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## NEW ORLEANS REDEVELOPMENT AUTHORITY

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Release Date ~~NOV 14 1999~~

### FINANCIAL AND COMPLIANCE AUDIT

### TOGETHER WITH

### INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 1998

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**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana

We have audited the general purpose financial statements as listed in the Table of Contents of the **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 1998. These general purpose financial statements are the responsibility of **NORA's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133, Audits of States, Local Governments, and Not Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

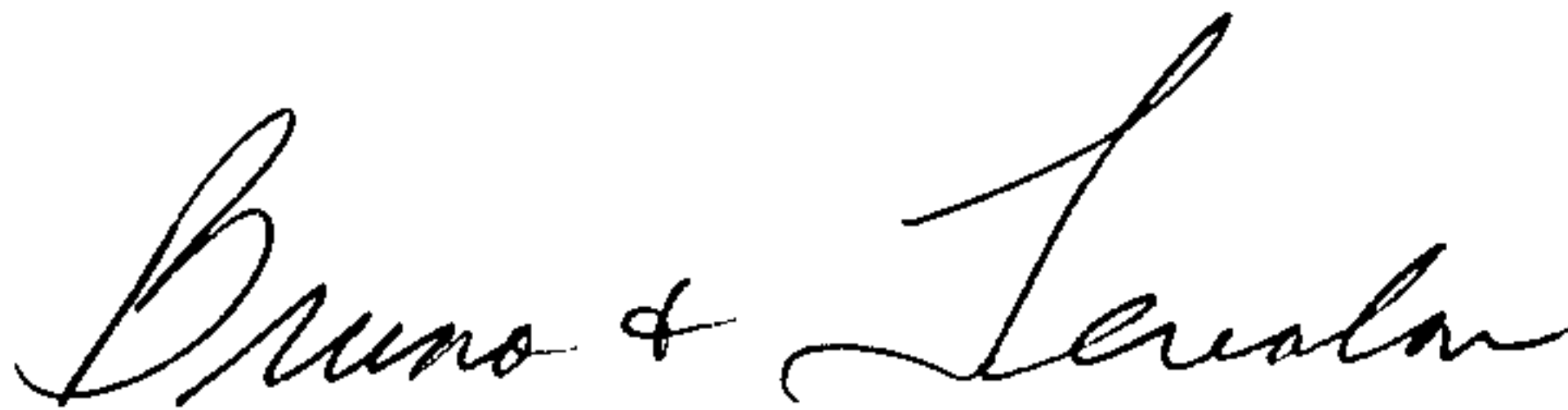
In our opinion, the general purpose financial statements as listed in the Table of Contents present fairly, in all material respects the financial position of the **New Orleans Redevelopment Authority** as of December 31, 1998 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.



**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana  
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated June 23, 1999 on our consideration of NORA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations contracts and grants.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 23, 1999

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS**  
**COMBINED BALANCE SHEET**  
**DECEMBER 31, 1998**  
**(WITH COMPARATIVE TOTALS FOR 1997)**

ASSETS AND OTHER DEBITS	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS			
	General Fund	Special Revenue Funds	General Fixed Assets	Long-Term Obligations	Totals (Memorandum Only)	
					1998	1997
Cash and temporary cash investments (NOTES 4 and 9)	\$ 398,789	\$ 686,157	\$ -0-	\$ -0-	\$ 1,084,946	\$ 1,012,401
Amounts receivable, (net of allowance for doubtful accounts of \$12,691) (NOTE 3)	110,687	177,008	-0-	-0-	287,695	271,541
Amounts receivable-HUD	-0-	68,222	-0-	-0-	68,222	303,930
Accrued interest receivable	-0-	13	-0-	-0-	13	-0-
Note receivable	-0-	49,000	-0-	-0-	49,000	49,000
Advance	40,000	-0-	-0-	-0-	40,000	40,000
Grants receivable (NOTE 8)	-0-	280,711	-0-	-0-	280,711	17,611
Due from other funds (NOTE 7)	656,527	5,576,138	-0-	-0-	6,232,665	2,707,474
Land and equipment (NOTE 5)	-0-	-0-	79,128	-0-	79,128	76,243
Amounts to be provided for retirement of obligations	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>22,831</u>	<u>22,831</u>	<u>19,188</u>
Total assets and other debits	<u>\$ 1,206,003</u>	<u>\$ 6,837,249</u>	<u>\$ 79,128</u>	<u>\$ 22,831</u>	<u>\$ 8,145,211</u>	<u>\$ 4,497,388</u>
<b>LIABILITIES AND FUND EQUITY AND BALANCES (DEFICITS)</b>						
Liabilities:						
Amounts and other payable	\$ 164,606	\$ 416,223	\$ -0-	\$ -0-	\$ 580,829	\$ 54,248
Advances--City of New Orleans	9,783	-0-	-0-	-0-	9,783	254,435
Due to other funds (NOTE 7)	733,811	5,498,854	-0-	-0-	6,232,665	2,707,474
Due to City of New Orleans	244,652	178,975	-0-	-0-	423,627	301,325
Amounts payable-HUD	-0-	470,269	-0-	-0-	470,269	851,713
Deferred revenue	-0-	62,510	-0-	-0-	62,510	-0-
Compensated absences payable	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>22,831</u>	<u>22,831</u>	<u>19,188</u>
Total liabilities	<u>1,152,852</u>	<u>6,626,831</u>	<u>-0-</u>	<u>22,831</u>	<u>7,802,514</u>	<u>4,188,383</u>

The accompanying notes are an integral part of the combined financial statements.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS**  
**COMBINED BALANCE SHEET**

(CONTINUED)

DECEMBER 31, 1998

(WITH COMPARATIVE TOTALS FOR 1997)

	<u>GOVERNMENTAL FUND TYPES</u>		<u>ACCOUNT GROUPS</u>		Totals (Memorandum Only) 1997
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fixed Assets</u>	<u>Long-Term Obligations</u>	
<u>FUND EQUITY AND BALANCES</u>					
<u>Fund equity</u>					
Investment in general fixed assets	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>79,128</u>	\$ <u>-0-</u>	\$ <u>79,128</u>
	<u>-0-</u>	<u>-0-</u>	<u>79,128</u>	<u>-0-</u>	<u>76,243</u>
<u>Fund balances (deficits)</u>					
Unreserved	40,441	18,811	-0-	-0-	33,418
Reserved (NOTES 6 and 9)	<u>12,710</u>	<u>191,607</u>	<u>-0-</u>	<u>-0-</u>	<u>199,344</u>
Total fund balances (deficits)	<u>53,151</u>	<u>210,418</u>	<u>-0-</u>	<u>-0-</u>	<u>232,762</u>
Total fund equity and balances	<u>53,151</u>	<u>210,418</u>	<u>79,128</u>	<u>-0-</u>	<u>309,005</u>
Total liabilities and fund equity and balances	<u>\$1,206,003</u>	<u>\$6,837,249</u>	<u>\$79,128</u>	<u>\$22,831</u>	<u>\$4,497,388</u>

The accompanying notes are an integral part of the combined financial statements.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**GOVERNMENTAL FUND TYPES**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**

AND

**CHANGES IN FUND BALANCES/EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**  
**(WITH COMPARATIVE TOTALS FOR 1997)**

	<u>GOVERNMENTAL FUND TYPES</u>			<u>ACCOUNT GROUPS</u>			<u>Totals</u> <u>(Memorandum Only)</u>
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Funds</u>	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>General</u> <u>Long-Term</u> <u>Obligations</u>	<u>1998</u>	<u>1997</u>	
<b><u>OPERATING REVENUE</u></b>							
Grants and subsidies	\$ -0-	\$4,677,898	\$ -0-	\$ -0-	\$4,677,898	\$4,257,310	
Interest on investments	-0-	11,343	-0-	-0-	11,343	17,083	
Other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>7,142</u>	
Total revenues	<u>-0-</u>	<u>4,689,241</u>	<u>-0-</u>	<u>-0-</u>	<u>4,689,241</u>	<u>4,281,535</u>	
<b><u>EXPENDITURES</u></b>							
Salaries and employee benefits	-0-	339,576	-0-	-0-	339,576	249,018	
Occupancy	-0-	-0-	-0-	-0-	-0-	14,472	
Repairs and maintenance	-0-	156	-0-	-0-	156	433	
Contractual services	-0-	344,593	-0-	-0-	344,593	257,807	
Equipment and supplies	-0-	9,386	-0-	-0-	9,386	11,956	
Housing assistance payments	<u>-0-</u>	<u>3,937,761</u>	<u>-0-</u>	<u>-0-</u>	<u>3,937,761</u>	<u>3,675,485</u>	
Page Total	<u>-0-</u>	<u>4,631,472</u>	<u>-0-</u>	<u>-0-</u>	<u>4,631,472</u>	<u>4,209,171</u>	

The accompanying notes are an integral part of the combined financial statements.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**GOVERNMENTAL FUND TYPES**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCES/EQUITY**  
**(CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**  
**(WITH COMPARATIVE TOTALS FOR 1997)**

	<u>GOVERNMENTAL FUND TYPES</u>		<u>ACCOUNT GROUPS</u>			<u>Totals</u> <u>(Memorandum Only)</u>
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Funds</u>	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>General</u> <u>Long-Term</u> <u>Obligations</u>	<u>1998</u> <u>1997</u>	
<b>EXPENDITURES, CONTINUED</b>						
Convention and travel	\$ -0-	\$ 5,990	\$ -0-	\$ -0-	\$ 5,990	\$ 8,962
Postage and printing	-0-	4,474	-0-	-0-	4,474	6,254
Other expenditures	-0-	6,157	-0-	-0-	6,157	2,546
General	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,174</u>
Total expenditures	<u>-0-</u>	<u>4,648,093</u>	<u>-0-</u>	<u>-0-</u>	<u>4,648,093</u>	<u>4,229,107</u>
Excess of revenues over expenditures (NOTE 8)	<u>-0-</u>	<u>41,148</u>	<u>-0-</u>	<u>-0-</u>	<u>41,148</u>	<u>52,428</u>
Fund balances/equity, beginning of year	53,151	179,611	-0-	-0-	232,762	180,334
Adjustment to beginning fund balances/equity	<u>-0-</u>	<u>(10,341)</u>	<u>0-</u>	<u>-0-</u>	<u>(10,341)</u>	<u>-0-</u>
Beginning fund balances/equity, as restated	<u>53,151</u>	<u>169,270</u>	<u>-0-</u>	<u>-0-</u>	<u>222,421</u>	<u>232,762</u>
Fund balances/equity, end of year	<u>\$53,151</u>	<u>\$ 210,418</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 263,569</u>	<u>\$ 232,762</u>

The accompanying notes are an integral part of the combined financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
GENERAL AND SPECIAL REVENUE FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES/EQUITY  
BUDGET AND ACTUAL--  
FOR THE YEAR ENDED DECEMBER 31, 1998

	GENERAL FUND			SPECIAL REVENUE FUND			(TOTALS MEMORANDUM ONLY)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenue	\$ -0-	\$ -0-	\$-0-	\$5,214,486	\$4,677,898	\$(536,588)	\$5,214,486	\$4,677,898	\$(536,588)
Grants and subsidies	-0-	-0-	-0-	-0-	11,343	11,343	-0-	11,343	11,343
Interest on investments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total revenues	-0-	-0-	-0-	5,214,486	4,689,241	(525,245)	5,214,486	4,689,241	(525,245)
Expenditures									
Salaries and employee benefits	-0-	-0-	-0-	359,030	339,576	19,454	359,030	339,576	19,454
Repairs and maintenance	-0-	-0-	-0-	-0-	156	(156)	-0-	156	(156)
Contractual services	-0-	-0-	-0-	276,670	344,593	(67,923)	276,670	344,593	(67,923)
Equipment and supplies	-0-	-0-	-0-	7,304	9,386	(2,082)	7,304	9,386	(2,082)
Housing assistance payments	-0-	-0-	-0-	4,419,456	3,937,761	481,695	4,419,456	3,937,761	481,695
Convention and travel	-0-	-0-	-0-	4,000	5,990	(1,990)	4,000	5,990	(1,990)
Postage	-0-	-0-	-0-	2,900	4,474	(1,574)	2,900	4,474	(1,574)
Other expenditures	-0-	-0-	-0-	-0-	6,157	(6,157)	-0-	6,157	(6,157)
General	-0-	-0-	-0-	145,126	-0-	145,126	145,126	-0-	145,126
Total expenditures	-0-	-0-	-0-	5,214,486	4,648,093	566,393	5,214,486	4,648,093	566,393
Excess of revenues over expenditures	-0-	-0-	\$-0-	-0-	41,148	\$ 41,148	-0-	41,148	\$ 41,148
Fund balances/equity, beginning of year	53,151	53,151	-0-	-0-	179,611	-0-	53,151	232,762	-0-
Adjustment to beginning of fund balances/equity	-0-	-0-	-0-	-0-	(10,341)	-0-	-0-	(10,341)	-0-
Beginning of fund balances/equity, as restated	53,151	53,151	-0-	-0-	169,270	-0-	53,151	222,421	-0-
Fund balances/equity, end of year	\$53,151	\$53,151	\$53,151	\$ -0-	\$ 210,418	\$ -0-	\$ 53,151	\$ 263,569	\$ -0-

The accompanying notes are an integral part of the combined financial statements.



