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NEW ORLEANS REDEVELOPMENT AUTHORITY

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Release Date NOV 05 1997

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 1996

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**Bruno
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

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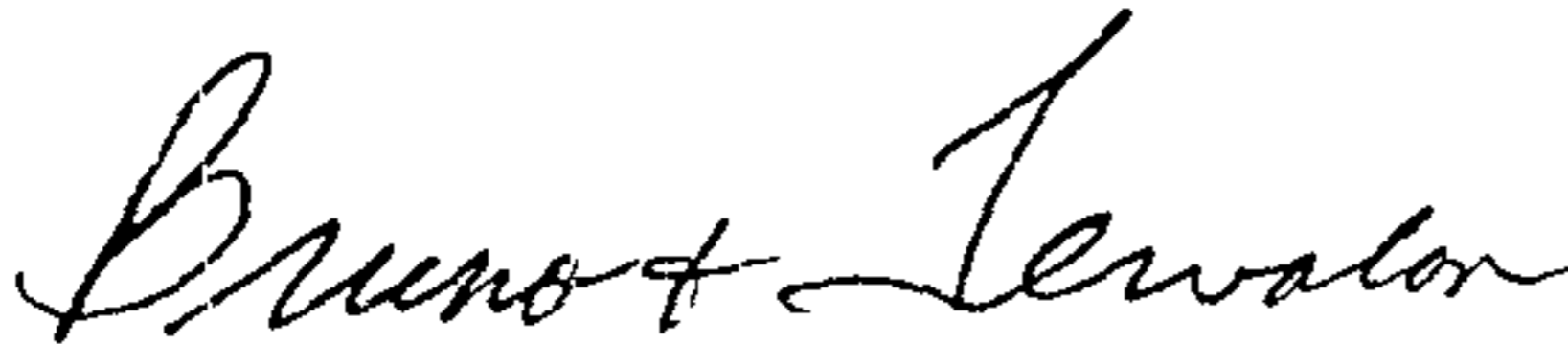
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INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
New Orleans Redevelopment
Authority
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated June 12, 1997 on our consideration of NORA's internal control structure and a report dated June 12, 1997 on its compliance with laws and regulations.

This report is intended for the information of the Board of Commissioners and management of New Orleans Redevelopment Authority and its regulatory agencies and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 12, 1997

NEW ORLEANS REDEVELOPMENT AUTHORITY
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
DECEMBER 31, 1996
(WITH COMPARATIVE TOTALS FOR 1995)

ASSETS	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS		Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	General Fixed Assets	General Long-Term Obligations	1996	1995
Cash and temporary cash investments (NOTES 4 and 9)	\$201,654	\$ 834,838	\$ -0-	\$ -0-	\$1,036,492	\$ 522,208
Amounts receivable (NOTES 3 and 8)	110,687	167,602	-0-	-0-	278,289	262,207
Note receivable	-0-	30,912	-0-	-0-	30,912	30,912
Advance	-0-	49,000	-0-	-0-	49,000	49,000
Grants receivable (NOTE 8)	40,000	-0-	-0-	-0-	40,000	40,000
Due from other funds (NOTE 7)	-0-	310,871	-0-	-0-	310,871	128,692
Land and equipment (NOTE 5)	445,338	1,496,849	-0-	-0-	1,942,187	817,389
Deferred charges	-0-	-0-	76,243	-0-	76,243	64,085
Amounts to be provided for retirement of obligations	-0-	238,339	-0-	-0-	238,339	-0-
Total assets	\$797,679	\$3,128,411	\$ 76,243	\$18,091	\$4,020,424	\$1,947,062
<u>LIABILITIES AND FUND BALANCE</u>						
Amounts and other payable	\$ 22,592	\$ 132,797	\$ -0-	\$ -0-	\$ 155,389	\$ 245,222
Advances--City of New Orleans	254,435	-0-	-0-	-0-	254,435	68,281
Due to other funds (NOTE 7)	259,339	1,682,848	-0-	-0-	1,942,187	817,389
Due to City of New Orleans	208,162	288,162	-0-	-0-	496,324	386,663
Deferred revenue	-0-	-0-	-0-	-0-	-0-	2,307
Amounts payable-HUD	-0-	897,421	-0-	-0-	897,421	185,349
Compensated absences payable	-0-	-0-	-0-	18,091	18,091	32,569
Total liabilities	744,528	3,001,228	-0-	18,091	3,763,847	1,737,780

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, 1996
 (WITH COMPARATIVE TOTALS FOR 1995)

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS		Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	General Fixed Assets	General Long-Term Obligations	1996	1995
<u>FUND EQUITY AND BALANCES</u>						
<u>Fund equity</u>						
Investment in general fixed assets	\$ -0-	\$ -0-	\$ 76,243	\$ -0-	\$ 76,243	\$ 64,085
Fund balances (deficits)						
Unreserved	40,441	(54,502)	-0-	-0-	(14,061)	(43,807)
Reserved (NOTES 6 and 9)	12,710	181,685	-0-	-0-	194,395	189,004
Total fund balances (deficits)	53,151	127,183	-0-	-0-	180,334	145,197
Total fund equity and balances	53,151	127,183	76,243	-0-	256,577	209,282
Total liabilities and fund equity and balances	\$ 797,679	\$ 3,128,411	\$ 76,243	\$ 18,091	\$ 4,020,424	\$ 1,947,062

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, 1996
 (WITH COMPARATIVE TOTALS FOR 1995)

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS		Totals (Memorandum Only) 1995
	General Fund	Special Revenue Funds	General Fixed Assets	General Long-Term Obligations	
<u>OPERATING REVENUE</u>					
Grants and subsidies	\$ -0-	\$ 4,436,833	\$ -0-	\$ -0-	\$ 4,436,833
Interest on investments	-0-	43,816	-0-	-0-	43,816
Other	-0-	27,283	-0-	-0-	27,283
Total revenues	-0-	4,507,932	-0-	-0-	4,507,932
<u>EXPENDITURES</u>					
Salaries and employee benefits	-0-	317,959	-0-	-0-	317,959
Occupancy	-0-	23,382	-0-	-0-	23,382
Repairs and maintenance	-0-	650	-0-	-0-	650
Contractual services	-0-	202,181	-0-	-0-	202,181
Equipment and supplies	-0-	26,918	-0-	-0-	26,918
Housing assistance payments	-0-	3,851,393	-0-	-0-	3,851,393
Page Total	-0-	4,422,483	-0-	-0-	4,422,483

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, 1996
(WITH COMPARATIVE TOTALS FOR 1995)

	<u>GOVERNMENTAL FUND TYPES</u>	<u>ACCOUNT GROUPS</u>			<u>Totals</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>(Memorandum Only)</u>
					<u>1996</u>
<u>EXPENDITURES, CONTINUED</u>					
Convention and travel	\$ -0-	\$ 4,557	\$ -0-	\$ -0-	\$ 4,557
Postage	-0-	5,036	-0-	-0-	5,036
Interest expense	-0-	24,188	-0-	-0-	24,188
Bad debts	-0-	12,691	-0-	-0-	12,691
Other expenditures	-0-	581	-0-	-0-	581
General	<u>-0-</u>	<u>3,259</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>-0-</u>	<u>4,472,795</u>	<u>-0-</u>	<u>-0-</u>	<u>4,472,795</u>
Excess of revenues over expenditures (NOTE 8)	-0-	35,137	-0-	-0-	35,137
Fund balances/equity, beginning of year	53,151	92,046	-0-	-0-	145,197
Adjustment to beginning fund balance/equity	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances/equity, end of year	<u>\$53,151</u>	<u>\$ 127,183</u>	<u>\$76,243</u>	<u>\$ 18,091</u>	<u>\$ 180,334</u>
					<u>(14,499)</u>
					<u>\$ 145,197</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, 1996

	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-	\$ 5,237,479	\$ 4,435,833	\$(800,646)	\$ 5,237,479	\$ 4,436,833	\$(800,646)
Grants and subsidies	-0-	-0-	-0-	-0-	43,816	43,816	-0-	43,816	43,816
Interest on investments	-0-	-0-	-0-	-0-	27,283	27,283	-0-	27,283	27,283
Other	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total revenues	-0-	-0-	-0-	5,237,479	4,507,932	(729,547)	5,237,479	4,507,932	(729,547)
Expenditures									
Salaries and employee benefits	-0-	-0-	-0-	451,443	317,959	133,484	451,443	317,959	133,484
Occupancy	-0-	-0-	-0-	15,677	23,382	(7,705)	15,677	23,382	(7,705)
Repairs and maintenance	-0-	-0-	-0-	566	550	(84)	566	550	(84)
Contractual services	-0-	-0-	-0-	180,117	202,181	(22,064)	180,117	202,181	(22,064)
Equipment and supplies	-0-	-0-	-0-	10,467	26,918	(16,451)	10,467	26,918	(16,451)
Housing assistance payments	-0-	-0-	-0-	4,574,088	3,851,393	722,695	4,574,088	3,851,393	722,695
Convention and travel	-0-	-0-	-0-	1,753	4,557	(2,804)	1,753	4,557	(2,804)
Postage	-0-	-0-	-0-	1,957	5,036	(3,079)	1,957	5,036	(3,079)
Interest expense	-0-	-0-	-0-	-0-	24,188	(24,188)	-0-	24,188	(24,188)
Bad debt	-0-	-0-	-0-	-0-	12,691	(12,691)	-0-	12,691	(12,691)
Other expenditures	-0-	-0-	-0-	1,411	581	830	1,411	581	830
General	-0-	-0-	-0-	-0-	3,259	(3,259)	-0-	3,259	(3,259)
Total expenditures	-0-	-0-	-0-	5,237,479	4,472,795	764,684	5,237,479	4,472,795	764,684
Excess of revenues over expenditures	-0-	-0-	-0-	-0-	35,137	35,137	-0-	35,137	35,137
Fund balances/equity, beginning of year	53,151	53,151	-0-	53,600	145,197	91,597	53,600	145,197	91,597
Fund balances/equity, end of year	53,151	53,151	\$ -0-	53,600	180,334	126,734	53,600	180,334	126,734

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

NEW ORLEANS REDEVELOPMENT AUTHORITY

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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

NOTE 1 - Background and General Data, Continued:

General

As of December 31, 1996, NORA was primarily engaged in the following programs:

- o Section 8 - Moderate Rehabilitation Program
- o Blighted Property Removal Program
- o Section 8 - Housing Assistance Payments Program (SouthWood Patio Homes)
- o Section 8 - Housing Assistance Payments Program (YMCA)

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

NOTE 1 - Background and General Data, Continued:

General, Continued

A brief description of each program follows:

o 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.

o 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

NOTE 1 - Background and General Data, Continued

General, Continued

o 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.

o 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.

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.

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. 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.

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.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

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:

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.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued

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.

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.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

- 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.

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

Investments

Investments are recorded at cost.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by generally accepted accounting principles. It is the practice of NORA to expense uncollectible receivables only upon approval by the Board of Commissioners. At December 31, 1996, receivable written-off is \$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 CD 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

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 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.

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.

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

NOTE 3 - Amounts Receivable:

As of December 31, 1996 amounts receivable consisted of the following:

	<u>ANNUAL CONTRIBUTION CONTRACTS</u>											
	<u>001</u>	<u>002</u>	<u>005</u>									
Amounts due from tenants	\$ 5,904	\$ 8,156	\$ 27,356	\$ 11,137		\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 52,553		
Amounts due from landlords	30,997	-0-	-0-	-0-		-0-	-0-	-0-	-0-	30,997		
Amounts due from others	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,422</u>		<u>39,641</u>	<u>7,560</u>	<u>47,120</u>	<u>110,687</u>	<u>207,430</u>		
Sub-total	36,901	8,156	27,356	13,559		39,641	7,560	47,120	110,687	290,980		
Less: write-off	<u>(3,050)</u>	<u>(2,628)</u>	<u>(3,624)</u>	<u>(3,389)</u>		<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(12,691)</u>		
Total	<u>\$ 33,851</u>	<u>\$ 5,528</u>	<u>\$ 23,732</u>	<u>\$ 10,170</u>		<u>\$ 39,641</u>	<u>\$ 7,560</u>	<u>\$ 47,120</u>	<u>\$ 110,687</u>	<u>\$ 278,289</u>		

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

NOTE 3 - Amounts Receivable, Continued:

Amounts receivable at December 31, 1996 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.

