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NEW ORLEANS REDEVELOPMENT AUTHORITY
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2001

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

Release Date 8/21/02

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS--DECEMBER 31, 2001 (WITH COMPARATIVE TOTALS FOR 2000)	3
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/EQUITY--GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS FOR THE YEAR ENDED DECEMBER 31, 2001 (WITH COMPARATIVE TOTALS FOR 2000)	5
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS--PROPRIETARY FUND TYPE--FOR THE YEAR ENDED DECEMBER 31, 2001 (WITH COMPARATIVE TOTALS FOR 2000)	7
STATEMENT OF CASHFLOWS--PROPRIETARY FUND TYPE--FOR THE YEAR ENDED DECEMBER 31, 2001 (WITH COMPARATIVE TOTALS FOR 2000)	8
NOTES TO THE COMBINED FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION: Independent Auditors' Report on Supplementary Information	28
EXHIBITS:	
A. Combining Balance Sheet--General Fund December 31, 2001 (With Comparative Totals for 2000)	29

TABLE OF CONTENTS, CONTINUED

PAGE

SUPPLEMENTARY INFORMATION, CONTINUED

EXHIBITS, CONTINUED:

B.	Combining Statement of Revenues, Expenditures and Changes in Fund Balance--General Fund For the Year Ended December 31, 2001 (With Comparative Totals for 2000)	30
C.	Combining Statement of Revenues, Expenditures and Changes in Fund Balance--General Fund--Budget and Actual--For the Year Ended December 31, 2001	31
D.	Combining Balance Sheet--Special Revenue Funds December 31, 2001 (With Comparative Totals for 2000)	32
E.	Combining Statement of Revenues, Expenditures and Changes in Fund Balance--Special Revenue Funds For the Year Ended December 31, 2001 (With Comparative Totals for 2000)	33
F.	Statement of Revenues, Expenditures and Changes in Fund Balance--Blighted Properties Administrative Fund--Budget and Actual For the Year Ended December 31, 2001	34
G.	Combining Balance Sheet--Proprietary Fund Type December 31, 2001 (With Comparative Totals for 2000)	35
H.	Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)--Propriety Fund Type For the Year Ended December 31, 2001 (With Comparative Totals for 2000)	37

TABLE OF CONTENTS, CONTINUED

PAGE

SUPPLEMENTARY INFORMATION, CONTINUED

EXHIBITS, CONTINUED:

I.	General Fixed Assets Account Group Schedule of General Fixed Assets--December 31, 2001 (With Comparative Totals for 2000)	39
J.	General Long-Term Obligations--December 31, 2001 (With Comparative Totals for 2000)	40

SCHEDULE I - Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2001	41
--	----

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.....	42
--	----

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	45
--	----

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2001:**

Section I	-	Summary of Auditors' Reports	48
Section II	-	Financial Statement Findings	50
Section III	-	Federal Award Finding and Questioned Costs	54
Section IV	-	Status of Prior Years' Findings and Questioned Costs ..	56

EXIT CONFERENCE	60
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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, 2001. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 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, 2001, and the results of its operations and cashflows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 28, 2002, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, this report contains an instance of noncompliance and reportable conditions.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 28, 2002

NEW ORLEANS REDEVELOPMENT AUTHORITY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 2001
 (WITH COMPARATIVE TOTALS FOR 2000)

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND	ACCOUNT GROUPS		Totals (Memorandum Only) 2000
	General Fund	Special Revenue Funds	Enterprise Fund	General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBIT						
Cash and temporary cash investments (NOTES 4 and 11)	\$ 41,765	\$ 279,597	\$ 1,071	\$ -0-	\$ -0-	\$ 1,003,174
Amounts receivable, net	-0-	100,941	86,022	-0-	-0-	103,363
Amounts receivable-HUD	-0-	-0-	-0-	-0-	-0-	369,636
Accrued interest receivable	-0-	-0-	14	-0-	-0-	13
Advance	40,000	-0-	-0-	-0-	-0-	40,000
Acquisition deposits	-0-	-0-	342,570	-0-	-0-	114,200
Prepaid assets (NOTE 7)	-0-	5,860	-0-	-0-	-0-	12,258
Grants receivable (NOTE 10)	-0-	362,867	-0-	-0-	-0-	215,064
Unimproved land inventory (NOTE 6)	-0-	-0-	262,490	-0-	-0-	92,100
Due from other funds, net (NOTE 9)	4,693,183	1,905,166	1,632,043	-0-	-0-	2,806,547
Land and equipment (NOTE 5)	-0-	-0-	-0-	59,497	-0-	50,336
Amounts to be provided for retirement of obligations (NOTE 18)	-0-	-0-	-0-	-0-	14,857	13,805
Total assets and other debit	\$4,774,948	\$2,654,431	\$2,324,210	\$59,497	\$14,857	\$4,820,496
LIABILITIES AND FUND EQUITY AND BALANCES						
Liabilities:						
Amounts and other payable	\$ 2,866	\$ 215,629	\$ 21,712	\$ -0-	\$ -0-	\$ 346,586
Bank over draft	195,932	-0-	-0-	-0-	-0-	-0-
Advances--City of New Orleans	9,783	-0-	-0-	-0-	-0-	9,783
Due to other funds (NOTE 9)	4,345,344	1,891,520	1,993,528	-0-	-0-	2,806,547
Due to City of New Orleans	133,838	134,223	-0-	-0-	-0-	268,187
Amounts payable-HUD	-0-	-0-	205,665	-0-	-0-	867,033
Deferred revenue	-0-	220,404	-0-	-0-	-0-	146,860
Compensated absences payable (NOTE 18)	-0-	-0-	-0-	-0-	14,857	13,805
Total liabilities	4,687,763	2,461,776	2,220,905	-0-	14,857	4,458,801