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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NOTE 1 - Background and General Data:

Background

The **New Orleans Redevelopment Authority (NORA)** exists under the authority contained in Act No. 170, as amended, as passed by the Louisiana Legislature in 1968. **The Authority** was formulated as a program by the City of New Orleans for the utilization of appropriate private and public resources to eliminate and prevent the development or spread of slums; to provide decent, safe and sanitary dwellings for families of low income; to allow the creation and organization of a community improvement agency; to allow the rehabilitation, clearance and redevelopment of slums and blighted areas in the City of New Orleans in accordance with community improvement plans or projects approved by the governing body of the City of New Orleans; to define the duties, liabilities, exemptions, authority and functions of such community improvement agency, including the acquisition of property by negotiation, gift or expropriation, the disposition of property by sale or lease, the issuance of bonds, borrowing of money and giving of security therefore and to allow bonds issued to be legal investments for banks and fiduciaries; to provide for notice and hearing; to authorize entering into agreements to secure Federal aid; to authorize public bodies to furnish funds, services facilities and property in aid of community improvement projects and related activities hereunder; and to provide that securities issued and properties while held by the **New Orleans Redevelopment Authority** shall be exempt from taxation.

On July 7, 1994, the Louisiana Legislature passed Act No. 65 which amended Act No. 170 that created the **New Orleans Redevelopment Authority**. Act No. 65 effectively changed the name of the Community Improvement Agency to **New Orleans Redevelopment Authority**. In addition, the Board of Commissioners also adopted a resolution approving the name change.



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Background and General Data, Continued:

General

As of December 31, 1998, **NORA** was primarily engaged in the following programs:

- Section 8 - Moderate Rehabilitation Program
- Blighted Property Removal Program
- Section 8 - Housing Assistance Payments Program  
(Southwood Patio Homes)
- Section 8 - Housing Assistance Payments Program  
(YMCA)
- Shelter Plus Care Program

**New Orleans Redevelopment Authority** provides housing assistance payments on behalf of eligible families leasing safe, decent, and sanitary units from the owners of the property. The housing units are designed specifically for non-elderly families. **NORA** has entered into a Housing Assistance Payment Contract with HUD where HUD is to provide financial assistance to **NORA** for the purpose of making the housing assistance payments.

The Housing Assistance Payment Contract (Southwood Patio Homes) was originally entered into between the Housing Authority of New Orleans (HANO) and HUD in March 1983; however, effective May 1992, HANO transferred the administration of the contract to **NORA**. The general purpose financial statements reflect only the activities undertaken by **NORA**, effective on the date of the transfer of the Southwood Patio Homes Contract.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Background and General Data, Continued:

General, Continued

A brief description of each program follows:

- Section 8 - Moderate Rehabilitation Program

Under this program, owner-investors of rental units for low to moderate income citizens, can receive special assistance to bring multi-family units up to city code standards and improve energy efficiency, if these units are in disrepair. Through Annual Contribution Contracts, the Section 8 Moderate Rehabilitation Program provides funds from HUD for the purpose of upgrading substandard units. Also, rents for low to moderate income citizens are subsidized in order to minimize displacement.

Under the provisions of HUD's Section 8 program, a certain percentage of all units to be upgraded must be set aside for the elderly and handicapped.

- Blighted Property Removal Program

The blighted property removal program is designed to provide for the rehabilitation and/or demolition and removal of buildings and other improvements whose physical conditions render them detrimental to the safety and welfare of the public at large, and whose existence directly threatens the physical, social and economic stability of the surrounding neighborhood facilities and jeopardizes the well-being of the entire community.

The program provides for technical assistance and/or financial assistance for rehabilitation, as may be available, to the existing property owner.

The program is administered by **NORA** under contract with the City of New Orleans.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Background and General Data, Continued

General, Continued

- Housing Assistance Payment Program - Southwood Patio

Under this program, **NORA** provides an oversight of the administration of the activities of the owner in the provision of rental units to eligible program participants.

- Section 8 - Housing Assistance Payments (YMCA)

In 1995, **NORA** was awarded forty-five (45) additional certificates by HUD for eligible participants in the housing assistance payments program.

- Shelter Plus Care Program

The Shelter Plus Care Program is designed to develop viable urban communities including decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate income.

The program is administered by **NORA** under contract with the City of New Orleans.

NOTE 2 - Summary of Significant Accounting Policies:

Financial Statement Presentation

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued

Financial Reporting Entity

**NORA** exist under the Authority contained in Act No. 170, as amended, as passed by the Louisiana Legislature in 1968 and subsequently amended by Act No. 65, passed in 1994. **NORA** has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the City of New Orleans.

Government Accounting Standards Board (GASB) Statement No. 14, "the Financial Reporting Entity established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

**NORA** was established as a separate, legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **NORA** is a financial reporting entity within the meaning of the provisions of GASB 14.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued

Estimates

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

Basis of Presentation

The accounts of **NORA** are organized on the basis of funds or account groups, each of which is considered a separate accounting entity and is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units.

Governmental Funds

Governmental funds are those through which most governmental functions of **NORA** are financed. The acquisition, use and balances of **NORA's** expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are **NORA's** governmental funds:



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 2 - Summary of Significant Accounting Policies, Continued

General Fund - The general fund is the general operating fund of **NORA**. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Account Groups - Account groups are used to establish accounting control and accountability for **NORA's** general fixed assets and outstanding obligations, respectively. They are self-balancing group of accounts that are concerned only with the measurement of financial position, not with the measurement of results of operations. The following are **NORA's** account groups:

General Fixed Assets Account Group - This group of accounts is established to account for fixed assets of **NORA** (primary government only). The fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized or reported in the general fixed assets account group.

General Long-Term Obligations Account Group - This group of accounts is established to account for long-term obligations of **NORA**.

Basis of Accounting - All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (i.e., both measurable and available). Available means currently due and expected to be collected within the next twelve months. Revenues not considered available are recorded as deferred revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable, except for vacation and sick leave and claims and judgments which are recognized when paid. Prepaid insurance and similar items are not normally recorded as assets.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued

Investment earnings are recorded as earned since they are measurable and available.

In applying the "susceptible to accrual" concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. There are essentially two types of such revenues. In one, monies must be expended for the specific purpose or project before any amounts will be reimbursed to **NORA**; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. Such revenues are recognized at the time of receipt or earlier if the "susceptible to accrual" criteria are met.

Fund Accounting

The accounts of **NORA** are organized into three basic funds. A description of these funds and the accounts contained therein follows:

- o General Fund - The General Fund is used to account for all financial resources that are not required to be accounted for in another fund. These funds are used to pay the costs of certain expenditures that are not budgeted for in other programs and/or funds.
- o Special Revenue - Annual Contribution Contracts Fund - This fund is used to account for the activities of the Section 8 Moderate Rehabilitation Program. Monies are received from HUD related to housing assistance payments and certain administrative costs incurred by **NORA** in administering the HUD projects.



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued

- o Special Revenue - City of New Orleans - Division of Housing and Neighborhood Development - These funds are used to account for Community Development Block Grant (CDBG) funds received from the City of New Orleans. CDBG funds are provided under contracts between the City of New Orleans and **NORA** for administrative costs, land acquisition and development expenditures, shelter plus care and blighted property removal programs.

Cash and Temporary Cash Investments

**NORA's** cash and temporary cash investments are considered to be cash on hand and demand deposits. **NORA** may invest primarily in U.S. obligations dictated by HUD.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by generally accepted accounting principles. At December 31, 1998, the allowance for uncollectible accounts was \$12,691.

Land and Equipment

Land and equipment are recorded at cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period. In addition, costs associated with certain property acquired with CDBG funds received from the City of New Orleans are reflected as program costs to the respective programs. The property inventory is accounted for by the City of New Orleans. Depreciation has not been provided on general fixed assets.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued

Compensated Absences

**NORA** follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

Budgetary Data

**NORA** does not formally adopt or utilize a budget for its General Fund. Budgetary data for its Special Revenue Funds, Blighted Properties and Shelter Plus care programs are submitted and approved annually by the applicable funding sources of **NORA**.

Because the budgets in the Special Revenue Funds are prepared on a modified accrual basis, no differences in budget basis and GAAP basis occur for those funds.

Total Columns on Combined Statements

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - Summary of Significant Accounting Policies, Continued

Total Columns on Combined Statements, Continued

Comparative total data for the prior year has been presented in the accompanying combined financial statements to provide an understanding of changes in NORA's combined financial position and operations. However, comparative data (i.e., presentation of prior year totals for each fund source) have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read.

Financial Statement Presentation

Certain reclassifications have been made to prior year's financial statements to conform to the current year's presentation.

NOTE 3 - Amounts Receivable:

Amounts receivable at December 31, 1998 includes \$30,997 due from previous owners who participated in the Housing Assistance Program.

The amount is a part of the result of an Inspector General (IG) audit finding. However, subsequent to the audit, **NORA** has provided additional documents to substantiate a larger amount of the rehabilitation cost originally disallowed.

In addition, **NORA** appealed the rent calculations as per the IG's report. Subsequent to the appeal, an adjustment by the IG has reduced substantially the disallowed cost. The amount due from previous owners in the program, represents what the IG determined to be overpayments.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 4 - Cash and Temporary Cash Investments:

At December 31, 1998, **NORA's** cash balances totaled \$1,084,946. These deposits and financial instruments are stated at cost, which approximates market.

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of **NORA**.

At December 31, 1998, the carrying amount of **NORA's** deposits was \$1,084,946 and the cumulative bank balance was \$1,362,533. The bank balances are covered by federal depository insurance and collateral held by the pledging institutions' agent in **NORA's** name.

The temporary cash investments are categorized as Category 1.

NOTE 5 - Land and Equipment:

As of December 31, 1998, land and equipment consisted of the following:

	Balance December 31, <u>1997</u>	<u>Additions</u>	<u>Retirement</u>	Balance December 31, <u>1998</u>
Land	\$42,217	\$ -0-	\$-0-	\$42,217
Equipment	<u>34,026</u>	<u>2,885</u>	<u>-0-</u>	<u>36,911</u>
Total	<u>\$76,243</u>	<u>\$2,885</u>	<u>\$-0-</u>	<u>\$79,128</u>

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 6 - Reserved Fund Balance:

The reserved fund balance represents residual funds from the completed Projects A-2 and R-15. The fund primarily consists of deposits on land for Project A-2; retainage for contract work; relocation funds and annual leave accrued for employees under the Comprehensive Employment Training Act. At December 31, 1998, no final determination has been made regarding the disposition of the funds. Also, see Note 9.

NOTE 7 - Due To/From Other Funds:

As of December 31, 1998, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 625,530	\$ 733,811
HUD Annual Contribution		
Contracts Fund	3,661,267	3,547,625
Blighted Properties/ Administrative Fund	1,551,603	1,559,444
Community Development		
Rehabilitation Program Fund	193,800	159,217
Land Acquisition and Development Funds	153,012	169,041
Shelter Plus Care Program	28,232	36,746
Desire Square Fund	<u>19,221</u>	<u>26,781</u>
Total	<u>\$6,232,665</u>	<u>\$6,232,665</u>



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 8 - Grants Receivable:

At December 31, 1998 grants receivable consist of amounts due from the City of New Orleans to reimburse **NORA** for cost incurred on behalf of the Blighted Properties/Removal and Shelter Plus Care programs.

NOTE 9 - Restricted Cash - Land Acquisition and Development Funds :

The Board of Commissioners of **NORA** restricted the use of cash proceeds received from the sale of property accounted for in the Housing Development Coordination and Production Fund. The use of the funds is limited to the purchase of additional properties to be sold to qualified purchasers. At December 31, 1998 the amount of cash restricted was \$191,607. Also, see Note 6.

NOTE 10 - Related Party Leases:

**NORA** leased certain facilities from the Finance Authority of New Orleans (FANO) (formerly New Orleans Home Mortgage Authority) under an operating lease agreement.

Rental expense for the year ended December 31, 1998 under this lease was \$2,550.00.

NOTE 11 - Management Contract:

In an agreement dated January 16, 1996 the Board of Commissioners of **NORA** engaged FANO to manage all of the **NORA** functions and responsibilities, including its programs, personnel and finances beginning January 17, 1996. The management contract was terminated effective January 16, 1998.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 12 - Retirement System:

Plan Description

**NORA** participates in a qualified defined benefit pension and retirement plan under Section 401(a) of the Internal Revenue Code operated by the Louisiana State Employees' Retirement System (LASERS). Membership in LASERS is mandatory for all State employees whose agency is a LASERS participant except those excluded by law.

LASERS is a public trust fund created by Act of Louisiana Legislature in 1946 to provide retirement allowances and other benefits to State officers and employees and their beneficiaries.

Plan Funding

Funding for the system comes from these sources; employee's contribution which is currently 7.5% of earned compensation, employers contribution which is currently 12.10%, and earnings from investments. For the year ended December 31, 1998, **NORA's** pension cost was \$32,269.