NOTE 4 - Cash and Temporary Cash Investments:

At December 31, 1996, NORA's cash balances totaled \$1,036,492.

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, 1996, the carrying amount of NORA's deposits was \$1,036,492 and the cumulative bank balance was \$1,087,362. The bank balances are covered by federal depository insurance and collateral held by the pledging institutions' agent in NORA's name.

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

NOTE 5 - Land and Equipment:

As of December 31, 1995 and 1996, land and equipment consisted of the following:

	Balance December 31, <u>1995</u>	<u>Additions</u>	<u>Retirement</u>	Balance December 31, <u>1996</u>
Land	\$42,217	\$ -0-	\$-0-	\$42,217
Equipment	<u>21,868</u>	<u>12,158</u>	<u>-0-</u>	<u>34,026</u>
Total	<u>\$64,085</u>	<u>\$12,158</u>	<u>\$-0-</u>	<u>\$76,243</u>

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, 1996, 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, 1996, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 445,338	\$ 259,339
HUD Annual Contribution and Contracts Fund	1,233,779	1,288,728
Blighted Properties/ Administrative Fund	49,025	167,253
Community Development Rehabilitation Program Fund	193,800	159,217
Land Acquisition and Development Funds	<u>20,245</u>	<u>67,650</u>
Total	<u>\$1,942,187</u>	<u>\$1,942,187</u>

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

NOTE 8 - Grants Receivable:

The City of New Orleans which provides the funding for NORA's Blighted Properties Program (cost reimbursement program) in a communication to NORA disallowed \$5,130 in cost for overtime pay and other services.

In addition, the City has also disallowed reimbursement for cost incurred for overrun budgeted line item categories. (see Exhibit F-1). The arrangement with the City requires prior approval to exceed any budget line item.

It is our understanding through discussion with management that the disallowed cost will be absorbed by anticipated funding in 1997. Accordingly, a receivable has been established to accommodate the amount.

In addition, the City of New Orleans has also indicated that as NORA did not properly procure the management services currently performed by New Orleans Home Mortgage Authority, the 1997 management fees would be disallowed.

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, 1996 the amount of cash restricted was \$162,462. Also, see Note 6.

NOTE 10 - Related Party Leases:

NORA leases certain facilities of the New Orleans Home Mortgage Authority under an operating lease agreement.

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

NOTE 10 - Related Party Leases, Continued:

Rental expense for the year ended December 31, 1996 under this lease was \$12,000.

The Executive Director of the **New Orleans Home Mortgage Authority** currently also serves as the Managing Director of **NORA**.

NOTE 11 - Management Contract:

In an agreement dated January 16, 1996 the Board of Commissioners of **NORA** engaged the New Orleans Home Mortgage Authority (**NOHMA**) to manage all of the **NORA** functions and responsibilities, including its programs, personnel and finances beginning January 17, 1996. In consideration for those services rendered **NORA** will pay **NOHMA** an annual management fee of \$50,000. In addition to the fee, **NOHMA** may charge **NORA** for actual budgeted expenses related to the administration and management of **NORA's** programs and finances.

Additionally, in an agreement dated May 1, 1996 the Division of Housing and Neighborhood Development (**DHND**) and **NORA** agreed to grant code enforcement powers and authority to the housing inspectors employed by **NORA** which are possessed under law by the **DHND**.

NOTE 12 - Retirement System:

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.

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

NOTE 12 - Retirement System, Continued:

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, 1996, NORA's pension cost was \$28,740.

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.

NOTE 14 - Deficit:

The Annual Contributions Contract has a deficit at December 31, 1996 of \$19,943. It is management's intent to develop a plan of action to address the deficit through improvement in the number of leased-up units and cost containment.

NOTE 15 - Interest Expense:

The interest expense represent an assessment by HUD for funds requisitioned in excess of NORA's needs.

SUPPLEMENTARY INFORMATION

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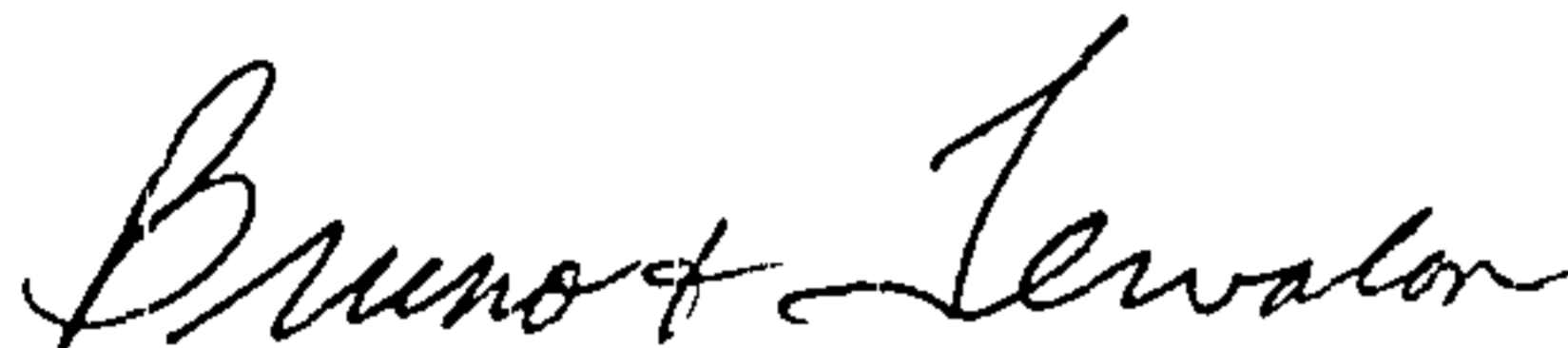
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Commissioners
New Orleans Redevelopment
Authority
New Orleans, Louisiana 70130

Our report on our audit of the general purpose financial statements of 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 supplementary information (Exhibits)-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.

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, facilities acquisition and/or construction, prior year adjustment and receipt of federal funds presentation 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.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 12, 1997

SUPPLEMENTARY INFORMATION -- EXHIBITS

EXHIBIT A

NEW ORLEANS REDEVELOPMENT AUTHORITY
 GENERAL FUND
 COMBINING BALANCE SHEET
 DECEMBER 31, 1996
 (WITH COMPARATIVE TOTALS FOR 1995)

	<u>General Fund</u>	<u>Revolving Fund</u>	<u>Totals (Memorandum Only)</u>	
			<u>1996</u>	<u>1995</u>
<u>ASSETS</u>				
Cash and temporary cash investments	\$ -0-	\$201,654	\$201,654	\$ 84,872
Amounts receivable	-0-	110,687	110,687	159,903
Advance	40,000	-0-	40,000	40,000
Due from other funds	<u>52,372</u>	<u>392,966</u>	<u>445,338</u>	<u>374,681</u>
Total assets	<u>\$92,372</u>	<u>\$705,307</u>	<u>\$797,679</u>	<u>\$659,456</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Amounts payable	\$ -0-	\$ 22,592	\$ 22,592	187,677
Advances--				
City of New Orleans	9,783	244,652	254,435	68,281
Due to other funds	29,438	229,901	259,339	142,185
Due to City of New Orleans	<u>-0-</u>	<u>208,162</u>	<u>208,162</u>	<u>208,162</u>
Total liabilities	<u>\$39,221</u>	<u>\$705,307</u>	<u>\$744,528</u>	<u>\$606,305</u>
<u>Fund balances</u>				
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>\$705,307</u>	<u>\$797,679</u>	<u>\$659,456</u>

See Independent Auditors' Report on Supplementary Information.

EXHIBIT B

NEW ORLEANS REDEVELOPMENT AUTHORITY
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1996
(WITH COMPARATIVE TOTALS FOR 1995)

	General Fund	Revolving Fund	Totals (Memorandum Only)	
			1996	1995
<u>Operating Revenue</u>				
Total revenue	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>Expenditures</u>				
Total expenditures	-0-	-0-	-0-	-0-
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, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<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>
<u>Expenditures</u>			
Salaries and employee benefits	-0-	-0-	-0-
Occupancy	-0-	-0-	-0-
Repairs and maintenance	-0-	-0-	-0-
Contractual services	-0-	-0-	-0-
Equipment and supplies	-0-	-0-	-0-
Housing assistance payments	-0-	-0-	-0-
Convention and travel	-0-	-0-	-0-
Postage	-0-	-0-	-0-
Other expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	-0-	-0-	-0-
Fund balance, beginning of year	<u>53,151</u>	<u>53,151</u>	<u>-0-</u>
Fund balance, end of year	<u>\$53,151</u>	<u>\$53,151</u>	<u>\$ -0-</u>

See Independent Auditors' Report and Supplemental Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 1996
(WITH COMPARATIVE TOTALS FOR 1995)

DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT

LAND ACQUISITION AND DEVELOPMENT

ASSETS	COMMUNITY DEVELOPMENT REHABILITATION				Desire Square Fund	Housing Development Coordination and Production Fund
	Eight Program Year	Ninth Program Year	Tenth Program Year	Eleventh Program Year		
Cash and temporary cash investments	\$ 8,012	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 169,329
Amounts receivable	39,641	-0-	-0-	-0-	7,560	47,120
Amounts receivable - HUD	-0-	-0-	-0-	-0-	-0-	-0-
Note receivable	-0-	-0-	-0-	-0-	-0-	49,000
Grants receivable	304,871	-0-	-0-	-0-	-0-	6,000
Deferred charges	-0-	-0-	-0-	-0-	-0-	-0-
Due from other funds	49,025	42,426	43,517	50,176	19,221	1,024
Total assets	\$401,549	\$42,426	\$43,517	\$50,176	\$26,781	\$272,473
LIABILITIES AND FUND BALANCE						
Amounts and other payable	\$ 30,636	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Due to other funds	167,253	34,569	43,517	39,286	26,781	40,869
Due to City of New Orleans	203,660	7,857	-0-	10,890	-0-	49,919
Accounts payable - HUD	-0-	-0-	-0-	-0-	-0-	-0-
Total liabilities	401,549	42,426	43,517	50,176	26,781	90,788

See Independent Auditors' Report on Supplementary Information .

