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NEW ORLEANS REDEVELOPMENT AUTHORITY

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Release Date JUL 19 2000

FINANCIAL AND COMPLIANCE AUDIT

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 1999

Bruno
& Tervalon

CERTIFIED PUBLIC ACCOUNTANTS

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FOR THE YEAR ENDED DECEMBER 31, 1999:**

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& Tervalon

MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements as listed in the Table of Contents of the **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 1999. These general purpose financial statements are the responsibility of **NORA's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements as listed in the Table of Contents present fairly, in all material respects, the financial position of the **New Orleans Redevelopment Authority** as of December 31, 1999 and the results of its operations and cashflows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

In accordance with Government Auditing Standards, we have also issued a report dated June 16, 2000 on our consideration of NORA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations contracts and grants.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 16, 2000

NEW ORLEANS REDEVELOPMENT AUTHORITY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1999
 (WITH COMPARATIVE TOTALS FOR 1998)

	<u>GOVERNMENTAL FUND TYPES</u>		<u>PROPRIETARY FUND</u>		<u>ACCOUNT GROUPS</u>			<u>Totals</u>	
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Fund</u>	<u>General Fixed Assets</u>	<u>Long-Term Obligations</u>	<u>1999</u>	<u>(Memorandum Only)</u>	<u>1998</u>	
<u>ASSETS AND OTHER DEBIT</u>									
Cash and temporary cash investments (NOTES 4 and 9)	\$ 837,273	\$ 393,182	\$ 131,567	\$ -0-	\$ -0-	\$ 1,362,022	\$ 1,084,946		
Amounts receivable	-0-	104,064	2,422	-0-	-0-	106,486	287,695		
Amounts receivable-HUD	-0-	-0-	72,915	-0-	-0-	72,915	68,222		
Accrued interest receivable	-0-	-0-	13	-0-	-0-	13	13		
Note receivable (net of allowance for uncollectible of \$49,000)	-0-	-0-	-0-	-0-	-0-	-0-	49,000		
Advance	40,000	-0-	-0-	-0-	-0-	40,000	40,000		
Prepaid assets	-0-	24,960	-0-	-0-	-0-	24,960	-0-		
Grants receivable (NOTE 8)	-0-	104,754	2,642	-0-	-0-	107,396	280,711		
Due from other funds, net (NOTE 7)	893,775	1,276,091	1,543,337	-0-	-0-	3,713,203	6,232,665		
Land and equipment (NOTE 5)	-0-	-0-	-0-	46,617	-0-	46,617	79,128		
Amounts to be provided for retirement of obligations (NOTE 16)	-0-	-0-	-0-	-0-	23,540	23,540	22,831		
Total assets and other debit	<u>\$ 1,771,048</u>	<u>\$ 1,903,051</u>	<u>\$ 1,752,896</u>	<u>\$ 46,617</u>	<u>\$ 23,540</u>	<u>\$ 5,497,152</u>	<u>\$ 8,145,211</u>		
<u>LIABILITIES AND FUND EQUITY AND BALANCES</u>									
Liabilities:									
Amounts and other payable	\$ 218,240	\$ 75,628	\$ 15,909	\$ -0-	\$ -0-	\$ 309,777	\$ 580,829		
Advances--City of New Orleans	9,783	-0-	-0-	-0-	-0-	9,783	9,783		
Due to other funds (NOTE 7)	1,321,875	1,253,147	1,138,181	-0-	-0-	3,713,203	6,232,665		
Due to City of New Orleans	133,965	136,638	-0-	-0-	-0-	270,603	423,627		
Amounts payable-HUD	-0-	-0-	590,834	-0-	-0-	590,834	470,269		
Deferred revenue	-0-	245,564	-0-	-0-	-0-	245,564	62,510		
Compensated absences payable (NOTE 16)	-0-	-0-	-0-	-0-	23,540	23,540	22,831		
Total liabilities	<u>\$ 1,683,863</u>	<u>\$ 1,710,977</u>	<u>\$ 1,744,924</u>	<u>\$ -0-</u>	<u>\$ 23,540</u>	<u>\$ 5,163,304</u>	<u>\$ 7,802,514</u>		

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 (CONTINUED)
 DECEMBER 31, 1999
 (WITH COMPARATIVE TOTALS FOR 1998)

	<u>GOVERNMENTAL FUND TYPES</u>		<u>PROPRIETARY FUND</u>		<u>ACCOUNT GROUPS</u>		Totals
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Fund</u>	<u>General Fixed Assets</u>	<u>Long-Term Obligations</u>	<u>(Memorandum Only)</u>	<u>1999</u> <u>1998</u>
<u>FUND EQUITY AND BALANCES</u>							
<u>Fund equity</u>							
Investment in general fixed assets	\$ -0-	\$ -0-	\$ -0-	\$ 46,617	\$ -0-	\$ 46,617	\$ 79,128
Retained earnings	<u>-0-</u>	<u>-0-</u>	<u>7,972</u>	<u>-0-</u>	<u>-0-</u>	<u>7,972</u>	<u>18,811</u>
Total fund equity	<u>-0-</u>	<u>-0-</u>	<u>7,972</u>	<u>46,617</u>	<u>-0-</u>	<u>54,589</u>	<u>97,939</u>
<u>Fund balances</u>							
Unreserved	74,475	-0-	-0-	-0-	-0-	74,475	40,441
Reserved (NOTES 6 and 9)	<u>12,710</u>	<u>192,074</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>204,784</u>	<u>204,317</u>
Total fund balances	<u>87,185</u>	<u>192,074</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>279,259</u>	<u>244,758</u>
Total fund equity and balances	<u>87,185</u>	<u>192,074</u>	<u>7,972</u>	<u>46,617</u>	<u>-0-</u>	<u>333,848</u>	<u>342,697</u>
Total liabilities and fund equity and balances	<u>\$1,771,048</u>	<u>\$1,903,051</u>	<u>\$1,752,896</u>	<u>\$46,617</u>	<u>\$23,540</u>	<u>\$5,497,152</u>	<u>\$8,145,211</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND
 CHANGES IN FUND BALANCES/EQUITY
 GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (WITH COMPARATIVE TOTALS FOR 1998)

