	-	281,960,990	281,960,990
Treatment plants	-	120,712,279	-	120,712,279
Connections and meters	32,006,706	10,270,223	-	42,276,929
Power transmission	7,479,863	5,006,170	11,121,633	23,607,668
General plant	88,536,884	57,330,449	43,847,285	189,714,618
General buildings	2,525,548	1,093,325	3,967,674	7,586,547
<b>Total property, plant and equipment</b>	<b>423,228,385</b>	<b>507,191,614</b>	<b>648,064,367</b>	<b>1,578,484,366</b>
Construction in progress	106,701,295	279,279,361	158,108,437	544,089,093
<b>Total property, plant and equipment</b>	<b>529,929,680</b>	<b>786,470,975</b>	<b>806,172,804</b>	<b>2,122,573,459</b>
Accumulated depreciation	249,506,194	168,054,495	204,407,822	612,968,071
<b>Net property, plant and equipment</b>	<b>280,423,486</b>	<b>618,416,480</b>	<b>601,765,422</b>	<b>1,509,905,888</b>

	Water	Sewer	Drainage	Total
Real estate rights, non depreciable	\$ 2,898,138	\$ 930,439	\$ 4,810,948	\$ 8,639,525
Power and pumping stations - buildings	56,724,971	29,023,434	203,113,972	287,862,377
Power and pumping stations - machinery	111,306,128	28,330,218	84,853,422	224,489,768
Distribution systems	121,812,303	-	-	121,812,303
Sewerage collection	-	254,788,244	-	254,788,244
Canals and subsurface drainages	-	-	281,803,343	281,803,343
Treatment plants	-	116,746,590	-	116,746,590
Connections and meters	28,251,490	10,270,223	-	38,521,713
Power transmission	7,479,863	5,006,170	11,121,633	23,607,668
General plant	80,185,099	56,619,873	43,236,155	180,041,127
General buildings	2,525,548	1,093,325	3,967,674	7,586,547
<b>Total property, plant and equipment</b>	<b>411,183,560</b>	<b>482,808,516</b>	<b>631,907,149</b>	<b>1,525,899,205</b>
Construction in progress	98,807,481	278,054,223	145,672,830	522,534,534
<b>Total property, plant and equipment</b>	<b>509,991,021</b>	<b>760,862,739</b>	<b>777,579,979</b>	<b>2,048,433,739</b>
Accumulated depreciation	227,275,820	161,369,536	194,562,450	583,207,826
<b>Net property, plant and equipment</b>	<b>282,715,201</b>	<b>599,493,183</b>	<b>583,017,549</b>	<b>1,465,225,933</b>

See independent auditors' report.

Schedule 2

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BY DEPARTMENT  
 ENTERPRISE FUND  
 For the year ended December 31, 2008 and 2007

	Water System		Sewerage System		Drainage System		Total
	2008	2007	2008	2007	2008	2007	2008
<b>Operating revenues:</b>							
Rate of water and delinquent fees	\$ 48,995,772	\$ 37,795,222	\$ -	\$ -	\$ -	\$ -	\$ 48,995,772
Sewerage service charges	298,402	231,170	68,964,547	-	-	-	69,264,119
Flooding operation and business fees	375,277	1,231,819	283,674	1,728,443	-	-	2,387,394
Other revenues	45,265,611	39,348,571	68,964,545	1,378,653	-	-	115,556,714
<b>Total operating revenues</b>	<b>94,945,062</b>	<b>78,606,772</b>	<b>138,912,666</b>	<b>1,378,653</b>	<b>-</b>	<b>-</b>	<b>138,912,666</b>
<b>Operating Expenses:</b>							
Power and pumping	4,664,590	4,427,720	3,864,269	2,910,284	6,166,782	5,083,220	14,774,641
Treatment	8,261,994	6,333,620	9,981,788	9,971,155	-	-	18,304,823
Transmission and distribution	10,286,261	10,964,882	6,936,318	6,871,617	2,122,830	2,185,777	18,938,208
Customer accounts	1,399,800	1,143,048	1,239,294	1,333,071	-	-	2,572,365
Customer services	4,981,850	4,331,116	4,882,174	5,145,038	2,778,106	3,612,871	14,897,028
Administrative and general	15,701,188	13,821,622	13,411,116	12,600,315	5,375,109	5,077,268	31,484,622
Payroll related	17,451,416	14,569,374	4,354,845	3,054,010	1,048,813	9,270,242	26,934,694
Depreciation	13,521,386	6,248,577	8,077,768	6,766,647	9,947,653	12,821,609	31,444,647
Provision for doubtful accounts	17,038	17,038	139,563	139,563	11,619	11,619	392,718
Provision for bad debts	869,742	4,659,017	384,130	7,964,266	-	-	12,448,022
Provision for claims	210,155	(45,057)	(231,782)	130,020	605,072	(2,519,350)	(2,144,953)
<b>Total operating expenses</b>	<b>81,388,970</b>	<b>69,664,308</b>	<b>50,724,837</b>	<b>53,758,239</b>	<b>28,089,284</b>	<b>35,445,326</b>	<b>171,174,171</b>
<b>Non-operating revenues (expenses):</b>							
Two-call tax	(86,122,649)	(60,815,759)	11,794,365	11,064,216	(27,834,532)	(33,166,872)	(63,222,676)
Non-operating revenues (expenses):							
Two-call tax	-	-	-	-	-	-	120
Three-call tax	-	-	-	-	11,234,833	10,381,155	10,381,155
Site-fee tax	-	-	-	-	11,406,561	10,413,559	10,413,559
Site-fee tax	-	-	-	-	17,000,293	15,775,070	15,775,070
Other non-operating revenues	229,003	137,180	286,283	245,933	-	-	443,122
Change in net assets	(69,131,737)	(30,406,624)	(2,076,576)	25	389,741	(5,977)	1,771,188
Net assets, beginning of year	410,239	632,781	986,526	1,138,320	4,096,718	5,216,789	1,231,612,317
Net assets, end of year	(68,902,504)	(60,815,759)	(1,790,293)	(17,445)	(6,782)	(2,462,622)	(72,445,622)
<b>Total non-operating revenues (expenses)</b>	<b>(1,053,397)</b>	<b>(755,875)</b>	<b>1,242,282</b>	<b>2,075,933</b>	<b>41,830,847</b>	<b>42,039,722</b>	<b>42,477,355</b>
<b>Income before capital contributions</b>	<b>(77,433,817)</b>	<b>(91,071,770)</b>	<b>12,976,667</b>	<b>17,199,251</b>	<b>4,016,295</b>	<b>5,991,433</b>	<b>(20,182,674)</b>
<b>Capital contributions</b>	<b>(3,355,859)</b>	<b>10,465,146</b>	<b>(5,053,243)</b>	<b>50,269,268</b>	<b>(2,022,465)</b>	<b>11,026,682</b>	<b>(2,022,465)</b>
<b>Change in net assets</b>	<b>(80,789,676)</b>	<b>(80,606,624)</b>	<b>7,923,424</b>	<b>67,468,519</b>	<b>1,993,830</b>	<b>17,017,115</b>	<b>(60,144,461)</b>
<b>Net assets, beginning of year</b>	<b>187,012,033</b>	<b>207,418,657</b>	<b>459,076,573</b>	<b>386,600,854</b>	<b>648,532,231</b>	<b>631,547,106</b>	<b>1,231,612,317</b>
<b>Net assets, end of year</b>	<b>106,222,357</b>	<b>126,812,033</b>	<b>466,999,997</b>	<b>454,069,373</b>	<b>650,526,061</b>	<b>648,564,221</b>	<b>1,171,467,856</b>



**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**SCHEDULE OF BONDS PAYABLE**  
**DECEMBER 31, 2008**

	Annual Interest Rates	Interest Payment Dates	Issue Date	Final Maturity Date	Outstanding as of 12/31/2007	New Debt in 2008	Payments in 2008	Outstanding as of 12/31/2008
Drainage System Bonds, 1998 (9-Mills)	4.84%	(6/1;12/1)	12/01/98	12/01/18	\$ 6,650,000	\$ -	\$ 475,000	\$ 6,175,000
Drainage System Bonds, 2002 (9-Mills)	4.46%	(6/1;12/1)	10/01/02	12/01/22	17,185,000	-	630,000	16,555,000
					<u>24,835,000</u>	<u>-</u>	<u>1,125,000</u>	<u>22,710,000</u>
Sewer Revenue Bonds, 1997	5.36%	(6/1;12/1)	06/01/97	06/01/17	19,175,000	-	1,490,000	17,685,000
Sewer Revenue Bonds, 1998	4.82%	(6/1;12/1)	12/01/98	06/01/18	16,815,000	-	1,200,000	15,625,000
Sewer Revenue Bonds, 2000	5.48%	(6/1;12/1)	05/01/00	06/01/20	20,680,000	-	1,095,000	19,585,000
Sewer Revenue Bonds, 2000-B	5.43%	(6/1;12/1)	11/01/00	05/01/20	15,755,000	-	850,000	14,905,000
Sewer Revenue Bonds, 2001	5.02%	(6/1;12/1)	12/01/01	06/01/21	23,795,000	-	1,360,000	24,435,000
Sewer Revenue Bonds, 2002	4.36%	(6/1;12/1)	12/01/02	05/01/22	47,875,000	-	2,135,000	45,740,000
Sewer Revenue Bonds, 2003	3.94%	(6/1;12/1)	12/03/03	05/01/23	4,715,000	-	225,000	4,490,000
Sewer Revenue Bonds, 2004	4.26%	(6/1;12/1)	12/01/04	05/01/24	29,515,000	-	1,235,000	28,280,000
Sewer Revenue Bond Anticipation Notes, 2006	5.15%	(6/1;12/1)	07/24/06	07/15/09	24,030,000	-	-	24,030,000
					<u>213,495,000</u>	<u>-</u>	<u>9,590,000</u>	<u>194,775,000</u>
Water Revenue Bonds, 1998	4.82%	(6/1;12/1)	12/01/98	12/01/18	10,770,000	-	770,000	10,000,000
Water Revenue Bonds, 2002	4.57%	(6/1;12/1)	10/01/02	12/01/22	29,920,000	-	1,150,000	28,770,000
					<u>42,510,000</u>	<u>-</u>	<u>1,920,000</u>	<u>38,770,000</u>
<b>TOTAL</b>					<u>\$ 280,910,000</u>	<u>\$ -</u>	<u>\$ 12,635,000</u>	<u>\$ 256,255,000</u>

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**DEBT SERVICE AND DEBT SERVICE RESERVE**  
**REQUIRED BY BOND RESOLUTION**  
**For the year ended December 31, 2008**

	Debt Service Account				Debt Service Reserve Accounts		
	Water Revenue Bonds	Sewer Revenue Bonds	Drainage Revenue Bonds	Total	Water Revenue Bonds	Sewer Revenue Bonds	Total
Cash and investments at beginning of year	\$ 1,056,056	\$ 3,071,689	\$ 1,604,351	\$ 5,732,096	\$ 3,928,380	\$ 18,325,688	\$ 22,254,068
Cash receipts:							
Transfers from operating cash and debt service reserve	3,829,385	13,878,430	55,537	17,763,352	-	-	-
Total cash and investments	<u>4,885,441</u>	<u>16,950,119</u>	<u>1,659,888</u>	<u>23,495,448</u>	<u>3,928,380</u>	<u>18,325,688</u>	<u>22,254,068</u>
Cash disbursements:							
Principal and interest payments, cost of issuance and transfers	3,784,736	8,229,371	1,639,888	13,673,995	-	-	-
Total cash disbursements	<u>3,784,736</u>	<u>8,229,371</u>	<u>1,639,888</u>	<u>13,673,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments at end of year	<u>\$ 1,100,705</u>	<u>\$ 8,720,748</u>	<u>\$ -</u>	<u>\$ 9,821,453</u>	<u>\$ 3,928,380</u>	<u>\$ 18,325,688</u>	<u>\$ 22,254,068</u>

See independent auditors' report.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS  
CHANGES IN SELF-INSURANCE LIABILITIES BY DEPARTMENT  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Beginning of Year	Current Year Claims and Estimate Change	Payments	End of Year
<b>WATER</b>				
Short-term:				
Workers' compensation	\$ 300,650	\$ 637,753	\$ 548,231	\$ 390,172
Health insurance	1,493,440	5,401,830	5,844,416	1,950,684
General liability	3,485,895	45	300,100	3,185,841
Total short-term	5,279,985	6,039,628	6,692,747	4,626,697
Long-term:				
Workers' compensation	1,752,639	(127,647)	-	1,624,992
General liability	150,000	(127,647)	150,000	1,624,992
Total long-term	1,902,639	(255,294)	150,000	1,624,992
<b>Total</b>	<b>\$ 7,182,624</b>	<b>\$ 5,911,981</b>	<b>\$ 6,842,747</b>	<b>\$ 6,251,239</b>
<b>SEWERAGE</b>				
Short-term:				
Workers' compensation	\$ 300,650	\$ 637,755	\$ 548,234	\$ 390,172
Health insurance	883,372	3,234,367	3,486,305	621,134
General liability	3,989,166	(441,576)	354,279	2,693,111
Total short-term	4,553,188	3,430,547	4,388,818	3,613,417
Long-term:				
Workers' compensation	1,752,639	(127,647)	-	1,624,992
General liability	150,000	(127,647)	150,000	1,624,992
Total long-term	1,902,639	(255,294)	150,000	1,624,992
<b>Total</b>	<b>\$ 6,455,827</b>	<b>\$ 3,229,600</b>	<b>\$ 4,538,818</b>	<b>\$ 5,238,409</b>
<b>DRAINAGE</b>				
Short-term:				
Workers' compensation	\$ 300,649	\$ 637,753	\$ 548,230	\$ 390,172
Health insurance	670,524	2,218,525	2,417,237	471,812
General liability	12,589,740	(571,563)	2,868,556	9,149,021
Total short-term	13,560,913	2,284,715	5,834,023	10,011,605
Long-term:				
Workers' compensation	1,752,639	(127,647)	-	1,624,992
General liability	1,752,639	(127,647)	-	1,624,992
<b>Total</b>	<b>\$ 15,313,552</b>	<b>\$ 2,157,068</b>	<b>\$ 5,834,023</b>	<b>\$ 11,633,597</b>
<b>TOTAL</b>				
Short-term:				
Workers' compensation	\$ 901,949	\$ 1,913,269	\$ 1,644,695	\$ 1,170,516
Health insurance	3,047,916	10,844,723	11,747,958	2,144,600
General liability	19,474,922	(1,013,394)	3,272,923	14,295,373
Total short-term	23,424,787	11,744,599	16,665,576	15,236,689
Long-term:				
Workers' compensation	5,256,117	(382,941)	-	4,873,176
General liability	305,000	(382,941)	305,000	4,873,176
Total long-term	5,561,117	(765,882)	305,000	4,873,176
<b>Total</b>	<b>\$ 28,985,904</b>	<b>\$ 11,561,649</b>	<b>\$ 17,271,588</b>	<b>\$ 23,126,865</b>

See independent auditors' report.

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NET ASSETS BY COMPONENT  
Last Eight Fiscal Years  
(Unaudited - accrual basis of accounting)**

	2008	2007	2006	2005	2004	2003	2002	2001
Business-type activities								
Invested in capital assets - net of related debt	\$ 1,306,085,162	\$ 1,255,078,240	\$ 1,191,197,682	\$ 1,092,138,700	\$ 1,085,554,440	\$ 1,041,213,409	\$ 967,765,496	\$ 948,808,501
Restricted For:								
Debt service	32,075,521	27,986,164	26,803,911	21,765,747	28,817,876	25,349,292	23,291,960	17,403,879
Capital projects	(102,625,327)	(7,414,567)	3,614,224	(41,752,104)	65,900,450	70,994,095	76,155,913	54,307,715
Total restricted for net assets	(70,549,806)	20,571,597	30,418,135	63,570,851	94,718,326	96,343,387	99,450,873	71,613,594
<b>Total business-type activities net assets</b>	<b>\$ 1,235,535,356</b>	<b>\$ 1,285,649,837</b>	<b>\$ 1,221,615,817</b>	<b>\$ 1,155,660,551</b>	<b>\$ 1,180,272,766</b>	<b>\$ 1,137,556,796</b>	<b>\$ 1,067,216,369</b>	<b>\$ 1,020,422,095</b>

Source: Audited Comprehensive Annual Financial Reports - Information available for eight years

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**CHANGES IN NET ASSETS BY COMPONENT**  
 Last Eight Fiscal Years  
 (Unaudited - accrual basis of accounting)

	2008	2007	2006	2005	2004	2003	2002	2001
<b>Operating revenues:</b>								
Sales of water and delinquent fees	\$ 43,995,752	\$ 37,795,522	\$ 33,799,760	\$ 35,727,266	\$ 54,234,144	\$ 54,997,831	\$ 53,413,048	\$ 51,871,210
Sewerage service charges	61,877,246	68,304,547	62,657,636	57,329,953	72,252,114	67,328,695	53,455,291	49,302,653
Plumbing inspection and license fees	590,604	542,340	590,242	175,260	235,147	215,642	219,370	213,856
Other revenue	2,487,983	2,927,070	3,290,683	3,171,703	3,343,868	2,095,805	1,814,951	2,349,046
<b>Total operating revenues</b>	<b>108,951,565</b>	<b>109,569,479</b>	<b>100,338,321</b>	<b>99,404,192</b>	<b>130,063,273</b>	<b>119,637,973</b>	<b>108,902,660</b>	<b>103,736,775</b>
<b>Operating Expenses:</b>								
Power and pumping	14,178,641	13,041,954	11,576,640	11,818,104	22,394,434	19,339,095	16,255,368	19,886,007
Treatment	18,243,782	16,286,975	13,518,870	13,736,515	17,131,522	17,075,547	15,515,582	15,745,585
Transmission and distribution	18,994,209	19,832,226	13,845,799	16,432,531	20,846,681	20,224,308	18,233,083	17,577,122
Customer accounts	2,719,594	2,290,092	1,910,612	2,413,691	2,625,751	2,513,486	2,384,744	2,771,609
Customer service	3,323,696	2,676,145	2,265,250	2,645,604	2,855,631	2,821,025	2,751,783	2,667,794
Administration and general	15,173,190	14,899,028	13,714,644	12,138,773	14,978,964	12,534,252	14,463,064	14,593,405
Payroll related	31,549,622	28,259,815	17,914,694	19,788,248	18,794,864	16,697,287	16,073,673	14,368,405
Maintenance of general plant	33,455,074	26,923,626	23,344,657	21,991,450	10,764,556	10,565,936	10,020,846	9,824,994
Depreciation	31,546,017	25,577,733	28,703,459	30,187,670	36,600,928	35,480,955	34,551,459	34,378,585
Amortization	158,019	158,019	208,045	360,445	295,156	188,128	130,304	124,473
Provision for doubtful accounts	1,244,862	12,615,283	22,335,906	6,582,465	2,718,176	1,884,751	1,842,958	1,661,367
Provision for claims	587,465	(2,448,965)	7,638,457	7,289,990	2,886,894	3,673,192	4,934,366	7,452,510
<b>Total operating expenses</b>	<b>171,174,171</b>	<b>159,967,951</b>	<b>152,017,247</b>	<b>162,369,424</b>	<b>154,853,937</b>	<b>143,095,962</b>	<b>137,137,210</b>	<b>141,015,867</b>
<b>Operating loss</b>	<b>(62,222,606)</b>	<b>(50,398,472)</b>	<b>(51,678,926)</b>	<b>(62,965,232)</b>	<b>(24,790,664)</b>	<b>(23,457,989)</b>	<b>(28,234,550)</b>	<b>(37,279,092)</b>
<b>Non-operating revenues (expenses):</b>								
Two-mill tax	-	120	3,699	1,407	5,192	7,423	5,058	10,725
Three-mill tax	11,294,823	10,381,155	9,682,028	12,990,040	12,199,539	11,051,057	10,312,636	10,772,176
Six-mill tax	11,406,361	10,513,599	9,803,052	13,152,643	12,357,002	11,169,139	10,567,048	10,906,914
Nine-mill tax	17,001,253	15,773,070	13,686,249	15,707,787	18,508,104	16,735,885	14,946,585	16,342,792
Other taxes	515,735	443,122	634,321	631,818	744,322	770,663	792,888	785,640
Operating and maintenance grants	(3,978)	1,777,188	35,013,143	9,338,528	-	-	-	-
Investment income	3,545,564	5,826,769	4,115,003	3,291,489	1,352,425	1,031,593	1,616,907	3,956,010
Hurricane gain	-	205,993	2,303,397	(55,909,262)	-	-	-	-
Interest expense	(1,720,030)	(2,443,612)	(252,435)	(2,992)	-	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>42,039,732</b>	<b>42,477,366</b>	<b>74,388,457</b>	<b>(2,201,458)</b>	<b>45,161,694</b>	<b>40,745,760</b>	<b>39,240,517</b>	<b>42,774,258</b>
<b>Income (loss) before capital contributions</b>	<b>(20,182,874)</b>	<b>(7,921,086)</b>	<b>23,309,591</b>	<b>(59,763,776)</b>	<b>20,391,010</b>	<b>17,287,771</b>	<b>11,005,967</b>	<b>5,495,166</b>
<b>Capital contributions</b>	<b>(29,931,607)</b>	<b>71,955,106</b>	<b>42,645,735</b>	<b>25,351,561</b>	<b>72,124,960</b>	<b>53,054,656</b>	<b>35,785,907</b>	<b>47,291,828</b>
<b>Change in net assets</b>	<b>(50,114,481)</b>	<b>64,034,020</b>	<b>65,955,266</b>	<b>(34,412,215)</b>	<b>42,515,970</b>	<b>70,342,427</b>	<b>46,791,874</b>	<b>52,786,994</b>
<b>Net assets:</b>								
Beginning of year	1,285,649,837	1,221,615,817	1,155,660,551	1,180,072,766	1,137,556,796	1,067,114,369	1,020,422,495	967,635,501
End of year	\$ 1,235,535,356	\$ 1,285,649,837	\$ 1,221,615,817	\$ 1,155,660,551	\$ 1,180,072,766	\$ 1,137,556,796	\$ 1,067,214,369	\$ 1,020,422,495

Source: Audited Comprehensive Annual Financial Reports - Information available for eight years

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**REVENUE AND EXPENSES BY SOURCE**  
**ENTERPRISE FUND**  
 Last Ten Years  
 (Unaudited)

Revenue	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Charges for services	\$ 94,634,488	\$ 104,136,436	\$ 101,387,729	\$ 107,067,709	\$ 117,542,168	\$ 126,719,403	\$ 96,252,489	\$ 97,847,638	\$ 106,642,409	\$ 106,463,562
Dedicated taxes	32,857,027	35,294,109	38,021,882	36,826,269	38,936,081	43,059,755	45,850,470	33,171,529	36,667,704	39,702,436
Two-mill tax	11,811	6,348	10,726	5,058	7,423	5,192	1,407	3,699	120	-
Interest on investments	3,468,529	6,067,145	3,956,010	1,616,307	1,031,393	1,352,425	3,291,489	4,115,003	5,826,769	3,545,564
Other taxes and revenue	1,975,775	2,508,502	3,134,686	2,607,834	2,866,488	4,088,190	13,142,049	38,938,147	5,147,380	2,898,745
	\$ 133,157,030	\$ 149,024,594	\$ 146,511,033	\$ 148,143,177	\$ 160,384,733	\$ 175,234,967	\$ 158,517,904	\$ 173,175,816	\$ 154,284,462	\$ 152,711,327
<b>Expenses</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Personnel services*	\$ 46,924,858	\$ 45,955,695	\$ 45,544,701	\$ 47,719,045	\$ 49,759,541	\$ 52,956,446	\$ 58,322,684	\$ 49,118,747	\$ 61,421,931	\$ 68,805,280
Services and utilities	53,584,383	40,576,321	43,554,817	40,228,571	46,120,850	48,738,878	45,606,037	43,170,196	52,966,504	56,428,567
Materials and supplies	9,562,704	8,084,236	8,299,514	7,730,507	5,988,305	8,637,479	5,030,134	5,645,627	9,679,426	12,603,961
Depreciation and amortization	27,628,934	28,581,624	34,503,058	34,681,763	35,669,063	38,896,084	39,548,115	39,063,914	25,535,752	31,704,036
Provision for doubtful accounts	1,002,267	1,071,194	1,661,267	1,842,958	1,884,751	2,718,176	6,582,465	22,355,906	12,613,283	1,244,862
Provision for claims	7,165,150	11,579,397	7,452,510	4,994,366	3,613,192	2,886,894	7,289,990	2,658,657	(2,448,965)	587,465
Hurricane Loss	-	-	-	-	-	-	53,909,362	(7,303,397)	(205,995)	-
Interest	-	-	-	-	-	-	2,992	252,435	2,443,612	1,720,030
	\$ 125,848,305	\$ 125,662,467	\$ 141,015,867	\$ 137,137,210	\$ 143,095,962	\$ 154,853,937	\$ 218,281,680	\$ 149,965,285	\$ 162,205,548	\$ 172,194,201

Note: Years prior to 2001 have not been restated for impact of GASB 33.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS  
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
Last Ten Fiscal Years  
(Unaudited - amounts in thousands)**

Fiscal Year	Net Assessed Value		Total Net Assessed Value	Total Estimated Actual Value(1)		Ratio of Total Net Assessed to Total Estimated Actual Value
	Real Estate	Personal Property		Actual	Estimated	
1999	1,013,240	592,741	1,605,981	12,636,496	12,776	12.7%
2000	1,159,821	628,860	1,788,681	14,133,694	12,776	12.7%
2001	1,214,098	651,744	1,865,842	14,751,485	12,676	12.6%
2002	1,231,764	619,368	1,851,132	14,687,067	12,676	12.6%
2003	1,248,743	650,595	1,899,338	15,040,781	12,676	12.6%
2004	1,423,261	679,826	2,103,087	16,731,518	12,676	12.6%
2005	1,492,750	620,797	2,113,547	16,774,183	12,676	12.6%
2006	1,103,604	565,287	1,668,891	13,245,167	12,676	12.6%
2007	1,362,097	483,200	1,845,297	14,645,214	12,676	12.6%
2008	2,004,624	539,492	2,544,116	20,698,664	12,336	12.3%

Source: City of New Orleans

(1) Amounts are net of the homestead exemption.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	City of New Orleans	Orleans Levee Board	Sewerage & Water Board of New Orleans	Orleans Parish School Board	Audubon Park & Zoo	Number of Mills (Per \$1,000 of assessed value)	
						City of New Orleans	Total
1999	77.09	12.01	22.59**	51.10	4.55	167.34	
2000	77.09	12.76	22.59**	52.70	4.55	169.69	
2001	77.09	12.76	22.59**	53.05*	4.55	170.04	
2002	77.09	12.01	22.59**	52.98	4.55	169.22	
2003	77.09	12.01	22.59**	52.83	4.55	169.07	
2004	78.59	12.76	22.59**	52.80	4.55	171.29	
2005	71.90	12.76	22.59**	52.80	4.55	171.29	
2006	85.39	12.76	22.59**	58.55	4.55	186.84	
2007	78.89	12.76	22.59**	52.90	4.55	175.19	
2008	58.44	9.65	16.43**	38.47	3.31	119.55	

Source: City of New Orleans

\*The Homestead Exemption is not allowed for the new 9-Mill Police and Fire Tax.

\*\*3 mills adopted in 1967 Expires in 2017

\*\*6 mills adopted in 1978 Expires in 2027

\*\*9 mills adopted in 1982 expires in 2032

**SEWERAGE AND WATER BOARD OF NEW ORLEANS  
TEN LARGEST TAXPAYERS  
December 31, 2008 and Nine Years Ago  
(Unaudited)**

Name of Taxpayer	Type of Business	2008 Assessed Value	Percentage of Total Assessed Value
Energy Service	Electric and gas utilities	\$ 63,918,690	2.53%
BellSouth Telecommunications	Telephone utilities	57,127,376	2.26%
Capital One/Hibernia Bank	Financial institution	46,408,854	1.83%
Whitney National Bank	Financial institution	35,163,326	1.39%
Harrab's	Hospitality and gaming	41,221,400	1.63%
J.P. Morgan Chase Bank	Financial institution	19,173,190	0.76%
CS&M Association	Managed Care	19,196,820	0.76%
International River center	Hospitality	19,906,860	0.79%
Marriott Hotel Properties	Real Estate	13,722,870	0.54%
Hertz Properties	Real Estate	10,876,760	0.43%
		<b>\$ 326,716,146</b>	<b>12.91%</b>

Name of Taxpayer	Type of Business	1999 Assessed Value	Percentage of Total Assessed Value
BellSouth Telecommunications	Telephone utilities	\$ 67,511,000	3.60%
Energy Service	Electric and gas utilities	78,571,000	4.19%
Hibernia National Bank	Financial institution	23,794,000	1.27%
First NBC	Financial institution	29,679,000	1.58%
Whitney National Bank	Financial institution	22,377,000	1.19%
A. T. & T. Communications	Telecommunications	16,725,000	0.89%
Metropolitan Life Insurance	Insurance	16,195,000	0.86%
Tenetub (Mersey & Baptist Hospital)	Medical complex	12,603,000	0.67%
Marriott Hotel Properties	Hospitality	13,343,000	0.71%
University Health Care System	Medical complex	12,409,000	0.66%
		<b>\$ 293,207,000</b>	<b>15.62%</b>

Source: City of New Orleans

III-6

**SEWERAGE AND WATER BOARD OF NEW ORLEANS  
PROPERTY TAX  
LEVIES AND COLLECTIONS BY THE CITY OF NEW ORLEANS  
Last Ten Fiscal Years  
(Unaudited - Amounts in Thousands)**

Fiscal Year	Total Levied	Collected Through December 31, 2008		Balance Outstanding December 31, 2008		Collected during 2008
		Amount	Percent	Amount	Percent	
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

**Real Estate Taxes:**

Fiscal Year	Total Levied	Collected Through December 31, 2008	Percent	Balance Outstanding December 31, 2008	Percent	Collected during 2008
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

Source: City of New Orleans

III-7

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**WATER AND SEWER RATES**  
**Last Three Fiscal Years**  
**(Unaudited)**

Year	Water					Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons				Monthly Base Rate	Rate per 1,000 Gallons
		First 3,000 Gallons	Next 17,000 Gallons	Next 980,000 Gallons	All Gallons Over 1,000,000		
2006	\$ 3.50	\$ 2.31	\$ 2.31	\$ 2.07	\$ 1.59	\$ 11.60	\$ 4.04
2007	\$ 3.50	\$ 1.94	\$ 3.31	\$ 2.60	\$ 2.19	\$ 11.60	\$ 4.04
2008	\$ 3.50	\$ 2.35	\$ 4.01	\$ 3.15	\$ 2.65	\$ 11.60	\$ 4.04

Note: Rates are based on 5/8" meter, which is the standard household meter size.

III-8

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Three Fiscal Years**  
**(Unaudited)**

Fiscal Year	Personal Income(1) (in thousands)	Population (2)	Revenue Bonds	Special Tax Bonds	Special Community Disaster Loan Payable	Debt Service Assistance Fund Loan	Capital Leases Payable	Total Debt	Percentage of Personal Income	Debt per Capita
2006	\$ 12,563,610	210,768	\$ 258,047,868	\$ 24,905,000	\$ 46,011,566	\$ 40,494,073	\$ 2,760,672	\$ 372,219,179	3.38%	\$ 1,766
2007	\$ 15,394,618	288,113	\$ 246,907,968	\$ 23,835,000	\$ 61,956,747	\$ 64,655,122	\$ 104,445	\$ 397,459,282	3.87%	\$ 1,380
2008	\$ 15,394,618 (3)	311,853	\$ 235,216,902	\$ 22,710,000	\$ 61,956,747	\$ 77,460,393	\$ -	\$ 397,344,042	3.87%	\$ 1,274

6-III

- (1) Source: Bureau of Economic Analysis  
(2) Source: [www.census.gov/popest/counties/tables/CO-EST2008-01-22.xls](http://www.census.gov/popest/counties/tables/CO-EST2008-01-22.xls)  
(3) Most recent available is 2007.

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 December 31, 2008  
 (Unaudited)

	Net Outstanding Debt	Percentage Overlapping	Overlapping Debt
Direct debt:			
Sewerage and Water Board, net of debt service funds (tax bonds only)	\$ 22,710,000	100%	\$ 22,710,000
Overlapping debt:			
City of New Orleans	579,440,533	100%	579,440,533
Audubon Park Commission	34,378,572	100%	34,378,572
Orleans Parish School Board (1)	138,430,000	100%	138,430,000
Orleans Levee District (1)	54,530,000	100%	54,530,000
Total overlapping debt	806,779,105	100%	806,779,105
Total direct and overlapping debt	\$ 829,489,105	100%	\$ 829,489,105

(1) The fiscal year of the Orleans Parish School Board and Orleans Levee District ends on June 30th; overlapping debt is based on June 30, 2008 financial information.

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
 REVENUE BONDS DEBT SERVICE COVERAGE  
 WATER BONDS  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	Operating Revenue	Direct Operating Expenses	Net Revenue Available for Debt Services	Debt Service Requirement*		Coverage
				Principal	Interest	
1999	\$ 58,504,855	\$ 46,370,835	\$ 12,134,020	\$ 2,140,000	\$ 1,168,436	3.67
2000	59,374,827	49,712,488	9,662,339	2,590,000	1,023,436	2.67
2001	54,444,486	47,962,301	6,482,185	995,000	846,818	3.52
2002	55,870,142	45,801,952	10,068,190	1,050,000	782,868	5.50
2003	57,550,818	47,886,711	9,664,107	2,020,000	2,490,059	2.14
2004	57,955,617	51,749,138	6,206,479	1,575,000	2,177,094	1.65
2005	40,716,893	53,450,918	(12,734,025)	1,655,000	2,110,155	(3.38)
2006	36,378,265	41,970,320	(5,592,055)	1,735,000	2,032,524	(1.48)
2007	35,098,826	58,708,774	(23,609,948)	1,820,000	1,980,068	(6.21)
2008	47,435,375	66,989,084	(19,553,709)	1,920,000	1,917,131	(5.10)

\* Payments are based on future payments subsequent to the year of calculation.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**DEMOGRAPHIC STATISTICS**  
 Last Three Fiscal Years  
 (Unaudited)

Fiscal Year	Population(1)	Personal Income(2) (in thousands)	Per Capita Personal Income	Unemployment Rate (3)
2006	210,768	\$ 12,563,610	\$ 59,609	4.30%
2007	288,113	\$ 15,394,618	\$ 53,433	3.50%
2008	311,853	\$ 15,394,618 (4)	\$ 49,365	4.40%

(1) www.census.gov/popest/counties/tables/CO-EST2007-01-22.xls  
 (2) Estimates- Bureau of Economic Analysis  
 (3) U.S. Bureau of Labor Statistics  
 (4) Most recent available is 2007

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**REVENUE BONDS DEBT SERVICE COVERAGE**  
**SEWER BONDS**  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	Operating Revenue	Direct Operating Expenses	Net Revenue Available for Debt Services	Debt Services Requirements*		Coverage	
				Principal	Interest		
1999	\$ 41,082,524	\$ 32,359,817	\$ 8,722,707	\$ 1,230,000	\$ 2,761,973	\$ 3,991,973	2.19
2000	49,677,971	35,549,015	14,128,956	1,745,000	2,682,686	4,427,686	3.19
2001	51,902,479	35,866,277	16,036,202	2,920,000	5,254,696	8,174,696	1.96
2002	54,195,717	31,418,205	22,777,512	4,250,000	6,766,471	11,016,471	2.07
2003	60,837,820	38,579,473	22,258,347	6,245,000	8,988,665	15,233,665	1.46
2004	72,434,733	39,459,105	32,975,628	6,715,000	10,343,878	17,058,878	1.93
2005	58,494,963	33,072,494	25,422,469	8,265,000	9,873,999	18,138,999	1.40
2006	63,907,388	33,435,068	30,472,320	8,685,000	9,453,651	18,138,651	1.68
2007	64,750,010	38,899,024	25,850,986	9,130,000	10,211,257	19,341,257	1.34
2008	70,836,988	42,135,587	28,701,401	15,035,000	3,326,538	18,361,538	1.56

\* Debt services requirements excludes BANS.  
 \* Payments are based on future payments subsequent to the year of calculation.



**SEWERAGE AND WATER BOARD OF NEW ORLEANS  
CAPITAL EXPENDITURES BY DEPARTMENT  
ENTERPRISE FUND  
Last Ten Fiscal Years  
(Unaudited)**

**SEWERAGE AND WATER BOARD OF NEW ORLEANS  
NEW ORLEANS AREA PRINCIPAL EMPLOYERS (NON-PUBLIC)  
Last Ten Fiscal Years  
(unaudited)**

	1999	2000	2001	2002	2003	2004 *	2005 *	2006	2007	2008	Year	Water	Sewer	Drainage	Total
Ochsner Medical Institutions / Health System	3/4,575	3/4,553	4/3,828					6/2,000	2007	1/5,107					
Aventis Industries Inc.	1/5,500	1/6,000													
Texas University	2/5,100	4/4,012	2/5,492					2/5,000		4/4,410					
Texas University Health System			3/5,431												
Columbia/HCA Healthcare Corp.	4/3,100	6/3,577	7/2,300												
Enbridge Corp.	5/2,574	7/3,069	8/2,400												
BellSouth	10/2,000	9/2,400	9/2,400												
LectroMed Merito Manned Space Systems	6/2,700	8/2,800	9/2,269	2/2,000	2/2,000			5/2,000	2/2,832	7/2,832					
Efficient Corp.	7/2,424	10/2,343	6/2,954												
First Commerce Corp.	8/2,400														
Memorial Medical Center	9/2,007	5/3,657													
Beck One Louisiana			1/6,000	1/6,000	1/6,071			1/6,000	1/5,400	2/5,400					
Neuhap Grumman Avondale			5/3,089												
HCA/The Healthcare Co.			6/2,000					3/4,500	8/2,200						
Hennepin New Orleans, A Jazz Casino Co.			10/2,231												
Whitney National Bank								8/1,250	4/1,300						
USDA, National Finance Center				3/1,900	3/1,900										
Methodist Hospital				5/1,199	6/1,199										
Bonnieview Casino Westbank				6/1,116	7/1,116										
Regional Transit Authority				7/1,100	8/1,100			9/790	6/781						
Superior Energy Services, Inc.				8/975	5/1,200			10/750	7/750						
Baldy Casino Lakeshore Resort				9/623	9/623										
Meadowcroft Hospital				10/498	10/457										
West Jefferson Medical Center				4/1,825	4/1,825			7/1,504	3/1,654						
JCC Holding Co, LLC								4/4,000							
Terron Marino & Land Systems									5/1,163						
Acme Truck Line Inc.									8/250						
Enova Industries									9/160						
Hope Haven Center									10/150						
LST Health Sciences Center New Orleans															
City of New Orleans															
East Jefferson General Hospital															
Capital One															
AI Capital Investments															

\* These years are unavailable.

Source: New Orleans City Business Book except for 2005 and 2008.  
2006 source infoUSA.com and 2008 source Greater New Orleans, Inc. Regional Economic Alliance.