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, 2001
 (WITH COMPARATIVE TOTALS FOR 2000)

	<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>General Long-Term Obligations</u>	<u>(Memorandum Only)</u>	<u>2001</u>	<u>2000</u>	
<u>Fund equity</u>									
Investment in general fixed assets	\$ -0-	\$ -0-	\$ -0-	\$ 59,497	\$ -0-	\$ 59,497	\$ 59,497	\$ 50,336	
Retained earnings	<u>-0-</u>	<u>-0-</u>	<u>103,305</u>	<u>-0-</u>	<u>-0-</u>	<u>103,305</u>	<u>103,305</u>	<u>31,714</u>	
Total fund equity	<u>-0-</u>	<u>-0-</u>	<u>103,305</u>	<u>59,497</u>	<u>-0-</u>	<u>162,802</u>	<u>162,802</u>	<u>82,050</u>	
<u>Fund balances</u>									
Unreserved	74,475	-0-	-0-	-0-	-0-	74,475	74,475	74,475	
Reserved (NOTES 8 and 11)	<u>12,710</u>	<u>192,655</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>205,365</u>	<u>205,365</u>	<u>205,170</u>	
Total fund balances	<u>87,185</u>	<u>192,655</u>	<u>-0-</u>	<u>-0-</u>	<u>0-</u>	<u>279,840</u>	<u>279,840</u>	<u>279,645</u>	
Total fund equity and balances	<u>87,185</u>	<u>192,655</u>	<u>103,305</u>	<u>59,497</u>	<u>-0-</u>	<u>442,642</u>	<u>442,642</u>	<u>361,695</u>	
Total liabilities and fund equity and balances	<u>\$4,774,948</u>	<u>\$2,654,431</u>	<u>\$2,324,210</u>	<u>\$59,497</u>	<u>\$14,857</u>	<u>\$9,827,943</u>	<u>\$9,827,943</u>	<u>\$4,820,496</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, 2001
 (WITH COMPARATIVE TOTALS FOR 2000)

	<u>GOVERNMENTAL FUND TYPES</u>		<u>ACCOUNT GROUPS</u>			Totals <u>(Memorandum Only)</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>2001</u>	
<u>REVENUES</u>						
Grants and subsidies	\$-0-	\$1,007,926	\$-0-	\$-0-	\$1,007,926	\$722,994
Interest income	-0-	197	-0-	-0-	197	386
Other income	<u>-0-</u>	<u>61,364</u>	<u>-0-</u>	<u>-0-</u>	<u>61,364</u>	<u>31,926</u>
Total revenues	<u>-0-</u>	<u>1,069,487</u>	<u>-0-</u>	<u>-0-</u>	<u>1,069,487</u>	<u>755,306</u>
<u>EXPENDITURES</u>						
Salaries and employee benefits	-0-	372,000	-0-	-0-	372,000	292,013
Repairs and maintenance	-0-	8,337	-0-	-0-	8,337	1,521
Contractual services	-0-	623,485	-0-	-0-	623,485	380,698
Equipment and supplies	<u>-0-</u>	<u>36,140</u>	<u>-0-</u>	<u>-0-</u>	<u>36,140</u>	<u>42,473</u>
Page Total	<u>-0-</u>	<u>1,039,962</u>	<u>-0-</u>	<u>-0-</u>	<u>1,039,962</u>	<u>716,705</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, 2001
 (WITH COMPARATIVE TOTALS FOR 2000)

	<u>GOVERNMENTAL FUND TYPES</u>			<u>ACCOUNT GROUPS</u>			<u>Totals</u>	
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>2001</u>	<u>2000</u>	<u>(Memorandum Only)</u>	
<u>EXPENDITURES, CONTINUED</u>								
Convention and travel	\$ -0-	\$ 2,633	\$-0-	\$-0-	\$ 2,633	\$ 3,365		
Automobile expenses	-0-	14,090	-0-	-0-	14,090	27,279		
Postage and printing	-0-	6,693	-0-	-0-	6,693	1,570		
Other	<u>-0-</u>	<u>5,914</u>	<u>-0-</u>	<u>-0-</u>	<u>5,914</u>	<u>6,001</u>		
Total expenditures	<u>-0-</u>	<u>1,069,292</u>	<u>-0-</u>	<u>-0-</u>	<u>1,069,292</u>	<u>754,920</u>		
Excess of revenues over expenditures	-0-	195	-0-	-0-	195	386		
Fund balances/equity, beginning of year	<u>87,185</u>	<u>192,460</u>	<u>-0-</u>	<u>-0-</u>	<u>279,645</u>	<u>279,259</u>		
Fund balances/equity, end of year	<u>\$87,185</u>	<u>\$ 192,655</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$ 279,840</u>	<u>\$279,645</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--PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001
(With Comparative Totals for 2000)