Information on the plan can be obtained at the following address:

Louisiana State Employees Retirement System  
8401 United Plaza Blvd.  
P. O. Box 44213  
Baton Rouge, LA 70804-4213

NOTE 13 - Risk Management

**NORA** is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets for which **NORA** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 14 - Deficits:

The Annual Contribution Contracts FW 2147 Projects 001, and 002 have deficits at December 31, 1998 totalling \$167,723. It is management's intend to develop a plan of action to address the deficit.

NOTE 15 - Concentration of Credit Risk:

**NORA** receives primarily all of its revenues from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD fall below contract levels, **NORA's** operating results could be adversely affected.

NOTE 16 - Contingencies:

**NORA** has been named as a defendant in a claim by approximately four hundred (400) tenants of the Southwood Patio Homes. The claim seeks damages for alleged exposure due to the failure of Southwood Patio to timely repair plumbing problems or evacuate residents. **NORA** provides oversight of the activities of the owner of Southwood Patio. It is Counsel's opinion that the results of this litigation cannot be determined at this time.

NOTE 17 - Subsequent Events:

On January 1, 1999, **NORA** transferred its Section 8 program to the Housing Authority of New Orleans.

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana

Our report on our audit of the general purpose financial statements of the **New Orleans Redevelopment Authority (NORA)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations" and is not a required part of the general purpose financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The supplementary information (Exhibits except Exhibit I) which are prepared in accordance with generally accepted accounting principles, has been subjected to the procedures applied in the audit of the general purpose financial statements and in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

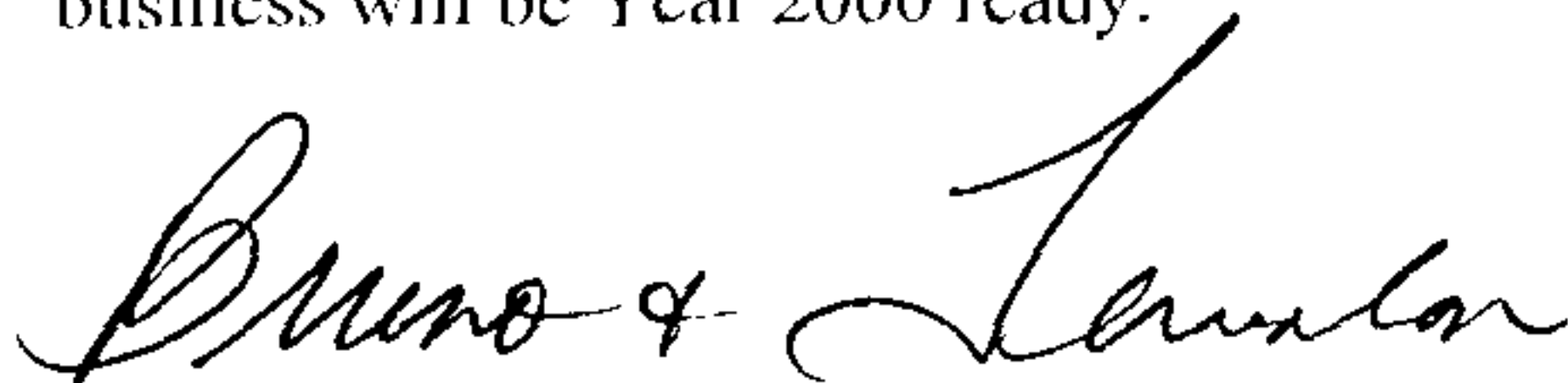
**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION  
(CONTINUED)**

The supplementary information (Schedules-HUD Basis) which are prepared on a Comprehensive Basis of Accounting other than generally accepted accounting principles, has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, except for differences in fund accounting, prior year adjustments, investments, allowance for doubtful accounts, land structures and equipment, and receipt of federal funds presented in accordance with HUD prescribed practices, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The accompanying disclosure on Year 2000 issues (Exhibit I) is presented in accordance with the requirements of Governmental Accounting Standards Board Technical Bulletin 99-1 Disclosures about Year 2000 issues - an amendment of Technical Bulletin 98-1. We have applied certain limited procedures which consisted primarily of inquiries of management regarding the stages of assessment and presentation of the supplementary information.

We did not audit the Year 2000 disclosure information and as such do not express an opinion on it.

Also, because of the unprecedented nature of the Year 2000 issue and its effects, the success of related remediation efforts will not be fully determinable until Year 2000 and thereafter. Management cannot assure that **NORA** is, or will be, Year 2000 ready, that its remediation efforts will be successful in whole, or in part, or that parties with whom **NORA** does business will be Year 2000 ready.



**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

June 23, 1999

**EXHIBIT A**

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**GENERAL FUND**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 1998**  
**(WITH COMPARATIVE TOTALS FOR 1997)**

	<u>General</u> <u>Fund</u>	<u>Revolving</u> <u>Fund</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
			<u>1998</u>	<u>1997</u>
<b><u>ASSETS</u></b>				
Cash and temporary cash investments	\$ -0-	\$ 398,789	\$ 398,789	\$257,122
Amounts receivable	-0-	110,687	110,687	110,687
Advance	40,000	-0-	40,000	40,000
Due from other funds	<u>52,372</u>	<u>604,155</u>	<u>656,527</u>	<u>446,018</u>
Total assets	<u>\$92,372</u>	<u>\$1,113,631</u>	<u>\$1,206,003</u>	<u>\$853,827</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities:</b>				
Amounts payable	\$ -0-	\$ 164,606	\$ 164,606	\$ 22,591
Advances-				
City of New Orleans	9,783	-0-	9,783	254,435
Due to other funds	29,438	704,373	733,811	315,488
Due to City of New Orleans	<u>-0-</u>	<u>244,652</u>	<u>244,652</u>	<u>208,162</u>
Total liabilities	<u>39,221</u>	<u>1,113,631</u>	<u>1,152,852</u>	<u>800,676</u>
<b><u>Fund balances</u></b>				
Unreserved	40,441	-0-	40,441	40,441
Reserved	<u>12,710</u>	<u>-0-</u>	<u>12,710</u>	<u>12,710</u>
Total fund balances	<u>53,151</u>	<u>-0-</u>	<u>53,151</u>	<u>53,151</u>
Total liabilities and fund balances	<u>\$92,372</u>	<u>\$1,113,631</u>	<u>\$1,206,003</u>	<u>\$853,827</u>

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
GENERAL FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 1998  
(WITH COMPARATIVE TOTALS FOR 1997)**

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	<u>General Fund</u>	<u>Revolving Fund</u>	<u>Totals (Memorandum Only)</u>	
			<u>1998</u>	<u>1997</u>
<u>Operating Revenue</u>				
Total revenue	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
<u>Expenditures</u>				
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenue over expenditures	-0-	-0-	-0-	-0-
Fund balance, beginning of year	<u>53,151</u>	<u>-0-</u>	<u>53,151</u>	<u>53,151</u>
Fund balance, end of year	<u>\$53,151</u>	<u>\$-0-</u>	<u>\$53,151</u>	<u>\$53,151</u>

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCE--**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenues</u>			
Grants and subsidies	\$ -0-	\$ -0-	\$ -0-
Interest on investments	-0-	-0-	-0-
Other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 Expenditures			
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	-0-	-0-	\$ <u>-0-</u>
Fund balance, beginning of year	<u>53,151</u>	<u>53,151</u>	
Fund balance, end of year	<u>\$53,151</u>	<u>\$53,151</u>	

See Independent Auditors' Report and Supplemental Information.



NEW ORLEANS REDEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1998  
(WITH COMPARATIVE TOTALS FOR 1997)

ASSETS	DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT										LAND ACQUISITION AND DEVELOPMENT		
	Shelter Plus Care Program	Blighted Properties Administrative Fund	COMMUNITY DEVELOPMENT REHABILITATION				Desire Square Fund	Housing Development Coordination and Production Fund					
			Eighth Program Year	Ninth Program Year	Tenth Program Year	Eleventh Program Year	Twelfth Program Year						
Cash and temporary cash investments	\$ -0-	\$ 29,102	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 174,291		
Amounts receivable, net	298	52,585	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,560	47,120		
Amounts receivable - HUD	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-		
Accrued interest receivable	13	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-		
Note receivable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	49,000		
Grants receivable	22,588	258,123	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-		
Deferred charges	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-		
Due from other funds	28,232	1,551,603	2,015	42,426	43,517	50,176	55,666	19,221			153,012		
Total assets	\$51,131	\$1,891,413	\$2,015	\$42,426	\$43,517	\$50,176	\$55,666	\$26,781			\$423,423		
<b>LIABILITIES AND FUND EQUITY AND BALANCES (DEFICITS)</b>													
Liabilities:													
Amounts and other payable	\$ 1,061	\$ 181,842	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 6,000		
Due to other funds	36,746	1,559,444	765	34,569	43,517	39,286	41,080	26,781			169,041		
Due to City of New Orleans	-0-	87,617	1,250	7,857	-0-	10,890	14,586	-0-			56,775		
Deferred revenue	-0-	62,510	-0-	-0-	-0-	-0-	-0-	-0-			-0-		
Accounts payable - HUD	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-			-0-		
Total liabilities	37,807	1,891,413	2,015	42,426	43,517	50,176	55,666	26,781			231,816		

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET, (CONTINUED)  
DECEMBER 31, 1998  
(WITH COMPARATIVE TOTALS FOR 1997)

	DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT				LAND ACQUISITION AND DEVELOPMENT				
	Shelter Plus Care Program	Blighted Properties Administrative Fund	COMMUNITY DEVELOPMENT REHABILITATION				Desire Square Fund	Housing Development Coordination and Production Fund	
FUND EQUITY AND BALANCES (DEFICITS)			Eighth Program Year	Ninth Program Year	Tenth Program Year	Eleventh Program Year	Twelfth Program Year		
Fund Equity	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Investment in general fixed assets									
Fund balances	13,324	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unreserved	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	191,607
Reserved									
Total fund equity and balances (deficits)	13,324	-0-	-0-	-0-	-0-	-0-	-0-	-0-	191,607
Total liabilities and fund equity and balances (deficits)	\$51,131	\$1,891,413	\$2,015	\$42,426	\$43,517	\$50,176	\$55,666	\$26,781	\$423,423

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET. (CONTINUED)  
DECEMBER 31, 1998  
(WITH COMPARATIVE TOTALS FOR 1997)

ASSETS	ANNUAL CONTRIBUTION CONTRACTS					Totals (Memorandum Only)
	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147 Project LA 48-K218-002	FW-2147 Project LA 48-K218-005	FW-2147 Project LA 48-K218-006	
Cash and temporary cash investments	\$ 482,764	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 482,764
Amounts receivable, net	-0-	33,895	5,326	22,837	7,387	177,008
Amounts receivable - HUD	-0-	33,335	20,580	14,307	-0-	68,222
Accrued interest receivable	-0-	-0-	-0-	-0-	-0-	13
Note receivable	-0-	-0-	-0-	-0-	-0-	49,000
Grants receivable	-0-	-0-	-0-	-0-	-0-	280,711
Deferred charges	-0-	-0-	-0-	-0-	-0-	-0-
Due from other funds	368,339	1,009,895	477,328	392,447	728,518	5,576,138
Total assets	\$ 851,103	\$ 1,077,125	\$ 503,234	\$ 429,591	\$ 735,905	\$ 6,837,249
<b>LIABILITIES AND FUND EQUITY BALANCES (DEFICITS)</b>						
Liabilities:						
Amounts and other payable	\$ 190,924	\$ 3,262	\$ 11,111	\$ 6,359	\$ 8,659	\$ 416,223
Due to other funds	623,723	1,164,290	480,971	295,988	541,263	5,498,854
Due to City of New Orleans	-0-	-0-	-0-	-0-	-0-	178,975
Deferred revenue	-0-	-0-	-0-	-0-	-0-	62,510
Accounts payable - HUD	-0-	33,698	54,750	124,446	134,958	470,269
Total liabilities	814,647	1,201,250	546,832	426,793	684,880	6,626,831
					570,812	3,368,519

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET, (CONTINUED)  
DECEMBER 31, 1998  
(WITH COMPARATIVE TOTALS FOR 1997)

	ANNUAL CONTRIBUTION CONTRACTS						Totals (Memorandum Only) 1998	1997
	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147 Project LA 48-K218-002	FW-2147 Project LA 48-K218-005	FW-2147 Project LA 48-K218-006	FW-2296E Project LA 48-E218-001		
Fund Equity								
Investment in general fixed assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
Fund Balances (Deficits)								
Unreserved	36,456	(124,125)	(43,598)	2,798	51,025	82,931	18,811	
Reserved	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>186,634</u>	
Total fund equity and balances, (deficits)	<u>36,456</u>	<u>(124,125)</u>	<u>(43,598)</u>	<u>2,798</u>	<u>51,025</u>	<u>82,931</u>	<u>191,607</u>	
Total liabilities and fund equity and balances (deficits)	<u>\$851,103</u>	<u>\$1,077,125</u>	<u>\$ 503,234</u>	<u>\$429,591</u>	<u>\$735,905</u>	<u>\$653,743</u>	<u>\$3,548,130</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)/EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 1998  
(WITH COMPARATIVE TOTALS FOR 1997)

	DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT				LAND ACQUISITION AND DEVELOPMENT			
	Shelter Plus Care Program	Blighted Properties Administrative Fund	COMMUNITY DEVELOPMENT REHABILITATION			Desire Square Fund	Housing Development Coordination and Production Fund	
			Eighth Program Year	Ninth Program Year	Tenth Program Year	Eleventh Program Year	Twelfth Program Year	
<u>Operating Revenue</u>								
Grants	\$130,416	\$391,599	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interest on investments	41	-0-	-0-	-0-	-0-	-0-	-0-	4,987
Other	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>Total revenues</u>	<u>130,457</u>	<u>391,599</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,987</u>
<u>Expenditures</u>								
Salaries and employee benefits	6,923	104,577	-0-	-0-	-0-	-0-	-0-	-0-
Repairs and maintenance	5	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Contractual services	2,019	277,608	-0-	-0-	-0-	-0-	-0-	-0-
Equipment and supplies	202	2,904	-0-	-0-	-0-	-0-	-0-	-0-
Housing assistance payments	113,749	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Convention and travel	268	4,256	-0-	-0-	-0-	-0-	-0-	-0-
Postage and printing	117	682	-0-	-0-	-0-	-0-	-0-	-0-
Other expenditures	517	1,572	-0-	-0-	-0-	-0-	-0-	14
General	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>Total expenditures</u>	<u>123,800</u>	<u>391,599</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>14</u>
Excess (deficiency) of revenues over expenditures	6,657	-0-	-0-	-0-	-0-	-0-	-0-	4,973
Fund balance (deficit)/equity, beginning of year	<u>6,667</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>186,634</u>
Fund balance (deficit)/equity, end of year	<u>\$13,324</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$191,607</u>

See Independent Auditors' Report on Supplementary Information.



NEW ORLEANS REDEVELOPMENT AUTHORITY

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)/EQUITY, Continued  
FOR THE YEAR ENDED DECEMBER 31, 1998  
(WITH COMPARATIVE TOTALS FOR 1997)

	ANNUAL CONTRIBUTION CONTRACTS				FW-2296E Project LA 48-E218-001	Totals (Memorandum Only) 1998 1997
	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147 Project LA 48-K218-002	FW-2147 Project LA 48-K218-005		
<u>Operating Revenue</u>						
Grants and subsidies	\$813,552	\$334,485	\$547,936	\$570,570	\$545,322	\$4,257,310
Interest on investments	1,951	517	858	591	842	17,083
Other	-0-	-0-	-0-	-0-	-0-	7,142
<b>Total revenues</b>	<u>815,503</u>	<u>335,002</u>	<u>548,794</u>	<u>571,161</u>	<u>546,164</u>	<u>4,689,241</u>
<u>Expenditures</u>						
Salaries and employee benefits	44,084	21,906	37,785	26,008	37,509	249,018
Occupancy	-0-	-0-	-0-	-0-	-0-	14,472
Repairs and maintenance	24	15	26	18	26	433
Contractual services	10,503	6,472	11,164	7,685	11,183	257,807
Equipment and supplies	1,038	636	1,097	755	989	11,956
Housing assistance payments	785,976	298,186	488,036	528,937	485,932	3,675,485
Convention and travel	166	195	293	165	195	8,962
Postage and printing	623	375	647	446	643	6,254
Other expenditures	638	409	697	469	704	2,546
General	-0-	-0-	-0-	-0-	-0-	2,174
<b>Total expenditures</b>	<u>843,052</u>	<u>328,194</u>	<u>539,745</u>	<u>564,483</u>	<u>537,181</u>	<u>4,229,107</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(27,549)</u>	<u>6,808</u>	<u>9,049</u>	<u>6,678</u>	<u>8,983</u>	<u>52,428</u>
<b>Fund balances (deficit)/equity, beginning of year</b>	66,218	(129,971)	(51,023)	(2,762)	75,759	127,183
<b>Adjustment to beginning fund balances/equity</b>	<u>(2,213)</u>	<u>(962)</u>	<u>(1,624)</u>	<u>(1,118)</u>	<u>(1,811)</u>	<u>-0-</u>
<b>Beginning fund balances/equity, as restated</b>	<u>64,005</u>	<u>(130,933)</u>	<u>(52,647)</u>	<u>(3,880)</u>	<u>73,948</u>	<u>-0-</u>
<b>Fund balances (deficit)/equity, end of year</b>	<u>\$ 36,456</u>	<u>\$(124,125)</u>	<u>\$(43,598)</u>	<u>\$ 2,798</u>	<u>\$ 82,931</u>	<u>\$ 179,611</u>

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE/EQUITY  
BUDGET AND ACTUAL  
BLIGHTED PROPERTIES ADMINISTRATIVE FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Grants	<u>\$425,000</u>	<u>\$391,599</u>	<u>\$(33,401)</u>
Total revenue	<u>425,000</u>	<u>391,599</u>	<u>(33,401)</u>
 <u>Expenditures</u>			
Salaries and employee benefits	164,030	104,577	59,453
Contractual services	249,670	277,608	(27,938)
Equipment and supplies	5,800	2,904	2,896
Convention and travel	3,500	4,256	(756)
Postage and printing	2,000	682	1,318
Other expenditures	<u>-0-</u>	<u>1,572</u>	<u>(1,572)</u>
Total expenditures	<u>425,000</u>	<u>391,599</u>	<u>33,401</u>
 Excess (deficiency) of revenue over expenditures	-0-	-0-	<u>\$ -0-</u>
 Fund balance, beginning of year	<u>-0-</u>	<u>-0-</u>	
 Fund balance, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCE/EQUITY**  
**BUDGET AND ACTUAL--FW-2201--PROJECT LA 48-0060-001**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Grants and subsidies	\$828,258	\$813,552	\$(14,706)
Interest on investments	<u>-0-</u>	<u>1,951</u>	<u>1,951</u>
Total revenues	<u>828,258</u>	<u>815,503</u>	<u>(12,755)</u>
<u>Expenditures</u>			
Salaries and employee benefits	-0-	44,084	(44,084)
Contractual services	4,000	10,503	(6,503)
Housing assistance payments	801,888	785,976	15,912
General	<u>22,370</u>	<u>2,489</u>	<u>19,881</u>
Total expenditures	<u>828,258</u>	<u>843,052</u>	<u>(14,794)</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>(27,549)</u>	<u>\$(27,549)</u>
Fund balance/equity, beginning of year	-0-	66,218	
Adjustment to beginning fund balance/equity	<u>-0-</u>	<u>(2,213)</u>	
Beginning fund balance/equity, as restated	<u>-0-</u>	<u>64,005</u>	
Fund balance/equity, end of year	<u>\$ -0-</u>	<u>\$ 36,456</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND DEFICIT/EQUITY**  
**BUDGET AND ACTUAL--FW-2147--PROJECT LA 48-K218-001**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Operating Revenue</u>			
Grants and subsidies	\$369,230	\$334,485	\$(34,745)
Interest on investments	<u>-0-</u>	<u>517</u>	<u>517</u>
Total revenues	<u>369,230</u>	<u>335,002</u>	<u>(34,228)</u>
<u>Expenditures</u>			
Salaries and employee benefits	35,000	21,906	13,094
Repairs and maintenance	-0-	15	(15)
Contractual services	4,000	6,472	(2,472)
Equipment and supplies	-0-	636	(636)
Housing assistance payments	328,356	298,186	30,170
Postage and printing	-0-	375	(375)
Telephone	-0-	261	(261)
Convention and travel	-0-	195	(195)
General	<u>1,874</u>	<u>148</u>	<u>1,726</u>
Total expenditures	<u>369,230</u>	<u>328,194</u>	<u>41,036</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>6,808</u>	<u>\$ 6,808</u>
Fund deficit/equity, beginning of year	-0-	(129,971)	
Adjustment to beginning fund deficit/equity	<u>-0-</u>	<u>(962)</u>	
Beginning fund deficit/equity, as restated	<u>-0-</u>	<u>(130,933)</u>	
Fund deficit/equity, end of year	<u>\$ -0-</u>	<u>\$(124,125)</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND DEFICIT/EQUITY**  
**BUDGET AND ACTUAL--FW-2147--PROJECT LA 48-K218-002**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Grants and subsidies	\$604,504	\$547,936	\$(56,568)
Interest on investments	<u>-0-</u>	<u>858</u>	<u>858</u>
Total revenues	<u>604,504</u>	<u>548,794</u>	<u>(55,710)</u>
<u>Expenditures</u>			
Salaries and employee benefits	37,000	37,785	(785)
Repairs and maintenance	-0-	26	(26)
Contractual services	4,000	11,164	(7,164)
Equipment and supplies	-0-	1,097	(1,097)
Housing assistance payments	536,436	488,036	48,400
Telephone	-0-	440	(440)
Convention and travel	-0-	293	(293)
Postage and printing	-0-	647	(647)
General	<u>27,068</u>	<u>257</u>	<u>26,811</u>
Total expenditures	<u>604,504</u>	<u>539,745</u>	<u>64,759</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>9,049</u>	\$ <u>9,049</u>
Fund deficit/equity, beginning of year	-0-	(51,023)	
Adjustment to beginning fund deficit	<u>-0-</u>	<u>(1,624)</u>	
Beginning fund deficit/equity, as restated	<u>-0-</u>	<u>(52,647)</u>	
Fund deficit/equity, end of year	\$ <u>-0-</u>	\$ <u>(43,598)</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCE (DEFICIT)/EQUITY**  
**BUDGET AND ACTUAL--FW-2147--PROJECT LA 48-K218-005**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Operating Revenue</u>			
Grants and subsidies	\$658,316	\$570,570	\$ (87,746)
Interest on investments	<u>-0-</u>	<u>591</u>	<u>591</u>
Total revenues	<u>658,316</u>	<u>571,161</u>	<u>(87,155)</u>
<u>Expenditures</u>			
Salaries and employee benefits	22,000	26,008	(4,008)
Repairs and maintenance	-0-	18	(18)
Contractual services	4,000	7,685	(3,685)
Equipment and supplies	-0-	755	(755)
Housing assistance payments	610,068	528,937	81,131
Telephone	-0-	310	(310)
Convention and travel	-0-	165	(165)
Postage and printing	-0-	446	(446)
General	<u>22,248</u>	<u>159</u>	<u>22,089</u>
Total expenditures	<u>658,316</u>	<u>564,483</u>	<u>93,833</u>
Excess of revenues over expenditures	<u>-0-</u>	<u>6,678</u>	<u>\$ 6,678</u>
Fund deficit/equity, beginning of year	-0-	(2,762)	
Adjustments to beginning fund balance (deficit)/equity	<u>-0-</u>	<u>(1,118)</u>	
Beginning fund balance (deficit)/equity, as restated	<u>-0-</u>	<u>(3,880)</u>	
Fund balance (deficit)/equity, end of year	<u>\$ -0-</u>	<u>\$ 2,798</u>	

See Independent Auditors' Report on Supplementary Information.



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCE/EQUITY**  
**BUDGET AND ACTUAL--FW-2147--PROJECT LA 48-K218-006**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
- Grants and subsidies	\$1,387,924	\$1,344,018	\$(43,906)
Interest on investments	<u>-0-</u>	<u>1,556</u>	<u>1,556</u>
Total revenues	<u>1,387,924</u>	<u>1,345,574</u>	<u>(42,350)</u>
<u>Expenditures</u>			
Salaries and employee benefits	53,000	60,784	(7,784)
Repairs and maintenance	-0-	42	(42)
Contractual services	4,000	17,959	(13,959)
Equipment and supplies	1,504	1,765	(261)
Housing assistance payments	1,281,600	1,236,945	44,655
Telephone	-0-	725	(725)
Convention and travel	500	452	48
Postage and printing	900	941	(41)
General	<u>46,420</u>	<u>412</u>	<u>46,008</u>
Total expenditures	<u>1,387,924</u>	<u>1,320,025</u>	<u>67,899</u>
Excess revenues over expenditures	<u>-0-</u>	<u>25,549</u>	<u>\$ 25,549</u>
Fund balance, equity, beginning of year	-0-	28,089	
Adjustment to beginning of fund balance/equity	<u>-0-</u>	<u>(2,613)</u>	
Beginning fund balance/equity, as restated	<u>-0-</u>	<u>25,476</u>	
Fund balance/equity, end of year	<u>\$ -0-</u>	<u>\$ 51,025</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND**  
**CHANGES IN FUND BALANCE/EQUITY**  
**BUDGET AND ACTUAL--FW-2296E--PROJECT LA 48-E218-001**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Operating Revenue</u>			
Grants and subsidies	\$641,058	\$545,322	\$(95,736)
Interest income	<u>-0-</u>	<u>842</u>	<u>842</u>
Total revenue	<u>641,058</u>	<u>546,164</u>	<u>(94,894)</u>
 <u>Expenditures</u>			
Contractual services	4,000	11,183	(7,183)
Housing assistance payments	573,912	485,932	87,980
Salaries and employee benefits	38,000	37,509	491
General	<u>25,146</u>	<u>2,557</u>	<u>22,589</u>
Total expenditures	<u>641,058</u>	<u>537,181</u>	<u>103,877</u>
 Excess of revenue over expenditures	<u>-0-</u>	<u>8,983</u>	<u>\$ 8,983</u>
 Fund balance equity, beginning of year	-0-	75,759	
 Adjustment to beginning fund balance	<u>-0-</u>	<u>(1,811)</u>	
 Beginning fund balance/equity, as restated	<u>-0-</u>	<u>73,948</u>	
 Fund balance/equity, end of year	<u>\$ -0-</u>	<u>\$ 82,931</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES  
AND  
CHANGES IN FUND BALANCE/EQUITY  
BUDGET AND ACTUAL-  
SHELTER PLUS CARE PROGRAM FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Operating Revenue</u>			
Grants and subsidies	\$300,196	\$130,416	\$(169,780)
Interest	<u>-0-</u>	<u>41</u>	<u>41</u>
Total revenues	<u>300,196</u>	<u>130,457</u>	<u>(169,739)</u>
<u>Expenditures</u>			
Salaries and employee benefits	10,000	6,923	3,077
Housing assistance payments	287,196	113,406	173,790
Contractual	3,000	2,019	981
Other	<u>-0-</u>	<u>1,452</u>	<u>(1,452)</u>
Total expenditures	<u>300,196</u>	<u>123,800</u>	<u>176,396</u>
Excess of revenues over expenditures	-0-	6,657	<u>\$ 6,657</u>
Fund balance/equity, beginning of year	<u>-0-</u>	<u>6,667</u>	
Fund balance/equity, end of year	<u>\$ -0-</u>	<u>\$ 13,324</u>	

See Independent Auditors' Report on Supplementary Information.

