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THE FINANCE AUTHORITY OF NEW ORLEANS

Independent Auditors' Reports on Audit of Financial Statements, Supplementary Information, Additional Information and Compliance and on Internal Control for the Year Ended March 31, 1999

THE FINANCE AUTHORITY OF NEW ORLEANS

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Deloitte & Touche LLP

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August 6, 1999

Mr. Mtumishi St. Julien, Executive Director
and Board of Trustees of
The Finance Authority of New Orleans
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 Finance Authority of New Orleans' financial statements for the year ending March 31, 1999, does not provide any assurances, nor do we express any opinion, that The Finance Authority of New Orleans' systems or any other systems, such as those of The Finance Authority of New Orleans' 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 Finance Authority of New Orleans' systems or any other systems are year 2000 compliant or whether the plans and activities of The Finance Authority of New Orleans 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 Finance Authority of New Orleans' 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 Finance Authority of New Orleans' year 2000 activities.

We discussed the Authority's Year 2000 activities with senior management who informed us of the following:

The Authority maintains computerized data of its accounting records and loan data, and supervises the servicing and trustee functions for each program. The Authority has committed less than $5,000 to be spent subsequent to March 31, 1999 in connection with the year 2000 issue. Prior to March 31, 1999, the Authority had completed the awareness, assessment and remediation stages of its year 2000 program with respect to its internal software and hardware. The Authority engaged an independent consultant to perform the validation testing phase and that consultant issued a report in May 1999 which reported that the Authority's internal financial and accounting software and hardware systems were considered substantially compliant or will be after installation of some standard Microsoft updates. The Authority had contacted many of its vendors and service providers as to their status but must rely on those vendors and service providers to complete their own year 2000 programs.

The Authority does not provide absolute assurance that it is or will become year 2000 compliant, that its year 2000 remediation efforts will be successful in whole or in part, or that parties with which it does business are or will become year 2000 compliant.

This report is intended solely for the information and use of the members of the Board of Trustees, management, and others within the Authority, and officials of the Louisiana Legislative Auditor's office and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

Bruno & Tervalon

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of the
The Finance Authority of New Orleans:

We have audited the accompanying financial statements of The Finance Authority of New Orleans ("Authority") as of March 31, 1999, 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, 1999, 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 additional information 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.

As discussed in Note 1 to the financial statements, the Authority changed its method of accounting for investments to conform with Statement of Governmental Accounting Standards Board No. 31 effective April 1, 1998.

The year 2000 supplementary information on page 31 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the Authority is or will become year 2000 compliant, that the Authority's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Authority does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 1999, 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 6, 1999

THE FINANCE AUTHORITY OF NEW ORLEANS

COMBINING BALANCE SHEETS - ALL FUNDS
MARCH 31, 1999 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1998) (IN THOUSANDS)

					Totals	
		NOHMA			(Memorandum Only)	
ASSETS	**Operating Fund**	**Development Corporation**	**Unrestricted Fund**	**Single Family**	**1999**	**1998**
Cash (Note 2)	$ 495	$ 166	$ 590	$ 2,032	$ 3,283	$ 2,870
Guaranteed investment contracts				60,492	60,492	60,998
U.S. Government and agency securities	152		4,018	63,265	67,435	59,381
Mortgage-backed securities (Notes 1 and 3)				133,458	133,458	116,530
Receivables:						
Mortgage loans (Note 4)		473	381	26,818	27,672	33,004
Accrued interest	2		62	2,075	2,139	2,301
Real estate owned and other (Note 4)	33		272	137	442	547
Loans, other	5		1,338		1,343	78
Total receivables	40	473	2,053	29,030	31,596	35,930
Less: Allowance for doubtful receivables (Note 4)		34	17	407	458	454
Receivables - Net	40	439	2,036	28,623	31,138	35,476
Prepaid expenses	15			24	39	55
Bond issuance costs and other deferred expenses, net of accumulated amortization				4,539	4,539	4,249
TOTAL ASSETS	$ 702	$ 605	$ 6,644	$ 292,433	$ 300,384	$ 279,559
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
Accrued interest and other	$ 7	$ -	$ -	$ 8,746	$ 8,753	$ 9,052
Restricted fund balance			1,480	1,030	2,510	450
Deferred revenue				2,000	2,000	2,518
Revenue bonds payable (Note 5)				263,910	263,910	256,652
Total	7		1,480	275,686	277,173	268,672
COMMITMENTS AND CONTINGENCIES						
FUND BALANCE	695	605	5,164	16,747	23,211	10,887
TOTAL LIABILITIES AND FUND BALANCE	$ 702	$ 605	$ 6,644	$ 292,433	$ 300,384	$ 279,559

See notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS

COMBINING BALANCE SHEETS - SINGLE FAMILY PROGRAM FUNDS
MARCH 31, 1999 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1998) (IN THOUSANDS)