	GOVERNMENTAL FUND TYPES			ACCOUNT GROUPS			Totals
General Fund	Special Revenue Funds	General Fixed Assets	General Long-Term Obligations	1999	(Memorandum Only) 1998		
<u>REVENUES</u>							
Grants and subsidies	\$ -0-	\$528,206	\$-0-	\$-0-	\$528,206	\$391,599	
Interest income	11,442	467	-0-	-0-	11,909	4,987	
Other income	<u>22,592</u>	<u>29,767</u>	<u>-0-</u>	<u>-0-</u>	<u>52,359</u>	<u>-0-</u>	
Total revenues	<u>34,034</u>	<u>558,440</u>	<u>-0-</u>	<u>-0-</u>	<u>592,474</u>	<u>396,586</u>	
<u>EXPENDITURES</u>							
Salaries and employee benefits	-0-	191,027	-0-	-0-	191,027	104,577	
Repairs and maintenance	-0-	1,508	-0-	-0-	1,508	-0-	
Contractual services	-0-	314,737	-0-	-0-	314,737	277,608	
Equipment and supplies	<u>-0-</u>	<u>35,703</u>	<u>-0-</u>	<u>-0-</u>	<u>35,703</u>	<u>2,904</u>	
Page Total	<u>-0-</u>	<u>542,975</u>	<u>-0-</u>	<u>-0-</u>	<u>542,975</u>	<u>385,089</u>	

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCES/EQUITY
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 1999
(WITH COMPARATIVE TOTALS FOR 1998)

	<u>GOVERNMENTAL FUND TYPES</u>		<u>ACCOUNT GROUPS</u>			Totals <u>(Memorandum Only)</u> 1999 1998
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>(Memorandum Only)</u>	
EXPENDITURES, CONTINUED						
Convention and travel	\$ -0-	\$ 3,356	\$-0-	\$-0-	\$ 3,356	\$ 4,256
Automobile expenses	-0-	5,029	-0-	-0-	5,029	-0-
Postage and printing	-0-	2,084	-0-	-0-	2,084	682
Other expenditures	-0-	-0-	-0-	-0-	-0-	1,586
General	<u>-0-</u>	<u>4,529</u>	<u>-0-</u>	<u>-0-</u>	<u>4,529</u>	<u>-0-</u>
Total expenditures	<u>-0-</u>	<u>557,973</u>	<u>-0-</u>	<u>-0-</u>	<u>557,973</u>	<u>391,613</u>
Excess of revenues over expenditures	<u>34,034</u>	<u>467</u>	<u>-0-</u>	<u>-0-</u>	<u>34,501</u>	<u>4,973</u>
Fund balances/equity, beginning of year	<u>53,151</u>	<u>191,607</u>	<u>-0-</u>	<u>-0-</u>	<u>244,758</u>	<u>239,785</u>
Fund balances/equity, end of year	<u>\$87,185</u>	<u>\$192,074</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$279,259</u>	<u>\$244,758</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS (DEFICIT)--PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999
(With Comparative Totals for 1998)

	<u>1999</u>	<u>1998</u>
Revenues:		
Grants and subsidies	\$857,204	\$4,286,299
Interest income	4,297	6,356
Other income	<u>343</u>	<u>-0-</u>
Total revenues	<u>861,844</u>	<u>4,292,655</u>
Expenses:		
Salaries and employee benefits	23,207	234,999
Repairs and maintenance	36	156
Contractual services	49,705	66,985
Equipment and supplies	918	6,482
Housing assistance payments	808,588	3,937,761
Convention and travel	851	1,734
Postage and printing	110	3,792
Other expenditures	-0-	4,571
General	<u>1,721</u>	<u>-0-</u>
Total expenses	<u>885,136</u>	<u>4,256,480</u>
Net income (loss)	<u>(23,292)</u>	<u>36,175</u>
Retained earnings (deficit), beginning of year	18,811	(7,023)
Adjustment to beginning, retained earnings (deficit)	<u>12,453</u>	<u>(10,341)</u>
Beginning retained earnings (deficit) as restated	<u>31,264</u>	<u>(17,364)</u>
Retained earnings, end of year	<u>\$ 7,972</u>	<u>\$ 18,811</u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF CASHFLOWS-PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999
(With Comparative Totals for 1998)

	<u>1999</u>	<u>1998</u>
Net income (loss)	\$ <u>(23,292)</u>	\$ <u>36,175</u>
Adjustments to reconcile net income (loss) to net cash provided by (used) in operating activities:		
Decrease in amounts receivable	62,628	232,500
(Increase) decrease in grants receivable	19,946	(22,588)
(Increase) in accrued interest receivable	-0-	(13)
Decrease in interfund receivable	2,127,618	(1,679,095)
(Decrease) in amounts and other payables	(91,907)	(157,434)
Increase (decrease) in interfund payable	<u>(2,446,190)</u>	<u>1,986,700</u>
Total adjustments	<u>(327,905)</u>	<u>360,070</u>
Net cash provided by (used) in operating activities	(351,197)	396,245
Cash and temporary cash investments, beginning of year	<u>482,764</u>	<u>86,519</u>
Cash and temporary cash investments, end of year	\$ <u><u>131,567</u></u>	\$ <u><u>482,764</u></u>
Interest paid during 1999	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1 - Background and General Data:

Background

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

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

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

NOTE 1 - Background and General Data, Continued:

General

As of December 31, 1999, **NORA** was primarily engaged in the following programs:

- Blighted Property Removal Program
- Shelter Plus Care Program

New Orleans Redevelopment Authority provides housing assistance payments on behalf of eligible families leasing safe, decent, and sanitary units from the owners of the property. In addition, **NORA** provides technical assistance under a contract with the City of New Orleans to provide rehabilitation and/or demolition and removal of building and other improvements whose physical conditions render them detrimental to the safety and welfare of the public at large.