	<u>2001</u>	<u>2000</u>
Operating Revenues:		
Gain on disposition of inventory	\$ <u>90,300</u>	\$ <u>-0-</u>
Total operating revenues	<u>90,300</u>	<u>-0-</u>
Operating Expenses:		
Salaries and employee benefits	-0-	2,324
Repairs and maintenance	-0-	4
Contractual services	13,650	124
Equipment and supplies	-0-	197
Housing assistance payments	289,297	310,049
Convention and travel	-0-	5
Postage and printing	-0-	9
Other	<u>5,385</u>	<u>901</u>
Total operating expenses	<u>308,332</u>	<u>313,613</u>
Operating loss	<u>(218,032)</u>	<u>(313,613)</u>
Nonoperating Revenues:		
Grants and subsidies	289,297	313,382
Interest income	326	1,756
Other income	<u>-0-</u>	<u>1,695</u>
Total nonoperating revenues	<u>289,623</u>	<u>316,833</u>
Net income	71,591	3,220
Retained earnings, beginning of year	31,714	7,972
Adjustment to beginning, retained earnings (NOTE 19)	<u>-0-</u>	<u>20,522</u>
Beginning retained earnings, as restated	<u>31,714</u>	<u>28,494</u>
Retained earnings, end of year	\$ <u>103,305</u>	\$ <u>31,714</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, 2001
(With Comparative Totals for 2000)

	<u>2001</u>	<u>2000</u>
Operating loss	\$ (218,032)	\$(313,613)
Adjustments to reconcile operating loss to net cash provided by (used) in operating activities:		
Increase in amounts receivable	(83,600)	(296,721)
Decrease in amounts receivable - HUD	369,636	-0-
Increase in accrued interest receivable	(1)	-0-
(Increase) decrease in grants receivable	27,706	(25,064)
(Increase) decrease in interfund receivable	(489,543)	400,837
Increase in acquisition deposits	(342,570)	-0-
Increase in unimproved land inventory	(262,490)	-0-
Increase in amounts and other payables	8,520	273,482
Increase (decrease) in interfund payable	1,235,250	(379,903)
Decrease in amounts payable - HUD	<u>(661,368)</u>	<u>-0-</u>
Net cash used in operating activities	<u>(416,492)</u>	<u>(340,982)</u>
Cash flows from investing activities:		
Interest received	<u>326</u>	<u>1,756</u>
Cash provided by investing activities	<u>326</u>	<u>1,756</u>
Cash flows from noncapital financing activities:		
Grants and subsidies	289,297	313,382
Other	<u>-0-</u>	<u>22,217</u>
Cash provided by noncapital financing activities	<u>289,297</u>	<u>335,599</u>
Net decrease in cash and temporary cash investments	(126,869)	(3,627)
Cash and temporary cash investments, beginning of year	<u>127,940</u>	<u>131,567</u>
Cash and temporary cash investments, end of year	\$ <u>1,071</u>	\$ <u>127,940</u>
Interest paid	\$ <u>-0-</u>	\$ <u>-0-</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. NORA 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, 2001, **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 buildings and other improvements whose physical conditions render them detrimental to the safety and welfare of the public at large.

Previously, **NORA** administered several programs under contract with HUD. The former Section 8 Moderate Rehabilitation and Southwood Patio programs were transferred to the Housing Authority of New Orleans (HANO) effective January 1, 1999 and October 1, 1999, respectively. As such, the accompanying financial statements reflect balances pending final approval of account balances removal from HUD.

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.

- 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's fiscal aspect is administered by NORA under contract with the City of New Orleans.

- Real Estate Acquisition and Land Banking Mechanism (REALM)

The REALM program is designed to provide a mechanism for the rehabilitation and/or demolition and removal of buildings and other improvements through acquisition and disposition of property to allow for a greater impact on blight and community redevelopment.

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

NOTE 2 - Summary of Significant Accounting Policies:

General Fund

The general fund is used by **NORA** to account for all financial activities or resources that are not budgeted for in other funds.

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 accounting principles generally accepted in the United States of America, 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 accounting principles generally accepted in the United States of America 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.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

The following are NORA's governmental funds:

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

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 proprietary fund includes the following fund type:

Enterprise Fund - An 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 a 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:

During the year ended December 31, 2001, NORA adopted the provisions of GASB 33 *Accounting and Financial Reporting for Non-Exchange Transactions* effective for fiscal years that began after June 15, 2000.

Under GASB 33 Standards, NORA recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- NORA recognizes assets and liabilities when all applicable eligibility requirements are met or resources received whichever is first;
 - Revenue and expenditures are recognized when all applicable, eligibility requirements are met; and
 - Transactions with time requirements, resources received prior to the satisfaction of the time requirement(s) are recorded by NORA as deferred revenue upon award.
- 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.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Land and Equipment

Land and equipment are recorded at cost. When no historical records are available, land and equipment are valued at estimated historical 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.