	Single				
ASSETS	**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)	$ 81	$ 368	$ 5	$ -	$ -
Guaranteed investment contracts	333	-	1,733	1,504	1,140
U.S. Government and agency securities	-	331	-	-	
Mortgage-backed securities (Notes 1 and 3)			13,016	14,665	16,916
Receivables:					
Mortgage loans (Note 4)	3,119	-	-	-	-
Accrued interest	57	2	115	127	118
Other	3	-	-	-	-
Total receivables	3,179	2	115	127	118
Less: Allowance for doubtful receivables (Note 4)	-	-	-	-	-
Receivables - Net	3,179	2	115	127	118
Prepaid expenses	10		3	1	2
Bond issuance costs and other deferred expenses, net of accumulated amortization	98	-	238	363	321
TOTAL ASSETS	$ 3,701	$ 701	$ 15,110	$ 16,660	$ 18,497
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES:					
Accrued interest	$ 2,443	$ 22	$ 382	$ 390	$ 431
Restricted fund balance					
Deferred revenue			246	258	251
Revenue bonds payable (Note 5)	710	635	13,085	14,270	16,750
Total liabilities	3,153	657	13,713	14,918	17,432
COMMITMENTS AND CONTINGENCIES					
FUND BALANCE (DEFICIT)	548	44	1,397	1,742	1,065
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	$ 3,701	$ 701	$ 15,110	$ 16,660	$ 18,497

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
$ 428	$ -	$ 20	$ 500	$ 180	$ -	$ 77	$ 2
1,275	137		802	345	2,168	3,108	
590		54,826					
	8,958				26,156	27,582	
17,876			3,498	2,325			
168	96		68	70	181	190	
102			3	29			
18,146	96		3,569	2,424	181	190	
376			31				
17,770	96		3,538	2,424	181	190	
8							
878	233	564	125	124	84	425	
$ 20,949	$ 9,424	$ 55,410	$ 4,965	$ 3,073	$ 28,589	$ 31,382	$ 2
$ 818	$ 50	$ 681	$ 111	$ 906	$ 547	$ 580	$ -
						571	
	253				224	256	
14,310	8,710	51,486	4,005	1,524	27,760	29,895	
15,128	9,013	52,167	4,116	2,430	28,531	31,302	
5,821	411	3,243	849	643	58	80	2
$ 20,949	$ 9,424	$ 55,410	$ 4,965	$ 3,073	$ 28,589	$ 31,382	$ 2

(Continued)

THE FINANCE AUTHORITY OF NEW ORLEANS

COMBINING BALANCE SHEETS - SINGLE FAMILY PROGRAM FUNDS
MARCH 31, 1999 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1998) (IN THOUSANDS)

					Totals	
ASSETS	Series A,B&C of 1997	Refunding Series of 1998	Series A&B of 1998	Refunding Series of 1999	(Memorandum Only) 1999	1998
Cash (Note 2)	$ 309	$ -	$ 47	$ 15	$ 2,032	$ 1,484
Guaranteed investment contracts	20,662		27,285		60,492	60,998
U.S. Government and agency securities		6,322		1,196	63,265	55,306
Mortgage-backes securities (Notes 1 and 3)	23,036		3,129		133,458	116,530
Receivables:						
Mortgage loans (Note 4)					26,818	31,899
Accrued interest	213		670		2,075	2,238
Other					137	263
Total receivables	213		670		29,030	34,400
Less: Allowance for doubtful receivables (Note 4)					407	403
Receivables - Net	213		670		28,623	33,997
Prepaid expenses						30
Bond issuance costs and other deferred expenses, net of accumulated amortization					24	
	578		493	15	4,539	4,249
TOTAL ASSETS	$ 44,798	$ 6,322	$ 31,624	$ 1,226	$ 292,433	$ 272,594
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES:						
Accrued interest	$ 442	$ 84	$ 855	$ 4	$ 8,746	$ 9,044
Restricted fund balance	459				1,030	
Deferred revenue	251		261		2,000	2,518
Revenue bonds payable (Note 5)	43,025	6,280	30,275	1,190	263,910	256,652
Total liabilities	44,177	6,364	31,391	1,194	275,686	268,214
COMMITMENTS AND CONTINGENCIES						
FUND BALANCE (DEFICIT)	621	(42)	233	32	16,747	4,380
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	$ 44,798	$ 6,322	$ 31,624	$ 1,226	$ 292,433	$ 272,594

See notes to financial statements.

(Concluded)

THE FINANCE AUTHORITY OF NEW ORLEANS

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT) - ALL FUNDS YEAR ENDED MARCH 31, 1999 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1998) (IN THOUSANDS)

	Operating Fund	NOHMA Development Corporation	Unrestricted Fund	Single Family	Totals (Memorandum Only) 1999	Totals (Memorandum Only) 1998
REVENUES:						
Interest on mortgage loans and mortgage-backed securities	$ -	$ -	$ -	$ 12,535	$ 12,535	$ 11,827
Interest on other investments	27	3	280	7,429	7,739	8,274
Lender participation fees				133	133	94
Unrealized gain (loss) on:						
Mortgage-backed securities				(255)	(255)	
Other securities			13	8	21	
Other	64	25		164	253	196
Total revenues	91	28	293	20,014	20,426	20,391
EXPENSES:						
Interest on revenue bonds				16,894	16,894	17,514
Program expenses	646	3	58	322	1,029	1,090
Amortization of bond issuance and other costs				476	476	352
Total expenses	646	3	58	17,692	18,399	18,956
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM AND OPERATING TRANSFERS	(555)	25	235	2,322	2,027	1,435
EXTRAORDINARY ITEM - LOSS ON EARLY REPAYMENT OF BONDS (Note 5)						(1,387)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OPERATING TRANSFERS	(555)	25	235	2,322	2,027	48
OPERATING TRANSFERS IN (OUT)	615		(446)	(169)	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	60	25	(211)	2,153	2,027	48
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR:						
As previously reported	635	580	5,292	4,380	10,887	10,839
Restatement			83	10,214	10,297	
As currently reported	635	580	5,375	14,594	21,184	10,839
FUND BALANCE AT END OF YEAR	$ 695	$ 605	$ 5,164	$ 16,747	$ 23,211	$ 10,887

See notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT) - SINGLE FAMILY PROGRAM FUNDS YEAR ENDED MARCH 31, 1999 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1998) (IN THOUSANDS)

					Single
	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 mortgage-backed securities	$ 335	$	$ 1,228	$ 1,313	$ 1,394
Interest on other investments	77	34	51	26	10
Lender participation fees			14	22	19
Unrealized gain (loss) on:					
Mortgage-backed securities			(132)	(6)	(93)
Other securities					
Other					
Total revenues	412	34	1,161	1,355	1,330
EXPENSES:					
Interest on revenue bonds	415	44	1,200	1,232	1,365
Program expenses	34		12	11	8
Amortization of bond issuance costs	17	10	14	28	25
Total expenses	466	54	1,226	1,271	1,398
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM AND OPERATING TRANSFERS	(54)	(20)	(65)	84	(68)
EXTRAORDINARY ITEM - LOSS ON EARLY REPAYMENT OF BONDS (Note 5)					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OPERATING TRANSFERS	(54)	(20)	(65)	84	(68)
OPERATING TRANSFERS IN (OUT)				(4)	(5)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(54)	(20)	(65)	80	(73)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR:					
As previously reported	602	64	504	839	338
Restatement			958	823	800
As currently reported	602	64	1,462	1,662	1,138
FUND BALANCE (DEFICIT) AT END OF YEAR	$ 548	$ 44	$ 1,397	$ 1,742	$ 1,065

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
$ 2,480	$ 696	$ -	$ 345	$ 270	$ 1,783	$ 1,812	$ -
181	15	3,784	50	63	22	140	139
	10				20	20	
	61	370			263	112	
8							
						(33)	
2,669	782	4,154	395	333	2,088	2,051	139
1,455	613	3,507	224	233	1,653	1,704	111
92	12	14	27	19		7	47
60	9	60	69	12	9	45	26
1,607	634	3,581	320	264	1,662	1,756	184
1,062	148	573	75	69	426	295	(45)
1,062	148	573	75	69	426	295	(45)
(375)	(5)				(18)	(100)	
687	143	573	75	69	408	195	(45)
4,940	229	(5,825)	774	574	200	361	47
194	39	8,495			(550)	(476)	
5,134	268	2,670	774	574	(350)	(115)	47
$ 5,821	$ 411	$ 3,243	$ 849	$ 643	$ 58	$ 80	$ 2

(Continued)

THE FINANCE AUTHORITY OF NEW ORLEANS

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT) - SINGLE FAMILY PROGRAM FUNDS YEAR ENDED MARCH 31, 1999 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1998) (IN THOUSANDS)

	Series A,B&C of 1997	Refunding Series of 1998	Series A&B of 1998	Refunding Series of 1999	Totals (Memorandum Only) 1999	Totals (Memorandum Only) 1998
REVENUES:						
Interest on mortgage loans and mortgage-backed securities	$ 879	$ -	$ -	$ -	$ 12,535	$ 11,825
Interest on other investments	1,956	202	673	6	7,429	7,949
Lender participation fees	28				133	94
Unrealized gain (loss) on:						
Mortgage-backed securities	(707)		(123)		(255)	
Other securities					8	
Other	197		-		164	10
Total revenues	2,353	202	550	6	20,014	19,878
EXPENSES:						
Interest on revenue bonds	2,200	231	703	4	16,894	17,514
Program expenses	19	20			322	368
Amortization of bond issuance costs	43	23	25	1	476	352
Total expenses	2,262	274	728	5	17,692	18,234
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM AND OPERATING TRANSFERS	91	(72)	(178)	1	2,322	1,644
EXTRAORDINARY ITEM - LOSS ON EARLY REPAYMENT OF BONDS (Note 5)						(1,387)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OPERATING TRANSFERS	91	(72)	(178)	1	2,322	257
OPERATING TRANSFERS IN (OUT)	(104)		411	31	(169)	310
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(13)	(72)	233	32	2,153	567
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR:						
As previously reported	703	30			4,380	3,813
Restatement	(69)				10,214	
As currently reported	634	30			14,594	3,813
FUND BALANCE (DEFICIT) AT END OF YEAR	$ 621	$ (42)	$ 233	$ 32	$ 16,747	$ 4,380

See notes to financial statements.