The Housing Assistance Payment Contract (Southwood Patio Homes) was originally entered into between the Housing Authority of New Orleans (HANO) and HUD in March 1983; however, effective May 1992, HANO transferred the administration of the contract to **NORA**. The general purpose financial statements reflect only the activities undertaken by **NORA**, effective on the date of the transfer of the Southwood Patio Homes Contract. Effective *October 1, 1999, the Administration of the Southwood Patio Homes contract* has been transferred back to HANO.

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

NOTE 1 - Background and General Data, Continued:

General, Continued

A brief description of each program follows:

- Blighted Property Removal Program

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

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

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

- Housing Assistance Payment Program - Southwood Patio

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

- Shelter Plus Care Program

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

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

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

NOTE 2 - Summary of Significant Accounting Policies:

Financial Statement Presentation

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

Financial Reporting Entity

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

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

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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued

Estimates

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

Basis of Presentation

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

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

Governmental Funds

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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued

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

Proprietary Fund - Proprietary fund is accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **NORA** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **NORA's** fund include the following type:

Enterprise Fund - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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

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

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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued

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

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

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

Fund Accounting

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

- o General Fund - The General Fund is used to account for all financial resources that are not required to be accounted for in another fund. These funds are used to pay the costs of certain expenditures that are not budgeted for in other programs and/or funds.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued

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

Statement of Cashflows

For purposes of the statement of cashflows, the proprietary fund type considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash equivalents.

Note Receivable

Note receivable are stated at net realizable value as required by generally accepted accounting principles. At December 31, 1999, the allowance for uncollectible accounts was \$49,000.

Land and Equipment

Land and equipment are recorded at cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period. In addition, costs associated with certain property acquired with CDBG funds received from the City of New Orleans are reflected as program costs to the respective programs. The property inventory is accounted for by the City of New Orleans.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued

Land and Equipment, Continued

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not included in the general fixed assets account group or capitalized in the proprietary fund. Equipment in the proprietary fund of **NORA** is recorded at cost.

Equipment is depreciated in the proprietary and general fixed assets account group funds of **NORA** using the straight-line method over a five (5) year estimated useful life. At December 31, 1999 equipment is fully depreciated.

Compensated Absences

NORA follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

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

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

NOTE 2 - Summary of Significant Accounting Policies, Continued

Budgetary Data

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

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

Total Columns on Combined Statements

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

NOTE 3 - Post-retirement Benefits:

NORA provides certain continuing health care and life insurance benefits for its retired employees as provided by LSA-R.A. 17:1223. Substantially all of **NORA**'s employees become eligible for these benefits if they reach normal retirement age while working for **NORA**. These benefits for retirees and similar benefits for active employees are provided through a private insurer, whose monthly premiums are paid jointly by the employee and **NORA**. **NORA** recognizes the cost of providing these benefits (**NORA**'s portion of premiums) as an expenditure when the monthly healthcare benefit premiums are due. In 1999, **NORA**'s portion of healthcare benefit premiums totalled \$-0-.

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

NOTE 4 - Cash and Temporary Cash Investments:

At December 31, 1999, **NORA's** cash balances totaled \$1,362,022. These deposits and financial instruments are stated at cost, which approximates market.

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

At December 31, 1999, the carrying amount of **NORA's** deposits was \$1,362,022 and the cumulative bank balance was \$1,510,856. The bank balances are covered by federal depository insurance and collateral held by the pledging institutions' agent in **NORA's** name.

Cash and the temporary cash investments are categorized as Category 2.

Category 2 represents cash insured or collateralized with securities held by the pledging financial institution's trust department or agent in **NORA's** name.

NOTE 5 - Land and Equipment:

As of December 31, 1999, land and equipment consisted of the following:

	<u>Balance January 1, 1999</u>	<u>Additions</u>	<u>Retirement</u>	<u>Other</u>	<u>Balance December 31, 1999</u>
Land	\$42,217	\$ -0-	\$-0-	\$ -0-	\$ 42,217
Equipment	<u>36,911</u>	<u>5,500</u>	<u>-0-</u>	<u>(10,456)</u>	<u>31,955</u>
	<u>\$79,128</u>	<u>\$5,500</u>	<u>\$-0-</u>	<u>\$(10,456)</u>	<u>74,172</u>
Less accumulated depreciation					<u>(27,555)</u>
Total					<u>\$ 46,617</u>

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

NOTE 6 - Reserved Fund Balance:

The reserved fund balance represents residual funds from completed projects. The fund primarily consists of deposits on land for Project A-2; retainage for contract work; relocation funds and annual leave accrued for employees under the Comprehensive Employment Training Act. At December 31, 1999, no final determination has been made regarding the disposition of the funds. Also, see Note 9.

