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NEW ORLEANS HOME MORTGAGE AUTHORITY

Independent Auditors' Reports on Audit of Financial Statements and Additional Information and Compliance and on Internal Control for the Year Ended March 31, 1998

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 10-21-98

NEW ORLEANS HOME MORTGAGE AUTHORITY

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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, 1998, 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 these 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 1998, 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. These schedules are the responsibility of the Authority's management. Such schedules have 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 our report dated August 25, 1998, on our consideration of the Authority's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations and contracts.

Deloitte & Touche LLP　　　　Bruno & Tervalon

New Orleans, Louisiana
August 25, 1998

NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING BALANCE SHEETS - ALL FUNDS
MARCH 31, 1998 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1997) (IN THOUSANDS)

ASSETS	Operating Fund	NOHMA Development Corporation	Unrestricted Fund	Single Family	Totals (Memorandum Only) 1998	Totals (Memorandum Only) 1997
Cash (Note 2)	$ 552	$ 120	$ 714	$ 1,484	$ 2,870	$ 4,470
Investments (Notes 1 and 2)	25		4,050	116,304	120,379	127,571
GNMA certificates (Notes 1 and 3)				116,530	116,530	92,517
Receivables:						
Mortgage loans (Note 4)		494	611	31,899	33,004	37,927
Accrued interest	2		61	2,238	2,301	1,782
Real estate owned and other (Note 4)			284	263	547	825
Loans, other	39		39		78	54
Total receivables	41	494	995	34,400	35,930	40,588
Less: Allowance for doubtful receivables (Note 4)		34	17	403	454	618
Receivables - Net	41	460	978	33,997	35,476	39,970
Due from other funds						4,272
Prepaid expenses	25			30	55	91
Bond issuance costs and other deferred expenses, net of accumulated amortization				4,249	4,249	4,768
TOTAL ASSETS	$ 643	$ 580	$5,742	$272,594	$279,559	$273,659
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
Accrued interest	$ -	$ -	$ -	$ 9,044	$ 9,044	$ 10,046
Other liabilities	8		450		458	275
Due to other funds						4,272
Deferred revenue				2,518	2,518	1,681
Revenue bonds payable (Note 5)				256,652	256,652	246,546
Total	8		450	268,214	268,672	262,820
COMMITMENTS AND CONTINGENCIES						
FUND BALANCE	635	580	5,292	4,380	10,887	10,839
TOTAL LIABILITIES AND FUND BALANCE	$ 643	$ 580	$5,742	$272,594	$279,559	$273,659

See notes to financial statements.

NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING BALANCE SHEETS - SINGLE FAMILY PROGRAM FUNDS
MARCH 31, 1998 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1997) (IN THOUSANDS)

	Single					
ASSETS	**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**
Cash (Note 2)	$ -	$ 44	$ 368	$ 7	$ -	$ -
Investments (Notes 1 and 2)		721	958	1,629	1,264	1,735
GNMA certificates (Notes 1 and 3)				15,104	15,823	18,369
Receivables:						
Mortgage loans (Note 4)		3,598				
Accrued interest		83	1	143	144	158
Real estate owned and other (Note 4)						
Total receivables		3,681	1	143	144	158
Less: Allowance for doubtful receivables (Note 4)						
Receivables - Net		3,681	1	143	144	158
Due from other funds						
Prepaid expenses		15		3	1	2
Bond issuance costs and other deferred expenses, net of accumulated amortization		115	10	252	391	346
TOTAL ASSETS	$ -	$4,576	$ 1,337	$17,138	$17,623	$20,610
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES:						
Accrued interest	$ -	$2,954	$ 43	$ 464	$ 439	$ 502
Due to other funds						
Deferred revenue				260	280	270
Revenue bonds payable (Note 5)		1,020	1,230	15,910	16,065	19,500
Total liabilities		3,974	1,273	16,634	16,784	20,272
COMMITMENTS AND CONTINGENCIES						
FUND BALANCE (DEFICIT)		602	64	504	839	338
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	$ -	$4,576	$ 1,337	$17,138	$17,623	$20,610

See notes to financial statements.

Family Program Funds

MRCMO of 1991	Series A of 1991	Refunding Series of 1992	Series A of 1993	Series A of 1994	Series A of 1995	Series A&B of 1996	Refunding Series of 1997
$ 2	$	$ 17	$ 438	$ 194	$	$ 18	$ 1
2,086	190	48,515	1,343	811	996	4,968	4,691
	9,732				27,860	26,293	
20,851			4,419	3,031			
198	57		92	103	166	171	
188			75				
21,237	57		4,586	3,134	166	171	
353			50				
20,884	57		4,536	3,134	166	171	
8			1				
939	241	624	194	136	93	298	26
$23,919	$10,220	$49,156	$6,512	$4,275	$29,115	$31,748	$4,718
$ 701	$ 53	$ 715	$ 153	$1,097	$ 552	$ 570	$ 16
	263				243	922	
18,278	9,675	54,266	5,585	2,604	28,120	29,895	4,655
18,979	9,991	54,981	5,738	3,701	28,915	31,387	4,671
4,940	229	(5,825)	774	574	200	361	47
$23,919	$10,220	$49,156	$6,512	$4,275	$29,115	$31,748	$4,718

(Continued)

NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING BALANCE SHEETS - SINGLE FAMILY PROGRAM FUNDS
MARCH 31, 1998 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1997) (IN THOUSANDS)

ASSETS	Series A,B&C of 1997	Refunding Series of 1998	Totals (Memorandum Only) 1998	Totals (Memorandum Only) 1997
Cash (Note 2)	$ 93	$ 302	$ 1,484	$ 3,362
Investments (Notes 1 and 2)	45,614	783	116,304	123,460
GNMA certificates (Notes 1 and 3)	3,349		116,530	92,517
Receivables:				
Mortgage loans (Note 4)			31,899	36,851
Accrued interest	922		2,238	1,738
Real estate owned and other (Note 4)			263	476
Total receivables	922		34,400	39,065
Less: Allowance for doubtful receivables (Note 4)			403	567
Receivables - Net	922		33,997	38,498
Due from other funds				3,711
Prepaid expenses			30	57
Bond issuance costs and other deferred expenses, net of accumulated amortization	561	23	4,249	4,768
TOTAL ASSETS	$50,539	$1,108	$272,594	$266,373
LIABILITIES AND FUND BALANCE (DEFICIT)				
LIABILITIES:				
Accrued interest	$ 782	$ 3	$ 9,044	$ 10,061
Due to other funds				4,272
Deferred revenue	280		2,518	1,681
Revenue bonds payable (Note 5)	48,774	1,075	256,652	246,546
Total liabilities	49,836	1,078	268,214	262,560
COMMITMENTS AND CONTINGENCIES				
FUND BALANCE (DEFICIT)	703	30	4,380	3,813
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	$50,539	$1,108	$272,594	$266,373

See notes to financial statements.