NEW ORLEANS REDEVELOPMENT AUTHORITY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET, (CONTINUED)
DECEMBER 31, 1996
(WITH COMPARATIVE TOTALS FOR 1995)

		DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT				LAND ACQUISITION AND DEVELOPMENT	
		COMMUNITY DEVELOPMENT REHABILITATION				Housing Development Coordination and Production Fund	
		Eighth Program Year	Ninth Program Year	Tenth Program Year	Eleventh Program Year	Twelfth Program Year	Desire Square Fund
FUND EQUITY AND FUND BALANCES							
Fund Equity							
Investment in general fixed assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Fund balances							
Unreserved	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Reserved	-0-	-0-	-0-	-0-	-0-	-0-	181,685
Total fund equity and balances	-0-	-0-	-0-	-0-	-0-	-0-	181,685
Total liabilities and fund equity and balances	\$401,549	\$2,015	\$42,426	\$43,517	\$50,176	\$55,666	\$272,473

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET, (CONTINUED)
DECEMBER 31, 1996
(WITH COMPARATIVE TOTALS FOR 1995)

ASSETS	ANNUAL CONTRIBUTION CONTRACTS					Totals	
	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	(Memorandum Only) 1995
Cash and temporary cash investments	\$ 80,693	\$ 242,214	\$ 82,063	\$ 17,809	\$ 201,003	\$ 33,715	\$ 834,838
Amounts receivable	-0-	33,851	5,528	23,732	10,170	-0-	167,602
Amounts receivable - HUD	16,605	-0-	-0-	14,307	-0-	-0-	30,912
Note receivable	-0-	-0-	-0-	-0-	-0-	-0-	49,000
Grants receivable	-0-	-0-	-0-	-0-	-0-	-0-	310,871
Deferred charges	-0-	49,779	43,431	35,137	99,605	10,386	238,339
Due from other funds	142	646,943	212,980	123,767	205,918	44,029	1,496,849
Total assets	\$ 97,440	\$ 972,787	\$ 344,002	\$ 214,752	\$ 516,697	\$ 88,130	\$ 3,128,411
<u>LIABILITIES AND FUND BALANCE</u>							
Amounts and other payable	\$ 3,693	\$ 75,391	\$ 5,205	\$ 3,758	\$ 1,576	\$ 12,538	\$ 57,545
Due to other funds	34,622	810,654	125,154	87,307	211,297	19,694	1,682,848
Due to City of New Orleans	-0-	-0-	-0-	-0-	-0-	-0-	288,162
Deferred revenue	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Accounts payable - HUD	15,600	185,800	252,014	130,970	278,618	34,419	897,421
Total liabilities	53,915	1,071,845	382,373	222,035	491,491	56,651	3,001,228
							1,098,906

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET, (CONTINUED)
DECEMBER 31, 1996
(WITH COMPARATIVE TOTALS FOR 1995)

		ANNUAL CONTRIBUTION CONTRACTS				Totals (Memorandum Only)		
		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-K218-005	FW-22962 Project LA 48-E218-001	1996	1995
<u>FUND EQUITY AND FUND BALANCES (DEFICIT)</u>								
<u>Fund Equity</u>								
Investment in general fixed assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>Fund Balances (Deficit)</u>								
Unreserved	43,525	(99,058)	(38,371)	(7,283)	25,206	21,479	(54,502)	(84,248)
Reserved	-0-	-0-	-0-	-0-	-0-	-0-	181,685	176,294
Total fund equity and balances	<u>43,525</u>	<u>(99,058)</u>	<u>(38,371)</u>	<u>(7,283)</u>	<u>25,206</u>	<u>21,479</u>	<u>127,183</u>	<u>92,046</u>
Total liabilities and fund equity and balances	<u>\$97,440</u>	<u>\$ 972,787</u>	<u>\$ 344,002</u>	<u>\$214,752</u>	<u>\$516,697</u>	<u>\$88,130</u>	<u>\$3,123,411</u>	<u>\$1,190,952</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, 1996
(WITH COMPARATIVE TOTALS FOR 1995)

	DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT				LAND ACQUISITION AND DEVELOPMENT	
	COMMUNITY DEVELOPMENT REHABILITATION				Desire Square Fund	Housing Development Coordination and Production Fund
	Blighted Properties Administrative Fund	Blighted Properties Administrative Fund	Blighted Properties Administrative Fund	Blighted Properties Administrative Fund		
Operating Revenue						
Grants	\$ 304,871	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 6,000
Interest on investments	34	-0-	-0-	-0-	-0-	6,429
Other	27,283	-0-	-0-	-0-	-0-	-0-
Total revenues	332,188	-0-	-0-	-0-	-0-	12,429
Expenditures						
Salaries and employee benefits	129,536	-0-	-0-	-0-	-0-	-0-
Occupancy	13,584	-0-	-0-	-0-	-0-	-0-
Repairs and maintenance	270	-0-	-0-	-0-	-0-	-0-
Contractual services	169,549	-0-	-0-	-0-	-0-	6,822
Equipment and supplies	14,883	-0-	-0-	-0-	-0-	-0-
Housing assistance payments	-0-	-0-	-0-	-0-	-0-	-0-
Convention and travel	2,250	-0-	-0-	-0-	-0-	-0-
Postage	1,751	-0-	-0-	-0-	-0-	-0-
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-
Bad debt	-0-	-0-	-0-	-0-	-0-	-0-
Other expenditures	365	-0-	-0-	-0-	-0-	216
General	-0-	-0-	-0-	-0-	-0-	-0-
Total expenditures	332,188	-0-	-0-	-0-	-0-	7,038
Excess (deficiency) of revenues over expenditures	-0-	-0-	-0-	-0-	-0-	5,391
Fund balance (deficit)/equity, beginning of year	-0-	-0-	-0-	-0-	-0-	175,294
Fund balance (deficit)/equity, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 181,685

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, 1996
(WITH COMPARATIVE TOTALS FOR 1995)

	ANNUAL CONTRIBUTION CONTRACTS				Totals (Memorandum Only)
	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-002	FW-2147 Project LA 48-K218-005	FW-2147 Project LA 48-K218-006	
Operating Revenue					
Grants and subsidies	\$818,848	\$584,600	\$613,259	\$1,353,641	\$4,436,833
Interest on investments	1,011	12,710	5,250	10,009	43,816
Other	-0-	-0-	-0-	-0-	27,283
Total revenues	819,859	597,310	618,509	1,353,650	4,507,932
Expenditures					
Salaries and employee benefits	-0-	47,190	28,464	67,659	317,959
Occupancy	-0-	3,121	1,873	4,495	23,382
Repairs and maintenance	-0-	95	57	137	650
Contractual services	-0-	6,482	5,547	7,559	202,181
Equipment and supplies	-0-	4,906	1,406	3,570	26,918
Housing assistance payments	797,144	533,612	575,822	1,263,683	3,851,393
Convention and travel	-0-	759	455	1,093	4,557
Postage	-0-	909	505	1,183	5,036
Interest expense	-0-	9,671	3,106	5,987	24,188
Bad debt	-0-	2,628	3,624	3,389	12,691
Other expenditures	-0-	-0-	-0-	-0-	581
General	241	745	429	533	3,259
Total expenditures	797,385	607,265	622,288	1,359,288	4,472,795
Excess (deficiency) of revenues over expenditures	22,474	(9,955)	(3,779)	4,362	35,137
Fund balances (deficit)/equity, beginning of year	21,051	(28,416)	(3,504)	20,844	92,046
Adjustment to beginning fund balances/equity	-0-	-0-	-0-	-0-	-0-
Fund balances (deficit)/equity, end of year	\$ 43,525	\$(38,371)	\$(7,283)	\$ 25,206	\$ 127,183
					\$ 92,046

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
BLIGHTED PROPERTIES ADMINISTRATIVE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE (DEFICIT)/EQUITY
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Operating Revenue</u>			
Grants	\$323,076	\$304,871	\$(18,205)
Other income	-0-	27,283	27,283
Interest income	-0-	34	34
	<u>323,076</u>	<u>332,188</u>	<u>9,112</u>
 <u>Expenditures</u>			
Salaries and employee benefits	130,128	129,536	592
Occupancy	15,677	13,584	2,093
Repairs and maintenance	566	270	296
Contractual services	161,117	169,549	(8,432)
Equipment and supplies	10,467	14,883	(4,416)
Convention and travel	1,753	2,250	(497)
Telephone and postage	1,957	1,751	206
Other expenditures	1,411	365	1,046
	<u>323,076</u>	<u>332,188</u>	<u>(9,112)</u>
 Excess (deficit) of revenue over expenditures	-0-	-0-	-0-
 Fund balance (deficit)/ equity, beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 Fund balance (deficit)/ equity, end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
HOUSING DEVELOPMENT COORDINATION AND PRODUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE (DEFICIT)/EQUITY
BUDGET AND ACTUAL--
FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Operating Revenue</u>			
Grant	\$ 6,000	\$ 6,000	\$ -0-
Interest on investments	<u>-0-</u>	<u>6,429</u>	<u>6,429</u>
Total revenues	<u>6,000</u>	<u>12,429</u>	<u>6,429</u>
<u>Expenditures</u>			
Contractual services	6,000	6,822	822
Other expenditures	<u>-0-</u>	<u>216</u>	<u>(216)</u>
Total expenditures	<u>6,000</u>	<u>7,038</u>	<u>1,038)</u>
Excess of revenues over expenditures	-0-	5,391	5,391
Fund balance (deficit)/ equity, beginning of year	<u>176,294</u>	<u>176,294</u>	<u>-0-</u>
Fund balance (deficit)/ equity, end of year	<u>\$176,294</u>	<u>\$181,685</u>	<u>\$ 5,391</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-2201--PROJECT LA 48-0060-001
FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Grants and subsidies	\$926,987	\$818,848	\$(108,139)
Interest on investments	<u>-0-</u>	<u>1,011</u>	<u>1,011</u>
Total revenues	<u>926,987</u>	<u>819,859</u>	<u>(107,128)</u>
<u>Expenditures</u>			
Salaries and employee benefits	22,715	-0-	22,715
Contractual services	1,500	-0-	1,500
Housing assistance payments	902,772	797,144	105,628
Other expenditures	<u>-0-</u>	<u>241</u>	<u>(241)</u>
Total expenditures	<u>926,987</u>	<u>797,385</u>	<u>129,602</u>
Excess of revenues over expenditures	-0-	22,474	22,474
Fund balance (deficit)/ equity, beginning of year	<u>16,540</u>	<u>21,051</u>	<u>4,511</u>
Fund balance (deficit)/ equity, end of year	<u>\$ 16,540</u>	<u>\$ 43,525</u>	<u>\$ 26,985</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-K218-001
FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Grants and subsidies	\$ 752,197	\$ 623,293	\$(128,904)
Interest on investments	<u>-0-</u>	<u>7,206</u>	<u>7,206</u>
Total revenues	<u>752,197</u>	<u>630,499</u>	<u>(121,698)</u>
<u>Expenditures</u>			
Salaries and employee benefits	65,929	45,110	20,819
Occupancy	-0-	309	(309)
Repairs and maintenance	-0-	91	(91)
Contractual services	2,400	6,222	(3,822)
Equipment and supplies	-0-	4,906	(4,906)
Housing assistance payment	683,868	565,698	118,170
Postage	-0-	788	(788)
Interest expense	-0-	3,505	(3,505)
Bad debts	-0-	4,257	(4,257)
General	<u>-0-</u>	<u>1,311</u>	<u>(1,311)</u>
Total expenditures	<u>752,197</u>	<u>631,742</u>	<u>120,455</u>
Deficit of revenues over expenditures	-0-	(1,243)	(1,243)
Fund balance (deficit)/ equity, beginning of year	(103,970)	(97,815)	6,155
Fund balance (deficit)/ equity, end of year	<u>\$(103,970)</u>	<u>\$(99,058)</u>	<u>\$ 4,912</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-K218-002
FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Operating Revenue</u>			
Grants and subsidies	\$787,782	\$584,600	\$(203,182)
Interest on investments	-0-	12,710	12,710
 Total revenues	 <u>787,782</u>	 <u>597,310</u>	 <u>(190,472)</u>
<u>Expenditures</u>			
Salaries and employee benefits	69,026	47,190	21,836
Occupancy	-0-	3,121	(3,121)
Repairs and maintenance	-0-	95	(95)
Contractual services	2,500	6,482	(3,982)
Equipment and supplies	-0-	2,153	(2,153)
Housing assistance payments	716,256	533,612	182,644
Convention and travel	-0-	759	(759)
Postage	-0-	809	(809)
Interest expense	-0-	9,671	(9,671)
Bad debt	-0-	2,628	(2,628)
General	-0-	745	(745)
 Total expenditures	 <u>787,782</u>	 <u>607,265</u>	 <u>180,517</u>
 Deficit of revenues over expenditures	 -0-	 (9,955)	 (9,955)
 Fund balance (deficit)/ equity, beginning of year	 <u>(32,305)</u>	 <u>(28,416)</u>	 <u>3,889</u>
 Fund balance (deficit)/ equity, end of year	 <u>\$(32,305)</u>	 <u>\$(38,371)</u>	 <u>\$(6,066)</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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenue</u>			
Grants and subsidies	\$715,448	\$613,259	\$(102,189)
Interest on investments	<u>-0-</u>	<u>5,250</u>	<u>5,250</u>
Total revenues	<u>715,448</u>	<u>618,509</u>	<u>\$(96,939)</u>
<u>Expenditures</u>			
Salaries and employee benefits	44,248	28,464	15,784
Occupancy	-0-	1,873	(1,873)
Repairs and maintenance	-0-	57	(57)
Contractual services	1,600	5,547	(3,947)
Equipment and supplies	-0-	1,406	(1,406)
Housing assistance payments	669,600	576,822	92,778
Convention and travel	-0-	455	(455)
Postage	-0-	505	(505)
Interest expense	-0-	3,106	(3,106)
Bad debt	-0-	3,624	(3,624)
General	<u>-0-</u>	<u>429</u>	<u>(429)</u>
Total expenditures	<u>715,448</u>	<u>622,288</u>	<u>93,160</u>
Deficit of revenues over expenditures	-0-	(3,779)	(3,779)
Fund balance (deficit)/ equity, beginning of year	<u>(11,991)</u>	<u>(3,504)</u>	<u>8,487</u>
Fund balance (deficit)/ equity, end of year	<u>\$(11,991)</u>	<u>\$(7,283)</u>	<u>\$ 4,708</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-K218-006
FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Operating Revenue</u>			
Grants and subsidies	\$1,559,239	\$1,353,641	\$(205,598)
Interest on investments	<u>-0-</u>	<u>10,009</u>	<u>10,009</u>
Total revenues	<u>1,559,239</u>	<u>1,363,650</u>	<u>(195,598)</u>
<u>Expenditures</u>			
Salaries and employee benefits	97,787	67,659	30,128
Occupancy	-0-	4,495	(4,495)
Repairs and maintenance	-0-	137	(137)
Contractual services	3,500	7,559	(4,059)
Equipment and supplies	-0-	3,570	(3,570)
Housing assistance payments	1,457,952	1,263,683	194,269
Convention and travel	-0-	1,093	(1,093)
Postage	-0-	1,183	(1,183)
Insurance expense	-0-	5,987	(5,987)
Bad debt	-0-	3,389	(3,389)
General	<u>-0-</u>	<u>533</u>	<u>(533)</u>
Total expenditures	<u>1,559,239</u>	<u>1,359,288</u>	<u>199,951</u>
Excess of revenues over expenditures	-0-	4,362	5,489
Fund balance (deficit)/ equity, beginning of year	<u>14,871</u>	<u>20,844</u>	<u>5,973</u>
Fund balance (deficit)/ equity, end of year	\$ <u>14,871</u>	\$ <u>25,206</u>	\$ <u>11,462</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-2296E--PROJECT LA 48-E218-001
FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Operating Revenue</u>			
Grants and subsidies	\$166,750	\$132,321	\$(34,429)
Interest on investments	<u>-0-</u>	<u>1,167</u>	<u>1,167</u>
Total revenue	<u>166,750</u>	<u>133,488</u>	<u>(33,262)</u>
<u>Expenditures</u>			
Salaries and employee benefits	21,610	-0-	21,610
Contractual services	1,500	-0-	1,500
Housing assistance payments	143,640	114,434	29,206
Interest expense	<u>-0-</u>	<u>1,167</u>	<u>(1,167)</u>
Total expenditures	<u>166,750</u>	<u>115,601</u>	<u>51,149</u>
Excess of revenue over expenditures	-0-	17,887	17,887
Fund balance (deficit)/ equity, beginning of year	<u>-0-</u>	<u>3,592</u>	<u>3,592</u>
Fund balance (deficit)/ equity, end of year	<u>\$ -0-</u>	<u>\$ 21,479</u>	<u>\$ 21,479</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, 1996
(WITH COMPARATIVE TOTALS FOR 1995)