NOTE 7 - Due To/From Other Funds:

As of December 31, 1999, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 893,775	\$1,321,875
HUD Annual Contribution		
Contracts Fund	1,536,481	1,084,586
Blighted Properties/ Administrative Fund/NHIF	880,742	1,032,267
Community Development Rehabilitation Program Fund	193,800	159,217
Land Acquisition and Development Funds	182,328	34,882
Shelter Plus Care Program	6,856	53,595
Desire Square Fund	<u>19,221</u>	<u>26,781</u>
Total	<u>\$3,713,203</u>	<u>\$3,713,203</u>

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

NOTE 8 - Grants Receivable:

At December 31, 1999 grants receivable consist of amounts due from the City of New Orleans to reimburse **NORA** for cost incurred on behalf of the Blighted Properties/Removal and Shelter Plus Care programs.

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

The Board of Commissioners of **NORA** restricted the use of cash proceeds received from the sale of property accounted for in the Housing Development Coordination and Production Fund. The use of the funds is limited to the purchase of additional properties to be sold to qualified purchasers. At December 31, 1999 the amount of cash restricted was \$192,074. Also, see Note 6.

NOTE 10 - Leases:

NORA leased vehicles and equipment under operating leases. Total cost of such leases was \$12,297 for the year ended December 31, 1999. The future minimum lease payments for leases are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2000	\$23,647
2001	23,647
2002	23,499
2003	9,162
2004 and thereafter	<u>7,446</u>
	<u>\$87,401</u>

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

NOTE 11 - Retirement System:

Plan Description

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

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

Plan Funding

Funding for the system comes from these sources: employee's contribution which is currently 7.5% of earned compensation, employers contribution which is currently 12.10%, and earnings from investments. For the year ended December 31, 1999, **NORA's** pension cost was \$20,283.

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

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

Most recent historical trend information showing the plans progress in accumulating sufficient assets to pay benefits when due is presented in the plan's annual financial report. This report is subject to an audit by independent auditors who issue separate reports thereon.

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

NOTE 11 - Retirement System, Continued:

The following summarizes such:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
1997	\$214,971,990	97.3	\$ 1,922,284
1998	221,250,489	105.2	(9,670,401)
1999	228,233,262	101.2	(12,480,844)

NOTE 12 - Risk Management

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

NOTE 13 - Deficits:

The Annual Contribution Contracts FW 2147 Projects 001, and 002 have deficits at December 31, 1999 totalling \$171,278. On January 1, 1999 except for Southwood Patio Homes which was transferred on October 1, 1999, all of the Section 8 programs were transferred to the Housing Authority of New Orleans.

NOTE 14 - Concentration of Credit Risk:

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

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

NOTE 15 - Contingencies:

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

NOTE 16 - Changes in General Long-Term Obligations:

Changes in compensated absences during the year ended December 31, 1999 is as follows:

	<u>January 1, 1999</u>	<u>Net Additions</u>	<u>December 31, 1999</u>
Compensated absences	<u>\$22,831</u>	<u>\$709</u>	<u>\$23,540</u>

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

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

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

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

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

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 16, 2000

EXHIBIT A

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET--GENERAL FUND
DECEMBER 31, 1999
(WITH COMPARATIVE TOTALS FOR 1998)

	<u>General</u> <u>Fund</u>	<u>Revolving</u> <u>Fund</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
			<u>1999</u>	<u>1998</u>
<u>ASSETS</u>				
Cash and temporary cash investments	\$ -0-	\$ 837,273	\$ 837,273	\$ 398,789
Amounts receivable	-0-	-0-	-0-	110,687
Advance	40,000	-0-	40,000	40,000
Due from other funds	<u>86,406</u>	<u>807,369</u>	<u>893,775</u>	<u>656,527</u>
 Total assets	 <u>\$126,406</u>	 <u>\$1,644,642</u>	 <u>\$1,771,048</u>	 <u>\$1,206,003</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Amounts payable	\$ -0-	\$ 218,240	\$ 218,240	\$ 164,606
Advances-				
City of New Orleans	9,783	-0-	9,783	9,783
Due to other funds	29,438	1,292,437	1,321,875	733,811
Due to City of New Orleans	<u>-0-</u>	<u>133,965</u>	<u>133,965</u>	<u>244,652</u>
 Total liabilities	 <u>39,221</u>	 <u>1,644,642</u>	 <u>1,683,863</u>	 <u>1,152,852</u>
<u>Fund balances</u>				
Unreserved	74,475	-0-	74,475	40,441
Reserved	<u>12,710</u>	<u>-0-</u>	<u>12,710</u>	<u>12,710</u>
 Total fund balances	 <u>87,185</u>	 <u>-0-</u>	 <u>87,185</u>	 <u>53,151</u>
 Total liabilities and fund balances	 <u>\$126,406</u>	 <u>\$1,644,642</u>	 <u>\$1,771,048</u>	 <u>\$1,206,003</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE--GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999
(WITH COMPARATIVE TOTALS FOR 1998)

	General Fund	Revolving Fund	Totals (Memorandum Only)	
			1999	1998
<u>Operating Revenue</u>				
Interest income	\$11,442	\$ -0-	\$11,442	\$ -0-
Other income	<u>22,592</u>	<u>-0-</u>	<u>22,592</u>	<u>-0-</u>
Total revenue	<u>34,034</u>	<u>-0-</u>	<u>34,034</u>	<u>-0-</u>
<u>Expenditures</u>				
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of revenue over expenditures	34,034	-0-	34,034	-0-
Fund balance, beginning of year	<u>53,151</u>	<u>-0-</u>	<u>53,151</u>	<u>53,151</u>
Fund balance, end of year	<u>\$87,185</u>	<u>\$ -0-</u>	<u>\$87,185</u>	<u>\$53,151</u>

See Independent Auditors' Report on Supplementary Information.