(Concluded)

NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT) - ALL FUNDS
YEAR ENDED MARCH 31, 1998 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1997)
(IN THOUSANDS)

	Operating Fund	NOHMA Development Corporation	Unrestricted Fund	Single Family	Totals (Memorandum Only) 1998	Totals (Memorandum Only) 1997
REVENUES:						
Interest on mortgage loans and GNMA certificates	$ -	$ 2	$ -	$ 11,825	$ 11,827	$ 10,790
Interest on investments	38		287	7,949	8,274	8,412
Lender participation fees				94	94	87
Gain on sale of investments						
Other	176	10		10	196	582
Total revenues	214	12	287	19,878	20,391	19,871
EXPENSES:						
Interest on revenue bonds				17,514	17,514	17,003
Program expenses	671		51	368	1,090	1,047
Amortization of bond issuance costs				352	352	557
Provision for losses on real estate owned and doubtful receivables (Note 4)						24
Total expenses	671		51	18,234	18,956	18,631
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM AND OPERATING TRANSFERS	(457)	12	236	1,644	1,435	1,240
EXTRAORDINARY ITEM - LOSS ON EARLY REPAYMENT OF BONDS (Note 5)				(1,387)	(1,387)	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OPERATING TRANSFERS	(457)	12	236	257	48	1,240
OPERATING TRANSFERS IN (OUT)	270	70	(650)	310		-
EXCESS OF REVENUES OVER EXPENSES	(187)	82	(414)	567	48	1,240
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	822	498	5,706	3,813	10,839	9,599
FUND BALANCE AT END OF YEAR	$ 635	$ 580	$ 5,292	$ 4,380	$ 10,887	$ 10,839

See notes to financial statements.

NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT) - SINGLE FAMILY PROGRAM FUNDS YEAR ENDED MARCH 31, 1998 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1997) (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
REVENUES:						
Interest on mortgage loans and GNMA certificates	$ -	$ 432	$ -	$ 1,391	$ 1,377	$ 1,475
Interest on investments		78	894	79	86	97
Lender participation fees				14	22	19
Gain on sale of investments						
Other						
Total revenues		510	894	1,484	1,485	1,591
EXPENSES:						
Interest on revenue bonds		422	1,144	1,406	1,371	1,529
Program expenses		52	6	7	3	4
Amortization of bond issuance costs		17	20	14	28	25
Provision for losses on real estate owned and doubtful receivables (Note 4)						
Total expenses		491	1,170	1,427	1,402	1,558
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM AND OPERATING TRANSFERS		19	(276)	57	83	33
EXTRAORDINARY ITEM - LOSS ON EARLY REPAYMENT OF BONDS (Note 5)	(141)		(1,246)			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OPERATING TRANSFERS	(141)	19	(1,522)	57	83	33
OPERATING TRANSFERS IN (OUT)	(566)				(5)	(5)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(707)	19	(1,522)	57	78	28
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	707	583	1,586	447	761	310
FUND BALANCE (DEFICIT) AT END OF YEAR	$ -	$ 602	$ 64	$ 504	$ 839	$ 338

See notes to financial statements.

Family Program Funds

MRCMO of 1991	Series A of 1991	Refunding Series of 1992	Series A of 1993	Series A of 1994	Series A of 1995	Series A&B of 1996	Refunding Series of 1997
$ 2,915	$ 707	$ -	$ 517	$ 296	$ 1,785	$ 907	$ -
207	25	3,842	69	80	55	799	198
	10				14	10	
						10	
3,122	742	3,842	586	376	1,854	1,726	198
1,832	680	3,636	355	338	1,679	1,710	174
169	7	14	36	25	17	17	3
124	9	60	19	5	9	10	
2,125	696	3,710	410	368	1,705	1,737	177
997	46	132	176	8	149	(11)	21
997	46	132	176	8	149	(11)	21
(575)	(9)			566	(34)	389	26
422	37	132	176	574	115	378	47
4,518	192	(5,957)	598		85	(17)	
$ 4,940	$ 229	$ (5,825)	$ 774	$ 574	$ 200	$ 361	$ 47

(Continued)

NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT) - SINGLE FAMILY PROGRAM FUNDS YEAR ENDED MARCH 31, 1998 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1997) (IN THOUSANDS)

	Series 1997 A,B&C	Refunding Series of 1998	Totals (Memorandum Only) 1998	Totals (Memorandum Only) 1997
REVENUES:				
Interest on mortgage loans and GNMA certificates	$ 23	$ -	$ 11,825	$ 10,788
Interest on investments	1,436	4	7,949	8,123
Lender participation fees	5		94	87
Gain on sale of investments				-
Other			10	92
Total revenues	1,464	4	19,878	19,090
EXPENSES:				
Interest on revenue bonds	1,235	3	17,514	17,003
Program expenses	8		368	349
Amortization of bond issuance costs	10	2	352	557
Provision for losses on real estate owned and doubtful receivables (Note 4)				10
Total expenses	1,253	5	18,234	17,919
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM AND OPERATING TRANSFERS	211	(1)	1,644	1,171
EXTRAORDINARY ITEM - LOSS ON EARLY REPAYMENT OF BONDS (Note 5)			(1,387)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OPERATING TRANSFERS	211	(1)	257	1,171
OPERATING TRANSFERS IN (OUT)	492	31	310	(418)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	703	30	567	753
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			3,813	3,060
FUND BALANCE (DEFICIT) AT END OF YEAR	$ 703	$ 30	$ 4,380	$ 3,813

See notes to financial statements.

(Concluded)

NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING STATEMENTS OF CASH FLOWS - ALL FUNDS
YEAR ENDED MARCH 31, 1998 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1997) (IN THOUSANDS)

	Operating Fund	NOHMA Development Corporation	Unrestricted Fund	Single Family	Totals (Memorandum Only) 1998	Totals (Memorandum Only) 1997
CASH FLOWS FROM OPERATING ACTIVITIES:						
Excess (deficiency) of revenues over expenses before operating transfers	$ (457)	$ 12	$ 236	$ 257	$ 48	$ 1,240
Adjustments to reconcile excess (deficiency) of revenues over expenses before operating transfers to net cash provided by operating activities:						
Amortization of bond issuance costs				962	962	557
Provision for losses on real estate owned and doubtful receivables						24
Interest on revenue bonds				18,291	18,291	17,003
Interest on investments	(38)		(287)	(7,949)	(8,274)	(8,412)
Other - net	1		187	379	567	(299)
Collections on mortgage loans and GNMA certificates		4	27	11,635	11,666	10,200
Purchases of mortgage loans and GNMA certificates				(29,977)	(29,977)	(29,640)
Net cash provided by (used in) operating activities	(494)	16	163	(6,402)	(6,717)	(9,327)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Proceeds from bond issuances				58,889	58,889	32,725
Bonds redeemed				(49,158)	(49,158)	(14,575)
Interest paid on revenue bonds				(19,011)	(19,011)	(17,480)
Payment of bond issuance costs				(791)	(791)	(495)
Interfund activities	270	70	(89)	(251)	-	-
Net cash provided by (used in) noncapital financing activities	270	70	(89)	(10,322)	(10,071)	175
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchases of investments	(25)		(1,498)	(76,409)	(77,932)	(64,689)
Maturities of investments	274		1,285	85,355	86,914	70,878
Interest received on investments	38		268	5,900	6,206	4,997
Net cash provided by (used in) investing activities	287		55	14,846	15,188	11,186
NET INCREASE (DECREASE) IN CASH	63	86	129	(1,878)	(1,600)	2,034
CASH, BEGINNING OF YEAR	489	34	585	3,362	4,470	2,436
CASH, END OF YEAR	$ 552	$ 120	$ 714	$ 1,484	$ 2,870	$ 4,470

See notes to financial statements.

NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING STATEMENTS OF CASH FLOWS - SINGLE FAMILY PROGRAM FUNDS
YEAR ENDED MARCH 31, 1998 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1997)
(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
CASH FLOWS FROM OPERATING ACTIVITIES:						
Excess (deficiency) of revenues over expenses before operating transfers	$ (141)	$ 19	$ (1,522)	$ 57	$ 83	$ 33
Adjustments to reconcile excess (deficiency) of revenues over expenses before operating transfers to net cash provided by operating activities:						
Amortization of bond issuance costs	141	17	489	14	28	25
Gain of sale of investments						
Provisions for losses on real estate owned and doubtful receivables						
Interest and penalty on revenue bonds		422	1,921	1,406	1,371	1,529
Interest on investments		(78)	(894)	(79)	(86)	(97)
Other - net	100	(39)	6	(16)	(17)	(17)
Collections on mortgage loans and GNMA certificates		348		1,787	1,118	1,166
Purchases of mortgage loans and GNMA certificates						
Net cash provided by (used in) operating activities	100	689		3,169	2,497	2,639

Family Program Funds

MRCMO of 1991	Series A of 1991	Refunding Series of 1992	Series A of 1993	Series A of 1994	Series A of 1995	Series A&B of 1996	Refunding Series of 1997
$ 997	$ 46	$ 132	$ 176	$ 8	$ 149	$ (11)	$ 21
124	9	60	19	5	9	10	
1,832	680	3,636	355	338	1,679	1,710	174
(207)	(25)	(3,842)	(69)	(80)	(55)	(799)	(198)
(909)	(1)	(1)	38	130	(11)	851	(2)
3,552	990		1,048	723	568	332	
						(26,625)	
5,389	1,699	(15)	1,567	1,124	2,339	(24,532)	(5)

(Continued)

NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING STATEMENTS OF CASH FLOWS - SINGLE FAMILY PROGRAM FUNDS
YEAR ENDED MARCH 31, 1998 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1997)
(IN THOUSANDS)

	Series 1997 AB&C	Refunding Series of 1998	Totals (Memorandum Only) 1998	Totals (Memorandum Only) 1997
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess (deficiency) of revenues over expenses before operating transfers	$ 211	$ (1)	$ 257	$ 1,171
Adjustments to reconcile excess (deficiency) of revenues over expenses before operating transfers to net cash provided by operating activities:				
Amortization of bond issuance costs	10	2	962	557
Gain of sale of investments				
Provisions for losses on real estate owned and doubtful receivables				10
Interest and penalty on revenue bonds	1,235	3	18,291	17,003
Interest on investments	(1,436)	(4)	(7,949)	(8,123)
Other - net	263	4	379	(659)
Collections on mortgage loans and GNMA certificates	3		11,635	10,000
Purchases of mortgage loans and GNMA certificates	(3,352)		(29,977)	(28,805)
Net cash provided by (used in) operating activities	(3,066)	4	(6,402)	(8,846)

(Continued)

NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING STATEMENTS OF CASH FLOWS - SINGLE *FAMILY* PROGRAM FUNDS
YEAR ENDED MARCH 31, 1998 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1997)
(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
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Proceeds from bond issuance	$ -	$ -	$ -	$ -	$ -	$ -
Bonds redeemed	(327)	(194)	(26,460)	(1,505)	(1,835)	(1,195)
Interest and penalty paid on revenue bonds	(1,065)	(463)	(2,838)	(1,443)	(1,421)	(1,559)
Payment of bond issuance costs, net						
Interfund activities	(566)				(5)	(5)
Net cash provided by (used in) noncapital financing activities	(1,958)	(657)	(29,298)	(2,948)	(3,261)	(2,759)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchases of investments	(446)	(808)		(1,658)	(1,925)	(1,874)
Sales/maturities of investments	2,181	695	27,446	1,356	2,535	1,895
Interest received on investments	81	120	893	85	112	99
Net cash provided by (used in) investing activities	1,816	7	28,339	(217)	722	120
NET INCREASE (DECREASE) IN CASH	(42)	39	(959)	4	(42)	
CASH, BEGINNING OF YEAR	42	5	1,327	3	42	
CASH, END OF YEAR	$ -	$ 44	$ 368	$ 7	$ -	$ -

See notes to financial statements.

Family Program Funds

MRCMO of 1991	Series A of 1991	Refunding Series of 1992	Series A of 1993	Series A of 1994	Series A of 1995	Series A&B of 1996	Refunding Series of 1997
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,040
(3,993)	(1,055)	(2,680)	(1,280)	(539)	(880)		(7,215)
(1,300)	(685)	(3,575)	(429)	(239)	(1,696)	(1,680)	(165)
						(195)	
(575)	(9)			566	(34)	(142)	(4)
(5,868)	(1,749)	(6,255)	(1,709)	(212)	(2,610)	(2,017)	1,656
(5,918)	(859)		(789)	(1,372)	(2,476)	(2,837)	(9,050)
6,114	884	4,221	949	561	2,565	28,114	5,839
208	25	2,052	68	42	151	1,228	205
404	50	6,273	228	(769)	240	26,505	(3,006)
(75)		3	86	143	(31)	(44)	(1,355)
77		14	352	51	31	62	1,356
$ 2	$ -	$ 17	$ 438	$ 194	$ -	$ 18	$ 1

NEW ORLEANS HOME MORTGAGE AUTHORITY

COMBINING STATEMENTS OF CASH FLOWS - SINGLE FAMILY PROGRAM FUNDS
YEAR ENDED MARCH 31, 1998 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1997)
(IN THOUSANDS)

	Series 1997 AB&C	Refunding Series of 1998	Totals (Memorandum Only) 1998	Totals (Memorandum Only) 1997
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Proceeds from bond issuance	$ 48,774	$ 1,075	$ 58,889	$ 32,725
Bonds redeemed			(49,158)	(14,575)
Interest and penalty paid on revenue bonds	(453)		(19,011)	(17,480)
Payment of bond issuance costs, net	(571)	(25)	(791)	(495)
Interfund activities	492	31	(251)	143
Net cash provided by (used in) noncapital financing activities	48,242	1,081	(10,322)	318
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of investments	(45,614)	(783)	(76,409)	(63,165)
Sales/maturities of investments			85,355	68,684
Interest received on investments	531		5,900	4,681
Net cash provided by (used in) investing activities	(45,083)	(783)	14,846	10,200
NET INCREASE (DECREASE) IN CASH	93	302	(1,878)	1,672
CASH, BEGINNING OF YEAR			3,362	1,690
CASH, END OF YEAR	$ 93	$ 302	$ 1,484	$ 3,362

See notes to financial statements.

