

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF  
FEDERAL FINANCIAL ASSISTANCE  

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 (CONTINUED)

To the Board of Trustees  
New Orleans Home Mortgage Authority  
Page 2

In our opinion, the accompanying Schedule of Federal Financial Assistance of the New Orleans Home Mortgage Authority presents fairly in all material respects, the federal financial assistance expenditures for the year ended March 31, 1996, in conformity with generally accepted accounting principles.

In accordance with government auditing standards, we have also issued a report dated September 20, 1996 on our consideration of the New Orleans Home Mortgage Authority's internal control structure and a report dated September 20, 1996 on its compliance with laws and regulations.

*Bruno & Tervalon*

BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

September 20, 1996

# NEW ORLEANS HOME MORTGAGE AUTHORITY

## SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENSES - SINGLE FAMILY PROGRAM FUNDS

YEAR ENDED MARCH 31, 1986 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1985)  
(IN THOUSANDS)

	Single					
	Series A of 1984	Series A of 1985	Series A of 1987	Series A of 1988	Series B-1 of 1988	Series C-1 of 1988
Insurance	\$ 18	\$ 18	\$ -	\$ -	\$ -	\$ -
Mortgage loan administrator and accounting fees		4				
Professional fees - legal, auditing and marketing	5	5		1		1
Services' fees	14	10				
Traffic' fee		3	4	18	11	3
Other	—	—	11	—	—	—
<b>TOTAL</b>	<u>\$ 48</u>	<u>\$ 36</u>	<u>\$ 41</u>	<u>\$ 30</u>	<u>\$ 11</u>	<u>\$ 5</u>

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF  
FEDERAL FINANCIAL ASSISTANCE**

To the Board of Trustees  
New Orleans Home Mortgage Authority

We have audited the Schedule of Federal Financial Assistance of the New Orleans Home Mortgage Authority (NOHMA) for the year ended March 31, 1994. The Schedule of Federal Financial Assistance is the responsibility of the management of NOHMA. Our responsibility is to express an opinion on the Schedule of Federal Financial Assistance based on our audit. The accompanying Schedule of Federal Financial Assistance is not a part of NOHMA's General Purpose Financial Statements for the year ended March 31, 1994. The General Purpose Financial Statements were audited by another independent auditor and us.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-134, Audits of State and Local Governments. These standards and the provisions of OMB Circular A-134 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Federal Financial Assistance is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the Schedule of Federal Financial Assistance. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Federal Financial Assistance. We believe that our audit provides a reasonable basis for our opinion.

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

To the Board of Trustees  
New Orleans Home Mortgage Authority

We have audited the Schedule of Federal Financial Assistance of the New Orleans Home Mortgage Authority (NOHMA) as of and for the year ended March 31, 1990, and have issued our report thereon dated September 25, 1990. The audit of the General Purpose financial statements were audited by another independent auditor and us.

We have applied procedures to test NOHMA's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the accompanying schedule of federal awards for the year ended March 31, 1990:

General Requirements

- |                                   |                               |
|-----------------------------------|-------------------------------|
| o Political Activity              | o Civil Rights                |
| o Allowable costs/soft Principles | o Drug Free Workplace Act     |
| o Cash Management                 | o Administrative Requirements |
|                                   | o Federal Financial Reports   |

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 NOHMA's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

**& Tervalon**

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

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To the Board of Trustees  
New Orleans Home Mortgage Authority

We have audited the Schedule of Federal Financial Assistance of the New Orleans Home Mortgage Authority (NOHMA) for the year ended March 31, 1998, and have issued our report thereon dated September 25, 1998. The audit of the General Purpose financial statements were audited by another independent auditor and us.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133. Those standards and the provisions of OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Federal Financial Assistance is free of material misstatement.

In planning and performing our audit for the year ended March 31, 1998, we considered NOHMA's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the organization's Schedule of Federal Financial Assistance and to report on the internal control structure policies and procedures relevant to compliance with requirements applicable to Federal financial assistance programs.

This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. We have addressed internal control structure policies and procedures relevant to our audit of the Schedule of Federal Financial Assistance in a separate report dated September 25, 1998.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF THE  
SCHEDULE OF THE FEDERAL FINANCIAL ASSISTANCE  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

This report is intended for the information of the management of  
NSFMA and funding agencies. This restriction is not intended to  
limit the distribution of this report, which upon acceptance by  
NSFMA is a matter of public record.

*Bruno & Tervalon*

BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

September 25, 1996

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF THE  
SCHEDULE OF THE FEDERAL FINANCIAL ASSISTANCE  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

The schedule of Federal Financial Assistance is accordance with generally 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 schedule of Federal Financial Assistance for the year ended March 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the Schedule of Federal Financial Assistance and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 errors and irregularities in amounts that would be material in relation to the Schedule of Federal Financial Assistance being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF THE  
SCHEDULE OF THE FEDERAL FINANCIAL ASSISTANCE  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
New Orleans Home Mortgage Authority

We have audited the Schedule of Federal Financial Assistance of the New Orleans Home Mortgage Authority (NOHMA) for the year ended March 31, 1994 and have issued our report thereon dated September 26, 1994. The general purpose financial statements of NOHMA were audited by another independent auditor and us.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Federal Financial Assistance for NOHMA is free of material misstatement.

The management of NOHMA 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

**NEW ORLEANS HOME MORTGAGE AUTHORITY**  
**Notes to the Schedule of Federal Financial Assistance**  
**(CONTINUED)**

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**NOTE 4 - Accounting Estimates:**

The preparation of the Schedule of Federal Financial Assistance in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of grant revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**NOTE 5 - Contingency:**

**NOHMA** is a recipient of federal and city grants. These grants are governed by various federal, state and local guidelines, regulations and contractual agreements.

The administration of this program funded by these grants and awards is under the control of **NOHMA** and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

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NEW ORLEANS HOUSING HOURLADE AUTHORITY  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED MARCH 31, 1988

	CONTRACT PERIOD	REVENUE RECORDED 06/01/78- 01/31/79	GRANT EXPENDITURES 06/01/78- 01/31/79
<b>HOUSING FEDERAL PROGRAMS</b>			
Flowed through City of New Orleans:			
Department of Housing and Urban Development Community Development Block Grant	05/01/78- 12/31/78	\$ 333,882	\$ 333,882
<b>OTHER ASSISTANCE</b>			
Neighborhood Housing Improvement Fund (City of New Orleans)	05/01/78- 12/31/78	---	291,572
<b>TOTAL FEDERAL AND OTHER ASSISTANCE</b>		\$1,827,182	\$1,827,182

See the accompanying Notes to the Schedule of Federal Financial Assistance.

Family Program Funds						Totals	
MRCMD of 1991	Series A of 1991	Refunding Series of 1992	Series A of 1993	Series A of 1994	Series A of 1995	Memorandum Only 1996	1995
\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68	\$ 78
42			6		9	61	69
7	3		6	4		35	39
136			23			181	194
5	4	22	2			84	81
						35	-
<u>\$ 191</u>	<u>\$ 6</u>	<u>\$ 22</u>	<u>\$ 35</u>	<u>\$ 4</u>	<u>\$ 9</u>	<u>\$ 415</u>	<u>\$ 401</u>



NEW ORLEANS HOME MORTGAGE AUTHORITY  
1996

## NEW ORLEANS HOME MORTGAGE AUTHORITY

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date \_\_\_\_\_

**FINANCIAL AND COMPLIANCE AUDIT**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED MARCH 31, 1996**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AUDIT OF FINANCIAL  
STATEMENTS**

The Board of Trustees of the  
New Orleans Home Mortgage Authority:

We have audited the financial statements of the New Orleans Home Mortgage Authority (the "Authority") as of March 31, 1996 and for the year then ended, and have issued our report thereon dated August 9, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the members of the Board of Trustees, management, and others within the Authority, and officials of the Louisiana Legislative Auditor's Office. However, this report is a matter of public record and its distribution is not limited.

*Deloitte & Touche LLP*

*Bruno & Tervalon*

New Orleans, Louisiana  
August 9, 1996

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements 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. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the members of the Board of Trustees, management, and others within the Authority, and officials of the Louisiana Legislative Auditor's Office. However, this report is a matter of public record and its distribution is not limited.

*Dubette & Touche LLP*

*Bruno & Schwalbe*

New Orleans, Louisiana

August 9, 1996

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON  
AUDIT OF FINANCIAL STATEMENTS**

The Board of Trustees of the  
New Orleans Home Mortgage Authority:

We have audited the financial statements of the New Orleans Home Mortgage Authority (the "Authority") as of and for the year ended March 31, 1996, and have issued our report thereon dated August 9, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Authority is responsible for establishing and maintaining the 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 financial statements in accordance with generally 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 financial statements of the Authority for the year ended March 31, 1996 we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

However, we noted other matters involving the internal control structure and its operation that we will report to management of the New Orleans Home Mortgage Authority in a separate letter dated August 9, 1996.