(Concluded)

THE FINANCE AUTHORITY OF NEW ORLEANS

COMBINING STATEMENTS OF CASH FLOWS - ALL FUNDS
YEAR ENDED MARCH 31, 1999 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1998) (IN THOUSANDS)

	Operating Fund	NOHMA Development Corporation	Unrestricted Fund	Single Family	Totals (Memorandum Only) 1999	Totals (Memorandum Only) 1998
CASH FLOWS FROM OPERATING ACTIVITIES:						
Excess (deficiency) of revenues over expenses before operating transfers	$ (555)	$ 25	$ 235	$ 2,322	$ 2,027	$ 48
Adjustments to reconcile excess (deficiency) of revenues over expenses before operating transfers to net cash provided by operating activities:						
Unrealized (gain) loss on securities			(13)	247	234	-
Amortization of bond issuance and other costs				476	476	962
Interest and penalty on revenue bonds				16,894	16,894	18,291
Interest on investments	(27)	(3)	(280)	(7,429)	(7,739)	(8,274)
Other - net	10	24	(28)	76	82	567
Collections on mortgage loans and GNMA certificates				16,479	16,479	11,666
Purchases of mortgage loans and GNMA certificates				(27,107)	(27,107)	(29,977)
Net cash provided by (used in) operating activities	(572)	46	(86)	1,958	1,346	(6,717)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Proceeds from bond issuances				43,620	43,620	58,889
Bonds redeemed				(36,429)	(36,429)	(49,158)
Interest paid on revenue bonds				(17,157)	(17,157)	(19,011)
Payment of bond issuance costs				(533)	(533)	(791)
Interfund activities	615		(446)	(169)	-	-
Net cash provided by (used in) noncapital financing activities	615		(446)	(10,668)	(10,499)	(10,071)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Maturities (purchases) of investments, net	(127)		128	2,751	2,752	8,982
Interest received on investments	27		280	6,507	6,814	6,206
Net cash provided by (used in) investing activities	(100)		408	9,258	9,566	15,188
NET INCREASE (DECREASE) IN CASH	(57)	46	(124)	548	413	(1,600)
CASH, BEGINNING OF YEAR	552	120	714	1,484	2,870	4,470
CASH, END OF YEAR	$ 495	$ 166	$ 590	$ 2,032	$ 3,283	$ 2,870

See notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS

COMBINING STATEMENTS OF CASH FLOWS - SINGLE FAMILY PROGRAM FUNDS
YEAR ENDED MARCH 31, 1999 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1998)
(IN THOUSANDS)

					Single
	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	$ (54)	$ (20)	$ (65)	$ 84	$ (68)
Adjustments to reconcile excess (deficiency) of revenues over expenses before operating transfers to net cash provided by operating activities:					
Unrealized (gain) loss on securities			132	6	93
Amortization of bond issuance and other costs	17	10	14	28	25
Interest and penalty on revenue bonds	415	44	1,200	1,232	1,365
Interest on investments	(77)	(34)	(51)	(26)	(10)
Other - net	27		(122)	(9)	(5)
Collections on mortgage loans and GNMA certificates	479		2,914	1,975	2,160
Purchases of mortgage loans and GNMA certificates					
Net cash provided by (used in) operating activities	807		4,022	3,290	3,560

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
$ 1,062	$ 148	$ 573	$ 75	$ 69	$ 426	$ 295	$ (45)
(8)	(61)	(370)			(263)	(112)	
60	9	60	69	12	9	45	26
1,455	613	3,507	224	233	1,653	1,704	111
(181)	(15)	(3,784)	(50)	(63)	(22)	(140)	(139)
(580)	(50)		68	(26)	(24)	30	
3,693	874		921	706	1,407	1,200	
						(3,160)	
5,501	1,518	(14)	1,307	931	3,186	(138)	(47)

(Continued)

THE FINANCE AUTHORITY OF NEW ORLEANS

COMBINING STATEMENTS OF CASH FLOWS - SINGLE FAMILY PROGRAM FUNDS
YEAR ENDED MARCH 31, 1999 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1998)
(IN THOUSANDS)

	Series 1997 AB&C	Refunding Series of 1998	Series A&B of 1998	Refunding Series of 1999	Totals (Memorandum Only) 1999	Totals (Memorandum Only) 1998
CASH FLOWS FROM OPERATING ACTIVITIES:						
Excess (deficiency) of revenues over expenses before operating transfers	$ 91	$ (72)	$ (178)	$ 1	$ 2,322	$ 257
Adjustments to reconcile excess (deficiency) of revenues over expenses before operating transfers to net cash provided by operating activities:						
Unrealized (gain) loss on securities	707		123		247	
Amortization of bond issuance and other costs	43	23	25	1	476	962
Interest and penalty on revenue bonds	2,200	231	703	4	16,894	18,291
Interest on investments	(1,956)	(202)	(673)	(6)	(7,429)	(7,949)
Other - net	355		413	(1)	76	379
Collections on mortgage loans and GNMA certificates	150				16,479	11,635
Purchases of mortgage loans and GNMA certificates	(20,695)		(3,252)		(27,107)	(29,977)
Net cash provided by (used in) operating activities	(19,105)	(20)	(2,839)	(1)	1,958	(6,402)

(Continued)

THE FINANCE AUTHORITY OF NEW ORLEANS

COMBINING STATEMENTS OF CASH FLOWS - SINGLE FAMILY PROGRAM FUNDS
YEAR ENDED MARCH 31, 1999 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1998)
(IN THOUSANDS)

					Single
	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	(310)	(595)	(2,825)	(1,795)	(2,750)
Interest and penalty paid on revenue bonds	(926)	(65)	(1,152)	(1,281)	(1,436)
Payment of bond issuance costs, net					
Interfund activities				(4)	(5)
Net cash provided by (used in) noncapital financing activities	(1,236)	(660)	(3,977)	(3,080)	(4,191)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Maturities (purchases) of investments, net	388	415	(104)	(240)	595
Interest received on investments	78	245	57	30	36
Net cash provided by (used in) investing activities	466	660	(47)	(210)	631
NET INCREASE (DECREASE) IN CASH	37		(2)		
CASH, BEGINNING OF YEAR	44	368	7		
CASH, END OF YEAR	$ 81	$ 368	$ 5	$ -	$ -