(Concluded)

NEW ORLEANS HOME MORTGAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 1998

1. 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, 1978, pursuant to Chapter 2A of Title 9 of the Louisiana Revised Statutes of 1950, 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 funds. Hibernia National Bank serves as the mortgage loan administrator of the single family programs. 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 Pride and First Home Loans. In fiscal years 1998 and 1996, the Corporation received an aggregate of $450,000 provided by transfers 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 presented 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.

Amortization of Bond Issuance Costs - Bond issuance 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.

Deferred Revenue - Single family program master service and lender participation fees are deferred and recognized as an adjustment of yield over the lives of the related GNMA certificates.

Allocation of Transfers - The Operating Fund was established as a separate fund in 1987. In accordance with a Board resolution adopted August 6, 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 1988A, 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 Indenture. 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 is for convenience only and 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 1992" result from the restructuring transactions and are not comparable to the program operations data appearing in the other columns. The $5,825,000 fund deficit shown for the Refunding Series of 1992 is a result of presenting U. S. Government and Agency securities valued at accreted cost, and yielding up to 8%, with a greater amount of bonds payable valued at maturity value and yielding 5.00% to 6.25%. As discussed in Note 5, the securities are intended to mature at dates and in amounts which coincide with the debt service requirements on the bonds.

New Accounting Standard - In March 1997, the Government Accounting Standards Board issued Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" which requires that certain investments, including GNMA certificates, be reported at fair value with any resulting change in fair value be shown as a component of investment income. The Authority will adopt this Standard in its financial statements for the year ending March 31, 1999.

2. CASH AND INVESTMENTS

Cash - In accordance with the various revenue bond resolutions, the Authority maintains deposits at those 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.

At March 31, 1998, substantially all cash on deposit was classified as a Category 1 credit risk.

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

- Direct obligations or obligations guaranteed by the United States or its agencies,
- Insured or secured certificates of deposit,
- Investment agreements with United States banks and federal agencies, or
- Promissory notes of United States banks.

At March 31, 1998, the Authority's investments consisted of:

Unrestricted Fund

The investments held in the Unrestricted Fund at March 31, 1998, totaling approximately $4,050,000, consisted primarily of U.S. Treasury Notes and Agency obligations bearing interest from 5.50% to 7.875% through the year 2012. The market value of these investments was approximately $4,130,000.

Operating Fund

Investments held of the Operating Fund at March 31, 1998, totaling approximately $25,000, consisted of a U.S. Treasury Note bearing interest at 4.75% maturing October 31, 1998. The market value of this investment approximated cost.

Fund/Description	Carrying Amount (in thousands)	Market Value (in thousands)
Single Family		
Series A of 1985: Investment agreement with Bank One, Dallas, Texas, 8% 11%, due 9-15-16	$ 721	$ 721
Series A of 1987: Resolution Trust Corp. 0% coupon bonds due from 7-15-97 to 7-15-99	958	958
Series A of 1988: Investment agreement with AIG Financial Products Corp., 6.5%, due 12-1-21	1,629	1,629
Series B-1 of 1988: Investment agreement with AIG Financial Products Corp., 8%, due 12-1-21	1,264	1,264

Fund/Description	Carrying Amount (in thousands)	Market Value (in thousands)
Single Family - Continued		
Series C-1 of 1988:		
Investment agreement with Morgan Guaranty Trust Co., N.Y., 6.75%, due 12-1-22	1,735	1,735
MRCMO of 1991:		
Investment agreement with Berkshire Hathaway Inc., 6 - 6.7%, due 9-10-14	1,727	1,727
Federal National Mortgage Association, 0% debentures due 7-15-14	359	553
Total	2,086	2,280
Series A of 1991:		
Investment agreement with Postipanski, Ltd. 4.51% and 5.35%, due 9-1-93 and 9-1-23	190	190
Refunding Series of 1992:		
Resolution Trust Corp. 0% coupon bonds due from 7-15-93 to 1-15-11	48,515	57,110
Series A of 1993:		
Investment agreement with Postipanski, Ltd., 4.25%, due 5-1-14	1,343	1,343
Series A of 1994:		
Investment agreement with Bank One, Dallas, Texas, 10.25%, due 4-1-26	811	811
Series A of 1995:		
Investment agreements with AIG Financial Products Corp. 5.75%, due 6-1-28	996	996
Series A&B of 1996:		
Investment agreement with Assured Investment Corp., 5.54 % due 3-1-98	4,062	4,062
Investment agreement with Societe General Corp., 6.6125%, due 12-1-29	906	906
Total	4,968	4,968
Refunding Series of 1997:		
U.S. Treasury Bills due 4-3-97	4,691	4,691
Series AB&C of 1997:		
Investment agreement with Trinity, 5.9559%, due 3-1-99	45,438	45,438
Investment agreement with CDC, 6.13%, due 12-1-30	176	176
	45,614	45,614
Refunding Series of 1988:		
U.S. Treasury Bills due 4-2-98	783	783
Total Single Family Investments	$ 116,304	$ 125,093

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 counterparty'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 counterparty, or by its 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, 1991 Series A bonds, Series A 1995 and Series AB&C of 1997 were issued to provide funds to purchase up to $30 million, $27.2 million, $26 million, $15.2 million and $29 million and $48.8 million, respectively, of mortgage loans which are 30 year fixed-rate mortgages bearing interest at 8.97%, 8.8%, 7.7%, 7.5%, 6.9% and 6.35%, respectively. Upon purchase by the Authority, the loans are immediately sold and assigned to a master servicer 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 2018 through 2027.

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
MRCMO of 1991	8.25%
Series A of 1985	10.75%
Series A of 1993	8.95%
Series A of 1994 (formerly 1984)	10.95%

Certain of the loans held by the 1991 MRCMO Issue were purchased at a discount. The remaining unamortized discount amounted to approximately $3,410,000 at March 31, 1998 and $4,190,000 at March 31, 1997 and is being accreted into interest income on the interest method.

On February 1, 1994, as directed by the Series A of 1993 bond trust indenture, interest rates on prior mortgage loans acquired from the 1983A issue by the 1993A issue were reduced from 9.95 per annum to 8.95% per annum. At such time as the aggregate sum of prior mortgage loans and the moneys 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%.

In addition to the customary insurance required of the mortgagors, 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 foreclosure, 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 1991 MRCMO loans filed for bankruptcy and was ordered into liquidation in a prior year. The Authority has not obtained another mortgage insurer to provide pool insurance for the 1991 MRCMO loans.

At March 31, 1998 approximately $800,000 of the principal balances of 1991 MRCMO mortgage loans were over 90 days past due.