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, 2001, equipment in the proprietary fund in an amount of \$10,456 is fully depreciated.

Unimproved Land

Unimproved land acquired by NORA is recorded at cost. Any gain or loss resulting from the disposition of such property is reflected in income for the period.

Acquisition Deposits

Acquisition deposits represent cost incurred in the acquisition of blighted properties. Gain or loss resulting from the sale of the related properties is reflected in income in the period of sale.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued

Compensated Absences

NORA follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (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.

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.

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

NOTE 3 - Post-retirement Benefits:

NORA provides certain continuing health care and life insurance benefits for its retired employees. 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 and life insurance benefit premiums are due. In 2001, NORA's portion of benefit premiums totalled \$9,634.

NOTE 4 - Cash and Temporary Cash Investments:

At December 31, 2001, NORA's cash balances totaled \$322,433. 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.

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

NOTE 4 - Cash and Temporary Cash Investments:

At December 31, 2001, the carrying amount of NORA's deposits was \$322,433 and the cumulative bank balance was \$487,286. 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 1. Category 1 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, 2001, land and equipment consisted of the following:

	Balance January 1, 2001	Additions	Balance December 31, 2001
Land	\$ 34,000	\$ -0-	\$ 34,000
Equipment	<u>57,750</u>	<u>16,946</u>	<u>74,696</u>
	91,750	<u>\$16,946</u>	108,696
Less accumulated depreciation	<u>(41,414)</u>	<u>\$(7,785)</u>	<u>(49,199)</u>
Total	<u>\$ 50,336</u>		<u>\$ 59,497</u>

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

NOTE 6 - Unimproved Land Inventory:

At December 31, 2001, NORA's unimproved land inventory balance consist of property acquired by expropriation and held for resale in accordance with its efforts to rehabilitate, clear, and redevelop slum and blight areas.

NOTE 7 - Prepaid Assets:

At December 31, 2001, NORA's prepaid assets balance consisted of the following:

Prepaid leases	\$5,828
Prepaid insurance	<u> 32</u>
Total	<u>\$5,860</u>

NOTE 8 - 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, 2001, no final determination has been made regarding the disposition of the funds.

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

NOTE 9 - Due To/From Other Funds:

As of December 31, 2001, 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	\$4,693,183	\$4,345,344
HUD Annual Contribution		
Contracts Fund	1,580,869	1,345,117
Blighted Properties/ Administrative Fund/NHIF	1,680,032	1,849,078
Community Development		
Rehabilitation Program Fund	34,583	-0-
Land Acquisition and Development Funds	190,551	42,442
Real Estate Acquisition and land Banking Mechanism	13,350	622,410
Shelter Plus Care Program	<u>37,824</u>	<u>26,001</u>
 Total	 <u>\$8,230,392</u>	 <u>\$8,230,392</u>

NOTE 10 - Grants Receivable:

At December 31, 2001, grants receivable consists of an amount due from the City of New Orleans to reimburse NORA for cost incurred on behalf of the Blighted Properties Removal Program.

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

NOTE 11 - 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, 2001, the amount of cash restricted was \$192,655. Also, see Note 4.

NOTE 12 - Leases:

NORA leases vehicles and equipment under operating leases. Total cost of such leases was \$19,834 for the year ended December 31, 2001. The future minimum lease payments for leases are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2002	\$23,499
2003	9,162
2004 and thereafter	<u>7,446</u>
	<u>\$40,107</u>

NOTE 13 - 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.

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

NOTE 13 - Retirement System, Continued:

Plan Description, Continued

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, employer's contribution which is currently 13.00%, and earnings from investments. For the year ended December 31, 2001, NORA's pension cost was \$36,836.

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
Telephone: (800) 256-3000
FAX: (225) 922-0614
Website: lasers.state.la.us

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 13 - Retirement System, Continued:

The following summarizes selected information on the entire LASERS plan:

Fiscal Year Ending _____	Annual Pension Cost (APC) (Value at Midyear)	Percentage of APC Contributed	Net Pension Obligation
1999	<u>\$228,233,262</u>	<u>101.2</u>	<u>\$(12,480,844)</u>
2000	<u>\$254,123,833</u>	<u>98.4</u>	<u>\$(8,500,260)</u>
2001	<u>\$260,125,807</u>	<u>100.0</u>	<u>\$(9,404,197)</u>

In accordance with GASB No.27, the components of the annual pension cost and net pension obligation to LASERS at midyear are as follows:

Actuarial required contribution	\$ 258,281,738
Interest on net pension obligation	(701,271)
Adjustment to annual required contribution	<u>(2,545,340)</u>
Annual pension cost-interest adjusted to end of year	260,125,807
Contributions made	<u>(260,029,744)</u>
Interest decrease in net pension obligation	96,063
Net pension obligation beginning of year	<u>(8,500,260)</u>
Net pension obligation end of year	<u>\$(8,404,197)</u>

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

NOTE 14 - 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 15 - Deficits:

The Annual Contribution Contracts FW 2147 Projects 001 and 002 have deficits at December 31, 2001 totalling \$729,193. 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 16 - Concentration of Credit Risk:

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

NOTE 17 - 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 provided oversight of the activities of the owner of Southwood Patio Homes prior to transfer of the program to HANO. It is legal counsel's opinion that the results of this litigation cannot be determined at this time.