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
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(4,075)	(965)	(2,870)	(1,450)	(1,080)	(360)		(4,655)
(1,231)	(616)	(3,451)	(396)	(434)	(1,658)	(1,694)	(127)
(375)	(5)				(18)	(100)	
(5,681)	(1,586)	(6,321)	(1,846)	(1,514)	(2,036)	(1,794)	(4,782)
423	53	3,903	541	466	(1,172)	1,860	4,691
183	15	2,435	60	103	22	131	139
606	68	6,338	601	569	(1,150)	1,991	4,830
426		3	62	(14)		59	1
2		17	438	194		18	1
$ 428	$ -	$ 20	$ 500	$ 180	$ -	$ 77	$ 2

(Continued)

THE FINANCE AUTHORITY OF NEW ORLEANS

COMBINING STATEMENTS OF CASH FLOWS - SINGLE FAMILY PROGRAM FUNDS
YEAR ENDED MARCH 31, 1999 (WITH COMPARATIVE TOTALS FOR MARCH 31, 1998)
(IN THOUSANDS)

	Series 1997 AB&C	Refunding Series of 1998	Series A&B of 1998	Refunding Series of 1999	Totals (Memorandum Only) 1999	Totals (Memorandum Only) 1998
CASH FLOWS FROM NONCAPITAL NONCAPITAL FINANCING ACTIVITIES:						
Proceeds from bond issuance	$ -	$ 12,155	$ 30,275	$ 1,190	$ 43,620	$ 58,889
Bonds redeemed	(5,749)	(6,950)			(36,429)	(49,158)
Interest and penalty paid on revenue bonds	(2,540)	(150)			(17,157)	(19,011)
Payment of bond issuance costs, net			(518)	(15)	(533)	(791)
Interfund activities	(104)		411	31	(169)	(251)
Net cash provided by (used in) noncapital financing activities	(8,393)	5,055	30,168	1,206	(10,668)	(10,322)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Maturities (purchases) of investments, net	24,952	(5,539)	(27,285)	(1,196)	2,751	8,946
Interest received on investments	2,762	202	3	6	6,507	5,900
Net cash provided by (used in) investing activities	27,714	(5,337)	(27,282)	(1,190)	9,258	14,846
NET INCREASE (DECREASE) IN CASH	216	(302)	47	15	548	(1,878)
CASH, BEGINNING OF YEAR	93	302			1,484	3,362
CASH, END OF YEAR	$ 309	$ -	$ 47	$ 15	$ 2,032	$ 1,484

See notes to financial statements.

(Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Finance Authority of New Orleans (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 changed its name from the New Orleans Home Mortgage Authority during the year ended March 31, 1999. 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. Bank One 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 and the Authority began issuing Pride and First Home Loans. Such loans aggregated approximately $850,000 at March 31, 1999.

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.

GASB Statement No. 31 - The Governmental Accounting Standards Board ("GASB") issued Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." GASB Statement (GASBS) No. 31 became effective for the Authority for years beginning after June 15, 1997 and was adopted by the Authority effective April 1, 1998. The cumulative effect of the adoption of the Statement as of April 1, 1998, net of related adjustments to the restricted fund balance, is shown in the statements of revenues, expenses and changes in fund balances (deficit) and is entitled "restatement." The Statement requires that most investments be recorded at fair value. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties and has generally been based upon quoted values. This method of accounting causes fluctuations in reported investment values based on fluctuations in the investment market. Fluctuations in the fair value of investments are recorded as income or expense in the statements of revenues, expenses and changes in fund balances. The Authority applies the provisions of the Statement to U.S. Government and agency and mortgage-backed securities. Following is a summary of the unrealized gains (losses) as reflected in the accompanying financial statements:

	Unrealized Gain (Loss)		
	Balance April 1, 1998	Change During the Year Ended March 31, 1999	Balance March 31, 1999
Unrestricted	$ 83	$ 13	$ 96
Series A of 1988	958	(132)	826
Series B-1 of 1988	823	(6)	817
Series C-1 of 1988	800	(93)	707
MRCMO of 1991	194	8	202
Series A of 1991	39	61	100
Refunding Series of 1992	8,495	370	8,865
Series A of 1995	(550)	263	(287)
Series A&B of 1996	(783)	112	(671)
Series A,B&C of 1997	(151)	(707)	(858)
Series A&B of 1998		(123)	(123)
	$ 9,908	$ (234)	$ 9,674

The sale of these investments by the Authority is subject to certain restrictions as described in the individual bond indentures.

In connection with the 1996, 1997 and 1998 programs, the Authority is receiving government grants which compensate the Authority for issuing loans, through mortgage-backed securities, to certain lower income borrowers at lower rates. A portion of these grants are considered the equivalent of "interest rate buydowns" and, therefore, are recorded as other income when the related mortgage-backed securities are purchased and recorded in the Authority's financial statements at current fair value. In connection with the adoption of GASB No. 31, the Authority has included $308,000 relating to the Series A&B of 1996 and $82,000 relating to the Series AB&C of 1997 of grant income as part of the restatement entry referred to above. The remaining portion of the grants are recorded as restricted fund balance.