The Authority has established an allowance for doubtful receivables for the 1991 MRCMO loans of approximately $353,000 as of March 31, 1998. The determination of the allowance was based on, among other things, 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 losses, the Authority has established allowances for losses on real estate owned and doubtful interest receivable for other single family issues with mortgage loans receivable as of March 31, 1998. The determination of these allowances was based on an analysis of the balances of loans in foreclosure and real estate owned and other receivables as compared to estimated values of related real estate and estimated future receipts from loan insurers.

The Unrestricted Fund and NOHMA Development Corporation have an aggregate of approximately $1,000,000 of PRIDE loans which provide the borrower with funds to pay their closing costs and are subordinate to the first mortgages. The loans generally do not accrue interest if paid within ten 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 existing losses.

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):

	Issued	Interest Rate	Final Maturity Date	Outstanding March 31, 1997	Bonds Issued	Bonds Retired	Outstanding March 31, 1998
Single Family							
1984 Series A Issue:							
Current interest serial bonds	$ 17,836	8.6-9.8%	10-01-96	$ -	$ -	$ -	$ -
Compound interest serial bonds	3,588	10.375-11.0%	10-01-03	274		274	
Compound interest term bonds	2,074	11.375 %	10-01-15	53		53	
Total	$ 23,498			327		327	
1985 Series A Issue:							
Compound interest serial bonds	$ 4,799	9.75-10.9%	09-15-07	595		194	401
Compound interest term bonds	1,434	11 %	09-15-16	619			619
Total	$ 6,233			1,214		194	1,020
1987 Series A Issue:							
Serial bonds	$ 5,450	5.5-7.0%	10-01-99	1,795		565	1,230
Term bonds	27,685	7.5 %	10-01-18	25,895		25,895	
Total	$ 33,135			27,690		26,460	1,230
1988 Series A Issue:							
Serial bonds	4,360	6.0-7.9%	12-01-00	1,320		390	930
Term bonds	14,650	8.4 %	12-01-14	6,820		1,115	5,705
Term bonds	10,990	8.6 %	12-01-19	9,275			9,275
Total	$ 30,000			17,415		1,505	15,910
1988 Series B-1 Issue:							
Term bonds	$ 27,200	8.0-8.25%	12-01-21	17,900		1,835	16,065

(Continued)

	Issued	Interest Rate	Final Maturity Date	Outstanding March 31, 1997	Bonds Issued	Bonds Retired	Outstanding March 31, 1998
1988 Series C-1 Issue:							
Term bonds	$26,000	7.55 7.75%	12-01-22	$ 20,695		$1,195	$ 19,500
1991 MRCMO:							
A-1	$28,480	6.375 %	09-15-05	3,767		3,767	
A-2	4,000	7.5 %	03-15-06	4,000		226	3,774
A-3	13,915	7.5 %	09-15-09	13,915			13,915
A-4	800	7.5 %	03-15-10	800			800
A-5	1,500	9.145 %	09-15-14	1,500			1,500
Total	$48,695			23,982		3,993	19,989
1991 Series A Issue:							
Serial bonds	$ 2,680	4.75-6.40%	09-01-04	1,465		295	1,170
Term bonds	12,520	6.25-6.80%	09-01-23	9,265		760	8,505
Total	$15,200			10,730		1,055	9,675
Refunding Series of 1992:							
Serial bonds	$11,350	5.0-6.0%	07-15-02	6,440		2,680	3,760
Term bonds	51,445	6.25 %	01-15-11	51,445			51,445
Total	$62,795			57,885		2,680	55,205
1993 Series A Issue:							
Term bonds	$ 6,690	7.0 %	05-01-14	6,455		1,280	5,175
Term bonds	80	7.0 %	05-01-14	80			80
Total	$ 6,770			6,535		1,280	5,255
1994 Series A Issue:							
Term bonds	$ 3,143	9.32%	10-01-15	3,143		539	2,604
1995 Series A Issue:							
Serial bonds	5,935	4.2-5.5%	12/1/10	5,935		255	5,680
Term bonds	2,415	6.20%	6/1/15	2,415		15	2,400
Term bonds	5,000	6.25%	6/1/22	5,000		40	4,960
Term bonds	6,900	5.65%	6/1/26	6,900		535	6,365
Term bonds	8,750	6.30%	6/1/28	8,750		35	8,715
Total	$29,000			29,000		880	28,120

(Continued)

	Issued	Interest Rate	Final Maturity Date	Outstanding March 31, 1997	Bonds Issued	Bonds Retired	Outstanding March 31, 1998
1996 Series A&B Issue:							
Serial bonds	$ 6,565	4.33-5.70%	12/1/10	$ 6,565			$ 6,565
Term bonds	3,900	6.00%	12/1/21	3,900			3,900
Term bonds	9,860	6.10%	12/1/29	9,860			9,860
Term bonds	1,595	5.75%	12/1/16	1,595			1,595
Term bonds	5,470	5.35%	12/1/20	5,470			5,470
Term bonds	2,505	5.90%	12/1/26	2,505			2,505
Total	$ 29,895			29,895			29,895
Refunding Series of 1997	$ 2,830	Variable		2,830	9,040	7,215	4,655
1997 A, B, & C Issue:							
Serial bonds	$ 4,134	4.2-5.1%	12/1/03		4,134		4,134
Term bonds	3,800	5.75%	12/1/23		3,800		3,800
Term bonds	9,980	5.85%	12/1/30		9,980		9,980
Term bonds	2,755	5.45%	12/1/16		2,755		2,755
Term bonds	8,330	5.13%	12/1/20		8,330		8,330
Tender bonds	19,775	3.92%	12/1/18		19,775		19,775
Total	$ 48,774				48,774		48,774
Refunding Series of 1998	$ 1,075	Variable			1,075		1,075
Unamortized discount on 1987 Series A bonds				(78)		(78)	
Unamortized discount on 1991 MRCMO				(1,954)		(243)	(1,711)
Unamortized discount on Refunding Series of 1992				(1,029)		(90)	(939)
Unamortized premium on 1993 Series A bonds				366		36	330
Total				$ 246,546	$ 58,889	$ 48,783	$ 256,652

(Concluded)

Additional information pertaining to the foregoing bonds is as follows:

SINGLE FAMILY

All the single family bonds issued through 1985 are secured by and payable solely from bond proceeds, revenues and other amounts derived by the Authority from the mortgage loans acquired with bond proceeds and from certain reserve funds.

1984 Series A Issue

These bonds were repaid during the year ended March 31, 1998 prior to their contractual due date. An extraordinary loss of $141,000, consisting of a write-off of unamortized bond issuance costs was incurred in that fiscal year.

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

1985 Series A Issue

Interest on the compound interest bonds is payable at maturity or upon redemption. The serial bonds mature in amounts ranging from $176,000 to $56,000 (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 $52,000 to $21,000 (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 Issue

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 $260,000 to $330,000 through October 1, 1999.

The term bonds require sinking fund redemptions to be made on April and October of each year 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 October 1, 1997, at redemption prices ranging from 103% to 100%. The bonds are also subject to mandatory redemption under certain conditions. The Authority anticipates redeeming substantially all of these bonds on October 1, 1997. A loss of approximately $1,300,000 will be incurred if these bonds are paid off as of October 1, 1997. This loss includes a 3% redemption premium and the writeoff of unamortized bond issuance costs.