EXHIBIT C

**NEW ORLEANS REDEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE--GENERAL FUND--
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Operating Revenues</u>			
Grants and subsidies	\$ -0-	\$ -0-	\$ -0-
Interest income	-0-	11,442	11,442
Other income	<u>-0-</u>	<u>22,592</u>	<u>22,592</u>
Total revenues	<u>-0-</u>	<u>34,034</u>	<u>34,034</u>
<u>Expenditures</u>			
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of revenues over expenditures	\$ <u><u>-0-</u></u>	34,034	\$ <u><u>34,034</u></u>
Fund balance, beginning of year		<u>53,151</u>	
Fund balance, end of year		<u>\$87,185</u>	

See Independent Auditors' Report and Supplemental Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
 COMBINING BALANCE SHEET--SPECIAL REVENUE FUNDS
 DECEMBER 31, 1999
 (WITH COMPARATIVE TOTALS FOR 1998)

DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT
 LAND ACQUISITION AND DEVELOPMENT

ASSETS	COMMUNITY DEVELOPMENT REHABILITATION				Desire Square Fund	Housing Development Coordination and Production Fund	Totals (Memorandum Only) 1999	1998
	Eighth Program Year	Ninth Program Year	Tenth Program Year	Eleventh Program Year				
Blighted Properties Administrative/NHIF Funds								
Cash and temporary cash investments	\$ 385,540	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 7,642	\$ 393,182	\$ 203,393
Amounts receivable, net	49,384	-0-	-0-	-0-	7,560	47,120	104,064	107,265
Note receivable, net	-0-	-0-	-0-	-0-	-0-	-0-	-0-	49,000
Grants receivable	104,754	-0-	-0-	-0-	-0-	-0-	104,754	258,123
Prepaid assets	24,960	-0-	-0-	-0-	-0-	-0-	24,960	-0-
Due from other funds	880,742	2,015	42,426	43,517	19,221	182,328	1,276,091	1,917,636
Total assets	\$1,445,380	\$2,015	\$42,426	\$43,517	\$26,781	\$237,090	\$1,903,051	\$2,535,417

LIABILITIES AND FUND BALANCE

Liabilities:								
Amounts and other payable	\$ 75,628	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 75,628	\$ 187,842
Due to other funds	1,032,267	765	34,569	43,517	41,080	34,882	1,253,147	1,914,483
Due to City of New Orleans	91,921	1,250	7,857	-0-	14,586	10,134	136,638	178,975
Deferred revenue	245,564	-0-	-0-	-0-	-0-	-0-	245,564	62,510
Total liabilities	1,445,380	2,015	42,426	43,517	55,666	45,016	1,710,977	2,343,810
Fund Balance Reserved	-0-	-0-	-0-	-0-	-0-	192,074	192,074	191,607
Total fund balance	-0-	-0-	-0-	-0-	-0-	192,074	192,074	191,607
Total liabilities and fund balance	\$1,445,380	\$2,015	\$42,426	\$43,517	\$26,781	\$237,090	\$1,903,051	\$2,535,417

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (WITH COMPARATIVE TOTALS FOR 1998)

		DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT												Totals						
		LAND ACQUISITION AND DEVELOPMENT												(Memorandum Only)						
		COMMUNITY DEVELOPMENT REHABILITATION																		
Blighted Properties Administrative/NHIF Funds		Eighth Program Year			Ninth Program Year			Tenth Program Year			Eleventh Program Year			Twelfth Program Year			Desire Square Fund	Housing Development Coordination and Production Fund	1999	1998
		\$	-0-	-0-	\$	-0-	-0-	\$	-0-	-0-	\$	-0-	-0-	\$	-0-	-0-				
Revenues																				
Grants	\$528,206	\$	-0-	-0-	\$	-0-	-0-	\$	-0-	-0-	\$	-0-	-0-	\$	-0-	-0-	\$	-0-	\$391,599	\$391,599
Interest income	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	467	4,987
Other income	29,767	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	29,767	-0-
Total revenues	557,973	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	558,440	396,586
Expenditures																				
Salaries and employee benefits	191,027	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	191,027	104,577
Repairs and maintenance	1,508	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,508	-0-
Contractual services	314,737	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	314,737	277,608
Equipment and supplies	55,703	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	55,703	2,904
Convention and travel	3,356	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,356	4,256
Automobile expenses	5,029	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,029	-0-
Postage and printing	2,084	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,084	682
Other expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,586
General	4,529	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,529	-0-
Total expenditures	557,973	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	557,973	391,613
Excess (deficiency) of revenues over expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	467	4,973
Fund balance, beginning of year	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	191,607	186,634
Fund balance, end of year	\$ -0-	\$	-0-	-0-	\$	-0-	-0-	\$	-0-	-0-	\$	-0-	-0-	\$	-0-	-0-	\$	-0-	\$192,074	\$191,607

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE
BLIGHTED PROPERTIES ADMINISTRATIVE FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Revenues</u>			
Grants	\$400,000	\$405,535	\$ 5,535
Other income	<u>29,767</u>	<u>29,767</u>	<u>-0-</u>
Total revenues	<u>429,767</u>	<u>435,302</u>	<u>5,535</u>
<u>Expenditures</u>			
Salaries and employee benefits	184,954	188,769	(3,815)
Repairs and maintenance	1,500	1,500	-0-
Contractual services	206,125	209,485	(3,360)
Equipment and supplies	26,300	25,716	584
Convention and travel	3,500	3,356	144
Postage and printing	2,090	2,084	6
General	<u>5,298</u>	<u>4,392</u>	<u>906</u>
Total expenditures	<u>429,767</u>	<u>435,302</u>	<u>(5,535)</u>
Excess (deficiency) of revenue over expenditures	\$ <u><u>-0-</u></u>	-0-	\$ <u><u>-0-</u></u>
Fund balance, beginning of year		<u>-0-</u>	
Fund balance, end of year		\$ <u><u>-0-</u></u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET--PROPRIETARY FUND TYPE
DECEMBER 31, 1999
(WITH COMPARATIVE TOTALS FOR 1998)