At March 31, 1999, the Authority had approved $8,700,000 of loans which if ultimately funded will be converted into mortgage-backed securities and purchased by the Authority at par value. If these amounts had been included in mortgage-backed securities as of March 31, 1999, an unrealized loss of approximately $320,000, net of related grant income, would have been recorded.

Down Payment Assistant Programs - The cost of down payment programs are deferred and amortized over the lives of the related assets.

Deferred Revenue - Single family program master service and lender participation fees are deferred and recognized as revenue over the lives of the related mortgage-backed securities.

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 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 heading “Series A of 1992” result from restructuring transactions and are not comparable to the program operations data appearing in the other columns. 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.

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, 1999, 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 certain United States institutions and federal agencies, or
- Promissory notes of United States banks.

At March 31, 1999 the Authority's investments consisted of:

<u>Unrestricted Fund</u>

The investments held in the Unrestricted Fund at March 31, 1999, totaling approximately $4,018,000, consisted primarily of U.S. Treasury Notes and Agency obligations bearing interest from 5.50% to 7.875% through the year 2012.

Operating Fund

Investments held of the Operating Fund at March 31, 1999, totaling approximately $152,000, consisted of a U.S. Treasury Note.

Fund/Description	Carrying Amount (In thousands)
Single Family	
Series A of 1985:	
Investment agreement with Bank One, Dallas, Texas, 8% 11%, due 9-15-16	$ 333
Series A of 1987:	
Resolution Trust Corp. 0% coupon bonds due from 7-15-97 to 7-15-99	331
Series A of 1988:	
Investment agreement with AIG Financial Products Corp., 6.5%, due 12-1-21	1,733
Series B-1 of 1988:	
Investment agreement with AIG Financial Products Corp., 8%, due 12-1-21	1,504
Series C-1 of 1988:	
Investment agreement with Morgan Guaranty Trust Co., N.Y., 6.75%, due 12-1-22	1,140
MRCMO of 1991:	
Investment agreement with Berkshire Hathaway Inc., 6 - 6.7%, due 9-10-14	1,275
Federal National Mortgage Association, 0% debentures due 7-15-14	590
Total	1,865
Series A of 1991:	
Investment agreement with Postipanski, Ltd. 4.51% and 5.35%, due 9-1-93 and 9-1-23	137
Refunding Series of 1992:	
Resolution Trust Corp. 0% coupon bonds due from 7-15-99 to 1-15-11	54,826

Fund/Description	Carrying Amount (in thousands)
<u>Single Family</u> - Continued	
Series A of 1993:	
Investment agreement with Postipanski, Ltd., 4.25%, due 5-1-14	802
Series A of 1994:	
Investment agreement with Bank One, Dallas, Texas, 10.25%, due 4-1-26	345
Series A of 1995:	
Investment agreements with AIG Financial Products Corp. 5.75%, due 6-1-28	2,168
Series A&B of 1996:	
Investment agreement with Assured Investment Corp., 5.54 % due 3-1-98	1,109
Investment agreement with Societe General Corp., 6.6125%, due 12-1-29	1,999
Total	3,108
Series AB&C of 1997:	
Investment agreement with Transamerica, 5.085%, due 12-1-99	19,873
Investment agreement with CDC, 6.13%, due 12-1-30	789
	20,662
Refunding Series of 1998:	
U.S. Treasury Bills due 4-2-98	6,322
Series A&B of 1998:	
Investment agreement with Transamerica, 5.085%, due 3-1-00	26,964
Capital interest fund	321
	27,285
Refunding Series of 1999:	
Investment Agreement with CDC, 6.13% due 12-1-30	1,196
Total Single Family Investments	$ 123,757

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, 1999, were classified as a Category 1 credit risk.

3. MORTGAGE-BACKED SECURITIES (MODIFY)

The 1988 Series A, 1988 Series B-1, 1988 Series C-1, 1991 Series A bonds, Series A 1995, Series A&B of 1996, Series AB&C of 1997 and Series A&B of 1998 were issued to provide funds to purchase up to $30 million, $28 million, $26 million, $15 million, $29 million, $29 million, $28 million and $27 million, respectively, of mortgage loans which are 30 year fixed-rate mortgages bearing interest at 9%, 8.8%, 8.3%, 7.6%, 6.9%, to 7%, 5.5%, to 7.4%, 5.2% to 7.2% and 4.9% to 6.8%, 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. The securities are backed by the mortgage loans and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association or the National Federal Mortgage Corporation. Interest on the securities 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 2029.

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	10.95%

Certain of the loans held by the 1991 MRCMO Issue were purchased at a discount. The remaining unamortized discount amounted to approximately $2,693,000 at March 31, 1999 and $3,410,000 at March 31, 1998 and is being accreted into interest income on the interest method.