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

NOTE 17 - Contingencies, Continued:

In addition, NORA is named in various suits involving expropriation of properties. It is counsel's opinion at December 31, 2001, and June 28, 2002, of a favorable outcome.

NOTE 18 - Changes in General Long-Term Obligations:

Changes in compensated absences during the year ended December 31, 2001, is as follows:

	<u>January 1, 2001</u>	<u>Net Change</u>	<u>December 31, 2001</u>
Compensated absences	<u>\$13,805</u>	<u>\$1,052</u>	<u>\$14,857</u>

NOTE 19 - Adjustment to Retained Earnings:

The net adjustment to retained earnings - Property Fund Type of \$20,522 for the year ended December 31, 2000, reflects the net results of NORA's 1998 Settlement Statements approved by HUD in conjunction with the final phase of the transfer of the Section 8 Programs to the Housing Authority of New Orleans which became effective January 1, 1999.

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Morel, Jr., CPA

**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 stated in all material respects in relation to the general purpose financial statements taken as a whole.

The supplementary information (Exhibits A through J) which are prepared in accordance with accounting principles generally accepted in the United States of America, 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 LLP
CERTIFIED PUBLIC ACCOUNTANTS**

June 28, 2002

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET--GENERAL FUND
DECEMBER 31, 2001
(WITH COMPARATIVE TOTALS FOR 2000)

	<u>General</u> <u>Fund</u>	<u>Revolving</u> <u>Fund</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
			<u>2001</u>	<u>2000</u>
 <u>ASSETS</u>				
Cash and temporary cash investments	\$ -0-	\$ 41,765	\$ 41,765	\$ 699,828
Advance	40,000	-0-	40,000	40,000
Due from other funds	<u>56,968</u>	<u>4,636,215</u>	<u>4,693,183</u>	<u>557,405</u>
Total assets	<u>\$96,968</u>	<u>\$4,677,980</u>	<u>\$4,774,948</u>	<u>\$1,297,233</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities:</u>				
Amounts payable	\$ -0-	\$ 2,866	\$ 2,866	\$ 11,119
Advances-				
City of New Orleans	9,783	-0-	9,783	9,783
Due to other funds	-0-	4,345,344	4,345,344	1,055,182
Bank overdraft	-0-	195,932	195,932	-0-
Due to City of New Orleans	<u>-0-</u>	<u>133,838</u>	<u>133,838</u>	<u>133,964</u>
Total liabilities	<u>9,783</u>	<u>4,677,980</u>	<u>4,687,763</u>	<u>1,210,048</u>
 <u>Fund balances</u>				
Unreserved	74,475	-0-	74,475	74,475
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>87,185</u>
Total liabilities and fund balances	<u>\$96,968</u>	<u>\$4,677,980</u>	<u>\$4,774,948</u>	<u>\$1,297,233</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, 2001
(WITH COMPARATIVE TOTALS FOR 2000)

	General Fund	Revolving Fund	Totals (Memorandum Only)	
			2001	2000
<u>Revenues</u>				
Interest income	\$ -0-	\$-0-	\$ -0-	\$ -0-
Other income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>Expenditures</u>				
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of revenues over (under) expenditures	-0-	-0-	-0-	-0-
Fund balance, beginning of year	<u>87,185</u>	<u>-0-</u>	<u>87,185</u>	<u>87,185</u>
Fund balance, end of year	<u>\$87,185</u>	<u>\$-0-</u>	<u>\$87,185</u>	<u>\$87,185</u>

See Independent Auditors' Report on Supplementary Information.

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, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Interest income	\$ -0-	\$ -0-	\$ -0-
Other income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>Expenditures</u>			
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of revenues over (under) expenditures	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, beginning of year		<u>87,185</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, 2001
 (WITH COMPARATIVE TOTALS FOR 2000)

DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT
 LAND ACQUISITION AND DEVELOPMENT

ASSETS	Blighted Properties Administrative/NHIF Funds	COMMUNITY DEVELOPMENT REHABILITATION				Desire Square Fund	Housing Development Coordination and Production Fund	Totals	
		Eighth Program Year	Ninth Program Year	Tenth Program Year	Eleventh Program Year			Twelfth Program Year	(Memorandum Only) 2001
Cash and temporary cash investments	\$ 279,597	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 279,597	\$ 175,406
Amounts receivable, net	46,261	-0-	-0-	-0-	-0-	7,560	47,120	100,941	100,941
Grants receivable	362,867	-0-	-0-	-0-	-0-	-0-	-0-	362,867	187,358
Prepaid assets	5,860	-0-	-0-	-0-	-0-	-0-	-0-	5,860	12,258
Acquisition deposits	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	114,200
Unimproved land inventory	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	92,100
Due from other funds	1,680,032	1,250	7,857	-0-	10,890	-0-	190,551	1,905,166	1,106,642
Total assets	\$2,374,617	\$1,250	\$7,857	\$-0-	\$10,890	\$7,560	\$237,671	\$2,654,431	\$1,788,905