ASSETS	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				ANNUAL CONTRIBUTION CONTRACTS		Totals	
	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147 Project LA 48-K218-002	FW-2147 Project LA 48-K218-005	FW-2147 Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	1999	1998
Cash and temporary cash investments	\$ 74,380	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 131,567	\$ 482,764
Amounts receivable, net	-0-	-0-	-0-	-0-	2,422	-0-	2,422	69,743
Amounts receivable- HUD	-0-	38,028	20,580	14,307	-0-	-0-	72,915	68,222
Accrued interest receivable	13	-0-	-0-	-0-	-0-	-0-	13	13
Grants receivable	2,642	-0-	-0-	-0-	-0-	-0-	2,642	22,588
Due from other funds	6,856	792,538	21,420	118,290	247,908	248,797	1,543,337	3,658,502
Total assets	\$66,698	\$59,448	\$128,108	\$132,597	\$250,330	\$248,797	\$1,752,896	\$4,301,832
LIABILITIES AND RETAINED EARNINGS (DEFICITS)								
Liabilities:								
Amounts and other payable	\$ 2,720	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 15,909	\$ 228,381
Due to other funds	53,595	184,180	130,919	33,574	81,824	50,032	1,138,181	3,584,371
Accounts payable - HUD	-0-	-0-	43,735	96,880	123,729	120,825	590,834	470,269
Total liabilities	\$6,315	\$184,180	\$174,654	\$205,553	\$205,553	\$170,857	\$1,744,924	\$4,283,021

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET-- PROPRIETARY FUND TYPE (CONTINUED)
DECEMBER 31, 1999
(WITH COMPARATIVE TOTALS FOR 1998)

DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT

	FW-2147 Project LA 48-K218-001	FW-2147 Project LA 48-K218-002	FW-2147 Project LA 48-K218-005	FW-2147 Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	Totals (Memorandum Only) 1999 1998
Shelter Plus Care Program	\$ 44,007	\$(124,732)	\$ 2,143	\$ 44,777	\$ 77,940	\$ 18,811
	44,007	(124,732)	2,143	44,777	77,940	18,811
	\$866,918	\$ 59,448	\$132,597	\$250,330	\$248,797	\$4,301,832

RETAINED EARNINGS (DEFICITS)

Retained earnings (deficits)	\$10,383	\$ 44,007	\$(124,732)	\$ 2,143	\$ 44,777	\$ 77,940	\$ 18,811
Total retained earnings (deficits)	10,383	44,007	(124,732)	2,143	44,777	77,940	18,811
Total liabilities and retained earnings (deficits)	\$66,698	\$ 59,448	\$ 128,108	\$132,597	\$250,330	\$248,797	\$4,301,832

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS (DEFICIT)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999
(WITH COMPARATIVE TOTALS FOR 1998)

	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						Totals	
	FW-2201 Project LA 48-0960-001	FW-2147 Project LA 48-K218-001	FW-2147 Project LA 48-K218-002	FW-2147 Project LA 48-K218-005	FW-2147 Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	1999	1998
<u>Operating Revenue</u>								
Grants and subsidies	\$266,550	\$ 1,447	\$ 2,723	\$ 1,103	\$ 2,876	\$ 1,590	\$857,204	\$4,286,299
Interest on investments	450	-0-	-0-	-0-	-0-	1,190	4,297	6,356
Other income	343	-0-	-0-	-0-	-0-	-0-	343	-0-
Total revenues	267,343	1,447	2,723	1,103	2,876	2,780	861,844	4,292,655
<u>Expenses</u>								
Salaries and employee benefits	12,754	12	39	27	62	48	23,207	234,999
Repairs and maintenance	36	-0-	-0-	-0-	-0-	-0-	36	156
Contractual services	4,028	4,490	7,746	5,332	12,460	7,688	49,705	66,985
Equipment and supplies	887	-0-	-0-	-0-	-0-	-0-	918	6,482
Housing assistance payments	250,464	518	1,121	-0-	299	-0-	808,588	3,937,761
Convention and travel	661	-0-	-0-	-0-	-0-	-0-	851	1,734
Postage and printing	110	-0-	-0-	-0-	-0-	-0-	110	3,792
Other expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,571
General	1,364	31	35	24	57	35	1,721	-0-
Total expenses	270,281	5,051	8,941	5,383	12,878	7,771	885,136	4,256,480

See Independent Auditors' Report on Supplementary Information.

EXHIBIT 1

**NEW ORLEANS REDEVELOPMENT AUTHORITY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
DECEMBER 31, 1999
(WITH COMPARATIVE TOTALS FOR 1998)**

	<u>1999</u>	<u>1998</u>
<u>ASSETS</u>		
Land	\$42,217	\$42,217
Equipment	<u>4,400</u>	<u>36,911</u>
Total assets	<u>\$46,617</u>	<u>\$79,128</u>
 <u>FUND EQUITY</u>		
Investment in general fixed assets- special revenue funds:		
-- Housing Development Coordination and Production Fund	\$42,217	\$42,217
-- FW2147 LA 48-K218-001	-0-	1,930
-- FW2147 LA 48-K218-002	-0-	13,495
-- FW2147 LA 47-K218-005	-0-	661
-- FW2147 LA 48-K218-006	-0-	10,050
-- Blighted Properties Administrative Program	4,400	10,456
-- Other Programs	<u>-0-</u>	<u>319</u>
Total fund equity	<u>\$46,617</u>	<u>\$79,128</u>

See Independent Auditors' Report on Supplementary Information.