## NEW ORLEANS HOME MORTGAGE AUTHORITY

### SUPPLEMENTAL SCHEDULE OF COMPENSATION PAID TO MEMBERS OF THE BOARD OF TRUSTEES YEAR ENDED MARCH 31, 1998

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G. Wade Wooten	\$ 1,200
Claudia H. Brown	1,000
Gary Clark	1,150
Arnold Goldberg	1,850
Michelle Diaz	450
Joseph C. Pratt, Jr.	700
Gay T. Williams	<u>1,200</u>
TOTAL	<u>\$ 8,500</u>

# NEW ORLEANS HOME MORTGAGE AUTHORITY

## SUPPLEMENTAL SCHEDULE OF OPERATING TRANSFERS YEAR ENDED MARCH 31, 1995 (IN THOUSANDS)

	Transfer To or From	Operating Transfers In	Operating Transfers Out
<b>UNRESTRICTED FUND</b>			
	Single Family: Series A of 1987 Operating Fund NOBMA Developmental Corp.	\$ 600 98	\$ - 29 258
		<u>\$ 698</u>	<u>\$ 287</u>
	Net Operating Transfers	<u>\$ 378</u>	
<b>OPERATING FUND</b>			
	Single Family: Series A of 1984 Series B-1 of 1988 Series C-1 of 1988 Series A of 1991 MBCND of 1991 Series A of 1995 Unrestricted	\$ - 30 11 22 575	\$ 8 - - - - 80 98
		<u>\$ 638</u>	<u>\$ 187</u>
	Net Operating Transfers	<u>\$ 645</u>	
<b>NOBMA DEVELOPMENT CORPORATION</b>			
	Unrestricted Fund	<u>\$ 200</u>	
<b>SINGLE FAMILY PROGRAM FUNDS</b>			
Series B-1 of 1988	Operating Fund	\$ -	\$ 39
Series C-1 of 1988	Operating Fund		11
Series A of 1987	Unrestricted		683
Series A of 1991	Operating Fund		22
MBCND of 1991	Operating Fund		575
Series A of 1984	Single Family Series A of 1984		106
Series A of 1984	Operating Fund	8	
Series A of 1994	Single Family Series A of 1994	316	
Series A of 1995	Operating Fund	80	
		<u>\$ 404</u>	<u>\$ 1,371</u>
	Net Operating Transfers		<u>\$ 1,374</u>

**NEW ORLEANS HOME MORTGAGE AUTHORITY**  
**NOTES TO THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

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**NOTE 1 - Organization:**

The New Orleans Home Mortgage Authority (NOHMA) is a public trust created by a trust indenture dated October 13, 1978, pursuant to Chapter 2A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. NOHMA was created to provide funds, through the issuance of bonds, to promote the development of residential housing (single or multi-family dwellings) in the City of New Orleans, Louisiana, for persons of low or moderate income. In accordance with the respective indentures, the proceeds from the single family bond issues are used to acquire mortgages notes and mortgage-backed securities. On May 1, 1995, NOHMA entered into an agreement with the City of New Orleans to establish the New Orleans Home Mortgage Authority Impact Neighborhood strategy, MF 10-058 (05)FD Budget code 7448, MMIF budget code 7834 to provide decent, safe and sanitary housing and to increase homeownership to lower and middle income individuals.

**NOTE 2 - Purpose of the Schedule of Federal Financial Assistance:**

The Schedule of Federal Financial Assistance has been prepared for the purpose of complying with the terms and conditions of the Community Development Block Grant from the U.S. Department of Housing and Urban Development and the Neighborhood Housing Improvement Fund Grant from the city of New Orleans.

**NOTE 3 - Basis of Accounting:**

The schedule of Federal Financial Assistance has been prepared on the accrual basis of accounting. However, the schedule presents only a selected portion of the activities of NOHMA, and is not intended to and does not present either the financial position, changes in fund balances, or the revenues, expenses and transfers of NOHMA.

# NEW ORLEANS HOME MORTGAGE AUTHORITY

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF THE  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

However, we noted an immaterial instance of noncompliance that we have reported in the accompanying Schedule of Findings and Recommendations.

This report is intended for the information of management of NCHMA and funding agencies. This restriction is not intended to limit the distribution of this report, which upon acceptance by NCHMA is a matter of public record.

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

September 25, 1996

**Family Program Funds**

**Totals**

MFCMO of 1991	Series A of 1991	Refunding Series of 1992	Series A of 1993	Series A of 1994	Series A of 1995	(Memorandum Only) 1995	1996
\$ 380 7,118	\$ - 157 11,220	\$ 12 53,196	\$ 428 1,594	\$ 28	\$ 60 29,195	\$ 1,699 124,899 68,434	\$ 1,484 84,716 71,666
26,238 294	38		5,891 309		364	61,179 2,435	46,928 1,217
322 13,232	30		67 6,867		904	499 44,604	482 48,606
652 26,556	38		34 6,691		364	896 43,218 3,368	329 47,808 3,849
13			1	3,399		15	38
<u>1,943</u>	<u>261</u>	<u>746</u>	<u>232</u>	<u>346</u>	<u>928</u>	<u>4,827</u>	<u>5,178</u>
<u>\$20,614</u>	<u>\$ 11,668</u>	<u>\$23,952</u>	<u>\$ 8,218</u>	<u>\$ 3,963</u>	<u>\$29,934</u>	<u>\$246,699</u>	<u>\$228,612</u>
\$ - 478 1	\$ - 61 284	\$ - 779	\$ - 212	\$ - 420	\$ - 369	\$ 30 18,541 8,189 1,489	\$ 38 8,837 3,043 1,344
26,241 26,720	11,222 11,376	69,271 69,694	7,535 7,747	3,949 3,949	29,999 29,640	328,212 349,839	211,371 223,458
3,894	98	18,959	471		84	3,090	1,039
<u>\$20,614</u>	<u>\$11,668</u>	<u>\$23,952</u>	<u>\$ 8,218</u>	<u>\$ 3,963</u>	<u>\$29,934</u>	<u>\$246,699</u>	<u>\$228,612</u>

# NEW ORLEANS HOME MORTGAGE AUTHORITY

## COMBINED BALANCE SHEETS - SINGLE FAMILY PROGRAM FUNDS

MARCH 31, 1988 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1986) (IN THOUSANDS)

ASSETS	Single					
	Series A of 1984	Series A of 1986	Series A of 1987	Series A of 1988	Series D-1 of 1988	Series C-1 of 1988
Cash (Note 2)	\$ 185	\$ 48	\$ 581	\$ 4	\$ -	\$ -
Investments (Note 2)	1,684	1,645	29,328	1,017	2,904	2,066
GNMA securities (Note 3)				28,140	28,248	28,824
Receivables:						
Mortgage loans - Net (Note 4)	4,782	4,329				
Accrued interest	121	88	730	134	199	168
Real estate owned and other (Note 4)						
Total receivables	<u>4,903</u>	<u>4,417</u>	<u>730</u>	<u>134</u>	<u>199</u>	<u>168</u>
Less: Allowance for doubtful receivables (Note 4)						
Receivables - Net	<u>4,903</u>	<u>4,417</u>	<u>730</u>	<u>134</u>	<u>199</u>	<u>168</u>
Due from other funds	1					
Prepaid expenses	12	12		8	1	2
Bond insurance costs and other deferred expenses, net of accumulated amortization	<u>182</u>	<u>141</u>	<u>536</u>	<u>281</u>	<u>449</u>	<u>692</u>
<b>TOTAL ASSETS</b>	<b><u>\$6,410</u></b>	<b><u>\$6,274</u></b>	<b><u>\$21,179</u></b>	<b><u>\$18,779</u></b>	<b><u>\$21,833</u></b>	<b><u>\$21,265</u></b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 12	\$ 13	\$ -
Accrued interest	1,507	3,828	1,820	521	353	369
Due to other funds	3,398					
Deferred revenues	16			289	308	309
Revenue bonds payable (Note 3)	<u>815</u>	<u>1,842</u>	<u>28,128</u>	<u>18,580</u>	<u>29,282</u>	<u>21,000</u>
Total liabilities	<u>5,737</u>	<u>5,670</u>	<u>29,948</u>	<u>19,482</u>	<u>31,156</u>	<u>21,678</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 4)</b>						
<b>FUND BALANCE (DEFICIT)</b>	<u>693</u>	<u>604</u>	<u>1,999</u>	<u>376</u>	<u>662</u>	<u>282</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b><u>\$6,410</u></b>	<b><u>\$6,274</u></b>	<b><u>\$21,179</u></b>	<b><u>\$18,779</u></b>	<b><u>\$21,833</u></b>	<b><u>\$21,265</u></b>

See notes to financial statements.

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

This report is intended for the information of the management of EUSA and funding agencies. This restriction is not intended to limit the distribution of this report, which upon acceptance by EUSA, is a matter of public record.