LIABILITIES AND FUND BALANCE

Liabilities:									
Amounts and other payable	\$ 215,629	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 215,629	\$ 322,275
Due to other funds	1,849,078	-0-	-0-	-0-	-0-	7,560	34,882	1,891,520	993,087
Due to City of New Orleans	89,506	1,250	7,857	-0-	10,890	-0-	10,134	134,223	134,223
Deferred revenue	220,404	-0-	-0-	-0-	-0-	-0-	-0-	220,404	146,860
Total liabilities	2,374,617	1,250	7,857	-0-	10,890	7,560	45,016	2,461,776	1,596,445
Fund Balance Reserved	-0-	-0-	-0-	-0-	-0-	-0-	192,655	192,655	192,460
Total fund balance	-0-	-0-	-0-	-0-	-0-	-0-	192,655	192,655	192,460
Total liabilities and fund balance	\$2,374,617	\$1,250	\$7,857	\$-0-	\$10,890	\$7,560	\$237,671	\$2,654,431	\$1,788,905

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, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Grants	\$ 939,886	\$935,543	\$(4,343)
Other income	<u>61,265</u>	<u>61,364</u>	<u>99</u>
Total revenues	<u>1,001,151</u>	<u>996,907</u>	<u>(4,244)</u>
<u>Expenditures</u>			
Salaries and employee benefits	371,289	368,356	2,933
Repairs and maintenance	8,219	7,701	518
Contractual services	570,061	570,061	-0-
Equipment and supplies	35,770	30,921	4,849
Convention and travel	2,913	2,633	280
Postage and printing	6,993	6,693	300
Other	<u>5,906</u>	<u>10,542</u>	<u>(4,636)</u>
Total expenditures	<u>1,001,151</u>	<u>996,907</u>	<u>4,244</u>
Excess of revenues 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, 2001
(WITH COMPARATIVE TOTALS FOR 2000)

ASSETS	DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT		DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				Totals			
	Shelter Plus Care Program	Real Estate Acquisition and Land Banking Mechanism	FW-2201 Project LA 48-0060-001	FW-2147 Project LA 48-K218-001	FW-2147 Project LA 48-K218-002	FW-2147 Project LA 48-K218-005	FW-2147 Project LA 48-K218-006	FW-2296E Project LA 48-E218-001	(Memorandum Only) 2001 2000	
Cash and temporary cash investments	\$ 1,071	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,071	\$ 127,940
Amounts receivable, net	-0-	83,600	-0-	-0-	-0-	-0-	2,422	-0-	86,022	2,422
Amounts receivable- HUD	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	369,636
Accrued interest receivable	14	-0-	-0-	-0-	-0-	-0-	-0-	-0-	14	13
Grants receivable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	27,706
Acquisition deposits	-0-	342,570	-0-	-0-	-0-	-0-	-0-	-0-	342,570	-0-
Unimproved land inventory	-0-	262,490	-0-	-0-	-0-	-0-	-0-	-0-	262,490	-0-
Due from other funds	37,824	13,350	488,344	107,528	118,290	248,274	618,433	1,142,500	1,632,043	1,142,500
Total assets	\$38,909	\$702,010	\$488,344	\$107,528	\$118,290	\$250,696	\$618,433	\$2,324,210	\$1,670,217	
LIABILITIES AND RETAINED EARNINGS (DEFICITS)										
Liabilities:										
Amounts and other payable	\$ 296	\$ 8,225	\$ 13,191	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 21,712	\$ 13,192
Due to other funds	26,001	622,410	224,274	500,684	117,886	116,204	50,032	1,993,528	758,278	
Amounts payable - HUD	-0-	-0-	205,665	-0-	-0-	-0-	-0-	205,665	867,033	
Total liabilities	26,297	630,635	443,130	500,684	117,886	116,204	50,032	2,220,905	1,638,503	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET-- PROPRIETARY FUND TYPE (CONTINUED)
DECEMBER 31, 2001
(WITH COMPARATIVE TOTALS FOR 2000)

DEPARTMENT OF HOUSING NEIGHBORHOOD DEVELOPMENT		DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						Totals
		ANNUAL CONTRIBUTION CONTRACTS						(Memorandum Only)
		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	2001
		2000	2001	2000	2001	2000	2001	2000
Shelter Plus Care Program	\$12,612	\$45,214	\$336,037	\$(393,156)	\$404	\$134,492	\$568,401	\$103,305
Real Estate Acquisition and Land Banking Mechanism	\$71,375	45,214	(336,037)	(393,156)	404	134,492	568,401	103,305
RETAINED EARNINGS (DEFICITS)								
Retained earnings (deficits)	\$12,612	\$45,214	\$(336,037)	\$(393,156)	\$404	\$134,492	\$568,401	\$103,305
Total retained earnings (deficits)	12,612	45,214	(336,037)	(393,156)	404	134,492	568,401	103,305
Total liabilities and retained earnings (deficits)	\$38,909	\$488,344	\$-0-	\$107,528	\$118,290	\$250,696	\$618,433	\$2,324,210