In September of 1995, the Authority restructured a portion of the 1987 Series A Issue escrow securities. This escrow restructuring was prompted by a favorable shift in interest rates due to current market conditions. As a result, the proceeds from the sale of the existing securities were significantly greater than the cost of the existing securities. The Authority realized a gain on sale of investments of $3,055,000 from this transaction.

The Authority repaid substantially all of the remaining term bonds during the year ended March 31, 1998 prior to their contractual maturity. An extraordinary loss of $1,246,000 consisting of $777,000 of prepayment penalties and $469,000 of a write-off of unamortized bonds issuance costs was incurred in that fiscal year.

1988 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 from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA. 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 $230,000 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 100%. The bonds are also subject to mandatory redemption under certain conditions.

1988 Series B-1 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 June 1 and December 1 of each year.

The bonds require sinking fund redemptions to be made on December 1 of each year from the year 1999 through 2021 in amounts ranging from $295,000 to $2,389,000. The bonds are subject to redemption at the option of the issuer on or after March 1, 1999, at redemption prices ranging from 102% to 100%. The bonds are also subject to mandatory redemption under certain conditions.

1988 Series C-1 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 or, in any way, an obligation of GNMA. Interest on the bonds is payable semi-annually on June 1 and December 1 of each year.

The bonds require sinking fund redemptions to be made on December 1 of each year from the year 2000 through 2022 in amounts ranging from $310,000 to $2,583,000. All bonds are subject to redemption at the option of the issuer on or after January 2, 2000, at redemption prices ranging from 102% to 100%. The bonds are also subject to mandatory redemption under certain conditions.

MRCMO of 1991

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 6.375%, 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 9.15%.

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 $565,000. These bonds are subject to redemption at the option of the issuer on or after March 1, 2002, at redemption prices ranging from 102% to 100%. 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 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 $50,000 to $2,545,000 through July 15, 2002.

The term bonds require sinking fund redemptions to be made semi-annually on January 15 and July 15 from the year 2002 through 2010 in amounts ranging from $140,000 to $230,000 with the unpaid balance of $48,530,000 due January 15, 2011. These bonds are not subject to redemption prior to their stated maturity.

1993 Series A Issue

Interest on the bonds is payable semi-annually on May 1 and November 1. The bonds require sinking fund redemptions to be made on May 1 and November 1 of each year from the year 1994 through 2014 in amounts ranging from $60,000 to $315,000. All bonds are subject to redemption 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, 1995, and is payable at maturity or upon redemption. The bonds are subject to mandatory redemption prior to their stated maturity, in whole or in part on any interest accrual date, at a redemption price equal to 100% of the accreted value of the bonds to be redeemed on the date fixed for redemption, without premium.

All bonds are subject to redemption at the option of the issuer, on or after October 1, 2004, at redemption prices ranging from 102% to 100% of the accreted value of the bonds to be redeemed.

1995 Series A Issue

During 1995, the Authority issued $29,000,000 of Single Family Mortgage Revenue Bonds Series 1995A. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA 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 GNMA 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, 1998 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 $115,000 to $1,130,000. 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.

In 1996 the Authority received a $350,000 grant to pay for a portion of the bond issuance costs which amount was used to reduce bond issuance costs shown in the balance sheet.

1996 Series A&B Issue

During 1996, the Authority issued $29,895,000 of Single Family Mortgage Revenue Bonds Series 1996 A&B. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA 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 GNMA or FNMA.

The serial bonds mature annually and are payable December 1 of each year in amounts ranging from $410,000 to $720,000 beginning December 1, 1999 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 2011 through 2029 in amounts ranging from $380,000 to $975,000. These bonds are subject to redemption at the option of the issuer on or after December 1, 2006 at redemption prices ranging from 102% to 100% of principal plus accrued interest. These bonds are also subject to mandatory redemption under certain conditions.

In 1998, the Authority received a $350,000 grant to pay for a portion of the bond issuance costs which amount was used to reduce bond issuance costs shown in the balance sheets.

Refunding Series of 1997

The Authority has $2,830,000 of refunding bonds outstanding at March 31, 1998 with an interest rate which fluctuates monthly based on an index. These bonds are expected to be remarketed prior to March 31, 1998.

1997 Series AB&C Issue

During 1997, the Authority issued $48,774,000 of Single Family Mortgage Revenue Bonds 1997 Series AB&C. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA 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 GNMA or FNMA.

The serial bonds mature annually and are payable December 1 of each year in amounts ranging from $330,000 to $450,000 beginning December 1, 1999 through December 1, 2008.

The term bonds require sinking fund redemptions to be made on June 1 and December 1 of each year from the year 2009 through 2030 in amounts ranging from $310,000 to $1,060,000. These bonds are subject to redemption at the option of the issuer on or after December 1, 2007 at a redemption price of 102% to 100% of principal plus accrued interest. These bonds are also subject to mandatory redemption under certain conditions.

The tender bonds are expected to be remarketed on a fixed rate basis on or after June 1, 1998.

Refunding Series of 1998

The Authority has $2,830,000 of refunding bonds outstanding at March 31, 1998 with an interest rate which fluctuates monthly based on an index. These bonds are expected to be remarketed prior to March 31, 1998.

6. CONTRACTS WITH THE CITY OF NEW ORLEANS

The Authority has entered into contracts with the City of New Orleans to provide administrative and other services on a cost reimbursement basis.

A total of approximately $600,000 was received and $430,000 was expended on this contract in the year ended March 31, 1998. These expenditures included $350,000 of loans whose ownership is vested in the grantor. The $250,000 of cash and $200,000 discounted present value of these loans has been included in loans on the balance sheet of the Unrestricted funds. An equivalent amount of $450,000 has been included in other liabilities as of March 31, 1998 since these assets are not available to the Authority for its general use.

A total of approximately $1,150,000 was received and $1,350,000 was expended on this contract in the year ended March 31, 1997. These expenditures included a $100,000 management fee to the Operating Fund and $750,000 of loans whose ownership is vested in the grantor. The $80,000 of cash and the $150,000 discounted present value of these loans has been included in loans on the balance sheet as of March 31, 1997. An equivalent amount of $220,000 has been included in other liabilities as of March 31, 1997, since these assets are not available to the Authority for its general use.

During the years ended March 31, 1998 and 1997, the Authority had 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.