EXHIBIT G

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**DECEMBER 31, 1998**  
**(WITH COMPARATIVE TOTALS FOR 1997)**

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	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
Land	\$42,217	\$42,217
Equipment	<u>35,824</u>	<u>34,026</u>
Total assets	<u>\$78,041</u>	<u>\$76,243</u>
 <u>FUND EQUITY</u>		
Investment in general fixed assets- special revenue funds:		
-- Housing Development Coordination and Production Fund	\$42,217	\$42,217
-- FW2147 LA 48-K218-001	1,930	1,815
-- FW2147 LA 48-K218-002	13,495	13,297
-- FW2147 LA 47-K218-005	661	525
-- FW2147 LA 48-K218-006	10,050	9,731
-- Blighted Properties Administrative Program	10,456	8,658
-- Other Programs	<u>319</u>	<u>-0-</u>
Total fund equity	<u>\$79,128</u>	<u>\$76,243</u>

See Independent Auditors' Report on Supplementary Information.

**EXHIBIT H**

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
GENERAL LONG-TERM OBLIGATIONS  
DECEMBER 31, 1998  
(WITH COMPARATIVE TOTALS FOR 1997)**

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	<u>1998</u>	<u>1997</u>
<b><u>ASSETS</u></b>		
Amounts to be provided for retirement of obligations	<u>\$22,831</u>	<u>\$19,188</u>
Total assets	<u>\$22,831</u>	<u>\$19,188</u>
<b><u>LIABILITIES</u></b>		
Compensated absences payable	<u>\$22,831</u>	<u>\$19,188</u>
Total liabilities	<u>\$22,831</u>	<u>\$19,188</u>

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
YEAR 2000 DISCLOSURE ISSUES**

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The Year 2000 issue is the result of short comings in many electronic data processing systems and other electronic equipment that may adversely affect **NORA's** operations.

**NORA** has completed an inventory of its computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting **NORA's** operations. **NORA** has identified such systems as being financial and accounting, reporting, payroll and employee benefits.

Overall, **NORA** has undertaken and completed its awareness, assessment and remediation stages of the Year 2000 preparedness process. Currently, **NORA** has upgraded or updated the necessary systems and equipment to be Year 2000 compliant. The validation/testing stage is ongoing.



**SUPPLEMENTARY INFORMATION--SCHEDULES**

NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMBINING BALANCE SHEET--HUD BASIS  
ANNUAL CONTRIBUTION CONTRACTS FUND  
DECEMBER 31, 1998

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM ONLY)
Cash and temporary investments	\$ 482,764	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 482,764
Amounts receivable-- HUD	-0-	33,335	20,580	14,307	-0-	-0-	68,222
Amounts receivable-- Homeowners and tenants	-0-	36,945	7,954	26,461	8,354	-0-	79,714
Land and equipment	-0-	975	12,422	-0-	8,471	-0-	21,868
Due from other funds	368,339	1,009,895	477,328	392,447	728,518	653,743	3,630,270
Amounts receivable-- Other	-0-	-0-	-0-	-0-	2,422	-0-	2,422
Total assets	<u>\$851,103</u>	<u>\$1,081,150</u>	<u>\$518,284</u>	<u>\$433,215</u>	<u>\$747,765</u>	<u>\$653,743</u>	<u>\$4,285,260</u>

ASSETS

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMBINING BALANCE SHEET--HUD BASIS  
(CONTINUED)  
ANNUAL CONTRIBUTION CONTRACTS FUND  
DECEMBER 31, 1998

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM ONLY)
<u>LIABILITIES AND SURPLUS</u>							
<u>Liabilities</u>							
Accounts payable--HUD	\$ -0-	\$ 33,698	\$ 54,750	\$ 124,446	\$ 134,958	\$ 122,417	\$ 470,269
Accounts payable and other liabilities	190,924	3,262	11,111	6,359	8,659	7,005	227,320
Due to other funds	<u>623,723</u>	<u>1,164,290</u>	<u>480,971</u>	<u>295,988</u>	<u>541,263</u>	<u>441,390</u>	<u>3,547,625</u>
Total liabilities	<u>814,647</u>	<u>1,201,250</u>	<u>546,832</u>	<u>426,793</u>	<u>684,880</u>	<u>570,812</u>	<u>4,245,214</u>
<u>SURPLUS</u>							
Unreserved	\$ (7,433,437)	\$ (10,457,313)	(10,226,728)	(7,892,734)	(16,223,384)	(2,063,714)	(54,297,310)
Operating reserve	36,456	-0-	-0-	6,422	54,414	82,931	180,223
Project account	1,214,308	1,859,978	1,390,009	1,699,611	6,176,047	707,436	13,047,389
Cumulative HUD contributions	<u>6,219,129</u>	<u>8,477,235</u>	<u>8,808,171</u>	<u>6,193,123</u>	<u>10,055,808</u>	<u>1,356,278</u>	<u>41,109,744</u>
Total surplus (deficit)	<u>36,456</u>	<u>(120,100)</u>	<u>(28,548)</u>	<u>6,422</u>	<u>62,885</u>	<u>82,931</u>	<u>40,046</u>
Total liabilities and surplus	\$ <u>851,103</u>	\$ <u>1,081,150</u>	\$ <u>518,284</u>	\$ <u>433,215</u>	\$ <u>747,765</u>	\$ <u>653,743</u>	\$ <u>4,285,260</u>

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN SURPLUS—HUD BASIS**  
**ANNUAL CONTRIBUTION CONTRACTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM ONLY)
<u>Operating Revenue</u>							
Interest on investments	\$ 1,951	\$ 517	\$ 858	\$ 591	\$ 1,556	\$ 842	\$ 6,315
Total revenue	<u>1,951</u>	<u>517</u>	<u>858</u>	<u>591</u>	<u>1,556</u>	<u>842</u>	<u>6,315</u>
<u>Expenditures</u>							
Housing assistance payments	785,976	298,186	488,036	528,937	1,236,945	485,932	3,824,012
Salaries and employee benefits	44,084	21,906	37,785	26,008	60,784	37,509	228,076
Contractual services	10,503	6,472	11,164	7,685	17,959	11,183	64,966
Postage	623	375	647	446	941	643	3,675
Equipment and supplies	1,038	636	1,097	755	1,765	989	6,280
Telephone	424	261	440	310	725	450	2,610
Repairs and maintenance	24	15	26	18	42	26	151
Convention and travel	166	195	293	165	452	195	1,466
General	<u>214</u>	<u>148</u>	<u>257</u>	<u>159</u>	<u>412</u>	<u>254</u>	<u>1,444</u>
Total expenditures	<u>843,052</u>	<u>328,194</u>	<u>539,745</u>	<u>564,483</u>	<u>1,320,025</u>	<u>537,181</u>	<u>4,132,680</u>
Net operating loss before other credits (debits) other income	(841,101)	(327,677)	(538,887)	(563,892)	(1,318,469)	(536,339)	(4,126,365)
<u>Other credits (debits)</u>							
Prior period adjustment	(2,213)	(962)	(1,624)	(1,118)	(2,613)	(1,811)	(10,341)
Total other credits (debits)	<u>(2,213)</u>	<u>(962)</u>	<u>(1,624)</u>	<u>(1,118)</u>	<u>(2,613)</u>	<u>(1,811)</u>	<u>(10,341)</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN SURPLUS--HUD BASIS  
(CONTINUED)  
ANNUAL CONTRIBUTION CONTRACTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM ONLY)
Other Income							
HUD contribution earned	\$ <u>813,552</u>	\$ <u>334,485</u>	\$ <u>547,936</u>	\$ <u>570,570</u>	\$ <u>1,344,018</u>	\$ <u>545,322</u>	\$ <u>4,155,883</u>
Total other income	813,552	<u>334,485</u>	<u>547,936</u>	<u>570,570</u>	<u>1,344,018</u>	<u>545,322</u>	<u>4,155,883</u>
Excess (deficiency) of revenue over (under) expenditures	(29,762)	5,846	7,425	5,560	22,936	7,172	19,177
Surplus (deficit)-- January 1, 1998	<u>66,218</u>	<u>(125,946)</u>	<u>(35,973)</u>	<u>862</u>	<u>39,949</u>	<u>75,759</u>	<u>20,869</u>
Surplus (deficit)-- December 31, 1998	\$ <u>36,456</u>	\$ <u>(120,100)</u>	\$ <u>(28,548)</u>	\$ <u>6,422</u>	\$ <u>62,885</u>	\$ <u>82,931</u>	\$ <u>40,046</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
ANALYSIS OF SURPLUS-HUD BASIS  
ANNUAL CONTRIBUTION CONTRACTS FUND  
DECEMBER 31, 1998

	FW-2201 Project <u>LA 48-0060-001</u>	FW-2147 Project <u>LA 48-K218-001</u>	FW-2147K Project <u>LA 48-K218-002</u>	FW-2147K Project <u>LA 48-K218-005</u>	FW-2147K Project <u>LA 48-K218-006</u>	FW-2296E Project <u>LA 48-E218-001</u>	TOTAL (MEMORANDUM) <u>ONLY</u>
<u>Unreserved Surplus</u>							
Balance per prior audit, December 31, 1997	\$(5,818,996)	\$(9,983,019)	\$(9,733,657)	\$(7,308,405)	\$(14,892,049)	\$(1,511,515)	\$(49,247,641)
Adjustments recorded in current year	(800,406)	-0-	-0-	-0-	-0-	-0-	(800,406)
Net loss for year ended December 31, 1998	(843,314)	(328,639)	(540,511)	(565,010)	(1,321,082)	(538,150)	(4,136,706)
Provision for (reduction of) operating reserve for the year ended December 31, 1998	29,762	-0-	-0-	(5,560)	(22,936)	(7,172)	(5,906)
Provision for (reduction of) project account for the year ended December 31, 1998	<u>(483)</u>	<u>(145,655)</u>	<u>47,440</u>	<u>(13,759)</u>	<u>12,683</u>	<u>(6,877)</u>	<u>(106,651)</u>
Balance at December 31, 1998	<u>(7,433,437)</u>	<u>(10,457,313)</u>	<u>(10,226,728)</u>	<u>(7,892,734)</u>	<u>(16,223,384)</u>	<u>(2,063,714)</u>	<u>(54,297,310)</u>

See Independent Auditors' Report on Supplementary Information.