\* Includes contributed assets

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
 SCHEDULE OF FUTURE DEBT PAYMENTS  
 December 31, 2008  
 (Unaudited)

	Series 1998	Series 2002	All Bond Issues
2009	\$ 810,000	\$ 1,210,000	\$ 2,020,000
Principal	471,728	1,377,125	1,848,853
Interest	845,000	1,270,000	2,115,000
2010	436,493	1,334,775	1,771,268
Principal	885,000	1,335,000	2,220,000
Interest	398,468	1,287,150	1,685,618
2011	925,000	1,400,000	2,325,000
Principal	536,643	1,233,750	1,592,393
Interest	965,000	1,470,000	2,435,000
2012	315,630	1,177,750	1,493,380
Principal	269,793	1,104,250	1,374,043
Interest	1,015,000	1,530,000	2,545,000
2013	1,060,000	1,595,000	2,655,000
Principal	221,580	1,027,750	1,249,330
Interest	1,110,000	1,665,000	2,775,000
2014	1,700,000	948,000	1,118,700
Principal	1,165,000	1,740,000	2,905,000
Interest	116,865	864,750	981,615
2015	1,220,000	1,820,000	3,040,000
Principal	59,780	777,750	837,530
Interest	3,195,000	3,195,000	3,195,000
2016	686,750	686,750	686,750
Principal	3,345,000	3,345,000	3,345,000
Interest	527,000	527,000	527,000
2017	3,510,000	3,510,000	3,510,000
Principal	359,750	359,750	359,750
Interest	3,685,000	3,685,000	3,685,000
2018	184,250	184,250	184,250
Principal	28,770,000	28,770,000	28,770,000
Interest	12,890,800	12,890,800	12,890,800
Total Principal	\$ 12,819,680	\$ 41,660,300	\$ 54,480,000
Total Interest			

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SEWERAGE AND WATER BOARD OF NEW ORLEANS  
 SCHEDULE OF FUTURE DEBT PAYMENTS  
 December 31, 2008  
 (Unaudited)

	Series 1998	Series 2000A	Series 2000B	Series 2001	Series 2002	Series 2006	Series 2007	Series 2011	Series 2016	All Bond Issues
2009	\$ 1,570,000	\$ 1,160,000	\$ 865,000	\$ 1,420,000	\$ 2,255,000	\$ 2,400,000	\$ 1,270,000	\$ 1,270,000	\$ 24,080,000	\$ 34,095,000
Principal	688,135	1,036,625	711,462	1,464,860	2,105,550	2,174,021	1,149,269	1,149,269	24,080,000	34,095,000
Interest	1,555,000	1,220,000	950,000	1,485,000	2,380,000	2,380,000	1,375,000	1,375,000	10,375,000	10,375,000
2010	815,070	1,068,600	741,942	1,100,240	3,102,350	3,102,350	1,099,394	1,099,394	7,934,002	7,934,002
Principal	1,745,000	1,305,000	1,005,000	1,345,000	2,510,000	2,510,000	1,375,000	1,375,000	11,110,000	11,110,000
Interest	726,234	992,350	670,280	1,032,806	1,992,350	1,992,350	1,054,081	1,054,081	7,224,582	7,224,582
2011	1,840,000	1,385,000	1,000,000	1,615,000	3,645,000	3,645,000	1,490,000	1,490,000	11,670,000	11,670,000
Principal	632,128	911,250	619,355	960,672	1,865,625	1,865,625	1,004,100	1,004,100	6,672,065	6,672,065
Interest	1,940,000	1,485,000	1,020,000	1,885,000	2,790,000	2,790,000	1,485,000	1,485,000	12,235,000	12,235,000
2012	532,503	826,350	584,285	881,700	1,721,750	1,721,750	948,481	948,481	6,080,745	6,080,745
Principal	426,884	732,750	509,525	798,140	1,843,375	1,843,375	880,156	880,156	5,444,027	5,444,027
Interest	2,050,000	1,555,000	1,155,000	1,760,000	3,485,000	3,485,000	1,545,000	1,545,000	12,885,000	12,885,000
2013	1,170,000	1,645,000	1,255,000	1,840,000	3,110,000	3,110,000	1,605,000	1,605,000	13,560,000	13,560,000
Principal	313,200	619,750	440,658	709,340	1,433,000	1,433,000	809,431	809,431	4,775,657	4,775,657
Interest	2,295,000	1,735,000	1,325,000	1,930,000	3,280,000	3,280,000	1,690,000	1,690,000	14,275,000	14,275,000
2014	192,780	371,825	228,791	616,610	1,273,250	1,273,250	743,791	743,791	4,071,129	4,071,129
Principal	2,465,000	1,850,000	1,400,000	2,020,000	3,460,000	3,460,000	1,755,000	1,755,000	15,015,000	15,015,000
Interest	65,475	483,280	291,250	517,880	1,104,750	1,104,750	675,011	675,011	3,276,538	3,276,538
2015	1,610,000	1,650,000	1,490,000	2,170,000	3,650,000	3,650,000	1,845,000	1,845,000	13,270,000	13,270,000
Principal	47,750	315,900	210,350	414,360	921,000	921,000	609,211	609,211	2,605,004	2,605,004
Interest	3,040,000	837,350	3,195,000	3,195,000	3,195,000	3,195,000	1,915,000	1,915,000	11,970,000	11,970,000
2016	686,750	686,750	686,750	686,750	686,750	686,750	686,750	686,750	1,969,616	1,969,616
Principal	3,345,000	3,345,000	3,345,000	3,345,000	3,345,000	3,345,000	3,345,000	3,345,000	12,605,000	12,605,000
Interest	527,000	527,000	527,000	527,000	527,000	527,000	527,000	527,000	1,341,928	1,341,928
2017	3,510,000	3,510,000	3,510,000	3,510,000	3,510,000	3,510,000	3,510,000	3,510,000	9,200,000	9,200,000
Principal	359,750	359,750	359,750	359,750	359,750	359,750	359,750	359,750	7,110,000	7,110,000
Interest	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000	480,675	480,675
2018	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	170,416	170,416
Principal	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000	2,495,000	2,495,000
Interest	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	54,788	54,788
Total Principal	\$ 17,685,000	\$ 15,623,000	\$ 14,905,000	\$ 24,433,000	\$ 45,740,000	\$ 45,740,000	\$ 24,380,000	\$ 24,380,000	\$ 24,080,000	\$ 104,775,000
Total Interest	\$ 4,002,609	\$ 4,008,667	\$ 3,338,779	\$ 8,752,478	\$ 17,332,025	\$ 17,332,025	\$ 10,768,659	\$ 10,768,659	\$ 60,759,232	\$ 60,759,232
	\$ 22,687,609	\$ 20,631,667	\$ 18,243,779	\$ 33,185,478	\$ 63,072,025	\$ 63,072,025	\$ 35,148,659	\$ 35,148,659	\$ 24,080,000	\$ 255,534,232

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SEWERAGE AND WATER BOARD OF NEW ORLEANS  
 SCHEDULE OF FUTURE DEBT PAYMENTS  
 December 31, 2008  
 (Unaudited)

	Drainage Special Tax Bonds			All Bond Issues
	Series 1998	Series 2002		
2009	Principal \$ 500,000	Principal \$ 685,000	Principal \$ 1,185,000	
	Interest 294,472	Interest 716,116	Interest 1,010,588	
2010	Principal 520,000	Principal 715,000	Principal 1,235,000	
	Interest 272,722	Interest 675,016	Interest 947,738	
2011	Principal 545,000	Principal 755,000	Principal 1,300,000	
	Interest 249,582	Interest 647,310	Interest 896,892	
2012	Principal 570,000	Principal 790,000	Principal 1,360,000	
	Interest 224,706	Interest 621,265	Interest 846,049	
2013	Principal 595,000	Principal 830,000	Principal 1,425,000	
	Interest 198,280	Interest 593,218	Interest 791,498	
2014	Principal 625,000	Principal 865,000	Principal 1,490,000	
	Interest 170,018	Interest 560,018	Interest 730,036	
2015	Principal 655,000	Principal 900,000	Principal 1,555,000	
	Interest 140,018	Interest 525,418	Interest 665,436	
2016	Principal 685,000	Principal 940,000	Principal 1,625,000	
	Interest 108,250	Interest 489,419	Interest 597,669	
2017	Principal 720,000	Principal 985,000	Principal 1,705,000	
	Interest 74,000	Interest 450,878	Interest 524,878	
2018	Principal 760,000	Principal 1,030,000	Principal 1,790,000	
	Interest 38,000	Interest 38,000	Interest 76,000	
2019	Principal 1,870,000	Principal 1,870,000	Principal 3,740,000	
	Interest 365,218	Interest 365,218	Interest 730,436	
2020	Principal 1,960,000	Principal 1,960,000	Principal 3,920,000	
	Interest 282,938	Interest 282,938	Interest 565,876	
2021	Principal 2,055,000	Principal 2,055,000	Principal 4,110,000	
	Interest 194,738	Interest 194,738	Interest 389,476	
2022	Principal 2,155,000	Principal 2,155,000	Principal 4,310,000	
	Interest 100,208	Interest 100,208	Interest 200,416	
Total Principal	6,175,000	6,535,000	12,710,000	
Total Interest	1,770,128	8,029,881	9,800,016	
	\$ 7,945,128	\$ 22,794,753	\$ 30,739,881	

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SEWERAGE AND WATER BOARD OF NEW ORLEANS  
 SCHEDULE OF FUTURE DEBT PAYMENTS  
 December 31, 2008  
 (Unaudited)

	All Departments			Total
	Winter	Sewer	Drainage	
2009	Principal \$ 2,020,000	Principal \$ 34,095,000	Principal \$ 1,185,000	Principal \$ 37,300,000
	Interest 1,848,853	Interest 8,093,396	Interest 1,010,588	Interest 10,952,837
2010	Principal 2,115,000	Principal 10,575,000	Principal 1,235,000	Principal 13,925,000
	Interest 1,771,268	Interest 7,730,002	Interest 947,738	Interest 10,449,008
2011	Principal 2,220,000	Principal 11,110,000	Principal 1,300,000	Principal 14,630,000
	Interest 1,685,618	Interest 7,224,582	Interest 896,892	Interest 9,807,092
2012	Principal 2,325,000	Principal 11,676,000	Principal 1,360,000	Principal 15,361,000
	Interest 1,592,393	Interest 6,672,065	Interest 846,049	Interest 9,110,507
2013	Principal 2,435,000	Principal 12,255,000	Principal 1,425,000	Principal 16,115,000
	Interest 1,493,380	Interest 6,086,745	Interest 791,498	Interest 8,365,622
2014	Principal 2,545,000	Principal 12,895,000	Principal 1,490,000	Principal 16,930,000
	Interest 1,374,043	Interest 5,445,007	Interest 730,036	Interest 7,549,086
2015	Principal 2,655,000	Principal 13,560,000	Principal 1,555,000	Principal 17,770,000
	Interest 1,249,330	Interest 4,773,657	Interest 665,436	Interest 6,688,422
2016	Principal 2,775,000	Principal 14,275,000	Principal 1,625,000	Principal 18,675,000
	Interest 1,116,700	Interest 4,071,129	Interest 597,666	Interest 5,785,496
2017	Principal 2,905,000	Principal 15,035,000	Principal 1,705,000	Principal 19,645,000
	Interest 981,615	Interest 3,326,538	Interest 524,878	Interest 4,833,031
2018	Principal 3,040,000	Principal 15,276,000	Principal 1,790,000	Principal 20,106,000
	Interest 837,530	Interest 2,609,054	Interest 76,000	Interest 3,522,584
2019	Principal 3,195,000	Principal 11,970,000	Principal 1,870,000	Principal 17,035,000
	Interest 686,750	Interest 1,059,616	Interest 365,218	Interest 2,111,584
2020	Principal 3,345,000	Principal 12,605,000	Principal 1,960,000	Principal 17,910,000
	Interest 527,000	Interest 1,341,928	Interest 282,938	Interest 2,151,866
2021	Principal 3,510,000	Principal 9,200,000	Principal 2,055,000	Principal 14,765,000
	Interest 359,750	Interest 794,656	Interest 194,738	Interest 1,349,144
2022	Principal 3,685,000	Principal 7,110,000	Principal 2,155,000	Principal 12,950,000
	Interest 184,250	Interest 400,675	Interest 100,208	Interest 685,133
2023	Principal 3,880,000	Principal 5,000,000	Principal 2,260,000	Principal 11,140,000
	Interest 100,000	Interest 170,416	Interest 170,416	Interest 440,832
2024	Principal 4,085,000	Principal 3,000,000	Principal 2,365,000	Principal 9,450,000
	Interest 50,000	Interest 54,788	Interest 54,788	Interest 159,576
Total Principal	38,770,000	194,775,000	22,710,000	256,255,000
Total Interest	15,710,480	60,758,232	8,029,881	84,498,593
	\$ 54,480,480	\$ 255,533,232	\$ 30,739,881	\$ 340,753,592

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

Property Value, New Construction and Bank Deposits

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	New Commercial Construction		New Residential Construction		Bank deposits (2) (in thousands)	Estimated actual Property value (1)
	Number of units	Value (in thousands)	Number of units	Value (in thousands)		
1999	294	78,293	2,089	122,342	7,977,504	12,636,496
2000	325	135,665	2,223	136,686	7,984,473	14,133,694
2001	333	52,103	2,170	111,804	8,225,073	14,751,485
2002	305	76,057	2,371	133,259	7,838,864	15,426,274
2003	304	66,458	2,902	153,649	8,256,119	15,040,871
2004	1397	354,716	2,576	167,353	9,416,433	16,731,518
2005					9,951,961	
2006					11,252,684	
2007					10,062,454	
2008					10,593,556	

(1) City of New Orleans (2004 latest year for which information is available).

(2) Summary of Deposits (as of June 30, 2008) - bank branches located in New Orleans, Federal Depository Insurance Corporation.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Three Fiscal Years

(Unaudited)

	Year	
	2006	2007
Water:		
Water mains (miles)	1,723	1,789
Water lines in system (miles)	1,807	1,784
Water valves	29,219	29,420
Fire hydrants	22,771	22,780
Water manholes	29,576	29,632
Sewer:		
Sewer pipe (miles)	2,259	2,575
Sewers (miles)	1,486	1,460
Sewer manholes	22,829	22,922

SEWERAGE AND WATER BOARD OF NEW ORLEANS

2008 ACTUAL CAPITAL EXPENDITURES

WATER DEPARTMENT	
<b>WATERWORKS</b>	
110	Normal Extension & Replacements \$ 526,823.62
112	Modification to Oak St Raw Water Intake Station 68,287.80
135	Improvement of Chemical System 1,439,038.13
157	Advanced Water Treatment (Algiers) 51,767.00
160	Hurricane Katrina Expense for Water 1,515,341.21
175	Wear Hurricane Recovery Bonds 7,912,829.74
	<b>TOTAL WATERWORKS \$ 11,514,087.50</b>
<b>WATER DISTRIBUTION</b>	
214	Normal Extensions & Replacements \$ 1,170,678.70
215	Rehabilitation -Mains, Hydrants and Services 354,904.00
239	Mains D P W Contracts 1,782,078.91
	<b>TOTAL WATER DISTRIBUTION \$ 3,307,661.61</b>
<b>POWER PROJECTS, EMERGENCY AND GENERAL BUDGET</b>	
600	Water Share of Power Projects \$ 312,582.52
800	Water Share of General Budget Items \$ 4,769,406.17
	<b>TOTAL POWER PROJECTS, EMERGENCY AND GENERAL \$ 5,082,090.69</b>
	<b>TOTAL WATER DEPARTMENT \$ 19,933,839.60</b>

NOTE: These figures do not include provision of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

2008 ACTUAL CAPITAL EXPENDITURES

SEWERAGE DEPARTMENT	
<b>SEWERAGE SYSTEM</b>	
313	Extensions & Replacements - Sewer Force Mains \$ 1,754,435.18
	EPA Consent Decree
317	Normal Extensions & Replacement of Gravity Mains 7,752,527.44
318	Rehabilitation Gravity Sewer System 235,039.95
326	Extension & Replacement to Sewer Pumping Stations 229,500.75
339	Main in Streets Dept. Contracts 2,075,336.00
348	Normal Extensions & Replacement 1,945,485.66
367	Collection System Eval/Survey Uptown 233,616.09
368	Wetlands Assimilation Project 345,769.00
369	Hurricane Katrina Expense for Sewer System (891,029.90)
375	Sewerage Hurricane Recovery Bonds 1,345,030.46
381	Modification & Extension of WBS/TP to 20/50 MGD 5,242.50
	<b>TOTAL SEWERAGE SYSTEM \$ 15,030,953.13</b>
<b>SEWERAGE TREATMENT</b>	
<b>POWER PROJECTS AND GENERAL BUDGET</b>	
600	Sewer Share of Power Projects 70,095.05
800	Sewer Share of General Budget Items 3,950,911.21
	<b>TOTAL POWER PROJECTS AND GENERAL BUDGET \$ 4,021,006.26</b>
	<b>TOTAL SEWERAGE DEPARTMENT \$ 19,051,959.39</b>

NOTE: These figures do not include provision of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

2008 ACTUAL CAPITAL EXPENDITURES

DRAINAGE DEPARTMENT

C.P.#	CANALS	\$
418	Normal Extension & Replacements	12,394.05
439	Major Drainage Participation in D P W Projects	1,755,967.50
471	SELA Program Management	906,755.56
474	Melpomene Street Canal Improvement	117.00
476	Hollygrove Canal (SELA A)	178,993.15
486	Napoleon Ave. Canal Improvements (SELA B)	3,134,152.78
497	Florida Ave. Canal - DPS #19 to Peoples (SELA B)	35,561.34
498	Dwyer Intake Canal (St. Charles Canal to Dwyer DPS) (SELA A)	3,353,012.28
	<b>TOTAL DRAINAGE CANALS</b>	<b>\$ 9,376,895.66</b>

PUMPING STATIONS

511	Normal Extensions & Replacements - Stations	\$ 9,099,402.45
554	Expansion of Dwyer DPS (SELA A)	6,271.48
574	Hurricane Katrina Expenses for Drainage System	5,644,062.68
575	Drainage Hurricane Recovery Bonds	368,013.40
	<b>TOTAL DRAINAGE PUMPING STATIONS</b>	<b>\$ 15,117,750.01</b>

POWER PROJECTS AND GENERAL BUDGET

600	Drainage Share of Power Projects	\$ 1,250,079.51
800	Drainage Share of General Budget Items	1,978,714.90
	<b>TOTAL POWER PROJECTS AND GENERAL BUDGET</b>	<b>\$ 3,228,794.41</b>
	<b>TOTAL DRAINAGE DEPARTMENT</b>	<b>\$ 27,723,440.08</b>

NOTE: These figures do not include provision of interest expense.

POWER PROJECTS

C.P.#	POWER PROJECTS	Water	Sewerage	Drainage	Total
601	Eclairt Blvd. Corridor	\$ 34,960.00	\$	\$ 139,840.00	\$ 174,800.00
607	Hurricane Katrina Expenses for Power System	575.00	143.75	2,156.25	2,875.00
609	Extensions & Replacements - Ratio Comm System	291.17	761.51	1,187.07	2,239.75
613	Modification of Steam System	51,955.68	12,988.92	263,863.12	328,827.72
614	Replacement of Boilers	191,915.14	47,978.79	719,681.83	959,575.76
624	Extensions & Replacements to Electrical System	32,888.53	8,222.08	123,531.24	164,441.65
	<b>TOTAL POWER PROJECTS</b>	<b>\$ 312,585.32</b>	<b>\$ 70,095.03</b>	<b>\$ 1,250,079.51</b>	<b>\$ 1,632,759.88</b>

NOTE: These figures do not include provision of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

2008 ACTUAL CAPITAL EXPENDITURES

GENERAL BUDGET ITEMS

C.P.#	GENERAL BUDGET ITEMS	WATER	SEWERAGE	DRAINAGE	Total
805	Property Acquisition	\$	\$	\$ 20,250.00	\$ 20,250.00
807	Improvements to Central Yard & St. Joseph Street	36,493.26	36,493.24	2,972.25	75,958.75
810	Major Equipment Purchases	17.80	17.80	8.90	44.50
812	Computer Systems Development	77,598.49	76,008.84	76,008.88	229,616.21
820	Overhead Charged to Capital	4,374,548.71	3,576,413.33	1,655,889.25	9,606,851.29
843	Minor Equipment Purchases	60,137.21	60,137.29	43,713.99	163,988.49
863	Temporary Housing Hurricane Katrina	74,432.74	74,432.75	74,432.75	223,298.24
864	Long Term Lease/Purchase Equip - Hurricane Katrina	43,267.26	43,267.23	21,633.63	108,168.12
865	Hurricane Katrina - General Budget Items	7,562.67	7,562.65	7,562.67	22,687.99
866	Hurricane Katrina Damage at Central Yard	11,071.50	11,407.00	11,071.50	33,550.00
867	Hurricane Katrina Damage at St. Joseph St.	7,557.73	7,557.73	7,557.73	22,673.19
875	General Budget Items Hurricane Recovery Bonds	76,817.80	57,613.35	57,613.35	192,044.50
TOTAL POWER PROJECTS		\$ 4,769,505.17	\$ 3,950,911.21	\$ 1,978,714.90	\$ 10,699,131.28

NOTE: These figures do not include proration of interest expense.

ANALYSIS OF PUMPING AND POWER DEPARTMENT  
POWER PURCHASED AND PRODUCED  
NATURAL GAS AND FUEL OIL CONSUMED  
TEN YEARS 1999 THROUGH 2008

YEAR	ELECTRIC POWER PURCHASED		ELECTRIC & STEAM POWER GENERATED BY THE S&WB		NATURAL GAS & FUEL OIL USED TO GENERATE ELECTRIC & STEAM POWER			
	KW-HRS	\$ AMOUNT	KW-HRS	\$ AMOUNT	NATURAL GAS		FUEL OIL	
					MCF	\$ AMOUNT	GALLONS	\$ AMOUNT
1999	64,070,706	\$4,576,866	36,511,704	\$8,860,755	1,487,810	\$6,836,117	27,043	\$22,987
2000	66,160,146	\$5,278,313	33,126,311	\$11,535,357	1,331,330	\$9,646,417	9,550	\$8,118
2001	71,250,220	\$6,280,661	36,589,748	\$10,689,776	1,547,560	\$8,738,028	1,239	\$1,053
2002	67,080,168	\$5,057,629	37,576,656	\$8,175,530	1,455,440	\$6,370,341	1,739	\$1,478
2003	69,271,819	\$4,213,376	37,952,434	\$10,701,490	1,322,240	\$9,214,066	17,481	\$14,859
2004	76,514,008	\$6,048,983	37,845,120	\$12,509,191	1,346,750	\$11,850,832	1,149	\$977
2005	68,492,789	\$10,606,997	32,232,480	\$13,914,833	1,442,440	\$15,834,817	27,168	\$23,093
2006	79,041,420	\$15,605,974	37,464,720	\$12,754,639	1,285,200	\$14,567,701	211	\$179
2007	81,758,305	\$11,490,282	39,421,440	\$12,165,307	1,464,900	\$15,131,635	1,464	\$7,018
2008	76,400,295	\$11,284,821	40,407,984	\$14,082,081	1,535,660	\$18,895,716	85,222	\$229,681
TOTALS	709,009,866	\$80,453,911	399,108,587	\$115,379,069	14,219,130	\$117,105,770	172,266	\$309,443

**POWER PURCHASED AND PRODUCED  
NATURAL GAS AND FUEL OIL CONSUMED - 2008**

	KW-HOURS	COST
ELECTRIC POWER PURCHASED	76,400,295	\$11,284,821.27
ELECTRIC AND STEAM POWER GENERATED BY THE S. & W.B.*	40,407,984	\$14,062,081.04
<b>TOTAL</b>	<b>116,808,279</b>	<b>\$25,346,902.31</b>

NOTE: \*NATURAL GAS CONSUMED IN OPERATION WAS 1,535,660 MCF  
AT A COST OF \$18,895,715. FUEL OIL CONSUMED WAS 85,222 GALLONS  
AT A COST OF \$229,681.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS  
WATER PUMPED AND CONSUMED - 2008**

Number of Meters	Free metered process water to various City departments and charitable institutions:	Gallons	Percent
10	Display Fountains	2,733,500	
36	Fire Department	13,236,900	
16	Swimming Pools	22,878,300	
13	Libraries	4,986,200	
103	Municipal	68,522,800	
247	Parks and Playgrounds	599,401,900	
59	Police Department	83,944,200	
148	Schools	185,579,200	1.86%
632		981,283,000	
216	Free metered process water by Sewerage and Water Board	618,116,900	1.17%
	Allowances for leaks on private property	705,302,800	1.35%
	Free unmetered process water:		
	Unmetered use, such as extinguishment of fires, cleaning streets, flushing sewers, drains, and gutters, cleaning markets and other public buildings	32,025,013,400	60.82%
	Leaks in distribution system as measured by Fluid Conservation Systems	5,038,927,200	9.57%
	Water sold to customers	13,283,616,700	25.23%
	<b>Total Water Pumped</b>	<b>52,656,260,000</b>	<b>100.00%</b>



**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**Gallons Metered - Pay Water Consumption - 2008**

<b>Month</b>	<b>Monthly Consumption</b>
January	1,299,378,100
February	1,404,465,800
March	1,057,738,000
April	1,068,467,200
May	783,999,100
June	1,077,365,100
July	1,217,846,600
August	1,043,766,100
September	742,607,900
October	1,298,704,300
November	1,096,515,500
December	1,192,765,000
<b>Gross Total</b>	<b>13,283,616,700</b>

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**MONTHLY WATER CHARGES COLLECTED - 2008**

<b>Months</b>	<b>Water Service Charges &amp; Fees</b>	<b>Delinquent Fees</b>	<b>Total</b>
January	\$3,224,605.00	\$155,539.70	\$3,380,144.70
February	\$3,213,304.25	\$131,446.14	\$3,344,750.39
March	\$3,690,181.70	\$126,731.80	\$3,816,913.50
April	\$3,716,969.50	\$135,660.72	\$3,852,630.22
May	\$3,371,524.89	\$116,833.61	\$3,488,358.50
June	\$4,229,408.77	\$131,288.58	\$4,360,697.35
July	\$4,127,766.99	\$112,069.75	\$4,239,836.74
August	\$3,981,050.12	\$88,004.52	\$4,069,054.64
September	\$3,349,640.46	\$84,514.44	\$3,434,154.90
October	\$4,677,863.69	\$115,438.28	\$4,793,301.97
November	\$3,487,693.79	\$68,999.94	\$3,556,693.73
December	\$4,723,603.03	\$89,185.41	\$4,812,788.44
	<b>\$45,793,612.19</b>	<b>\$1,355,722.89</b>	<b>\$47,149,335.08</b>

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**MONTHLY SEWERAGE CHARGES COLLECTED - 2008**

<b>Months</b>	<b>Sewerage Service Charges</b>	<b>Delinquent Fees</b>	<b>Total</b>
January	\$5,625,788.75	\$103,837.53	\$5,729,626.28
February	\$5,555,655.93	\$87,740.11	\$5,643,396.04
March	\$5,751,953.08	\$84,594.36	\$5,836,547.44
April	\$6,429,850.15	\$90,552.47	\$6,520,402.62
May	\$5,338,432.98	\$78,012.19	\$5,416,445.17
June	\$6,076,150.53	\$87,647.26	\$6,163,797.79
July	\$6,100,057.50	\$74,833.06	\$6,174,890.56
August	\$5,324,478.58	\$58,793.11	\$5,383,271.69
September	\$4,644,619.49	\$56,454.65	\$4,701,074.14
October	\$5,959,527.85	\$77,093.80	\$6,036,621.65
November	\$4,364,917.72	\$46,049.62	\$4,410,967.34
December	\$5,470,158.01	\$59,565.47	\$5,529,723.48
	<b>\$66,621,590.57</b>	<b>\$905,173.63</b>	<b>\$67,526,764.20</b>

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE I  
CARROLLTON TURBIDITIES

	Effluent Settling Reservoirs												Filters		
	River (NTU)			Effluent Settling Reservoirs (NTU)									Filters (NTU)		
2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	
Maximum	155	142	187	248	165	11	17	24	13	15	0.33	0.80	0.66	0.39	
Minimum	5	2	2	3	7	1.2	0.9	0.8	1.0	1.0	0.05	0.07	0.06	0.09	
Average	64	38	40	66	67	3.1	2.8	3.1	4.1	4.9	0.12	0.15	0.12	0.14	

TABLE II  
CARROLLTON ALKALINITIES  
PARTS PER MILLION

	Effluent Settling Reservoirs												Filters		
	River			Effluent Settling Reservoirs									Filters		
2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	
Maximum	136	154	173	183	148	163	146	167	171	147	157	138	182	202	
Minimum	74	84	83	86	78	67	80	66	66	63	62	81	75	78	
Average	105	120	116	124	117	110	121	106	114	107	110	120	114	131	

TABLE II A  
CARROLLTON HARDNESS  
PARTS PER MILLION

	NON-CARBONATE HARDNESS												TOTAL HARDNESS		
	RIVER			FILTERS									RIVER		
2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	
Maximum	61	77	70	86	70	74	84	79	90	76	182	207	200	230	
Minimum	20	11	11	10	4	34	28	14	12	13	107	91	108	113	
Average	38	40	38	47	38	54	52	46	54	50	143	139	134	171	

TABLE III  
CARROLLTON BACTERIAL CHARACTERISTICS  
Total Coliform Analysis

2008	River	Plant Tap	Distribution System
Maximum (Colones / 100 ml)	10,400	0	32
Minimum (Colones / 100 ml)	56	0	0
Average (Colones / 100 ml)	1,110	0	0
Number of Samples	301	334	2,385
Number of Samples Negative	0	354	2,378
Number of Samples Positive	301	0	77

\* None of these seven total coliform positive samples were fecal coliform positive, and none resulted in a violation of the Total Coliform Rule.

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**TABLE IV-A**

**PRINCIPLE RESULTS OF OPERATION OF THE G3 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING**  
**December 31, 2008**

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent
January	Max.		0.00	0	0.00	0	0.00	0	0.00	114	130	
	Min.		0.00	0	0.00	0	0.00	0	0.00	161	85	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	73	108	
February	Max.		0.00	0	0.00	0	0.00	0	0.00	155	125	
	Min.		0.00	0	0.00	0	0.00	0	0.00	42	78	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	99	107	
March	Max.		0.00	0	0.00	0	0.00	0	0.00	143	110	
	Min.		0.00	0	0.00	0	0.00	0	0.00	85	85	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	95	93	
April	Max.		0.00	0	0.00	0	0.00	0	0.00	91	110	
	Min.		0.00	0	0.00	0	0.00	0	0.00	34	82	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	71	89	
May	Max.		0.00	0	0.00	0	0.00	0	0.00	70	128	
	Min.		0.00	0	0.00	0	0.00	0	0.00	31	83	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	58	107	
June	Max.		0.00	0	0.00	0	0.00	0	0.00	157	135	
	Min.		0.00	0	0.00	0	0.00	0	0.00	7	107	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	79	119	
July	Max.		0.00	0	0.00	0	0.00	0	0.00	142	144	
	Min.		0.00	0	0.00	0	0.00	0	0.00	8	105	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	85	124	
August	Max.		0.00	0	0.00	0	0.00	0	0.00	139	153	
	Min.		0.00	0	0.00	0	0.00	0	0.00	27	98	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	64	130	
September	Max.		0.00	0	0.00	0	0.00	0	0.00	142	130	
	Min.		0.00	0	0.00	0	0.00	0	0.00	21	86	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	55	115	
October	Max.		0.00	0	0.00	0	0.00	0	0.00	162	148	
	Min.		0.00	0	0.00	0	0.00	0	0.00	14	82	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	58	119	
November	Max.		0.00	0	0.00	0	0.00	0	0.00	34	163	
	Min.		0.00	0	0.00	0	0.00	0	0.00	2	142	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	20	151	
December	Max.		0.00	0	0.00	0	0.00	0	0.00	121	155	
	Min.		0.00	0	0.00	0	0.00	0	0.00	7	107	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	48	140	
Total		0.00	0	0	0.00	0	0.00	0	0.00	165	163	
General	Max.		0.00	0	0.00	0	0.00	0	0.00	2	78	
	Min.		0.00	0	0.00	0	0.00	0	0.00	67	117	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	67	117	

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**

**TABLE IV-B**

**PRINCIPLE RESULTS OF OPERATION OF THE G4 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING**  
**December 31, 2008**

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent
January	Max.		0.00	0	0.00	0	0.00	0	0.00	114	130	
	Min.		0.00	0	0.00	0	0.00	0	0.00	161	85	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	73	108	
February	Max.		0.00	0	0.00	0	0.00	0	0.00	155	125	
	Min.		0.00	0	0.00	0	0.00	0	0.00	42	78	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	99	107	
March	Max.		0.00	0	0.00	0	0.00	0	0.00	143	110	
	Min.		0.00	0	0.00	0	0.00	0	0.00	85	85	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	95	93	
April	Max.		0.00	0	0.00	0	0.00	0	0.00	91	110	
	Min.		0.00	0	0.00	0	0.00	0	0.00	34	82	
	Avg.		0.00	0	0.00	0	0.00	0	0.00	71	89	
May	Max.		73.92	0	0.00	4,882	4.00	6,345	7.04	79	128	5.4
	Min.	141.42	22.04	0	0.00	0	0.00	0	4.55	31	93	4.7
	Avg.		47.14	0	0.00	0	4.11	0	5.40	59	107	6.8
June	Max.		81.38	0	0.00	51,378	5.01	58,711	5.55	157	135	7.1
	Min.	1,443.00	50.08	0	0.00	0	3.28	0	4.38	7	107	2.7
	Avg.		75.95	0	0.00	0	4.27	0	4.99	79	115	4.7
July	Max.		81.87	0	0.00	86,242	5.65	100,714	5.43	142	144	12.0
	Min.	2,394.71	73.35	0	0.00	0	3.18	0	4.62	9	109	1.8
	Avg.		76.95	0	0.00	0	4.34	0	6.07	85	124	3.4
August	Max.		77.50	0	0.00	79,262	4.70	88,488	5.22	139	155	5.7
	Min.	2,314.25	73.21	0	0.00	0	4.40	0	4.93	27	98	1.2
	Avg.		75.65	0	0.00	0	4.50	0	5.04	64	130	2.9
September	Max.		76.71	0	0.00	58,820	4.62	66,542	3.99	142	139	5.5
	Min.	2,205.93	67.04	0	0.00	0	2.31	0	2.99	21	96	1.1
	Avg.		73.21	0	0.00	0	3.25	0	3.61	55	115	3.1
October	Max.		91.79	0	0.00	70,716	4.39	79,383	4.98	152	148	12.0
	Min.	2,356.45	83.63	0	0.00	0	2.42	0	2.79	14	92	1.7
	Avg.		76.01	0	0.00	0	3.59	0	4.03	58	119	3.9
November	Max.		77.04	0	0.00	40,773	3.11	46,979	3.39	34	163	5.2
	Min.	2,087.71	55.25	0	0.00	0	1.99	0	2.18	2	142	1.5
	Avg.		65.92	0	0.00	0	2.35	0	2.58	20	151	3.2
December	Max.		55.42	0	0.00	56,659	3.69	64,050	4.15	121	153	5.8
	Min.	2,420.79	66.83	0	0.00	0	1.99	0	2.24	7	107	1.7
	Avg.		78.00	0	0.00	0	2.53	0	3.20	49	140	3.5
Total		15,364.95		0	0.00	448,732	510.190					
General	Max.		91.79	0	0.00	86,242	6.58	100,714	7.04	165	189	12.0
	Min.		22.04	0	0.00	4,882	1.98	6,345	2.18	2	76	1.2
	Avg.		70.81	0	0.00	56,217	3.51	63,774	3.98	67	117	3.6

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-C

PRINCIPLE RESULTS OF OPERATION OF THE L3 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING December 31, 2008

1	2	3	4	5	6	7	8	9	10	11	12	13	
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent	
January	Max.		76.71	0	0.00		4.69		5.58	114	130	6.1	
	Min.	2,289.96	71.21	0	0.00	83,945	3.80	85,031	4.95	16	89	2.9	
	Avg.		74.19	0	0.00		4.38		4.96	73	108	5.1	
February	Max.		77.64	0	0.00		5.18		5.82	165	125	11.1	
	Min.	2,138.08	71.63	0	0.00	81,953	4.35	92,268	4.90	42	78	3.2	
	Avg.		75.28	0	0.00		4.47		5.03	99	107	6.0	
March	Max.		74.63	0	0.00		5.33	104,841	5.39	143	115	11.9	
	Min.	2,237.92	69.53	0	0.00	92,572	4.83		5.66	95	93	5.9	
	Avg.		72.35	0	0.00		5.02		5.63	91	110	7.5	
April	Max.		74.42	0	0.00		4.76	102,720	5.41	34	82	2.6	
	Min.	2,133.79	68.92	0	0.00	80,046	5.11		5.77	71	89	4.2	
	Avg.		71.13	0	0.00		5.53		5.73	79	125	3.6	
May	Max.		77.64	0	0.00		4.34		3.96	31	93	3.4	
	Min.	2,128.33	27.17	0	0.00	75,313	3.73	83,875	4.72	56	107	3.5	
	Avg.		70.94	0	0.00		4.43		4.79	157	135	3.8	
June	Max.		77.13	0	0.00		4.31		4.54	7	107	2.2	
	Min.	845.04	71.38	0	0.00	26,533	3.84	31,933	4.52	79	115	2.8	
	Avg.		74.77	0	0.00		4.05		5.00	142	144		
July	Max.		0.00	0	0.00	0	0.00	0	0.00	9	109		
	Min.	0.00	0.00	0	0.00	0	0.00	0	0.00	85	124		
	Avg.		0.00	0	0.00	0	0.00	0	0.00	139	156		
August	Max.		0.00	0	0.00	0	0.00	0	0.00	27	95		
	Min.	0.00	0.00	0	0.00	0	0.00	0	0.00	64	139		
	Avg.		0.00	0	0.00	0	0.00	0	0.00	142	130		
September	Max.		0.00	0	0.00	0	0.00	0	0.00	21	98		
	Min.	0.00	0.00	0	0.00	0	0.00	0	0.00	53	115		
	Avg.		0.00	0	0.00	0	0.00	0	5.11	152	145	3.7	
October	Max.		65.89	0	0.00		4.58	35,059	2.34	14	82	1.1	
	Min.	1,058.33	38.88	0	0.00	31,272	2.08		3.98	56	119	1.5	
	Avg.		62.25	0	0.00		3.55		2.95	34	163	4.0	
November	Max.		68.63	0	0.00		2.67		2.21	2	142	1.0	
	Min.	1,651.00	55.13	0	0.00	34,522	1.95	38,654	2.51	20	151	2.1	
	Avg.		61.70	0	0.00		2.24		4.56	121	183	4.9	
December	Max.		67.83	0	0.00		4.07		2.23	7	107	1.5	
	Min.	1,745.54	47.00	0	0.00	42,357	1.95	47,592	3.23	48	140	2.3	
	Avg.		59.34	0	0.00		2.87						
Total	Max.	16,440.00		0	0.00	562,523		632,124				11.9	
	Min.	2,289.96	77.53	0	0.00	92,572	10.53	104,841	6.88	166	183		
	Avg.	845.04	27.17	0	0.00	26,633	1.95	31,533	2.21	2	78	1.8	
General	Max.		77.53	0	0.00		62,514	4.10	70,298	4.61	67	117	3.9
	Min.		67.58	0	0.00								
	Avg.		1,825.67										

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IV-D

PRINCIPLE RESULTS OF OPERATION OF THE L4 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING DECEMBER 31, 2008

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent		
January	Max.		65.04	0	0.00		4.74		5.35	114	130	11.8		
	Min.	1,938.67	60.83	0	0.00	71,798	4.04	81,304	4.56	16	89	3.8		
	Avg.		62.57	0	0.00		4.44		5.03	73	108	7.4		
February	Max.		65.25	0	0.00		5.15		5.89	165	125	12.6		
	Min.	1,790.92	59.50	0	0.00	69,551	4.38	78,702	4.95	42	78	3.7		
	Avg.		60.87	0	0.00		4.75		5.15	99	107	8.1		
March	Max.		61.63	0	0.00		5.40		5.15	143	110	14.9		
	Min.	1,824.88	51.54	0	0.00	77,104	4.68	86,229	4.90	65	85	4.8		
	Avg.		58.87	0	0.00		5.07		5.66	95	93	9.5		
April	Max.		69.98	0	0.00		5.94		6.09	91	110	11.9		
	Min.	1,708.92	54.50	0	0.00	74,169	4.91	82,770	5.55	34	82	6.2		
	Avg.		56.96	0	0.00		5.21		5.88	79	125	7.7		
May	Max.		68.67	0	0.00		5.18		4.32	31	93	6.5		
	Min.	1,765.95	54.83	0	0.00	81,241	3.81	89,002	4.69	56	107	7.1		
	Avg.		58.97	0	0.00		4.16		5.46	157	135	6.2		
June	Max.		62.21	0	0.00		5.10		4.25	7	107	5.5		
	Min.	1,674.33	48.25	0	0.00	58,700	3.52	58,507	3.52	79	115	5.8		
	Avg.		55.81	0	0.00		4.25		4.77	79	115	5.8		
July	Max.		64.08	0	0.00		4.97		5.60	142	144	8.7		
	Min.	1,847.79	54.79	0	0.00	68,735	4.08	77,367	4.91	9	109	2.8		
	Avg.		59.81	0	0.00		4.46		5.02	85	124	5.1		
August	Max.		64.21	0	0.00		4.49		5.03	139	156	6.8		
	Min.	1,686.04	56.98	0	0.00	63,157	3.00	71,367	3.53	27	88	2.3		
	Avg.		60.78	0	0.00		3.56		4.51	64	130	4.6		
September	Max.		64.42	0	0.00		4.47		5.07	142	130	9.3		
	Min.	1,604.08	39.79	0	0.00	56,866	3.05	64,386	3.32	21	85	1.9		
	Avg.		60.14	0	0.00		3.85		4.67	182	148	14.0		
October	Max.		65.79	0	0.00		4.74		4.26	14	92	1.1		
	Min.	815.13	19.29	0	0.00	28,651	2.10	32,905	2.38	14	92	1.1		
	Avg.		54.34	0	0.00		4.24		4.87	56	119	5.4		
November	Max.		0.00	0	0.00	0	0.00	0	0.00	2	142			
	Min.	0.00	0.00	0	0.00	0	0.00	0	0.00	20	151			
	Avg.		0.00	0	0.00	0	0.00	0	0.00	121	183			
December	Max.		0.00	0	0.00	0	0.00	0	0.00	7	107			
	Min.	0.00	0.00	0	0.00	0	0.00	0	0.00	49	140			
	Avg.		0.00	0	0.00	0	0.00	0	0.00					
Total	Max.	17,057.71		0	0.00	630,281		710,539				14.6		
	Min.	1,939.67	66.04	0	0.00	77,104	5.04	86,229	5.47	165	183	1.1		
	Avg.	815.13	19.29	0	0.00	28,651	2.10	32,905	2.38	2	78	1.8		
General	Max.		66.04	0	0.00		63,025	4.43	71,054	4.95	67	117	5.6	
	Min.		59.02	0	0.00									
	Avg.		1,705.77											

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**

**TABLE IV-E**

**MONTHLY SUMMARY OF COMBINED OPERATION OF CONVENTIONAL UNITS AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING December 31, 2008**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		
																				Estimated High LRI Pumpage	
																				Total M.G.	M.G.D.
Month	Max.	Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Inlet	Total Pounds of Polymer used in Plant	Total Pounds of Fluoride (100%) used During Month	Fluoride Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Total Pounds of Lime Used During Month	Lime Parts Per Million	Total Pounds of Chlorine Used During Month	Chlorine Parts Per Million	Total Pounds of Anhydrous Ammonia Used During Month	Ammonia Parts Per Million	Total Pounds of Polyphosphate Used During Month	Polyphosphate Parts Per Million	Alkalinity of Filtered Water Parts Per Million (ppm)	Estimated High LRI Pumpage			
	Min.																	Avg.	Total M.G.	M.G.D.	
<b>Total</b>	48,887.31	0	1,842,617	135,675	1,081,854	7,470,578	75.14	212,649	2,165,180	6.51	47,524	1.51	9,413	0.24	202	4,271.00	149.84				
<b>General</b>	3,842.71	0	133,950	11,395	75,395	84,842	822,138	3.05	180,181	5.31	42,611	1.26	8,798	0.26	124	3,943.12	129.84				

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**

**TABLE V**

**PRINCIPLE RESULTS OF OPERATION OF THE ALGIERS WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2008**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21		
																					Estimated High LRI Pumpage	
																					Total M.G.D.	M.G.D.
Month	Max.	Low LRI Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer Used During Month	Total Pounds of Fluoride (100%) used During Month	Fluoride Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	Total Pounds of Lime Used During Month	Lime Parts Per Million	Total Pounds of Chlorine Used During Month	Chlorine Parts Per Million	Total Pounds of Anhydrous Ammonia Used During Month	Ammonia Parts Per Million	Total Pounds of Polyphosphate Used During Month	Polyphosphate Parts Per Million	HTU of Clarifier Effluent	PTM of Clarifier Effluent	Estimated High LRI Pumpage			
	Min.																		Avg.	Total M.G.D.	M.G.D.	
<b>Total</b>	110,241	1,829	1,829	14,434	3,302	15,471	10,959	3.35	207,541	79.85	3,709	1.18	1,248	0.56	1,141	100	3,889.86	124				
<b>General</b>	289.68	6.92	6,429	6.11	1,015	0.33	10,959	0.33	14,386	5.54	207,541	79.85	3,709	1.18	1,248	0.56	1,141	100	3,889.86	124		