*Bruno & Tervalon*

BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

September 25, 1984

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF THE  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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To the Board of Trustees  
New Orleans Home Mortgage Authority

We have audited the Schedule of Federal Financial Assistance of the New Orleans Home Mortgage Authority (NOHMA) for the year ended March 31, 1998 and have issued our report thereon dated September 25, 1998. The general purpose financial statements of the NOHMA were audited by another independent auditor and us.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Federal Financial Assistance is free of material misstatement.

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

**NEW ORLEANS HOME MORTGAGE AUTHORITY**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED MARCH 31, 1998**

---

**SEPARATE BANK ACCOUNTS**

**Condition**

We noted as a result of our audit procedures, that the CDBG Federal funds and City WHIF funds were maintained in the same bank account.

**Cause**

**NCHMA** was not aware of the requirement to separate funds.

**Effect**

The above-noted condition results in non-compliance with grant requirements.

**Criteria**

The provisions of the grant contract require that grant funds be maintained in separate accounts.

**Recommendation**

In order to comply with the requirements of the grant contract, we recommend **NCHMA** immediately set up a separate bank account for the CDBG activity only.

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 our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that NORTMA had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with those requirements, which is listed in the accompanying Schedule of Findings and Recommendations.

This report is intended for the information of the management of NORTMA and funding agencies. This restriction is not intended to limit the distribution of this report, which upon acceptance by NORTMA is a matter of public record.

*Bruno & Tervalon*

BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

September 25, 1994

**NEW ORLEANS HOME MORTGAGE AUTHORITY**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

---

**DRUG-FREE WORKPLACE ACT**

**Condition**

We noted during our audit that **NOHMA's** Drug-Free Policy did not contain the following required statements.

As a condition of employment, the employee will:

- o Abide by the terms of the statement; and
- o Notify the employer in writing of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) calendar days after such conviction.

**Cause**

**NOHMA** was not aware of the requirement to include the above statements.

**Effect**

Failure to have all of the required statements result in noncompliance with the laws and regulations applicable to Federal grants.

**Criteria**

The Drug-Free Workplace Act stipulates that the drug-free workplace policy contain the above provisions.

**Recommendation**

**NOHMA** should incorporate in its Drug-Free Policy the above statements.

# NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINED STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN FUND BALANCE (DEFICIT) - SINGLE FAMILY PROGRAM FUNDS  
 YEAR ENDED MARCH 31, 1988 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1985)  
 (IN THOUSANDS)

	Single					
	Series A of 1984	Series A of 1985	Series A of 1987	Series A of 1988	Series B-1 of 1988	Series C-1 of 1988
<b>REVENUES:</b>						
Interest on mortgage loans and GNMA certificates	\$ 378	\$ 393	\$ -	\$1,027	\$1,715	\$1,602
Interest on investments	118	109	1,961	52	91	354
Lender participation fees				43	41	34
Gains on sale of investments			3,083			
Other	<u>1</u>	<u>30</u>				
Total revenues	<u>497</u>	<u>532</u>	<u>3,044</u>	<u>1,122</u>	<u>1,847</u>	<u>1,992</u>
<b>EXPENSES:</b>						
Interest on revenue bonds	218	380	2,114	1,460	1,712	1,748
Program expenses	48	34	43	30	13	5
Amortization of fixed insurance costs	67	32	38	39	34	21
Provision for losses on real estate owned and doubtful receivables (Note 4)	<u>(1)</u>	<u>(13)</u>				
Total expenses	<u>334</u>	<u>459</u>	<u>2,195</u>	<u>1,539</u>	<u>1,769</u>	<u>1,774</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OPERATING TRANSFERS	163	73	849	583	84	218
OPERATING TRANSFERS IN (OUT)	<u>(218)</u>	<u>—</u>	<u>(600)</u>	<u>—</u>	<u>(110)</u>	<u>(11)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	14	73	249	583	44	207
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	478	408	(221)	366	188	342
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ 492</u>	<u>\$ 481</u>	<u>\$1,999</u>	<u>\$ 969</u>	<u>\$ 482</u>	<u>\$ 549</u>

See notes to financial statements.

**INDEPENDENT AUDITORS' REPORT**

The Board of Trustees of the  
New Orleans Home Mortgage Authority:

We have audited the accompanying financial statements of the New Orleans Home Mortgage Authority ("Authority") as of March 31, 1996, and for the year then ended, listed in the accompanying table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on those financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the individual funds of the Authority at March 31, 1996, and their revenues, expenses and changes in fund balance (deficit) and their cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Those schedules are the responsibility of the Authority's management. Each schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated August 9, 1996 on our consideration of the Authority's internal control structure and a report dated August 9, 1996 on its compliance with laws and regulations.

*Deloitte & Touche LLP*

*Bruno & Tervalon*

New Orleans, Louisiana  
August 9, 1996

Family Program Funds						Totals	
MRC880 of 1991	Series A of 1991	Refunding Series of 1992	Series A of 1993	Series A of 1994	Series A of 1995	(Memorandum Only) 1996	1997
\$ 1,538	\$ 765	\$ -	\$ 628	\$ -	\$ -	\$ 10,998	\$ 11,938
156	28	4,854	81	2	847	7,861	6,845
	21				19	158	116
<u>71</u>			<u>31</u>			<u>3,855</u>	<u>-</u>
<u>3,160</u>	<u>841</u>	<u>4,854</u>	<u>741</u>	<u>2</u>	<u>866</u>	<u>13,814</u>	<u>18,789</u>
2,997	966	3,882	587	318	806	16,512	18,186
181	8	22	36	8	9	443	481
119	14	60	19	8		421	378
<u>2,983</u>	<u>786</u>	<u>3,974</u>	<u>582</u>	<u>326</u>	<u>815</u>	<u>17,372</u>	<u>18,715</u>
1,262	76	80	179	(372)	1	4,623	1,079
<u>(875)</u>	<u>(12)</u>			<u>(372)</u>	<u>83</u>	<u>(1,129)</u>	<u>(498)</u>
687	64	88	179		84	3,498	1,473
<u>3,302</u>	<u>34</u>	<u>(8,172)</u>	<u>282</u>			<u>(439)</u>	<u>(1,911)</u>
<u>\$ 3,894</u>	<u>\$ 98</u>	<u>\$(8,082)</u>	<u>\$ 431</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ 3,096</u>	<u>\$ (438)</u>

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

To the Board of Trustees  
New Orleans Home Mortgage Authority

We have audited the Schedule of Federal Financial Assistance of the New Orleans Home Mortgage Authority (NOHMA) as of and for the year ended March 31, 1998, and have issued our report thereon dated September 28, 1998. The audit of the General Purpose financial statements were audited by another independent auditor and us.

In connection with our audit of the Schedule of Federal Financial Assistance of NOHMA as of and for the year ended March 31, 1998 and with our consideration of NOHMA's internal control structure used to administer federal financial assistance programs, as required by OMB circular A-128, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended March 31, 1998. 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 these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on NOHMA's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our 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 NOHMA had not complied, in all material respects with those requirements.

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

This report is intended for the information of the management of  
SODMA and funding agencies. This restriction is not intended to  
limit the distribution of this report, which upon acceptance by  
SODMA is a matter of public record.

*Bruno & Tervalon*

BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

September 29, 1986



## APPENDIX

### MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND LIMITATIONS OF, THE INTERNAL CONTROL STRUCTURE

The following comments concerning management's responsibility for the internal control structure and the objectives of and the inherent limitations in the internal control structure are adapted from the Statements on Auditing Standards of the American Institute of Certified Public Accountants.

#### Management Responsibility

Management is responsible for establishing and maintaining the 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 policies and procedures.

#### Objectives

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 initiated in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

#### Limitations

Because of inherent limitations in any internal control structure, errors or irregularities may 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.

## **STATUS OF PRIOR YEAR'S FINDINGS**

### **INTEREST AND OTHER ACCRUALS**

Progress on the prior year's findings was made during the year although opportunity for improvement continues to exist as noted in our current year's finding.

### **BONDS OUTSTANDING**

The subject of this prior year's finding was corrected during the current year.

## **EXHIBIT**

### **INTEREST AND OTHER ACCRUALS**

#### **Observation and Recommendation**

During the current year, the Authority made progress in the recording of interest and other accruals. We believe that opportunity for further improvement exists and we have assisted the Authority in developing schedules which should assist in improved reporting of amortization of discounts and premiums on investments for the year ended March 31, 1993. We recommend that the Authority continue its improvements in the recording of these items and call us if any questions arise during this process.

#### **Management Response**

The Authority will implement this procedure and continue improvement in the above area.

### **NEW ACCOUNTING SOFTWARE**

During the current year the Authority started implementation of new accounting software. The Authority should strive to improve the use of this software by taking advantage of the various training programs available to it.

#### **Management Response**

The Authority will implement this recommendation.