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, 2001
(WITH COMPARATIVE TOTALS FOR 2000)

	DEPARTMENT OF HOUSING AND NEIGHBORHOOD DEVELOPMENT		DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				Totals	
	Shelter Plus Care Program	Real Estate Acquisition and Land Banking Mechanism	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-K218-006	FW-2296E Project LA 48-E218-001	(Memorandum Only) 2001 2000
Operating Revenues:	\$ -0-	\$ 90,300	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 90,300
Gain on disposition of inventory	-0-	90,300	-0-	-0-	-0-	-0-	-0-	90,300
Total operating revenues	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Operating Expenses:								
Salaries and employee benefits	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,324
Repairs and maintenance	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4
Contractual services	-0-	13,650	-0-	-0-	-0-	-0-	13,650	124
Equipment and supplies	-0-	-0-	-0-	-0-	-0-	-0-	-0-	197
Housing assistance payments	289,297	-0-	-0-	-0-	-0-	-0-	289,297	310,049
Convention and travel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5
Postage and printing	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9
Other	-0-	5,275	110	-0-	-0-	-0-	5,385	901
Total operating expenses	289,297	18,925	110	-0-	-0-	-0-	308,332	313,613
Operating income (loss)	(289,297)	71,375	(110)	-0-	-0-	-0-	(218,032)	(213,613)
Nonoperating revenues:								
Grants and subsidies	289,297	-0-	-0-	-0-	-0-	-0-	289,297	313,382
Interest on investments	-0-	-0-	326	-0-	-0-	-0-	326	1,756
Other income	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,692
Total nonoperating revenues	289,297	-0-	326	-0-	-0-	-0-	289,623	316,833

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, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2001
(WITH COMPARATIVE TOTALS FOR 2000)

	DEPARTMENT OF HOUSING NEIGHBORHOOD DEVELOPMENT		DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ANNUAL CONTRIBUTION CONTRACTS						Totals	
	Shelter Plus Care Program	Real Estate Acquisition and Land Banking Mechanism	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	2001	2000
Net income	\$ -0-	\$71,375	\$ 216	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 71,591	\$ 3,220
Retained earnings (deficit) beginning of year	12,612	-0-	44,998	(336,037)	(393,156)	404	134,492	568,401	31,714	7,972
Adjustment to beginning retained earnings (deficit)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	20,522
Beginning retained earnings (deficit), as restated	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	31,714	28,494
Retained earnings (deficit), end of year	\$12,612	\$71,375	\$45,214	\$ (336,037)	\$ (393,156)	\$ 404	\$134,492	\$568,401	\$103,305	\$31,714

See Independent Auditors' Report on Supplementary Information.

EXHIBIT I

NEW ORLEANS REDEVELOPMENT AUTHORITY
GENERAL FIXED ASSETS ACCOUNT GROUP
DECEMBER 31, 2001
(WITH COMPARATIVE TOTALS FOR 2000)

	<u>2001</u>	<u>2000</u>
<u>ASSETS</u>		
Land	\$34,000	\$34,000
Equipment	<u>25,497</u>	<u>16,336</u>
Total assets	<u>\$59,497</u>	<u>\$50,336</u>
 <u>FUND EQUITY</u>		
Investment in general fixed assets- special revenue funds:		
-- Housing Development Coordination and Production Fund	\$34,000	\$34,000
-- Blighted Properties Administrative Program	<u>25,497</u>	<u>16,336</u>
Total fund equity	<u>\$59,497</u>	<u>\$50,336</u>

See Independent Auditors' Report on Supplementary Information.

EXHIBIT J

NEW ORLEANS REDEVELOPMENT AUTHORITY
GENERAL LONG-TERM OBLIGATIONS
DECEMBER 31, 2001
(WITH COMPARATIVE TOTALS FOR 2000)

	<u>2001</u>	<u>2000</u>
<u>ASSETS</u>		
Amounts to be provided for retirement of obligations	<u>\$14,857</u>	<u>\$13,805</u>
Total assets	<u>\$14,857</u>	<u>\$13,805</u>
<u>LIABILITIES</u>		
Compensated absences payable	<u>\$14,857</u>	<u>\$13,805</u>
Total liabilities	<u>\$14,857</u>	<u>\$13,805</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, 2001

<u>Program Grantor/Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Federal Expenditures</u>
PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass Through CDBG Funds as Subgrantee of the City of New Orleans:			
Shelter Plus Care Program	14.238	N/A	\$ 289,297
Blighted Properties Administrative Fund	*14.218	N/A	<u>935,543</u>
Total passed through funds			<u>1,224,840</u>
Total all programs			<u>\$1,224,840</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.