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VI-A

MONTHLY SUMMARY OF CARROLLTON WATER PURIFICATION PLANT FILTER OPERATIONS FOR THE YEAR ENDING: December 31, 2008

1	2	3		4		5		6		7		8		9		10		11			
		Total Million Gallons Water Filtered During Month		Total Number of Runs		Length of Runs in Hours		Million Gallons of Water Filtered Per Run		Million Gallons Per Day Per Filter		Total Amount in Million Gallons of Wash Water Used		Million Gallons of Wash Water Used Per Run		Percentage of Wash Water Used Per Run		Million Gallons Filtered Per Acre Per Day			
Month		Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New		
January	Max. Min. Avg.	1,616,532	2,264,099	108	66	167 118 143	217 16 173	20,750 9,823 14,928	45,614 5,621 34,305	2,512	4,253	31,200	63,680	0.289	0.965	2.94	1.39	1.83	2.11	76,405	78,875
February	Max. Min. Avg.	1,678,905	1,177,569	105	60	167 96 143	217 165 182	18,000 8,600 15,281	43,808 7,657 26,289	2,682	4,786	29,800	54,400	0.284	0.907	3.53	1.58	1.78	2.07	81,640	79,419
March	Max. Min. Avg.	1,709,097	2,308,704	105	64	184 95 144	218 138 183	23,600 9,917 16,277	42,345 25,724 39,192	2,713	5,144	31,500	59,300	0.300	0.927	3.03	1.30	1.84	2.19	82,584	85,362
April	Max. Min. Avg.	1,684,659	2,233,753	105	70	191 95 142	213 89 169	20,875 8,500 15,282	60,865 16,195 31,024	2,583	4,432	30,900	60,700	0.294	0.843	3.71	1.41	1.92	2.72	78,627	73,545
May	Max. Min. Avg.	1,644,777	2,177,160	109	74	151 119 143	196 60 150	18,925 14,875 15,085	40,689 11,741 29,421	2,532	4,767	32,000	67,500	0.294	0.865	1.98	1.55	1.95	2.13	77,074	74,108
June	Max. Min. Avg.	1,623,689	2,261,450	105	74	147 138 143	194 50 151	18,375 11,583 15,463	42,789 12,104 30,560	2,595	4,857	31,700	65,100	0.302	0.853	2.61	1.64	1.95	2.79	78,592	80,597
July	Max. Min. Avg.	1,844,561	1,659,756	108	72	148 139 143	207 84 182	18,500 12,083 17,083	42,369 16,504 25,822	2,867	3,423	33,000	65,500	0.305	0.924	2.51	1.65	1.79	4.01	87,471	56,809
August	Max. Min. Avg.	1,927,721	2,128,837	112	68	167 95 140	219 111 171	20,542 11,250 17,212	45,624 26,476 21,321	2,951	4,396	33,400	50,400	0.296	0.780	2.54	1.45	1.73	2.23	89,328	72,947
September	Max. Min. Avg.	1,644,589	1,945,684	95	62	216 95 128	241 160 182	27,000 11,417 17,211	45,809 24,063 21,382	3,378	4,138	28,500	43,500	0.280	0.762	2.63	1.11	1.73	1.56	102,826	68,656
October	Max. Min. Avg.	1,887,494	2,216,765	102	70	212 118 154	223 92 159	29,580 11,917 18,504	47,143 16,375 31,658	2,884	4,760	29,500	55,600	0.283	0.751	2.46	1.60	1.58	1.39	87,789	79,319
November	Max. Min. Avg.	1,528,587	1,284,961	105	66	167 97 141	216 92 162	18,250 8,083 14,543	45,391 16,304 24,821	2,475	5,132	29,200	54,900	0.279	0.832	3.45	1.53	1.92	2.40	75,339	81,152
December	Max. Min. Avg.	1,853,935	2,362,582	108	76	146 143 149	197 249 167	19,007 17,166	42,333 31,087	2,881	5,007	32,300	68,910	0.299	0.840	2.53	1.57	1.74	2.72	87,698	83,086
Total		20,562,276	26,221,331	1,267	822	5,088	5,799	576,812	1,111,589	33,053	55,555	372,500	708,450	3,538	10,105	73.00	136.98	1,096.133	921.884		
General	Max. Min. Avg.	1,927,721	2,508,704	112	76	216 143	223 249	29,580 17,166	47,143 31,087	3,378	5,144	33,400	69,910	0.305	0.963	3.71	19.23	182.826	85.362		
	Max. Min. Avg.	1,528,587	1,659,756	95	60	95 143	16 149	7,917 15,085	5,621 29,421	2,475	3,423	28,500	45,500	0.279	0.780	1.60	1.41	1.82	2.67	75,339	56,809
	Max. Min. Avg.	1,713,527	2,185,194	106	68	142 166	166	16,240	31,964	2,754	4,638	31,125	58,041	0.295	0.892	1.82	2.67	83,844	76,824		

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VI-B

MONTHLY SUMMARY OF ALGIERS FILTER OPERATIONS FOR THE YEAR ENDING: December 31, 2008

1	2	3	4	5	6	7	8	9	10
Month		Total Million Gallons Water Filtered During Month of Runs	Total Number of Runs	Length of Runs in Hours	Million Gallons of Water Filtered Per Run	Million Gallons Per Day Per Filter	Total Amount in Million Gallons of Wash Water Used	Million Gallons of Wash Water Used Per Run	Percentage of Wash Water Used Per Run
January	Max. Min. Avg.	372.32	57	182	7,125	1.00	6.29	0.110	2.35
February	Max. Min. Avg.	292.6	48	162	4,148	0.84	6.16	0.128	1.79
March	Max. Min. Avg.	307.61	51	143	3,921	0.83	6.86	0.124	1.69
April	Max. Min. Avg.	326.38	54	173	7,209	0.91	7.44	0.138	1.82
May	Max. Min. Avg.	317.59	51	170	6,959	0.85	6.57	0.137	1.96
June	Max. Min. Avg.	313.18	51	164	7,064	0.87	6.64	0.130	1.84
July	Max. Min. Avg.	338.82	57	197	7,791	0.91	7.91	0.143	1.80
August	Max. Min. Avg.	291.23	51	148	4,772	0.78	7.14	0.140	2.00
September	Max. Min. Avg.	288.23	51	163	4,271	0.80	6.94	0.138	1.89
October	Max. Min. Avg.	317.1	54	171	7,125	0.88	7.03	0.167	1.77
November	Max. Min. Avg.	285.28	48	158	4,417	0.79	6.56	0.137	1.92
December	Max. Min. Avg.	334.48	57	143	2,979	0.90	7.77	0.136	1.77
Total		3764.80	530	197	7,559	1.00	7.91	1.637	4.57
General	Max. Min. Avg.	372.32	48	138	2,979	0.78	6.16	0.140	1.55
	Max. Min. Avg.	315.40	53	167	6,005	0.86	6.98	0.158	2.30

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VII

FIVE YEAR ANALYSIS COMPOSITE DATA (2004 - 2008) FOR NEW ORLEANS DRINKING WATER PURIFICATION SYSTEM

PARAMETER	MISSISSIPPI RIVER (Before Purification)			FINISHED WATER (After Purification)		
	MAX	MIN	AVG	MAX	MIN	AVG
Total Alkalinity (ppm as CaCO3)	183	74	116	196	70	120
Total Hardness (ppm as CaCO3)	250	91	156	242	124	173
Noncarbonate Hardness (ppm as CaCO3)	86	4	40	91	18	57
Calcium Hardness (ppm as CaCO3)	186	75	115	179	82	125
Magnesium Hardness (ppm as CaCO3)	70	3	45	68	7	47
Nephelometric Turbidity (N.T.U.)	6.33	0.01	1.82	0.44	0.02	0.31
Chloride (ppm)	86	25	46	93	39	52
Fluoride (ppm)	0.58	0.10	0.34	0.38	0.12	0.24
Total Dissolved Solids (ppm)	3421	102	233	298	129	224
Free Chlorine Residual (ppm as Cl2)	---	---	---	3.4	0.0	0.2
Total Chlorine Residual (ppm as Cl2)	---	---	---	3.7	0.1	2.0
Ammonia (ppm as N)	---	---	---	0.39	0.00	0.12
Nitrate + Nitrite (ppm as N)	---	---	---	---	---	---
Conductivity (microhm/cm)	592	177	355	595	80	397
Temperature (Deg. F.)	50	40	67	110	54	75
Aluminum (ppb)	---	---	---	---	---	---
Antimony (ppb)	---	---	---	---	---	---
Arsenic (ppb)	---	---	---	---	---	---
Barium (ppb)	---	---	---	68	0	23
Beryllium (ppb)	---	---	---	---	---	---
Cadmium (ppb)	---	---	---	---	---	---
Chromium (ppb)	---	---	---	---	---	---
Chromium (ppb)	---	---	---	---	---	---
Copper (ppb)	---	---	---	---	---	---
Iron (ppb)	---	---	---	---	---	---
Lead (ppb)	---	---	---	---	---	---
Manganese (ppb)	---	---	---	---	---	---
Mercury (ppb)	---	---	---	---	---	---
Nickel (ppb)	---	---	---	---	---	---
Selenium (ppb)	---	---	---	---	---	---
Silver (ppb)	---	---	---	---	---	---
Tellurium (ppb)	---	---	---	---	---	---
Zinc (ppb)	---	---	---	---	---	---
Potassium (ppm)	---	---	---	24.7	11.9	20.9
Sodium (ppm)	---	---	---	4.8	1.8	2.9
Total Organic Carbon (ppm)	6.8	2.9	4.2	154.4	7.9	30.1
Total Trihalomethanes (ppb)	1.8	0.0	0.0	6.4	0.0	0.0
1, 2-Dichloroethane (ppb)	0.2	0.0	0.0	102.7	5.2	19.6
Chloroform (ppb)	1.8	0.0	0.0	2.1	0.0	0.0
Carbon tetrachloride (ppb)	0.1	0.0	0.0	43.4	0.6	8.6
Bromodichloroethane (ppb)	0.2	0.0	0.0	6.1	0.0	0.0
Tetrachloroethane (ppb)	0.1	0.0	0.0	7.8	0.0	0.0
STX (Benzene, Toluene & Xylenes) (ppb)	48.7	0.0	0.0	139	0	0
Total Coliforms (colony/100 ml)	13600	0	1020	155	0	0
Fecal coliforms (colony/100 ml)	4100	0	155	0	0	0

\* Note: The results for nitrates + nitrites, color, and metal constituents (indicated with asterisks) are from the Louisiana Department of Health and Hospitals. All other results are from testing by the S&WB Water Quality Laboratory. Concerning the chemical results, the S&WB Water Quality Laboratory does not meet the higher criteria required by DHE-OPH to be classified as a "DHE-OPH Certified Chemical Laboratory/Drinking Water"; therefore, any results reported by this laboratory for chemical drinking water parameters which are required to be analyzed in a certified laboratory are officially deemed invalid. The S&WB laboratory is certified for Total Coliform and Fecal Coliform bacteriological testing.

\*\* Note: Lead and Copper results are from 2004. Testing was performed in 2008; however, results were not yet available from DHE at the time of this report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE VIII  
CARROLLTON OPERATION

CHEMICAL	CHEMICAL COST	CHEMICAL COST PER MILLION GALLONS
Line	\$423,260.16	\$8.66
ferric Coagulant	\$2,024,462.18	\$41.43
Chlorine	\$924,956.99	\$18.93
Sodium Polyphosphate	\$49,443.14	\$1.01
Polyelectrolyte	\$166,879.74	\$3.41
Fluoride	\$150,265.15	\$3.07
Ammonia	\$8.00	\$0.00
Carbon	\$4,161,419.88	\$85.10
<b>TOTAL CHEMICALS</b>		

Purification Plant Operating Cost  
Total Water Treated in 2008:

48,867,310,000 Gallons

TOTAL COST PER MILLION GALLONS

YEAR	TOTAL WATER TREATED IN MILLION GALLONS	OPERATING COST	TOTAL COST PER MILLION GALLONS
2008	48,867.31	\$8,283,745.00	\$169.52
2007	48,951.79	\$6,499,521.00	\$132.83
2006	51,000.17	\$5,591,146.00	\$109.65
2005	47,574.62	\$5,006,994.00	\$105.25
2004	44,861.90	\$4,868,326.00	\$108.52

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE X

SLUDGE REMOVED FROM THE "G" BASINS PRIMARY TREATMENT UNITS  
DOOR MONORAKE CONVENTIONAL SYSTEM  
2008

Total Million Gallons Water Treated	15,364.95
Total Tons Dry Sludge Deposited in Basins Including suspended and Dissolved Solids Removed and Resending Chemicals	9,115
Total Million Gallons Wet Sludge Withdrawn from Basins	187.95
Average Percent Solids in Wet Sludge	1.15
Total Million Gallons Water Used in withdrawing Sludge	187.04
Percent of Total Water Treated Used in Withdrawing Wet Sludge	1.22

TABLE X-A

SLUDGE REMOVED FROM THE "I" BASINS PRIMARY TREATMENT UNITS  
DOOR MONORAKE CONVENTIONAL SYSTEM  
2008

Total Million Gallons Water Treated	33,497.71
Total Tons Dry Sludge Deposited in Basins Including suspended and Dissolved Solids Removed and Resending Chemicals	20,113
Total Million Gallons Wet Sludge Withdrawn from Basins	666.32
Average Percent Solids in Wet Sludge	0.79
Total Million Gallons Water Used in withdrawing Sludge	684.31
Percent of Total Water Treated Used in Withdrawing Wet Sludge	2.05

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE IX

ALGIERS OPERATION

CHEMICAL	CHEMICAL COST	CHEMICAL COST PER MILLION GALLONS
lime	\$163,568.97	\$43.17
Ferric Coagulant	\$177,774.38	\$46.92
Chlorine	\$61,017.88	\$16.10
Sodium Polyphosphate	\$18,805.82	\$4.96
Polyelectrolyte	\$33,374.33	\$8.81
Fluoride	\$18,089.08	\$4.77
Ammonia	\$16,358.79	\$4.32
Carbon	\$2,131.28	\$0.56
<b>TOTAL CHEMICALS</b>	<b>\$491,120.54</b>	<b>\$129.62</b>

Purification Plant Operating Cost:  
Total Water Treated in 2008:  
3,788,950,000 Gallons

TOTAL COST  
PER MILLION GALLONS

YEAR	TOTAL WATER TREATED IN MILLION GALLONS	OPERATING COST	TOTAL COST PER MILLION GALLONS
2008	3,788.95	\$2,029,729.00	\$535.70
2007	4,427.16	\$1,709,033.00	\$384.00
2006	4,261.05	\$1,435,527.00	\$336.90
2005	3,723.03	\$1,678,615.00	\$450.87
2004	3,705.98	\$1,312,385.00	\$354.13



SEWERAGE AND WATER BOARD OF NEW ORLEANS  
TABLE XI

2008 ANALYSIS DATA FOR NEW ORLEANS  
DRINKING WATER PURIFICATION SYSTEM

PARAMETER	MISSISSIPPI RIVER (Before Purification)				FINISHED WATER (After Purification)			
	MAX.	MIN.	AVG.		MAX.	MIN.	AVG.	
Total Alkalinity (from as CaCO <sub>3</sub> )	183	78	117	123	196	78	123	123
Total Hardness (from as CaCO <sub>3</sub> )	250	114	155	175	242	130	175	175
Noncalcium Hardness (from as CaCO <sub>3</sub> )	76	4	38	52	26	27	27	52
Calcium Hardness (from as CaCO <sub>3</sub> )	163	75	108	124	170	86	124	124
Magnesium Hardness (from as CaCO <sub>3</sub> )	50	10	49	50	98	14	50	50
Nonalkalimetric Turbidity (N.T.U.)	168	6.6	67	8.82	0.26	0.09	0.12	8.82
pH	8.29	7.15	7.75	7.87	9.29	7.87	8.82	8.82
Chloride (ppm)	73	26	47	48	70	26	48	48
Fluoride (ppm)	0.58	0.13	0.22	0.21	1.22	0.18	0.71	0.71
Total Dissolved Solids (ppm)	342	102	258	184	258	139	184	184
Total Suspended Solids (ppm)	315	42	94	—	—	—	—	—
Free Chlorine Residual (ppm as Cl <sub>2</sub> )	—	—	—	0.3	0.3	0.3	0.2	0.2
Total Chlorine Residual (ppm as Cl <sub>2</sub> )	—	—	—	5.7	5.7	1.5	3.4	3.4
Azotates (ppm as N)	—	—	—	0.53	0.53	0.05	0.4	0.4
Nitrate + Nitrite (ppm as N) *	—	—	—	1.28	1.28	1.28	1.28	1.28
Conductivity (microhm/cm)	423	197	305	342	449	210	328	328
Temperature (Deg. F.)	83	42	66	75	86	59	75	75
Aluminum (ppb) *	—	—	—	0	0	0	0	0
Antimony (ppb) *	—	—	—	0	0	0	0	0
Arsenic (ppb) *	—	—	—	1	1	1	1	1
Beryllium (ppb) *	—	—	—	0	0	0	0	0
Boron (ppb) *	—	—	—	0	0	0	0	0
Cadmium (ppb) *	—	—	—	0	0	0	0	0
Calcium (ppb) *	—	—	—	0	0	0	0	0
Chromium (ppb) *	—	—	—	0	0	0	0	0
Copper (ppb) **	—	—	—	0	0	0	0	0
Iron (ppb) **	—	—	—	10	10	10	10	10
Lead (ppb) **	—	—	—	—	—	—	—	—
Manganese (ppb) *	—	—	—	0	0	0	0	0
Mercury (ppb) *	—	—	—	0	0	0	0	0
Nickel (ppb) *	—	—	—	0	0	0	0	0
Selenium (ppb) *	—	—	—	0	0	0	0	0
Silver (ppb) *	—	—	—	0	0	0	0	0
Thallium (ppb) *	—	—	—	0	0	0	0	0
Zinc (ppb) *	—	—	—	0	0	0	0	0
Potassium (ppm) *	—	—	—	3.3	3.3	3.3	3.3	3.3
Sodium (ppm) *	—	—	—	11.0	11.0	11.0	11.0	11.0
Total Organic Carbon (ppm)	4.7	3.4	4.2	4.2	2.5	2.1	3.0	3.0
Total Trihalomethanes (ppb)	1.8	0.0	0.0	41.0	41.0	7.9	24.0	24.0
1,2-Dichlorobenzene (ppb)	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chloroform (ppb)	1.8	0.0	0.0	28.5	28.5	5.2	17.5	17.5
Carbon Tetrachloride (ppb)	0.1	0.0	0.0	2.1	2.1	0.6	0.6	0.6
Bromodichloromethane (ppb)	0.2	0.0	0.0	11.0	11.0	0.6	5.6	5.6
Tetrahaloethene (ppb)	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.0
BTX (Benzene, Toluene & Xylenes) (ppb)	0.6	0.0	0.0	1.8	1.8	0.0	0.0	0.0
Total Coliforms (colony/100 ml)	10400	56	1110	32	32	0	0	0
Fecal Coliforms (colony/100 ml)	3000	6	185	0	0	0	0	0

\* Note: The results for nitrate + nitrite, color, and total constituents (inorganic with nitrate) are from the Louisiana Department of Health and Hospital. All other results are from testing by the S&WB Water Quality Laboratory. Concerning the chemical results, the S&WB Water Quality Laboratory does not meet the higher criteria required by DPH-CPE to be classified as a "DPH-CPE Certified Chemical Laboratory/Drinking Water", therefore, any results reported by this laboratory for chemical drinking water parameters which are required to be analyzed in a certified laboratory are officially deemed invalid. The S&WB laboratory is certified for Total Coliform and Fecal Coliform bacteriological testing.

\*\* Note: Lead and Copper testing was performed in 2008; however, results were not yet available from DPH at the time of this report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE XII

EXTRACTS FROM TABLES IV-E AND V  
20 Year Period, 1989 to 2008 Inclusive  
Maximum, Minimum, and Average Amount of  
Water Treated Per Day  
(M.G. per 24 Hours)

YEAR	CARROLLTON			ALGERS		
	MAX.	MIN.	AVG.	MAX.	MIN.	AVG.
1989	240.00	93.83	119.54	18.75	7.00	9.80
1990	162.50	100.46	119.61	14.78	8.00	10.46
1991	133.29	98.92	114.79	12.50	8.00	9.60
1992	139.00	97.00	115.22	13.88	8.00	9.88
1993	140.38	103.25	117.41	15.42	7.62	10.18
1994	128.88	103.88	115.71	17.00	8.00	11.47
1995	142.83	104.67	121.40	18.14	9.00	11.55
1996	198.42	91.59	128.97	18.27	9.00	11.47
1997	156.53	112.70	128.73	18.83	9.58	12.06
1998	152.96	98.48	126.86	22.96	12.00	12.36
1999	168.25	122.55	140.26	22.00	8.90	15.19
2000	152.30	126.71	128.10	18.83	7.58	12.13
2001	133.93	107.75	126.70	15.76	6.00	10.90
2002	128.67	87.00	106.63	14.00	6.66	9.80
2003	144.26	90.75	115.35	13.16	8.00	10.06
2004	145.83	102.92	122.57	13.16	8.00	10.15
2005	144.00	0.00	115.47	22.67	7.00	10.20
2006	165.63	115.33	139.73	18.34	8.00	11.67
2007	144.75	124.00	134.05	16.00	10.00	12.13
2008	145.50	114.08	133.88	13.58	6.92	10.38

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE XIV

Monthly Temperature (Degrees Fahrenheit) of the Tap Water at the Carrollton Plant

	2004	2005	2006	2007	2008
January	65	67	66	65	67
February	62	66	64	64	69
March	65	68	71	70	71
April	73	75	77	72	72
May	78	79	79	76	76
June	84	82	84	76	81
July	83	84	84	79	83
August	85	87	86	78	80
September	82	---	84	77	80
October	80	77	81	77	78
November	75	75	72	74	72
December	69	68	67	71	68
Maximum	88	90	90	85	86
Minimum	58	61	54	58	59
Average	75	75	76	73	75

\* Data not available for September of 2005 due to hurricane Katrina.

Five Year Period	
Maximum	90
Minimum	54
Average	75

SEWERAGE AND WATER BOARD OF NEW ORLEANS

TABLE XIII

Monthly Temperature (Degrees Fahrenheit) of the Mississippi River Water at the Carrollton Plant

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
January	45	50	39	45	48	49	49	50	52	50
February	50	49	44	46	48	47	48	51	47	53
March	50	55	49	49	51	54	51	55	56	55
April	60	60	60	56	60	62	62	63	63	63
May	67	69	69	67	70	71	71	74	71	68
June	77	78	75	74	73	79	81	83	79	77
July	82	85	82	82	79	83	85	86	82	80
August	87	86	84	84	81	84	88	88	85	82
September	83	84	83	82	80	81	---	86	82	78
October	74	72	73	73	73	74	76	78	75	71
November	66	63	63	62	65	65	66	63	63	63
December	56	47	56	53	53	53	53	51	58	55
Maximum	89	87	87	85	83	87	90	90	89	85
Minimum	42	39	36	42	46	45	42	46	40	42
Average	66	66	65	64	64	67	66	69	68	66

\* Data not available for September 2005 due to hurricane Katrina.

Ten Year Period	
Maximum:	90
Minimum:	36
Average:	66

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**

**New Orleans West Bank Sewerage Treatment Plant  
2008 Yearly Summary**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2008
<b>Plant Flow (MGD)</b>													
Average	14.05	12.88	9.80	11.81	12.422	10.43	8.99	15.20	11.59	5.81	6.46	7.28	10.9
Maximum	30.44	31.13	14.41	24.63	24.43	21.16	17.26	26.92	14.70	7.15	10.10	17.74	33.7
<b>INFLUENT BOD (mg/L)</b>													
Average	62	83	96	87	78	89	95	69	82	115	109	111	77
Maximum	116	198	216	127	166	162	150	208	143	159	231	159	181
<b>INFLUENT TSS (mg/L)</b>													
Average	119	115	126	133	99	105	115	94	123	146	125	107	105
Maximum	402	260	372	466	198	184	320	192	346	408	362	318	314
<b>INFLUENT BOD (lb/day)</b>													
Average	6,745	8,447	7,620	8,221	7,154	7,908	5,999	8,447	7,483	6,023	5,784	7,241	6,589
Maximum	30,441	33,059	14,267	19,787	19,659	21,972	9,243	24,321	13,620	9,409	12,156	12,837	30,999
<b>INFLUENT TSS (lb/day)</b>													
Average	13,238	11,823	9,675	13,491	8,732	9,388	8,075	12,505	11,021	7,647	6,662	6,575	9,261
Maximum	59,594	24,867	24,572	32,901	22,409	21,182	32,806	49,107	28,628	21,914	19,050	12,896	39,004
<b>EFFLUENT BOD (mg/L)</b>													
Average	10	10	17	14	10	8	9	7	6	7	14	15	16
Weekly Maximum	12	12	20	22	12	8	16	9	7	7	15	18	34
<b>EFFLUENT TSS (mg/L)</b>													
Average	13	14	14	11	7	6	6	7	6	7	7	9	12
Weekly Maximum	21	18	15	18	11	7	9	8	7	9	7	10	24
<b>EFFLUENT BOD (lb/day)</b>													
Average	1,037	1,151	1,419	1,268	956	740	684	913	533	356	758	901	1,440
Weekly Maximum	1,654	1,672	2,039	2,444	1,716	967	1,830	1,410	858	385	819	1,417	4,142
<b>EFFLUENT TSS (lb/day)</b>													
Average	1,389	1,643	1,162	1,166	697	612	405	825	617	339	354	544	1,148
Weekly Maximum	2,894	2,638	1,529	1,754	1,573	846	1,029	1,251	858	495	382	787	3,926
<b>EFFLUENT CL2 (mg/L)</b>													
Average	1.24	1.18	1.19	1.06	1.14	1.12	1.25	1.16	1.11	1.27	1.22	1.15	1.13
Minimum	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
<b>EFFLUENT COLIFORM (cf/100-ml)</b>													
Average (Geo)	10	13	11	6	14	14	5	4	12	4	2	4	4
Weekly Maximum (Geo)	49	81	39	21	33	41	6	6	13	14	4	15	95
<b>EFFLUENT pH (uo)</b>													
Minimum	7.16	7.30	7.02	6.91	6.89	6.80	6.83	7.91	7.09	6.8	6.93	7.14	6.51
Maximum	7.79	7.63	7.55	7.47	7.69	7.50	7.46	7.81	7.74	7.41	7.53	7.69	7.89
<b>DISPOSED SLUDGE (dry tons)</b>													
Average per-day	4	3	4	2	4	4	4	5	5	3	4	3	3.8
Total	123	80	118	72	133	136	114	144	146	107	125	89	1,377
<b>ELECTRICITY (kwhr)</b>													
Average per-day	11,211	10,335	7,596	9,811	9,766	7,870	8,592	10,316	9,717	7,958	9,504	8,581	9,330
Total (kwhr)	347,535	305,328	235,492	294,315	302,746	233,495	266,310	316,694	291,498	246,697	297,109	266,000	3,402,469
<b>RAINFALL (inches)</b>													
TOTAL	7.13	8.65	2.45	11.5	9.06	9.44	3.89	9.09	12.13	0.92	0.93	2.36	77.57

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Annual Report 2008  
 SEWER TABULATION NO. 1  
 Sewer Lines Laid During 2008  
 QUANTITIES OF PIPE MEASURED IN FEET

ITEMS	BY CONTRACT	BY OTHERS	TOTAL FEET	TOTAL MILES
6" P.V.C.	10,295.20	3,617.30	13,912.50	2.63
8" P.V.C.	22,619.20	13,482.90	36,102.10	6.84
8" D.I.	96.00	0.00	96.00	0.01
10" P.V.C.	1,309.80	507.00	1,816.80	0.34
12" P.V.C.	1,191.10	652.00	1,843.10	0.35
15" P.V.C.	328.00	0.00	328.00	0.06
18" P.V.C.	874.30	18.00	892.30	0.17
21" P.V.C.	187.30	0.00	187.30	0.03
4" P.V.C./S.F.M.	0.00	0.00	0.00	0.00
TOTALS	36,901.90	18,277.20	55,179.10	10.44
M.H.'S	42	18		60
			Total Manholes Constructed in 2008 -	60

Sewer Lines Laid in 2008

ORIGINAL CONSTRUCTION (IN FEET)	Removed and Replaced	Total Remaining in Feet	Total Remaining in Miles
3,806,870.90	33,559.80	4,199,994.50	795.45

Sewer Manholes in 2008

BUILT IN 2008	Removed in 2008	Total Modifications in 2008
60	8	52

Sewer Valves as of 2008

SIZE AND TYPE	EXISTING	INSTALLED IN 2008	REMOVED IN 2008	TOTAL VALVES INSTALLED AS OF 2008
48" Gate Valve	--			
36" Gate Valve	--			
24" Gate Valve	--			
12" Gate Valve	--			

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

ANNUAL REPORT 2008

SEWER TABULATION NO. 2

SEWER MANHOLES BUILT BY EACH CONTRACT FOR 2008

THE QUANTITIES DESTROYED OR ABANDONED AND THE EXTENT OF THE SEWERAGE AT THE END OF 2008

IV-30

	SEWER PIPE			ALL SEWERS			MANHOLES		
	ORIGINAL BUILT	REMOVED & REPLACED	REMAIN	ORIGINAL BUILT	ABANDONED	REMAINING	ORIGINAL BUILT	ABANDONED	REMAINING
Bought from N.O. Sewer Co.	21,307.50	14,498.30	6,809.20	24,908.20	18,099.00	6,809.20	73	13	58
Built Under Ordinary Contracts	3,565,029.70	72,169.10	3,492,860.60	3,519,035.90	138,891.80	3,380,144.10	9,539	31	9,528.00
Built by S&WB Forces	7,353,426.20	315,188.40	7,038,237.80	1,357,727.70	63,969.30	1,293,758.40	3,998	4	3,994
Built by Dock Board	5,839.70	0.00	5,839.70	6,874.30	0.00	6,874.30	19	0	19
Built Under CWA & ERA Contracts	25,662.60	0.00	25,662.60	25,662.60	0.00	25,302.60	76	3	73
Built Under WPA Contracts	138,903.60	28,288.70	110,614.90	112,735.20	26,168.40	112,735.20	504	3	501
Built Under FWA Contracts	177,599.30	0.00	163,503.90	163,503.90	0.00	163,503.90	474	5	469
Built Under FWA Contracts	9,120.80	0.00	9,120.80	9,120.80	0.00	9,120.80	32	0	32
Built by Orleans Levee Board	126,348.70	7,503.00	118,845.70	126,348.70	0.00	118,845.70	675	6	669
Built by FPHA	0.00	4,253.10	0.00	0.00	0.00	0.00	17	17	0
Built Under L.M.P. Contracts	733,963.50	16,352.40	717,611.00	743,801.80	0.00	720,992.40	2,192	60	2,132
Built by Others	1,897,085.90	26,053.90	1,871,032.00	1,897,085.90	26,053.90	1,871,032.00	5,308	81	5,427
<b>TOTAL LINEAR FEET</b>	<b>14,054,287.50</b>	<b>484,306.90</b>	<b>13,560,138.20</b>	<b>7,986,805.00</b>	<b>273,182.40</b>	<b>7,709,118.60</b>	<b>23,107</b>	<b>205</b>	<b>22,902</b>
<b>TOTAL MILES</b>	<b>2,662.00</b>	<b>91.72</b>	<b>2,568.00</b>	<b>1,513.00</b>	<b>51.73</b>	<b>1,460.00</b>			

ANNUAL REPORT 2008  
SEWER TABULATION NO. 3  
LENGTH OF SEWER OF EACH SIZE AND MATERIAL BUILT, DISCARDED AND NOW REMAINING IN THE SYSTEM

IV-31

SIZE & MATERIAL OF SEWER	TOTAL LENGTH BUILT INCLUDING SUBSTITUTES	DESTROYED OR ABANDONED	ADDED	NOW REMAINING IN THE SYSTEMS	SIZE & MATERIAL OF SEWER	TOTAL LENGTH BUILT INCLUDING SUBSTITUTES	DESTROYED OR ABANDONED	ADDED	NOW REMAINING IN THE SYSTEMS
72" Steel	29,182.40	0.00	0.00	29,182.40	26" P.C.V.	2,277.00	0.00	0.00	2,277.00
84" Steel	9,081.90	0.00	0.00	9,081.90	24" Vitified Clay	31,911.40	187.40	0.00	31,724.00
86" Concrete	13,740.70	0.00	0.00	13,740.70	24" Ductile Iron	29.00	0.00	0.00	29.00
80" Steel	29,879.70	0.00	0.00	29,879.70	24" Cast Iron	17,839.10	0.00	0.00	17,839.10
80" Steel	2,577.70	0.00	0.00	2,577.70	24" Asbestos Cement	4,812.20	0.00	0.00	4,812.20
60" Concrete	748.90	0.00	0.00	748.90	24" Reinforced Concrete	28,377.80	0.00	0.00	28,377.80
57" Concrete	1,766.80	0.00	0.00	1,766.80	24" P.V.C.	165.80	0.00	0.00	165.80
54" Concrete	7,030.40	0.00	0.00	7,030.40	24" Steel	110.00	0.00	0.00	110.00
54" Steel	44,014.50	0.00	0.00	44,014.50	24" P.V.C.	302.80	0.00	0.00	302.80
51" Concrete	929.30	0.00	0.00	929.30	24" Reinforced Concrete	14,615.50	208.00	0.00	14,407.50
50" Steel	154.00	0.00	0.00	154.00	20" Ductile Iron Pipe	143.80	0.00	0.00	143.80
48" Concrete	15,791.90	3,883.40	0.00	10,127.50	18" P.V.C.	3,481.50	8.00	0.00	3,473.50
48" FRP	19,800.20	0.00	0.00	19,800.20	18" Vitified Clay	0.00	0.00	0.00	0.00
48" Steel	21,147.20	0.00	0.00	21,147.20	18" Steel	120.00	0.00	0.00	120.00
46" Concrete	3,948.40	0.00	0.00	3,948.40	18" Asbestos Cement	26,894.90	0.00	0.00	26,894.90
42" Concrete	20,170.10	0.00	0.00	20,170.10	18" P.V.C.	2,174.10	0.00	280.00	1,894.10
42" P.V.C.	0.00	0.00	3,893.40	3,893.40	15" P.V.C.	8,399.50	0.00	68.00	8,467.50
42" Steel	3,580.20	0.00	0.00	3,580.20	15" Plastic Truss	1,766.80	0.00	0.00	1,766.80
36" Brick	884.80	0.00	0.00	884.80	15" Vitified Clay	115,165.50	0.00	0.00	115,165.50
36" Concrete	3,871.80	0.00	0.00	3,871.80	12" Vitified Clay	1,000.00	356.00	0.00	644.00
36" Vitified Clay	2,433.70	0.00	0.00	2,433.70	12" P.V.C.	9,091.50	0.00	1,191.10	10,282.60
36" Prestressed Concrete	11,817.20	0.00	0.00	11,817.20	10" Vitified Clay	168,408.40	780.70	0.00	167,627.70
36" Reinforced Concrete	8,392.70	0.00	0.00	8,392.70	10" Concrete	53,732.20	542.90	0.00	53,189.30
36" Steel	150.00	0.00	0.00	150.00	10" Steel	130.00	0.00	0.00	130.00
36" Cast Iron	10,874.00	0.00	0.00	10,874.00	10" Asbestos Cement	27,890.40	0.00	0.00	27,890.40
36" P.V.C.	10,894.00	0.00	0.00	10,894.00	10" P.V.C.	110,167.80	0.00	1,309.80	111,417.40
33" Brick	3,180.40	0.00	0.00	3,180.40	10" Plastic Truss	0,072.50	0.00	0.00	0,072.50
33" Reinforced Concrete	1,450.80	0.00	0.00	1,450.80	8" Plastic	709,285.50	4,047.50	0.00	705,238.00
30" Vitified Clay	1,072.20	0.00	0.00	1,072.20	8" Concrete	367,202.40	699.90	0.00	366,502.50
30" Brick	3,009.60	0.00	0.00	3,009.60	8" Terra Cotta	369,574.20	2,309.50	0.00	367,264.70
30" Prestressed Concrete	484.00	0.00	0.00	484.00	8" Ductile Iron	46.00	0.00	0.00	46.00
30" Reinforced Concrete	34,448.70	0.00	0.00	34,448.70	8" Cast Iron	32,846.40	0.00	0.00	32,846.40
30" Vitified Clay	11,732.20	0.00	0.00	11,732.20	8" Vitified Clay	424,348.70	14,580.30	0.00	409,768.40
30" Cast Iron	4,305.90	0.00	0.00	4,305.90	8" Asbestos Cement	3,888.80	0.00	0.00	3,888.80
30" Steel	3,256.20	0.00	0.00	3,256.20	8" Plastic Truss	75,134.10	0.00	0.00	75,134.10
30" FRP	16,450.00	0.00	0.00	16,450.00	8" P.V.C.	308,228.20	0.00	22,618.00	330,846.20
28" P.V.C.	841.00	0.00	0.00	841.00	8" Concrete	689.80	0.00	0.00	689.80
28" P.V.C.	841.00	0.00	0.00	841.00	8" Asbestos Cement	4,483.50	0.00	0.00	4,483.50
27" Vitified Clay	29,134.50	0.00	0.00	29,134.50	8" Cast Iron	4,204.40	0.00	0.00	4,204.40
27" Terra Cotta	11.00	0.00	0.00	11.00	8" Vitified Clay	101,200.00	4,782.20	0.00	96,417.80
27" P.V.C.	11.00	0.00	0.00	11.00	8" Plastic	371,272.70	388.50	0.00	370,884.20
27" Reinforced Concrete	13,738.40	0.00	0.00	13,738.40	8" Plastic Truss	7,099.80	0.00	0.00	7,099.80
Total Linear Feet	384,661.90	3,883.40	3,883.40	384,661.90	8" P.V.C.	170,335.00	0.00	10,299.20	160,035.80
Total Miles	72.81	0.69	0.69	72.81	8" Terra Cotta	2,733.00	669.20	0.00	2,063.80
					8" Cast Iron	874.20	0.00	0.00	874.20
					8" Ductile Iron	180.40	0.00	0.00	180.40
					4" Plastic	138.00	0.00	0.00	138.00
					4" P.V.C.	8,838.90	0.00	0.00	8,838.90
					Total Linear Feet	3,580,240.50	29,670.40	38,419.10	3,600,223.90
					Total Miles	680.00	5.85	7.28	681.99

Annual Report 2008  
 WATER TABULATION NO. 1  
 Water Lines Laid During 2008  
 QUANTITIES OF PIPE MEASURED IN FEET

ITEMS	BY CONTRACT	BY OTHERS	TOTAL FEET	TOTAL MILES
2" P.V.C.	61	0	61	0.01
4" P.V.C.	0	0	0	0
6" P.V.C.	1,596.80	1,188.80	2,785.60	0.52
8" P.V.C.	13,894.20	2,422.00	16,316.20	3.06
10" P.V.C.	1,048.40	48.40	1,096.80	0.20
12" D.I.	0.00	0.00	0.00	0.00
12" D.I.	0.00	0.00	0.00	0.00
10" P.V.C.	0.00	0.00	0.00	0.00
10" IRON	0.00	0.00	0.00	0.00
12" P.V.C.	0.00	0.00	0.00	0.00
16" P.V.C.	160.00	160.00	320.00	0.03
20" P.V.C.	0.00	1,159.60	1,159.60	0.21
24" P.V.C.	0.00	0.00	0.00	0.00
TOTALS	13,800.40	4,956.80	18,757.20	4.05
FIRE HYDRANTS	40.00	5.00	45.00	45.00
VALVES	34.00	6.00	40.00	40.00
M.H.'S		38	38	

Removed or Abandoned 16640.8 ft.  
 Water Valves as of 2008

Installed	Removed	Total Valves Remaining
40	31	4,980

Fire Hydrants as of 2008

Installed	Removed	Total Hydrants Remaining
45	36	22,765

Water Manholes as of 2008

BUILT	Removed	Total Modifications
40	31	29,873

Water Lines In System as of 2008

Installed	Total Feet	TOTAL MILES
21,555.20	9,456.00	1.79

SEWERAGE AND WATER BOARD OF NEW ORLEANS  
 WATER TABULATION NO. 2  
 WATER MAINS, VALVES, AND HYDRANTS INSTALLED BY EACH AGENCY AND  
 THE QUANTITIES REMOVED OR ABANDONED AND THE EXISTING WATER DISTRIBUTION SYSTEM

	EXISTING			WATER MAINS			VALVES			HYDRANTS		
	Installed	Remaining	Abandoned	Installed	Remaining	Abandoned	Installed	Remaining	Abandoned	Installed	Remaining	Abandoned
Algers Water Works	48,830.00	0	0	0	0	0	0	0	0	0	0	0
Under Ordinary Contracts	465,280.8	16,600.4	4,653,146.20	21,375	34	72	31	21,378	2,002	59	36	2,005
SAWB Forces	723,346.8	0	723,346.8	1927	0	1927	0	1927	1,731	0	0	1,731
Built Under L.M.P. Contracts	11,200,29.8	0	11,200,29.8	2013	0	2013	0	2013	9,617	0	0	9,617
Built Under PWA Contracts	649,17.3	0	649,17.3	36	0	36	0	36	52	0	0	52
C.W.A. & E.R.A. Contracts	321,54.5	0	321,54.5	44	0	44	0	44	86	0	0	86
WPA-A Contracts	249,199.7	0	249,199.7	401	0	401	0	401	441	0	0	441
FWA Contracts	52,649.6	0	52,649.6	31	0	31	0	31	19	0	0	19
HANO	3158	0	3158	0	0	0	0	0	0	0	0	0
Under PPHA	0	0	0	0	0	0	0	0	0	0	0	0
By Orleans Levee Board	147,667.8	0	147,667.8	0	0	0	0	0	863	0	0	863
By Orleans	234,768.5	4954.8	378.8	6	0	6	0	6	10,043	6	0	10,043
By Dock Board	9508.2	0	9508.2	121	0	121	0	121	0	0	0	0
TOTAL LINEAR FEET	9,431,953.40	21,553.2	16,640.8	29,427	40	31	29,436	24,834	45	36	24,837	
TOTAL MILES	1,950.14	4.07	3.15									

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Annual Report 1888  
WATER UTILIZATION NO. 3

LENGTHS OF WATER MAINS OF EACH SIZE AND MATERIAL, NUMBER OF VALVES OF EACH SIZE,  
DISTRIBUTION POINTS, QUANTITIES OF WATER MAINS REMOVED OR  
ABANDONED, AND THE QUANTITIES REMAINING IN THE DISTRIBUTION SYSTEM  
AND HYDRANTS, AS OF THE CLOSE OF 2008