August 9, 1996

Members of the Board of Trustees of the  
New Orleans Home Mortgage Authority:

Dear Members of the Board:

In planning and performing our audit of the financial statements of the New Orleans Home Mortgage Authority (the "Authority") for the year ending March 31, 1996, we developed the following recommendations concerning certain matters related to its internal control structure and certain observations and recommendations on other accounting, administrative and operating matters. A description of the responsibility of management for establishing and maintaining an internal control structure, and the objectives of and inherent limitations in such a structure, is set forth in the attached Appendix, and should be read in conjunction with this letter. Our comments are presented in the Exhibit.

This report is intended for the information of the Board of Trustees, management, and the State of Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Yours truly,

*Deloitte + Touche LLP*

*Bruno & Tervalon*

**Deloitte &  
Touche LLP**

**Bruno  
& Tervalon**

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**NEW ORLEANS HOME MORTGAGE  
AUTHORITY**

Independent Auditor's Report on  
Audit of Financial Statements  
and Additional Information and  
Compliance and Internal Control  
Structure for the Year Ended  
March 31, 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: NOV 20 1995

# NEW ORLEANS HOME MORTGAGE AUTHORITY

## COMBINED BALANCE SHEETS - ALL FUNDS

MARCH 31, 1988 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1985) (IN THOUSANDS)

ASSETS	Operating Fund	NOHMA		Single Family	Totals	
		Development Corporation	Unrestricted Fund		(Memorandum Only)	1988
Cash (Note 3)	\$ 331	\$ 48	\$ 117	\$ 1,000	\$ 2,436	\$ 1,382
Investments (Note 3)	215		4,656	124,995	129,776	88,991
GNMA certificates (Note 3)				68,434	68,434	71,668
Receivables:						
Mortgage loans (Note 4)		379	452	41,179	42,010	47,260
Accrued interest	2		61	2,484	2,486	1,269
Real estate owned and other (Note 4)	48		197	419	763	811
Loans, other			34		34	33
Total receivables	52	379	644	44,081	45,293	49,453
Loans: Allowance for doubtful receivables (Note 4)		18	17	696	733	728
Receivables - Net	52	359	627	43,385	44,560	48,725
Due from other funds				3,360	3,360	3,049
Prepaid expenses	4			53	59	67
Real insurance costs and other deferred expenses, net of accumulated amortization				4,827	4,827	5,138
<b>TOTAL ASSETS</b>	<b>\$ 551</b>	<b>\$ 407</b>	<b>\$ 5,820</b>	<b>\$ 246,699</b>	<b>\$ 255,487</b>	<b>\$ 239,414</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 13	\$ -	\$ -	\$ 30	\$ 41	\$ 38
Accrued interest				10,541	10,541	9,453
Other accounts	3				3	3
Due to other funds				3,360	3,360	3,049
Deferred revenue			138	1,499	1,790	1,344
Revenue bonds payable (Note 3)				228,213	228,213	211,271
Total	16		138	243,609	243,988	235,158
<b>COMMITMENTS AND CONTINGENCIES (Note 4)</b>						
<b>FUND BALANCE</b>	<b>535</b>	<b>407</b>	<b>5,682</b>	<b>3,660</b>	<b>4,899</b>	<b>4,998</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 551</b>	<b>\$ 407</b>	<b>\$ 5,820</b>	<b>\$ 246,699</b>	<b>\$ 255,487</b>	<b>\$ 239,414</b>

See notes to financial statements.

In accordance with GASB Statement No. 3, the Authority's investments are categorized to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the county's trust department or agent in the Authority's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the county's trust department or agent but not in the Authority's name.

All of the Authority's investments at March 31, 1998, were classified as a Category 1 credit risk.

### 3. GNMA CERTIFICATES

The 1988 Series A, 1988 Series B-1, 1988 Series C-1 and 1991 Series A bonds were issued to provide funds to purchase up to \$98 million, \$17.2 million, \$26 million and \$13.2 million, respectively, of mortgage loans which are 30 year fixed-rate mortgages bearing interest at 8.87%, 8.8%, 7.7% and 7.5%, respectively. Upon purchase by the Authority, the loans are immediately sold and assigned to a trustee service who exchanges the mortgage loans for mortgage-backed securities (GNMA certificates). The GNMA certificates are backed by the mortgage loans and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"). Interest on the GNMA certificates is stated at one-half of one percent (1/2%) less than the interest rate on the respective mortgage loans with final maturity dates ranging from October 15, 2018 through November 28, 2021.

### 4. MORTGAGE LOANS RECEIVABLE

Mortgage loans have scheduled maturities of 30 years and are collateralized by first mortgages on the related property. The loans are serviced by certain designated loan servicers, who receive compensation for services rendered. The loans have stated interest rates as follows:

Single Family Issues	Interest Rate
MERCMD of 1991	8.15%
Series A of 1984	10.02%
Series A of 1985	10.72%
Series A of 1983	8.99%

On February 1, 1994, as directed by the Series A of 1983 bond trust indenture, interest rates on prior mortgage loans acquired from the 1983A issue by the 1993A issue were reduced from 8.93 per annum to 8.93% per annum. At such time as the aggregate sum of prior mortgage loans and the money in the revenue fund and reserve account are greater than or equal to 10% of the aggregate principal amount of the bonds outstanding, the interest rate on prior mortgage loans will be further reduced to 8.25%.

During 1997, the Board of trustees adopted a loan program whereby prepayments from the Series 1978A loans (now held by the 1991 MERCMD issue) would be used to provide new loans to qualified borrowers at interest rates of 8.25% and 7.8%. Additionally, a grant was received in fiscal 1992 from the Federal Home Loan Bank to be used to provide \$1.7 million of new loans in the 1991 MERCMD issue at an interest rate of 6.9%. At March 31, 1998, loans outstanding under these programs total \$4,250,000 and are included in the 1991 MERCMD loans.

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

The management of NCHMA 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 the preparation of the Schedule of Federal Financial Assistance 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 into the following categories:

Internal Control Structure Categories

- |                               |                                   |
|-------------------------------|-----------------------------------|
| o Revenue                     | o Cash Disbursements              |
| o Receivables                 | o Civil Rights                    |
| o Cash Receipts               | o Political Activities            |
| o Eligibility                 | o Drug-Free Workplace             |
| o Administrative Requirements | o Allowable Costs/Cost Principles |

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

All bonds are subject to redemption at the option of the issuer, on or after October 1, 2004, at redemption prices ranging from 102 1/4 to 109 1/4% of the accrued value of the bonds to be redeemed.

#### **1993 Series A Issue**

During 1993, the Authority issued \$29,000,000 of Single Family Mortgage Revenue Bonds Series 1993A. These obligations are secured by and payable solely from bond proceeds, revenues, GEMMA and FNMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GEMMA or FNMA.

The serial bonds mature annually and are payable December 1 of each year in amounts ranging from \$300,000 to \$535,000 beginning December 1, 1993 through December 1, 2010.

The term bonds require sinking fund redemptions to be made on June 1 and December 1 of each year from the year 2009 through 2028 in amounts ranging from \$110,000 to \$1,330,000. These bonds are subject to redemption at the option of the issuer on or after June 1, 1996 at a redemption price of 100% of principal plus accrued interest. These bonds are also subject to mandatory redemption under certain conditions.

The Authority received a \$100,000 grant to pay for a portion of the bond issuance costs which amount has been used to reduce bond issuance costs shown in the balance sheet.

#### **8. COMMITMENTS AND CONTINGENCIES - SINGLE FAMILY PROGRAM FUNDS**

The accompanying balance sheet does not include approximately \$818,000 at March 31, 1996, which is held in escrow by the servicers for the accounts of homeowners for the payment of taxes and insurance.

#### **9. CONTRACTS WITH THE CITY OF NEW ORLEANS**

During the year ended March 31, 1996, the Authority entered into a contract with the City of New Orleans to provide administrative and other services on a cost reimbursement basis. A total of approximately \$900,000 was received and \$680,000 was expended on this contract in the year ended March 31, 1996. These expenditures included a \$125,000 management fee to the Operating Fund and a \$210,000 reimbursement of bond issuance costs in connection with the 1993 Series A issue. The balances resulting from this contract are recorded in the unrestricted fund.

During the year ended March 31, 1996 the Authority also entered into other contracts with the City of New Orleans to provide fund disbursement and other services on a cost reimbursement basis. Fees earned for these services are recorded in the unrestricted fund.

\*\*\*\*\*

#### ***1991 Series A Issue***

These bonds are secured by and payable solely from bond proceeds, revenues, GNMA certificates and other amounts derived by the Authority from this issue and certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA. Interest on the bonds is payable semi-annually on March 1 and September 1. The serial bonds mature semi-annually and are payable on March 1 and September 1 in amounts ranging from \$45,000 to \$165,000 through September 1, 2004.

The term bonds require sinking fund redemptions to be made semi-annually on March 1 and September 1 from the year 2005 through 2023 in amounts ranging from \$170,000 to \$165,000. These bonds are subject to redemptions at the option of the issuer on or after March 1, 2002, at redemption prices ranging from 102% to 105%. The bonds are also subject to mandatory redemption under certain conditions.