NEW ORLEANS REDEVELOPMENT AUTHORITY  
ANALYSIS OF SURPLUS-HUD BASIS  
(CONTINUED)  
ANNUAL CONTRIBUTION CONTRACTS FUND  
DECEMBER 31, 1998

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM ONLY)
Reserved Surplus-- <u>Operating Reserve</u>							
Balance per prior audit	\$ 66,218	\$ -0-	\$ 862	\$ 31,478	\$ 75,759	\$ 174,317	
Provision for (reduction of) operating reserve for year ended December 31, 1998	<u>(29,762)</u>	<u>-0-</u>	<u>5,560</u>	<u>22,936</u>	<u>7,172</u>	<u>5,906</u>	
Balance at December 31, 1998	<u>36,456</u>	<u>-0-</u>	<u>6,422</u>	<u>54,414</u>	<u>82,931</u>	<u>180,223</u>	
Reserved Surplus-- <u>Project Account</u>							
Balance per prior audit,	1,233,240	1,714,323	1,685,852	6,188,730	700,559	12,960,153	
Adjustments recorded in current year	(19,415)	-0-	-0-	-0-	-0-	(19,415)	
Provision for (reduction of) project account for year ended	<u>483</u>	<u>(47,440)</u>	<u>13,759</u>	<u>(12,683)</u>	<u>6,877</u>	<u>106,651</u>	
December 31, 1998	<u>1,214,308</u>	<u>1,859,978</u>	<u>1,699,611</u>	<u>6,176,047</u>	<u>707,436</u>	<u>13,047,389</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY  
ANALYSIS OF SURPLUS-HUD BASIS  
(CONTINUED)  
ANNUAL CONTRIBUTION CONTRACTS FUND  
DECEMBER 31, 1998

	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147K Project LA 48-K218-002	FW-2147K Project LA 48-K218-005	FW-2147K Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	TOTAL (MEMORANDUM) ONLY
Cumulative HUD Contributions							
Balance per prior audit, December 31, 1997	\$ 4,585,756	\$ 8,142,750	\$ 8,260,235	\$ 5,622,553	\$ 8,711,790	\$ 810,956	\$ 36,134,040
Adjustments recorded in current year	819,821	-0-	-0-	-0-	-0-	-0-	819,821
Annual contribution for year ended December 31, 1998	<u>813,552</u>	<u>334,485</u>	<u>547,936</u>	<u>570,570</u>	<u>1,344,018</u>	<u>545,322</u>	<u>4,155,883</u>
Balance at December 31, 1998	<u>6,219,129</u>	<u>8,477,235</u>	<u>8,808,171</u>	<u>6,193,123</u>	<u>10,055,808</u>	<u>1,356,278</u>	<u>41,109,744</u>
Total surplus (deficit)	\$ <u>36,456</u>	\$ <u>(120,100)</u>	\$ <u>(28,548)</u>	\$ <u>6,422</u>	\$ <u>62,885</u>	\$ <u>82,931</u>	\$ <u>40,046</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND**  
**PROJECT ACCOUNT--OPERATING RESERVE CHANGES-HUD BASIS**

**ANNUAL CONTRIBUTION CONTRACT FW-2147**  
**Project LA 48-K218-001**

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	<u>December 31, 1998</u>
<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ <u>21,984</u>
• Maximum contribution for period	\$ 21,984
Project account balance at the beginning of the fiscal year	<u>2,172,479</u>
Total annual contribution available	<u>\$2,194,463</u>
<u>Annual Contribution Required</u>	
Administrative fee	\$ 32,841
Housing assistance payments	298,186
Independent public accountant's audit cost	<u>3,458</u>
Total annual contribution required	<u>\$ 334,485</u>
<u>Project Account Change</u>	
Provision for (reduction of) project account	\$ <u>145,655</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$ 334,485</u>
<u>Operating Reserve Change</u>	
Operating income	\$ 517
Annual contribution earned	<u>334,485</u>
Total operating receipts	<u>335,002</u>
Operating expenditures	328,194
Prior period adjustment	<u>962</u>
Total expenditures	<u>329,156</u>
Net operating receipt	<u>\$ 5,846</u>

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE V**

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND  
PROJECT ACCOUNT--OPERATING RESERVE CHANGES-IIUD BASIS**

**ANNUAL CONTRIBUTION CONTRACT FW-2147  
Project LA 48-K218-002**

	<u>December 31, 1998</u>
<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ <u>110,200</u>
Maximum contribution for period	\$ 110,200
Project account balance at the beginning of the fiscal year	<u>1,827,745</u>
Total annual contribution available	<u>\$1,937,945</u>
<u>Annual Contribution Required</u>	
Administrative fee	\$ 54,465
Independent public accountant's audit cost	5,966
Housing assistance payments	488,036
Project receipts other than annual contribution	<u>(531)</u>
Total annual contribution required	<u>\$547,936</u>
<u>Project Account Change</u>	
Provision for (reduction of) project account	<u>\$(47,440)</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$547,936</u>
<u>Operating Reserve Change</u>	
Operating income	\$ 858
Annual contribution earned	<u>547,936</u>
Total operating receipts	<u>548,794</u>
Operating expenditures	539,745
Prior period adjustment	<u>1,624</u>
Total expenditures	<u>541,369</u>
Net operating receipt	<u>\$ 7,425</u>

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND  
PROJECT ACCOUNT--OPERATING RESERVE CHANGES-HUD BASIS**

ANNUAL CONTRIBUTION CONTRACT FW-2147  
Project LA 48-K218-005

	<u>December 31, 1998</u>
<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ <u>669,600</u>
Maximum contribution for period	\$ 669,600
Project account balance at the beginning of the fiscal year	<u>1,600,581</u>
Total annual contribution available	<u>\$2,270,181</u>
<u>Annual Contribution Required</u>	
Administrative fee	\$ 37,527
Housing assistance payments	528,937
Independent public accountant's audit cost	<u>4,106</u>
Total annual contribution required	<u>\$570,570</u>
<u>Project Account Change</u>	
Provision for (reduction of) project account	\$ <u>13,759</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$570,570</u>
<u>Operating Reserve Change</u>	
Operating income	\$ 591
Annual contribution earned	<u>570,570</u>
Total operating receipts	<u>571,161</u>
Operating expenditures	564,483
Prior period adjustment	<u>1,118</u>
Total expenditures	<u>565,601</u>
Net operating receipt	\$ <u>5,560</u>

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE VII**

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND  
PROJECT ACCOUNT--OPERATING RESERVE CHANGES-HUD BASIS**

ANNUAL CONTRIBUTION CONTRACT FW-2147  
Project LA 48-K218-006

December 31, 1998

Maximum Contribution Available

Maximum annual contribution authorized	<u>\$1,554,960</u>
Maximum contribution for period	\$1,554,960
Project account balance at the beginning of the fiscal year	<u>5,965,105</u>
Total annual contribution available	<u>\$7,520,065</u>

Annual Contribution Required

Housing assistance payments	\$1,236,945
Administrative fee	98,829
Independent audit costs	9,598
Project receipts other than annual contribution	<u>(1,354)</u>
Total annual contribution required	<u>\$1,344,018</u>

Project Account Change

Provision for (reduction of) project account	<u>\$ (12,683)</u>
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Annual Contribution Earned

Lesser of contribution available or contribution required	<u>\$1,344,018</u>
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Operating Reserve Change

Annual contribution earned	\$1,344,018
Operating income	<u>1,556</u>

Total operating receipts 1,345,574

Operating expenditures	1,320,025
Prior period adjustment	<u>2,613</u>

Total expenditures 1,322,638

Net operating receipt \$ 22,936

See Independent Auditors' Report on Supplementary Information.



**SCHEDULE VIII**

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND  
PROJECT ACCOUNT--OPERATING RESERVE CHANGES-HUD BASIS**

ANNUAL CONTRIBUTION CONTRACT FW-2201  
Project LA 48-0060-001

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	<u>December 31, 1998</u>
<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ <u>796,170</u>
Maximum contribution for period	\$ 796,170
Project account balance at the beginning of the fiscal year	<u>1,233,240</u>
Total annual contribution available	<u>\$2,029,410</u>
<u>Annual Contribution Required</u>	
Independent public accountant's audit costs	\$ 5,620
Housing assistance payments	785,976
Administrative fee	<u>21,956</u>
Total annual contribution required	<u>\$813,552</u>
<u>Project Account Change</u>	
Provision for (reduction of) project account	\$ <u>483</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$813,552</u>
<u>Operating Reserve Change</u>	
Annual contribution earned	\$813,552
Operating income	<u>1,951</u>
Total operating receipts	<u>815,503</u>
Operating expenditures	843,052
Prior period adjustment	<u>2,213</u>
Total expenditures	<u>845,265</u>
Net operating deficit	<u>\$(29,762)</u>

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE IX**

**NEW ORLEANS REDEVELOPMENT AUTHORITY  
COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND  
PROJECT ACCOUNT--OPERATING RESERVE CHANGES--HUD BASIS**

ANNUAL CONTRIBUTION CONTRACT FW-2296E  
Project LA 48-E218-001

December 31, 1998

Maximum Contribution Available

Maximum annual contribution authorized	\$ <u>849,041</u>
Maximum contribution for period	\$ 849,041
Project account balance at the beginning of the fiscal year	<u>403,717</u>
Total annual contribution available	<u>\$1,252,758</u>

Annual Contribution Required

Housing assistance payments	\$ 485,932
Administrative fee	53,467
Audit fees	<u>5,923</u>

Total annual contribution required \$ 545,322

Project Account Change

Provision for (reduction of) project account	\$ <u>6,877</u>
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Annual Contribution Earned

Lesser of contribution available or contribution required	\$ <u>545,322</u>
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Operating Reserve Change

Annual contribution earned	\$ 545,322
Operating income	<u>842</u>

Total operating receipts 546,164

Operating expenditures	537,181
Prior period adjustment	<u>1,811</u>

Total expenditures 538,992

Net operating receipts \$ 7,172

See Independent Auditors' Report on Supplementary Information.

SCHEDULE X

NEW ORLEANS REDEVELOPMENT AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 1998

<u>Program Grantor/Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Grant Revenue</u>	<u>Expenses and Authorized Expenditures</u>
<u>PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
<u>Subject to Annual Contribution Contracts</u>				
Housing Assistance Program:				
Moderate Rehabilitation Program 001	*14.856	FW-2147	\$ 334,485	\$ 328,194
Moderate Rehabilitation Program 002	*14.856	FW-2147	547,936	539,745
Moderate Rehabilitation Program 005	*14.856	FW-2147	570,570	564,483
Moderate Rehabilitation Program 006	*14.856	FW-2147	1,344,018	1,320,025
Southwood Patio			813,552	843,052
Moderate Rehabilitation Program E001	*14.856	FW-2296E	<u>545,322</u>	<u>537,181</u>
Total annual contribution contracts			<u>4,155,883</u>	<u>4,132,680</u>
Pass Through CDBG Funds as Subgrantee of the City of New Orleans:				
Shelter Plus Care Program	14.218	N/A	130,416	123,800
Blighted Properties Removal/Administrative Fund	14.XXX	N/A	<u>391,599</u>	<u>391,599</u>
Total passed through funds			<u>522,015</u>	<u>515,399</u>
Total all programs			<u>\$4,677,898</u>	<u>\$4,648,079</u>

\*-Denotes Major Program as defined by OMB A-133

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal activity of NORA and is presented on a modified accrual basis of accounting. The information on this schedule is presented in accordance with other requirements of OMB Circular A-133. "Audits of States, Local Governments, and Non-Profit Organizations."

See Independent Auditors' Report on Supplementary Information.

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

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Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana

We have audited the general purpose financial statements of the **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 1998, and have issued our report thereon dated June 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether **NORA's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Schedule of Findings and Questioned Costs as items 98-4 through 98-8.

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

---

(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **NORA**'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect **NORA**'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 98-1 through 98-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described as item 98-1 to be a material weakness.

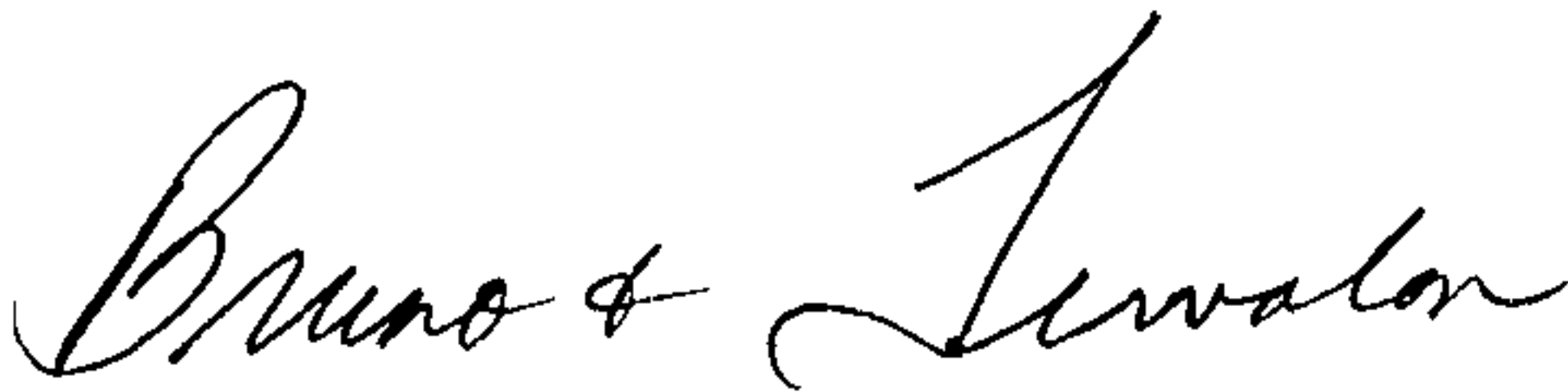


INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

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(CONTINUED)

This report is intended for the information of the Board of Commissioners, NORA's management, the Legislative Auditor and its regulatory agencies and is not intended to, and should not be used by anyone other than these specified parties.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 23, 1999



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
**New Orleans Redevelopment Authority**  
New Orleans, Louisiana

**Compliance**

We have audited the compliance of the **New Orleans Redevelopment Authority (NORA)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and PII Notice 96-32 Compliance Supplement for Annual Audits of Public Housing Agencies and Indian Housing Authorities by Independent Auditors that are applicable to each of its major federal programs for the year ended December 31, 1998. **NORA's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **NORA's** management. Our responsibility is to express an opinion on **NORA's** compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and PII Notice 96-32 Compliance Supplement for Annual Audits of Public Housing Agencies and Indian Housing Authorities by Independent Auditors. Those standards, OMB Circular A-133 and

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

PIH Notice 96-32, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **NORA's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **NORA's** compliance with those requirements.

