Louisiana Housing Finance Agency

Internal Audit

Collette Mathis, Audit Director

October 8, 2008

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M E M O R A N D U M

To: Commissioner Maureen Clary - Chairman
Commissioner Allison Jones
Commissioner John N. Kennedy
Commissioner Roy Lester
Commissioner Joey Scontrino

From: Collette Mathis, Audit Director

Date: October 8, 2008

Re: Audit Committee

There will be an Audit Committee meeting, Wednesday, October 15, 2008 at 11:30 a.m., at Louisiana Housing Finance Agency, Committee Room 1, located at 2415 Quail Drive, Baton Rouge, LA.

There will be a presentation and discussion of the fiscal year ended June 30, 2008 external audit results by Duplantier, Hrapmann, Hogan & Maher and Postlethwaite & Netterville.

If you have any questions or concerns, please contact us.

October 3, 2008

Audit Committee

A regular meeting of the Audit Committee, to be held on Wednesday, October 15, 2008 at 11:30 a.m., Louisiana Housing Finance Agency, Committee Room 1, located at 2415 Quail Drive, Baton Rouge, LA, by the order of the Chairman.

Preliminary Agenda

1. Call to order, roll call and introduction of guests

2. Approval of the minutes of August 13, 2008 Committee Meeting

3. Presentation and Discussion of External Audit Results for Fiscal Year Ended June 30, 2008
    - Duplantier, Hrapmann, Hogan & Maher
    - Postlethwaite & Netterville

4. Other Business

5. Adjournment

Milton J. Bailey, President

Pursuant to the provisions of LSA-R.S. 42:6.1, upon two-thirds vote of the members present, the Board of Commissioners of the Louisiana Housing Finance Agency may choose to enter Executive Session, and by this notice, the Agency reserves its right to go into executive session as provided by law.

Louisiana Finance Agency
Audit Committee Meeting Minutes
Wednesday, February 13, 2008
2415 Quail Drive
Committee Room 2
Baton Rouge, LA 70808
12:30PM

Commissioners Present

Merriell Lawson, Chairperson
Carolyn Burris
Danette O'Neal
Guy Williams
Wayne Woods

Commissioners Absent

John Kennedy
Allison Jones
Robert Austin

Staff Present

Collette Mathis
Konchetta Bringier
Dione Milton

● ● ● ● ● ● ● ● ●

1. Call to order, roll call and introduction of guests.
Chairman Lawson called the meeting to order at 12:30PM and asked for roll call. A quorum was established.

2. Approval of the minutes.
On a motion by Danette O'Neal and seconded by Carolyn Burris, the minutes of the October 10, 2007 Audit Committee Meeting were approved.

3. Update on Audit Activities and 2008 Annual Audit Plan Presentation.
Chairman Lawson turned the meeting over to Collette Mathis to present the 2008 Audit Plan. Ms. Mathis gave an overview of the various components of the Audit Plan including the goals for the year, last year's accomplishments, reviews conducted last year, upcoming reviews and current staffing. Ms. Mathis also discussed the department is coordinating with the Legal Department to issue an RFP for an audit of the Agency's IT function.

Collette Mathis discusses the challenges with the Compliance Audit. Issues include, determining which properties have a monitoring requirement, inconsistent forms and incomplete forms. In addition, she also explains the list of properties that have monitoring requirements, do not reconcile for the Tax Credit, Compliance, HOME and Accounting Departments. It is recommended that all departments utilize a central database, such as HDS.

Collette Mathis explains to the Committee that the Audit Department has researched various audit software; TeamMate is the most recommended. Collette Mathis explains that the cost of the software is approximately $10,500 for 0-5 users, plus training cost. Commissioner Lawson made a recommendation from the Audit Committee that software should be purchased if funds are available.

Commissioner O'Neal made a motion that the Agency purchase Audit Software for the Internal Audit Department. The motion was seconded by Carolyn Burris.