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, 1999 approximately $600,000 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 $376,000 as of March 31, 1999 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, 1999. 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, 1999 (in thousands):

Single Family	Issued	Interest Rate	Final Maturity Date	Outstanding March 31, 1998	Bonds Issued	Bonds Retired	Outstanding March 31, 1999
1985 Series A Issue:							
Compound interest serial bonds	$ 4,799	9.75-10.9%	9-15-07	401		310	$ 91
Compound interest term bonds	1,434	11%	9-15-16	619			619
Total	$ 6,233			1,020		310	710
1987 Series A Issue:							
Serial bonds	$ 5,450	5.5-7.0%	10-1-99	1,230		595	635
1988 Series A Issue:							
Serial bonds	4,360	6.0-7.9%	12-1-00	930		410	520
Term bonds	14,650	8.40%	12-1-14	5,705		2,415	3,290
Term bonds	10,990	8.60%	12-1-19	9,275			9,275
Total	$ 30,000			15,910		2,825	13,085
1988 Series B-1 Issue:							
Term bonds	$ 27,200	8.0-8.25%	12-1-21	16,065		1,795	14,270
1988 Series C-1 Issue:							
Term bonds	$ 26,000	7.55-7.75%	12-1-22	$ 19,500		$ 2,750	$ 16,750
1991 MRCMO:							
A-2	4,000	7.5%	3-15-06	3,774		3,774	
A-3	13,915	7.5%	9-15-09	13,915		301	13,614
A-4	800	7.5%	3-15-10	800			800
A-5	1,500	9.145%	9-15-14	1,500			1,500
Total	$ 20,215			19,989		4,075	15,914

(Continued)

	Issued	Interest Rate	Final Maturity Date	Outstanding March 31, 1998	Bonds Issued	Bonds Retired	Outstanding March 31, 1999
1991 Series A Issue:							
Serial bonds	$ 2,680	4.75-6.4%	9-1-04	1,170		235	935
Term bonds	12,520	6.25-6.8%	9-1-23	8,505		730	7,775
Total	$ 15,200			9,675		965	8,710
Refunding Series of 1992:							
Serial bonds	$ 11,350	5.0-6.0%	7-15-02	3,760		2,870	890
Term bonds	51,445	6.25%	1-15-11	51,445			51,445
Total	$ 62,795			55,205		2,870	52,335
1993 Series A Issue:							
Term bonds	$ 6,690	7.0%	5-1-14	5,175		1,450	3,725
Term bonds	80	7.0%	5-1-14	80			80
Total	$ 6,770			5,255		1,450	3,805
1994 Series A Issue:							
Term bonds	$ 3,143	9.32%	10-1-15	2,604		1,080	1,524
1995 Series A Issue:							
Serial bonds	5,935	4.2-5.5%	12-1-10	5,680		300	5,380
Term bonds	2,415	6.2%	6-1-15	2,400			2,400
Term bonds	5,000	6.25%	6-1-22	4,960			4,960
Term bonds	6,900	5.65%	6-1-26	6,365		60	6,305
Term bonds	8,750	6.3%	6-1-28	8,715			8,715
Total	$ 29,000			28,120		360	27,760
1996 Series A Issue:							
Serial bonds	$ 6,565	4.33-5.7%	12-1-10	$ 6,565			6,565
Term bonds	3,900	6%	12-1-31	3,900			3,900
Term bonds	9,860	6.1%	12-1-29	9,860			9,860
Term bonds	1,595	5.75%	12-1-16	1,595			1,595
	5,470	5.35%	12-1-20	5,470			5,470
Term bonds	2,505	5.9%	12-1-26	2,505			2,505
Total	$ 29,895			29,895			29,895
Refunding Series of 1997	$ 4,655	Variable		4,655		4,655	

(Continued)

	Issued	Interest Rate	Final Maturity Date	Outstanding March 31, 1998	Bonds Issued	Bonds Retired	Outstanding March 31, 1999
1997 A, B, & C Issue:							
Serial bonds	$ 4,134	4.2-5%	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		5,749	14,026
Total	$ 48,774			48,774		5,749	43,025
Refunding Series of 1998	$ 1,075	Variable		1,075	12,155	6,950	6,280
1998 Series A Issue:							
Serial bonds	$ 4,605	3.8-4.8%	12-1-12		4,605		4,605
Term bonds	960	4.9%	12-1-16		960		960
Term bonds	2,550	4.5%	6-1-21		2,550		2,550
Term bonds	6,570	5.2%	12-1-21		6,570		6,570
Term bonds	6,450	4.5%	6-1-30		6,450		6,450
Term bonds	6,470	5.25%	6-1-31		6,470		6,470
Term bonds	2,670	5.125%	12-1-31		2,670		2,670
Total	$ 30,275				30,275		30,275
Refunding Series of 1999	$ 1,190	Variable			1,190		1,190
Unamortized discount on 1991 MRCMO				(1,711)		(107)	(1,604)
Unamortized discount on Refunding Series of 1992				(939)		(90)	(849)
Unamortized premium on 1993 Series A bonds				330		130	200
Total				$ 256,652	$ 43,620	$ 36,362	$ 263,910

(Concluded)

Additional information pertaining to the foregoing bonds is as follows:

SINGLE FAMILY

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

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 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

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.

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 $6,280,000 of refunding bonds outstanding at March 31, 1999 with an interest rate which fluctuates monthly based on an index. These bonds are expected to be remarketed prior to March 31, 1998.

1998 Series A & B Issue

During 1999, the Authority issued $25,587,000 of Single Family Mortgage Revenue Bonds 1998 Series A&B and acquired $4,688,000 of Single Family Mortgage Revenue Bonds from the 1997 Refunding Series for a grand total of $30,275,000. 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 $285,000 to $400,000 beginning December 1, 2000 through December 1, 2012.