EXHIBIT J

**NEW ORLEANS REDEVELOPMENT AUTHORITY
GENERAL LONG-TERM OBLIGATIONS
DECEMBER 31, 1999
(WITH COMPARATIVE TOTALS FOR 1998)**

	<u>1999</u>	<u>1998</u>
<u>ASSETS</u>		
Amounts to be provided for retirement of obligations	<u>\$23,540</u>	<u>\$22,831</u>
Total assets	<u>\$23,540</u>	<u>\$22,831</u>
<u>LIABILITIES</u>		
Compensated absences payable	<u>\$23,540</u>	<u>\$22,831</u>
Total liabilities	<u>\$23,540</u>	<u>\$22,831</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

NEW ORLEANS REDEVELOPMENT AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 1999

<u>Program Grantor/Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Grant Revenue</u>	<u>Other Income</u>	<u>Federal Expenses and Authorized Expenditures</u>
<u>PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>					
<u>Subject to Annual Contribution Contracts</u>					
Housing Assistance Program: Southwood Patio	*14.856	FW-2147	\$ 580,915	\$ -0-	\$ 574,828
Total annual contribution contracts			<u>580,915</u>	<u>-0-</u>	<u>574,828</u>
Pass Through CDBG Funds as Subgrantee of the City of New Orleans: Shelter Plus Care Program Blighted Properties Removal/Administrative and Neighborhood Housing Investment Funds	14.238 *14.218	N/A N/A	266,550 <u>435,302</u>	-0- <u>29,767</u>	270,284 <u>435,302</u>
Total passed through funds			<u>701,852</u>	<u>29,767</u>	<u>705,586</u>
Total all programs			<u>\$1,282,767</u>	<u>\$29,767</u>	<u>\$1,280,414</u>

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

NOTE: Basis of Presentation

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

See Independent Auditors' Report on Supplementary Information.

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

Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

We have audited the general purpose financial statements of the **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 1999, and have issued our report thereon dated June 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered NORA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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, which we have reported to the management of NORA in a separate letter dated June 16, 2000.

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

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 16, 2000

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

Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Compliance

We have audited the compliance of the **New Orleans Redevelopment Authority (NORA)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and *PIH Notice 96-32 Compliance Supplement for Annual Audits of Public Housing Agencies and Indian Housing Authorities* by Independent Auditors that are applicable to each of its major federal programs for the year ended December 31, 1999. **NORA's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **NORA's** management. Our responsibility is to express an opinion on **NORA's** compliance based on our audit.

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

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

Authorities by Independent Auditors. Those standards, OMB Circular A-133 and PIH Notice 96-32, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **NORA's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **NORA's** compliance with those requirements.

In our opinion, **NORA** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

Internal Control Over Compliance

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

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

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.

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

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 16, 2000

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1999

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition (s) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.856	Southwood Patio Housing Assistance Programs
14.218	Blighted Properties Removal Program (CDBG)
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

No financial statement audit findings were noted for the year ended December 31, 1999.

Section III - Federal Award Findings and Questioned Costs

No federal award findings were noted for the year ended December 31, 1999.



NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

98-1

Condition

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

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

Current Status

A system has been established to ensure the adequacy of the control system regarding the acquisition and appraisal funds received from third parties. The necessary reconciliations will be completed by November 30, 2000.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

98-2

Condition

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

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

Current Status

Management of **NORA** is currently working with both HUD and HANO to resolve the above condition. **NORA** has secured the services of a consultant to assist in the process.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

98-3

Condition

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

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

Current Status

Effective with the transfer of the Section 8 and Moderate Rehabilitation process to IIANO, the use of interfund activities is not necessary. Also, as of September 30, 1999, the necessary reconciliation has been performed to properly record the transactions.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

98-4

Condition

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

Current Status

Resolved.

The Section 8 and Moderate Rehabilitation Programs were transferred to HANO, effective January 1, 1999, and October 1, 1999 for the Southwood Patio Program.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

98-5

Condition

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

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

Current Status

Resolved.

The Section 8 and Moderate Rehabilitation Programs were transferred to HANO effective January 1, 1999, and October 1, 1999 for the Southwood Patio Program.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

98-6

Condition

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

Current Status

Resolved.

The Section 8 and Moderate Rehabilitation Programs were transferred to HANO effective January 1, 1999, and October 1, 1999 for the Southwood Patio Program.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

98-7

Condition

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

Current Status

Resolved.

The Section 8 and Moderate Rehabilitation Programs were transferred to HANO effective January 1, 1999, and October 1, 1999 for the Southwood Patio Program.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

98-8

Condition

Questioned Cost

\$704

A Section 8 tenant file could not be located.

Current Status

Resolved.

The Section 8 and Moderate Rehabilitation Programs were transferred to HANO effective January 1, 1999, and October 1, 1999 for the Southwood Patio Program.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-1

Questioned Costs

\$-0-

Condition

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

Current Status

A draft Accounting and Procedural Manual has been completed. In addition, **NORA** has reconciled interfund activity as of December 31, 1999 and plans to reconcile the interfund activity on a quarterly basis effective June 30, 2000.

Currently, **NORA** is reviewing all bank accounts with an aim toward liquidation of interfund advances based on available funds.

Reference Number

97-2

Questioned Costs

\$-0-

Condition

Untimely preparation of monthly financial statements.

Current Status

Resolved.

NORA has completed the computerization of its accounting system. Financial statements are prepared and submitted to the Board of Commissioners on a monthly basis.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-3

Questioned Costs

\$-0-

Condition

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

Current Status

Resolved.

Effective January 1, 1999 all Section 8 and Moderate Rehabilitation Programs have been transferred to IIANO. As such, no reporting is required of **NORA**.

The Southwood Patio Program was transferred on October 1, 1999 to IIANO. The Settlement Statement was submitted to HUD as required for the year ended September 30, 1999.