Size	Material	WATER MAINS		VALVES					
		Existing	Linear Feet Installed	Linear Feet Removed	Linear Feet Remaining	Existing	Installed	Removed	Remaining
54"	Cast Iron Pipe	2,535.10	0.00	0.00	0.00	48"	16	0	16
50"	Steel Pipe	84,484.80	0.00	0.00	0.00	42"	4	0	4
48"	Steel Pipe	36,835.10	0.00	0.00	0.00	36"	18	0	18
48"	Concrete Pipe	4,982.50	0.00	0.00	0.00	30"	65	0	65
48"	Cast Iron Pipe	12,759.30	0.00	0.00	0.00	24"	39	0	39
42"	Cast Iron Pipe	11,776.10	0.00	0.00	0.00	18"	32	0	32
42"	Cast Iron Pipe	4,446.50	0.00	0.00	0.00	14"	3	0	3
36"	Cast Iron Pipe	4,523.30	0.00	0.00	0.00	12"	2,282	0	2,282
36"	Steel Pipe	15,191.20	0.00	0.00	0.00	10"	65	0	65
36"	Concrete Pipe	31,374.70	0.00	0.00	0.00	8"	6,189	0	6,189
36"	Cast Iron Pipe	6,775.50	0.00	0.00	0.00	6"	3,113	0	3,113
30"	Cast Iron Pipe	5,835.10	0.00	0.00	0.00	4"	1,152	0	1,152
30"	R. C. P. Pipe	3,912.60	0.00	0.00	0.00				
30"	Ductile Iron Pipe	25.00	0.00	0.00	0.00	Total	29,255	40	31
30"	Steel Pipe	19,602.20	0.00	0.00	0.00				
30"	Concrete Pipe	72,724.20	0.00	0.00	0.00				
30"	R. C. P. Pipe	1,483.10	0.00	0.00	0.00				
24"	Concrete Pipe	10,756.00	0.00	0.00	0.00				
24"	R. C. P. Pipe	3,400.50	0.00	0.00	0.00				
24"	R. C. P. Pipe	10,770.50	0.00	0.00	0.00				
24"	Cast Iron Pipe	91,959.10	0.00	0.00	0.00				
24"	Abolished Cement	12,688.00	0.00	0.00	0.00				
24"	Concrete Pipe	18,755.90	0.00	0.00	0.00				
24"	Ductile Iron Pipe	13,212.10	0.00	0.00	0.00				
24"	Cast Iron Pipe	670.50	0.00	0.00	0.00				
18"	Cast Iron Pipe	11,488.10	0.00	0.00	0.00				
18"	Concrete Pipe	5,681.60	0.00	0.00	0.00				
18"	Ductile Iron Pipe	3,212.30	0.00	0.00	0.00				
18"	R. C. P. Pipe	6,475.55	1,159.30	0.00	0.00				
18"	Abolished Cement	653,469.50	0.00	0.00	0.00				
18"	Cast Iron Pipe	815,158.00	0.00	1,438.00	813,720.00				
12"	Ductile Iron Pipe	15,957.10	0.00	0.00	15,957.10				
12"	Steel Pipe	1,272.50	0.00	0.00	1,272.50				
12"	Abolished Cement	365,743.10	0.00	0.00	365,743.10				
12"	Ductile Iron Pipe	15,557.10	0.00	0.00	15,557.10				
12"	Cast Iron Pipe	10,545.70	0.00	0.00	10,545.70				
12"	Ductile Iron Pipe	610.00	0.00	0.00	610.00				
10"	Abolished Cement	12,763.60	0.00	0.00	12,763.60				
10"	R. C. P. Pipe	3,334.00	0.00	0.00	3,334.00				
8"	Cast Iron Pipe	320,449.30	0.00	0.00	320,449.30				
8"	Cast Iron Pipe	183,181.90	0.00	0.00	183,181.90				
8"	Cast Iron Pipe	20,685.20	1,028.80	0.00	21,714.00				
8"	R. C. P. Pipe	941,812.20	15,916.20	0.00	957,728.40				
8"	R. C. P. Pipe	377,008.60	2,761.60	0.00	380,770.20				
8"	Cast Iron Pipe	2,791,157.10	0.00	0.00	2,791,157.10				
8"	Abolished Cement	1,101,665.00	0.00	2,838.20	1,098,826.80				
8"	Cast Iron Pipe	19,469.20	0.00	0.00	19,469.20				
8"	Ductile Iron Pipe	712.20	0.00	0.00	712.20				
8"	Cast Iron Pipe	20,592.10	0.00	0.00	20,592.10				
8"	Cast Iron Pipe	20,592.10	0.00	655.00	19,937.10				
8"	Cast Iron Pipe	6,620.00	0.00	0.00	6,620.00				
8"	Abolished Cement	35,655.50	0.00	0.00	35,655.50				
8"	Cast Iron Pipe	3,337.10	0.00	0.00	3,337.10				
8"	R. C. P. Pipe	3,319.60	0.00	0.00	3,319.60				
8"	Cast Iron Pipe	60,067.50	61.00	0.00	60,128.50				
8"	Cast Iron Pipe	5,346.60	0.00	0.00	5,346.60				
8"	Cast Iron Pipe	1,322,071.15	21,354.20	16,991.80	1,326,433.55				
8"	Cast Iron Pipe	1,278.14	0.00	0.00	1,278.14				

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**TABLE OF RAINFALL IN NEW ORLEANS SINCE ESTABLISHMENT OF RAIN GAGES IN 1894**  
**RAINFALL AND AVERAGES FOR "YEAR 1894 TO DATE"**

TABLE OF RAINFALL IN NEW ORLEANS SINCE ESTABLISHMENT OF RAIN GAGES IN 1894  
 RAINFALL AND AVERAGES FOR "YEAR 1894 TO DATE"

YEAR No.	JANUARY		FEBRUARY		MARCH		APRIL		MAY		JUNE		JULY		AUGUST		SEPTEMBER		OCTOBER		NOVEMBER		DECEMBER		ANNUAL TOTAL AMOUNT	ANNUAL AVERAGE	EXCESS OR DEFICIT		
	MO.	AMOUNT	MO.	AMOUNT	MO.	AMOUNT	MO.	AMOUNT	MO.	AMOUNT	MO.	AMOUNT	MO.	AMOUNT	MO.	AMOUNT	MO.	AMOUNT	MO.	AMOUNT	MO.	AMOUNT	MO.	AMOUNT					
1	1894	2.11	3.27	1.30	4.43	4.89	4.27	2.43	2.36	26.67	4.10	30.88	8.15	16.74	7.48	46.20	4.87	47.87	0.78	48.33	1.19	49.19	1.84	51.48	51.48	4.38	5.18		
2	1895	7.61	3.78	1.41	3.63	15.01	2.48	11.52	10.78	21.00	10.48	30.36	8.07	48.34	17.31	57.67	2.19	102.45	2.08	104.48	2.07	109.55	6.74	113.28	81.83	6.15	6.18		
3	1896	4.08	6.92	24.70	11.93	34.90	9.78	41.93	17.49	59.36	54.83	58.97	19.24	69.87	49.41	69.87	49.41	69.87	1.04	52.24	1.04	53.28	3.37	56.65	54.28	4.62	-1.60		
4	1897	2.92	4.09	12.21	20.10	32.38	18.73	12.93	17.81	24.10	28.83	18.63	18.63	23.31	18.63	23.31	18.63	23.31	18.63	18.63	18.63	18.63	18.63	18.63	18.63	18.63	18.63	18.63	18.63
5	1898	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
6	1899	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
7	1900	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
8	1901	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
9	1902	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
10	1903	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
11	1904	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
12	1905	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
13	1906	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
14	1907	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
15	1908	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
16	1909	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
17	1910	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
18	1911	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
19	1912	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
20	1913	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
21	1914	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
22	1915	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
23	1916	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
24	1917	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
25	1918	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
26	1919	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
27	1920	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
28	1921	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
29	1922	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
30	1923	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
31	1924	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
32	1925	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
33	1926	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
34	1927	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
35	1928	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
36	1929	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
37	1930	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42	216.78	54.20	4.10	-4.86		
38	1931	2.01	2.60	36.50	15.23	59.53	15.57	18.48	14.43	60.94	32.40	30.66	23.59	144.24	21.39	66.63	13.18	176.41	12.53	182.34	9.02	201.35	15.42						









### SEWERAGE AND WATER BOARD OF NEW ORLEANS TABLE OF RAINFALL IN NEW ORLEANS SINCE ESTABLISHMENT OF RAIN GAGES IN 1894 RAINFALL AND AVERAGES FOR "YEAR 1894 TO DATE"

YEAR No.	JANUARY		FEBRUARY		MARCH		APRIL		MAY		JUNE		JULY		AUGUST		SEPTEMBER		OCTOBER		NOVEMBER		DECEMBER		EXCESS OR DEFICIT
	AMOUNT	TOTAL DATE	AMOUNT	TOTAL DATE	AMOUNT	TOTAL DATE	AMOUNT	TOTAL DATE	AMOUNT	TOTAL DATE	AMOUNT	TOTAL DATE	AMOUNT	TOTAL DATE	AMOUNT	TOTAL DATE	AMOUNT	TOTAL DATE	AMOUNT	TOTAL DATE	AMOUNT	TOTAL DATE	AMOUNT	TOTAL DATE	
1894	7.48	7.48	4.56	12.04	8.04	20.08	5.49	17.08	5.33	25.57	10.95	36.52	5.70	41.18	7.87	49.05	9.39	58.44	5.94	64.38	6.31	70.69	5.00	75.69	5.92
1895	4.31	4.31	6.54	10.85	4.69	15.54	4.88	20.42	3.95	19.47	23.99	43.46	3.19	46.65	4.18	50.83	4.03	54.86	4.94	59.80	4.38	64.18	3.91	68.09	4.74
1896	5.04	5.04	7.77	12.81	7.15	20.48	6.35	26.83	5.96	32.79	37.91	70.70	6.18	76.88	8.68	85.56	8.82	94.38	6.75	101.13	7.48	108.61	7.97	116.58	8.94
1897	5.97	5.97	6.25	12.22	6.78	19.00	6.47	25.47	5.67	31.14	37.31	74.62	6.47	81.09	7.73	88.82	8.00	96.82	7.00	103.82	8.00	111.82	8.69	119.51	9.57
1898	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1899	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1900	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1901	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1902	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1903	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1904	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1905	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1906	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1907	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1908	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1909	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22
1910	7.45	7.45	5.22	12.67	5.22	17.89	5.22	23.11	5.22	28.33	33.55	70.10	5.22	75.32	5.22	80.54	5.22	85.76	5.22	90.98	5.22	96.20	5.22	101.42	5.22



**SEWERAGE AND WATER BOARD OF NEW ORLEANS  
COST OF OPERATIONS IDENTIFICATION PROGRAM  
BENCHMARKING 2008**

<b>ADMINISTRATIVE SERVICES DEPARTMENT</b>	
Insurance Cost per Employee:	
Workers' Compensation	\$ 1,973.00
Auto Liability	\$ 162.00
General Liability	\$ 62.00
	6.6%
<b>ENGINEERING DEPARTMENT</b>	
Cost to Design a Project*	\$ 390.78
<b>ENVIRONMENTAL DEPARTMENT</b>	
Cost of Typical Industry Sampling Event	\$ 84.77
<b>FACILITY MAINTENANCE DEPARTMENT</b>	
Cost to set 50" water meter	\$ 46.93
<b>MANAGEMENT SERVICES DEPARTMENT</b>	
FINANCE:	
Cost to Process a Miscellaneous Invoice	\$ 17.10
Cost to process a Vendor Invoice	\$ 4.55
Cost to process a Paycheck	\$ .043
<b>INFORMATION SYSTEMS:</b>	
Cost to Image a Document	\$ 3.38
Cost to Retrieve a Document	\$ 121.84
<b>PERSONNEL:</b>	
Cost to Hire an Employee	\$ 16.68
Cost to complete a Voluntary Employee Termination	3.91%
Employee Turnover Rate	N/A
Cost to Train an Employee:	
<b>PURCHASING:</b>	
Cost to Process a Supply Purchase Order	\$ 33.06
<b>REVENUE:</b>	
Cost to Read a Meter	\$ 1.44
Cost to Render a Bill (Less Meter Reading)	\$ 1.07
Cost to Manage a Customer by Phone	\$ 2.71
Cost to Manage a Customer by Mail	\$ 3.44
Cost to Manage a Vehicle Customer	\$ 4.71
Cost to Process a Multi-Unit Payment	\$ 0.39
Cost to Process a Walk-in Payment	\$ 1.40
<b>SUPPORT SERVICES DEPARTMENT</b>	
Average Annual Maintenance Cost Per Piece of Equipment	\$ 900.00
Average Percent of Fleet Down for 2002	20%

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**SEWERAGE AND WATER BOARD OF NEW ORLEANS**  
**OPERATIONAL BUDGET**  
**FOR THE YEAR ENDING**  
**DECEMBER 31, 2009**

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**Statement of Budgeted  
Revenues and Expenses  
By Funds For 2009**

	Water	Sewerage	Drainage	Enterprise Fund
<b>Operations:</b>				
Net Revenues from Charges	\$53,475,000	\$78,131,000	\$0	\$131,606,000
Tax Revenues	0	0	40,587,000	40,587,000
Interest and Other Income	1,794,700	1,243,000	2,168,695	5,206,395
FEMA Water Sales Reimbursement	3,100,000	0	0	3,100,000
FEMA Assistance Fee	858,000	1,486,300	382,800	2,727,100
Three Mill Revenue Sharing	200,000	300,000	0	500,000
<b>Total Operating Revenues</b>	<b>59,427,700</b>	<b>81,160,300</b>	<b>43,138,495</b>	<b>183,726,495</b>
Less: O & M Expenses	54,923,165	41,178,508	27,724,523	123,826,196
Less: Bonds Principal Payable	2,020,000	10,065,000	1,185,000	13,270,000
Less: Interest Expense on Bonds	1,848,852	9,299,702	1,010,589	12,159,143
Less: Redemption of Ban's	0	24,030,000	0	24,030,000
Plus: Ban's Proceeds	0	24,030,000	0	24,030,000
Less: Ban's Issuance Expense	0	320,000	0	320,000
<b>Net Operating Revenues (Loss)</b>	<b>635,683</b>	<b>20,297,090</b>	<b>13,218,383</b>	<b>34,151,156</b>
<b>Non-Operating Revenue\Expenses:</b>				
Hurricane Recovery Bonds**	18,000,000	36,000,000	6,000,000	60,000,000 **
Participation By Others	2,250,000	10,350,000	293,856,000	306,456,000
Net Balance from 2008*	0	2,750,000	29,000,000	31,750,000
<b>Total Non-Operating Revenue\Expenses</b>	<b>20,250,000</b>	<b>49,100,000</b>	<b>328,856,000</b>	<b>398,206,000</b>
Less: Depreciation	12,715,000 *	11,500,000 *	12,300,000 *	36,515,000 *
<b>Net Income (Loss)</b>	<b>8,170,683</b>	<b>57,897,090</b>	<b>329,774,383</b>	<b>395,842,156</b>
Plus: Depreciation	12,715,000 *	11,500,000 *	12,300,000 *	36,515,000 *
<b>Net Income Allocated To Capital</b>	<b>\$20,885,683</b>	<b>\$69,397,090</b>	<b>\$342,074,383</b>	<b>\$432,357,156</b>

\* Estimated

\*\* The balance of the \$100 million (\$40 million) will be used in 2010 thru 2013.

18-Jun-09

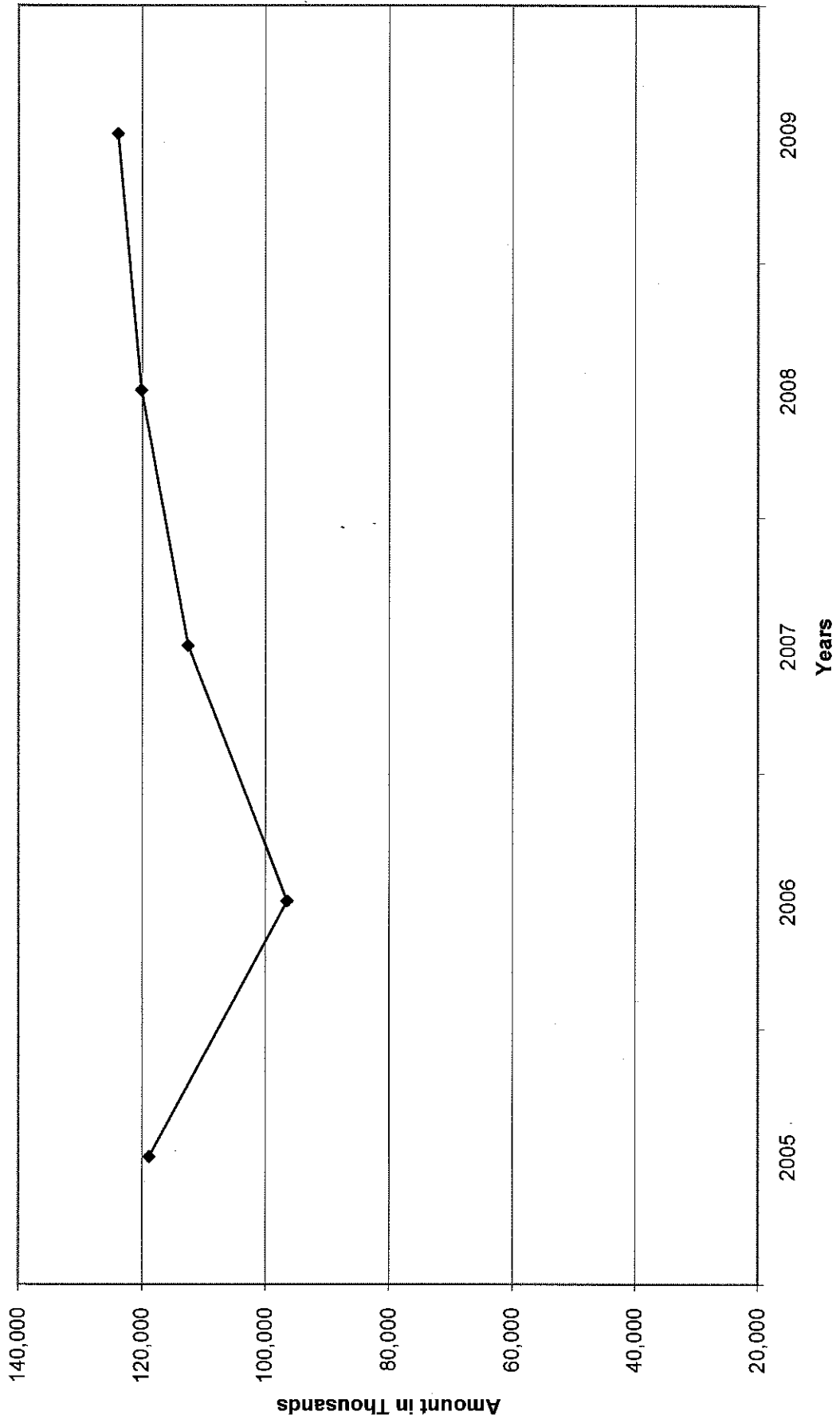
**Comparison of 2007 - 2009 Operating Budgets  
By Department**

<b>Department</b>	<b>2007 Adopted Budget</b>	<b>2008 Adopted Budget</b>	<b>2009 Recommended Budget</b>
<b>Executive Director</b>	\$4,514,911	\$4,602,006	\$5,233,590
<b>Gen Administrative</b>	2,351,345	2,409,553	2,655,909
<b>Management Services Director</b>	53,508	61,026	69,718
<b>Personnel</b>	722,406	612,000	788,831
<b>Finance</b>	1,470,117	1,377,054	1,506,304
<b>Information Systems</b>	4,520,188	5,554,965	5,579,301
<b>Revenue</b>	6,691,692	5,252,877	6,889,096
<b>Purchasing</b>	645,650	771,976	787,841
<b>Support Services</b>	7,374,986	9,366,229	10,200,716
<b>Misc. Expenses</b>	(2,080,200)	675,000	(926,150)
<b>General Supt.</b>	399,082	509,187	363,404
<b>Operations</b>	42,310,301	44,352,888	48,043,658
<b>Facility Maintenance</b>	8,602,602	8,315,658	8,285,596
<b>Networks</b>	19,729,797	21,313,123	21,538,135
<b>Engineering</b>	2,571,358	2,946,648	2,953,373
<b>Plumbing</b>	814,041	845,711	949,604
<b>Payroll Related</b>	11,800,438	11,120,438	8,907,270
<b>Grand Total</b>	<u>\$112,492,222</u>	<u>\$120,086,339</u>	<u>\$123,826,196</u>

**COMPARISON OF 2008 & 2009 OPERATING BUDGETS  
BY EXPENDITURE CATEGORY  
(IN THOUSANDS)**

	<b>2008 Adopted Budget</b>	<b>2009 Adopted Budget</b>	<b>Change</b>	<b>% Change</b>
Personal Services	\$49,856,188	\$54,115,007	\$4,258,819	8.54
Services and Utilities	53,736,791	54,182,685	\$445,894	0.83
Materials and Supplies	12,051,662	11,350,973	(\$700,689)	(5.81)
Special Current Charges	3,943,998	3,708,460	(\$235,538)	(5.97)
Furniture and Equipment	497,700	469,071	(\$28,629)	(5.75)
<b>TOTALS</b>	<b>\$120,086,339</b>	<b>\$123,826,196</b>	<b>\$3,739,857</b>	<b>3.11</b>

### Five Year Comparison of Operating Budgets



**2009 Adopted Operating Budget  
By Expenditure Category**

Operating Divisions	Personal Services	Services & Utilities	Materials & Supplies	Special		Division Total
				Current Charges	Furniture & Equipment	
Executive Director	\$4,020,584	\$3,537,365	\$74,741	\$198,850	\$57,959	\$7,889,499
Management Services	8,584,932	6,559,660	389,965	0	86,534	15,621,091
Support Services	4,492,213	3,664,256	1,991,464	0	52,783	10,200,716
Misc. Expenses	(4,116,000)	1,653,350	(672,000)	2,292,500	(84,000)	(926,150)
General Supt.	34,255,978	37,949,374	9,566,803	5,820	355,795	82,133,770
Payroll Related	6,877,300	818,680	0	1,211,290	0	8,907,270
<b>Grand Total</b>	<b>\$54,115,007</b>	<b>\$54,182,685</b>	<b>\$11,350,973</b>	<b>\$3,708,460</b>	<b>\$469,071</b>	<b>\$123,826,196</b>

**Sewerage and Water Board  
2009 Adopted Operating Budget By Fund**

<b>Code</b>	<b>Department</b>	<b>Water</b>	<b>Sewerage</b>	<b>Drainage</b>	<b>Total</b>
<u><b>Executive Director's Office</b></u>					
0010	Executive Director	\$304,451	\$221,996	\$107,826	\$634,273
0020	Legal Department	1,376,164	1,003,453	487,392	2,867,009
0022	Customer Review Officer	34,112	34,113		68,225
0030	Community & Intergovernmental Relations	416,408	303,631	147,478	867,517
0040	Economically Disadvantaged Business Prog.	171,963	125,390	60,904	358,257
0050	Office of Equal Employment Opportunity	36,803	26,836	13,034	76,673
0055	Emergency Management	173,585	126,573	61,478	361,636
0060	Planning & Budget	177,295	129,277	62,792	369,364
0070	Environmental Compliance		496,315	244,454	740,769
<u><b>Administrative Services</b></u>					
0080	Administrative Services	346,356	252,551	122,668	721,575
0081	Risk Management	294,783	214,946	104,402	614,131
0082	Internal Audit	42,135	30,723	14,923	87,781
0083	Inventory Control	58,699	42,801	20,789	122,289
<b>Total Executive Director</b>		<b>3,432,754</b>	<b>3,008,605</b>	<b>1,448,140</b>	<b>7,889,499</b>
<u><b>Management Services</b></u>					
0100	Management Services Director	33,465	24,401	11,852	69,718
<u><b>Personnel Administration</b></u>					
0210	Personnel Operations	192,273	140,199	68,097	400,569
0220	Medical Operations	14,899	10,864	5,277	31,040
0230	Recruitment & Training	139,320	101,587	49,342	290,249
0240	Policies & Procedures	32,147	23,441	11,385	66,973
<b>Total Personnel Administration</b>		<b>378,639</b>	<b>276,091</b>	<b>134,101</b>	<b>788,831</b>
<u><b>Finance Administration</b></u>					
0300	Finance Administration	225,488	164,418	79,860	469,766
0320	Payroll	129,220	94,223	45,765	269,208
0340	Customer Accounting	32,239	32,239		64,478
0350	Accounting	337,369	245,998	119,485	702,852
<b>Total Finance Administration</b>		<b>724,316</b>	<b>536,878</b>	<b>245,110</b>	<b>1,506,304</b>
<u><b>Information Systems Administration</b></u>					
0405	Information Systems Administration	49,221	35,890	17,432	102,543
0450	Computer Center	2,576,865	1,878,965	912,640	5,368,470
0460	Records and Data Management	51,978	37,901	18,409	108,288
<b>Total Information Systems Adm.</b>		<b>2,678,064</b>	<b>1,952,756</b>	<b>948,481</b>	<b>5,579,301</b>

Code	Department	Water	Sewerage	Drainage	Total
<u>Revenue &amp; Customer Services</u>					
0500	Revenue & Customer Service Admin.	124,022	124,022		248,044
0502	Revenue Administration - Mailroom	401,537	401,537		803,074
<u>Billing &amp; Accounts</u>					
0506	Special Accounts	40,127	40,128		80,255
0510	Billings	20,436	20,437		40,873
0511	Billing Review & Commercial Accts	103,747	103,747		207,494
0512	Bill Adjustments	141,586	141,586		283,172
0519	Credits & Collections	195,786	195,786		391,572
<u>Customer Service</u>					
0520	Cashier	485,773	485,773		971,546
0530	Customer Service Administration	57,683	57,682		115,365
0531	Customer Service -Walk Ins	187,083	187,082		374,165
0532	Customer Service - Westhank Office	45,639	45,638		91,277
0533	Customer Service Telephone	327,189	327,190		654,379
0534	Customer Service-Mail Resolving	153,442	153,442		306,884
0535	Emergency Telephone Center	104,446	104,445		208,891
<u>Meter Service</u>					
0540	Meter Reading & Investigations	1,056,052	1,056,053		2,112,105
	Total Revenue & Customer Service Adm.	3,444,548	3,444,548		6,889,096
<u>Purchasing Administration</u>					
0700	Purchasing	199,152	145,215	70,533	414,900
0710	Printing	157,827	115,082	55,898	328,807
0720	Stationery	21,184	15,447	7,503	44,134
	Total Purchasing Administration	378,163	275,744	133,934	787,841
	Total Management Services	7,637,195	6,510,418	1,473,478	15,621,091
<u>Support Services</u>					
0800	Director of Support Services	179,990	131,243	63,747	374,980
<u>Department of Building &amp; Grounds</u>					
0801	Administration Building - St. Charles	550,502	401,408	194,970	1,146,880
0805	Administration Building - Central Yd.	437,198	318,791	154,841	910,830
0811	Building Maintenance	325,935	253,505	144,859	724,299
0815	Grounds Maintenance	0	0	2,490,849	2,490,849
<u>Vehicle Maintenance</u>					
0830	Equipment Mtce. Information Systems	182,367	132,976	64,589	379,932
0840	Central Yard Garage	1,364,053	994,622	483,102	2,841,777
0841	Satellite Garage	247,389	180,388	87,617	515,394
<u>Support Activities</u>					
0850	Warehouse and Grounds	345,012	251,571	122,192	718,775
0852	Hauling				
0853	Bulk Materials	41,710	33,950	21,340	97,000
	Total Support Services	3,674,156	2,698,454	3,828,106	10,200,716

Code	Department	Water	Sewerage	Drainage	Total
<u>Miscellaneous Expenditures</u>					
0901	Emergency and Contingency	192,060	192,060	197,880	582,000
0902	Water Service Assistance Program	24,250	24,250		48,500
0910	Pension Related Expenses	558,720	407,400	197,880	1,164,000
0937	Professional Memberships and Dues	111,550			111,550
0944	Fleet Insurance	192,060	192,060	197,880	582,000
0960	General Insurance	873,000	679,000	388,000	1,940,000
0966	Drainage Damage Claims			1,775,100	1,775,100
0967	Water Damage Claims	194,000			194,000
0968	Sewerage Damage Claims		485,000		485,000
0981	Miscellaneous Professional Services	195,261	195,261	201,178	591,700
0996	Water O/H CP#820	(3,864,000)			(3,864,000)
0997	Drainage O/H CP#820			(1,428,000)	(1,428,000)
0998	Sewerage O/H CP#820		(3,108,000)		(3,108,000)
Total Miscellaneous Expenditures		(1,523,099)	(932,969)	1,529,918	(926,150)
<u>General Superintendent</u>					
1000	General Superintendent	174,434	127,191	61,779	363,404
<u>Operations</u>					
<u>Drainage Pumping</u>					
2100	Superintendent - Drainage Pumping		95,939	95,938	191,877
2200	Central Control	411,587	5,561	139,050	556,198
2300	Drainage Pumping Supervisor			275,007	275,007
2301	Unmanned DPS Maintenance			252,594	252,594
2302	DPS Maintenance - Employees			145,390	145,390
2310	Old City			1,414,022	1,414,022
2311	Station #1			100,050	100,050
2312	Station #2			6,700	6,700
2313	Station #3			7,825	7,825
2314	Station #4			20,300	20,300
2315	Station #5			15,300	15,300
2316	Station #6			253,900	253,900
2317	Station #7			60,350	60,350
2319	Station #19			160,350	160,350
2320	Algiers Drainage Operations			370,437	370,437
2321	Station #11			245,087	245,087
2330	Unmanned Drainage Stations			705,884	705,884
2331	Citrus #10			35,100	35,100
2332	Station #12			4,100	4,100
2333	Grant			21,400	21,400
2334	Jahncke #14			65,100	65,100
2335	Intra-Coastal #15			110,100	110,100
2336	St. Charles #16			42,100	42,100
2337	Elaine			3,000	3,000
2338	Maxent #18			16,000	16,000
2339	Dwyer			2,000	2,000
2340	Carrrollton Frequency Changer			8,100	8,100
2341	AMID Drainage Pumping Station			20,050	20,050
2342	I-10 Underpass DPS			51,900	51,900
2343	Pritchard DPS			11,000	11,000
2347	Station D		255,600	596,400	852,000
2348	Underpass Station			92,000	92,000
Total Drainage Pumping		411,587	357,100	5,346,534	6,115,221



Code	Department	Water	Sewerage	Drainage	Total
<u>Sewerage Pumping</u>					
2400	Sewerage Pumping Supervisor		923,271		923,271
2401	Sewer PS Maintenance - Employees		198,785		198,785
2411	Station A		405,450		405,450
2412	Automatic Stations-Algiers		247,874		247,874
2413	Maintenance Sewer Stations-Algiers		97,326		97,326
2430	Automatic Stations		702,000		702,000
	Total Sewerage Pumping	0	2,574,706	0	2,574,706
3000	Chief of Operations	88,854	64,790	31,469	185,113
<u>Water Pumping and Power</u>					
3100	Superintendent	776,912	10,499	262,470	1,049,881
3102	Shift Employees N.O. River Intake	515,131			515,131
3103	Intake Maintenance/N.O. River Station	101,748			101,748
3111	Boiler Operations	645,919	8,729	218,216	872,864
3112	Boiler Room Maintenance Employees	298,462	4,033	100,832	403,327
3113	Drainage High Pressure Gas			6,400,000	6,400,000
3114	Water High Pressure Gas	6,499,000			6,499,000
3115	Sewer High Pressure Gas		87,300		87,300
3130	Pumping Operations	1,218,133			1,218,133
3131	Water Pumping Maintenance Personnel	91,992			91,992
3135	Steam Turbine Generators	412,678	5,577	139,418	557,673
3136	Gas Turbine Generators			188,743	188,743
3137	Maintenance Employees for Generators	243,115	3,285	82,133	328,533
3150	Station C	296,377	84,678	42,340	423,395
3151	Minor Maintenance Employees Station C	197,838	56,525	28,263	282,626
3152	Materials & Supplies-O&M Algiers Station	57,612	16,461	8,230	82,303
	Total Water Pumping & Power	11,354,917	277,087	7,470,645	19,102,649
<u>Purification</u>					
3200	Superintendent	88,512			88,512
3210	Laboratory	626,556			626,556
3220	Carrollton (Supervisor)	361,156			361,156
3221	Chemical House	438,183			438,183
3222	Dorr Unit	46,327			46,327
3223	Maintenance and Relief-MWP	206,168			206,168
3224	Chemicals (New Orleans)	4,040,050			4,040,050
3225	Reservoir Washing-Labor	124,304			124,304
3226	Sycamore Filters	469,580			469,580
3227	Mtce Employees/Sycamore Filters	314,433			314,433
3228	Mtce Employees/Claiborne Filters	140,602			140,602
3229	Claiborne Filters	140,492			140,492
3231	Water Tower	19,769			19,769
3240	Algiers (Supervisor)	274,332			274,332
3241	Maintenance & Relief-AWP	227,414			227,414
3242	Head House	262,462			262,462
3243	Filter #2	178,537			178,537
3244	Chemicals (Algiers)	495,670			495,670
	Total Purification	8,454,547	0	0	8,454,547
<u>Sewerage Treatment</u>					
3300	Superintendent Sewerage Treatment	0	11,611,422	0	11,611,422
	Total Operations	20,309,905	14,885,105	12,848,648	48,043,658

Code	Department	Water	Sewerage	Drainage	Total
<b><u>Facility Maintenance</u></b>					
4000	Chief of Facility Maintenance	131,236	102,072	58,327	291,635
4100	Electrical Maintenance Superintendent	284,450	221,239	126,422	632,111
4110	Outside System	130,964	101,860	58,206	291,030
4120	In Plant System	132,329	102,922	58,813	294,064
4130	Communications - Drainage/Sewerage	270,977	210,761	120,434	602,172
4260	Plant Maintenance	1,344,891	1,046,026	597,730	2,988,647
4270	Meter Repairs	266,519	266,520	0	533,039
4300	Mechanical Maintenance Superintendent	244,798	190,399	108,799	543,996
4310	Carrollton	314,693	244,762	139,864	699,319
4320	Field Crews	318,968	248,086	141,763	708,817
4330	Welding & Fabrication	315,345	245,268	140,153	700,766
<b>Total Facility Maintenance</b>		<b>3,755,170</b>	<b>2,979,915</b>	<b>1,550,511</b>	<b>8,285,596</b>
<b><u>Networks</u></b>					
6000	Chief of Networks	130,708	95,308	46,293	272,309
6001	Zone One	1,455,065	842,405	255,275	2,552,745
6002	Zone Two	501,054	290,084	87,904	879,042
6003	Zone Three	1,379,133	798,446	241,953	2,419,532
6004	Zone Four	1,442,196	834,955	253,017	2,530,168
6005	Zone Five	1,237,084	716,207	217,032	2,170,323
6006	Zone Six	1,268,674	734,496	222,575	2,225,745
6007	Zone Seven	1,477,781	855,558	259,260	2,592,599
6008	Sewer Contracts		970,000		970,000
6009	Water Contracts	654,750			654,750
6010	Field Service Center	143,133	104,367	50,693	298,193
6400	Network's Operations A	45,424	33,122	16,087	94,633
6500	Network's Technical Services	403,243	294,032	142,815	840,090
6600	Network's Operations B	47,475	34,617	16,814	98,906
6611	Rigid Paving	1,459,850	1,167,880	291,970	2,919,700
6612	Asphalt Paving	9,700	7,760	1,940	19,400
6614	Barricade Unit				
<b>Total Networks</b>		<b>11,655,270</b>	<b>7,779,237</b>	<b>2,103,628</b>	<b>21,538,135</b>
<b><u>Engineering</u></b>					
7000	Chief of Engineering	227,841	166,135	80,694	474,670
7100	Mechanical Engineering	161,193	117,537	57,089	335,819
7200	Electrical Engineering	127,873	93,241	45,288	266,402
7210	Cathodic Protection	13,037	9,506	4,617	27,160
7300	Construction & Inspection	181,854	132,602	64,406	378,862
7310	Engineering Field Inspection	245,433	178,961	86,924	511,318
7400	Network Engineering	234,031	170,647	82,886	487,564
7500	Civil Engineering	117,552	85,715	41,633	244,900
7800	Drainage Engineering			226,678	226,678
<b>Total Engineering</b>		<b>1,308,814</b>	<b>954,344</b>	<b>690,215</b>	<b>2,953,373</b>

Code	Department	Water	Sewerage	Drainage	Total
<b><u>Plumbing</u></b>					
8000	Plumbing	294,654	294,654		589,308
8100	House Connections	75,498	75,498		150,996
8200	Field/Account Review Unit	104,650	104,650		209,300
<b>Total Plumbing</b>		<b>474,802</b>	<b>474,802</b>		<b>949,604</b>
<b>Total General Superintendent</b>		<b>37,678,395</b>	<b>27,200,594</b>	<b>17,254,781</b>	<b>82,133,770</b>
<b><u>Payroll Related</u></b>					
9100	Pension Contributions by Board	142,590	84,390	64,020	291,000
9300	Hospitalization - Board's Contribution	2,973,002	1,759,531	1,334,817	6,067,350
9450	Raises	24,008	24,007	24,735	72,750
9500	LUTA (Unemployment Tax)	4,753	2,813	2,134	9,700
9550	Worker's Compensation	48,015	48,015	49,470	145,500
9960	Temporary Total Disability	423,493	423,492	436,325	1,283,310
9961	Permanent Partial Disability	112,276	112,276	115,678	340,230
9962	Permanent Total Disability	86,107	86,107	88,716	260,930
9999	Terminal Leave	209,520	152,775	74,205	436,500
<b>Total Payroll Related Expense</b>		<b>4,023,764</b>	<b>2,693,406</b>	<b>2,190,100</b>	<b>8,907,270</b>
<b>Total 2009 Operating Budget</b>		<b>\$54,923,165</b>	<b>\$41,178,508</b>	<b>\$27,724,523</b>	<b>\$123,826,196</b>

**Sewerage and Water Board of New Orleans**  
**Statement of Total Outstanding Indebtedness**  
**2009 - 2013**

Year	Drainage System Bonds 6.89 Mill		Water Revenue Bonds		Sewerage Revenue Bonds and Bans		Total Requirement		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2009	\$1,185,000	\$1,010,589	\$2,020,000	\$1,848,852	\$34,095,000	\$9,299,702	\$37,300,000	\$12,159,143	\$49,459,143
2010	1,235,000	947,739	2,115,000	1,771,267	10,575,000	7,628,000	13,925,000	10,347,006	24,272,006
2011	1,300,000	896,893	2,220,000	1,685,618	11,110,000	7,131,309	14,630,000	9,713,820	24,343,820
2012	1,360,000	846,048	2,325,000	1,592,393	11,670,000	6,587,200	15,355,000	9,025,641	24,380,641
2013	1,425,000	791,498	2,435,000	2,963,380	12,255,000	6,004,784	16,115,000	9,759,662	25,874,662
<b>Total</b>	<b>\$6,505,000</b>	<b>\$4,492,767</b>	<b>\$11,115,000</b>	<b>\$9,861,510</b>	<b>\$79,705,000</b>	<b>\$36,650,995</b>	<b>\$97,325,000</b>	<b>\$51,005,272</b>	<b>\$148,330,272</b>

As of 12/31/08 Debt Service Reserves were \$3,928,380 for Water Revenue Bonds and \$18,325,688 for Sewerage Service Revenue Bonds. There are no Debt Service Reserves for the 6.89 mill Drainage System Bonds.

Sewerage Bonds Anticipation Notes in the amount of \$25,236,306 are included in years 2009.

**CONSULTING ENGINEER’S FEASIBILITY LETTER  
OF  
BLACK & VEATCH CORPORATION**

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July 7, 2009

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To Sewerage & Water Board of New Orleans and Co-bond Counsel:

Black & Veatch Corporation (Black & Veatch) is pleased to submit our consulting engineer's report for inclusion in the Official Statement prepared in connection with issuance by the Sewerage & Water Board of New Orleans (Board) of \$23,375,000 Sewerage Service Refunding Bonds, Series 2009 (Series 2009). This report addresses the financial feasibility of the proposed revenue bond issue based upon review of historical operating and financial information, and the preparation of a cash flow analysis examining projected Sewerage Department operations and capital program financing through the year 2013.

In preparing this report, Black & Veatch has examined the financial operations of the Board through reviews of financial reports, operating and capital budgets, and other statistical and financial information, and through discussions with the Board's staff. We have performed various financial tests and analyses necessary to support our findings and options.

In the preparation of the forecast of future operations summarized in this report, Black & Veatch has made certain assumptions with respect to conditions, events, and circumstances which may occur in the future. The methodologies utilized in performing our studies follow generally accepted industry practice. While Black & Veatch believes such assumptions are reasonable and attainable for the purpose of forecasting the Board's future operations, the actual results may differ materially from the forecasts as influenced by the conditions, events, and circumstances which actually occur.

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Subject to the limitations set forth herein, this report is based on information not within the control of Black & Veatch. Black & Veatch has not been requested to make an independent analysis to verify the information provided to use, or to render independent judgment of the validity on information provided by others. As such, Black & Veatch cannot, and does not, guarantee the accuracy thereof to the extent that such information, data, or opinions were based on information provided by others.

Use of this report, or any information contained here, by a third party shall constitute a waiver and release of Black & Veatch from and against all claims and liability, including, but not limited to, liability for special, incidental, indirect, or consequential damages, in connection with such use. In addition, use of this report, or any information contained therein by a third party, shall constitute agreement to defend and indemnify Black & Veatch from and against any claims and liability, including, but not limited to, liability for special, incidental, indirect, or consequential damages in connection with such use. The benefit of such releases, waivers, or limitations of liability shall extend to the related companies, and subcontractors of any tier of Black & Veatch, and the directors, officers, partners, employees, and agents of all released or indemnified parties.

Black & Veatch shall have no liability to a third party for any losses or damages arising from or in any way related to the report and/or the information contained therein. Such express waiver of liability by the third party shall include all claims that the third party may allege in connection with Black & Veatch's report including, but not limited to, breach of contract, breach of warranty, strict liability, negligence, and/or negligent misrepresentation.