As described in items 98-4 through 98-8 in the accompanying Schedule of Findings and Questioned Costs, **NORA** did not comply with requirements regarding Section 15 - Books of Accounts, Records and Government Access to all ACC's, 24CFR Part 882 and HUD Handbook 7460.8 Rev.1, as applicable to its ACC's (FW 2201, FW 2147 and FW 2296). Compliance with such requirements is necessary, in our opinion, for **NORA** to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, **NORA** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1998.

**Internal Control Over Compliance**

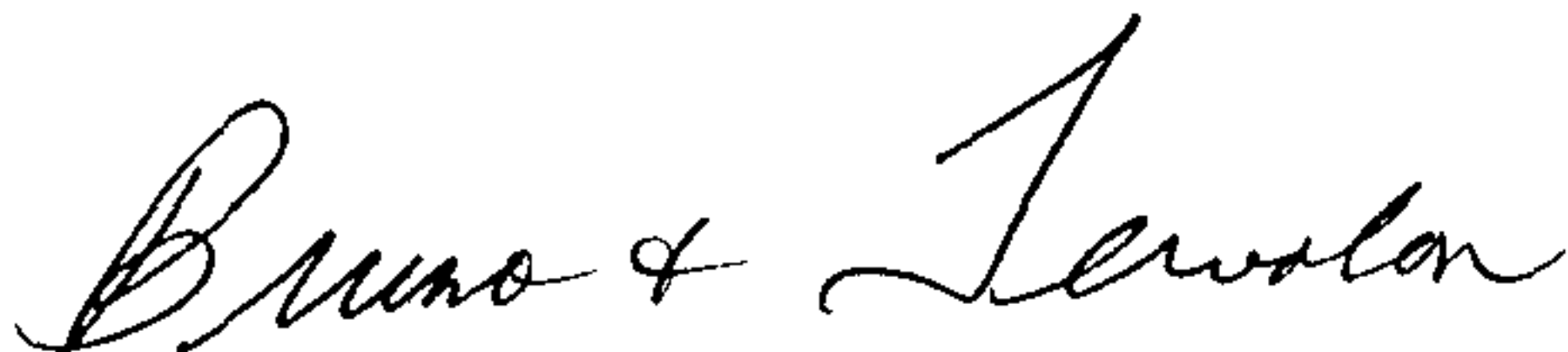
The management of **NORA** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **NORA's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

We noted certain matters involving the internal control over compliance and its operation that we considered to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect NORA's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 98-1 through 98-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that *would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.* Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 98-1 to be a material weakness.

This report is intended for the information of the Board of Commissioners, NORA's management, the Legislative Auditor and its regulatory agencies and is not intended to, and should not be used by anyone other than those specified parties.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 23, 1999

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

98-1

**Federal Programs**

Blighted Properties Removal Program.

**Criteria**

The contractual arrangement between the City of New Orleans and NORA requires the establishment of an adequate internal control system.

**Condition**

Our review of the Blighted Properties Removal program revealed the lack of a formal policy and procedure to ensure the timely deposit and accounting of funds received from third parties (potential buyers) for the appraisal and acquisition of blighted properties.

Based on discussion with management, we noted that the current staff size has not afforded **NORA** the ability to delegate custodial and recordation functions without hampering its current internal controls.

It is our understanding that subsequent to year end, a system has been established to ensure the adequacy of the control system regarding the acquisition and appraisal funds received from third parties.

**Questioned Costs**

NONE

**Context**

All third party acquisition funds received in 1998.



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number, CONTINUED**

98-1

**Effect**

Potential risk for misappropriation of assets.

**Cause**

The current staff size of **NORA**.

**Recommendation**

**NORA** should re-evaluate its current procedure for the deposit and reporting of third party acquisition funds, with an aim toward ensuring the timely deposit and reporting of such activity.

**Management's Response**

Management of **NORA**, anticipates completion of its accounting policy and procedures manual by no later than September 30, 1999. Such a manual will provide the required policy and procedures to address issues regarding acquisition funds.

Subsequent to year end, a process has been established to facilitate the deposit and reporting of third party funds received by **NORA**.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

98-2

**Federal Programs**

U. S. Department of Housing and Urban Development (HUD) Section 8 and Moderate Rehabilitation programs.

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HIA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements to permit timely and effective audits".

**Condition**

Currently, **NORA** is unable to reconcile the Section 8 and Moderate Rehabilitation programs "leased-up" units by "HAP" contract. The previously described condition, is the result of the expiration of Moderate Rehabilitation contracts over the years coupled with the issuance of replacement certificates by HUD. In addition, the lack of written procedures in place to timely identify and transfer the replacement certificates from the Moderate Rehabilitation registers, as applicable, has compounded the condition.

**NORA** has "HAP" registers and other supporting records to support all units leased-up by contract number as well as the total units leased.

**Questioned Costs**

NONE



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number, CONTINUED**

98-2

**Context**

All Section 8 and Moderate Rehabilitation "leased-up" reports.

**Effect**

Inability to provide an accurate unit count by program.

**Cause**

Lack of a system to facilitate the reconciliation and reporting of expired contracts and the issuance of replacement certificates by HUD.

**Recommendation**

None, because effective January 1, 1999 the Section 8 and Moderate Rehabilitation program has been transferred to HANO.

**Management's Response**

The management of **NORA** is working with both HUD and HANO to resolve the above condition.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

98-3

**Federal Programs**

U.S. Department of Housing and Urban Development. (All Federal Award Programs)

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the Preparation of statements and reports in accordance with HUD requirements to permit timely and effective audits".

**Condition**

**NORA** currently maintains a primary operating account through which a significant amount of its receipts and disbursements are handled. In addition, it has been the practice to receive all wired transferred funds in a designated account for the Section 8 and Moderate Rehabilitation program. As such a significant amount of transactions undertaken by **NORA** results in the recordation of interfund activities.

The above processes does not facilitate the accurate recordation of cash activity in the respective Moderate Rehabilitation Program.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number, Continued**

98-3

**Questioned Costs**

NONE.

**Context**

Not applicable.

**Effect**

Cumbersome nature of process, results in significant interfund balances.

**Cause**

Procedures used in handling the receipt of funds from **NORA**'s funding sources.

**Recommendation**

Re-evaluate all existing bank accounts and interfund transactions with an aim toward strengthening the process and limiting interfund activity.

**Management's Response**

Management of **NORA** has already initiated discussions, and is in the process of changing the current procedure. Completion is anticipated by August 15, 1999.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

98-4

**Federal Programs**

U.S. Department of Housing and Urban Development. (Section 8 and Moderate Rehabilitation Program)

**Criteria**

Pursuant to the Annual Contribution Contracts:

"Housing Authorities are required to certify and document rent reasonableness of units leased under the rental certificate program by comparing the rent to rents for comparable unassisted units, including comparable units owned by the same owner".

**Condition**

Our review of twenty-four (24) tenant files revealed five (5) instances where there was no certified and documented rent reasonableness in the tenant's file.

**Questioned Costs**

NONE.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number, CONTINUED**

98-4

**Context**

Not applicable.

**Effect**

Noncompliance with the requirements of the Annual Contribution Contracts.

**Cause**

Lack of adequate follow-up/review of tenant file documentation.

**Recommendation**

None, because the Section 8 program has been transferred to HANO effective January 1, 1999.

**Management's Response**

As the Section 8 program has been transferred to the Housing Authority of New Orleans (HANO) effective January 1, 1999, we will work with HANO's management to resolve this finding.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Reference Number**

98-5

**Federal Programs**

U.S. Department of Housing and Urban Development. (Section 8 and Moderate Rehabilitation Program).

**Criteria**

Pursuant to the Annual Contribution Contracts:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

**Condition**

Our review of twenty-four (24) tenant files revealed twenty (20) instances where no executed housing assistance payment contract with an owner was on file.

It is our understanding through discussion with management that several of the contracts with owners were executed in previous years (some as far back as fifteen (15) years) and might be temporary misplaced in the transfer of files.

**Questioned Costs**

NONE.



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number, CONTINUED**

98-5

**Context**

Not applicable.

**Effect**

Noncompliance with the requirements of the Annual Contribution Contracts.

**Cause**

Lack of adequate follow-up/review of owner file documentation.

**Recommendation**

None, because the Section 8 program has been transferred to IIANO effective January 1, 1999.

**Management's Response**

As the Section 8 program has been transferred to the Housing Authority of New Orleans (IANO) effective January 1, 1999, we will work with IANO's management to resolve this finding.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

98-6

**Federal Programs**

U.S. Department of Housing and Urban Development. (Section 8 and Moderate Rehabilitation Program).

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contribution Contract:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audits".

CFR 24 part 882 subparts D&E provides specific guidance .

**Condition**

Our review of Section 8 tenant files revealed instances where monthly "HAP" registers did not contain the required information (i.e. address of family, name and address of owner, unit size, and monthly rent to owner).

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number, CONTINUED**

98-6

**Questioned Costs**

NONE.

**Context**

Not applicable.

**Effect**

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

**Cause**

Lack of established procedures to ensure compliance with HUD requirements as it relates to "HAP" registers.

**Recommendation**

None, because the Section 8 program has been transferred to HANO effective January 1, 1999.

**Management's Response**

The management of NORA intends to work with HANO to resolve the finding.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

98-7

**Federal Programs**

U.S. Department of Housing and Urban Development. (Section 8 and Moderate Rehabilitation Program)

**Criteria**

Pursuant to the Annual Contribution Contracts:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

**Condition**

Our review of twenty-four (24) tenant files revealed two (2) instances where there was no inspection report applicable to the audit period in the tenant's file.

**Questioned Costs**

NONE

**Context**

Not applicable.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number, CONTINUED**

98-7

**Effect**

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

**Cause**

Lack of compliance with established procedures.

**Recommendation**

None, because the Section 8 program has been transferred to HANO effective January 1, 1999.

**Management's Response**

As the Section 8 program has been transferred to HANO effective January 1, 1999, we will work with HANO's management to resolve this finding.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

98-8

**Federal Programs**

U.S. Department of Housing and Urban Development. (Section 8 and Moderate Rehabilitation Program).

**Criteria**

Pursuant to the Annual Contribution Contracts:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

**Condition**

A Section 8 tenant file could not be located.

**Questioned Costs**

\$704

**Context**

Not applicable.



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number, CONTINUED**

98-8

**Effect**

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

**Cause**

Lack of compliance with established procedures.

**Recommendation**

None, because the Section 8 program has been transferred to HANO effective January 1, 1999.

**Management's Response**

As the Section 8 program has been transferred to HANO effective January 1, 1999, we will work with HANO's management to resolve this finding.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Reportable condition (s) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

***Federal Awards***

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Section I - Summary of Auditors' Results, Continued**

*Federal Awards, Continued*

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Housing Assistance Programs:
14.856	Moderate Rehabilitation Program 001
14.856	Moderate Rehabilitation Program 002
14.856	Moderate Rehabilitation Program 005
14.856	Moderate Rehabilitation Program 006
14.856	Southwood Patio
14.856	Moderate Rehabilitation Program E001

Dollar threshold used to distinguish  
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No

**Section II - Financial Statement Findings**

See reference numbers 98-1 through 98-3 for audit findings that relate to the financial statements of NORA.

**Section III - Federal Award Findings and Questioned Costs**

See reference numbers 98-4 through 98-8 for audit findings that relate to Federal awards.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

97-1

**QUESTIONED COSTS**

\$-0-

**Condition**

- Interfund advances are not reimbursed by the borrowing fund on a timely basis nor are interfund advances reconciled on a monthly basis. At December 31, 1997 the total interfund balance was approximately \$2,700,000.

**Current Status**

The development of a formalized Accounting and Administrative Manual to resolve this condition is in progress and management anticipates completion by September 30, 1999.

**Reference Number**

97-2

**QUESTIONED COSTS**

\$-0-

**Condition**

Untimely preparation of monthly financial statements.

**Current Status**

**NORA** has computerized its accounting system to facilitate the preparation of financial statements on a monthly basis effective January 1999.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

97-3

**QUESTIONED COSTS**

\$-0-

**Condition**

The year end settlement statements for the Section 8 programs were not submitted within the required forty-five day requirement dictated by HUD regulations. In addition, we noted that the reports submitted were incomplete and/or contained errors and incorrect account balances in comparison to the respective general ledger amounts at December 31, 1997.