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Land	\$42,217	\$42,217
Equipment	<u>34,026</u>	<u>21,868</u>
Total assets	<u>\$76,243</u>	<u>\$64,085</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	1,815	975
-- FW2147 LA 48-K218-002	13,297	12,422
-- FW2147 LA 47-K218-005	525	-0-
-- FW2147 LA 48-K218-006	9,731	8,471
-- Blighted Properties Administrative Program	<u>8,658</u>	<u>-0-</u>
Total fund equity	<u>\$76,243</u>	<u>\$64,085</u>

See Independent Auditors' Report on Supplementary Information.

EXHIBIT H

NEW ORLEANS REDEVELOPMENT AUTHORITY
GENERAL LONG-TERM OBLIGATIONS
DECEMBER 31, 1996
(WITH COMPARATIVE TOTALS FOR 1995)

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Amounts to be provided for retirement of obligations	<u>\$18,091</u>	<u>\$32,569</u>
Total assets	<u>\$18,091</u>	<u>\$32,569</u>
<u>LIABILITIES</u>		
Compensated absences payable	<u>\$18,091</u>	<u>\$32,569</u>
Total liabilities	<u>18,091</u>	<u>32,569</u>
Total liabilities and fund balance	<u>\$18,091</u>	<u>\$32,569</u>

See Independent Auditors' Report on Supplementary Information.

SUPPLEMENTARY INFORMATION--SCHEDULES

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET--HUD BASIS
ANNUAL CONTRIBUTION CONTRACTS FUND
DECEMBER 31, 1996

	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 cash investments	\$80,693	\$242,214	\$ 82,063	\$ 17,809	\$201,003	\$33,715	\$ 657,497
Amounts receivable--HUD	16,605	-0-	-0-	14,307	-0-	-0-	30,912
Amounts receivable--Homeowners and tenants	-0-	36,901	8,156	27,356	11,137	-0-	83,550
Land and equipment	-0-	975	12,422	-0-	8,471	-0-	21,868
Due from other funds	142	646,943	212,980	123,767	205,918	44,029	1,233,779
Deferred charges	-0-	49,779	43,431	35,137	99,606	10,386	238,339
Amounts receivable--Other	-0-	-0-	-0-	-0-	2,422	-0-	2,422
Total assets	\$97,440	\$976,812	\$359,052	\$218,376	\$528,557	\$88,130	\$2,268,367

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET--HUD BASIS
(CONTINUED)
ANNUAL CONTRIBUTION CONTRACTS FUND
DECEMBER 31, 1996

	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>							
Liabilities							
Accounts payable--	\$ 15,600	\$ 185,800	\$ 252,014	\$ 130,970	\$ 278,618	\$ 34,419	\$ 897,421
HUD	3,693	75,391	5,205	3,758	1,576	12,538	102,161
Other liabilities	34,622	810,654	125,154	87,307	211,297	19,694	1,288,728
Due to other funds							
Total liabilities	<u>53,915</u>	<u>1,071,845</u>	<u>382,373</u>	<u>222,035</u>	<u>491,491</u>	<u>66,651</u>	<u>2,288,310</u>
<u>SURPLUS</u>							
Unreserved	\$(5,088,822)	\$(10,094,947)	\$(9,611,416)	\$(6,643,858)	\$(13,339,439)	\$(662,474)	\$(45,440,956)
Operating reserve	43,525	-0-	-0-	-0-	28,595	21,479	93,599
Project account	1,186,272	2,174,969	1,828,356	1,601,975	5,967,455	403,717	13,162,744
Cumulative HUD							
contributions	<u>3,902,550</u>	<u>7,824,945</u>	<u>7,759,739</u>	<u>5,038,224</u>	<u>7,380,455</u>	<u>258,757</u>	<u>32,164,670</u>
Total surplus	<u>43,525</u>	<u>(95,033)</u>	<u>(23,321)</u>	<u>(3,659)</u>	<u>37,066</u>	<u>21,479</u>	<u>(19,943)</u>
(deficit)							
Total liabilities	\$ <u>97,440</u>	\$ <u>976,812</u>	\$ <u>359,052</u>	\$ <u>218,376</u>	\$ <u>528,557</u>	\$ <u>88,130</u>	\$ <u>2,268,367</u>
and surplus							

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, 1996

	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)
Operating Revenue							
Interest on investments	\$ 1,011	\$ 7,206	\$ 12,710	\$ 5,250	\$ 10,009	\$ 1,167	\$ 37,353
Total revenue	1,011	7,206	12,710	5,250	10,009	1,167	37,353
Expenditures							
Housing assistance program	797,144	565,698	533,612	576,822	1,263,683	114,434	3,851,393
Salaries and employee benefits	-0-	45,110	47,190	28,464	67,659	-0-	188,423
Contractual services	-0-	6,222	6,482	5,547	7,559	-0-	25,810
Postage	-0-	788	809	505	1,183	-0-	3,285
Equipment and supplies	-0-	4,906	2,153	1,406	3,570	-0-	12,035
Occupancy	-0-	309	3,121	1,873	4,495	-0-	9,798
Repairs and maintenance	-0-	91	95	57	137	-0-	380
Convention and travel	-0-	-0-	759	455	1,093	-0-	2,307
General	241	1,311	745	429	533	-0-	3,259
Interest expense	-0-	4,257	9,671	3,106	5,987	1,167	24,188
Total expenditures	797,385	628,692	604,637	618,664	1,355,899	115,601	4,120,878
Net operating loss before other income	(796,374)	(621,486)	(591,927)	(613,414)	(1,345,890)	(114,434)	(4,083,525)

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, 1996

	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	\$ 818,848	\$ 623,293	\$ 584,600	\$ 613,259	\$ 1,353,641	\$ 132,321	\$ 4,125,962
Total other income	818,848	623,293	584,600	613,259	1,353,641	132,321	4,125,962
Revenue over (under) expenditures	22,474	1,807	(7,327)	(155)	7,751	17,887	42,437
Surplus (deficit)-- January 1, 1996	21,051	(96,840)	(15,994)	(3,504)	29,315	3,592	(62,380)
Surplus (deficit)-- December 31, 1996	\$ 43,525	\$ (95,033)	\$ (23,321)	\$ (3,659)	\$ 37,066	\$ 21,479	\$ (19,943)

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
ANALYSIS OF SURPLUS-HUD BASIS
ANNUAL CONTRIBUTION CONTRACTS FUND
DECEMBER 31, 1996

	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
Unreserved Surplus							
Balance per prior audit,							
December 31, 1995	\$(4,400,460)	\$(9,749,540)	\$(9,813,921)	\$(5,918,304)	\$(10,877,419)	\$(174,771)	\$(40,934,415)
HUD adjustments recorded in current year	64,490	208,288	209,832	(55,799)	(907,060)	(14,564)	(494,813)
Net loss for year ended December 31, 1996	(796,374)	(621,486)	(591,927)	(613,414)	(1,345,890)	(114,434)	(4,083,525)
Provision for (reduction of) operating reserve for the year ended December 31, 1996	(22,474)	-0-	-0-	-0-	(7,751)	(17,887)	(48,112)
Provision for (reduction of) project account for the year ended December 31, 1996	65,996	67,791	584,600	(56,341)	(201,319)	(340,818)	119,909
Balance at December 31, 1996	(5,088,822)	(10,094,947)	(9,611,416)	(6,643,858)	(13,339,439)	(662,474)	(45,440,956)

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
ANALYSIS OF SURPLUS-HUD BASIS
(CONTINUED)
ANNUAL CONTRIBUTION CONTRACTS FUND
DECEMBER 31, 1996

	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-E218-01	TOTAL (MEMORANDUM ONLY)
Reserved Surplus-- <u>Operating Reserve</u>							
Balance per prior audit	\$ 21,051	\$ -0-	\$ -0-	\$ -0-	\$ 20,844	\$ 3,592	\$ 45,487
December 31, 1995							
Provision for (reduction of) operating reserve for year ended	<u>22,474</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>7,751</u>	<u>17,887</u>	<u>48,112</u>
December 31, 1996							
Balance at December 31, 1996	<u>43,525</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>28,595</u>	<u>21,479</u>	<u>93,599</u>
Reserved Surplus-- <u>Project Account</u>							
Balance per prior audit,	1,316,758	2,451,048	2,622,788	1,489,835	4,859,076	48,335	12,787,840
December 31, 1995							
HUD adjustments recorded in current year	(64,490)	(208,288)	(209,832)	55,799	907,060	14,564	494,813
Provision for (reduction of) project account for year ended	<u>(65,996)</u>	<u>(67,791)</u>	<u>(584,600)</u>	<u>56,341</u>	<u>201,319</u>	<u>340,818</u>	<u>(119,909)</u>
December 31, 1996							
Balance at December 31, 1996	<u>1,186,272</u>	<u>2,174,969</u>	<u>1,828,356</u>	<u>1,601,975</u>	<u>5,967,455</u>	<u>403,717</u>	<u>13,162,744</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
ANALYSIS OF SURPLUS-HUD BASIS
(CONTINUED)
ANNUAL CONTRIBUTION CONTRACTS FUND
DECEMBER 31, 1996