### **Purpose of Bonds**

The purpose of the Sewerage Service Refunding Revenue Bonds, Series 2009 is to provide for the refunding of the outstanding Sewerage Service Refunding Bond Anticipation Notes, Series 2006 (2006 BANs) in the amount of \$24,030,000.

### **Condition of Sewerage System**

Our assessment of the condition of the sewerage system is based upon annual inspections of representative above ground and readily observable underground facilities in conjunction with preparation of the annual Report on Operations of the water, sewerage, and drainage systems. Black & Veatch has been retained annually between 1957 and 1985, and 1990 through 2009 to prepare the annual Report on Operations. This well established relationship gives Black & Veatch a unique insight into the Board's operation and maintenance practices over time. The most recent investigations were conducted during the week of March 23, 2009. Findings related to the sewerage system are summarized as follows:

### **Sewerage Treatment Plants**

The East Bank facility has a treatment capacity of 122 mgd (dry weather). Due to the efforts of inflow and infiltration mitigation, the 2008 plant flow at the East Bank facility has been reduced by 10 percent to approximately 90 mgd . The treatment facilities at the plant include bar screens, grit removal, pure oxygen activated sludge system, final clarification, and disinfection. The solids generated during sewage treatment are thickened, dewatered in belt filter presses, and incinerated. The Board is developing a plan for an alternative sludge treatment system to supplement the fluid bed incinerator (FBI).



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The following list summarizes the findings at the plant:

- The lab functions are being done off site and the staff are occupying trailers. The Board has not split samples with the contract operator within the last year. The Board should consider splitting samples on a quarterly basis and more often if large discrepancies are observed.
- The representative for the Board to oversee the contractor operator has retired within the last year. The Board should hire a representative to work with the contract operator and review their operations on a routine basis.
- Damage to structures and equipment from salt water due to the hurricane. Most equipment has been repaired and is operational. Although, the final clarifiers show corrosion to the skimmer arms caused by salt water. The Board is currently in negotiations with the Federal Emergency Management Agency (FEMA) to pay for the repairs. Final clarifier No. 6 is currently out of service due to the skimmer arm corrosion.
- The FBI is back in service for solids disposal and the multiple hearth incinerator is awaiting demolition. The Board is currently researching a beneficial reuse process as a back-up to the FBI. Alternatives for various systems have been evaluated and a preferred alternative will be identified by July 2009.
- Grit basin number six is out of service and is awaiting replacement of a bearing on the grit conveyor.
- Currently, there are discussions to add a waste heat recovery system for the FBI. It is expected 950 KW of power would be produced from a turbine generator with annual cost savings of \$750,000 and up to \$1 million dollars with renewable energy credits.
- One of the return activated sludge pumps is out of service at the South Pump House. Repairs are currently being performed and should be completed and the pump reinstalled soon.
- A new drum screen has been installed for grease removal. The final clarifiers look significantly better as compared to last year since the grease has been removed via the new drum screen.
- At present a Request for Proposals has been released to design, purchase, and install an oxygen production facility at the plant. Oxygen is currently trucked in at significant cost and the new oxygen plant will reduce the cost of oxygen to the plant. The plant uses approximately 30 tons of oxygen a day.
- Water drainage from rain events and the air conditioning units are running off the roof of the solids handling building and causing corrosion to the side of the building. Downspouts should be installed to eliminate the problem.
- A new 4 MW generator is to be designed, purchased, and installed on site to power the effluent pumps in the event of a power outage.
- New brush systems to keep the weirs clean on the final clarifiers have been installed. A service contract has been instituted with the manufacturer of the brush system to maintain and replace the brush system. The service contract was for semiannually, but it was found the brushes need to be replaced quarterly; therefore, the contract has been amended for quarterly preventive maintenance.
- Two new belt filter presses with a gravity zone have been added to the plant. Two existing belt presses will continue to be used.

At present the influent TSS and BOD concentration are approximately 120 milligrams per liter (mg/L) and 90 mg/L, respectively. This is significantly lower than normal concentrations, which is probably the result of a significant increase in the amount of inflow and infiltration in the collection system following

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the hurricane requiring treatment at the plant. Effluent quality has been adequate over the last year and the plant experienced zero permit violations last year.

The West Bank facility has a treatment capacity of 20 mgd (dry weather). Currently, the plant is receiving approximately 10.5 mgd flow. The West Bank treatment facility consists of bar screens, primary clarifiers, trickling filters, final clarifiers, and disinfection. Primary and secondary solids are co-thickened in a gravity thickener and hauled to the East Bank facility for further dewatering at the belt filter presses.

Following is a summary of findings for the West Bank treatment plant:

- A new solids treatment building and belt filter press is currently at 30 percent level of design for the plant.
- A new sodium hypochlorite system including tanks and pumps is at 65 percent level of design.
- The thickener is currently out of service due to a scum collection trough failure. Repairs have commenced and it is expected to put back in service within a month. As a consequence, sludge hauling quantities have increased.
- New drainage pumps are to be installed as the old pumps are not reliable.

The monthly average TSS and BOD influent concentration are approximately 150 mg/L and 150 mg/L, respectively. Treatment at the plant is very good for a trickling filter plant as the monthly average effluent TSS and BOD concentration has been approximately 12 mg/L and 10 mg/L, respectively. The plant capacity is adequate for the long term needs of the area. Staffing levels are adequate and the facility and grounds are well maintained.

### **Sewerage and Drainage Pumping Stations**

The sewage pumping and lift stations convey sewage through the gravity and force main systems to the East Bank and the West Bank wastewater treatment plants. Damage was extensive to the sewer pump stations within the East and West Bank due to the hurricane. Currently, 100 percent of the population is being served, but some areas are using portable pumps until the stations are repaired. It is anticipated the repairs to the sewer stations will be paid for by FEMA funding. In order to receive these funds, the stations have to be repaired to pre-Katrina conditions. Most stations are located below ground and the rehabilitated stations will be vulnerable to flooding. The Board wishes to elevate most of the stations so that this does not occur again. The Board is currently in negotiations with FEMA to elevate the stations or perform other flood mitigation measures at the station with the funds that will be provided by this agency. This would ensure continuous operations of all stations during flooding events. The Board has retained the services of consulting engineers for program management and design for the sewerage stations to complete the work necessary to restore the pump stations.

### **Maintenance**

The facility Maintenance Department provides major electrical and mechanical maintenance for all Board facilities except the contractor operated wastewater treatment plants. The Maintenance Department has the specialized equipment to maintain the plant process equipment, drainage stations, sewer lift stations, power generation equipment, and water meter servicing. Automated lathes and mills provide the department with the ability to fabricate parts when replacement parts are excessively expensive or no longer available. However, lack of an adequate number of trained personnel has hampered the capabilities of the department.

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The Maintenance Department had 128 authorized positions. Only 60 positions are currently staffed with most of the highly skilled areas remaining vacant. To compensate for the limited work force, overtime is necessary and more work is being contracted out than before to contractors. Now the department is facing a situation where they do not have enough personnel to supervise or assist contractors. The department is actively recruiting at job fairs and trade schools to hire additional workers to staff the department.

All maintenance equipment is well maintained and adequate to do the work in-house.

### **Networks**

The Networks Department is charged with maintaining the sanitary sewer system, the major drainage system, and the potable water distribution system.

The networks department administers the paving contract and has completed over 3,000 paving projects since July 2007 by contractors. Networks has several maintenance contracts to assist with the maintenance of the water distribution, wastewater collection, and drainage stations. This has increased the workload in the department.

### **Engineering**

The Engineering Department includes mechanical, electrical, civil, construction administration and inspection, drainage, and network engineering. The department administers major contracts throughout the City and coordinates with other agencies for the design and construction activities impacting Board maintained facilities. The Engineering Department was also in charge of overseeing the Sanitary Sewer Evaluation and Rehabilitation Program (SSERP), a \$640 million program that was in place to upgrade facilities within the sanitary sewer network for the City prior to the hurricane.

Contracts are designed, bided, and approved by the City Council. Following is the status of some of the contracts administered through the Engineering Department:

- Emergency contracts issued for leasing and purchasing portable diesel pumps for the sewage pumping stations that sustained damage from the flood waters.
- Contracts issued for repairing roofs of non-critical facilities.
- A solids discharge line to the Mississippi river is currently in design and at present is 65 percent completed.
- Review of design for new belt filter presses at the West Bank Sewerage Treatment Plant.
- A 100 percent design of a 15 MW diesel generator will be completed in June 2009.

Currently, the engineering department is in the process of working with the Corps of Engineers on storm proofing projects by identifying the most critical needs and addressing those. At present, 15 storm proofing projects have been identified and are currently in various stages of design.

### **Consent Decree**

The Board is currently complying with the EPA Region 6 and Department of Justice Consent Decree that requires cessation of unauthorized discharges and the development of a schedule for repairs to both the collection system and the treatment plant.

The Board is currently negotiating the deadline to prepare a plan and schedule for achieving compliance with the Consent Decree at pre-Katrina Levels, although, major portions of the consent decree are in

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negotiations. A phased approach has been suggested by the EPA in response to the Board's claim for unanticipated delays and violations of the Decree due to the hurricane. Some of the provisions outlined in the document include:

- The quarterly reporting requirements have been submitted regularly.
- The Sewage Overflow Action Plan (SOAP) described in section XIII of the Decree requires the Board to respond to all reported sewage overflows and bypasses within four hours of receiving the call. The EPA acknowledged the fact that it would be difficult to respond to all notices within four hours with the reduced workforce. Hence, the Board will not be deemed to be in violation of the SOAP and no penalties will be assessed as long as the Board responds to notices of unauthorized discharges within 24 hours.

As noted, operating conditions reported herein are based on observations as of March 2009. The Board is acting on recommendations resulting from our investigations. No operating conditions reported in this document have diminished the ability of the Board to collect and treat wastewater and meet associated customer needs.

### **Pro Forma Financial Analysis**

A pro forma analysis of the Sewerage Department cash flow has been performed to determine the expected financial performance of the Department. The cash flow presents proposed revenues, bond debt service coverage, and adequate working capital for the Department.

### **Revenues**

Based on year-end billing summaries, the number of monthly billed sewerage customers during 2008 averaged 100,812 compared with 111,775 in 2007. In late 2007, the Board began an aggressive campaign to close accounts that reflected no recent water usage and/or no recent payments. Beginning in December 2007, Board staff worked overtime to review each account, delete unwarranted charges, and close the accounts. In October 2008, the Board hired a contractor to begin removing the meters associated with closed accounts. As a result of this work, many customers requested to have their water services restored and opened new accounts. Since the beginning of 2009, the Board averaged 1,000 new accounts opened each month and as of May 19, the Board had 111,280 open sewerage accounts. It is projected that the Board will average approximately 111,900 open accounts in 2009 and that the number of accounts will continue to grow at approximately 1 percent each year.

Based on year-end billing summaries, a total of 11,152,255 gallons of wastewater flow, or 110.62 gallons per account were billed in 2008. This is an increase in unit usage of about 8 percent from 2007 and 29 percent from 2006. It is assumed that the trend of increasing unit usage per account will continue throughout the 5-year study period.

Historical and projected sales revenues for the Sewerage Department are shown in Table 1. Projections of revenues under existing rates for 2009 through 2013 reflect the schedule of sewerage service charges effective July 1, 2006 applied to the projected number of accounts and projected billable wastewater flow. Projected revenue is estimated to increase approximately 1.9 percent annually from 2009 through 2013. Revenue through April 30 was approximately \$21,006,600 which is about 30 percent of projected revenue for the year. Cash receipts through April 30 were about \$25,216,200.

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Other revenues of the Sewerage Department include interest income on fund balances, delinquent charges, and various other miscellaneous sources. By Board policy, the Sewerage Department also receives one-half of the plumbing inspection and license fees. Projected interest income varies with forecast fund balances and reflects a projected interest earning rate of 0.5 percent while miscellaneous income sources are assumed to approximate recent historical levels.

### **Operation and Maintenance Expense**

Historical and projected operation and maintenance expenses of the Sewerage Department are shown in Table 2. Expenses are categorized by system function as reflected in the accounting system of the Sewerage and Water Board. Projected 2009 operating expense is based on the Board's 2009 Adopted Operating Budget dated December 17, 2008. Estimates of future expenses for 2010 through 2013 are based on anticipated operating conditions and allowances for inflationary increases of 3.0 percent per year.

### **Debt Service Requirements**

Future debt service requirements of the Sewerage Department consist of principal and interest payments for currently outstanding and indicated future Sewerage Service Revenue Bonds. As of June 1, 2009 outstanding debt obligations consisted of \$16,115,000 Sewerage Service Revenue Bonds, Series 1997; \$14,360,000 Sewerage Service Revenue Bonds, Series 1998; \$18,425,000 Sewerage Service Revenue Bonds, Series 2000; \$14,010,000 Sewerage Service Revenue Bonds, Series 2000B; and \$23,015,000 Sewerage Service Revenue Bonds, Series 2001; \$43,485,000 Sewerage Service Revenue Bonds, Series 2002; \$4,260,000 Sewerage Service Revenue Bonds, Series 2003; and \$27,010,000 Sewerage Service Revenue Bonds, Series 2004. Bond issues in the amounts of 23,375,000 in 2009, \$8,000,000 in 2010, \$21,500,000 in 2012, and \$9,000,000 in 2013 are projected and discussed in more detail below.

### **Capital Improvement Program**

The proposed capital improvement program for the Sewerage Department is shown in Table 3 and is based on revised estimated improvement program scheduling and cost data since the Board's 2009 Adopted Capital Budget and 2010-2013 Capital Program was approved on December 17, 2008. Proposed capital expenditures for the period 2009 through 2013 total \$103,838,400, of which \$84,638,400 is designated as Reinvestment in Assets and \$19,200,000 is designated as Major Capital Improvements. Costs associated with Capital Projects 313, 317, 318, 319, 326, 348, 609, 807, 810, and 823 will be funded from FEMA reimbursements and are not included in Table 3.

### **Adequacy of Revenues Under Existing Rates**

An analysis of the adequacy of revenues under existing rates to finance projected operating and capital requirements of the Sewerage Department and to meet bond covenant requirements is shown in Table 4.

Projections of revenues under existing rates for 2009 through 2013 reflect the schedule of sewerage service charges effective July 1, 2006. To meet total projected revenue requirements through 2013 including operation and maintenance expenditures, allowance for claims, bad debt expense, debt service payments, and capital improvement expenditures funded from annual revenues, additional revenue increases are indicated, as follows: July 1, 2012, 5 percent and July 1, 2013, 5 percent. No additional revenue increase is indicated for 2009 through 2011.

Other revenue sources available to the Sewerage Department to meet revenue requirements include (Line 2 through Line 6) interest income, three-mill revenue sharing, plumbing inspection and license fees,

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miscellaneous revenues, and interest income on the Debt Service Reserve Fund. Interest earnings recognize an assumed 0.5 percent average annual interest rate.

Operation and maintenance expenses (Line 7) are as shown in Table 2. Claims (Line 8) represent an allowance based on historical experience. Bad debt expense is assumed to be 2 percent of projected revenue and is shown on Line 9.

Annual debt service payments on existing and proposed revenue bonds are shown on Line 11 and Line 12, respectively. The Series 2009 is a 20-year bond with an average annual interest cost of 6.035 percent. The debt repayment schedule for the Series 2009 bond was provided by the Board's financial advisor. Additional revenue bonds indicated to be issued in 2011, 2012, and 2013 are assumed to be 30 year 6.0 percent fixed interest rate bonds with equal annual payments and interest.

In July 2006, Sewerage Service Refunding Bond Anticipation Notes (2006 BANs) were issued in the amount of \$24,030,000. The proceeds of these 2006 BANs were used to refund a portion of the Series 2005A BANs. The 2006 BANs are due July 2009 and will be refunded by the Series 2009. Line 14 of Table 4 shows the interest expense associated with the outstanding 2006 BANs in 2009.

Line 15 reflects the projected transfer of accumulated net earnings from system operations to assist in major capital financing.

The Board has received funds from FEMA to assist with the expense associated with filing forms with FEMA. This reimbursement is shown on Line 16.

Line 17 indicates the estimated Net Annual Balance from operations remaining at the end of each year. It is assumed that all available cash balances will be used to fund capital projects; therefore, the beginning balance for the operating fund is \$0 as shown on Line 18. The End of Year Balance is shown on Line 19. It is intended that in all years of the period 2009 through 2013, the End of Year Balance should equal or exceed the assumed adequate emergency capital reserve of 45 days of operation and maintenance expense. It is anticipated that the End of Year Balance will be equal to or greater than the targeted emergency capital reserve for each year of the study period.

Funding of the proposed capital improvement program is shown on Line 20 through Line 33 of Table 4. The amount of Funds on Hand, shown on Line 20, is \$12,861,900 and represents the difference between the amount of investments available for capital projects and construction and the value of open contracts and capital jobs. The surplus of current assets over current liabilities is added to net investment to determine the funds available for future construction.

Bond issues in the amounts of \$23,375,000 in 2009, \$8,000,000 in 2010, \$21,500,000 in 2012, and \$9,000,000 in 2013 are projected and shown on Line 21. The amount and years of issue are developed considering capital program needs, current policies, other sources of major capital improvement financing, and the debt service coverage requirements of the bond covenants regarding the issuance of parity revenue bonds. Financing of the major capital improvement program anticipates the transfer of \$45,700,000 of operating revenues as shown on Line 22.

Participation by Others, as shown on Line 23 of Table 4, includes \$10,150,000 for a Wetland Assimilation Grant received in 2009 and \$1,000,000 in developer contributions.

July 7, 2009

The current balance in the Debt Service Reserve Fund is \$18,325,800. The required balance, including the issuance of the Series 2009, is \$16,164,200 or \$2,161,600 less than the existing balance. It is assumed that this excess amount will be used to refund a portion of the 2006 BANs as shown on Line 24.

Lines 27 and 28 show the projected Reinvestment in Assets and Major Capital Additions previously shown on Table 3. The Board anticipates receiving funds from FEMA under the provisions of the Stafford Act to restore all damaged assets to pre-Katrina condition. Some of the projects will be funded 100 percent by FEMA while other will be funded at 90 percent with the remaining 10 percent to be paid by the Board. Line 29 shows the estimated amount that will not be reimbursed by FEMA.

Estimated issuance costs related to the proposed bond issue amounts is shown on Line 30. Line 31 shows the required deposits into the Revenue Bond Reserve Fund associated with proposed bond issues. The Debt Service Reserve Fund is currently overfunded; therefore, there is no bond reserve requirement for the Series 2009. Municipal bond insurance purchased in association with the Series 209 is shown on Line 32. Other Uses of Funds, shown on Line 33, reflect the original issue discount associated with the Series 2009. The anticipated redemption of 2006 BANs, as previously mentioned, is shown on Line 34 and the Total Application of Funds is shown on Line 35. The net End of Year Balance is shown on Line 36.

As demonstrated in Table 4, it is anticipated that both projected capital program requirements and estimated future operation expenses of the Sewerage Department can be readily financed during the 2009-2013 study period examined herein.

### **Debt Service Coverage**

Debt service coverage tests are summarized on Line 37 through Line 40 of Table 4. Bond covenants require that rates and charges shall be maintained at levels sufficient to generate annual net revenues of not less than 130 percent of the debt service on bonds outstanding as of the beginning of the fiscal year. The results of the annual coverage test are shown on Line 35.

Additional bonds may be issued if (i) the average of the net revenues in the two years preceding the issuance of the additional bonds is at least 130 percent of the sum of the maximum debt service on the then outstanding and proposed bonds; and (ii) the estimated net revenues for each of the five full fiscal years following the issuance of additional bonds (including the year of issuance) will be at least 130 percent of the Reserve Requirement. The results of the tests for additional bonds are shown on Lines 38-40 of Table 4.

Details of the historical debt service coverage test for issuance of additional bonds are shown in Table 5. Revenues are defined in the Bond Resolution as all revenues received by the Board and deposited in the Sewer System Account. In accordance with this definition, historical revenue is shown on a cash receipts basis and was provided by the Board's auditor. Revenue sources include sewerage service charges, interest income on the operating fund, capital fund and bond reserve fund; and non-operating revenue which includes revenue sharing, plumbing and inspection fees, and miscellaneous revenues. Projected sewerage service charges include a provision for bad debt expense. Deduction of operation and maintenance expenses results in the net revenues available for debt service coverage. As shown in Table 5, the anticipated net revenues of the Sewerage Department are sufficient to meet the required debt service coverage test for issuance of the indicated additional bonds.

July 7, 2009

Details of the five year future debt service coverage test for issuance of additional bonds, shown in Table 6, illustrate that the anticipated net revenues of the Sewerage Department are sufficient to meet the required debt service coverage test for issuance of the indicated additional bonds.

### **Opinions**

Based upon analyses made for this report and related studies, it is the opinion of Black & Veatch that:

1. Projections of financial operations presented in this report are considered reasonable.
2. Based upon indicated revenue increases and additional bond issues, projected net revenues of the Sewerage Department for purposes of debt service coverage are sufficient to meet the requirements of the bond covenants.

### **Black & Veatch Qualifications**

Black & Veatch is one of the largest and most experienced firms of engineers specializing in utility finance and engineering. Experience includes the planning, design, and operation analysis of wastewater, water, electric and gas utilities. In addition, the firm has extensive experience in assisting utilities with management and financial aspects of their operations. Our clients include utilities owned by municipalities ranging in size from small villages to large metropolitan regions; investor owned utilities; industrial and commercial businesses; international clients; and agencies of the U.S. Government. The firm has completed over 179 feasibility studies for bond issues exceeding \$31.2 billion in the past ten years, including ten water and sewer bonds issues totaling \$280.3 million for the Sewerage and Water Board since 1997.

Very truly yours,

BLACK & VEATCH CORPORATION



Peggy Howe  
Vice President



Anna White  
Manager



**Table 1**  
**Sewerage Department**  
**Statement of Historical and Projected Revenues**

	Historical					Projected				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Revenue										
Sewerage Service Charges (a)	72,252,115	57,329,963	62,657,636	68,304,547	61,877,246	69,241,100	71,118,100	72,663,100	73,865,100	74,592,100
Nonoperating Revenue										
Interest Earned	2,673,124	4,218,505	4,568,292	1,273,048	1,094,327	159,200	123,600	125,200	141,700	146,600
Plumbing Inspection and License Fees	116,574	87,630	295,122	271,170	295,302	250,000	250,000	250,000	250,000	250,000
Revenue Sharing	413,099	350,659	352,048	245,933	286,233	300,000	300,000	300,000	300,000	300,000
Other Income	284,927	256,648	58,556	266,798	288,674	175,000	175,000	175,000	175,000	175,000
Total Nonoperating Revenue	<u>3,487,724</u>	<u>4,913,443</u>	<u>5,274,017</u>	<u>2,056,949</u>	<u>1,964,536</u>	<u>884,200</u>	<u>848,600</u>	<u>850,200</u>	<u>866,700</u>	<u>871,600</u>
Total Revenue	75,739,839	62,243,406	67,931,653	70,361,496	63,841,782	70,125,300	71,966,700	73,513,300	74,731,800	75,463,700

(a) Includes Delinquent Fee revenue.

**Table 2**  
**Sewerage Department**  
**Historical and Projected Operation and Maintenance Expenses (a)**

	Historical					Projected				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Management and General Expenses</b>										
Administrative	2,528,091	1,575,719	2,630,861	2,341,636	2,710,619	3,008,600	3,098,900	3,191,800	3,287,600	3,386,200
Management Services Director	64,635	72,370	54,986	19,451	22,630	24,400	25,100	25,900	26,700	27,500
Building and Grounds and Support Services	752,517	704,393	833,341	1,020,976	1,148,020	1,104,900	1,138,100	1,172,200	1,207,400	1,243,600
Personnel Administration	330,135	289,726	216,821	271,329	286,969	276,100	284,400	292,900	301,700	310,700
Finance Administration	534,728	588,646	525,451	546,981	617,079	536,900	553,000	569,600	586,700	604,300
Information Systems	1,550,033	1,782,016	1,626,143	1,485,788	1,409,909	1,952,800	2,011,300	2,071,700	2,133,800	2,197,800
Revenue and Customer Service	3,078,293	2,882,380	2,325,703	2,746,331	3,482,253	3,444,500	3,547,900	3,654,300	3,764,000	3,876,900
Purchasing	191,210	195,690	158,120	171,419	196,183	275,700	284,000	292,500	301,300	310,400
Total Management and General	9,029,642	8,090,940	8,371,426	8,603,911	9,873,660	10,623,900	10,942,700	11,270,900	11,609,200	11,957,400
<b>Operations Expenses</b>										
General Superintendent	283,685	167,604	119,672	143,189	172,537	127,200	131,000	134,900	139,000	143,200
Drainage Pumping and Central Control	343,313	335,715	210,012	333,390	335,881	357,100	367,800	378,800	390,200	401,900
Sewerage Pumping	2,349,727	2,404,140	2,018,413	2,962,907	3,530,071	2,574,700	2,651,900	2,731,500	2,813,500	2,897,900
Chief of Operations	76,593	73,583	52,294	56,706	45,578	64,800	66,700	68,700	70,800	72,900
Water Pumping and Power	379,879	1,949,523	3,023,657	342,093	1,931,804	277,100	285,400	294,000	302,800	311,900
Sewerage Treatment	12,525,522	8,982,281	8,091,279	9,989,978	10,001,042	11,611,400	11,959,800	12,318,600	12,688,100	13,068,800
Chief of Facilities Maintenance	81,746	86,558	44,510	48,584	55,990	102,100	105,100	108,300	111,500	114,900
Facilities Maintenance	2,336,736	2,739,218	2,342,667	2,607,184	3,035,342	2,877,800	2,964,200	3,053,100	3,144,700	3,239,000
Central Yard	1,827,746	1,835,205	1,467,353	1,876,880	1,879,518	1,593,500	1,641,300	1,690,600	1,741,300	1,793,500
Office of Chief of Networks	127,722	82,558	66,186	260,551	87,629	95,300	98,200	101,100	104,100	107,300
Networks	7,533,371	6,885,272	5,741,081	7,494,584	7,713,092	7,683,900	7,914,400	8,151,900	8,396,400	8,648,300
Engineering	958,961	1,014,334	766,945	863,407	1,021,766	954,300	983,000	1,012,500	1,042,800	1,074,100
Plumbing	433,278	461,851	400,924	441,827	499,620	474,800	489,000	503,700	518,800	534,400
Total Operations	29,258,279	27,017,842	24,344,993	27,421,280	30,309,870	28,794,000	29,657,800	30,547,700	31,464,000	32,408,100
<b>Other Expenses</b>										
Special Accounts	1,404,331	1,281,688	1,393,262	1,420,981	937,175	1,690,000	1,740,700	1,793,000	1,846,700	1,902,100
Payroll Related Expenses	1,910,244	1,856,416	1,818,997	4,815,145	4,823,058	2,023,500	2,084,200	2,146,700	2,211,200	2,277,500
Overhead Allocation	(3,222,884)	(3,371,886)	(2,890,799)	(3,492,313)	(3,576,413)	(3,108,000)	(3,201,200)	(3,297,300)	(3,396,200)	(3,498,100)
Total Other	91,691	(233,782)	321,460	2,743,813	2,183,819	605,500	623,700	642,400	661,700	681,500
Total Operation and Maintenance	38,379,612	34,875,000	33,037,879	38,769,004	42,367,349	40,023,400	41,224,200	42,461,000	43,734,900	45,047,000

(a) Historical detail from Expenditure Analysis By Group Report. Projected O&M for 2009 is the adopted budget. Projected O&M for 2010-2013 includes allowance for inflation of 3 percent per year.

**Table 3**  
**Sewerage Department**  
**Proposed Capital Improvements (a)**

C.P. #	Project	2009	2010	2011	2012	2013	Total
		\$	\$	\$	\$	\$	\$
<b>Reinvestment in Assets</b>							
317	Extensions and Replacements - Gravity Mains (b)	0	0	0	0	0	0
319	Extension and Replacements - Sanitary Sewer Mains Algiers (b)	0	0	5,600,000	6,816,700	10,225,000	22,641,700
326	Extensions and Replacements to Pumping Stations (b)	0	0	0	0	0	0
339	Mains in Streets Department Contracts	5,200,000	3,900,000	5,200,000	5,200,000	5,200,000	24,700,000
348	Extensions and Replacements - Treatment Plants	2,680,200	6,294,000	5,340,000	4,223,000	3,475,000	22,012,200
600	Sewer Share of Power Projects (b)	67,000	2,272,500	20,000	20,000	20,000	2,399,500
702	Sewer Reserve for Emergencies	0	0	0	0	0	0
800	Sewer Share of General Budget Items (b)	6,697,000	0	1,200,000	4,622,000	366,000	12,885,000
	Total Routine Annual Improvements	<u>14,644,200</u>	<u>12,466,500</u>	<u>17,360,000</u>	<u>20,881,700</u>	<u>19,286,000</u>	<u>84,638,400</u>
<b>Major Capital Improvements</b>							
300	Engineering/Inspection of Developer Installations	10,000	10,000	10,000	10,000	10,000	50,000
308	Sewer Rehabilitation	0	0	0	0	0	0
313	Extensions and Replacements - Sewer Force Mains (b)	0	0	0	0	0	0
318	Rehabilitation Gravity Sewer System (b)	0	0	0	0	0	0
358	EBSTP Expansion	10,000	0	0	0	0	10,000
367	Sewer System Evaluation Study	0	0	0	0	0	0
368	Wetland Assimilation	10,150,000	0	0	0	0	10,150,000
375	Sewerage Hurricane Recovery Bonds	100,000	100,000	100,000	100,000	100,000	500,000
381	Modification and Expansion of WBSTP to 20/50 MGD	600,000	100,000	0	7,790,000	0	8,490,000
	Total Major Improvements	<u>10,870,000</u>	<u>210,000</u>	<u>110,000</u>	<u>7,900,000</u>	<u>110,000</u>	<u>19,200,000</u>
	Total Sewerage System Improvements	<u>25,514,200</u>	<u>12,676,500</u>	<u>17,470,000</u>	<u>28,781,700</u>	<u>19,396,000</u>	<u>103,838,400</u>

- (a) The improvements for the 2009-2013 period are based on revisions of the budget approved December 17, 2008. The revised budget will be presented to the Board for ratification in July.
- (b) Costs associated with CP 313, 317, 318, 319, 326, 348, 609, 807, 810, and 823, totaling \$369,299,000 have been removed from the table and will be funded from FEMA reimbursements.

**Table 4**

**Sewerage Department  
Analysis of Ability of Forecasted Revenue to  
Finance Projected Revenue Requirements**

Line No.	2009	2010	2011	2012	2013	Total	
	\$	\$	\$	\$	\$	\$	
<b>Operating Fund</b>							
1	Revenue from Charges (a)	69,241,100	71,118,100	72,663,100	75,404,000	79,953,400	368,379,700
2	Interest Income	29,500	42,400	43,600	53,300	54,400	223,200
3	Three-Mill Revenue Sharing	300,000	300,000	300,000	300,000	300,000	1,500,000
4	Plumbing Insp. & License Fees	250,000	250,000	250,000	250,000	250,000	1,250,000
5	Miscellaneous Revenue	175,000	175,000	175,000	175,000	175,000	875,000
6	Interest from Bond Reserve Fund	92,000	81,000	82,000	88,000	93,000	436,000
7	Operation & Maintenance	(40,023,400)	(41,224,200)	(42,461,000)	(43,734,900)	(45,047,000)	(212,490,500)
8	Claims	(133,900)	(137,900)	(142,100)	(146,300)	(150,700)	(710,900)
9	Provision for Doubtful Accounts	(1,384,800)	(1,422,400)	(1,453,300)	(1,508,100)	(1,599,100)	(7,367,700)
10	Net Operating Revenue	28,545,500	29,182,000	29,457,300	30,881,000	34,029,000	152,094,800
<b>Debt Service</b>							
11	Existing	(18,417,400)	(18,476,100)	(18,524,300)	(18,551,400)	(18,582,900)	(92,552,100)
12	Proposed	(1,018,500)	(2,021,600)	(2,166,400)	(2,995,200)	(4,332,900)	(12,534,600)
13	Total Debt Service	(19,435,900)	(20,497,700)	(20,690,700)	(21,546,600)	(22,915,800)	(105,086,700)
14	Interest Expense on BAN's	(603,200)	0	0	0	0	(603,200)
15	Transfer to Construction	(5,200,000)	(10,200,000)	(10,200,000)	(9,100,000)	(11,000,000)	(45,700,000)
16	FEMA Federal Assistance Fees	1,680,300	1,680,300	1,680,300	0	0	5,040,900
17	Net Annual Balance	4,986,700	164,600	246,900	234,400	113,200	5,745,800
18	Beginning of Year Balance	0	4,986,700	5,151,300	5,398,200	5,632,600	0
19	End of Year Balance	4,986,700	5,151,300	5,398,200	5,632,600	5,745,800	5,745,800
<b>Capital Projects Funding</b>							
20	Funds on Hand	12,861,900	2,678,200	143,900	72,700	100,900	12,861,900
21	Revenue Bond Proceeds	23,375,000	0	8,000,000	21,500,000	9,000,000	61,875,000
22	Operation Fund Transfers	5,200,000	10,200,000	10,200,000	9,100,000	11,000,000	45,700,000
23	Participation by Others	10,350,000	200,000	200,000	200,000	200,000	11,150,000
24	DSRF Release	2,161,600	0	0	0	0	2,161,600
25	Interest Income	40,700	2,400	200	1,900	300	45,500
26	Total Funds Available	53,989,200	13,080,600	18,544,100	30,874,600	20,301,200	133,794,000
27	Reinvestment in Assets	(14,644,200)	(12,466,500)	(17,360,000)	(20,881,700)	(19,286,000)	(84,638,400)
28	Major Capital Additions	(10,870,000)	(210,000)	(110,000)	(7,900,000)	(110,000)	(19,200,000)
29	FEMA Cost Share	(260,200)	(260,200)	(260,200)	0	0	(780,600)
30	Bond Issuance Expense	(459,500)	0	(160,000)	(430,000)	(180,000)	(1,229,500)
31	Revenue Bond Reserve Fund	0	0	(581,200)	(1,562,000)	(653,800)	(2,797,000)
32	Bond Insurance	(711,600)	0	0	0	0	(711,600)
33	Other Uses of Funds	(335,500)	0	0	0	0	(335,500)
34	Redemption of BAN's	(24,030,000)	0	0	0	0	(24,030,000)
35	Total Application of Funds	(51,311,000)	(12,936,700)	(18,471,400)	(30,773,700)	(20,229,800)	(133,722,600)
36	End of Year Balance	2,678,200	143,900	72,700	100,900	71,400	71,400
<b>Debt Service Coverage</b>							
37	Annual Test	146.9%	142.4%	142.4%	143.3%	148.5%	
<b>Additional Bonds Test (b)</b>							
38	Prior Two-Year Test	134.0%	140.7%	137.9%	130.3%	130.3%	
39	Maximum Future Debt Service Test	176.8%	185.0%	292.5%	276.9%	306.8%	
40	Coverage 5 Years after Sale	355.5%	414.9%	487.7%	578.7%	695.8%	

(a) Projected revenue from service charges includes proposed revenue increases of 5% effective July 1, 2012 and 5% effective July 1, 2013.

(b) See Tables 5 and 6 for detailed calculation of the Additional Bonds Test.

**Table 5**  
**Sewerage Department**  
**Basis for Prior 2 Year Coverage Test**

Line No.	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
	\$	\$	\$	\$	\$	\$	\$
1 Sewerage Service Charges (a) (b)	59,829,413	68,271,241	67,856,300	69,695,700	71,209,800	73,895,900	78,354,300
2 Interest Income (a)	3,795,872	2,190,702	161,200	124,900	125,700	142,900	147,500
3 Non-Operating Revenue (a)	1,124,725	375,045	725,000	725,000	725,000	725,000	725,000
4 Operating Expenses	<u>(38,899,024)</u>	<u>(42,135,587)</u>	<u>(40,157,300)</u>	<u>(41,362,100)</u>	<u>(42,603,100)</u>	<u>(43,881,200)</u>	<u>(45,197,700)</u>
5 Net Revenue	25,850,986	28,701,401	28,585,200	29,183,500	29,457,400	30,882,600	34,029,100
6 Average Prior 2 Years Net Revenue			27,276,194	28,643,301	28,884,350	29,320,450	30,170,000
7 Maximum Existing and Proposed Debt Service			20,360,300	20,360,300	20,941,500	22,503,500	23,157,300
8 Coverage			134.0%	140.7%	137.9%	130.3%	130.3%

(a) Historical revenue is shown on a cash receipts basis.

(b) Projected Sewerage Service Charges includes projected Bad Debt Expense of 2% of projected accrued revenue.

**Table 6**  
**Sewerage Department**  
**Basis for Maximum Future Debt Test**

Line No.	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1 Revenue Under Existing Rates (a)	67,856,300	69,695,700	71,209,800	72,357,000	72,993,000	73,630,800	74,269,900	74,910,100	75,551,200	76,192,700
2 Additional Revenue Under Proposed Rates	0	0	0	1,538,900	5,361,300	9,451,100	13,824,700	18,499,600	23,494,500	28,828,700
3 Interest Income	161,200	124,900	125,700	142,900	147,500	153,800	160,500	167,500	174,800	182,500
4 Revenue Sharing	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
5 Plumbing and Inspection Fees	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
6 Miscellaneous Revenue	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
7 O&M Expense	(40,023,400)	(41,224,200)	(42,461,000)	(43,734,900)	(45,047,000)	(46,398,500)	(47,790,500)	(49,224,300)	(50,701,100)	(52,222,200)
8 Claims	(133,900)	(137,900)	(142,100)	(146,300)	(150,700)	(155,200)	(159,900)	(164,700)	(169,600)	(174,700)
9 Net Revenue	28,585,200	29,183,500	29,457,400	30,882,600	34,029,100	37,407,000	41,029,700	44,913,200	49,074,800	53,532,000
10 10% of the Original Principal Amount	25,369,500	25,369,500	25,369,500	25,369,500	25,369,500	25,369,500	25,369,500	25,369,500	25,369,500	22,369,500
11 Maximum Existing and Proposed Debt Service	20,360,300	20,360,300	20,941,500	22,503,500	23,157,300	23,157,300	23,157,300	23,157,300	23,157,300	20,686,800
12 125% of Average Existing and Proposed Debt Service	16,164,200	15,773,800	10,070,100	11,152,400	11,093,000	10,521,400	9,888,500	9,210,100	8,480,400	7,693,300
13 Lessor of the above	16,164,200	15,773,800	10,070,100	11,152,400	11,093,000	10,521,400	9,888,500	9,210,100	8,480,400	7,693,300
14 Coverage	176.8%	185.0%	292.5%	276.9%	306.8%	355.5%	414.9%	487.7%	578.7%	695.8%

(a) Projected Sewerage Service Charges includes projected Bad Debt Expense of 2% of projected accrued revenue.

**AUDITED FINANCIAL STATEMENTS  
OF THE  
BOARD OF LIQUIDATION, CITY DEBT  
FOR THE YEAR ENDED  
DECEMBER 31, 2008**

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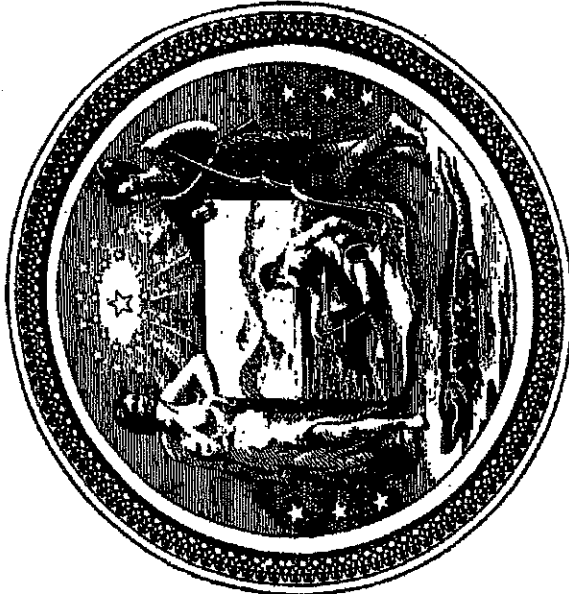
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BOARD OF LIQUIDATION, CITY DEBT  
 NEW ORLEANS, LOUISIANA  
 DECEMBER 31, 2008

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

Annual Statement

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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COMPOSITION AND AUTHORITY OF THE BOARD OF LIQUIDATION, CITY DEBT

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

OFFICERS OF THE BOARD

Mary K. Zervigon, President  
 Barbara Lamont, Vice President  
 David W. Garbhauser, Secretary  
 Tracy David Madison, Assistant Secretary

COUNSEL

Leahle & Kelleher

MEMBERS OF THE BOARD

Barbara Lamont	Wanda Ackers-Brooks	Mary K. Zervigon
Richard P. Wolfe	Alan C. Arnold	Gerald Williams
Jacquelyn B. Clarkson, Councilwoman		Ex-Officio
Amie Fielkow, Councilman		Ex-Officio
C. Ray Nagin, Mayor		Ex-Officio

MARY K. ZERVISON  
PRESIDENT

BARBARA LAMONT  
VICE PRESIDENT

DAVID W. GERHARTSEER  
SECRETARY

TRACY DAVID MADISON  
ASST. SECRETARY

MEMBERS OF BOARD  
ALAN C. ARNOLD  
DORIS BROOKS  
GERALD WILLIAMS  
RICHARD P. POLJURE  
MARY K. ZERVISON

MEMBERS OF STAFF  
ANDREW W. DEWITT  
CORY MAGN. EX OFFICIO

## Board of Liquidation, City Debt

1500 PERDIDO STREET - ROOM 8117  
Metairie, LA 70112

January 2, 2009

AREA CODE 504  
888-1410  
(FAX) 858-1411  
www.boardliquidation.com

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. Zervison



David W. Gerhartseer

### Introduction

Within this section of the Board of Liquidation, City Debt's (the "Board's") 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 Endorser 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:

	Debt Administration		Changes
	2008	2007	
Total Assets	\$99,848,855	\$101,829,065	\$ (1,980,210)
Total Liabilities	\$27,511,569	\$ 27,945,969	\$ (434,400)
Total custodial debt service and reserve fund	\$71,236,886	\$ 73,882,096	\$ (2,645,210)
Receipts	\$30,520,578	\$213,363,384	\$ (182,842,806)
Disbursements	\$92,500,788	\$300,288,065	\$ (107,787,277)
Excess (deficiency) of receipts over disbursements	\$ (1,980,210)	\$ 12,075,119	\$ (14,055,329)

BOARD OF LIQUIDATION, CITY DEBT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
DECEMBER 31, 2008

	Custodial Accounts		Changes
	2008	2007	
Total assets	\$127,155,324	\$153,506,420	\$ (26,351,096)
Total liabilities	\$ 90,039,293	\$ 72,695,503	\$ 17,343,790
Total custodial debt service and reserve fund	\$ 32,116,031	\$ 80,810,987	\$ (48,694,956)
Receipts	\$ 71,127,634	\$ 97,413,842	\$ (26,286,208)
Disbursements	\$102,478,801	\$101,744,085	\$ 734,716
Excess (deficiency) of receipts over disbursements	\$ (31,351,167)	\$ (4,331,243)	\$ (27,019,924)

	Totals		Changes
	2008	2007	
Total assets	\$223,004,128	\$255,335,556	\$ (32,331,428)
Total liabilities	\$117,551,262	\$100,642,471	\$ 16,908,791
Total custodial debt service and reserve fund	\$104,052,317	\$154,651,083	\$ (50,598,766)
Receipts	\$161,648,212	\$309,776,226	\$ (148,128,014)
Disbursements	\$194,973,582	\$302,032,150	\$ (7,038,668)
Excess (deficiency) of receipts over disbursements	\$ (33,325,370)	\$ 7,744,076	\$ (41,069,446)

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 \$76,059,932 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 \$957,579.