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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF 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, 2001, and have issued our report thereon dated June 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect NORA's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2001-01 and 2001-02.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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)

This report is intended solely for the information of the Board of Commissioners, NORA's management, the Legislative Auditor, the U.S. Department of Housing and Urban Development and the City of New Orleans and is not intended to be and should not be used by anyone other than these specified parties.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 28, 2002



Member
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Society of Louisiana
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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Morel, Jr., CPA

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* that are applicable to each of its major federal programs for the year ended December 31, 2001. **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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material

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)

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, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Summary Schedule of Findings and Questioned Costs, as item 2001-03.

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, the U.S. Department of Housing and Urban Development and the City of New Orleans and is not intended to, and should not be used by anyone other than those specified parties.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 28, 2002

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2001

Section I - Summary of Auditors' Reports

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? Yes

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)? None Reported

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? Yes

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2001

Section I - Summary of Auditors' Reports, Continued

Federal Awards, Continued

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2001

Section II - Financial Statement Findings

Reference Number

2001-01

Criteria

The management of **NORA** is responsible for maintaining an effective internal control.

Condition

Bank account reconciliation prepared for the Hibernia operating account at December 31, 2001, resulted in a net cumulative out-of-balance condition before the effect of audit adjustments of approximately \$304,256 between the general ledger balance of \$(603,271) to the reconciled amount of \$(299,015).

Questioned Costs

None.

Context

NORA had at December 31, 2001, thirteen (13) bank accounts.

Effect

Potential misstatement of financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2001-01

Cause

Software upgrade, bank account change coupled with problems resulting from the accounting for voided checks under the current software application.

Recommendation

We recommend that management establish a system to ensure that all unreconciled differences resulting from the bank account reconciliation process, are resolved on a timely basis.

Management's Response

NORA has hired a new accountant and anticipates resolution of the referenced condition by no later than July 31, 2002.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2001

Section II - Financial Statement Findings, Continued

Reference Number
2001-02

Criteria

The management of NORA is responsible for maintaining an effective internal control.

Condition

The current procedure for accounting for all "land banking" activities does not facilitate the timely, accurate and complete identification and recordation of all real property acquisitions and sales transactions.

Questioned Costs

None.

Context

Total acquisitions and sales of properties was \$464,560 and \$152,100 for the year ended December 31, 2001, respectively.

Effect

Potential misstatement of financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2001-02

Cause

Absence of an adequate and coordinated system to facilitate, the timely and accurate reporting of all blighted properties' acquisitions and sales activities.

Recommendation

Revise the current procedure to ensure the completeness in accounting for all "land banking" transactions, specifically acquisitions and sales activities. The procedure should include a monthly reconciliation of these transactions as per the subsidiary or detail ledgers to the general ledger.

Management's Response

As of June 28, 2002, a detail ledger has been completed for 2002 that depicts all real property acquisitions and sales transactions through May 2002. The reconciliation to the general ledger has been initiated and expected completion date is September 29, 2002.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2001

Section III - Federal Award Finding and Questioned Costs

Reference Number

2001-03

Federal Programs

U.S. Department of Housing and Urban Development (See Schedule of Expenditures of Federal Awards).

Criteria

Section A subsection 6 of the contract dated January 1, 2001, and amended as of October 1, 2001, by and between NORA and the Mayor's Division of Housing and Neighborhood Development office (DHND) states as follows:

"Acquire 200 properties for land banking and impact development".

Condition

For the year ended December 31, 2001, NORA acquired 102 of the 200 targeted "land banking" properties as per its agreement referenced above.

Questioned Costs

NONE.

Context

Not applicable.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2001

Section III - Federal Award Finding and Questioned Costs, Continued

Reference Number, Continued

2001-03

Effect

Non-compliance with the requirements of its agreement with DHND.

Cause

A combination of funding constraints and the legal processes involved in the acquisition of blighted properties.

Recommendation

We recommend that management evaluate its current financial capacity to attain the contractual level of "land banking" properties in future contract negotiations.

Management's Response

NORA will continue to seek additional funding to include exploring options to allow for a greater impact on blight and community redevelopment.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2001

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Number

00-01

Condition

Our review of NORA's banking relationship with one of its financial institutions and discussion with management revealed the lack of collateral for funds in excess of \$100,000 for the months January through August 2000.

Current Status

Resolved.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2001

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

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

Partially corrected.

With the transfer of the Section 8 programs to HANO, the level of interfund activities should be significantly impacted.

Nevertheless, management will continue to liquidate interfund activities to that extent the corresponding funds have the available resources. Anticipated completion date is no later than December 31, 2002.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2001

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

97-1

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

Partially corrected.

With the transfer of the Section 8 programs to HANO, the level of interfund activities should be significantly impacted.

Nevertheless, management will continue to liquidate interfund activities to that extent the corresponding funds have the available resources. Anticipated completion date is no later than December 31, 2002.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2001

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

97-3

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).

Current Status

Partially corrected.

Currently, all significant general ledger accounts are reconciled monthly or periodically. Management continues to research the composition of other accounts and anticipates completion by no later than December 31, 2002.

NEW ORLEANS REDEVELOPMENT AUTHORITY

EXIT CONFERENCE

Exit conference was held 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

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA - Senior Manager