	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,	\$ 3,083,702	\$ 7,201,652	\$ 7,175,139	\$ 4,424,965	\$ 6,026,814	\$ 126,436	\$ 28,038,708
December 31, 1995							
Annual contribution for year ended	<u>818,848</u>	<u>623,293</u>	<u>584,600</u>	<u>613,259</u>	<u>1,353,641</u>	<u>132,321</u>	<u>4,125,962</u>
December 31, 1996							
Balance at December 31, 1996	<u>3,902,550</u>	<u>7,824,945</u>	<u>7,759,739</u>	<u>5,038,224</u>	<u>7,380,455</u>	<u>258,757</u>	<u>32,164,670</u>
Total surplus	\$ <u>43,525</u>	\$ <u>(95,033)</u>	\$ <u>(23,321)</u>	\$ <u>(3,659)</u>	\$ <u>37,066</u>	\$ <u>21,472</u>	\$ <u>(19,943)</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

NEW ORLEANS REDEVELOPMENT AUTHORITY
 ANALYSIS OF GENERAL FUND CASH BALANCE-HUD BASIS
 ANNUAL CONTRIBUTION CONTRACTS FUND
 DECEMBER 31, 1996

	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)
Net operating receipts retained:							
Operating reserve	\$ 43,525	\$ -0-	\$ -0-	\$ -0-	\$ 37,066	\$ 21,479	\$ 102,070
Adjustments:							
Income not received:							
Accounts receivable	(16,747)	(734,598)	(276,989)	(200,567)	(327,554)	(54,415)	(1,610,870)
Residual deficit	-0-	(95,033)	(23,321)	(3,659)	-0-	-0-	(122,013)
Expenses/costs not paid:							
Accounts payable	<u>53,915</u>	<u>1,071,845</u>	<u>382,373</u>	<u>222,035</u>	<u>491,491</u>	<u>66,651</u>	<u>2,288,310</u>
General fund cash and temporary cash investments	\$ <u>80,693</u>	\$ <u>242,214</u>	\$ <u>82,063</u>	\$ <u>17,809</u>	\$ <u>201,003</u>	\$ <u>33,715</u>	\$ <u>657,497</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--HUD BASIS

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

	<u>December 31, 1996</u>
<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ <u>555,502</u>
Maximum contribution for period	\$ 555,502
Project account balance at the beginning of the fiscal year	<u>2,242,760</u>
Total annual contribution available	<u>\$2,798,262</u>
<u>Annual Contribution Required</u>	
Administrative fee	\$ 62,020
Housing assistance payments	565,698
Independent public accountant's audit cost	2,781
Project receipts other than annual contribution	<u>(7,206)</u>
Total annual contribution required	<u>\$ 623,293</u>
<u>Project Account Change</u>	
Provision for project account	\$ <u>67,791</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$ 623,293</u>
<u>Operating Reserve Change</u>	
Operating income	\$ 7,206
Annual contribution earned	<u>623,293</u>
Total operating receipts	<u>630,499</u>
Operating expenditures	<u>628,692</u>
Total expenditures	<u>628,692</u>
Net operating receipts	<u>1,807</u>
Residual receipt (deficit) carryover	\$ <u>(96,008)</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE VI

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-K218-002

	<u>December 31, 1996</u>
<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ -0-
Maximum contribution for period	\$ -0-
Project account balance at the beginning of the fiscal year	<u>2,412,956</u>
Total annual contribution available	<u>\$2,412,956</u>
<u>Annual Contribution Required</u>	
Administrative fee	\$ 60,801
Independent public accountant's audit cost	2,897
Housing assistance payments	533,612
Project receipts other than annual contribution	<u>(12,710)</u>
Total annual contribution required	<u>\$ 584,600</u>
<u>Project Account Change</u>	
Provision for project account	<u>\$ 584,600</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$ 584,600</u>
<u>Operating Reserve Change</u>	
Operating income	\$ 12,710
Annual contribution earned	<u>585,158</u>
Total operating receipts	<u>597,310</u>
Operating expenditures	<u>604,637</u>
Total expenditures	<u>594,966</u>
Net operating receipts	<u>(7,327)</u>
Residual receipt (deficit) carryover	<u>\$ (35,744)</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-K218-005

	<u>December 31, 1996</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>1,545,634</u>
Total annual contribution available	<u>\$2,215,234</u>
<u>Annual Contribution Required</u>	
Administrative fee	\$ 39,949
Housing assistance payments	576,822
Independent public accountant's audit cost	1,738
Project receipts other than annual contribution	<u>(5,250)</u>
Total annual contribution required	<u>\$ 614,259</u>
<u>Project Account Change</u>	
Provision for project account	<u>\$ 56,341</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$ 613,259</u>
<u>Operating Reserve Change</u>	
Operating income	\$ 5,250
Annual contribution earned	<u>613,259</u>
Total operating receipts	<u>618,509</u>
Operating expenditures	<u>618,664</u>
Total expenditures	<u>618,664</u>
Net operating deficit	<u>(155)</u>
Residual receipt (deficit) carryover	<u>\$ (3,349)</u>

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-2147
Project LA 48-K218-006

December 31, 1996

<u>Maximum Contribution Available</u>	
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>5,766,136</u>
Total annual contribution available	<u>\$7,321,096</u>
<u>Annual Contribution Required</u>	
Independent public accountant's audit costs	\$ 4,172
Housing assistance payments	1,263,683
Administrative fee	95,795
Project receipts other than annual contribution	<u>(10,009)</u>
Total annual contribution required	<u>\$1,353,641</u>
<u>Project Account Change</u>	
Provision for project account	<u>\$ 201,319</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	<u>\$1,353,641</u>
<u>Operating Reserve Change</u>	
Annual contribution earned	\$1,353,641
Operating income	<u>10,009</u>
Total operating receipts	<u>1,363,650</u>
Operating expenditures	<u>1,355,899</u>
Total expenditures	<u>1,355,899</u>
Net operating receipts	<u>7,751</u>
Provision for (reduction of) operating reserve	<u>\$(7,751)</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-2201
Project LA 48-0060-001

December 31, 1996

<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ <u>884,844</u>
Maximum contribution for period	\$ 884,844
Project account balance at the beginning of the fiscal year	<u>1,120,276</u>
Total annual contribution available	<u>\$2,005,120</u>
<u>Annual Contribution Required</u>	
Housing assistance payments	\$ 797,144
Administrative fee	22,715
Project receipts other than annual contribution	<u>(1,011)</u>
Total annual contribution required	<u>\$ 818,848</u>
<u>Project Account Change</u>	
Provision for project account, net	\$ <u>65,996</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	\$ <u>818,848</u>
<u>Operating Reserve Change</u>	
Annual contribution earned	\$ 818,848
Operating income	<u>1,011</u>
Total operating receipts	<u>819,859</u>
Operating expenditures	<u>797,385</u>
Total expenditures	<u>797,385</u>
Net operating receipts	<u>22,474</u>
Provision for (reduction of) operating reserve	\$ <u>(22,474)</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE X

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, 1996

<u>Maximum Contribution Available</u>	
Maximum annual contribution authorized	\$ <u>473,139</u>
Maximum contribution for period	\$ 473,139
Project account balance at the beginning of the fiscal year	<u>62,899</u>
Total annual contribution available	\$ <u>536,038</u>
<u>Annual Contribution Required</u>	
Housing assistance payments	\$ 114,434
Administrative fee	19,054
Project receipts other than annual contribution	<u>(1,167)</u>
Total annual contribution required	\$ <u>132,321</u>
<u>Project Account Change</u>	
Provision for project account	\$ <u>340,818</u>
<u>Annual Contribution Earned</u>	
Lesser of contribution available or contribution required	\$ <u>132,321</u>
<u>Operating Reserve Change</u>	
Annual contribution earned	\$ 132,321
Operating income	<u>1,167</u>
Total operating receipts	<u>133,488</u>
Operating expenditures	<u>115,601</u>
Total expenditures	<u>115,601</u>
Net operating receipts	<u>17,887</u>
Provision for (reduction of) operating reserve	<u>(17,887)</u>
Residual receipt (deficit) carryover	\$ <u>-0-</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE XI

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE--HUD BASIS
 For the Year Ended December 31, 1996

<u>Program Grantor/Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Grant Revenue</u>	<u>Other Revenue and Program Income</u>	<u>Expenses and Authorized Expenditures</u>
PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:					
<u>Subject to Annual Contribution Contracts</u>					
Housing Assistance Program:					
Moderate Rehabilitation Program 001	*14.856	FW-2147	\$ 623,293	\$ 7,206	\$ 628,692
Moderate Rehabilitation Program 002	*14.856	FW-2147	584,600	12,710	604,637
Moderate Rehabilitation Program 005	*14.856	FW-2147	613,259	5,250	618,664
Moderate Rehabilitation Program 006	*14.856	FW-2147	1,353,641	10,009	1,355,899
Southwood Patio	*14.856	FW-2201	818,848	1,011	797,385
Moderate Rehabilitation Program E001	*14.856	FW-2296E	<u>132,321</u>	<u>1,167</u>	<u>115,601</u>
Total annual contribution contracts			<u>4,125,962</u>	<u>37,353</u>	<u>4,120,878</u>
Pass Through CDBG Funds as Subgrantee of the City of New Orleans:					
Land acquisition and development activities	14.218	N/A	6,000	6,429	7,038
Blighted Properties Removal/Administrative Fund	*N/A	N/A	<u>304,871</u>	<u>34</u>	<u>332,188</u>
Total passed through funds			<u>310,871</u>	<u>6,463</u>	<u>339,226</u>
Total all programs			<u>\$4,436,833</u>	<u>\$43,816</u>	<u>\$4,460,104</u>

*-Denotes Major Program as defined by OMB A-128

See Independent Auditors' Report on Supplementary Information.

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MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MOREL, JR., CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
New Orleans Redevelopment
Authority
New Orleans, Louisiana 71030

We have audited the general purpose financial statements of the **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 1996, and have issued our report thereon dated June 12, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of OMB Circular A-128 Audits of State and Local Governments. 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.

The management of **NORA** is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the general purpose financial statements in accordance with

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

general accepted accounting principles. Because of inherent limitations in any internal control structure, errors, or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of NORA as of and for the year ended December 31, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. (See Schedule of Reportable Conditions).

A material weakness is a reportable condition in which the design or operation of the specific internal control structure element does not reduce to a relatively low level the risk that errors or irregularities 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.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as previously defined. However, we believe none of the reportable conditions described in the Schedule of Reportable Conditions are material weaknesses.

This report is intended for the information of NORA's management and its regulatory agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which upon, acceptance by NORA is a matter of public record.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 12, 1997

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Board of Commissioners
New Orleans Redevelopment
Authority
New Orleans, Louisiana 71030

We have audited the general purpose financial statements of the New Orleans Redevelopment Authority (NORA) as of and for the year ended December 31, 1996, and have issued our report thereon dated June 12, 1997. We have also audited the compliance of NORA with requirements applicable to major federal financial assistance programs and have issued our report thereon dated June 12, 1997.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States and Office of Management and Budget Circular A-128, Audits of State and Local Governments. 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 and about whether NORA complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended December 31, 1996, we considered the internal control structure of NORA in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements of NORA and on compliance of NORA with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128.

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
(CONTINUED)

This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated June 12, 1997.