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)

	2008	2007
City of New Orleans: 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	\$21,835,000
Sewerage Service Revenue Bonds	\$170,745,000	\$172,865,000
Sewerage Service Revenue Bonds	\$24,030,000	\$24,030,000
Anticipation Notes	\$38,770,000	\$40,085,000
Water Revenue Bonds		
<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 Hurricane 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.

Contracting 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 9217, New Orleans, Louisiana 70112.



**FINANCIAL STATEMENTS**

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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

	Debt Administration	Account of Sewerage & Water Board	Account of Downtown Development District	Account of Audubon Park Commission	Accounts of Special Taxing Districts	Total (Memorandum Only)
<b>ASSETS</b>						
Cash	\$ 56,277	\$ 724,295	\$ 1,742	\$ 2,037	\$ 8,107	\$ 792,458
Cash - Paying Agent	25,300	0	0	0	0	25,300
Certificates of deposit	99,316,397	97,195,000	4,489,000	170,000	772,000	201,942,397
U.S. Treasury Bills-cost	450,881	17,634,780	567,926	44,581	545,856	19,244,028
Total Assets	\$ 99,848,855	\$ 115,554,075	\$ 5,058,668	\$ 216,618	\$ 1,325,963	\$ 222,004,179
<b>LIABILITIES AND CUSTODIAL DEBT SERVICE AND RESERVE FUNDS</b>						
Interest payable	\$ 93,260	\$ 0	\$ 0	\$ 0	\$ 0	\$ 93,260
Principal payable	176,200	0	0	0	0	176,200
Principal payable-Paying Agent	25,300	0	0	0	0	25,300
Tax Credit Bond loan payable	27,617,209	77,465,247	1,441,664	11,132,352	0	117,656,502
Reserve funds	53,614,094	0	0	0	0	53,614,094
Debt service funds	18,322,792	0	0	0	0	18,322,792
Custodial fund balance (deficit)	0	38,088,828	3,616,974	(10,915,734)	1,325,963	32,116,031
Total Liabilities, and Custodial, Debt Service and Reserve Funds	\$ 99,848,855	\$ 115,554,075	\$ 5,058,668	\$ 216,618	\$ 1,325,963	\$ 222,004,179

See accompanying notes to financial statements.



BOARD OF LIQUIDATION, CITY DEEP  
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

	Debt Administration	Account of Sewerage & Water Board	Account of Downtown Development District	Account of Audubon Park Commission	Special Filing Districts	Total (Memorandum Only)
Ad valorem taxes-Current year	\$ 50,756,266	\$ 33,928,345	\$ 4,641,198	\$ 6,922,964	\$ 957,583	\$ 97,206,256
Fee-Current year	0	0	0	0	848,150	848,150
Excess Escrow-Bank of New York	284	0	0	0	0	284
Revenue sharing-State of Louisiana	0	685,581	0	0	0	686,581
Debt service funds	35,617,140	0	0	0	0	35,617,140
Interest on investments	3,082,757	4,637,098	252,724	47,067	47,105	8,066,751
Tax Credit Bond Loan proceeds	0	12,805,269	535,448	4,003,071	0	17,343,788
Excess reserve and debt service funds	1,064,131	798,228	9,281	7,622	0	1,879,262
Total receipts	90,520,578	52,855,721	5,438,651	10,980,724	1,852,838	161,648,212

**DISBURSEMENTS**

Interest on bonds	59,416,959	0	0	0	0	59,416,959
Principal on bonds	31,463,929	0	0	0	0	31,463,929
Warrants	0	67,564,209	7,031,044	8,655,000	1,821,942	85,072,195
Debt service	0	12,868,087	535,448	4,003,071	0	17,406,605
Personal services	344,724	0	0	0	0	344,724
Contractual services	57,281	0	0	0	0	57,281
Legal and office expenses	27,544	0	0	0	0	27,544
Funds returned to City of New Orleans, Sewerage & Water Board, and Audubon Park Commission	1,110,280	0	0	0	0	1,110,280
Cost of issuance-bond issue	80,091	0	0	0	0	80,091
Total disbursements	92,500,788	80,432,296	7,566,492	12,658,071	1,821,942	194,979,589

Excess (Deficiency) of receipts over disbursements

Liabilities, and Custodial Debt Service and

Reserve Funds at:

December 31, 2007

December 31, 2008

	(1,980,210)	(27,576,575)	(2,127,841)	(1,677,347)	30,596	(33,331,377)
	101,829,065	143,130,650	7,186,509	1,893,965	1,295,367	255,335,556
	\$ 99,848,855	\$ 115,554,075	\$ 5,058,668	\$ 216,618	\$ 1,325,963	\$ 222,004,179

See accompanying notes to financial statements.

General Information (Cont'd)

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

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

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.

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

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

BOARD OF LIQUIDATION, CITY DEBT  
 NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
 (Continued)  
 DECEMBER 31, 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	202,421,173
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 unmeasured 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 1808  
 New Orleans, Louisiana 70112  
 (504) 399-4150

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 75% to 85% 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 \$10,587.

I. Tax Credit Bond Loan Program

On July 19, 2006 the Board of Liquidation, City Debt entered into Cooperative Refund Agreement 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 deferral, 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 2,303,660

27,017,209

Downtown Development District

1,600,153

Audubon Park Commission:

Audubon Park Commission .32 Mills 1,091,230

Audubon Park Commission 2.99 Mills 10,752,776

11,843,006

Sewerage and Water Board

77,465,247

\$148,533,615

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 2,303,660

27,017,209

Downtown Development District

1,641,694

Audubon Park Commission:

Audubon Park Commission .32 Mills 1,019,975

Audubon Park Commission 2.99 Mills 10,103,177

11,132,152

Sewerage and Water Board

77,465,247

\$117,656,502

As of December 31, 2008, the \$24,713,549 available for general obligation bonds was borrowed to make Fiscal Year 2008 debt service payments.

As of December 31, 2008, the \$2,303,660 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 \$250,153

As of December 31, 2008, \$11,132,152 of the \$11,843,006 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 \$710,854 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 \$710,854

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 DEFENSED 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

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 \$77,469,247 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.

SUPPLEMENTAL INFORMATION

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.

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 & mill		Drainage System Bonds 9 mill		Water Revenue Bonds		Sewerage Service Revenue Bonds		Water Board Maturesd Bonds		Sewerage & Park Commission Aquarium Bonds		Audubon Park Commission Aquarium Bonds		Downtown Development District Tax Bonds		Total			
	\$		\$		\$		\$		\$		\$		\$		\$		\$		\$			\$		
Cash (Due to other funds)	\$	(90,541)	\$	0	\$	80	\$	23,905	\$	7,561	\$	6,127	\$	37,142	\$	710	\$	0	\$	0	\$	71,293	\$	56,277
Cash-Paying Agent		10,000		0		0		0		0		0		0		15,300		0		0		0		25,300
Certificates of deposit		61,398,133		5,262,158		0		0		5,029,030		27,046,119		0		307,088		0		273,869		0		99,316,397
U.S. Treasury Bills-cost		450,881		0		0		0		0		0		0		0		0		0		0		450,881
<b>Total Assets</b>	<b>\$</b>	<b>61,768,473</b>	<b>\$</b>	<b>5,262,158</b>	<b>\$</b>	<b>80</b>	<b>\$</b>	<b>23,905</b>	<b>\$</b>	<b>5,036,591</b>	<b>\$</b>	<b>27,052,246</b>	<b>\$</b>	<b>37,142</b>	<b>\$</b>	<b>307,798</b>	<b>\$</b>	<b>15,300</b>	<b>\$</b>	<b>273,869</b>	<b>\$</b>	<b>71,293</b>	<b>\$</b>	<b>99,848,855</b>
<b>LIABILITIES AND DEBT SERVICE AND RESERVE FUNDS</b>																								
Interest payable	\$	40,714	\$	0	\$	80	\$	5,755	\$	2,506	\$	810	\$	12,142	\$	710	\$	0	\$	0	\$	30,543	\$	93,260
Principal payable		82,300		0		0		18,150		5,000		5,000		25,000		0		0		0		40,750		176,200
Principal payable-Paying Agent		10,000		0		0		0		0		0		0		15,300		0		0		0		25,300
Tax Credit Bond loan payable		24,713,349		2,903,660		0		0		0		0		0		0		0		0		0		27,617,209
Reserve funds		30,779,069		0		0		0		3,928,380		18,325,688		0		307,088		0		273,869		0		53,614,094
Debt service funds		6,142,841		2,358,498		0		0		1,100,705		8,720,748		0		0		0		0		0		18,322,792
<b>Total Liabilities, and Debt Service and Reserve Funds</b>	<b>\$</b>	<b>61,768,473</b>	<b>\$</b>	<b>5,262,158</b>	<b>\$</b>	<b>80</b>	<b>\$</b>	<b>23,905</b>	<b>\$</b>	<b>5,036,591</b>	<b>\$</b>	<b>27,052,246</b>	<b>\$</b>	<b>37,142</b>	<b>\$</b>	<b>307,798</b>	<b>\$</b>	<b>15,300</b>	<b>\$</b>	<b>273,869</b>	<b>\$</b>	<b>71,293</b>	<b>\$</b>	<b>99,848,855</b>

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

	Construction & Extension Fund 2 mill		Drainage System Fund 3 mill		Drainage System Fund 6 mill		Drainage System Fund 9 mill		Drainage System Bond Proceeds		Water Revenue Bond Proceeds		Sewerage Service Revenue Bond Proceeds		Total	
Cash	\$	2,166	\$	108,875	\$	5,488	\$	47,500	\$	87,113	\$	203,918	\$	269,235	\$	724,295
Certificates of deposit		2,415,000		13,575,000		16,105,000		23,000,000		5,920,000		5,770,000		30,410,000		97,195,000
U.S. Treasury Bills-cost		0		0		999,553		2,152,618		3,081,290		1,069,238		10,332,071		17,634,780
<b>Total Assets</b>		<b>\$ 2,417,166</b>		<b>\$ 13,683,875</b>		<b>\$ 17,110,051</b>		<b>\$ 25,200,118</b>		<b>\$ 9,088,403</b>		<b>\$ 7,043,156</b>		<b>\$ 41,011,306</b>		<b>\$ 115,554,075</b>
<b>LIABILITIES AND CUSTODIAL FUNDS</b>																
Tax Credit Bond Loan payable	\$	0	\$	0	\$	0	\$	4,335,115	\$	0	\$	6,807,041	\$	66,323,091	\$	77,465,247
Custodial fund balance (deficit)		2,417,166		13,683,875		17,110,051		20,865,003		9,088,403		236,115		(25,311,785)		38,088,828
<b>Total Liabilities and Custodial Funds</b>		<b>\$ 2,417,166</b>		<b>\$ 13,683,875</b>		<b>\$ 17,110,051</b>		<b>\$ 25,200,118</b>		<b>\$ 9,088,403</b>		<b>\$ 7,043,156</b>		<b>\$ 41,011,306</b>		<b>\$ 115,554,075</b>

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

	Special Tax Fund	DDD Bond Proceeds	Total
<b>ASSETS</b>			
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
Total Assets	\$ 4,698,094	\$ 360,574	\$ 5,058,668
<b>LIABILITIES AND CUSTODIAL FUNDS</b>			
Tax Credit Bond Loan payable	\$ 1,441,694	\$ 0	\$ 1,441,694
Custodial fund balance	3,256,400	360,574	3,616,974
Total Liabilities And Custodial Funds	\$ 4,698,094	\$ 360,574	\$ 5,058,668

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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

	Aquarium Tax Fund	Aquarium Bond Proceeds	Special Tax Fund	Total
<b>ASSETS</b>				
Cash	\$ 930	\$ 114	\$ 993	\$ 2,037
Certificates of deposit	0	170,000	0	170,000
U.S. Treasury Bills-cost	44,581	0	0	44,581
Total Assets	\$ 45,511	\$ 170,114	\$ 993	\$ 216,618
<b>LIABILITIES AND CUSTODIAL FUNDS</b>				
Tax Credit Bond Loan payable	\$ 10,103,377	\$ 0	\$ 1,028,975	\$ 11,132,352
Custodial fund balance (deficit)	(10,057,866)	170,114	(1,027,982)	(10,915,734)
Total Liabilities And Custodial Funds	\$ 45,511	\$ 170,114	\$ 993	\$ 216,618

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		Garden District		Huntington Park		Kingswood Subdivision Improvement District		Lake Carmel Subdivision Improvement District		Lake Forest Estates Improvement District		Lake Oaks Subdivision Improvement District		Springlake Improvement District		Touro-Bouigny Security District		Twinbrook Security District		Upper Hurtsville Security District		Total
	District	Security	District	Security	District	Improvement	District	Improvement	District	Improvement	District	Improvement	District	Improvement	District	Improvement	District	Security	District	Security	District	Security	
Cash	\$ 248	\$ 1,025	\$ 1,841	\$ 801	\$ 575	\$ 839	\$ 676	\$ 567	\$ 814	\$ 239	\$ 485	\$ 8,107											
Certificates of deposit	82,000	213,000	24,000	44,000	27,000	63,000	60,000	4,000	131,000	89,600	35,000	772,000											
U.S. Treasury Bills—cost	4,953	354,656	0	12,879	43,589	42,599	20,805	25,758	0	0	40,517	545,856											
Total Assets	\$ 87,198	\$ 568,681	\$ 25,841	\$ 57,480	\$ 71,164	\$ 106,538	\$ 81,481	\$ 30,325	\$ 131,814	\$ 89,239	\$ 76,102	\$ 1,325,863											
CUSTODIAL FUND BALANCE	\$ 87,198	\$ 568,681	\$ 25,841	\$ 57,480	\$ 71,164	\$ 106,538	\$ 81,481	\$ 30,325	\$ 131,814	\$ 89,239	\$ 76,102	\$ 1,325,863											

**BOARD OF LICITATION, CITY DEPT  
OF CITY ADMINISTRATION  
COMBINE SCHEDULE OF CASH RECEIPTS, DISBURSMENTS AND CHANGES  
IN LIABILITIES, AND DEBT SERVICE AND RESERVE FUND-BOLIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2008**

**RECEIPTS**

	General Obligation Bonds	Capital Improvement Limited Tax	Intelligence System Bonds	Waterage System Bonds	Waterage System Bonds	Petax Revenue Bonds	Sewerage Service Revenue Bonds	Sewerage & Water Board District Bonds	Ambulon Part Commission Acquisition Bonds	Postponed Development District Tax Bonds	Deferred Bonds	Total
Ad valorem taxes-current year	\$ 19,387,776	\$ 1,768,430	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,756,266
Bank of America	284	0	0	0	0	0	0	0	0	0	0	284
Bank of New York	0	0	0	0	0	0	0	0	0	0	0	35,627,440
Bank of America	3,082,757	0	0	85,337	3,629,743	13,010,842	0	0	0	0	18,901,016	3,082,757
Bank of America	0	0	0	0	0	0	0	0	0	0	0	1,064,131
Bank of America	0	0	0	0	399,640	847,588	0	0	0	5,281	0	1,064,131
<b>Total receipts</b>	<b>\$2,476,817</b>	<b>\$ 3,368,410</b>	<b>\$ 0</b>	<b>\$ 85,337</b>	<b>\$ 3,629,743</b>	<b>\$ 13,010,842</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,281</b>	<b>\$ 18,901,016</b>	<b>\$ 20,350,378</b>

**DISBURSMENTS**

Interest on bonds	41,910,270	1,370,035	0	554,888	7,665,086	6,015,434	0	0	0	0	7,961,016	59,416,329
Principal on bonds	14,508,979	1,368,000	0	1,328,000	1,920,000	1,320,000	0	0	0	0	10,845,000	31,463,229
Personnel services	344,724	0	0	0	0	0	0	0	0	0	0	344,724
Contractual services	57,281	0	0	0	0	0	0	0	0	0	0	57,281
Computer and office expenses	27,544	0	0	0	0	0	0	0	0	0	0	27,544
Funds returned to City of New Orleans, Sewerage & Water Board, and Ambulon	0	0	0	0	199,640	883,777	0	0	0	0	0	1,110,340
Cost of telephone-bond issue	80,093	0	0	0	0	0	0	0	0	0	0	80,093
<b>Total disbursements</b>	<b>\$7,000,935</b>	<b>\$ 2,898,035</b>	<b>\$ 0</b>	<b>\$ 1,523,888</b>	<b>\$ 1,920,716</b>	<b>\$ 8,229,371</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 18,901,016</b>	<b>\$ 22,500,168</b>

Balance (deficiency) of receipts over disbursements

	(4,529,022)	(1,530,545)	0	(1,500,351)	44,649	5,689,059	0	0	0	0	(5,000)	(1,860,110)
<b>Reserve funds at:</b>												
December 31, 2007	\$ 66,306,435	\$ 6,788,703	\$ 80	\$ 1,628,256	\$ 4,991,942	\$ 21,403,107	\$ 37,112	\$ 307,798	\$ 13,300	\$ 273,865	\$ 16,293	\$ 101,623,053
December 31, 2008	\$ 61,788,873	\$ 5,252,153	\$ 80	\$ 23,708	\$ 2,046,291	\$ 27,052,216	\$ 37,112	\$ 307,798	\$ 13,300	\$ 273,865	\$ 16,293	\$ 99,840,053

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			Drainage System Fund 3			Drainage System Fund 6			Drainage System Fund 9 mill			Drainage System Bond Proceeds			Water Revenue Bond Proceeds			Sewerage Service Revenue Bond Proceeds			Total
	Fund 2 mill	mill		mill			mill			mill												
Ad valorem taxes—Current year	\$ 0	\$ 9,679,614	\$ 9,783,794	\$ 9,783,794	\$ 14,465,137	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,928,545	
Revenue sharing—State of Louisiana	0	686,581	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	686,581	
Interest on Investments	62,639	577,051	804,887	804,887	1,194,386	330,760	330,760	261,555	261,555	1,405,810	1,405,810	1,405,810	1,405,810	1,405,810	1,405,810	1,405,810	1,405,810	1,405,810	1,405,810	1,405,810	4,637,098	
Tax Credit Bond loan proceeds	0	0	0	0	534,888	0	0	252,033	252,033	12,018,348	12,018,348	12,018,348	12,018,348	12,018,348	12,018,348	12,018,348	12,018,348	12,018,348	12,018,348	12,018,348	12,805,269	
Excess reserve and debt service funds	0	0	0	0	0	0	0	84,952	84,952	713,276	713,276	713,276	713,276	713,276	713,276	713,276	713,276	713,276	713,276	713,276	799,228	
Total receipts	62,649	10,943,246	10,588,681	10,588,681	16,194,411	330,760	330,760	598,540	598,540	14,137,434	14,137,434	14,137,434	14,137,434	14,137,434	14,137,434	14,137,434	14,137,434	14,137,434	14,137,434	14,137,434	52,655,721	

DISBURSEMENTS

Warrants	7,544	16,545,199	13,220,847	13,220,847	20,843,049	3,058,285	3,058,285	3,646,275	3,646,275	10,243,010	10,243,010	10,243,010	10,243,010	10,243,010	10,243,010	10,243,010	10,243,010	10,243,010	10,243,010	10,243,010	67,564,209
Debt service	0	0	0	0	590,426	0	0	232,034	232,034	12,025,627	12,025,627	12,025,627	12,025,627	12,025,627	12,025,627	12,025,627	12,025,627	12,025,627	12,025,627	12,025,627	12,868,087
Total disbursements	7,544	16,545,199	13,220,847	13,220,847	21,433,475	3,058,285	3,058,285	3,898,309	3,898,309	22,268,637	22,268,637	22,268,637	22,268,637	22,268,637	22,268,637	22,268,637	22,268,637	22,268,637	22,268,637	22,268,637	80,432,296

Excess (Deficiency) of receipts over disbursements

	55,105	(5,601,953)	(2,632,166)	(2,632,166)	(5,239,064)	(2,727,525)	(2,727,525)	(3,299,769)	(3,299,769)	(8,131,203)	(8,131,203)	(8,131,203)	(8,131,203)	(8,131,203)	(8,131,203)	(8,131,203)	(8,131,203)	(8,131,203)	(8,131,203)	(8,131,203)	(27,576,575)
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Liabilities and Custodial Fund Balance at:

December 31, 2007	2,362,061	19,285,820	19,742,217	19,742,217	30,439,182	11,815,928	11,815,928	10,342,925	10,342,925	49,142,509	49,142,509	49,142,509	49,142,509	49,142,509	49,142,509	49,142,509	49,142,509	49,142,509	49,142,509	49,142,509	143,130,650
December 31, 2008	\$ 2,417,166	\$ 13,683,875	\$ 17,110,051	\$ 17,110,051	\$ 25,200,118	\$ 9,088,403	\$ 9,088,403	\$ 7,043,156	\$ 7,043,156	\$ 41,011,306	\$ 41,011,306	\$ 41,011,306	\$ 41,011,306	\$ 41,011,306	\$ 41,011,306	\$ 41,011,306	\$ 41,011,306	\$ 41,011,306	\$ 41,011,306	\$ 41,011,306	\$ 115,534,075

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	DDO Bond Proceeds	Total
<b>RECEIPTS</b>			
Ad valorem taxes-Current year	\$ 4,641,198	\$ 0	\$ 4,641,198
Interest on investments	194,288	56,436	252,724
Tax Credit Bond loan proceeds	535,448	0	535,448
Excess reserve and debt service funds	0	9,281	9,281
Total receipts	\$ 5,370,934	87,717	\$ 5,458,651
<b>DISBURSEMENTS</b>			
Warrants	5,130,787	1,900,257	7,031,044
Debt service	535,448	0	535,448
Total disbursements	\$ 5,666,235	1,900,257	\$ 7,566,492
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	\$ 4,698,094	\$ 360,574	\$ 5,058,668

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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

**RECEIPTS**

Ad valorem taxes-Current year	\$ 6,253,555	\$ 0	\$ 669,409	\$ 6,922,964
Interest on investments	265	46,802	0	47,067
Tax Credit Bond loan proceeds	3,631,811	0	371,260	4,003,071
Excess reserve and debt service funds	0	0	7,622	7,622
<b>Total receipts</b>	<b>9,885,631</b>	<b>46,802</b>	<b>1,048,291</b>	<b>10,980,724</b>

**DISBURSEMENTS**

Warrants	5,219,000	1,759,000	677,000	8,655,000
Debt service	3,631,811	0	371,260	4,003,071
<b>Total disbursements</b>	<b>9,850,811</b>	<b>1,759,000</b>	<b>1,048,260</b>	<b>12,658,071</b>

Excess (Deficiency) of receipts over disbursements

	34,820	(1,712,198)	31	(1,677,347)
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Liabilities and Custodial Fund Balance at:

December 31, 2007	10,691	1,882,312	962	1,893,965
December 31, 2008	45,511	170,114	993	216,618

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

RECEIPTS

	Hudbon Area Security District	Garden District Security District	Huntington Park Improvement District	Kingswood Subdivision Improvement District	Lake Casmal Subdivision Improvement District	Lake Forest Estates Improvement District	Lake Oaks Subdivision Improvement District	Springlake Improvement District	Tourno-Souigny Security District	Twinbrook Security District	Upper Hartsville Security District	Total
Ad valorem taxes-Current year	\$ 0	\$ 718,378	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 238,905	\$ 0	\$ 0	\$ 957,283
Fee-Current year	119,925	0	18,202	56,927	74,811	65,725	88,372	33,600	0	220,000	160,588	848,130
Interest on investments	4,236	20,750	511	695	3,092	2,876	2,334	799	4,516	3,640	3,956	47,105
Total receipts	124,161	739,128	18,713	57,622	77,903	68,301	100,706	34,399	243,421	223,640	164,544	1,852,538

DISBURSEMENTS

Warrants	155,000	710,000	6,800	142	125,000	49,000	80,000	30,000	210,000	196,000	260,000	1,821,942
Total disbursements	155,000	710,000	6,800	142	125,000	49,000	80,000	30,000	210,000	196,000	260,000	1,821,942

Excess (Deficiency) of receipts over disbursements (30,834) 11,913 57,480 (47,097) 19,301 20,706 4,399 33,421 27,640 (95,456) 30,596

Custodial Fund Balances at:

December 31, 2007	118,037	539,553	13,928	0	118,261	87,237	60,775	23,926	98,493	61,539	171,558	1,285,367
December 31, 2008	\$ 87,186	\$ 368,681	\$ 25,841	\$ 57,480	\$ 71,154	\$ 106,338	\$ 81,481	\$ 30,325	\$ 131,914	\$ 85,239	\$ 76,102	\$ 1,325,963

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT  
 DECEMBER 31, 2008

	Date of Bonds	Final Serial Maturity	Average Annual Interest Cost	Principal due 2009	Interest due 2009	Debt Service due 2009	Amount Outstanding (Note A.)
<b>GENERAL OBLIGATION BONDS (Note B.1)</b>							
General Obligation Refunding Bonds, Series 1991 (Notes C. and D.)	Sep. 1, 1991	Sep. 1, 2021	7.071%	\$ 7,351,824	\$ 18,093,176	\$ 25,445,000	\$ 54,410,533
General Obligation Refunding Bonds, Series 1998	Dec. 1, 1998	Dec. 1, 2026	4.848%	3,110,000	4,999,488	8,109,488	94,030,000
Public Improvement Bonds, Issue of 1999 (Note B.)	Nov. 1, 1999	Nov. 1, 2029	5.843%	705,000	47,235	752,235	705,000
Public Improvement Bonds, Issue of 2001	Apr. 1, 2001	Dec. 1, 2030	5.225%	520,000	1,102,437	1,622,437	21,260,000
Public Improvement Bonds, Issue of 2002	Apr. 1, 2002	Dec. 1, 2031	5.307%	700,000	1,581,293	2,281,293	29,980,000
General Obligation Refunding Bonds, Series 2002	Apr. 1, 2002	Sep. 1, 2021	5.384%	0	3,018,769	3,018,769	58,415,000
Public Improvement Bonds, Issue of 2003	Oct. 1, 2003	Oct. 1, 2033	5.021%	915,000	1,923,175	2,838,175	38,220,000
Public Improvement Bonds, Issue of 2004	July 13, 2004	Dec. 1, 2033	5.096%	645,000	1,584,888	2,229,888	31,260,000
Public Improvement Bonds, Issue of 2005A	May 24, 2005	Dec. 1, 2034	4.347%	325,000	695,800	1,020,800	15,395,000
General Obligation Refunding Bonds, Series 2005	July 5, 2005	Dec. 1, 2029	5.180%	275,000	5,444,950	5,719,950	105,280,000
Public Improvement Bonds, Issue of 2007A	Dec. 14, 2007	Dec. 1, 2036	5.086%	1,380,000	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>\$ 523,935,533</u>
<b>LIMITED TAX BONDS (Note E.1)</b>							
Series 2005	July 5, 2005	Mar. 1, 2021	4.045%	\$ 1,635,000	\$ 1,282,035	\$ 2,917,035	\$ 28,480,000
<b>URBANA&amp;E SYSTEM SPECIAL TAX BONDS (Note G.1)</b>							
Drainage System Bonds, Series 1998 (9 mill)	Dec. 1, 1998	Dec. 1, 2018	4.836%	\$ 500,000	\$ 294,473	\$ 794,473	\$ 6,175,000
Series 2002 (9 mill)	Oct. 1, 2002	Dec. 1, 2022	4.457%	695,000	716,116	1,401,116	16,535,000
				<u>\$ 1,195,000</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	Average Annual Interest Cost	Principal due 2009	Interest due 2009	Debt Service due 2009	Amount Outstanding (Note A.)
<b>SEWERAGE SERVICE REVENUE BONDS (Note H.1)</b>							
Bond Series 1997	June 1, 1997	June 1, 2017	5.359%	\$ 1,570,000	\$ 898,135	\$ 2,468,135	\$ 17,685,000
Bond Series 1998	Dec. 1, 1998	June 1, 2018	4.817%	1,264,000	711,462	1,976,462	15,625,000
Bond Series 2000	May 1, 2000	June 1, 2020	5.478%	1,160,000	1,036,625	2,196,625	19,585,000
Bond Series 2000B	Nov. 1, 2000	June 1, 2020	5.424%	895,000	769,474	1,664,474	14,905,000
Bond Series 2001	Dec. 1, 2001	June 1, 2021	5.018%	1,420,000	1,164,860	2,584,860	24,435,000
Bond Series 2002	Dec. 1, 2002	June 1, 2022	4.362%	2,255,000	2,195,550	4,450,550	45,740,000
Bond Series 2003	Dec. 3, 2003	June 1, 2023	3.939%	230,000	174,021	404,021	4,490,000
Bond Series 2004	Dec. 16, 2004	June 1, 2024	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>
<b>BOND ANTICIPATION NOTES (Note I.1)</b>							
Sewer Service Revenue Refunding 2006	July 26, 2006	July 15, 2009	5.020%	\$ 24,030,000	\$ 1,206,306	\$ 25,236,306	\$ 24,030,000
<b>WATER REVENUE BONDS (Note J.1)</b>							
Series 1998	Dec. 1, 1998	Dec. 1, 2018	4.817%	\$ 810,000	\$ 471,728	1,281,728	\$ 10,000,000
Series 2002	Oct. 1, 2002	Dec. 1, 2022	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>
<b>AUDUBON PARK COMMISSION BONDS 4 MILL (Note K.1)</b>							
Refunding & Improvement Bonds, Series 1997	Jan. 1, 1997	Dec. 1, 2016	5.422%	\$ 245,000	\$ 62,255	\$ 307,255	\$ 2,415,000
<b>AUDUBON PARK COMMISSION ACQUISITION BONDS 3.2 MILL (Note L.1)</b>							
Refunding Bonds, Series 2001A	Nov. 1, 2001	Oct. 1, 2017	4.731%	\$ 15,000	\$ 345,704	\$ 360,704	\$ 13,405,000
Bond Series 2001B	Nov. 1, 2001	Oct. 1, 2021	5.586%	65,000	15,145	80,145	6,288,572
Refunding Bonds, Series 2003R	July 9, 2003	Oct. 1, 2013	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>
<b>DOWNTOWN DEVELOPMENT DISTRICT TAX BONDS 22.97 MILL (Note M.1)</b>							
Limited Tax Bonds Series 2001	July 1, 2001	Dec. 1, 2026	5.193%	\$ 215,000	\$ 158,455	\$ 373,459	\$ 6,125,000

See accompanying notes.

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT (CONTINUED)  
 DECEMBER 31, 2008

	Date of Bonds	Date of Defasance	Date of Calls or Final Maturity	Principal due 2009	Interest & Premium due 2009	Debt Service due 2009	Amount Outstanding (Note A.)
<b>DEFERRED BOND-DERT SERVICE GUARANTEED BY ESCROW AGREEMENTS (NOTE A.)</b>							
<b>AUDUBON PARK COMMISSION BONDS 1.1 MILL</b>							
Refunding & Improvement Bonds, Series 1997	Jan. 1, 1997	July 19, 2006	Dec. 1, 2008	\$ 0	\$ 62,255	\$ 62,255	\$ 0
<b>AUDUBON PARK COMMISSION AQUARIUM BONDS 3.1 MILL</b>							
Refunding Bonds, Series 2001A	Nov. 1, 2001	July 19, 2006	Oct. 1, 2008	\$ 0	\$ 345,704	\$ 345,704	\$ 0
Bond Series 2001B	Nov. 1, 2001	July 19, 2006	Oct. 1, 2008	0	15,145	15,145	0
Refunding Bonds, Series 2003A	July 9, 2003	July 19, 2006	Oct. 1, 2008	0	295,550	295,550	0
				\$ 0	\$ 656,399	\$ 656,399	\$ 0
<b>DOWNTOWN DEVELOPMENT DISTRICT TAX BONDS 22.97 MILL</b>							
Limited Tax Bonds Series 2001	July 1, 2001	July 19, 2006	Dec. 1, 2008	\$ 0	\$ 158,459	\$ 158,459	\$ 0
<b>GENERAL OBLIGATION REFUNDING</b>							
Public Improvement Bonds, Issue of 1999 (Note O.)	Dec. 1, 1997	July 6, 2005	Nov. 1, 2009	\$ 27,005,000	\$ 1,549,947	\$ 28,554,947	\$ 27,005,000

See accompanying notes.

BOARD OF LIQUIDATION, CITY DEBT  
 NOTES TO SCHEDULE OF BONDED DEBT ADMINISTERED  
 BY BOARD OF LIQUIDATION, CITY DEBT  
 DECEMBER 31, 2000

- 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: \$1,020,850,767; 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 65% 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 BARNs 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 161% 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 67% 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 DEPT  
 SCHEDULE OF DEDICATED AD VALOREM TAX MILLAGE AVAILABLE FOR SERVICING OF BONDED DEBT  
 DECEMBER 31, 2008

	Millage (Note A.)									
	1988	1989	1990 & 1991	1992	1993 through 2002	2003 through 2005	2006	2007	2008	2009
DEBT SERVICE	34.20	37.90	35.30	26.90	26.90	28.40	38.20	31.70	23.80	23.80
CAPITAL IMPROVEMENT LIMITED TAX (Note B.1)	N/A	N/A	N/A	N/A	2.50	2.50	2.50	2.50	1.82	1.82
SEWERAGE & WATER BOARD:										
Construction & Extension of Sewerage, Water & Drainage System (Tax expired 12/31/91)	4.00	4.00	4.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Operation, Maintenance and Construction & Extension of Drainage System	6.01	6.01	6.01	6.40	6.40	6.40	6.40	6.40	4.66	4.54
Operation, Maintenance and Construction of Drainage System	6.09	6.09	6.09	6.48	6.48	6.48	6.48	6.48	4.71	4.6
Operation, Maintenance and Construction of Drainage System	9.13	9.13	9.13	9.71	9.71	9.71	9.71	9.71	7.06	6.89
AUDUBON PARK COMMISSION:										
Audubon Park Zoo	.41	.41	.41	.44	.44	.44	.44	.44	0.32	0.32
Audubon Park Aquarium (Note C.)	3.86	3.86	3.86	4.11	4.11	4.11	4.11	4.11	2.99	2.99
DOWNTOWN DEVELOPMENT DISTRICT	12.50	13.24	13.24	15.68	15.90	15.90	15.90	15.90	14.76	14.76

See accompanying notes.

BOARD OF LIQUIDATION, CITY DEBT  
 NOTES TO SCHEDULE OF DEDICATED AD VALOREM TAX MILLAGE  
 AVAILABLE FOR SERVICING OF BONDED DEBT  
 DECEMBER 31, 2008

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF SEWERAGE & WATER BOARD MATURED BONDS-DEBT ADMINISTRATION  
 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 1986.
- Note C. The 3.8 mills for Audubon Park Aquarium was in effect for the first time in 1907.

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

\* Tax expired December 31, 1991.

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF DEFERRED BONDS-DEBT ADMINISTRATION  
 AT AND FOR THE YEAR ENDED DECEMBER 31, 2008

	General Obligation Bonds	Drainage System Fund	Sewerage Service Revenue Bonds	Water Revenue Bonds	Audubon Park Commission Aquarium Bonds	Audubon Park Commission Bonds	Downtown Development District	Limited Tax Bonds 2.5 Mills	Total
<b>RECEIPTS</b>									
Debt service funds-Escrow Accounts									
Interest	\$ 1,549,948	\$ 534,888	\$ 3,755,627	\$ 252,034	\$ 1,401,811	\$ 136,260	\$ 330,448	\$ 7,961,016	
Principal	0	0	8,270,000	0	2,330,000	235,000	205,000	10,940,000	
Total Receipts	<u>1,549,948</u>	<u>534,888</u>	<u>12,025,627</u>	<u>252,034</u>	<u>3,631,811</u>	<u>371,260</u>	<u>535,448</u>	<u>18,901,016</u>	
<b>DISBURSEMENTS</b>									
Interest on refunded bonds	1,549,948	534,888	3,755,627	252,034	1,401,811	136,260	330,448	7,961,016	
Principal on refunded bonds	5,000	0	8,270,000	0	2,230,000	235,000	205,000	10,945,000	
Total disbursements	<u>1,554,948</u>	<u>534,888</u>	<u>12,025,627</u>	<u>252,034</u>	<u>3,631,811</u>	<u>371,260</u>	<u>535,448</u>	<u>18,906,016</u>	
Excess (Deficiency) of receipts over disbursements	(5,000)	0	0	0	0	0	0	(5,000)	
Fund Balances at:									
December 31, 2007	43,678	0	14,320	16,076	2,219	0	0	76,293	
December 31, 2008	<u>38,678</u>	<u>0</u>	<u>14,320</u>	<u>16,076</u>	<u>2,219</u>	<u>0</u>	<u>0</u>	<u>71,293</u>	
<b>ASSETS</b>									
Cash	\$ 38,678	\$ 0	\$ 14,320	\$ 16,076	\$ 2,219	\$ 0	\$ 0	\$ 71,293	
Total Assets	<u>38,678</u>	<u>0</u>	<u>14,320</u>	<u>16,076</u>	<u>2,219</u>	<u>0</u>	<u>0</u>	<u>71,293</u>	
<b>LIABILITIES</b>									
Interest payable	\$ 15,463	\$ 0	\$ 1,785	\$ 11,076	\$ 2,219	\$ 0	\$ 0	\$ 30,543	
Principal payable	23,215	0	12,535	5,000	0	0	0	40,750	
Total Liabilities	<u>38,678</u>	<u>0</u>	<u>14,320</u>	<u>16,076</u>	<u>2,219</u>	<u>0</u>	<u>0</u>	<u>71,293</u>	

BOARD OF LIQUIDATORS, CITY DEPT  
 SCHEDULE OF ITEMIZED DISBURSEMENTS-INTEREST AND PRINCIPAL PAID  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Interest Paid		Principal Paid		Total Interest and Principal
	Tax Credit Bond		Tax Credit Bond		
	Debt Service Fund	Loan	Debt Service Fund	Loan	
<b>GENERAL OBLIGATION BONDS</b>					
Public Improvement Bonds, Issue of 1992	0	0	30,000	0	30,000
Public Improvement Bonds, Issue of 1999	95,113	0	665,000	0	760,113
Public Improvement Bonds, Issue of 2001	1,134,613	0	495,000	0	1,629,613
Public Improvement Bonds, Issue of 2002	1,621,193	0	665,000	0	2,286,193
Public Improvement Bonds, Issue of 2003	1,970,163	0	895,000	0	2,865,163
Public Improvement Bonds, Issue of 2004	1,609,288	0	610,000	0	2,219,288
Public Improvement Bonds, Issue of 2007A	714,700	0	315,000	0	1,029,700
Public Improvement Bonds, Issue of 2007B	3,673,212	0	0	0	3,673,212
Public Improvement Bonds, Issue of 2007C	17,501,071	0	7,943,929	0	25,445,000
General Obligation Refunding Bonds, Series 1998	5,127,198	0	2,970,000	0	8,097,198
General Obligation Refunding Bonds, Series 2002	3,018,769	0	0	0	3,018,769
General Obligation Refunding Bonds, Series 2005	5,444,950	0	0	0	5,444,950
Total General Obligation Bonds	\$ 41,910,270	\$ 0	\$ 14,588,929	\$ 0	\$ 56,499,199
<b>SPECIAL TAX BONDS</b>					
Limited Tax Bonds, Series 2005	1,330,035	0	1,565,000	0	2,895,035
<b>SEWER &amp; WATER BOARD SPECIAL TAX BONDS</b>					
Drainage System Bonds, Series 1998	157,330	0	475,000	0	632,330
Drainage System Bonds, Series 2002	377,558	0	650,000	0	1,027,558
Total Drainage System 3 mill bonds	\$ 534,888	\$ 0	\$ 1,125,000	\$ 0	\$ 1,659,888
<b>SEWER &amp; WATER BOARD REVENUE BONDS &amp; BONDS</b>					
Sewerage Service Revenue Bonds, Series 1997	469,085	0	0	0	469,085
Sewerage Service Revenue Bonds, Series 1998	369,567	0	0	0	369,567
Sewerage Service Revenue Bonds, Series 2000	1,103,069	0	1,095,000	0	2,198,069
Sewerage Service Revenue Bonds, Series 2008	396,484	0	0	0	396,484
Sewerage Service Revenue Bonds, Series 2001	588,700	0	0	0	588,700
Sewerage Service Revenue Bonds, Series 2002	1,120,325	0	0	0	1,120,325
Sewerage Service Revenue Bonds, Series 2003	179,371	0	225,000	0	404,371
Sewerage Service Revenue Bonds, Series 2004	582,747	0	0	0	582,747
Sewerage Service Revenue Refunding Bonds 2006	1,206,206	0	0	0	1,206,206
Total Sewerage Service Revenue Bonds	\$ 6,015,654	\$ 0	\$ 1,320,000	\$ 0	\$ 7,335,654

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF ITEMIZED DISBURSEMENTS-INTEREST AND PRINCIPAL PAID (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Interest Paid		Principal Paid		Total Interest and Principal
	Tax Credit Bond	Debt Service Fund	Tax Credit Bond	Debt Service Fund	
<b>SPECIAL TAX &amp; REVENUE BONDS (CONTINUED)</b>					
Water Revenue Bonds, Series 1998	\$ 0	\$ 252,034	\$ 0	\$ 770,000	\$ 1,022,033
Water Revenue Bonds, Series 2002	\$ 0	\$ 1,413,063	\$ 0	\$ 1,130,000	\$ 2,543,063
Total Water Revenue Bonds	\$ 0	\$ 1,665,097	\$ 0	\$ 1,900,000	\$ 3,565,096
<b>DEFERRED BONDS</b>					
<b>GENERAL OBLIGATION DEFERRED BONDS</b>					
Public Improvement Bonds, Issue of 1999	\$ 0	\$ 1,549,947	\$ 0	\$ 0	\$ 1,549,947
General Obligation Bonds, Series 1996	\$ 0	\$ 0	\$ 0	\$ 5,000	\$ 5,000
Total General Obligation Deferred Bonds	\$ 0	\$ 1,549,947	\$ 0	\$ 5,000	\$ 1,554,947
<b>SEWER &amp; WATER BOARD SPECIAL TAX BONDS</b>					
Drainage System Bonds, Series 1998	\$ 0	\$ 157,330	\$ 0	\$ 0	\$ 157,330
Drainage System Bonds, Series 2002	\$ 0	\$ 377,558	\$ 0	\$ 0	\$ 377,558
Total Drainage System 8 mill bonds	\$ 0	\$ 534,888	\$ 0	\$ 0	\$ 534,888
<b>SEWER &amp; WATER BOARD REVENUE BONDS</b>					
Sewerage Service Revenue Bonds, Series 1997	\$ 0	\$ 506,334	\$ 0	\$ 1,490,000	\$ 1,996,334
Sewerage Service Revenue Bonds, Series 1998	\$ 0	\$ 395,067	\$ 0	\$ 1,200,000	\$ 1,595,067
Sewerage Service Revenue Bonds, Series 2000B	\$ 0	\$ 417,734	\$ 0	\$ 850,000	\$ 1,267,734
Sewerage Service Revenue Bonds, Series 2001	\$ 0	\$ 853,670	\$ 0	\$ 1,360,000	\$ 2,013,670
Sewerage Service Revenue Bonds, Series 2002	\$ 0	\$ 1,163,025	\$ 0	\$ 2,135,000	\$ 3,298,025
Sewerage Service Revenue Bonds, Series 2004	\$ 0	\$ 619,797	\$ 0	\$ 1,235,000	\$ 1,854,797
Total Sewerage Service Revenue Bonds	\$ 0	\$ 3,755,628	\$ 0	\$ 8,270,000	\$ 12,025,628
Water Revenue Bonds, Series 1998	\$ 0	\$ 252,034	\$ 0	\$ 0	\$ 252,034
Total Water Revenue Bonds	\$ 0	\$ 252,034	\$ 0	\$ 0	\$ 252,034
<b>AUDUBON COMMISSION SPECIAL TAX BONDS</b>					
Audubon Park Commission Improvement Bonds, Series 1997	\$ 0	\$ 136,260	\$ 0	\$ 235,000	\$ 371,260
Audubon Park Commission Aquarium Bonds, Series 2001A	\$ 0	\$ 691,971	\$ 0	\$ 15,000	\$ 706,971
Audubon Park Commission Aquarium Bonds, Series 2001B	\$ 0	\$ 32,540	\$ 0	\$ 60,000	\$ 92,540
Audubon Park Commission Aquarium Bonds, Series 2003A	\$ 0	\$ 677,300	\$ 0	\$ 2,155,000	\$ 2,832,300
Total Audubon Park Commission Aquarium Bonds	\$ 0	\$ 1,401,911	\$ 0	\$ 2,230,000	\$ 3,631,911
Downtown Development District Special Tax Bonds, Series 2001	\$ 0	\$ 330,448	\$ 0	\$ 295,000	\$ 625,448
Total Special Tax & Revenue Bonds Defeased	\$ 0	\$ 1,868,519	\$ 0	\$ 2,670,000	\$ 4,538,519
Total Defeased Bonds	\$ 0	\$ 1,868,519	\$ 0	\$ 2,670,000	\$ 4,538,519
Total Itemized Disbursements-Interest, Principal and Premium Paid	\$ 0	\$ 5,411,069	\$ 0	\$ 10,940,000	\$ 16,351,069
	\$ 53,005,880	\$ 59,416,955	\$ 20,523,929	\$ 10,940,000	\$ 90,880,868



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(1932-2009)  
LEROY F. LEGENDRE, CPA  
(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.