**Current Status**

The current financial management control system, requires at a minimum, the review and reconciliation of all reports to their respective source data prior to submission.

**Reference Number**

97-4

**QUESTIONED COSTS**

\$-0-

**Condition**

As of December 31, 1997, **NORA** had requisitioned funds in excess of its needs for its Section 8 and Moderate Rehabilitation Programs as follows:

<u>PROGRAM</u>	<u>AMOUNT</u>
LA 48-0060-001	\$151,242
LA 48-K218-001	9,262
LA 48-K218-002	145,950
LA 48-K218-005	131,705
LA 48-K218-006	195,638
LA 48-E218-001	<u>117,978</u>
	<u>\$751,775</u>

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number, CONTINUED**

97-2

**Current Status**

As of December 31, 1998, **NORA** has reduced by approximately fifty-five percent, the amount of excess funds requisitioned from HUD.

**Reference Number**

97-5

**QUESTIONED COSTS**

\$-0-

**Condition**

- Subsidiary ledgers are not maintained and/or reconciled to the applicable general ledger control accounts.
- There are several balance sheet accounts in the general ledger for which management was unaware of the detail composition or purpose (i.e. acquisition payable). Additionally, several accounts in the general ledger reflected balances at December 31, 1997 which were contrary to the description of the account (i.e. revenue bonds payable, community loans, and accounts payable-other).

**Current Status**

The management of **NORA** anticipates resolution of the above condition by no later than September 30, 1999 when the Accounting Policy and Procedural Manual is fully implemented.



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

97-6

**QUESTIONED COSTS**

\$3,400

**Condition**

Our review of Federal and State payroll tax deposits, filing and reporting requirements revealed the following conditions:

- Untimely filing of tax reports; and
- Untimely deposit of taxes withheld.

The above conditions resulted in the payment of penalties and interest totaling approximately \$3,400.

**Current Status**

**NORA** has developed and established a payroll tax payment and reporting system to ensure the timely payment and reporting of payroll taxes.

**Reference Number**

97-7

**QUESTIONED COSTS**

\$-0-

**Condition**

The operation of the internal control system over financial reporting exhibited the following deficiencies:

- Lack of an adequate control system to ensure the timely and accurate recordation of all financial transactions; and
- The absence of adequate supervisory oversight over the recordation and processing of financial transactions.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number, CONTINUED**

97-7

**QUESTIONED COSTS**

\$-0-

**Condition, Continued**

The above conditions are evidenced by the untimely preparation of financial statements, numerous audit and client adjustments (approximately 126), the year-end closing for all Moderate Rehabilitation Programs not being performed, assessment of penalties and interest by Federal and State agencies, and operating deficits in the Moderate Rehabilitation programs.

**Current Status**

Management of **NORA**, continues to develop and implement procedures geared toward the enhancement of its internal control over financial reporting.

**Reference Number**

97-8

**QUESTIONED COSTS**

\$-0-

**Condition**

The December 31, 1997 audit report for **NORA** was not submitted within the timeframe established by Louisiana Revised Statute 24:513.

**Current Status**

The December 31, 1998 audit report for **NORA** was submitted within the established timeframe.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

97-9

**QUESTIONED COSTS**

\$-0-

Condition

The Blighted Properties program's monthly cost reports for January through November 1997 were not submitted on a timely basis by **NORA**. The December 1997 cost report was not submitted at all. We further noted revised costs reports for the entire year which have not been submitted to the City of New Orleans for approval and processing. The revised reports reflect changes from the previously submitted reports.

Current Status

All cost reports are current.

**Reference Number**

97-10

**QUESTIONED COSTS**

\$-0-

Condition

The monthly or periodic reconciliation of all significant general ledger accounts to their respective subsidiary ledgers.

Current Status

The development of a formalized Accounting and Administrative Manual is in progress and management anticipates completion by September 30, 1999.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Reference Number**

97-11

**QUESTIONED COSTS**

\$-0-

**Condition**

Our review of ten (10) tenant files revealed one (1) instance where there was no certified and documented rent reasonableness in the tenant's file.

**Current Status**

Effective January 1, 1999, **NORA** has transferred the Section 8 program to HANO.

**Reference Number**

97-12

**QUESTIONED COSTS**

\$-0-

**Condition**

Our review of ten (10) tenant files revealed four (4) instances where no executed housing assistance payment contract with an owner was on file.

**Current Status**

Effective January 1, 1999, **NORA** has transferred the Section 8 program to HANO.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Reference Number**

97-13

**QUESTIONED COSTS**

\$-0-

**Condition**

Our review of Section 8 tenant files revealed instances where monthly HAP registers did not contain the required information (i.e. address of family, name and address of owner, unit size, and monthly rent to owner).

**Current Status**

As of January 1, 1999, **NORA** has transferred the Section 8 program to HANO.

**Reference Number**

97-14

**QUESTIONED COSTS**

\$1,210

**Condition**

Our review of ten (10) tenant files revealed two (2) instances where units with failed inspections continued to receive housing assistance payments without the timely correction by the owner of the deficiencies noted in the initial inspection.

**Current Status**

Effective January 1, 1999, **NORA** has transferred the Section 8 program to HANO.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Reference Number**

97-16

**QUESTIONED COSTS**

\$130.00

**Condition**

We noted payment of dental insurance coverage for two (2) employees (for a period of six months and four months, respectively) whose employment had been terminated. Per our discussion with management, no payment arrangements and/or reimbursements had been made to satisfy the continued coverage.

**Current Status**

**NORA** continues to discuss resolution of the above with the Finance Authority of New Orleans (FANO) formerly NOHMA.

**Reference Number**

97-17

**QUESTIONED COSTS**

\$-0-

**Condition**

The Annual Contribution Contracts Program FW-2147-Projects 001, 002 and 005 have fund deficits totalling \$183,756 as of December 31, 1997.

**Current Status**

During 1998, the management of **NORA** undertook measures to reduce the deficit. At December 31, 1998, fund deficits totalled \$161,919 for Projects 001 and 002.



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Reference Number**

97-18

**QUESTIONED COSTS**

\$9,980.24

**Condition**

We noted several instances where **NORA's** procurement process was not properly followed by FANO (formerly NOHMA) in the purchase of various products and services, etc. **NORA's** procurement policy, as well as those dictated by Federal and State regulations requiring the use of a competitive bid system in the acquisition of goods and services within an established dollar threshold and type of service were not followed.

**Current Status**

The management of **NORA** continues to discuss resolution with FANO.

**Reference Number**

97-19

**QUESTIONED COSTS**

\$329.27

**Condition**

**NORA** paid for fifty (50%) percent of FANO's Chief Financial Officer's cellular telephone bills during 1997. This expenditure was not in accordance with the contractual arrangement for the management of **NORA**.

Pursuant to the executed agreement FANO (formerly NOHMA) to manage **NORA's** operation, it states:

"In addition to the annual management fee, FANO (formerly NOHMA) may charge **NORA** for actual budgeted expenses related to the administration and management of **NORA's** programs and finances. The budget shall be submitted and approved by the Board of Commissioners".

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Reference Number, CONTINUED**

97-19

**QUESTIONED COSTS**

\$-0-

**Current Status**

The management of **NORA** continues to discuss resolution with FANO.

**Reference Number**

97-20

**QUESTIONED COSTS**

\$1,444.29

**Condition**

**NORA** paid travel expenses for FANO's (formerly NOIIMA) Chief Financial Officer which exceeded the maximum federal per-diem rate. In addition, FANO was unable to provide us with documents (such as receipts, invoices, etc.) to support the expenditure. The Chief Financial Officer for FANO indicated that he was unaware of the federal register listing the maximum rates per locality. Based on our review of FANO's policy provided to us in response, we also noted that **NORA**'s disbursement exceeded FANO's policy amount.

**Current Status**

The management of **NORA** continues to discuss resolution with FANO.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Reference Number**

97-21

**QUESTIONED COSTS**

\$240.85

**Condition**

- We noted several misallocation of disbursements between programs.

**Current Status**

The management of **NORA** continues to discuss resolution with FANO.

**Reference Number**

97-22

**QUESTIONED COSTS**

\$30,080.75

**Condition**

Our review of the various checks disbursed to the Mitas Group (the vendor of the general ledger system used by FANO) revealed the absence of invoices to support the disbursements. In addition, we noted variances in quantity ordered and delivered for copies of selected invoices provided. Our discussion with the management of **NORA** in order to ascertain the validity of the services and products charged to **NORA**, revealed a question as to the allowability and allocability to the Section 8 program administered by **NORA**.

**Current Status**

The management of **NORA** continues to discuss resolution with FANO.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

---

**Reference Number**

97-23

**QUESTIONED COSTS**

\$-0-

**Condition**

We noted that the second quarter's wage report was initially incorrect. However, we noted a corrected report along with applicable credits applied to the third and fourth quarter's reports. There remains an overpayment in the amount of \$710.59 which has yet to be credited or reimbursed to **NORA**.

**Current Status**

**NORA** continues to pursue resolution of the overpayment.

**Reference Number**

97-24

**QUESTIONED COSTS**

\$3,339.75

**Condition**

We noted that **NORA** paid \$3,339.75 to Brooke Personnel Service and Amicus Legal Staffing for temporary help. Per discussions with management of both **FANO** and **NORA**, we were unable to determine the actual beneficiary of the temporary help.

**Current Status**

The management of **NORA** continues to discuss resolution with **FANO**.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Reference Number**

97-25

**QUESTIONED COSTS**

\$3,357.41

**Condition**

We noted that Form 941 quarterly reports were not being filed timely. NORA was assessed approximately \$3,400 in penalties and interest during 1997. We also noted IRS correspondence regarding untimely report submission.

**Current status**

The management of NORA continues to discuss resolution with FANO.

**Reference Number**

97-26

**QUESTIONED COSTS**

\$-0-

**Condition**

We noted that health insurance benefits had been paid through November 1997. Retirement deposits have been made through September 1997. We noted that retirement deposits were not made timely as required by the Louisiana Revised Statute 11:521b(1).

**Current Status**

The retirement deposits are current as of December 31, 1998.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Reference Number**

97-27

**QUESTIONED COSTS**

\$37.28

**Condition**

We noted that **NORA** paid fifty (50%) percent of an invoice to Deluxe Business Machines for W-2's and 1099 carbon less paper. Per discussion with **NORA's** management, we noted that **NORA** purchased and prepared their own 1099's for calendar year-end 1997. Per further discussion with management of both **FANO** and **NORA**, we were unable to determine the beneficiary of the expense and, therefore, the entire amount is questioned.

**Current Status**

The management of **NORA** continues to discuss resolution with **FANO**.

**Reference Number**

97-28

**QUESTIONED COSTS**

\$14,218.11

**Condition**

We noted the absence of documentation to support the procurement for legal services obtained in addition to existing legal counsel in accordance with **NORA's** procurement policy.

**Current Status**

The management of **NORA** continues to discuss resolution with **FANO**.



**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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**Reference Number**

97-29

**QUESTIONED COSTS**

\$66.48

**Condition**

We noted continued payment by FANO for pager service for an employee whose employment was terminated during the first quarter of 1997.

**Current Status**

The management of **NORA** continues to discuss resolution with FANO.

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**STATUS OF PRIOR YEAR'S FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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<u>PRIOR YEAR FINDING NO.</u>	<u>DESCRIPTION</u>	<u>RESOLVED</u>	<u>UNRESOLVED</u>	<u>IN PROGRESS</u>
96-2	Accounting for Interfund Balances		X*	
96-4	Cost Allocation Plan	X		
96-5	Completeness of Housing Assistance Payments (HAP) Register		X*	
96-7	Outstanding Overpayments		X*	
96-9	Cash Disbursement Procedures		X*	
96-11	Development and Implementation of a Procedures Manual			X
96-12	Staff Training			X
96-13	System Compliance with Year 2000			X
96-14	Year-End Settlement (HUD #52681)	X		

\*Repeated

**NEW ORLEANS REDEVELOPMENT AUTHORITY**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**STATUS OF PRIOR YEAR'S FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

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<u>PRIOR YEAR FINDING NO.</u>	<u>DESCRIPTION</u>	<u>RESOLVED</u>	<u>UNRESOLVED</u>	<u>IN PROGRESS</u>
96-15	Cash Management		X*	
96-17	Untimely Submission of Audit Report	X		
96-18	No executed Agreement with Financial Institutions	X		
96-19	Submission of Cost Reports	X		
96-20	Rent Reasonableness		X*	
96-21	Budget Overruns	X		
96-22	Tenant and "HAP" Registers		X*	
96-23	Payroll and Related Federal and State Reports	X		

\*Repeated

**NEW ORLEANS REDEVELOPMENT AUTHORITY**

**EXIT CONFERENCE**

December 31, 1998

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An exit conference was on held Tuesday, June 29, 1999 with a representative of **NORA**. The contents of this report were discussed and management indicated their concurrence in all material respects. Those persons in attendance were as follows:

**NEW ORLEANS REDEVELOPMENT AUTHORITY**

Ms. Lisa Mazigue - Executive Director

**BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Paul K. Andoh, Sr., CPA - Senior Manager