The term bonds require sinking fund redemptions to be made beginning December 1, 2011 and then June 1 and December 1 of each year from the year 2012 through 2031 in amounts ranging from $175,000 to $905,000. These bonds are subject to redemption at the option of the issuer on or after December 1, 2008 at a redemption price of 101% to 100% of principal plus accrued interest. These bonds are also subject to mandatory redemption under certain conditions.

Refunding Series 1999

The Authority has $1,190,000 of refunding bonds outstanding at March 31, 1999 with an interest rate which fluctuates based on an index.

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 $1,200,000 was received and $1,300,000 was expended on one contract in the year ended March 31, 1999. These expenditures included $1,100,000 of loans whose ownership is vested in the grantor and a $200,000 reimbursement of bond issuance costs in connection with the Series AB&C of 1997 issue. The $180,000 of cash and $1,300,000 discounted present value of these loans has been included in loans on the balance sheet of the Unrestricted funds. An equivalent amount of $1,480,000 has been included in other liabilities as of March 31, 1999 since these assets are not available to the Authority for its general use.

In addition to the above, the Authority has also received certain grants in connection with its 1996, 1997 and 1998 programs which are discussed in Note 1.

During the years ended March 31, 1999 and 1998, 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 Operating fund.

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SUPPLEMENTARY INFORMATION

THE FINANCE AUTHORITY OF NEW ORLEANS

YEAR 2000 SUPPLEMENTARY INFORMATION (UNAUDITED)
YEAR ENDED MARCH 31, 1999

The year 2000 issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond. For many years, programmers eliminated the first two digits from a year when writing programs. For example, programmers would designate January 1, 1965 as "01/01/65" instead of "01/01/1965." On January 1, 2000 at 12:00:01 a.m., the internal clock in computers and other equipment will roll over from "12/31/99" to "01/01/00." Unfortunately, many programs (if not corrected) will not be able to distinguish between the year 2000 and the year 1900. This may cause the programs to process data inaccurately or to stop processing data altogether. Another factor that may cause problems in programs is the leap-year calculation. Some programs are unable to detect the year 2000 as a leap year.

Problems affecting a wide range of governmental activities will likely result if computers and other electronic equipment that are dependent upon date-sensitive coding are not corrected. These problems have the potential for causing a disruption to some government operations and may temporarily increase the cost of those operations.

The Authority maintains computerized data of its accounting records and loan data, and supervises the servicing and trustee functions for each program. The Authority has committed less than $5,000 to be spent subsequent to March 31, 1999 in connection with the year 2000 issue. Prior to March 31, 1999, the Authority had completed the awareness, assessment and remediation stages of its year 2000 program with respect to its internal software and hardware. The Authority engaged an independent consultant to perform the validation testing phase and that consultant issued a report in May 1999 which reported that the Authority's internal financial and accounting software and hardware systems were considered substantially compliant or will be after installation of some standard Microsoft updates. The Authority had contacted many of its vendors and service providers as to their status but must rely on those vendors and service providers to complete their own year 2000 programs.

The Authority does not provide absolute assurance that it is or will become year 2000 compliant, that its year 2000 remediation efforts will be successful in whole or in part, or that parties with which it does business are or will become year 2000 compliant.

ADDITIONAL INFORMATION

THE FINANCE AUTHORITY OF NEW ORLEANS

SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENSES - OPERATING FUND
YEAR ENDED MARCH 31, 1999

Salaries	$309,978
Payroll taxes	23,940
Health insurance	20,276
Worker's compensation	1,684
Fidelity insurance	932
Telephone	16,473
Accounting and auditing	51,400
Accounting software and supplies	1,072
Advertising	2,183
Auto allowance	6,300
Postage and freight	2,908
Cleaning	7,179
Office supplies	6,305
Printing and reproduction	3,504
Utilities	8,315
Breakroom supplies	2,407
Dues, subscriptions and books	2,790
Travel and entertainment	7,409
Depreciation	11,127
Miscellaneous	60,372
Building insurance	5,880
Conferences	2,055
Temporary labor	11,164
Repairs	3,125
Mapping program	13,995
Retreat	100
Continuing education and travel	4,675
Per diem and expense reimbursements	17,697
Board meeting expense	799
Strategic planning	4,983
Other professional fees	21,050
Pension	13,942
TOTAL	$ 646,019

THE FINANCE AUTHORITY OF NEW ORLEANS

SUPPLEMENTAL SCHEDULE OF COMPENSATION PAID TO MEMBERS OF THE BOARD OF TRUSTEES
YEAR ENDED MARCH 31, 1999

G. Wade Wootan	$ 2,350
Charles H. Brown	2,450
Gary M. Clark	2,450
Crispus S. Gordon, Jr.	1,000
Terri Kelly-James	1,400
Kern A. Reese	2,050
Guy T. Williams	2,000
	1,200
TOTAL	$ 14,900

Deloitte & Touche LLP

Bruno & Tervalon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees of the
The Finance Authority of New Orleans:

We have audited the financial statements of The Finance Authority of New Orleans (the "Authority") as of and for the year ended March 31, 1999, and have issued our report thereon dated August 6, 1999. 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.

This report is intended solely for the information and use of the members of the Board of Trustees, management, and others within the Authority, and officials of the Louisiana Legislative Auditor's office and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP   Bruno & Tervalon

August 6, 1999