* * * * * *

NEW ORLEANS HOME MORTGAGE AUTHORITY

SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENSES - OPERATING FUND
YEAR ENDED MARCH 31, 1998

Salaries	$317,181
Payroll taxes	34,253
Health insurance	16,010
Worker's compensation	3,439
Fidelity insurance	170
Telephone	22,026
Accounting and auditing	44,900
Accounting software and supplies	20,406
Advertising	1,442
Auto allowance	7,963
Postage and freight	5,265
Cleaning	7,248
Office supplies	7,405
Printing and reproduction	3,758
Utilities	8,225
Breakroom supplies	2,212
Dues, subscriptions and books	3,217
Travel and entertainment	4,911
Depreciation	10,897
Equipment leasing	4,140
Miscellaneous	23,099
Building insurance	5,880
Conferences	18,622
Temporary labor	4,000
Repairs	2,739
Mapping program	9,178
Retreat	1,350
Continuing education and travel	16,562
Per diem and expense reimbursements	22,713
Board meeting expense	889
Equipment	5,359
Other professional fees	19,211
Pension	16,550
TOTAL	$ 671,220

NEW ORLEANS HOME MORTGAGE AUTHORITY

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

G. Wade Wootan	$ 2,850
Charles H. Brown	3,300
Gary Clark	3,400
Arnold Goldberg	3,400
Crispus Gordon	1,850
Kern Reese	3,150
Guy T. Williams	2,950
TOTAL	$ 20,900

Deloitte & Touche LLP

Bruno & Tervalon

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, 1998, and have issued our report thereon dated August 25, 1998. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Authority, in a separate letter dated August 25, 1998.

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

August 25, 1998

NEW ORLEANS HOME MORTGAGE AUTHORITY

SINGLE AUDIT

FOR THE YEAR ENDED MARCH 31, 1998

Bruno & Tervalon CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Bruno & Tervalon
CERTIFIED PUBLIC ACCOUNTANTS
MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Trustees
New Orleans Home Mortgage Authority

We have audited the Schedule of Expenditures of Federal Awards of the **New Orleans Home Mortgage Authority (NOHMA)** for the year ended March 31, 1998. The Schedule of Expenditures of Federal Awards is the responsibility of the management of **NOHMA**. Our responsibility is to express an opinion on the Schedule of Expenditures of Federal Awards based on our audit. The accompanying Schedule of Expenditures of Federal Awards is not a part of **NOHMA's** general purpose financial statements for the year ended March 31, 1998. The general purpose financial statements were audited by another independent auditor and us.

We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget 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 Expenditures of Federal Awards is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Expenditures of Federal Awards. 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 Expenditures of Federal Awards. We believe that our audit provides a reasonable basis for our opinion.

650 S. PIERCE ST./SUITE 203, NEW ORLEANS, LA 70119 (504) 482-8733 FAX (504) 486-8296

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

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

In our opinion, the accompanying Schedule of Expenditures of Federal Awards of the **New Orleans Home Mortgage Authority** presents fairly in all material respects, the expenditures of federal awards for the year ended March 31, 1998, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 22, 1998 on our consideration of the **New Orleans Home Mortgage Authority's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

September 22, 1998

NEW ORLEANS HOME MORTGAGE AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 1998

FEDERAL GRANTOR/PROGRAM NAME	FEDERAL CFDA OR OTHER NUMBER	PASS-THROUGH ENTITY'S NUMBER	ACTIVITY
U.S. Department of Housing and Urban Development			
Awards from a Pass-Through Entity			
Through: City of New Orleans			
CDBG - Entitlement and Small Cities Clusters			
Community Development Block Grant	14.218	72-1087849	$ 173,221
Home Investment Partnership Program	14.239	72-1087849	967,503
Total Expenditures of Federal Awards			$1,140,724

See the Notes to the Schedule of Expenditures of Federal Awards.

NOTE 1 - Organization:

The **New Orleans Home Mortgage Authority (NOHMA)** is a public trust created by a trust indenture dated October 11, 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 mortgage notes and mortgage-backed securities. On May 1, 1995, **NOHMA** entered into agreements with the City of New Orleans to establish the New Orleans Home Mortgage Authority Impact Neighborhood Strategy, CD# 10-058 (95)CD Budget Code 7448, to provide decent, safe and sanitary housing and to increase homeownership to lower and middle income individuals.

NOTE 2 - Basis of Preparation and Accounting:

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements. 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**.

NOTE 3 - Accounting Estimates:

The preparation of the Schedule of Expenditures of Federal Awards 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 those estimates.

NOTE 4 - Contingency:

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

The administration of the programs and activities 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.

NOTE 5 - Loan Programs:

CDBG

During the year ended March 31, 1998, **NOHMA** expended $173,221 of the CDBG contract to provide second mortgage loans to individuals who qualify as low and moderate income persons. The loans are not payable until the earlier of the date the borrower sells or disposes of the property, or in thirty years. No interest accrues on the note, unless the property is sold to a purchaser who is not low-income, interest in that case accrues at 4%.

NOTE 5 - Loan Programs, Continued:

CDBG, Continued

Ownership of the loans is vested in the grantor. Repayments are restricted and must be recycled back into the loan program.

Home Assisted Program Loans

In connection with the origination of its 1996 Bond issue, **NOHMA** subsidized the mortgage loans with $791,752 from the Home Investment Partnership Program, as administered and funded by HUD. 75% of each such Home Assisted Mortgage Loan was funded with proceeds of the Bonds, with the 25% funded by the Home Program. The loans were available to individuals who qualify as low income persons.

Bruno CERTIFIED PUBLIC ACCOUNTANTS
& Tervalon
MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
New Orleans Home Mortgage Authority

We have audited the Schedule of Expenditures of Federal Awards 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 22, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* , issued by the Comptroller General of the United States. The accompanying Schedule of Expenditures of Federal Awards is not a part of **NOHMA's** general purpose financial statements for the year ended March 31, 1998. The general purpose financial statements were audited by another independent auditor and us.

Compliance

As part of obtaining reasonable assurance about whether **NOHMA's** Schedule of Expenditures of Federal Awards is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of the Schedule of Expenditures of Federal Awards amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

650 S. PIERCE ST./SUITE 203, NEW ORLEANS, LA 70119 (504) 482-8733 FAX (504) 486-8296

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **NOHMA's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Schedule of Expenditures of Federal Awards and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Schedule of Expenditures of Federal Awards 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

September 22, 1998

Bruno CERTIFIED PUBLIC ACCOUNTANTS
& Tervalon
MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

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

To the Board of Trustees
New Orleans Home Mortgage Authority

Compliance

We have audited the compliance of **New Orleans Home Mortgage Authority (NOHMA)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended March 31, 1998. **NOHMA's** major federal program is identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of **NOHMA's** management. Our responsibility is to express an opinion on **NOHMA's** compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

650 S. PIERCE ST./SUITE 203, NEW ORLEANS, LA 70119 (504) 482-8733 FAX (504) 486-8296

An audit includes examining, on a test basis, evidence about **NOHMA's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **NOHMA's** compliance with those requirements.

In our opinion, **NOHMA** complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended March 31, 1998.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

This report is intended for the information of the Board of Trustees, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

September 22, 1998

NEW ORLEANS HOME MORTGAGE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS
FOR THE YEAR ENDED MARCH 31, 1998

1. Type of report issued on the financial statements: **Unqualified**.

2. Did the audit disclose any reportable conditions in internal control: **No**.

3. Were any of the reportable conditions material weaknesses: **No**.

4. Did the audit disclose any noncompliance which is material to the financial statements of the organization: **No**.

5. Did the audit disclose any reportable conditions in internal control over major programs: **No**.

6. Were any of the reportable conditions in internal control over major programs material weaknesses: **No**.

7. Type of report issued on compliance for major programs: **Unqualified**.

8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a): **No**.