#### ***Refunding Series of 1992***

As a result of prior year restructuring transactions, these bonds are secured by a portfolio of U. S. Government and Agency securities, the maturity dates and amounts of which coincide with debt service requirements on the bonds. Interest on the bonds is payable semi-annually on March 1 and September 1. The serial bonds mature semi-annually and are payable on January 15 and July 15 in amounts ranging from \$95,000 to \$140,000 through July 15, 2005.

The term bonds require sinking fund redemptions to be made semi-annually on January 15 and July 15 from the year 2002 through 2011 in amounts ranging from \$140,000 to \$4,550,000. These bonds are not subject to redemption prior to their stated maturity.

#### ***1993 Series A Issue***

Interest on the current interest bonds is payable on May 1 and November 1 in each year.

The term bonds consist of the following:

Senior Bonds of \$1,500,000 maturing May 1, 2002, bearing interest at 4.5% per annum; Senior Bonds of \$5,000,000 maturing May 1, 2004, bearing interest at 7.0% per annum; Subordinate Bonds of \$80,000 maturing May 1, 2014, bearing interest at 7.0% per annum.

The Senior Bonds due May 1, 2002, require sinking fund redemptions to be made on May 1 and November 1 of each year from the year 1994 through maturity in amounts ranging from \$60,000 to \$180,000. The Senior Bonds due May 1, 2014, require sinking fund redemptions to be made on May 1 and November 1 of each year from November 1, 2002, to maturity in amounts ranging from \$185,000 to \$215,000. All bonds are subject to redemptions at the option of the issuer on or after November 1, 2003.

#### ***1994 Series A Issue***

These bonds are secured by a residual interest in the assets of the 1994 Series. Interest on the bonds is compounded semi-annually on April 1 and October 1 of each year commencing on April 1, 1993, and is payable at maturity or upon redemption. The bonds are subject to mandatory redemption prior to their stated maturity, as a whole or in part on any interest accrual date, at a redemption price equal to 100% of the accrued value of the bonds to be redeemed on the date fixed for redemption, without premium.

### **JPM Series B-J Issue**

These bonds are secured by and payable solely from bond proceeds, revenues, GNMA certificates and other amounts derived by the Authority from this issue and certain reserve funds. These bonds are not guaranteed by us, in any way, as obligations of GNMA. Interest on the bonds is payable semi-annually on June 1 and December 1 of each year.

The term bonds consist of the following:

\$1,995,000 maturing December 1, 2004, bearing interest at 8.0% per annum; \$1,548,000 maturing December 1, 2009, bearing interest at 8.15% per annum; and \$15,608,000 maturing December 1, 2021, bearing interest at 8.15% per annum.

The term bonds require sinking fund redemptions to be made on December 1 of each year from the year 1999 through 2021 in amounts ranging from \$285,000 to \$1,348,800.

All bonds are subject to redemption at the option of the issuer on or after March 1, 1999, at redemption prices ranging from 102% to 108%. The bonds are also subject to mandatory redemption under certain conditions.

### **JPM Series C-J Issue**

These bonds are secured by and payable solely from bond proceeds, revenues, GNMA certificates and other amounts derived by the Authority from this issue and certain reserve funds. The bonds are not guaranteed by us, in any way, as obligations of GNMA. Interest on the bonds is payable semi-annually on June 1 and December 1 of each year.

The term bonds consist of the following:

\$2,125,000 maturing December 1, 2005, bearing interest at 7.35% per annum; \$1,965,000 maturing December 1, 2010, bearing interest at 7.65% per annum; and \$17,615,000 maturing December 1, 2021, bearing interest at 7.75% per annum.

The term bonds require sinking fund redemptions to be made on December 1 of each year for the year 2000 through 2021 in amounts ranging from \$318,000 to \$2,181,000. All bonds are subject to redemption at the option of the issuer on or after January 1, 2000, at redemption prices ranging from 102% to 108%. The bonds are also subject to mandatory redemption under certain conditions.

### **MIRCMO of 1999**

These obligations are secured by and payable solely from bond proceeds and investment earnings thereon. Interest on these obligations is taxable to the holders of the obligations. The obligations are segregated into five bond classes, which are payable sequentially as the related mortgage loans pay down. Bond class A-1 bears interest at 8.15%, while classes A-2 and A-3 bear interest at 7.5%; such interest is payable quarterly on March 15, June 15, September 15 and December 15. Class A-4 accrues interest at 7.5% which compounds quarterly; interest will become payable quarterly upon the full redemption of Classes A-1 through A-3. Class A-5 represents zero coupon bonds upon which interest is payable at maturity; the related obligations were priced to yield approximately 8.15%.

#### ***1985 Series A Bonds***

Interest on the compound interest bonds is payable at maturity or upon redemption. The serial bonds mature in amounts ranging from \$170,000 to \$34,000 (plus interest) from the year 1997 through September 15, 2007.

The compound interest term bonds bear interest at the rate of 11.0% per annum, payable at maturity or upon redemption. Compounded amounts corresponding to the principal amounts ranging from \$31,000 to \$11,000 (plus interest) are required as sinking fund redemptions on March 15 and September 15 of each year from the year 2008 through September 15, 2016. The bonds are also subject to mandatory redemption under certain conditions.

#### ***1987 Series A Bonds***

As a result of prior years' restructuring transactions, these bonds are secured by a portfolio of U. S. Government and Agency securities, the maturity dates and amounts of which coincide with debt service requirements on the bonds. Interest on the serial and term bonds is payable semi-annually on April and October 1 of each year. The serial bonds mature semi-annually and are payable on April and October 1 of each year in amounts ranging from approximately \$215,000 to \$325,000 through October 1, 1999.

The term bonds require sinking fund redemptions to be made on April and October of each year and from the year 2000 through 2018 in amounts ranging from \$318,000 to \$1,244,000. These bonds are subject to redemption at the option of the issuer on or after June 1, 1998, at redemption prices ranging from 103% to 109%. The bonds are also subject to mandatory redemption under certain conditions.

In September of 1995, the Authority restructured a portion of the 1987 Series A issue excess securities. This reverse restructuring was prompted by a favorable shift in interest rates in current market conditions. As a result, the sale of the existing securities were significantly greater than the purchase price of the new securities. The Authority realized a gain on sale of investments of \$3,835,000 related to this transaction.

#### ***1988 Series A Bonds***

These bonds are secured by and payable solely from bond proceeds, revenue, GAMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds are not guaranteed by us, in any way, an obligation of GAMA. Interest on the serial and term bonds is payable semi-annually on June 1 and December 1 of each year. The serial bonds mature semi-annually and are payable on June 1 and December 1 of each year in amounts ranging from approximately \$150,000 to \$250,000 through December 1, 2000.

The term bonds require sinking fund redemptions to be made on June 1 and December 1 of each year from the year 2001 through 2019 in amounts ranging from \$226,000 to \$1,144,000. These bonds are subject to redemption at the option of the issuer on or after June 1, 1998, at redemption prices ranging from 103% to 109%. The bonds are also subject to mandatory redemption under certain conditions.

Issued	Interest Rate	Final Maturity Date	Outstanding March 31, 1988	Bonds Issued	Bonds Retired	Outstanding March 31, 1988
Unamortized discount on 1987 Series A bonds			(90)		(90)	(180)
Unamortized discount on 1981 MRCMO			(1,364)		(87)	(1,075)
Unamortized discount on Refunding Series of 1992			(1,209)		(90)	(1,119)
Unamortized premium on 1990 Series A bonds			411		51	462
<b>Total</b>			<u>\$ 113,425</u>	<u>\$ 30,000</u>	<u>\$ 12,118</u>	<u>\$ 219,211</u>

(Continued)

Additional information pertaining to the foregoing bonds is as follows:

#### SINGLE FAMILY

All the single family bonds issued through 1983 are secured by and payable solely from bond proceeds, rents and other amounts derived by the Authority from the mortgage loans acquired with bond proceeds and from certain insured bonds.

#### 1987 Series A Issue

Interest on the current interest bonds is payable on April 1 and October 1 in each year; interest on the compound interest bonds is payable at maturity or upon redemption. The serial bonds mature semi-annually and are payable on April 1 and October 1 of each year in amounts ranging from approximately \$615,000 to \$815,000 through October 1, 1996, for the current interest serial bonds and \$179,000 to \$62,000 (plus interest) from the year 1997 through October 1, 2015, for the compound interest serial bonds.

The compound interest term bonds mature on October 1, 2015, and bear interest payable at maturity or upon redemption in amounts set forth in the form of each such compound interest bond. The bonds are also subject to mandatory redemption under certain conditions.