February 27, 2009

*Spilsbury, Hamilton, Legendre & Paciera*

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**APPENDIX “F”**

**DEBT STATEMENT**

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**STATEMENT OF DIRECT AND UNDERLYING BONDED DEBT  
AS OF JUNE 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</u></b>					
(2)	General Obligation Refunding Bonds, Series 1991	0.0	9/15/91	9/01/18	\$54,410,533*	\$7,351,824*
(2)	General Obligation Refunding Bonds, Series 1998	4.75-5.5	12/01/98	12/01/26	94,030,000	3,110,000
(2)	Public Improvement Bonds, Issue of 1999	6.7	11/01/99	11/01/09	705,000	705,000
(2)	Public Improvement Bonds, Issue of 2001	5.0-6.5	4/01/01	12/01/30	21,260,000	520,000
(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	5.125-6.0	4/01/02	12/01/31	29,980,000	700,000
(2)	Public Improvement Bonds, Issue of 2003	5.0-5.25	10/02/03	12/01/33	38,220,000	915,000
(2)	Public Improvement Bonds, Issue of 2004	4.0-6.0	7/13/04	12/01/33	31,260,000	645,000
(2)	Public Improvement Bonds, Issue of 2005A	4.0-6.0	5/24/05	12/01/34	15,395,000	325,000
(2)	General Obligation Refunding Bonds, Series 2005	3.0-5.25	7/06/05	12/01/29	105,280,000	275,000
(2)	Public Improvement Bonds, Issue of 2007A	5.0-5.25	10/30/07	12/01/36	75,000,000	1,390,000
(3)	Refunding Certificates of Indebtedness, Series 1998B	5.0-5.1	4/01/98	12/01/12	29,490,000	6,835,000
(3)	Certificates of Indebtedness, Series 2000	5.5	12/01/00	12/01/10	7,800,000	3,800,000
(3)	Certificates of Indebtedness, Series 2005	3.59	7/11/05	12/01/14	1,230,000	205,000
(4)	Taxable Pension Revenue Bonds, Series 2000	10.5	12/19/00	9/01/30	134,160,000	5,900,000
(5)	Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds (City of New Orleans) Series 2001C	4.0-4.25	12/01/01	8/01/11	2,725,000	875,000
(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	4.10-4.75	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	19,785,000	65,000
(8)	Variable Rate Revenue Bonds (Canal Street Improvements Project), Series 2004	variable	9/29/04	4/01/24	9,970,000	430,000
(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	10/30/07	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	4.35-5.0	12/01/98	12/01/18	\$6,175,000	\$500,000
(13)	Drainage System Bonds, Series 2002	3.45-6.0	10/01/02	12/01/22	16,535,000	685,000
(14)	Water Revenue Bonds, Series 1998	4.35-4.9	12/01/98	12/01/18	10,000,000	810,000
(14)	Water Revenue Bonds, Series 2002	3.5-5.0	10/01/02	12/01/22	28,770,000	1,210,000
(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
(16)	Sewerage Service Refunding Bond Anticipation Notes, Series 2006	5.02	7/20/06	7/15/09	24,030,000	24,030,000
(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
(17)	<b><u>Underlying Bonded Debt of Audubon Commission</u></b>					
(18)	Audubon Commission Improvement and Refunding Bonds, Series 1997	5.1-5.2	1/01/97	12/01/16	2,415,000	245,000
(19)	Audubon Commission Aquarium Refunding Bonds, Series 2001A	3.9-5.375	11/01/01	10/01/17	13,405,000	15,000
(19)	Audubon Commission Aquarium Bonds, Series 2001B	3.9-4.7	11/01/01	10/01/17	705,000	65,000
(19)	Audubon Commission Aquarium Bonds, Series 2001B	0.0	11/29/01	10/01/21	5,583,572*	0
(19)	Audubon Commission Aquarium Refunding Bonds, Series 2003A	4.0-5.0	7/09/03	10/01/13	12,270,000	2,240,000
(20)	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>					
(21)	<b><u>Underlying Bonded Debt of Parishwide School District of the Parish of Orleans</u></b>					
(2)	General Obligation School Bonds, Series 1995	5.25-5.375	10/01/95	9/01/18	24,585,000	1,805,000
(2)	General Obligation School Bonds, Series 1996	4.8-5.0	3/01/96	9/01/20	23,425,000	1,430,000
(2)	General Obligation School Bonds, Series 1997	5.0-5.375	3/01/97	9/01/21	24,780,000	1,355,000
(2)	General Obligation School Bonds, Series 1997A	5.0-5.125	12/01/97	9/01/21	24,780,000	1,355,000
(2)	General Obligation School Bonds, Series 1998A	4.75-5.125	3/01/98	9/01/22	26,185,000	1,275,000
(2)	General Obligation School Refunding Bonds, Series 1998B	4.6-5.5	3/01/98	9/01/20	7,805,000	45,000

<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>
(22)	<b><u>Underlying Bonded Debt of the Orleans Parish School Board</u></b>					
(23)	Public School Refunding Bonds, Series 1991	--	12/19/91	2/01/15	\$16,523,731*	\$3,486,876
(23)	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>					
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).						
(24)	<b><u>Underlying Bonded Debt of the Regional Transit Authority</u></b>					
(25)	Sales Tax Revenue Bonds, Series 1991	6.5	12/01/91	12/01/21	7,990,733*	464,324
(25)	Sales Tax Revenue Refunding Bonds, Series 1998A	7.95-8.0	12/01/98	12/01/13	12,140,000	2,070,000
(26)	LCDA Revenue Bonds (Canal Streetcar Project), Series 2000	variable	9/12/00	3/01/25	26,023,600	1,046,500
(26)	LCDA Revenue Bonds (Desire Streetcar Project), Series 2000A	variable	9/12/00	1/01/30	27,237,756	760,200
(27)	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>					
(28)	<b><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	1,354,000
(2)	General Obligation Bonds, Series 2008	3.55-4.05	12/01/08	9/01/18	10,000,000	1,000,000
(2)	General Obligation Bonds, Series 2009	3.35-3.8	3/01/09	9/01/18	10,000,000	0
(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	17,256,120R
(29)	<b><u>Underlying Bonded Debt of New Orleans Municipal Yacht Harbor Management Corporation</u></b>					
(30)	Revenue Bonds, 1981 Series	6.0	2/08/82	2/08/12	600,134	190,000

<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>
(31)	<b><u>Underlying Bonded Debt of New Orleans Aviation Board</u></b>					
(32)	Revenue Bonds (Passenger Facility Charge Projects) Series 2007A	4.25-5.5	11/20/07	1/01/38	\$64,925,000	\$1,015,000
(32)	Revenue Refunding Bonds (Passenger Facility Charge Projects) Series 2007B-1	5.25	11/20/07	1/01/20	4,295,000	0
(32)	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
(33)	Revenue Refunding Bonds (Restructuring GARBs) Series 2009A-1	4.25-6.00	2/03/09	1/01/23	73,960,000	0
(33)	Revenue Refunding Bonds (Restructuring GARBs) Series 2009A-2	4.25-6.0	2/03/09	1/01/23	23,055,000	0
(33)	Revenue Refunding Bonds (Restructuring GARBs) Series 2009B (Taxable)	4.5-5.1	2/03/09	1/01/15	27,140,000	0
(33)	Revenue Refunding Bonds (Restructuring GARBs) Series 2009C (Taxable)	4.0-4.5	2/03/09	1/01/12	12,015,000	7,815,000
(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
(34)	<b><u>Underlying Bonded Debt of the Orleans Levee District</u></b>					
(35)	Public Improvement Bonds, Series 1986	5.95	8/29/86	11/01/15	17,645,000	2,040,000
(36)	Public Improvement Refunding Bonds, Series 1996	6.4	10/29/96	11/01/15	1,350,000	160,000
(36)	Levee Improvement Bonds, Series 1986	5.95	8/28/86	11/01/14	26,690,000	3,685,000
(36)	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
(37)	<b><u>Underlying Bonded Debt of the Orleans Parish Communications District</u></b>					
(38)	Revenue Bonds, Series 2004	3.6-4.35	9/24/04	9/01/19	7,970,000	570,000
(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	--
(39)	<b><u>Underlying Debt of the French Market Corporation</u></b>					
(40)	Taxable Revenue Bonds, Series 2005A	6.15	8/03/06	5/01/25	4,132,000	434,000
(41)	<b><u>Underlying Bonded Debt of the Downtown Development District</u></b>					
(42)	Downtown Development District Limited Tax Bonds, Series 2001	4.6-6.6	7/01/01	12/01/26	6,125,000	215,000
(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 2009 taxable assessed valuation for City purposes is approximately \$2,581,133,256. Certain City taxes are levied on the total assessed value of the City, which is approximately \$2,911,359,176 for 2009.
- (2) Secured by and payable from unlimited *ad valorem* taxation.
- (3) Payable from excess annual revenues of the issuer above statutory, necessary and usual charges.
- (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 fourteen and ninety-one hundredths (14.91) mills (such rate being subject to adjustment from time to time due to reassessment) (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 eighty-nine hundredths (6.89) 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) Payable from the proceeds to be derived from the sale and issuance of the Authorized Additional Bonds or from the sale of the Authorized Additional BANs or refunding bond anticipation notes which may be hereafter issued to refund the BANs and the Revenues of the Sewerage System, provided that the pledge of the Revenues is in all respects subordinate to the provisions of the Resolution and to the pledge of Revenues.
- (17) The Audubon Commission is a related entity of the City established by state act and the City Charter.
- (18) 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.
- (19) 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.
- (20) 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.
- (21) The total 2009 assessed valuation of Parishwide School District of the Parish of Orleans is approximately \$2,911,359,176, of which approximately \$2,581,133,256 is taxable.
- (22) The Orleans Parish School Board is parishwide.
- (23) 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.
- (24) The Regional Transit Authority ("RTA") is primarily located in the City of New Orleans (Orleans Parish) and is parishwide.
- (25) 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.
- (26) 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.
- (27) 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.
- (28) The Law Enforcement District of the Parish of Orleans is parishwide and has a 2009 taxable assessed valuation of approximately \$2,581,133,256.
- (29) The New Orleans Municipal Yacht Harbor Management Corporation is a related utility of the City.
- (30) Secured solely from the income and revenues derived from the operation of the Municipal Yacht Harbor.

- (31) 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.
- (32) 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.
- (33) 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.
- (34) The Orleans Levee District is parishwide and has a 2009 taxable assessed valuation of approximately \$2,581,133,256.
- (35) Payable from the Orleans Levee District's 5.25 mills constitutional *ad valorem* tax.
- (36) Payable from the Orleans Levee District's 4.95 mills special levee improvement *ad valorem* tax.
- (37) The Orleans Parish Communications District is parishwide.
- (38) 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.
- (39) The French Market Corporation is a non-profit corporation owned by the City of New Orleans.
- (40) Payable from the revenues of the French Market.
- (41) The Downtown Development District had a 2009 taxable assessed valuation of approximately \$383,064,570.
- (42) 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 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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**APPENDIX "G"**

**ANNUAL DEBT SERVICE REQUIREMENTS**

**ANNUAL DEBT SERVICE REQUIREMENTS ON OUTSTANDING DEBT  
AND SEWERAGE SERVICE REVENUE BONDS, SERIES 2009, OF  
CITY OF NEW ORLEANS, LOUISIANA**

CALENDAR YEAR	OUTSTANDING BONDS (a)			SERIES 2009 BONDS			TOTAL REQUIREMENTS		
	(6/1) PRINCIPAL	(6/1; 12/1) INTEREST	TOTAL	(6/1) PRINCIPAL	(6/1; 12/1) INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2009	10,065,000.00	8,093,395.65	18,158,395.65	-	510,144.71	510,144.71	10,065,000.00	8,603,540.36	18,668,540.36
2010	10,575,000.00	7,628,040.02	18,203,040.02	680,000.00	1,328,966.26	2,008,966.26	11,255,000.00	8,957,006.28	20,212,006.28
2011	11,110,000.00	7,131,309.40	18,241,309.40	705,000.00	1,303,746.88	2,008,746.88	11,815,000.00	8,435,056.28	20,250,056.28
2012	11,670,000.00	6,587,200.03	18,257,200.03	730,000.00	1,275,487.50	2,005,487.50	12,400,000.00	7,862,687.53	20,262,687.53
2013	12,255,000.00	6,004,784.40	18,259,784.40	765,000.00	1,243,675.00	2,008,675.00	13,020,000.00	7,248,459.40	20,268,459.40
2014	12,895,000.00	5,378,484.40	18,273,484.40	800,000.00	1,206,462.50	2,006,462.50	13,695,000.00	6,584,946.90	20,279,946.90
2015	13,560,000.00	4,717,134.40	18,277,134.40	845,000.00	1,164,281.25	2,009,281.25	14,405,000.00	5,881,415.65	20,286,415.65
2016	14,275,000.00	4,025,200.02	18,300,200.02	890,000.00	1,117,625.00	2,007,625.00	15,165,000.00	5,142,825.02	20,307,825.02
2017	15,035,000.00	3,290,688.14	18,325,688.14	940,000.00	1,066,712.50	2,006,712.50	15,975,000.00	4,357,400.64	20,332,400.64
2018	13,270,000.00	2,582,728.76	15,852,728.76	995,000.00	1,011,668.75	2,006,668.75	14,265,000.00	3,594,397.51	17,859,397.51
2019	11,970,000.00	1,953,391.26	13,923,391.26	1,055,000.00	951,412.50	2,006,412.50	13,025,000.00	2,904,803.76	15,929,803.76
2020	12,605,000.00	1,336,416.26	13,941,416.26	1,120,000.00	886,162.50	2,006,162.50	13,725,000.00	2,222,578.76	15,947,578.76
2021	9,200,000.00	794,636.26	9,994,636.26	1,190,000.00	816,862.50	2,006,862.50	10,390,000.00	1,611,498.76	12,001,498.76
2022	7,110,000.00	400,675.01	7,510,675.01	1,265,000.00	743,212.50	2,008,212.50	8,375,000.00	1,143,887.51	9,518,887.51
2023	2,715,000.00	170,415.63	2,885,415.63	1,345,000.00	664,912.50	2,009,912.50	4,060,000.00	835,328.13	4,895,328.13
2024	2,435,000.00	54,787.50	2,489,787.50	1,425,000.00	581,812.50	2,006,812.50	3,860,000.00	636,600.00	4,496,600.00
2025	-	-	-	1,515,000.00	491,718.75	2,006,718.75	1,515,000.00	491,718.75	2,006,718.75
2026	-	-	-	1,615,000.00	393,906.25	2,008,906.25	1,615,000.00	393,906.25	2,008,906.25
2027	-	-	-	1,720,000.00	289,687.50	2,009,687.50	1,720,000.00	289,687.50	2,009,687.50
2028	-	-	-	1,830,000.00	178,750.00	2,008,750.00	1,830,000.00	178,750.00	2,008,750.00
2029	-	-	-	1,945,000.00	60,781.25	2,005,781.25	1,945,000.00	60,781.25	2,005,781.25
<b>TOTALS</b>	<b>170,745,000.00</b>	<b>60,149,287.14</b>	<b>230,894,287.14</b>	<b>23,375,000.00</b>	<b>17,287,989.10</b>	<b>40,662,989.10</b>	<b>194,120,000.00</b>	<b>77,437,276.24</b>	<b>271,557,276.24</b>

(a) Outstanding: Series 1997, dated 6/1/1997; Series 1998, Dated 12/1/1998; Series 200, dated 5/1/2000; Series 2000B, dated 11/1/2000; Series 2001, dated 12/1/2001; Series 2002, dated 12/1/2002; Series 2003, dated 12/3/2003; and Series 2004, dated 12/16/2004.

**PROPOSED FORM  
OF  
LEGAL OPINION  
OF  
CO-BOND COUNSEL**

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Co-Bond Counsel  
to the  
Board of Liquidation, City Debt

July 14, 2009

Sewerage and Water Board  
of New Orleans  
New Orleans, Louisiana

Board of Liquidation, City Debt  
New Orleans, Louisiana

**\$23,375,000**  
**CITY OF NEW ORLEANS, LOUISIANA**  
**SEWERAGE SERVICE REFUNDING BONDS, SERIES 2009**

We have acted as co-bond counsel to the City of New Orleans, Louisiana (the “City”), in connection with the issuance by the City of the captioned refunding bonds (the “Bonds”). The Bonds are issued in fully registered form, are dated, bear interest at the rate, mature on the date and in the principal amount, and are subject to redemption as set forth in the Resolution (hereinafter defined). Capitalized terms used herein and not specifically defined have the meanings assigned to them in the Resolution.

The Bonds have been issued by the City, acting by and through the Sewerage and Water Board of New Orleans (the “Board”) and the Board of Liquidation, City Debt (the “Board of Liquidation”), pursuant to (i) a General Sewerage Service Revenue Bond Resolution and a Supplemental Bond Resolution adopted by the Board on August 25, 1986, as amended and supplemented through the Thirteenth Supplemental Bond Resolution adopted by the Board on May 20, 2009, and (ii) a resolution adopted by the Board of Liquidation on July 7, 2009 (collectively, the “Resolution”), for the purpose of refunding the City’s outstanding Sewerage Service Refunding Bond Anticipation Note, Series 2006 (the “Refunded BANs”). The Bonds are issued under the authority conferred by Section 4121 of Title 33 and Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the “Act”), and other constitutional and statutory authority.

In accordance with the Resolution, the proceeds of the Bonds, together with other moneys provided by the Issuer, have been applied by the Issuer to the payment of the principal of and interest on the Refunded BANs to their maturity date, and costs of issuance of the Bonds.

We have examined the provisions of the Constitution and statutes of the State of Louisiana, a certified transcript of the proceedings of the Board 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 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 have been duly authorized, executed and delivered and constitute legally binding special and limited obligations of the City.
2. The Resolution creates the valid pledge and dedication which it purports to create of the funds and accounts held by the Board of Liquidation under the Resolution and the Revenues (as defined in the Resolution) of the Sewerage System and the moneys, securities and funds held or set aside under the Resolution, subject to the provisions of the Resolution requiring or permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.
3. The Bonds have been issued on a parity in all respects with the City's outstanding Sewerage Service Revenue Bonds, Series 1997, Series 1998, Series 2000, Series 2000B, Series 2001, Series 2002, Series 2003 and Series 2004 (the "Parity Bonds"), rank equally with and enjoy complete parity of lien with the Parity Bonds on the Revenues of the Sewerage System. The lien of the owners of the Bonds and the Parity Bonds on the Revenues of the Sewerage System will be superior to the lien on such Revenues of any obligations hereafter issued and payable therefrom except *pari passu* additional obligations hereafter issued within the terms, limitations and restrictions contained in the Resolution.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and such interest will not be included in a corporate taxpayer's adjusted current earnings.
5. Under the Act, the Bonds are exempt from all taxation in Louisiana for state, parish, municipal or other local purposes.

In rendering the opinion expressed in numbered paragraph 4 above, we have relied on representations of the Board and the Board of Liquidation with respect to questions of fact material to our opinion without undertaking to verify same by independent investigation, and have assumed continuing compliance with covenants in the Resolution pertaining to those sections of the Internal Revenue Code of 1986, as amended, which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Board or Board of Liquidation fails to comply with the foregoing covenants in the Resolution, interest on the Bonds could become included in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the 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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**FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

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**CONTINUING DISCLOSURE CERTIFICATE**

**\$23,375,000**

**CITY OF NEW ORLEANS, LOUISIANA  
SEWERAGE SERVICE REFUNDING BONDS, SERIES 2009**

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, the Board of Liquidation, City Debt (the “Board of Liquidation” or the “Board”), and the Sewerage and Water Board of New Orleans (the “Sewerage and Water Board”), the entities created and charged by law with the issuance and administration of the sewerage service revenue bonds of the Issuer, acting through its undersigned officers, duly authorized hereunto, in connection with the issuance of \$23,375,000 City of New Orleans, Louisiana Sewerage Service Refunding Bond, Series 2009 (the “Refunding Bonds”). The Refunding Bonds are being issued pursuant to resolutions adopted by the Sewerage and Water Board on August 25, 1986, April 9, 1997, October 14, 1998, February 9, 2000, August 29, 2000, September 19, 2001, November 20, 2002, September 17, 2003, May 19, 2004, October 20, 2004, June 15, 2005, May 17, 2006, July 6, 2006, July 19, 2006, May 20, 2009 and July 8, 2009, and by a resolution adopted by the Board of Liquidation on July 7, 2009 (collectively, the “Resolution”), and are described in that certain Official Statement dated July 7, 2009 (the “Official Statement”) which contains certain information concerning the Issuer, the revenues securing the Refunding Bonds, and certain financial and other information relating thereto. The Issuer, the Board of Liquidation and the Sewerage and Water 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 of Liquidation, or any successor Dissemination Agent designated by the City acting through the Board of Liquidation.

“**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 portable document format (.pdf) to the following:

Municipal Securities Rulemaking Board  
Electronic Municipal Market Access Center  
<http://emma.msrb.org>

“**Official Statement**” shall mean the Official Statement with respect to the Refunding Bonds, the Issuer, the Board of Liquidation and the Sewerage and Water Board dated July 7, 2009.

“**Participating Underwriter**” shall mean any of the original purchasers of the Refunding Bonds required to comply with the Rule in connection with an offering of the Refunding Bonds.

“**Repositories**” shall mean the MSRB and the State Information Depository, if any.

**“Resolution”** shall have the meaning assigned to such term in the first paragraph of this certificate.

**“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 Issuer, the Board of Liquidation and the Sewerage and Water Board for the benefit of the Owners of the Refunding Bonds, including owners of beneficial interests in the Refunding Bonds, and the Participating Underwriter, and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 3. *Provision of Annual Reports.*

- a. The Issuer acting through the Board of Liquidation and the Sewerage and Water Board shall, or shall cause the Dissemination Agent to, in each year no later than eight (8) months from the end of the Sewerage and Water Board's first fiscal year ending after issuance of the Refunding Bonds, with the first such report to be due not later than August 31, 2010, provide to the Repositories 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 Issuer, the Board of Liquidation and the Sewerage and Water 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 Issuer 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 Issuer's Annual Report shall contain or incorporate by reference the following:

- a. Audited financial statements of the Issuer, the Board of Liquidation and the Sewerage and Water Board for the preceding fiscal year. If any of the aforesaid 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 Issuer, the Board of Liquidation and the Sewerage and Water Board in reporting their financial statements. The Issuer and the Sewerage and Water Board follow GAAP principles and mandated Louisiana statutory accounting requirements as in effect from time to time. The Board of Liquidation follows a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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. Any material change in the sewer rates or the method of fixing the sewer rates pledged to the payment of the Refunding Bonds.
- d. The total amount of sewerage service revenue bonds and/or sewerage service bond anticipation notes of the Issuer issued, as well as any sewerage service revenue bonds and/or sewerage service bond anticipation notes which have been authorized but not yet issued.
- e. Updated information regarding the organization of the Sewerage and Water Board.
- f. Updated information reflecting the trend of revenues of the sewerage system.
- g. 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 Issuer or related public entities, which have been submitted to each of the Repositories or the Municipal Securities Rulemaking Board. If the document incorporated by reference is a deemed final official statement, it shall be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

Pursuant to separate agreements relating to the Issuer's general obligation bonds, certain other information relating to assessed valuations and millage are to be included in annual reports filed by or for the Issuer in accordance with the Rule.

**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 Refunding Bonds;
- (vii) Modifications to rights of Bondholders;
- (viii) Bond calls;
- (ix) Defeasance;
- (x) Release, substitution, or sale of property securing repayment of the Refunding Bonds; or
- (xi) Rating changes.

Whenever the Issuer, the Board of Liquidation or the Sewerage and Water Board obtains knowledge of the occurrence of a Listed Event, the Issuer, acting through the Board of Liquidation, shall as soon as possible determine if such event would constitute material information for owners of Refunding Bonds, provided, that any event under (i) (viii), (ix) or (xi) will always be deemed to be material.

(b) After the Issuer, the Board of Liquidation or the Sewerage and Water 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 Refunding Bonds pursuant to the Resolution.

SECTION 6. *Termination of Reporting Obligation.* The obligations of the Issuer, the Board of Liquidation and the Sewerage and Water Board under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Refunding Bonds.

SECTION 7. *Dissemination Agent.* The Issuer acting through the Board of Liquidation, may, from time to time and with written notice to the Executive Director of the Sewerage and Water Board, 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 hereof, the Board acting on behalf of itself, the Sewerage and Water Board and the Issuer may amend this Disclosure Certificate, and any provision hereof 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 Board or the Sewerage and Water Board, 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 Refunding Bonds, as determined either by an opinion of a nationally recognized bond counsel or by approving vote of the holders of the Refunding 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 Agreement, the Board shall describe such amendment in the next Annual Report relating to the Board 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 a change of accounting principles, on the presentation) of financial information or operating data being presented by or in respect of the Sewerage and Water Board.

SECTION 9. *Additional Information.* Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer, the Board of Liquidation or the Sewerage and Water 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 Issuer, the Board of Liquidation or the Sewerage and Water 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 Issuer, the Board of Liquidation nor the Sewerage and Water 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 parties hereto to comply with any provision of this Disclosure Certificate any Bondowner (including any owner of a beneficial interest in the Refunding Bonds) or the Participating Underwriter may take such actions as may be necessary and appropriate, to cause the Issuer, the Board of Liquidation and/or the Sewerage and Water Board 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 Issuer 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 Issuer, the Board of Liquidation, the Sewerage and Water Board, the Dissemination Agent, the Participating Underwriter and owners (including any owner of a beneficial interest in the Refunding Bonds) from time to time of the Refunding 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. Any document submitted to the MSRB pursuant to this Disclosure Certificate after January 1, 2010 shall be word-searchable (without regard to diagrams, images and other non-textual elements).

IN FAITH WHEREOF, the undersigned have executed this Continuing Disclosure Certificate on this, the 14<sup>th</sup> of July, 2009.

CITY OF NEW ORLEANS, LOUISIANA

By: \_\_\_\_\_  
Mayor

BOARD OF LIQUIDATION, CITY DEBT

By: \_\_\_\_\_  
Secretary

SEWERAGE AND WATER BOARD  
OF NEW ORLEANS

By: \_\_\_\_\_  
Executive Director



**SUMMARY OF CERTAIN PROVISIONS  
OF THE RESOLUTION**

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## SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

*This Appendix J sets forth summaries of the General Sewerage Service Revenue Bond Resolution (Amended and Restated) adopted by the Sewerage and Water Board on August 25, 1986, as amended by a First Supplemental Resolution adopted on August 25, 1986, a Second Supplemental Resolution adopted on April 9, 1997, a Third Supplemental Bond Resolution adopted on October 14, 1998, a Fourth Supplemental Bond Resolution adopted on February 9, 2000, a Fifth Supplemental Bond Resolution adopted on August 29, 2000, a Sixth Supplemental Bond Resolution adopted on September 19, 2001, a Seventh Supplemental Bond Resolution adopted on November 20, 2002, an Eighth Supplemental Bond Resolution adopted on September 17, 2003, a Ninth Supplemental Bond Resolution adopted on May 19, 2004, a Tenth Supplemental Bond Resolution adopted on October 20, 2004, an Eleventh Supplemental Bond Resolution adopted on May 18, 2005, a Twelfth Supplemental Resolution adopted on May 17, 2006, as amended by a resolution adopted on June 21, 2006, and a Thirteenth Supplemental Resolution adopted on May 20, 2009, as amended by a resolution adopted on July 8, 2009 (collectively, the "Sewer Resolution"), which authorizes the Sewerage Service Refunding Bonds, Series 2009 (the "Bonds"). The Sewer Resolution contains terms and conditions relating to the issuance and sale of the issue of bonds under it, including various covenants and security provisions, certain of which are summarized below. These summaries do not purport to be comprehensive or definitive and are subject to all of the provisions of the Sewer Resolution, to which reference is hereby made, copies of which are available from the Sewerage and Water Board. Definitions of defined terms used in the following summaries and not otherwise defined are set forth after the summaries.*

### SUMMARY OF SEWER RESOLUTION

*The following is a summary of certain provisions of the Sewer Resolution.*

#### **Bonds Authorized**

Under the Resolution, the City, through the Sewerage and Water Board, may issue bonds which bear a fixed rate of interest ("Fixed Rate Bonds"), bonds which provide for a variable interest rate ("Variable Rate Bonds"), bonds which provide for mandatory redemption at the option of the registered owner ("Tender Bonds"), zero interest rate or deep discount bonds ("Discount Bonds") and bonds providing for the compounding of interest ("Compound Interest Bonds") or any combination thereof. The Resolution further provides that several series of parity bonds may be issued equally secured by a lien of Revenues and certain funds and accounts and that bonds may be issued secured by a subordinate lien of Revenues and certain funds and accounts. The terms and provisions for any Subordinated Bonds would be specified in the Supplemental Resolution authorizing such bonds. Under the Resolution, the Bonds will constitute Fixed Rate Bonds.

#### **Resolution to Constitute Contract**

The Resolution constitutes a contract between the City, the Board of Liquidation, the Sewerage and Water Board and the Bondholders. The pledge made in the Resolution with respect to the Bonds and the covenants and agreements therein are for the equal benefit and security of the registered owners of all Bonds, all of which, regardless of their times of issue or maturity, rank equally without preference, priority or distinction of any Bond over any other, except as expressly provided in or permitted by the Resolution.

#### **Pledge of Resolution**

The Resolution pledges for the payment of the principal and interest and Redemption Price on the Bonds, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions of the Resolution, the proceeds of the sale of such Bonds, the Revenues and all moneys, securities and Reserve Requirements in all funds and accounts established by or pursuant to the Resolution.

The Bonds are limited obligations of the City acting by and through the Sewerage and Water Board. The State shall not be obligated to pay the Bonds and neither the faith, credit nor the taxing power of the State, the City or any political subdivision of either is pledged to such payment.

## **Authorization of Bonds; General Provisions**

The Resolution authorizes the issuance of Bonds pursuant to supplemental resolutions adopted from time to time, in one or more series without limitation as to amount except as limited by law and the terms of the Resolution. In addition to other requirements of the Resolution, Bonds may only be delivered by the Sewerage and Water Board upon receipt of the following:

(1) an opinion of bond counsel to the effect that, among other things, the Bonds of such Series are valid and binding limited obligations of the City, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution;

(2) a certificate of a Consulting Engineer setting forth a description, the estimated Cost and completion date of each Project, if any, financed in whole or in part by such Bonds; and

(3) an amount of proceeds of such Bonds, other moneys or Reserve Requirements in a stated amount such that following the issuance of such Bonds, the Debt Service Reserve Fund shall equal the Debt Service Reserve Fund Requirement.

The Debt Service Reserve Fund Requirement with respect to all Fixed Rate Bonds will be an amount equal to the lesser of (a) 10% of the original principal amount of such Fixed Rate Bonds, (b) the maximum aggregate amount of Principal Installments and interest coming due in the current or any future Fiscal Year on all such Fixed Rate Bonds Outstanding, or (c) 125% of the average aggregate amount of Principal Installments and interest becoming due in any Fiscal Year on all such Fixed Rate Bonds Outstanding, but in no event more than the maximum amount permitted under the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, as a reasonably required reserve fund.

The Debt Service Reserve Fund Requirement with respect to each Series of Variable Rate Bonds will be an amount equal to the lesser of (a) 10% of the original principal amount of such Variable Rate Bonds, (b) an amount equal to the maximum aggregate amount of Principal Installments and interest becoming due in the current or any future Fiscal Year on the Pro Forma Bond Issue for each such Series, or (c) 125% of the average aggregate amount of Principal Installments and interest becoming due in any Fiscal Year on the Pro Forma Bond Issue for each such Series, but in no event more than the maximum amount permitted under the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder as a reasonable required reserve fund.

The provisions of the preceding paragraph shall apply to any Reimbursement Obligation issued in connection with Variable Rate Bonds deemed to be Bonds under the Resolution. The Debt Service Reserve Fund Requirement may also be satisfied by an irrevocable and unconditional policy or policies of insurance for the life of the Bonds, in full force and effect and issued by a municipal bond insurer the claims paying ability of which has a rating within the highest rating category available of insurers generally issuing such insurance by Moody's Investors Service, Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or Fitch Investors Service, L.P."

## **Additional Bonds**

In addition to the Bonds, the Resolution permits the issue of additional series of bonds ("Additional Bonds") on a parity with or subordinate to the Bonds for the purpose of paying all or a portion of the Cost of any Capital Improvements, making deposits in the Debt Service Fund, the Debt Service Reserve Fund, and, if any, the insurance reserve account, paying the cost of issuance of Bonds, the payment of the principal of and interest and premium, if any, on notes issued in anticipation of such Bonds, or any combination of the foregoing. Additional Bonds may be issued only upon receipt by the Board of Liquidation of, among other things:

1. A certificate of an Authorized Officer of the Board (a) setting forth the amount of Revenues, as audited by a nationally recognized independent public accountant or firm of accountants selected by the Board for the last two full Fiscal Years prior to the Fiscal Year in which such Additional Bonds are issued and (b) showing that one-half of the Revenues received in such two Fiscal Years were, over and above the amount required for operation and maintenance of the Sewerage System, equal to at least (i) the amount required by

La. R.S. 33:4121(B)(2)1, or any successor provisions thereto, and (ii) 110% of the sum of the average Bond Debt Service Requirement on all Bonds Outstanding plus the average Bond Debt Service Requirement on the Series of Additional Bonds proposed to be issued (the average Bond Debt Service Requirement on the Variable Rate Bonds shall be computed at the maximum rate permitted for such bonds); and

2. A certificate of a Consulting Engineer (a) setting forth the estimated annual Revenues for each of the five full Fiscal Years following the issuance of such Additional Bonds (including the Fiscal Year in which such Additional Bonds are issued), after giving effect to any increases or decreases in Rates and Charges projected for such period, to Bonds projected to be issued during such period and to any increase in the Debt Service Reserve Fund Requirement as a result thereof and to any additional Revenues projected to be available during such period from Projects or other Capital Improvements to be completed during such period, and (b) showing for each of such Fiscal Years that the estimated annual Revenues for such Fiscal Year calculated by an Authorized Officer of the Board at the time of the issuance of such Additional Bonds, will be, over and above the amount required for operation and maintenance of the Sewerage System, at least equal to one hundred thirty percent (130%) of (A) the Debt Service Reserve Fund Requirement calculated as of the first day of such Fiscal Year less (B) the amount, if any, of Bond proceeds available or projected to be available to pay principal and interest becoming due in such Fiscal Year on Bonds Outstanding or projected to be Outstanding as of the first day of such Fiscal Year.

When all of the Outstanding Parity Sewer Bonds (other than the Sewerage Service Revenue Bonds, Series 2004, which were sold with the understanding that Additional Bonds could be issued upon compliance with the 110% test set forth in part (ii) of Paragraph (1) above) are paid in full or provisions are made in accordance with the Bond Resolution even though all the Bonds will not then have been paid, the 77% test provided for in the repealed language of La. R. S. 33:4121(B)(2) will no longer be applicable to the issuance of Additional Bonds.

### **Refunding Bonds**

The Resolution permits the issue of one or more series of Bonds ("Refunding Bonds") for the purpose of refunding all or part of the bonds of one or more Series Outstanding issued under the Resolution.

### **Additional Security**

The Resolution provides that in connection with the issuance of any Series of Bonds, the Sewerage and Water Board may obtain letters of credit, lines of credit, insurance or similar obligations or instruments ("Additional Security") providing for payment of all or a portion of the debt service due or to become due on such Bonds or providing for the purchase of such Bonds or portions thereof by the issuer of such Additional Security. The Board may enter into agreements with the issuer of such Additional Security with respect to the adjustments of the interest rates or other provisions of the Bonds secured thereby. The Board may also agree to directly reimburse the issuers of such Additional Security for amounts paid thereunder ("Reimbursement Obligation"), which payments shall be subordinate to any other amounts required to be paid under the Resolution, and such Reimbursement Obligation may be deemed to be an Additional Bond under the applicable Resolution and entitled to the same security of the bonds secured thereby upon payments of amounts under such Additional Security.

### **Bond Insurance**

The Thirteenth Supplemental Resolution accepts the provisions of a financial guaranty insurance policy (the "Policy") for the benefit of the Bonds to be provided by Assured Guaranty Corp. (the "Insurer"). As a condition to the

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1Section 33:4121(B)(2) of the Louisiana Revised Statutes of 1950, as amended, presently provides that bonds may be sold subject to the limitations and restrictions contained in the resolutions of the Board which authorize the issuance of bonds. Accordingly, the 77% test is no longer applicable to the issuance of additional Bonds once all of the Outstanding Parity Sewer Bonds (other than the Sewerage Service Revenue Bonds, Series 2004, which were sold with the understanding that Additional Bonds could be issued upon compliance with the 110% test set forth in part (ii) of Paragraph (1) above) are paid in full or provisions are made in accordance with the Bond Resolution.

Policy, the Insurer requires several covenants regarding the Bonds that are set forth elsewhere in this Official Statement. See, e.g., “SECURITY FOR THE BONDS – Additional Parity Bonds,” “THE BONDS – Additional Covenants,” and “BOND INSURANCE.”

**Establishment of Funds and Accounts**

The Resolution establishes the following funds and accounts to be held as specified below:

<u>Name of Funds and Accounts</u>	<u>To be Held by:</u>
Sewerage Service Revenue Bond Account	Board of Liquidation
Sewer System Account	Board
Debt Service Fund	Board of Liquidation
Redemption Fund	Board of Liquidation
Debt Service Reserve Fund	Board of Liquidation

**Sewer System Account**

All Revenues except (1) proceeds of insurance and condemnation to the extent provided in the Resolution, and (2) proceeds of any sale or other disposition of any part of the System to the extent provided in the Resolution, shall be collected by or for the account of the Board and deposited daily, as far as practicable, in the Sewerage System Account. There shall also be deposited in the Sewerage System Account any other moneys of the Board which it may in its discretion determine to so apply unless required to be otherwise applied by the Resolution. On the third business day prior to the first business day of each calendar month, the Board shall apply amounts available in the Sewerage System Account to the following purposes and in the following order:

- (1) To the Board of Liquidation for deposit in the Debt Service Fund, an amount which, together with other amounts on deposit in such Fund, will equal the Debt Service Fund Requirement as of the first day of the next ensuing month; and
- (2) To the Board of Liquidation for deposit in the Debt Service Reserve Fund, an amount which, together with other amounts on deposit in such Fund, will equal the Funded Debt Service Reserve Fund Requirement as of the first day of the next ensuing month.