Reference Number

97-4

Questioned Cost

\$-0-

Condition

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-4

Questioned Cost

\$-0-

Current Status

Resolved.

Consistent with HUD practice, subsidies to **NORA** in subsequent periods were withheld to offset the over requisition.

Under its new management, **NORA** did not over requisition during 1999 for the Southwood Patio Program.

Reference Number

97-5

Questioned Costs

\$-0-

Condition

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-5

Questioned Costs

\$-0-

Current Status

NORA has initiated a review of the referenced general ledger accounts, and also completed a draft Procedural manual to address the above condition. **NORA** anticipates resolution of all outstanding reconciliations by no later than November 30, 2000.

Reference Number

97-6

Questioned Costs

\$-0-

Condition

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

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

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

Current Status

Resolved.

NORA has developed and established a payroll tax payment and reporting system to ensure the timely payment and reporting of payroll taxes. During 1999, all reports and payments were undertaken in a timely and accurate manner.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-7

Questioned Costs

\$-0-

Condition

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

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

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

Current Status

Resolved.

Under its current Executive Director, **NORA** has instituted the necessary procedures to ensure the effective operation of its internal control system that includes the implementation of new procedures as well as an enhanced management oversight process. Currently, the Board receives monthly financial statements and program status reports.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-8

Questioned Costs

\$-0-

Condition

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

Current Status

Resolved.

Reference Number

97-9

Questioned Costs

\$-0-

Condition

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

Current Status

Resolved.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-10

Questioned Costs

\$-0-

Condition

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

Current Status

See referenced Number 97-5 for current status.

Reference Number

97-11

Questioned Costs

\$-0-

Condition

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

Current Status

Resolved.

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-12

Questioned Costs

\$-0-

Condition

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

Current Status

Resolved.

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

Reference Number

97-13

Questioned Costs

\$-0-

Condition

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

Current Status

Resolved.

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-14

Questioned Costs

\$-0-

Condition

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

Current Status

Resolved.

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

Reference Number

97-15

Questioned Costs

\$130

Condition

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number, Continued

97-15

Questioned Costs

\$130

Current Status

In a May 23, 2000 letter to **NORA**, FANO (prior managing agent of **NORA**) offered to settle all outstanding issues. The Board of Commissioners of **NORA** has accepted a settlement offer conditioned upon receipt of funds.

Reference Number

97-16

Questioned Costs

\$-0-

Condition

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

Current Status

Effective January 1, 1999 the Section 8 and Moderate Rehabilitation Programs have been transferred to HANO.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-17

Questioned Costs

\$9,980.24

Condition

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

Current Status

NORA's Board of Commissioners has accepted a settlement offer from FANO to resolve all outstanding issues.

Reference Number

97-18

Questioned Costs

\$329.27

Condition

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

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number, Continued

97-18

Questioned Costs

\$329.27

Current Status

The Board of Commissioners of **NORA** has accepted a settlement offer from FANO to resolve all outstanding issues.

Reference Number

97-19

Questioned Costs

\$1,444.29

Condition

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

Current Status

The Board of Commissioners of **NORA** has accepted a settlement offer from FANO to resolve all outstanding issues.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-20

Questioned Costs

\$240.85

Condition

We noted several misallocation of disbursements between programs.

Current Status

Resolved.

NORA has implemented procedures to minimize, if not eliminate, the above condition.

Reference Number

97-21

Questioned Costs

\$30,080.75

Condition

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

Current Status

The Board of Commissioners of **NORA** has accepted FANO's offer in settlement of all outstanding issues.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-22

Questioned Costs

\$3,339.75

Condition

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

Current Status

NORA's Board of Commissioners has accepted **FANO's** settlement offer to resolve all outstanding issues.

Reference Number

97-23

Questioned Costs

\$3,357.41

Condition

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

Current status

NORA's Board of Commissioners has accepted **FANO's** settlement offer to resolve all outstanding issues.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-24

Questioned Costs

\$-0-

Condition

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

Current Status

Resolved.

Reference Number

97-25

Questioned Costs

\$37.28

Condition

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

Current Status

The Board of Commissioners of **NORA** has accepted **FANO's** settlement offer to resolve all outstanding issues.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

Reference Number

97-26

Questioned Costs

\$14,218.11

Condition

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

Current Status

The Board of Commissioners of **NORA** has accepted FANO's settlement offer to resolve all outstanding issues.

Reference Number

97-27

Questioned Costs

\$66.48

Condition

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

Current Status

The Board of Commissioners of **NORA** has accepted FANO's settlement offer to resolve all outstanding issues.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COST
STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

<u>PRIOR YEAR FINDING NO.</u>	<u>DESCRIPTION</u>	<u>FULLY CORRECTED</u>	<u>PARTIALLY CORRECTED</u>	<u>NOT CORRECTED</u>
96-2	Accounting for Interfund Balances		X	
96-5	Completeness of Housing Assistance Payments (HAP) Register	X		
96-7	Outstanding Overpayments	X		
96-9	Cash Disbursement Procedures	X		
96-11	Development and Implementation of a Procedures Manual	X		
96-12	Staff Training	X		
96-13	System Compliance with Year 2000	X		
96-15	Cash Management	X		
96-20	Rent Reasonableness	X		
96-22	Tenant and "HAP" Registers	X		

NEW ORLEANS REDEVELOPMENT AUTHORITY

EXIT CONFERENCE

Exit conferences were on held Monday, June 26 and Thursday, June 29, 2000 with a representative of **NORA**. The contents of this report were discussed and management indicated their concurrence in all material respects. The following were in attendance:

NEW ORLEANS REDEVELOPMENT AUTHORITY

Ms. Lisa Mazique

- Executive Director