The management of NORA is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of the general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting and Administrative Control Categories

- | | |
|--------------------------------|-----------------------------|
| o Cash Receipts | o Payroll |
| o Eligibility | o Property and Equipment |
| o Accounts Payable | o Political Activity |
| o Cash Management | o Cost Allocation |
| o Cash Disbursements | o Federal Financial Reports |
| o Civil Rights | o Drug-Free Workplace Act |
| o Administrative Requirements | o Relocation and Assistance |
| o Special Requirements, if any | o Claims for advances and |
| o Real Property Acquisition | Reimbursements |

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
(CONTINUED)

For all of the internal control categories listed previously, we obtained an understanding of the design of relevant policies and procedures, determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1996, NORA expended 99% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to each of NORA's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect NORA's ability to administer federal financial assistance programs in accordance with applicable laws and regulations. (See Schedule of Reportable Conditions).

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

NEW ORLEANS REDEVELOPMENT AUTHORITY

SCHEDULE OF REPORTABLE CONDITIONS
For the Year Ended December 31, 1996

SECTION 8 - MODERATE REHABILITATION PROGRAMS

o MONTHLY BANK RECONCILIATIONS

Condition

Our review of the bank account reconciliations, revealed that the monthly reconciliations were not being prepared by staff on a timely basis.

However, all reconciliations were completed through December 31, 1996 prior to our completion of fieldwork.

Recommendation

We recommend that NORA implement procedures to ensure the timely preparation of monthly bank account reconciliations. All reconciliations should be reviewed at a supervisory level to ensure adequacy and completeness. Such a review should be evidenced by an initialing.

Management's Response

As NOHMA began to manage NORA, bank reconciliations were not being completed on time. Management has taken responsibility to complete all bank reconciliations on a monthly basis. Currently, all bank reconciliations are completed on time.

NEW ORLEANS REDEVELOPMENT AUTHORITY

SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED

For the Year Ended December 31, 1996

ALL PROGRAMS

o ACCOUNTING FOR INTERFUND BALANCES

Condition

Various interfund account balances are not properly identified and classified in the books and records of NORA at December 31, 1996. In 1996, NORA consolidated all interfund activities with other payable and receivable balances. The consolidation makes it extremely difficult to identify and reconcile interfund activities. In addition, we noted the untimely reconciliation and liquidation of interfund account balances. The interfund had an out of balance amount prior to audit adjustments of approximately \$90,000.

In addition, interfund activity increased from \$817,000 to \$1,900,000. This significant increase further compounds NORA's ability to timely and effectively account for all interfund transactions.

Recommendation

We recommend that all interfund balances be properly classified and identified via their general ledger account description to facilitate interfund account balance identification and reconciliation. Furthermore, the interfund account balances should be reconciled to the offset account, on a quarterly basis at a minimum, and liquidated as funds are available.

Management's Response

NORA accepts and will implement this recommendation.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED
For the Year Ended December 31, 1996

ALL PROGRAMS

o TAGGING AND ACCOUNTING FOR PROPERTY AND EQUIPMENT

Condition

Our review and discussion with management, reveals the lack of an established procedure to ensure the tagging and accounting for all property and equipment.

Recommendation

We recommend that management establish a procedure to ensure the periodic physical count of property and equipment. In addition, management should consider the tagging of all equipment within an established dollar threshold.

Management's Response

NORA accepts this recommendation and will establish procedures to account for all property and equipment.

NEW ORLEANS REDEVELOPMENT AUTHORITY

SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED
For the Year Ended December 31, 1996

ALL PROGRAMS

o COST ALLOCATION PLAN

Condition

Currently, NORA does not have a cost allocation plan that provides guidance for the distribution of shared costs among its programs.

Recommendation

We recommend that management develop a plan that will ensure the proper and consistent allocation of shared cost.

Management's Response

NORA accepts this recommendation and will institute a plan to properly allocate costs.

NEW ORLEANS REDEVELOPMENT AUTHORITY

SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED
For the Year Ended December 31, 1996

SECTION 8 CERTIFICATE PROGRAMS

o **COMPLETENESS OF HOUSING ASSISTANCE PAYMENTS (HAP) REGISTER**

Condition

Our review of the Section 8 Certificate HAP Register reveals the omission of information to include family and owner address, unit size, monthly rent to owner and family.

Recommendation

We recommend that the current HAP register be updated to incorporate the information discussed above.

Management's Response

NORA's computer support group is currently in the process of writing the Section 8 Program to meet all of the needs of housing authorities throughout the nation. Currently, our tenant registers are lacking the names, addresses, unit size, monthly rent, and other family information required.

NORA accepts the recommendation and the programmers will amend the HAP Register to include any previously omitted information.

NEW ORLEANS REDEVELOPMENT AUTHORITY

SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED
For the Year Ended December 31, 1996

ALL PROGRAMS

o ACCOUNTING FOR VOIDED CHECKS

Condition

Currently, NORA does not have a procedure for handling void checks. As a result of our testwork of cash disbursements, we noted in three (3) instances where checks were replaced and recorded again as a disbursement without a reversal of the original entry.

In addition, we noted that these replaced checks continued to be carried as outstanding items on the bank reconciliations.

Recommendation

We recommend that NORA develop procedures to ensure that all voided checks are properly accounted for. In addition, as a part of the bank reconciliation process, all outstanding items should be researched and resolved in a timely manner.

Management's Response

Once the auditors brought this to our attention, management immediately created a policy for the handling of void checks. This policy is currently being implemented by management. This problem has been resolved as of today.

NEW ORLEANS REDEVELOPMENT AUTHORITY

SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED

For the Year Ended December 31, 1996

SECTION 8 CERTIFICATE AND MODERATE REHABILITATION PROGRAMS

o OUTSTANDING OVERPAYMENTS

Condition

Our review of outstanding receivables from tenants reveals that payments of approximately \$12,700 of the total due of \$52,000 are in default of their repayment agreement.

It is our understanding that the overpayment is the result of NORA's annual recertification process resulting in underreported income by tenants.

Recommendation

NORA should consider other collection efforts in order to ensure the recovery of the overpayments.

In addition, compliance with the requirements of HUD notice PIH 94-46 should enable NORA to retain a percentage of funds collected resulting from fraud.

Management's Response

When a caseworker counsels a tenant, he or she advises the tenant to immediately notify the agency of any change in financial status so that the tenant's monthly Housing Assistant Payment can be adjusted accordingly. Unfortunately, the agency is not always immediately notified of changes in financial status. Once the caseworker begins to complete a recertification and discovers this change in status, a liability is automatically created on the part of the tenant. Furthermore, NORA has been establishing repayment agreements with these tenants to encourage the payment of the liability. Occasionally, tenants who owe money to the agency are no longer on the program, which makes it difficult for the agency to retrieve these funds. However, management will take the advice of the auditors and will consider other collection efforts in an attempt to recover these overpayments. Also, the agency will begin to remove individuals from the program that are in default of their payment agreement.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED
For the Year Ended December 31, 1996

ALL PROGRAMS

o **CASH RECEIPTS JOURNAL (LOG)**

Condition

Our review of NORA's cash receipts and recordation process, revealed the absence of a cash receipt journal to facilitate reconciliation of funds collected to amounts deposited and recorded in the general ledger.

Recommendation

We recommend that management evaluate the above condition with an aim toward enhancement of the current procedure to minimize, if not eliminate, the potential for misappropriation of assets.

Management's Response

NORA currently has a lockbox in which all deposits are placed. Furthermore, each deposit is entered into a log sheet and is witnessed prior to going into the lockbox.

NEW ORLEANS REDEVELOPMENT AUTHORITY

SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED

For the Year Ended December 31, 1996

ALL PROGRAMS

o **CASH DISBURSEMENT PROCEDURE**

Condition

Our review of selected cash disbursement transactions revealed the following conditions:

- o Invoices paid were not properly cancelled to prevent duplicate payment;
- o No general ledger account distribution on check requisition form;
- o Checks negotiated by Bank with only one of the required signatures;
- o Invoices and check amounts disbursed not in agreement;
- o No invoices attached to checks disbursed.

Recommendation

We recommend that management evaluate its current cash disbursement procedure with an aim toward ensuring that adequate controls are in place to ensure that all disbursements are properly authorized by management and also safeguarded from any potential misappropriation.

Management's Response

Many of the conditions mentioned have since been corrected. NORA will take action to ensure that all problems are corrected.

NEW ORLEANS REDEVELOPMENT AUTHORITY

SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED
For the Year Ended December 31, 1996

ALL PROGRAMS

o UNAUTHORIZED CHECKSIGNER

Condition

Currently, NORA has individuals listed by its bankers as authorized checksigners that are no longer on the board.

Recommendation

Management should update its authorized checksigners with its banker.

Management's Response

NORA has taken appropriate measures to correct this problem.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED
For the Year Ended December 31, 1996

ALL PROGRAMS

o DEVELOPMENT AND IMPLEMENTATION OF A PROCEDURE MANUAL

Condition

NORA currently has no formalized procedure manual for its staff.

Recommendation

We recommend that management develop and implement a procedure manual to provide staff with established procedures and consistency in the application of procedures and processes.

Management's Response

Management concurs with this recommendation and will develop and implement a procedure within the next six months.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED
For the Year Ended December 31, 1996

ALL PROGRAMS

o STAFF TRAINING

Condition

Currently, NORA has no system in place to ensure the continued professional development of its staff.

Recommendation

We recommend that staff be provided with training in the various HUD programs, regulations, financial reporting, etc. Such a system should also incorporate a procedure to facilitate the timely dissemination of regulatory changes that may impact programs managed by NORA.

Management's Response

Management is in the process of developing a training schedule to accomplish such.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED
For the Year Ended December 31, 1996

ALL PROGRAMS

o SYSTEM COMPLIANCE WITH YEAR 2000

Condition

As we approach year 2000 many computer systems in use today may be unable to interpret dates after December 31, 1999.

Recommendation

We recommend that NORA's management insure that its system is year 2000 compliant.

Management's Response

Management will ensure compliance with the above condition.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH LAWS, GRANTS, CONTRACTS AND REGULATIONS
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
New Orleans Redevelopment
Authority
New Orleans, Louisiana 71030

We have audited the general purpose financial statements of the New Orleans Redevelopment Authority (NORA) as of and for the year ended December 31, 1996 and have issued our report thereon dated June 12, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-128 Audits of State and Local Governments. 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.

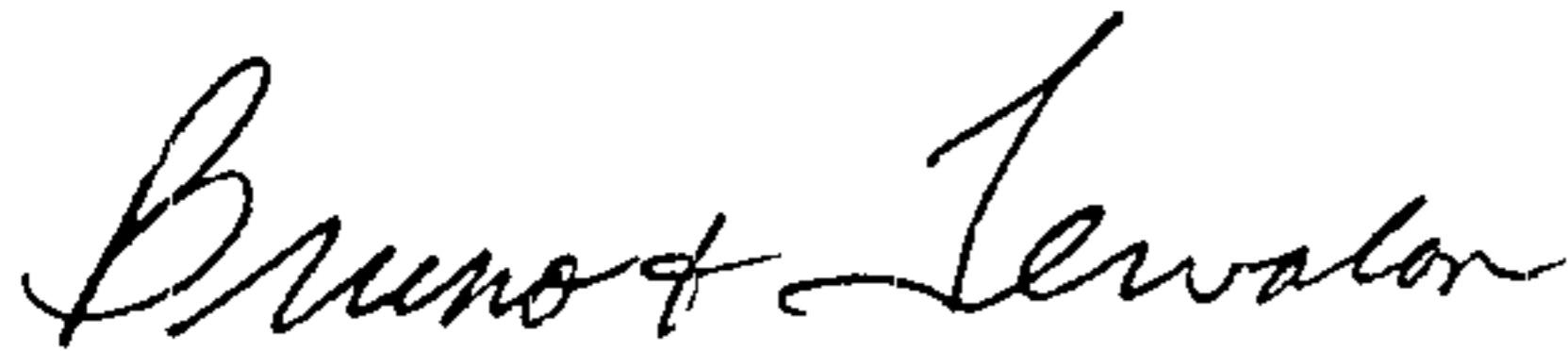
Compliance with laws, regulations, contracts, and grants applicable to NORA is the responsibility of NORA's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of NORA's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH LAWS, GRANTS, CONTRACTS AND REGULATIONS
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

The results of our tests disclosed instances of non-compliance which are required to be reported herein under Government Auditing Standards. In addition, the results of our procedures disclosed certain immaterial instances of noncompliance which are described in the accompanying Schedule of Findings and Questioned Costs.