	Issued	Interest Rate	Final Maturity Date	Outstanding March 31, 1998	Bonds Issued	Bonds Retired	Outstanding March 31, 1998
<b>1988 Series C-1 Issues:</b>							
Term bonds	<u>\$20,000</u>	7.25-7.75%	12-01-93	<u>\$ 20,000</u>	_____	<u>20,000</u>	<u>2 20,000</u>
<b>1991 MBOBMO:</b>							
A-1	178,480	6.375 %	09-15-02	13,888	_____	3,788	8,084
A-2	4,000	7.2 %	09-15-06	4,000	_____	_____	4,000
A-3	13,915	7.5 %	09-15-09	10,918	_____	_____	13,915
A-4	800	7.5 %	09-15-10	800	_____	_____	800
A-5	<u>1,500</u>	8.145 %	09-15-14	<u>1,500</u>	_____	_____	<u>1,500</u>
<b>Total</b>	<b><u>188,695</u></b>			<b><u>32,106</u></b>	_____	<b><u>3,788</u></b>	<b><u>28,318</u></b>
<b>1990 Series A Issues:</b>							
Current interest serial bonds	\$ 1,500	4.75-6.40%	09-01-94	1,500	_____	390	1,790
Current interest term bonds	<u>11,500</u>	6.25-6.80%	09-01-93	<u>8,500</u>	_____	<u>875</u>	<u>9,625</u>
<b>Total</b>	<b><u>13,000</u></b>			<b><u>10,000</u></b>	_____	<b><u>1,265</u></b>	<b><u>11,215</u></b>
<b>Refunding Series of 1992:</b>							
Serial bonds	201,000	5.8-6.8%	07-03-03	11,500	_____	1,500	8,940
Term bonds	<u>21,400</u>	6.15 %	03-03-03	<u>10,445</u>	_____	_____	<u>21,445</u>
<b>Total</b>	<b><u>222,400</u></b>			<b><u>21,945</u></b>	_____	<b><u>1,500</u></b>	<b><u>20,940</u></b>
<b>1993 Series A Issues:</b>							
Term Bonds	\$ 2,500	6.5 %	09-03-03	1,000	_____	600	300
Term Bonds	6,000	7.0 %	09-03-14	6,000	_____	_____	6,000
Term Bonds	<u>80</u>	7.0 %	09-03-14	<u>80</u>	_____	_____	<u>80</u>
<b>Total</b>	<b><u>\$ 8,580</u></b>			<b><u>7,080</u></b>	_____	<b><u>600</u></b>	<b><u>7,110</u></b>
<b>1994 Series A Issues:</b>							
Term bonds	<u>\$ 3,140</u>	9.31%	10-06-10	<u>3,140</u>	_____	_____	<u>3,140</u>
<b>1995 Series A Issues:</b>							
Serial bonds	5,910	4.25-5.0%	12/1/90	_____	5,900	_____	5,910
Term bonds	2,410	6.20%	01/01	_____	2,410	_____	2,410
Term bonds	5,000	6.25%	01/01	_____	5,000	_____	5,000
Term bonds	6,900	5.65%	01/06	_____	6,900	_____	6,900
Term bonds	<u>8,750</u>	6.20%	01/08	_____	<u>8,750</u>	_____	<u>8,750</u>
<b>Total</b>	<b><u>19,070</u></b>			<b><u>_____</u></b>	<b><u>19,000</u></b>	_____	<b><u>19,000</u></b>

(Continued)

# NEW ORLEANS HOME MORTGAGE AUTHORITY

## COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT) - ALL FUNDS

YEAR ENDED MARCH 31, 1988 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1985)  
(IN THOUSANDS)

	Operating Fund	NOHMA Development Corporation	Unrestricted Fund	Single Family	Totals	
					(Memorandum Only) 1988	1985
<b>REVENUES:</b>						
Interest on mortgage loans and CPMA certificates	\$ -	\$ 1	\$ -	\$ 10,886	\$ 10,887	\$ 11,506
Interest on investments			358	7,663	3,819	7,056
Lender participation fee				158	158	158
Loan commitment fee				-	-	4
Gain on sale of investments				3,855	3,855	-
Other	163		385	138	498	383
Total revenues	<u>163</u>	<u>1</u>	<u>443</u>	<u>21,694</u>	<u>23,811</u>	<u>19,487</u>
<b>EXPENSES:</b>						
Interest on revenue bonds				16,312	16,312	16,386
Program expenses	461		103	448	1,808	927
Amortization of bond insurance costs				429	429	358
Provision for losses on real estate owned and doubtful receivables (Note 4)		28	13	(9)	23	(20)
Other					-	35
Total expenses	<u>461</u>	<u>28</u>	<u>116</u>	<u>17,292</u>	<u>17,971</u>	<u>13,697</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE</b>						
<b>OPERATING TRANSFERS</b>	(295)	(19)	303	4,621	4,648	3,768
<b>OPERATING TRANSFERS IN (OUT)</b>	<u>446</u>	<u>358</u>	<u>328</u>	<u>(1,120)</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	148	361	643	3,488	4,648	3,768
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<u>389</u>	<u>76</u>	<u>4,922</u>	<u>4,283</u>	<u>4,858</u>	<u>3,211</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 547</u>	<u>\$ 437</u>	<u>\$ 5,565</u>	<u>\$ 3,660</u>	<u>\$ 9,506</u>	<u>\$ 4,979</u>

See notes to financial statements.

In addition to the customary insurance required of the mortgagor, the mortgage loans are insured by the Authority under special hazard policies and mortgage pool insurance policies. The pool insurance policies provide coverage on the full amount of loss incurred as a result of default in payments by a mortgagor, subject to certain limitations and aggregate loss limits. Properties acquired due to foreclosures, together with related interest earnings guaranteed by insurance companies, are included in the accompanying balance sheet as real estate owned and other receivables.

The mortgage pool insurer of all State 1976A loans (now held by the 1991 MRCMO loans), TMC Insurance Co., Inc. ("TMC"), filed for bankruptcy and, on April 27, 1996, was ordered into liquidation by the Superior Court of the State of California. The Authority is attempting to obtain another mortgage insurer to provide pool insurance for the 1991 MRCMO loans; however, such insurance has not been secured. If and when such insurance is obtained, the new coverage would only apply to loans which were not then in default.

At March 31, 1996 the principal balances of 1991 MRCMO mortgage loans in default were as follows (in thousands):

Over 30 days	\$1,181
Over 60 days	439
Over 90 days (includes Foreclosures/Bankruptcy)	<u>1,181</u>
Total	<u>\$2,801</u>

As a result of the uncertainty regarding eventual payment, if any, of loans previously insured under the TMC policy, the Authority has established an allowance for doubtful receivables for the 1991 MRCMO of approximately \$681,000 as of March 31, 1996. The determination of the allowance was based on an analysis of the unpaid balance of loans in default as compared to estimated value of related real estate and anticipated costs of disposal.

Due to delays in commencement and completion of the foreclosure process for specific loans and certain other uninsured loans, the Authority has established allowances for losses on real estate owned and doubtful interest receivable for other single family loans with mortgage loans receivable as of March 31, 1996. The determination of these allowances was based on an analysis of the balances of loans in foreclosures and real estate owned and other receivables as compared to estimated value of related real estate and estimated future receipts from loan insurers.

The Unrestricted Fund and NCHMA Development Corporations have an aggregate of approximately \$700,000 of PRIDE loans which provide the borrower with funds to pay their closing costs and are subordinated to the first mortgages. The loans generally do not accrue interest if paid within six years. The Authority has provided an allowance on these loans based upon its review of activity-to-date and its estimate of the amount necessary to absorb future losses.

# NEW ORLEANS HOME MORTGAGE AUTHORITY

## SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENSES - OPERATING FUND YEAR ENDED MARCH 31, 1996

Salaries	\$199,264
Payroll taxes	18,973
Health insurance	18,255
Workers's compensation	1,475
Fidelity insurance	348
Telephone	11,858
Accounting and writing	20,182
Accounting software and supplies	13,327
Advertising	570
Auto allowance	5,400
Postage and freight	4,334
Cleaning	6,344
Office supplies	9,543
Printing and reproduction	35,791
Utilities	8,173
Refreshments	1,935
Dues, subscriptions and books	3,689
Travel and entertainment	3,249
Depreciation	9,586
Equipment leasing	5,113
Miscellaneous	3,353
Building insurance	2,488
Confessors	2,284
Temporary labor	3,594
Repairs	415
Bank charges	615
Reprint	3,847
Continuing education & travel	60,475
Pet clinic	3,373
Board meeting expense	5,359
Equipment	13,100
Other professional fees	2,627
Furniture and fixtures	19,253
Postage	<u>19,253</u>
<b>TOTAL</b>	<b><u>\$1,480,714</u></b>