4. Other Business. There was no further business to come before the Committee.

5. Adjournment. The meeting was adjourned at 12:54 PM.

Louisiana Finance Agency
Audit Committee Meeting Minutes
Wednesday, August 13, 2008
2415 Quail Drive
Committee Room 1
Baton Rouge, LA 70808
9:00 AM

Commissioners Present

Maureen Clary, Chairperson
Mayson Foster

Commissioners Absent

John Kennedy
Allison Jones
Roy Lester
Joey Scontrino

Staff Present

Collette Mathis
Konchetta Bringier
Dione Milton
Jatis Harrington
Rene' Landry

Others Present

Candy Wright, Postlethwaite & Netterville
Amanda Strebeck, Postlethwaite & Netterville
Bill Stamm, Duplantier, Hrapmann, Hogan & Maher
Heather McCardle, Duplantier, Hrapmann, Hogan & Maher

1. Call to order, roll call and introduction of guests.
Chairman Clary called the meeting to order at 9:08AM and asked for roll call. A quorum was not established.

2. Approval of the minutes.
Approval of the minutes of the February 13, 2008 Audit Committee Meeting was deferred.

3. Approval of and recommendation to Full Board for adoption of the completed Louisiana Audit Compliance Questionnaire for Audit Engagements of Governmental Entities.
Collette Mathis turned the meeting over to Rene' Landry who is seeking approval of the Louisiana Audit Compliance Questionnaire. Since a quorum was not met, Mr. Landry asked the chair of the Audit Committee to provide an explanation of what was discussed in the committee meeting and to make a motion to the full board to approve the adoption of the completed questionnaire.

4. Audit of Fiscal Year Ended 06/30/08 Financial Statements Entrance Conference: Duplantier, Hrapmann, Hogan & Maher, CPA and Postlethwaite & Netterville
Mr. Landry explained the background and responsibility of the two audit firms contracted to conduct LHFA's annual audit. DHHM is contracted to audit the general fund; P&N is contracted to audit the Multi-Family and Single Family Mortgage Revenue Bond Issues. He noted that the financials are due August 29, 2008, two months after the June 30^{th} year end. The financials are incorporated into the state's consolidated audit financial report (CAFR).

Mr. Landry turned the meeting over to Bill Stamm with DHHM to discuss the General Fund portion of the entrance conference. Mr. Stamm discussed the deadline for the draft report and the final report. The draft is due on August 22, 2008 and the final report on August 29, 2008. He informed the committee that they are on schedule.

Mr. Stamm asked if there are any pending lawsuits, any new contract or leases and if there is any knowledge of fraud or suspected fraud. Mr. Landry explained that there is a pending lawsuit regarding the Tax Credit Program; this item is being handled in the Legal Committee. He also explained that there are no new leases and the lease with Ethics has expired and they are now leasing month to month. In addition, there is no knowledge of fraud or suspected fraud and there we no major areas of concerns from last year's audit. Mr. Stamm concluded the General Funds side of the Entrance Conference.

Candy Wright with P&N discussed the bond segment of the Entrance Conference. She stated that the auditors' responsibility is to provide reasonable assurance of detecting material misstatements of the financial statements and management's responsibility is to ensure that the financial statements are fairly presented in accordance with GAAP. Ms. Wright explained that under the new standards, the auditor is required to communicate in writing, significant deficiencies and material weaknesses to management and those charged with governance.

Also, the new risk standards require a more in-depth understanding of the entity and its environment, including internal control. She also explained that a risk assessment is conducted to determine which bonds will receive a full scope review or analytical procedures performed. She also noted there are 7 auditors assigned to audit the bond issues. Mrs. Wright concluded her presentation.

5. Other Business. There was no further business to come before the Committee.

6. Adjournment. The meeting was adjourned at 9:35 AM.

LOUISIANA HOUSING FINANCE AGENCY

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2008

P&N

LOUISIANA HOUSING FINANCE AGENCY

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2008

LOUISIANA HOUSING FINANCE AGENCY

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P&N Postlethwaite & Netterville

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Louisiana Housing Finance Agency
Baton Rouge, Louisiana

We have audited the accompanying combined financial statements of the Louisiana Housing Finance Agency (the Agency or LHFA) as of June 30, 2008 and 2007. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the General Fund of the Agency, as described in Note 2b to the financial statements as of June 30, 2008 and 2007, contained in the accompanying financial statements, which represent 20% and 19%, respectively, of total combined assets and 27% and 32%, respectively of total combined revenues. Those financial statements, were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the General Fund, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As further described in Note 2f, the Agency has not adopted Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools* for its Mortgage Revenue Bond Programs. The adoption of this statement is necessary for conformity with accounting principles generally accepted in the United States of America. The effect on assets, liabilities, revenues and expenses is not known.