We considered these instances of non-compliance in forming our opinion on whether NORA's general purpose financial statements are presented fairly in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated June 12, 1997 on those general purpose financial statements.

This report is intended for the information of the management of NORA and its regulatory agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by NORA, is a matter of public record.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 12, 1997

& Tervalon

MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Board of Commissioners
New Orleans Redevelopment
Authority
New Orleans, Louisiana 71030

We have audited the general purpose financial statements of the **New Orleans Redevelopment Authority (NORA)**, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 12, 1997.

We have also audited **NORA's** compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; and claims for advances and reimbursement that are applicable to its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996. The management of **NORA** is responsible for **NORA's** compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States, Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and the provisions of OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about **NORA's** compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

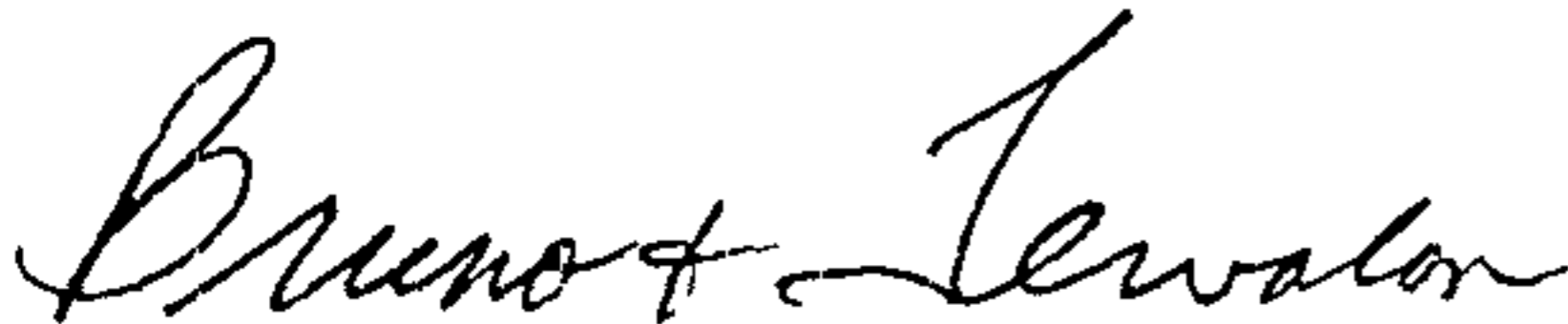
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

(CONTINUED)

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements previously referred to which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, NORA complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; reporting, and claims for advances and reimbursements that are applicable to its major federal financial assistance programs for the year ended December 31, 1996.

This report is intended solely for the use of NORA's management and its regulatory agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by NORA, is a matter of public record.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 12, 1997

& Tervalon

MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Board of Commissioners
New Orleans Redevelopment
Authority
New Orleans, Louisiana 71030

We have audited the general purpose financial statements of the New Orleans Redevelopment Authority (NORA), as of and for the year ended December 31, 1996, and have issued our report thereon dated June 12, 1997.

We have applied procedures to test NORA's compliance with the following requirements applicable to its major federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance for the year ended December 31, 1996:

General Compliance Requirements

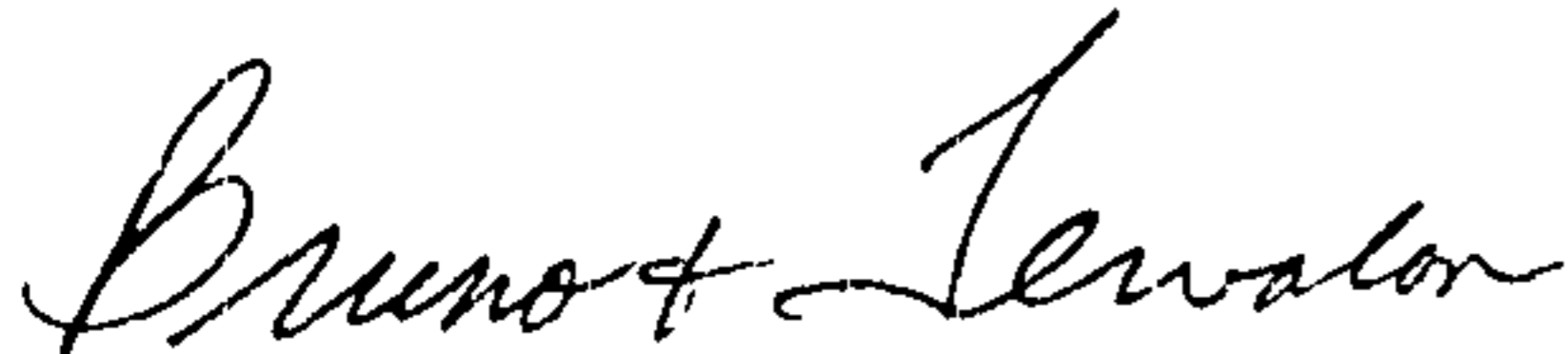
- | | |
|---------------------------------------|---|
| o Political Activity | o Cash Management |
| o Drug-Free Workplace Act | o Relocation Assistance and Real Property Acquisition |
| o Civil Rights | o Federal Financial Reports |
| o Allowable Costs/
Cost Principles | o Administrative Requirements |

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on NORA's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
(CONTINUED)

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs. The extent of the immaterial noncompliance findings noted in our testing indicates that, with respect to items that were not tested by us, there is no more than a relatively low risk that NORA may not have complied with the requirements referred to in the second paragraph. These matters were considered by us in evaluating whether the general purpose financial statements are presented fairly in conformity with generally accepted accounting principles.

This report is intended solely for the use of NORA's management and its regulatory agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by NORA, is a matter of public record.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 12, 1997

& Tervalon

MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

Board of Commissioners
New Orleans Redevelopment
Authority
New Orleans, Louisiana 71030

We have audited the general purpose financial statements of the New Orleans Redevelopment Authority (NORA), as of and for the year ended December 31, 1996, and have issued our report thereon dated June 12, 1997.

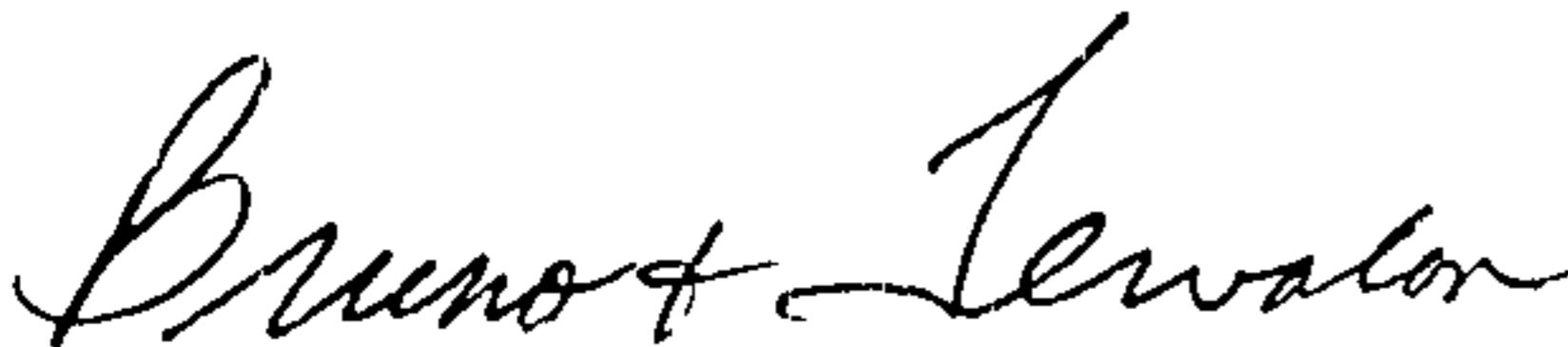
In connection with our audit of the general purpose financial statements of NORA and with our consideration of NORA's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1996.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, and eligibility, that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on NORA's compliance with these requirements. Accordingly, we do not express such an opinion.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS
(CONTINUED)

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that NORA had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended solely for the use of NORA's management and its regulatory agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by NORA, is a matter of public record.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 12, 1997

NEW ORLEANS REDEVELOPMENT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 1996

SECTION 8 CERTIFICATE AND MODERATE REHABILITATION PROGRAMS

FINDING - I - YEAR-END SETTLEMENT (HUD #52681)	<u>QUESTIONED COSTS</u> \$-0-
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Condition

Our review of the year-end Settlement Statements for the Section 8 Moderate rehabilitation programs revealed the following:

- All program reports HUD #52681 and 52599 for the respective year-end were not submitted within the forty-five (45) day requirement as required by HUD;
- The reports (HUD #52681) submitted for all programs contained clerical errors and were incomplete; and
- The Settlement Statement (HUD#52681) for the Southwood Patio program had a Balance Sheet for December 31, 1996 and an Income and Expense for the period ended September 30, 1996. The fiscal year-end for the program is September 30;

Recommendation

We recommend that the necessary procedures be established to include adequate supervisory review to ensure the timeliness and accuracy of all reports generated.

Management's Response

At the beginning of each fiscal year, a projection is made for the estimated amount of Housing Assistant Payments that will be distributed in that year. The HUD Form #52681 is a document that must be completed by the agency within forty-five (45) days of the end of each fiscal year. This settlement statement determines whether the agency overestimated amount of funds needed for that year, or if they under estimated the amount of funds needed and are entitled to reimbursement from Housing and Urban Development. It is very important that this form be submitted within the forty-five (45) day limit given by HUD in order to prevent any delays in the amount of funds that will be allocated for the next fiscal year.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

SECTION 8
CERTIFICATE AND MODERATE REHABILITATION PROGRAMS

FINDING - I - YEAR-END SETTLEMENT
(HUD #52681), CONTINUED

Management's Response, Continued

There are various reasons why the year-end settlement statement was not completed and submitted in a timely fashion for the 1996 fiscal year. Due to poor filing of records, the staff was unable to locate the necessary documents required to complete this form. Furthermore, the previous accountant for the agency completed no trial balances for the seven months of 1996 in which she was employed with the company. This greatly hindered the completion of the year-end settlement statement on time.

Because we had no trial balances for the year, the staff was forced to estimate and make projections that were ultimately incorrect. Projections were made to avoid potential delays in making owners monthly payments. In addition, the agency had to assign staff to this task that were unfamiliar with the HUD guidelines and procedures for completing the year-end settlement statement.

Presently, all trial balances are completed and up to date. The agency accepts the auditors recommendation and is currently in the process of obtaining adequate supervision to ensure the completion and submission of this essential form on time.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

SECTION 8
CERTIFICATE AND MODERATE REHABILITATION PROGRAMS

FINDING - II - CASH MANAGEMENT

QUESTIONED COSTS

\$-0-

Condition

At December 31, 1996 NORA owes its funding source (the Department of Housing and Urban Development) approximately \$897,000 in funds received in excess of its cash requirements for the Section 8 Certificate and Moderate Rehabilitation program.

Our review revealed that the HUD Form #52663 and supporting documents submitted were incorrect. In addition, there was no procedure in place to afford NORA with a system to compare funds requisitioned to actual expenditures. Such a system would have facilitated a timely review of the forecasted cash needs of NORA.

Recommendation

We recommend that the appropriate staff be trained in the accurate preparation of the HUD Form #52663.

In addition, management should institute procedures to ensure the adequate management of cash. At a minimum, a forecasted cashflow statement should be utilized with a timely comparison of forecast to actual with appropriate adjustments made accordingly.