Any balance remaining in the Sewerage System Account following the above payments shall be held and applied by the Board to any use or purpose of the Board that is related to the construction, improvement, maintenance, operation or financing of the System, as defined in Section 102(62) of the Resolution, i.e., the sewerage system of the Board, including, without limitation, payment of Operating Expenses of the System, the purchase or payment of Bonds and the payment of the Cost of any Capital Improvement to the System.

**Application of Funds and Accounts**

The Resolution provides that the proceeds of Bonds, Revenues and other moneys deposited in the various funds and accounts under the Resolution shall be applied as follows:

*Sewer Service Revenue Bond Fund.* Unless otherwise provided in the applicable Supplemental Resolution authorizing a Series of Bonds, the Board of Liquidation will establish within the Sewerage Service Revenue Bond Fund a separate account ("Sewerage Service Revenue Bond Account") for each Series of Bonds. The Board of Liquidation shall deposit in each Account (a) amounts necessary to pay Cost of Issuance of such Series of Bonds and the amount provided from Bond proceeds to pay the Cost of the Projects financed by such Series, (b) the balance, if any, of the proceeds of any bond anticipation notes issued to pay the Cost of such Projects, (c) the proceeds of insurance on any such Project received by the Board of Liquidation during the period of construction, (d) earnings on investments in the Sewerage Service Revenue Bond Fund and (e) any other amounts (not required by the Resolution to be otherwise deposited) as determined by the Board of Liquidation.



Amounts of any Sewerage Service Revenue Bond Account will be applied by the Board of Liquidation to the Cost of Issuance of the Series of Bonds for which such Account was established and to the Cost of the Projects financed in whole or in part by such Series. Upon completion of such Projects, the Board is required to file a certificate with the Board of Liquidation, approved by a Consulting Engineer, setting forth the final Cost of such Projects and stating that such Projects have been completed to the satisfaction of the Board and that all amounts withdrawn from the applicable Sewerage Service Revenue Account for such Projects, other than amounts applied to the Cost of Issuance, have been applied to the Cost of such Projects. Any balance in the Sewerage Service Revenue Account not required to pay Costs of the Projects or Cost of Issuance may be applied by the Board of Liquidation, at the direction of the Board, to the Costs of Capital Improvements, including other Projects, by deposit of such amount in another and separate Sewerage Service Revenue Account, or to the redemption of the Bonds of the Series for which such Sewerage Service Revenue Bond Account was established by deposit of such amount in the applicable account in the Redemption Fund.

Upon the determination by the Board that a Project undertaken or to be undertaken has been or should be delayed and that no further amounts or significantly reduced amounts should be expended with respect thereto from the applicable Sewerage Service Revenue Bond Account, the Board may, by resolution duly adopted by the Board, request the Board of Liquidation to transfer amounts then on deposit in the applicable Sewerage Service Revenue Bond Account to (i) another and separate Sewerage Service Revenue Bond Account or (ii) the applicable account in the Redemption Fund for application to the redemption of Bonds of the Series for which such Sewerage Service Revenue Bond Account was established.

*Debt Service Fund.* Amounts in the Debt Service Fund will be applied to the payment of the interest and Principal Installments (including Sinking Fund Payments) due on the Bonds.

Amounts accumulated in the Debt Service Fund with respect to any Sinking Fund Payment may, and if directed by the Board, shall, be applied by the Board of Liquidation prior to the 30<sup>th</sup> day preceding the due date of such Sinking Fund Payment, to the purchase of Bonds of the Series and maturity for which such Sinking Fund Payment was established, at prices not exceeding the applicable sinking fund redemption price, or to the redemption of such Bonds then redeemable by their terms. As soon as practicable after the 25<sup>th</sup> day preceding the due date of any such Sinking Fund Payment, the Board of Liquidation will call for redemption on such due date Senior Bonds of the Series and maturity for which such Sinking Fund Payment was established in an amount sufficient to complete the retirement of the principal amount of the Bonds of such Series and maturity as specified for such Sinking Fund Payment in the applicable Supplemental Resolution. Such call for redemption shall be made whether or not the balance in the Debt Service Fund is sufficient to pay all such Bonds. In satisfaction, in whole or in part, of any Sinking Fund Payment, the Board of Liquidation may hold at any time up to 30 days prior to a Sinking Fund Payment due date Bonds of the Series and maturity entitled to such payment. All Bonds so delivered held by the Board of Liquidation will reduce the amount of the Sinking Fund Payment by the amount of the aggregate of the sinking fund Redemption Prices of such Bonds.

The Board of Liquidation will not purchase or accept Bonds in lieu of any Sinking Fund Payment during the period of 30 days prior to the due date of any Sinking Fund Payment.

The Board may establish in any applicable Supplemental Resolution a separate account (a "Capitalized Interest Account") within the Debt Service Fund and may deposit in the Capitalized Interest Account any proceeds of Bonds as directed by such Supplemental Resolution and any other moneys not otherwise directed to be applied by the Resolution. Amounts in the Capitalized Interest Account will be applied to the payment of interest on the Bonds and as otherwise provided in the applicable Supplemental Resolution.

*Debt Service Reserve Fund.* The Board of Liquidation shall at all times maintain the Debt Service Reserve Fund Requirement in the Debt Service Reserve Fund through the deposit thereto of cash and Permitted Investments or Reserve Requirements equal to the Debt Service Reserve Requirements.

If at any time the amounts on deposit and available therefor in the Debt Service Fund and the Redemption Fund are insufficient to pay the principal and Redemption Price of and interest on the Bonds then due, the Board of Liquidation shall withdraw from the Debt Service Reserve Fund and deposit in the Debt Service Fund the amount necessary to meet the deficiency. Amounts so withdraw shall be derived, first, from cash or Permitted Investments on deposit therein and, second, from draws or demands on Reserve Requirements held as a part thereof upon the terms and conditions set forth in any such Reserve Requirement or as set forth in the Supplemental Resolution setting forth such Reserve Requirement.

If on the last Business Day of any month, the amount on deposit in the Debt Service Reserve Fund is in excess of the Funded Debt Service Reserve Fund Requirement (calculated as of the first day of the next succeeding month) the Board of Liquidation shall withdraw such excess and deposit it in the Sewer System Account.

Whenever the Board of Liquidation shall determine that the cash and Permitted Investments on deposit in the Debt Service Reserve Fund together with all other funds available for the purpose is equal to or in excess of the Redemption Price of all Bonds Outstanding, the Board of Liquidation, at the direction of the Board, shall transfer the balance of such cash and Permitted Investments from the Debt Service Reserve Fund to the Redemption Account in connection with the redemption of all Bonds Outstanding.

*Redemption Fund.* The Board may deposit in the Redemption Fund any moneys, including Revenues, not otherwise required by the Resolution to be deposited or applied. There shall be established in the Redemption Fund a "Redemption Account" with respect to Bonds. Amounts in the applicable account in the Redemption Fund may be applied by the Board of Liquidation to the optional redemption of Bonds or to the purchase of Bonds at prices not exceeding the applicable Redemption Prices (plus accrued interest) had such Bonds been redeemed.

### **Application of Funds and Accounts in the Event of Insufficient Revenues**

If on any due date of Principal Installments or interest on the Bonds the amount on deposit in the Debt Service Fund is insufficient to make the required payments in full, the Board of Liquidation will withdraw from the following funds and accounts and in the following order amounts sufficient to satisfy the deficiency: (1) Redemption Fund and (2) Debt Service Reserve Fund.

### **Investments and Deposits**

Except as otherwise provided in the Resolution, moneys held for the credit of any fund or account under the Resolution will be invested in Permitted Investments which mature or are redeemable at the option of the holder thereof on such dates and in such amounts as may be necessary to provide moneys to meet the payments from such funds and accounts. Notwithstanding the foregoing, moneys in the Debt Service Reserve Fund shall be invested solely in the investments specified in paragraphs (i), (ii) and (vii) of the definition of Permitted Investments. Permitted Investments purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account and all income thereon shall accrue to and be deposited in such fund or account and all losses from investments shall be charged against such fund or account; provided that all income earned on investment of the Sewerage Service Revenue Bond Account for any Series of Bonds will be credited to be deposited in the Sewer System Account.

In lieu of investing in Permitted Investments, amounts on deposit in the Sewer System Account may be deposited by the Board on demand or on time deposit with such depositories as the Board may from time to time appoint for such purpose. Any depository so appointed must be a bank or trust company which is a member of the Federal Deposit Insurance Corporation organized under the laws of the State or a national banking association authorized to do business and having its principal office in the State and, in each case qualified under the laws of the State to receive deposits of public moneys. No moneys shall be deposited with a depository in amounts in excess of Federal Deposit Insurance Corporation insurance limits unless all moneys so deposited are secured to the extent and in the manner required by law for the securing of deposits of a political subdivision of the State.

In computing the amount in any fund or account for any purpose, Permitted Investments will be valued at amortized cost. Unless otherwise provided in the Resolution, Permitted Investments in any fund or account will be valued at least once in each Fiscal Year on the last day thereof. Notwithstanding the foregoing, Permitted Investments in the Debt Service Reserve Fund will be valued at cost for all purposes of the Resolution.

### **Holding of Special Deposits**

Moneys held by the Board which are required to be applied under the terms of an agreement to the construction or alteration of facilities or which are subject to refund by the Board or are held for the account of others or subject to refund to others, including, without limitation, any amounts which, under any agreement by the Board providing for adequate separation of such amounts from Revenues, are collected by the Board on behalf of others for services rendered or commodities provided to customers, any amounts deducted by the Board from wage and salary payments to the

employees of the Board, amounts contributed by the Board to any pension or retirement fund and amounts held as deposits, including customers' service deposits, guaranteed revenue contract deposits, unexpended developers' deposits under construction loan contracts, minimum revenue deposits and unexpended jobbing deposits, together with any investments of such moneys and interest and profits thereon, may be held by the Board outside of the various funds and accounts established by the Resolution and will not be considered Revenues while so held.

### **Covenant as to Rates and Charges**

So long as any Bonds are Outstanding, the Board is required to establish and maintain Rates and Charges adequate at all times, with other available funds, to provide Revenues and other moneys, at least sufficient, with such margin of safety as the Board shall deem reasonable, to pay or provide for (a) all Operating Expenses, (b) all payments of principal, premium, if any, and interest on the Bonds and other indebtedness of the Board, (c) all amounts payable to the Debt Service Reserve Fund, (d) all repairs, replacements and renewals of the System deemed necessary by the Board and (e) all other amounts which the Board may by law or contract be obligated to pay.

Without limiting the generality of the foregoing, the Board is required by the Resolution to establish and maintain Rates and Charges at levels sufficient so that total net Revenues in each Fiscal Year during which Bonds are Outstanding will equal at least 130% of (1) the Bond Debt Service Requirement during such Fiscal Year with respect to all Bonds Outstanding as of the first day of such Fiscal Year less (2) the amount, if any, of Bond proceeds available to pay interest becoming due in such Fiscal Year on Bonds Outstanding as of the first day of such Fiscal Year. Failure by the Board to comply with the requirements of the foregoing sentence will not be considered an Event of Default under the Resolution so long as the Board has complied or is diligently proceeding to comply with the requirements of the following paragraph.

On or before the last day of each Fiscal Year the Board shall cause the Consulting Engineer to review the adequacy of its Rates and Charges to satisfy the foregoing rate covenant for the next succeeding Fiscal Year. If such review indicates, or if it otherwise appears that the Rates and Charges are, or are likely to be, insufficient to meet such requirements, the Board must promptly take such steps as are necessary to cure or avoid the deficiency.

The Board of Liquidation may compel the Board to collect adequate Rates and Charges pursuant to Louisiana Revised Statute 33:4706(E).

So long as any Bonds are Outstanding, the Board shall not, in the normal course and without taking corrective steps to remedy the reasons therefor, furnish or supply any facilities, services or commodities afforded by it in connection with the System free of charge (except as required by law). The Board will promptly enforce in the manner and to the extent provided by law the payment of any and all delinquent accounts except when the Board determines that such enforcement is no longer practicable or economically justified.

### **Covenant as to Annual Operating Budget**

Not less than one day prior to the beginning of each Fiscal Year, the Board is required to adopt an annual operating budget ("Annual Budget") for such Fiscal Year. The Board may at any time, but not more often than once a month, adopt an amended or supplemental Annual Budget for the Fiscal Year then in progress.

The Board may not expend for current Expenses in any Fiscal Year in excess of the aggregate amount of current Expenses shown in the Annual Budget as amended and supplemented for such fiscal year except in case of emergency or as required by law.

### **Covenant as to Capital Improvements Budget**

Not less than one day prior to the beginning of each Fiscal Year the Board is required to prepare a proposed program of Capital Improvements to be undertaken by the Board during such Fiscal Year and for the next two ensuing Fiscal Years, identifying the Capital Improvements to be carried out, the estimated Cost thereof and the period of construction thereof, together with a proposed budget for the Capital Improvements to be undertaken in the first of such Fiscal Years. The Capital Improvements Budget will be prepared on the basis of quarterly requirements and will show for each quarter required disbursements from any Sewerage Service Revenue Bond Account in the Project Fund and,

to the extent provided by the Board, any other Fund or account under the Resolution as well as the sources of moneys projected to be available to meet the same. The Capital Improvements Budget will also identify the Capital Improvements to be undertaken, the nature of the work, the estimated cost thereof, and the estimated completion date of each Capital Improvement. The Board may from time to time, but not more often than once a month, amend or supplement the Capital Improvements Budget for the Fiscal Year then in progress.

### **Covenant with Respect to Creation of Liens and Other Indebtedness**

The Board may not issue any indebtedness, other than the Bonds, secured by a pledge of or other lien on the Revenues and other moneys, securities and funds held or set aside by the Board, the Board of Liquidation or the Fiduciaries under the Resolution and may not otherwise create any lien or charge on such Revenues, moneys, securities and funds, except as follows:

The Board may at any time issue notes or other evidence of indebtedness (and renewals thereof):

(a) in anticipation of the issue of Bonds, which notes if so determined by the Board, may be secured by a pledge of the proceeds of the Bonds anticipated and by a pledge of Revenues, provided that any pledge of Revenues must be subordinate to the pledge of the Resolution;

(b) in anticipation of grant-in-aid receipts from the United States or the State or any instrumentality or political subdivision of either for Capital Improvements and payable solely out of, or secured by a pledge of the amounts to be received subject to the provisions of the Resolution; or

(c) in anticipation of the Revenues to be received in any Fiscal Year, which notes may be payable out of, or secured by a pledge of, Revenues; provided that such pledge must be subordinate to the pledge of the Resolution, any such notes or renewals thereof issued in a Fiscal Year must be payable within such Fiscal Year, the aggregate principal amount of such notes outstanding at any one time in a Fiscal Year may not exceed 50% of the Revenues for the immediately preceding Fiscal Year and the proceeds of such notes (other than the proceeds of renewal notes required to pay notes) must be deposited in the Sewer System Account.

The Board may also incur indebtedness secured by moneys derived by the Board from the lease, license, operation, sale or other disposition of any facility or equipment (whether or not part of the System) constructed or acquired by or on behalf of the Board subsequent to the adoption of the Resolution with the proceeds of such debt. Such moneys shall not be considered Revenues or Rates and Charges under the Resolution provided that neither the debt service on such indebtedness nor any cost of the acquisition, construction, operation, maintenance or repair of any such facility or equipment nor provisions of reserves for any of the foregoing may be paid from the proceeds of Bonds or from Revenues or be included in Operating Expenses and any such moneys in excess of such debt service and cost of acquisition, construction, operation, maintenance and reserves must be deposited in the Sewer System Account (and upon such deposit shall be deemed Revenues). Prior to the issue of any such indebtedness the Board must deliver to the Board of Liquidation a certificate of a Consulting Engineer stating that the lease, license, operation, sale or other disposition of such facility or equipment and the application of the moneys derived therefrom to the operation, maintenance and repair thereof and the payment of the debt service on the indebtedness issued therefor will not result in any decrease in the Revenues of the Board during the succeeding five Fiscal Years.

The Resolution also permits the Board to issue indebtedness which is payable out of, or secured by a pledge of, Revenues to be derived on or after such date as the pledge of the Revenues created by the Resolution has been discharged or which is payable solely out of, or secured by a pledge of, amounts which may be deposited in the Sewer System Account pursuant to the Resolution, provided that the pledge of such amounts must be subordinate to the provisions of the Resolution.

### **Other Covenants of the Board**

In addition to the covenants of the Board described above, the Resolution includes additional covenants, among others, as follows:

*Operation, Maintenance and Reconstruction.* The Board covenants to operate the System or cause the System to be operated properly and in a sound, efficient and economical manner and to maintain the same in good repair,

working order and condition. The Board agrees to make all necessary and proper repairs, replacements and renewals to the System so that operation of the System may be properly and advantageously conducted, and, if any useful part of the System is damaged or destroyed, agrees to replace or reconstruct such part so as to restore the same to use. Notwithstanding the foregoing, the Board is not required to operate, maintain, preserve, repair, replace, renew or reconstruct any part of the System if, in the case of any part of the System with a market value as determined by an Authorized Officer of the Board in excess of \$100,000, the Consulting Engineer certifies that abandonment of operation of such part is economically justified and is not prejudicial to the interests of the registered owners of the Bonds, and failure to operate, maintain, preserve, repair, replace, renew or reconstruct such part will not impair the ability of the Board to satisfy the rate covenants contained in the Resolution in the current or any future Fiscal Year.

*Sale, Lease or Encumbrance of System.* The Board may not sell or exchange or otherwise dispose of any property constituting part of the System unless such property is either worn out or obsolete or, in the opinion of the Board, is no longer useful in the operation of the System. If the market value of any property disposed of (unless worn out or obsolete) is in excess of \$500,000, the Consulting Engineer must determine that the disposition of such property will not impair the ability of the Board to satisfy the rate covenants of the Resolution in the then current or any future Fiscal Year. Any proceeds of such sale, exchange or other disposition not used to replace the property so sold or exchanged will be deposited in the Sewer System Account.

The Board may mortgage, grant security interests in, or otherwise encumber any property included in the System, or may lease as lessee any property to be used in the operation of the System, provided that the aggregate annual payments required to be made by the Board under all such mortgages, security interests, encumbrances and leases shall not in any Fiscal Year exceed 25% of the Operating Expenses for such Fiscal Year. Proceeds of sale shall be deposited in the Sewer System Account. Such proceeds shall not be deemed to be Revenues until so deposited. The Board may also lease as lessor or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the System if such lease, contract, license, easement or right does not, in the opinion of the Board, impede the operation of the System. Except as provided in the Resolution, any payments to the Board in connection therewith shall constitute Revenues and be deemed Rates and Charges.

*Insurance and Condemnation.* The Board agrees that at all times it will keep all property which is a part of the System and which is of an insurable nature and of the character usually insured by operating systems similar to the Board insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are customary and also at all times maintain insurance against loss or damage from such hazards and risks to the persons and property of others as are usually insured against by those operating systems similar to the Board. In determining the amounts and types of insurance to be maintained under this section, the Board may rely upon the advice of the Consulting Engineer or an insurance consultant selected by the Board. All policies of insurance shall be carried with insurers of good standing authorized to do business in the State and shall provide that the proceeds of such insurance shall be payable to the Board.

All proceeds of insurance insuring the properties of the System against loss or damage will either be applied to the restoration, replacement or reconstruction of the property lost or damaged or deposited in the Sewer System Account; provided that any proceeds of insurance received with respect to loss or damage to a Project prior to completion of construction are required to be deposited in the applicable Sewerage Revenue Bond Account and applied in accordance with the provisions of the Resolution.

If at any time the Board determines that any of the policies of insurance required to be maintained by the Resolution are not reasonably obtainable or may not be obtained at a reasonable cost, the Board may elect to insure itself against the risks to be covered by such insurance. If the Board so elects, it may by resolution (which may be a Supplemental Resolution) establish a separate account, and shall deposit in such account that amount (or such greater amount provided in any Supplemental Resolution) certified to the Board by a Consulting Engineer or the insurance consultant retained by the Board pursuant to this section as necessary to adequately reserve against the risks to be covered thereunder.

Proceeds of any award for the taking of any property of the Board through the exercise of eminent domain will either be applied by the Board to the replacement of the property taken or will be deposited in the Sewer System Account.

*Accounts and Reports.* The Board covenants to maintain its books and accounts in accordance with generally accepted accounting principles and in accordance with such other principles of accounting as the Board shall deem appropriate. Said books and accounts will at all times be subject to the inspection of the registered owner or owners of not less than 5% in principal amount of the Bonds then Outstanding. The Board will annually, within 120 days after the close of each Fiscal Year, file with the Board of Liquidation a copy of an annual report for such year, accompanied by financial statements audited by and containing the report of independent certified public accountants, relating to the operations and properties of the System for such Fiscal Year and setting forth in reasonable detail its financial condition as of the end of such year and the income and expenses for such year, and including a summary of the receipts in and disbursements from the funds and accounts maintained under the Resolution during such Fiscal Year and the amounts held therein at the end of such Fiscal Year. The annual report must be accompanied by a certificate of the accountants auditing the same to the effect that in the course of and within the scope of their examination of such financial statements made in accordance with generally accepted auditing standards, nothing came to their attention that would lead them to believe that a default had occurred under the Resolution or, if such is not the case, specifying that nature of the default.

### **Trustee**

The Resolution provides that if the Board of Liquidation is abolished without appointment of a successor or refuses to accept its fiduciary duties under the Resolution, the Board may appoint a Trustee to act as Trustee under the Resolution. The Trustee must be a national banking association, state bank or trust company having capital and surplus of at least \$50,000,000 and be located in New Orleans. If a Trustee is appointed, it shall assume the duties of the Board of Liquidation under the Resolution.

### **Events of Default; Acceleration of Maturities**

The Resolution declares the following to be "Events of Default" thereunder:

(i) default in the payment of the principal or Redemption Price of any Bond when due, whether at maturity or by call for mandatory redemption or redemption at the option of the Board or any registered owner, or otherwise, or in the payment of any Sinking Fund Payment when due,

(ii) default in the payment of any installment of interest on any Bond when due,

(iii) default by the Board in the performance or observance of the rate covenants provided in the Resolution and further the Board fails to take steps diligently to remedy such default (see "Covenants as to Rates and Charges" above).

(iv) default by the Board in the performance or observance of any other covenants provided in the Resolution or in the Bonds and such default continues for a period of 30 days after receipt of written notice to the Board by the Board of Liquidation or the Trustee or to the Board and the Board of Liquidation by the registered owners of a majority in principal amount of the Bonds Outstanding; provided that if such default cannot be remedied within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Board within such period and diligently pursued until the default is remedied.

(v) entrance of an order, judgment or decree appointing a receiver, trustee, or liquidator for the Board or the whole or any substantial part of the System, granting relief in involuntary proceedings with respect to the Board under the federal bankruptcy act, or assuming custody or control of the Board or of the whole or any substantial part of the System under the provision of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within 60 days from such date of entry of the order, judgment or decree; or

(vi) if the Board admits in writing its inability to pay its debts generally as they become due, commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, makes an assignment for the benefit of its creditors, consents to the appointment of a receiver of the whole or any substantial part of the System under any law for the relief of debtors, or consents to the assumption by any court of competent jurisdiction of custody or control of the Board or of the whole or any substantial part of the System.

Upon the occurrence of an Event of Default and so long as the default is not cured, either the Board of Liquidation or the registered owners of 25% in principal amount of the Bonds Outstanding, in addition to their other remedies under the Resolution, may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately.

### **Application of Revenues and Other Moneys after Default**

The Board covenants that if an Event of Default occurs and is not remedied, the Board, upon demand of the Board of Liquidation, will pay over to the Board of Liquidation all moneys, securities and funds then held by the Board in any fund or account pledged under the Resolution, and, as promptly as practicable after receipt thereof, the Revenues. During the continuance of an Event of Default the Board of Liquidation will apply the Revenues and other amounts held by the Board of Liquidation as follows and in the following order:

(i) to the payment of the reasonable and proper charges and expenses of the Board of Liquidation, the Trustee and any engineer or firm of engineers selected by the Board of Liquidation pursuant to the Resolution;

(ii) to the payment of reasonable and necessary Operating Expenses, including reserves and working capital therefor and of costs of repair and replacement of the System necessary to prevent loss of Revenues or to provide for the continued operation of the System as certified to the Board of Liquidation by an independent engineer or firm of engineers of recognized standing selected by the Board of Liquidation;

(iii) to the payment of the interest and principal or Redemption Price then due on the Bonds as follows:

(a) unless the principal amount of all of the Bonds has become due or has been accelerated,

First: To the payment of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full all installments maturing on the same date, then to the payment thereof ratably without any discrimination or preference; and

Second: To the payment of the unpaid principal amount or Redemption Price of any Bonds which have become due whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available is not sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably without any discrimination or preference.

(b) if the principal of all of the Bonds has been accelerated, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any Bond over any other Bond, ratably, without any discrimination or preference.

The proceeds of any Additional Security shall be applied by the Board of Liquidation or the Trustee in the manner provided in the applicable Supplemental Resolution authorizing such Additional Security.

### **Proceedings Brought by Board of Liquidation**

Whether or not the principal of any of the Bonds is accelerated, if an Event of Default occurs and is not remedied, the Board of Liquidation may proceed to protect and enforce its rights and the rights of the registered owners of the Bonds under the Resolution by suits in equity or at law, whether for the specific performance of any covenant, or for an accounting against the Board as if it were the trustee of an express trust, or for the enforcement of any other right as the Board of Liquidation deems most effectual to enforce any of its rights or to perform any of its duties under the Resolution. Upon the occurrence of an Event of Default, the Board of Liquidation will also be entitled to obtain the appointment of a receiver of the moneys, securities and funds then held by the Board in any fund or account under the Resolution and of the Revenues and the whole or any part of the System.

### **Restriction on Bondholders' Action**

No registered owner of any Bond has any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or for any remedy under the Resolution unless such registered owner has previously given to the Board of Liquidation, written notice of the occurrence of an Event of Default and the registered owners of at least 25% in principal amount of the Bonds then Outstanding file a written request with the Board of Liquidation, and offer it reasonable opportunity, to exercise the powers granted in the Resolution in its own name, and unless such registered owners offered to the Board of Liquidation adequate security and indemnity against the costs, expenses and liabilities to be incurred thereby, and the Board of Liquidation refuses to comply with such request within a reasonable time.

### **Amendments of the Resolution**

The Board may at any time without the approval of Bondholders but with the approval of the Board of Liquidation adopt a resolution amending or supplementing the Resolution in order to close the Resolution against, or provide additional limitations and restrictions on, the original issuance of Bonds; to add to the covenants and agreements of the Board contained in the Resolution; to surrender any right reserved to the Board by the Resolution; to authorize a Series of Bonds; to exercise any provision of the Resolution or to make such determinations thereunder as expressly provided therein to be exercised or determined in a Supplemental Resolution; to confirm the pledge created by the Resolution of the Revenues; and to cure any ambiguity or defect or inconsistent provisions contained in the Resolution.

A resolution of the Board amending or supplementing the Resolution may also be adopted modifying any of the provisions of the Resolution or of the Bonds or releasing the Board from any of its obligations with the prior written consent (a) of the registered owners of at least 66⅔% in principal amount of all Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the registered owners of at least 66⅔% in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (c) in case the modification or amendment changes the amount or date of any Sinking Fund Payment, of the registered owners of at least 66⅔% in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Payment Outstanding at the time such consent is given; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the vote or consent of the registered owners of such Bonds will not be required; and provided, further, that no such modification or amendment may change the terms of redemption or maturity of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or the rate of interest thereon without the consent of the registered owner of such Bond, or reduce the percentages of the principal amount of the Bonds the consent of which is required to effect any such modification or amendment without the consent of all Bondholders.

### **Defeasance**

If the Board pays to the registered owners of the Bonds then Outstanding the principal and interest and Redemption Price, if any, to become due on all Outstanding Bonds, then the pledge of any Revenues or other moneys and securities and all other rights granted by the Resolution will be discharged and satisfied. All Outstanding Bonds of any Series will, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning of the foregoing sentence if, among other things, there has been deposited with the Board of Liquidation, either moneys in an amount sufficient or Defeasance Obligations, the principal of and interest on which when due will provide moneys which will be sufficient to pay when due the principal, or Redemption Price, if then applicable, and any interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be.

For purposes of determining whether Variable Rate Bonds shall be deemed to have paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Obligations and moneys, if any, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Variable Rate Ceiling.

Tender Bonds shall be deemed to have been paid only if, in addition to satisfying the requirements above, there shall have been deposited with the Board of Liquidation moneys in an amount which shall be sufficient to pay when due the maximum amount of principal and premium, if any, and interest on such Bonds which would become payable to the



registered owners of such Bonds upon the exercise of any options provided to the registered owners of such Bonds; provided, however, that if, at the time a deposit is made with the Board of Liquidation the options originally exercisable by the registered owners of Tender Bonds are no longer exercisable, such Bonds shall not be considered Tender Bonds.

Defeasance Obligations are (a) of the type described in clause (i) of the definition of Permitted Investments not subject to redemption at the option of the issuer thereof prior to the due date thereof, (b) of the type described in clause (ii) of the definition of Permitted Investments which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, or (c) upon compliance with the provisions of the next paragraph of the type described in clause (i) of the definition of Permitted Investments which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates, in each case the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Board of Liquidation at the time of deposit of such Defeasance Obligations, shall be sufficient, to pay when due the principal amount or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be.

Defeasance Obligations described in subsection (c) above may be included in the Defeasance Obligations deposited with the Board of Liquidation only if the determination as to whether the moneys and Defeasance Obligations to be deposited with the Board of Liquidation would be sufficient to pay when due either on the maturity date thereof or, in the case of any Bonds to be redeemed prior to the maturity date thereof, on the redemption date or dates specified in any notice of redemption to be made by the Board of Liquidation or in the instructions to give a notice of redemption provided to the Board of Liquidation, the principal and Redemption Price, if applicable, and interest on the Bonds which will be deemed to have been paid is made both (i) on the assumption that the Defeasance Obligations described in subsection (c) above were not redeemed at the option of the issuer prior to the maturity date thereof and (ii) on the assumption that such Defeasance Obligations would be redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue of such Defeasance Obligations and that the proceeds of such redemption would not be reinvested by the Board of Liquidation.

## DEFINITIONS

**"Authorized Officer"** shall mean any officer, employee, agent or other person authorized by resolution of the Board or the Board of Liquidation, respectively, to act on behalf of said entity for any purpose of the Resolution;

**"Bond Debt Service Requirement"** shall mean, for any period of calculation, the aggregate of the interest, principal amount, and Sinking Fund Payments due or to become due other than by reason of acceleration or redemption at the option of the Board or the registered owner of any Bonds on all Bonds Outstanding during such period;

**"Board"** or **"Sewerage and Water Board"** shall mean the Sewerage and Water Board of New Orleans, a body politic and corporate and political subdivision of the State created and established pursuant to the Act;

**"Board of Liquidation"** shall mean the Board of Liquidation, City Debt, of the City of New Orleans;

**"Business Day"** shall mean a day on which banks located in the City of New Orleans and the City of New York are not required or authorized to remain closed;

**"Capital Improvements"** shall mean extensions, improvements, enlargements, betterments, alterations, renewals and replacements of the System (including land, equipment and other real or personal properties), which (i) are used or useful in connection with the System or any part thereof, (ii) are constructed, acquired, or made by or on behalf of the Board, and (iii) are properly chargeable (whether or not so charged by the Board), according to generally accepted accounting principles, as additions to utility plant accounts;

**"Consulting Engineer"** shall mean an independent engineer or firm of engineers having expertise in such matters with respect to properties similar to those of the Board selected by the Board; provided that for certain purposes (if authorized by the applicable Supplemental Resolution), the Consulting Engineer may be an engineer regularly in the employ of the Board;

"**Cost**," as applied to any Capital Improvement, shall mean all or any part of the cost, paid by or on behalf of or reimbursable by or to the Board, of construction, acquisition, alteration, reconstruction and remodeling of such Capital Improvement, all lands, and real and personal property, rights of way, water rights, air rights, franchises, easements and interests necessary or convenient therefor, the cost of any demolitions or relocations necessary in connection therewith, financing charges, interest prior to, during and for such period as the Board shall determine after the period of construction of such Capital Improvement on Bonds and bond anticipation notes issued in whole or in part to finance such construction, architectural, engineering, financial and legal services, plans, specifications, appraisals, surveys, inspections, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicality of such work, organizational, administrative, operating and other expenses prior to the commencement of and during such work, advance training of operating personnel and other expense, including initial working capital, of completing such work and placing the same in operation, and any other item of "Cost" attributable to the construction, acquisition, alteration, reconstruction and remodeling of such Capital Improvement and placing the same in operation;

"**Cost of Issuance**" shall mean all items of expense directly or indirectly payable or reimbursable by or to the Board and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Fiduciaries, legal fees and charges, fees and disbursements of consultants and professionals, costs and expenses of refunding, accrued interest payable upon the initial investment of the proceeds of Bonds, premiums for the insurance of the payment of Bonds, fees and expenses payable in connection with any Additional Security or Reserve Requirements, fees and expenses payable in connection with any remarketing agreements or interest rate indexing agreements and any other cost, charge or fee in connection with the original issuance of Bonds;

"**Debt Service Reserve Fund Requirement**" shall mean, as of any particular date of computation, with respect to Bonds, the aggregate of the following:

- (i) with respect to all Fixed Rate Bonds, and amount equal to the lesser of (a) 10% of the original principal amount of such Fixed Rate Bonds, (b) the maximum aggregate amount of Principal Installments and interest becoming due in the current or any future Fiscal Year on all such Fixed Rate Bonds Outstanding, or (c) 125% of the average aggregate amount of Principal Installments and interest becoming due in any Fiscal Year on all such Fixed Rate Bonds Outstanding; and
- (ii) with respect to each series of Variable Rate Bonds an amount equal to the lesser of (a) 10% of the original principal amount of such Variable Rate Bonds, (b) an amount equal to the maximum aggregate amount of Principal Installments and interest becoming due in the current or any future Fiscal Year on the Pro Forma Bond Issue for each such Series, or (c) 125% of the average aggregate amount of Principal Installments and interest becoming due in any Fiscal Year on the Pro Forma Bond Issue for each such Series.

but in no event more than the maximum amount permitted under the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder as a reasonable required reserve fund. The provisions of (ii) above shall apply to any Reimbursement Obligation issued in connection with Variable Rate Bonds deemed to be Bonds under the additional security provisions of the Resolution. The Debt Service Reserve Fund Requirement may be also be satisfied by an irrevocable and unconditional policy or policies of insurance for the life of the Bonds, in full force and effect and issued by a municipal bond insurer the claims paying the ability of which has a rating within the highest rating category available of insurers generally issuing such insurance by Moody's Investors Service, Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or Fitch Investors Service, L.P.

"**Fiduciary**" shall mean the Trustee or any Paying Agent;

"**Fiscal Year**" shall mean the period beginning on January 1 of any calendar year and ending on December 31 of such calendar year or such other period of twelve calendar months as may be provided by the Act or authorized by the Board pursuant to the Act;

**"Funded Debt Service Reserve Fund Requirement"** shall mean, as of any particular date of computation, an amount equal to the Debt Service Reserve Fund Requirement less the stated and unpaid amounts of all Reserve Requirements relating to Bonds;

**"Operating Expenses"** shall mean the Board's expenses incurred for operation, maintenance and repairs and ordinary renewal, replacement and reconstruction of the System including, without limiting the generality of the foregoing, administrative expenses, financial and auditing expenses, insurance premiums, moneys deposited in an insurance reserve account pursuant to the Resolution, if any, payments on insurance claims to the extent moneys are unavailable therefor pursuant to the Resolution or to the extent such claims shall fall within such reasonable deductible limits as determined by the Board, if any, taxes, legal and engineering expenses relating to operation and maintenance, payments and reserves for pension, retirement, health, hospitalization and sick leave benefits, and any other similar expenses required to be paid by the Board, all to the extent properly and directly attributable to the System, and the expenses, liabilities and compensation of the Board of Liquidation and the Fiduciaries required to be paid under the Resolution, but does not include the Cost of any Capital Improvement, reduced by the aggregate principal amount of such Outstanding Bonds which would at or before said future date be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Payments payable at or before said future date for the retirement of such Outstanding Bonds, plus the amount of any Sinking Fund Payment payable on said future date for the retirement of any Outstanding Bonds of said Series;

**"Outstanding,"** when used with reference to Bonds, shall mean as a particular date, all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Board or a Fiduciary at or before said date, (ii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution and (iii) Bonds deemed to have been paid as provided in the Resolution;

**"Permitted Investments"** shall mean any of the following securities to the extent permitted by applicable law:

- (i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), including obligations of any Federal agency (except the Farm Credit Consolidated Systemwide Notes, Federal Farm Credit Bank Consolidated Systemwide Bonds, Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) or corporation which has been or may hereafter be created pursuant to an act of Congress as any agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the United States of America; or
- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (a) which are not callable at the option of the obligor otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (b) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof which fund may be applied only to the payment of interest when due, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) hereof which have been deposited in such fund along with any cash on deposit in such fund is sufficient to pay interest when due, principal of and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;
- (iii) public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each

case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America; or obligations issued by any state or any public agencies or municipalities which are rated in the highest rating category by a nationally recognized bond rating agency;

- (iv) direct and general obligations of any state of the United States to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase under the Resolution, such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;
- (v) prime commercial paper of a corporation incorporated under the laws of any state of the United States of America, rated "A-1" or "P-1" by Moody's Investors Service or Standard & Poor's Corporation;
- (vi) shares of a diversified open-end management investment company as defined in the Investment Company Act of 1940, which is a money market fund, which has been rated "A" or better by Moody's Investors Service or Standard & Poor's Corporation or money market accounts of any bank or trust company organized under the laws of the United States or any state thereof, which has a combined capital and surplus of not less than \$50,000,000;
- (vii) bank time deposits evidenced by certificates of deposit issued by banks (which may include any Fiduciary) which are members of the Federal Deposit Insurance Corporation, provided that such time deposits are fully secured by obligations described in item (i) above, which such obligations at all times have a market value (exclusive of accrued interest) at least equal to such bank time deposits so secured, including interest; and
- (viii) repurchase agreements with respect to obligations listed in sub-paragraph (i) above if entered into with a bank, trust company or a broker or dealer (as defined by the Securities Exchange Act of 1934) which is a dealer in government bonds which reports to, trades with and is recognized as a primary dealer by a Federal Reserve Bank, and which is a member of the Securities Investors Protection Corporation if (a) such obligations that are the subject of such repurchase agreement are delivered to the Board of Liquidation or the Board, as the case may be, or are supported by a safekeeping receipt issued by a depository satisfactory to the Board of Liquidation or the Board, as the case may be, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, or not less than the repurchase price, (b) title to or a prior perfected security interest in the obligations which are the subject of such repurchase agreement has been granted to the Board of Liquidation or the Board, as may be the case, and (c) such obligations are free and clear of any adverse third party claims.

**"Principal Installment"** shall mean, as of any particular date of computation and with respect to Bonds of a particular Series, an amount of money equal to the aggregate of (i) the principal amount of Outstanding Bonds of said Series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds which would at or before said future date be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Payments payable at or before said future date for the retirement of such Outstanding Bonds, plus (ii) the amount of any Sinking Fund Payment payable on said future date for the retirement of any Outstanding Bonds of said Series;

**"Project"** shall mean a Capital Improvement to the System, all or a portion of the Cost of which is financed by or reimbursed from the Bonds;

**"Rates and Charges"** shall mean all fees, rates, rents, assessments and other charges established by or on behalf of the Board for the services, facilities and commodities furnished or supplied by it from the operation of the System;

**"Redemption Price"** shall mean, with respect to any Bond, the principal amount thereof plus the premium, if any, payable upon redemption thereof;

**"Reserve Requirements"** shall mean one or more of the following:

- (i) irrevocable, unconditional and unexpired letters of credit issued or confirmed by a banking institution having a rating within the two highest rating categories generally available to banking institutions by Moody's Investors Service, Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. or Fitch Investors Service, L.P.; or
- (ii) an irrevocable and unconditional policy or policies of insurance in full force and effect and issued by a municipal bond insurer having a rating within the two highest rating categories available to insurers generally issuing such insurance by Moody's Investors Service, Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., or Fitch Investors Service, L.P.;

in each case providing for the payment of sums for the payment of principal and interest on Bonds from the Debt Service Reserve Fund;

**"Revenues"** shall mean, for any period of computation, all revenues, including earnings on investments in the Sewer System Account, Debt Service Fund, Redemption Fund and Debt Service Reserve Fund, and Rates and Charges (excluding proceeds of insurance, condemnation or the sale or other disposition of any part of the System) received by the Board during such period and deposited in the Sewer System Account;

**"Series,"** when used with respect to less than all of the Bonds, shall mean such Bonds designated as a Series of Bonds pursuant to a Supplemental Resolution;

**"Sinking Fund Payment"** shall mean, as of any particular date of computation and with respect to Bonds of a particular Series, the amount of money required by any Supplemental Resolution to be paid by the Board on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Board by reason of the redemption of Bonds at the election of the Board;

**"Supplemental Resolution"** shall mean any resolution of the Board amending or supplementing the Resolution adopted and becoming effective in accordance with the terms of the Resolution;

**"System"** shall mean the sewerage system of the Board, together with any Capital Improvements or other additions thereto and substitutions for any part thereof heretofore or hereafter acquired or made by the Board, and all other properties of the Board used in, or necessary or desirable for, the operation of such system.

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**SPECIMEN FINANCIAL GUARANTY  
INSURANCE POLICY**

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**Financial Guaranty Insurance Policy**

Issuer:

Policy No.:

Obligations:

Premium:

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("Assured Guaranty"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "Trustee") or the paying agent (the "Paying Agent") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Avoided Payment" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "Business Day" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "Due for Payment" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "Holder" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "Insured Payments" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "Nonpayment" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "Receipt" or "Received" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 1325 Avenue of the Americas, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department - Public Finance Surveillance, with a copy to the General Counsel, or to such other address as shall be specified by Assured Guaranty to the Trustee

or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day. "Term" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the "Fiscal Agent") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty's rights and remedies, including, without limitation, its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.

ASSURED GUARANTY CORP.

(SEAL)

By: \_\_\_\_\_  
[Insert Authorized Signatory Name]  
[Insert Authorized Signatory Title]

Signature attested to by:

\_\_\_\_\_  
Counsel