Fund/Description	Carrying Amount	Market Value
	(in thousands)	
<b>Single Family - Continued</b>		
<b>Series A of 1988:</b>		
Investment agreement with AIG Financial Products Corp., 8.5%, due 12-1-21	<u>1,812</u>	<u>1,812</u>
<b>Series B-1 of 1988:</b>		
Investment agreement with AIG Financial Products Corp., 8%, due 12-1-21	<u>2,864</u>	<u>2,864</u>
<b>Series C-1 of 1988:</b>		
Investment agreement with Morgan Guaranty Trust Co., N.Y., 6.75%, due 12-1-22	<u>2,866</u>	<u>2,866</u>
<b>MRCMD of 1991:</b>		
Investment agreement with Berkshire Hathaway Inc., 6 - 6.7%, due 9-15-14	<u>1,987</u>	<u>1,987</u>
Federal National Mortgage Association, 8% debenture due 7-15-14	<u>321</u>	<u>321</u>
<b>Total</b>	<u>2,318</u>	<u>2,318</u>
<b>Series A of 1990:</b>		
Investment agreement with Poulpanski, Ltd. 4.31% and 5.35%, due 9-1-93 and 9-1-25	<u>187</u>	<u>187</u>
<b>Refunding Series of 1992:</b>		
Resolution Trust Corp. 0% coupon bonds due from 7-15-93 to 1-15-01	<u>88,196</u>	<u>88,196</u>
<b>Series A of 1992:</b>		
U.S. Treasury Bills due 4-6-95 and 7-27-95	<u>377</u>	<u>377</u>
Investment Agreement with Poulpanski, Ltd. 4.25%, due 7-1-14	<u>1,187</u>	<u>1,187</u>
<b>Total</b>	<u>1,994</u>	<u>1,994</u>
<b>Series A of 1993:</b>		
Investment Agreements with PGSC Capital Market Services, Inc. 3.75%, due 11-1-98	<u>29,088</u>	<u>29,088</u>
Other	<u>188</u>	<u>188</u>
<b>Total</b>	<u>29,196</u>	<u>29,186</u>
<b>Total Single Family Investments</b>	<u>\$ 128,981</u>	<u>\$ 128,129</u>

At March 31, 1996, approximately \$483,808 and \$190,808 held by the Single Family Series 1987A and Municipal Refunding Collateralized Mortgage Obligations ("MRCMO") of 1991 funds, respectively, were classified as a Category 1 credit risk. The remaining cash on deposit was classified as a Category 1 credit risk.

**Investments** - The Authority may also invest like funds as authorized by the various revenue bond resolutions, as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies,
- Inland or insured certificates of deposit,
- Investment agreements with United States banks and federal agencies, or
- Treasury notes of United States banks.

At March 31, 1996, the Authority's investments consisted of:

#### Unrestricted Fund

The investments held in the Unrestricted Fund at March 31, 1996, totaling approximately \$4,624,800, consisted primarily of U.S. Treasury Notes bearing interest from 4.375% to 7.75% with maturities through the year 2003.

#### Operating Fund

Investments held of the Operating Fund at March 31, 1996, totaling approximately \$121,000, consisted of U.S. Treasury Notes bearing interest from 4.75% to 6.80% with maturities through the year 1999.

Fund/Description	Carrying Amount (in thousands)	Market Value
<b>Single Family</b>		
<b>Series A of 1984:</b>		
Investment agreement with Bank One, Dallas, Texas, 10.125%, due 4-1-18	\$ 1,604	\$ 1,684
<b>Series A of 1985:</b>		
Investment Agreement with Bank One, Dallas, Texas, 8% 1/2%, due 7-15-15	1,645	1,680
<b>Series A of 1987:</b>		
Resolution Trust Corp. 6% coupon bonds due from 8-15-95 to 7-15-99	2,760	3,818
U.S. Treasury Notes 5.5%, due 9-15-97	28,588	28,514
<b>Total</b>	<b>29,327</b>	<b>29,696</b>

*Deferred Revenue* - Single family program master service and participation fees received subsequent to January 1, 1988 are deferred and recognized as an adjustment of yield over the lives of the related GNMA certificates. Prior to 1988, such fees were recognized in current operations as received.

*Allocation of Proceeds* - The Operating Fund was established as a separate fund in 1987. In accordance with a Board resolution adopted August 5, 1986, transfers to the Operating Fund are allocated in the following manner. An initial allocation is made to the single family program based on the relative percentage of total program expenses during the previous fiscal year. The initial allocation is divided among individual programs based on the relative percentage of mortgage loans or GNMA's outstanding for the single family bond issues. In the single family group, the 1988 A, 1988 B-1 and 1988 C-1 funds do not share in this allocation due to expense limitations imposed by these single family bond indentures; rather, the 1988 A, 1988 B-1 and 1988 C-1 funds transfer to the Operating Fund an Authority Fee based upon a percentage of the GNMA certificates outstanding.

*Statement of Cash Flows* - For purposes of the Statements of Cash Flows, the Authority considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

*Combined Totals* - All of the various bond issues are required to have a number of specific funds and accounts established to account for transactions. Therefore, each bond issue column contains the total amounts for the various funds and accounts required, and the combined total column contains the totals of all funds of the Authority, including the Unrestricted Fund, which may be utilized by the Authority for any public purpose authorized by the Authority's indentures. Since the use of assets and accounts of each of the bond issues is restricted by the related bond resolutions, the totaling of the funds and accounts in the combined total does not indicate that the combined assets are available in any manner other than as provided by the various trust indentures and bond resolutions.

*Other* - It should be noted that the amounts listed in the Single Family financial statements under the headings "Series A of 1987" and "Series A of 1983" result from the restructuring transactions and are not comparable to the program operations data appearing in the other columns. The \$8,892,080 fund deficit shown for the Refunding Series of 1992 is a result of purchasing U. S. Government and Agency securities valued at accrued cost, and yielding up to 8%, with a lesser amount of bonds payable valued at maturity value and yielding 3.83% to 6.25%. As discussed in Note 5, the securities mature at dates and in amounts which coincide with the debt service requirements on the bonds.

## **I. CASH AND INVESTMENTS**

*Cash* - In accordance with the various revenue bond resolutions, the Authority maintains deposits at three depository banks authorized to act as trustees. All such depositories are members of the Federal Reserve System.

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 3, the Authority's deposits are categorized to give an indication of the level of risk assumed at year-end. Category 1 includes deposits that are insured or collateralized by securities held by the Authority or its agent in the Authority's name. Category 2 includes deposits collateralized with securities held by the pledging institution's trust department in the Authority's name. Category 3 includes deposits uncollateralized or collateralized with securities held by the pledging institution, but not in the Authority's name.

## NEW ORLEANS HOME MORTGAGE AUTHORITY

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 1998

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#### L. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** - The New Orleans Home Mortgage Authority (the "Authority") is a public trust created by a trust indenture dated October 11, 1975, pursuant to Chapter 3A of Title 9 of the Louisiana Revised Statutes of 1990, as amended. The Authority was created to provide funds, through the issuance of bonds, to promote the development of residential housing (single or multi-family dwellings) in the City of New Orleans, Louisiana, for persons of low or moderate income. In accordance with the respective indentures, the proceeds from the single family bond issues are used to acquire mortgage notes and mortgage-backed securities.

The Authority is managed by a board of trustees appointed by the Council of the City of New Orleans. First National Bank of Commerce (FNBC) serves as the trustee of its single family program bonds. HomeStar National Bank serves as the mortgage loan administrator of the single family program. Various local financial institutions originate and service the Authority's single family program mortgage loans.

**NOHMA Development Corporation** - NOHMA Development Corporation was formed in the fiscal year 1994. The Corporation's mission is to provide increased home ownership among low-income families via a joint operating agreement with the authority through a variety of services. In fiscal year 1996, the Corporation began issuing First and First Home Loans. The Corporation received a donation from the Unrestricted Fund in fiscal year 1995 of \$75,000 and had cash and a fund balance of \$76,000 at March 31, 1998. The March 31, 1998 balances include three balances in the current year's financial statements. In fiscal year 1996, the Corporation received \$300,000 provided by a transfer from the Unrestricted Fund. These monies will be reimbursed to the Unrestricted Fund upon receipt of monies appropriated by the City of New Orleans for the related projects.

The following is a summary of the Authority's significant accounting policies which have been consistently applied in the preparation of the accompanying financial statements.

**Basis of Accounting** - The accompanying financial statements are prepared on the accrual basis of accounting.

**Investments** - Investments are stated at cost, adjusted for the amortization of premiums and accretion of discounts on purchases. Premiums are amortized and discounts are accreted over the period from the date of purchase of the investment to its maturity, using a method which approximates the effective interest method.

**Lender Participation Fees** - Lender participation fees were received to pay bond insurance costs and to provide debt service reserve funds. The annual accretion of such fees is equal to the corresponding amortization of bond insurance costs.

**Amortization of Bond Insurance Costs** - Bond insurance costs have been deferred and are being amortized over the lives of the bonds in such a manner as to produce a constant periodic rate of interest on the bonds outstanding.



# NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING STATEMENTS OF CASH FLOWS - SINGLE FAMILY PROGRAM FUNDS  
 YEAR ENDED MARCH 31, 1988 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1988)  
 (\$ IN THOUSANDS)

	Series A of 1984	Series A of 1985	Series A of 1987	Series A of 1988	Series B-1 of 1988	Single Series C-1 of 1988
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Proceeds from bond issues						
Bonds sold/mort	\$ (805)	\$ (868)	\$ (895)	\$ (1,105)	\$ (1,150)	\$ (1,261)
Interest paid on revenue bonds	(961)	(79)	(2,130)	(3,611)	(3,744)	(3,773)
Payment of bond issuance costs						
Secured activities			(585)		(69)	(11)
Net cash provided by (used in) noncapital financing activities	<u>(1,486)</u>	<u>(144)</u>	<u>(3,130)</u>	<u>(2,786)</u>	<u>(2,963)</u>	<u>(3,045)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchases of investments	(9,242)	(2,932)	(29,188)	(5,214)	(7,366)	(3,248)
Reinvestment of investments	3,861	1,946	30,346	4,976	6,918	3,344
Interest received on investments	<u>158</u>	<u>132</u>	<u>1,211</u>	<u>119</u>	<u>141</u>	<u>212</u>
Net cash provided by (used in) investing activities	<u>(218)</u>	<u>(854)</u>	<u>3,369</u>	<u>(119)</u>	<u>(299)</u>	<u>(41)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>98</b>	<b>1</b>	<b>(752)</b>	<b>4</b>		<b>(3)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>7</b>	<b>47</b>	<b>1,107</b>			<b>3</b>
<b>CASH, END OF YEAR</b>	<b>\$ 105</b>	<b>\$ 48</b>	<b>\$ 355</b>	<b>\$ 4</b>	<b>\$</b>	<b>\$</b>
<b>NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL FINANCING ACTIVITIES:</b>						
The Authority reclassified certain assets, associated with foreclosed assets, from mortgage loans to real estate owned. The net carrying values of the mortgage loans were as follows:						
	<u>\$ 215</u>	<u>\$ 212</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See notes to financial statements.

Family Program Funds						Totals	
WFOCNO of 1991	Series A of 1991	Re/Coning Series of 1992	Series A of 1993	Series A of 1994	Series A of 1995	[Memorandum Only]	
						1996	1995
\$ 1,362	\$ 76	\$ 80	\$ 179	\$ (123)	\$ 1	\$ 4,622	\$ 1,879
119	14	60	19	9		423	978
						(4,610)	
8						(8)	(20)
2,197	746	2,892	587	318	856	16,512	16,286
(134)	(26)	(4,814)	(81)	(2)	(847)	(7,641)	(9,449)
2		(18)	8	64	271	291	(123)
2,683	720		1,288			9,458	11,919
411			69			1,028	1,287
<u>8,538</u>	<u>1,186</u>	<u>(18)</u>	<u>1,281</u>	<u>(58)</u>	<u>281</u>	<u>31,645</u>	<u>24,778</u>

(Continued)

## NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINED STATEMENTS OF CASH FLOWS - SINGLE FAMILY PROGRAM FUNDS  
 YEAR ENDED MARCH 31, 1996 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1995)  
 (IN THOUSANDS)

	Single					
	Series A of 1984	Series A of 1985	Series A of 1987	Series A of 1988	Series B-1 of 1989	Series C-1 of 1988
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Excess (deficiency) of revenue over expenses before operating transfers	\$ 330	\$ 1	\$ 2,823	\$ 79	\$ 64	\$ 31
Adjustments to reconcile excess (deficiency) of revenue over expenses before operating transfers to net cash provided by operating activities:						
Amortization of bond insurance costs	67	22	38	19	36	21
Gain of sale of investments			(2,810)			
Provisions for losses on real estate owned and doubtful receivables	(11)	(17)				
Interest on revenue bonds	253	588	2,214	1,600	1,712	1,740
Interest on investments	(135)	(300)	(1,965)	(52)	(81)	(164)
Other - net		(212)	312	(80)	34	34
Collections on mortgage loans and GNMA certificates	394	730		1,290	1,364	652
Purchases of mortgage loans and GNMA certificates						
Sales of real estate owned	<u>378</u>	<u>248</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Net cash provided by (used in) operating activities	<u>1,830</u>	<u>1,262</u>	<u>82</u>	<u>1,819</u>	<u>3,089</u>	<u>1,612</u>

## NEW ORLEANS HOME MORTGAGE AUTHORITY

### CONDENSED STATEMENTS OF CASH FLOWS - ALL FUNDS

YEAR ENDED MARCH 31, 2008 (WITH COMPARATIVE TOTALS FOR MARCH 31, 2007) (IN THOUSANDS)

	Operating Fund	HOHMA Development Corporation	Unrestricted Fund	Single Family	Totals	
					(Non-majority Only)	
					2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Excess (deficiency) of revenues over expenses before operating transfers	1,178	\$ 0	\$ 113	\$ 432	\$ 449	\$ 1,738
Adjustments to reconcile items (deficiency) of revenues over expenses before operating transfers to net cash provided by operating activities:						
- Amortization of bond investments				423	423	278
- Gain on sale of investments				(1,055)	(1,055)	
- Provision for loans on real estate owned and related activities		28	13	85	27	208
- Interest on revenue bonds				16,812	16,132	16,288
- Interest on investments			(555)	(7,845)	(7,875)	(7,888)
- Other - net	(73)		24	14	49	(1,025)
- Collections on mortgage loans and CHMA activities			86	6,883	6,969	11,838
- Payments of mortgage loans and CHMA activities		(178)	(545)		(723)	(888)
- Loss of real estate assets				1,326	1,326	(2,287)
Net cash provided by (used in) operating activities	1,105	178	208	7,041	11,111	13,908
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Proceeds from bond issuances				25,000	25,000	3,140
Bonds redeemed				(21,215)	(21,715)	(17,788)
Interest paid on revenue bonds				(1,449)	(1,449)	(19,625)
Interest of other investments				(56)	(56)	(175)
Operating transfers (to) or other funds	48	75	75	(1,115)		
Net cash provided by (used in) noncapital financing activities	48	75	75	(1,645)	77	(14,623)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
(For) cash sale of property	3				3	188
Acquisition of investments	(262)		(88)	(20,115)	(20,140)	(21,799)
Maturity of investments	247		111	79,996	77,796	77,818
Interest received on investments			141	(1,811)	(6,121)	(3,725)
Net cash provided by (used in) investing activities	88		(224)	(21,929)	(18,459)	(4,528)
<b>NET INCREASE/(DECREASE) IN CASH</b>	121	253	111	396	674	187
<b>CASH BEGINNING OF YEAR</b>	128	75	54	1,484	1,742	1,555
<b>CASH END OF YEAR</b>	249	328	165	1,880	2,416	1,742
<b>NONCASH FINANCING, NONCAPITAL FINANCING, AND CAPITAL FINANCING ACTIVITIES:</b>						
TM Authority reclassified certain assets, associated with fractional properties, from mortgage loans on real estate owned. The net carrying value of the mortgage loans was as follows:				\$ 311	\$ 311	\$ 381

See note to financial statements.

## 5. REVENUE BONDS PAYABLE

The following is a summary of the outstanding revenue bonds payable and transactions of the Authority as of and for the year ended March 31, 1998 (in thousands):

Series/Facility	Issued	Interest Rate	First Maturity Date	Outstanding March 31, 1998	Bonds Issued	Bonds Retired	Outstanding March 31, 1998
<b>1984 Series A Issue:</b>							
Current interest serial bonds	\$ 17,806	8.4-8.8%	10-01-90	\$ 420	\$	\$ 180	\$ 170
Compound interest serial bonds	3,588	10.775-11.0%	10-00-00	1,347		803	812
Compound interest term bonds	<u>2,019</u>	11.775 %	10-01-10	<u>51</u>			<u>31</u>
<b>Total</b>	<b>\$ 23,413</b>			<b>1,818</b>		<b>983</b>	<b>813</b>
<b>1985 Series A Issue:</b>							
Compound interest serial bonds	\$ 4,799	9.75-10.0%	09-15-07	1,733		569	1,569
Compound interest term bonds	<u>1,436</u>	11 %	09-15-15	<u>678</u>			<u>478</u>
<b>Total</b>	<b>\$ 6,235</b>			<b>2,411</b>		<b>569</b>	<b>1,647</b>
<b>1987 Series A Issue:</b>							
Current interest serial bonds	\$ 3,458	8.5-7.0%	10-02-09	2,830		668	2,123
Current interest term bonds	<u>27,683</u>	7.3 %	10-00-10	<u>21,881</u>			<u>25,895</u>
<b>Total</b>	<b>\$ 31,141</b>			<b>24,711</b>		<b>668</b>	<b>28,020</b>
<b>1988 Series A Issue:</b>							
Serial bonds	4,380	6.0-7.0%	03-01-00	1,365		480	1,700
Term bonds	14,650	8.4 %	03-03-14	8,245		671	7,399
Term bonds	<u>18,998</u>	8.6 %	02-00-10	<u>9,211</u>			<u>9,312</u>
<b>Total</b>	<b>\$ 38,028</b>			<b>19,821</b>		<b>1,151</b>	<b>18,289</b>
<b>1988 Series B-1 Issue:</b>							
Term bonds	<u>\$ 17,200</u>	8.0-8.20%	11-01-11	<u>20,442</u>			<u>20,291</u>

(Continued)