Management's Response

Each month, the department of Housing and Urban Development allocates funds to NORA for Housing Assistant Payments, Administrative Fees, and Audit Fees. These funds are sent based the requisitions submitted to HUD by NORA. The excess \$700,000.00 received represents overpayments of funds by HUD for the 1995 and 1996 fiscal years. The funds requisitioned for the 1996 fiscal year were submitted by the previous accountant for NORA. Therefore, the debt owed to HUD was inherited by NOHMA's management.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

SECTION 8
CERTIFICATE AND MODERATE REHABILITATION PROGRAMS

FINDING - II - CASH MANAGEMENT, CONTINUED

Management's Response, Continued

The actual amount owed to HUD by NORA was not brought to NORA's attention until March 1997 when HUD completed its settlement review. At that time, HUD devised a plan to offset the amount of funds allocated to the Section 8 Certificate Program beginning in June 1997. As of September 1997, NORA owes Housing and Urban Development approximately \$61,000.00. Moreover, as of December 1, 1997, NORA will no longer be in debt to HUD for the 1995 and 1996 fiscal year.

NORA accepts the recommendation and is taking steps to correct this problem. To ensure that funds are allocated properly in the future, NORA has worked with its auditors, Bruno & Tervalon, so that we are able to monitor the amount of payments received on a monthly basis.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

SECTION 8
CERTIFICATE AND MODERATE REHABILITATION PROGRAMS

FINDING - III - <u>UNTIMELY SUBMISSION OF</u> <u>HUD FORM 50058</u>	<u>QUESTIONED COSTS</u> <u>\$-0-</u>
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Condition

Our review and discussion with management revealed that NORA has not complied with the filing requirements of HUD Form 50058 (Family Report) as dictated by HUD.

Recommendation

Management should evaluate the above condition with an aim toward ensuring the timely and accurate transmission of the HUD Form 50058.

Management's Response

When either a Section 8 tenant is recertified or when a new tenant enters the program, the agency is required to complete the HUD form 50058. This personal data application must be completed by a NORA caseworker and transmitted to HUD via computerized modem.

Although HUD has been making these requests for several years, NORA simply did not have the technology or facilities to comply with these guidelines. When NOHMA began to manage the agency, computers were purchased and the staff was trained on the basic operations of computers in general. The appropriate HUD software was installed so that the agency could submit these forms in a timely fashion. Unfortunately, a virus appeared on the system and the software became useless. NORA then had to hire a third party agency to transmit the information from NORA to HUD, which is what we are doing presently.

NORA accepts this recommendation and is currently establishing procedures to ensure the timely submission of the HUD Form 5008.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

ALL PROGRAMS

FINDING - IV - <u>UNTIMELY SUBMISSION</u> <u>OF AUDIT REPORT</u>	<u>QUESTIONED COST</u> <u>\$-0-</u>
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Condition

NORA did not submit its December 31, 1996 audit report on a timely basis in accordance with Louisiana Revised Statute 24:513. The late submission was primarily due in part to a management change with NOHMA assuming the day to day management of the operations of NORA as well as an inadequate transition and staff changes.

Recommendation

We recommend that the necessary action should be undertaken by management to ensure and facilitate the timely completion and submission of NORA's annual report.

Management's Response

Due to the very difficult and time-consuming transition of the accounting records, NORA was unable to submit its audit report in a timely fashion. NORA was also working with an uncooperative accountant who completed no trial balances or bank reconciliations for the 1996 fiscal year. However, NORA is currently implementing procedures to ensure that this report is completed accurately and on time.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

ALL PROGRAMS

FINDING - V - <u>NO EXECUTED AGREEMENT WITH FINANCIAL INSTITUTIONS</u>	<u>QUESTIONED COST</u> <u>\$-0-</u>
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Condition

Currently, NORA does not have executed depository agreements with all of its financial institutions.

Recommendation

We recommend that NORA execute HUD Form 51999 with all financial institutions with which it has banking relations to insure, at a minimum, the continuous collateralization of all funds and compliance with the requirements of the HUD Form 51999.

Management's Response

It is required by HUD that each agency receiving federal dollars execute an agreement with all banks that will hold these funds. This agreement specifically states that should an agency become insolvent, HUD will be able to come in and seize all funds belonging to HUD.

NORA has submitted all depository agreements to each financial institution. We are presently awaiting responses from the financial institutions. Once the agreement is signed by each financial institution, we will present the agreement to NORA's board to be signed by the Chairman.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

BLIGHTED PROPERTIES PROGRAM

FINDING - VI - SUBMISSION OF COST REPORTS

QUESTIONED COST
\$-0-

Condition

Our review for compliance with the monthly cost report submission requirements to the City of New Orleans for the Blighted Properties and Housing Development Coordination and Production programs revealed the absence of a filed cost report for December 31, 1996 (month selected for review).

Recommendation

Management should evaluate its current procedure relative to the preparation and submission of required reports to ensure the timely submission of all required reports.

Management's Response

Prior to NOHMA managing NORA, no bank reconciliations or cost reports had been completed for 1996. This finding hindered NORA's ability to complete all of the cost reports in a timely fashion. NORA is now in the process of obtaining adequate personnel, and is also implementing procedures to ensure the completion of these reports on time.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

SECTION 8
CERTIFICATE AND MODERATE REHABILITATION PROGRAMS

FINDING - VII - RENT REASONABLENESS

QUESTIONED COST

\$-0-

Condition

We noted five (5) instances out of ten (10) files tested that the rent reasonableness checklist was not completed.

Recommendation

We recommend that management institute the necessary procedures to insure that all rent reasonableness determinations are properly documented.

Management's Response

Prior to NOHMA managing NORA, there was no supervision of inspections. Currently, NORA has a supervisor to ensure that all rent reasonableness is done in a timely manner.

NORA accepts this recommendation and is now establishing procedures to ensure that all houses meet the minimum Housing Quality Standards. NORA is implementing quality control measures to ensure the highest level of quality possible. Also, procedures are being established to ensure that all rent reasonableness determinations are documented and accurately completed.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

BLIGHTED PROPERTIES PROGRAM

FINDING - VIII - BUDGET OVERRUNS

QUESTIONED COST
\$-0-

Condition

Our review of the adjusted general ledger balances for the year ended December 31, 1996 revealed budget overruns primarily in professional services category.

Recommendation

We recommend that NORA review trends of controlled expenses, at a minimum on a quarterly basis, and propose the necessary revisions to the approved budget to account for any projected budget cost overruns, as applicable.

Management's Response

Due to increased activity of the Blighted Properties Program, the need for legal services has also increased. Because of increased activity associated with expropriating blighted properties, NORA has spent more than anticipated. Currently, NORA is requesting additional funds from the City of New Orleans in order to increase the budget for professional services.

NORA accepts and will institute the recommendation.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

SECTION 8
CERTIFICATE AND MODERATE REHABILITATION PROGRAMS

FINDING - IX - <u>TENANT AND "HAP" REGISTERS</u>	<u>QUESTIONED COST</u>
	<u>\$-0-</u>

Condition

NORA could not locate the Tenant and "HAP" registers to support disbursements made for January 1996 to all tenants and owners participating in the Certificate and Moderate Rehabilitation programs.

Recommendation

All disbursements made must be properly supported and related documents maintained on file.

Management's Response

NORA accepts the recommendation and will implement the suggestions made.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

FINDING X -	<u>PAYROLL AND RELATED FEDERAL AND STATE REPORTS</u>	<u>QUESTIONED COST</u> <u>\$-0-</u>
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Condition

Our review of the payroll disbursement process and related Federal and State reporting requirements revealed the following:

- o Manual corrections to timecards are done without the proper documentation and/or authorization;
- o NORA could not locate selected payroll registers for 1996 payroll;
- o No reconciliation undertaken between the subsidiary and general ledger for payroll cost;
- o NORA could not locate the Internal Revenue Service forms 941 and W-3 or State L-3 (Louisiana Form) filed for the 1996 tax year.

Recommendation

We recommend that all Federal and State reports be filed and retained. Also, payroll related changes should be properly documented. In addition, payroll registers should be retained to support all payroll disbursements and reconciled to the general ledger on a monthly basis.

Management's Response

NORA purchased a new time clock to properly calculate each employees time on a weekly basis. Unfortunately, the time clock had a number of computerized problems. Management therefore instructed the employees to manually document the amount of hours worked to reflect the time that they were present and out of the office. The agency is still experiencing a few glitches with the time clock, but has appropriate staff to supervise all time recorded on each employee.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 1996

**FINDING X - PAYROLL AND RELATED FEDERAL
AND STATE REPORTS, CONTINUED**

Management's Response, Continued

As stated previously, NORA experienced a very difficult transition in moving records to its new office. During this process, there were a number of changes in personnel and documents were misplaced. However, this problem has been resolved to ensure that all payroll ledgers and registers can be early located. NORA is also continuing to properly file all documents.

NORA's staff is still in the process of computerizing NORA's manually documented data. Our programmers will amend current procedures to include all data as required by HUD.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATUS OF PRIOR YEARS' REPORTABLE CONDITIONS AND FINDINGS

<u>PRIOR YEAR FINDING NO.</u>	<u>DESCRIPTION</u>	<u>RESOLVED</u>	<u>UNRESOLVED</u>	<u>IN PROGRESS</u>
N/A	Timely recordation of reconciling items.	X		
N/A	Supervisory review of bank reconciliations			X*
N/A	Cancellation of invoices			X*
N/A	Segregation of duties			X
N/A	Unsupported transaction of \$18,000		X	
N/A	Accounting for Interfund Activities		X*	
N/A	General Ledger Account Reconciliations		X*	
N/A	Collateralization of Deposits	X		
N/A	Consolidating Accounting Functions	X		
N/A	Program Fiscal Year-end	X		
N/A	Computation of Interest Earned on Operating Reserve		X	
N/A	Resolution of Unidentified Accounts		X	

*Repeated in Current Year

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATUS OF PRIOR YEARS' REPORTABLE CONDITIONS AND FINDINGS
CONTINUED

<u>PRIOR YEAR FINDING NO.</u>	<u>DESCRIPTION</u>	<u>RESOLVED</u>	<u>UNRESOLVED</u>	<u>IN PROGRESS</u>
N/A	"Close-out" of Rehab Program		X	
N/A	Old Outstanding Receivables/Payables		X	
N/A	Untimely liquidation of interfund receivables/payables		X	
I	Completeness of HUD form 52676	X		
II	HAP Payments after Expiration Date	X		
III	Rent Reasonableness			X*
IV	Untimely Submission of Audit Report		X*	
V	No on-going Drug Awareness	X		
VI	No executed Agreement with Financial Institutions		X*	

*Repeated in Current Year

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATUS OF SECTION 8 MANAGEMENT REVIEW CONDUCTED BY HUD
For the Year Ended December 31, 1996

The following represents a status of the remaining outstanding findings included in the eight (8) findings noted during a management review conducted by HUD from November 12 through 17, 1992. Our review also revealed eight (8) observations.

Based on our discussions with management, it is our understanding that all observations noted have been resolved or are in progress as of June 12, 1997.

<u>FINDING NUMBER</u>	<u>DESCRIPTION</u>	<u>RESOLVED</u>	<u>UNRESOLVED</u>	<u>IN PROGRESS</u>
II	Maintenance of a waiting list as required by 24CFR 882.209 and Handbook 7420.7			X
III	Conduct Rent Reasonableness Survey		X(1)	
VIII	Outstanding Independent Audit Recommendations		X	

(1) See current year audit finding.

NEW ORLEANS REDEVELOPMENT AUTHORITY

EXIT CONFERENCE
December 31, 1996

The findings and recommendations mentioned were discussed at exit conferences held with management on October 1, 1997.

NEW ORLEANS REDEVELOPMENT AUTHORITY

Mr. Mtumishi St. Julien	--	Managing Director
Mr. Rodney Lemon	--	Chief Financial Officer
Ms. Lisa Mazique	--	Assistant Manager

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA	--	Partner
Mr. Paul K. Andoh, Sr. CPA	--	Senior Manager