9. The following is an identification of major programs:

CFDA Number	Federal Program
14.239	Department of Housing and Urban Development - Home Investment Partnership Program

NEW ORLEANS HOME MORTGAGE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) is as follows:

Program	Amount
Type A	$300,000

11. Did the auditee qualify as a low-risk auditee under OMB Circular A-133, Section 530: **No**

NEW ORLEANS HOME MORTGAGE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 1998
FINANCIAL STATEMENTS FINDINGS

There were no reportable conditions and material weaknesses and no instances of noncompliance related to the financial statements that were required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

NEW ORLEANS HOME MORTGAGE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 1998
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no reportable conditions, material weaknesses and no instances of noncompliance that were required to be reported in accordance with Section 510 (a) of OMB Circular A-133.

Deloitte & Touche LLP

Bruno & Tervalon

98 OCT -5 AM 11:19

August 25, 1998

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, 1998, we developed the following recommendations concerning certain matters related to internal control and certain observations and recommendations on other accounting, administrative and operating matters. A description of the responsibility of management for establishing and maintaining internal controls, and the objectives of and inherent limitations of internal control, 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 Legislative Auditor of the State of Louisiana. 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

EXHIBIT

1998-1 - MORTGAGE LOAN ADMINISTRATION

Observation and Recommendation

Subsequent to March 31, 1998 the Authority began to perform the Mortgage Loan Administration function internally. This requires that the Authority maintain timely records and reports concerning each individual property which has been repossessed. These reports should include, at a minimum, information regarding the balance of the related loan, writedowns, insurance recoveries and expenses incurred to date and expected to be incurred in the future, the appraised value of the property and the expected net proceeds to be received upon disposition. Timely and accurate reports on each property will facilitate the Board in making informed decisions regarding these properties.

Management's Response

We have retained the services of Ms. Vickie Theriot of Financial Consulting Services in Baton Rouge to assist us with completing all the necessary reports as required by our Auditors. Ms. Theriot has 19 plus years experience as Mortgage Loan Administrator. We agree with the above comment and will insure that these reports are prepared accurately and submitted to the Board in a timely manner.

Completion Date

October 31, 1998

Contact

Rodney L. Lemon, Sr., Chief Financial Officer

1998-2 - PAYROLL TAX DEPOSIT

Observation and Recommendation

During the year ended March 31, 1996, the Authority paid penalties due to the late deposit of payroll taxes. Management should implement a system to ensure that this situation does not reoccur.

Management's Response

We erroneously mailed payroll taxes directly to the IRS instead of depositing at a local bank depository. As a result of mailing payroll taxes directly to the IRS we incurred penalties. Currently, we have instituted a procedure to insure that all payroll taxes are sent to the IRS via ACH. The IRS accepts payroll taxes via ACH.

Completion Date

Completed prior to August 31, 1998

Contact

Rodney L. Lemon, Sr., Chief Financial Officer

STATUS OF PRIOR YEAR'S FINDINGS

1997-1 - YEAR 2000

The Authority has appropriately initiated its activities with respect to the Year 2000 issue. Although not a current year finding, the Authority should continue its review of the Year 2000 issue.

1997-2 - TIMELINESS OF CLOSINGS OF ACCOUNTING RECORDS

The Authority made significant progress in the timely closing of its accounting records. Although not a current year's finding, the Authority should continue its progress in this area.

1997-3 - CONTRACT WITH NEW ORLEANS REDEVELOPMENT AUTHORITY ("NORA")

The Authority has terminated its contract with NORA and is appropriately monitoring the closing aspects of its activities with respect to NORA.

APPENDIX

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

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

Management's Responsibility

Management is responsible for establishing and maintaining internal control. 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 objective of internal control is 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.

Limitations

Because of inherent limitations in internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal control 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.

Deloitte & Touche LLP **Bruno & Tervalon**

98 OCT -5 AM 11:19

August 25, 1998

Mr. Mtumishi St. Julien, Executive Director
and Board of Trustees of the
New Orleans Home Mortgage Authority
New Orleans, Louisiana

Dear Mr. St. Julien and Members of the Board of Trustees:

The approach of the year 2000 presents significant issues for many financial, information, and operational systems. Many systems in use today may not be able to interpret dates after December 31, 1999 appropriately, because such systems allow only two digits to indicate the year in a date. As a result, such systems are unable to distinguish January 1, 2000, from January 1, 1900, which could have adverse consequences on the operations of the entity and the integrity of information processing, causing safety, operational, and financial issues.

Our audit of the New Orleans Home Mortgage Authority's financial statements for the year ending March 31, 1998, does not provide any assurances, nor do we express any opinion, that the New Orleans Home Mortgage Authority's systems or any other systems, such as those of the New Orleans Home Mortgage Authority's vendors, service providers, or other third parties, are year 2000 compliant. In addition, we were not engaged to perform, nor did we perform as part of our audit engagement, any procedures to test whether the New Orleans Home Mortgage Authority's systems or any other systems are year 2000 compliant or whether the plans and activities of the New Orleans Home Mortgage Authority are sufficient to address and correct system or any other problems that might arise because of the year 2000, nor do we express any opinion or provide any assurances with respect to these matters.

However, during our audit, we made limited inquiries about the New Orleans Home Mortgage Authority's activities to address the year 2000 issue. We have not performed any procedures to test the accuracy or completeness of the responses to our inquiries, but we have included our observations resulting from those inquiries in the paragraph following. Our observations supplement the communications that were previously made to the Board of Commissioners and are appropriate as of the date of this letter. Because year 2000 activities are currently in process, we may have had additional observations had we made inquiries after the date of this letter. Accordingly, we encourage the management and Board of Trustees to continue its oversight of the New Orleans Home Mortgage Authority's year 2000 activities.

We discussed the Authority's Year 2000 activities with senior management. They informed us that they had made an inventory of their internal systems and service providers. They have determined that their internal systems are Year 2000 compliant. They have sent letters to the Authorities major third party service providers inquiring as to the service providers' Year 2000 activity.

This report is intended solely for the information and use of management, the Board of Trustees, and others within the organization.

Yours truly,

Deloitte & Touche LLP

Bruno & Tervalon

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

New Orleans Home Mortgage Authority

For the Year Ended March 31, 1998

Finding Title: Drug Free Workplace Act

Schedule Schedule of Prior Findings and Recommendations

Page Number 22

Reference Number #2

Program Name(s): Community Development Block Grant

CFDA Number(s): 14.218

Status of Finding: As we discussed, last year audit findings have been resolved. I have attached a copy of the New Orleans Home Mortgage Authority Drug Policy.

Should you have any further questions, please feel free to call me (504) 524-5533.

Preparer's Signature:

Phone Number: (504) 524-5533