In our opinion, except for the effect on the combined financial statements of the departure from accounting principles generally accepted in the United States of America described in the preceding paragraph, based on our audit and the report of the other auditors, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the combined financial position of the Louisiana Housing Finance Agency as of June 30, 2008 and 2007 and its combined results of operations and its combined cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Management's Discussion and Analysis on pages 3 through 9 and the schedule of funding progress for LHFA's OPEB Plan on page 50, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

As discussed in Note 10 to the financial statements, the Louisiana Housing Finance Agency adopted the provisions of the Governmental Accounting Standards Board Statement No. 45, Postemployment Benefits Other Than Pension Benefits as of July 1, 2007.

Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining and individual fund financial statements and schedules as of June 30, 2008 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Louisiana Housing Finance Agency. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

Postlethwaite & Netterville

Baton Rouge, Louisiana
August 28, 2008

REQUIRED SUPPLEMENTARY INFORMATION

The Management's Discussion and Analysis of the LHFA's financial performance presents a narrative overview and analysis of LHFA's financial activities for the year ended June 30, 2008. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. The amounts used in this analysis are rounded to the nearest thousandth or millionth, as indicated. Please read this document in conjunction with the LHFA's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS
2008

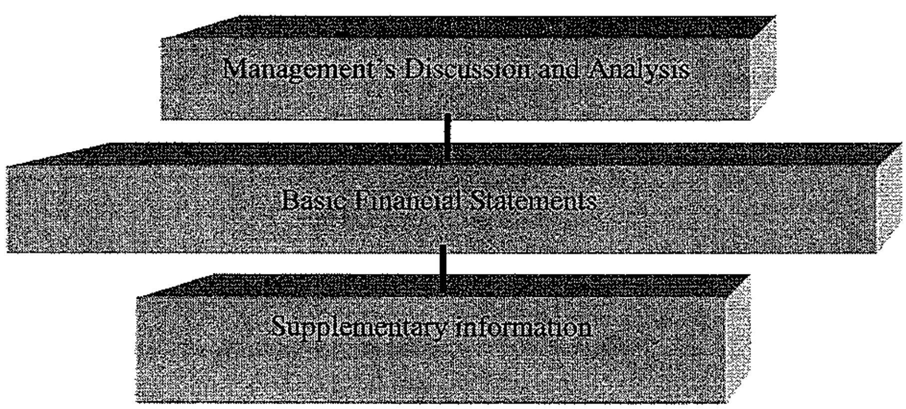
★ The LHFA's assets exceeded its liabilities at the close of fiscal year 2008 by $262,724,000 which represents a 33% increase from last fiscal year.
★ The LHFA's operating revenues decreased $2,168,000, (or 3%) and the net results from operating activities decreased by $13,150,000 (or 77%).

2007

★ The LHFA's assets exceeded its liabilities at the close of fiscal year 2007 by $197,873,000 which represents a 24% increase from last fiscal year.
★ The LHFA's operating revenues increased $13,407,000 (or 24%) and the net results from operating activities increased by $11,631,000 (or 213%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and supplementary information.

Basic Financial Statements

The basic financial statements present information for the LHFA as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheets; the Statements of Revenues, Expenses, and Changes in Net Assets; and the Statements of Cash Flows.

The Balance Sheets (pages 10-11) present the assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the LHFA is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Assets (pages 12-13) present information showing how LHFA's net assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statements of Cash Flow (pages 14-15) present information showing how LHFA's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
As of June 30, 2008, June 30, 2007, and June 30, 2006
(In thousands)

	Total		
	2008	2007	2006
Cash	$ 64,805	$ 22,969	$ 20,719
Investments	213,088	374,019	360,924
Mortgage Loans	880,423	636,400	460,116
Capital Assets	46,469	17,904	10,214
Other Assets	57,194	53,313	39,791
Total assets	1,261,979	1,104,605	891,764
Other liabilities	$ 18,470	$ 16,784	$ 12,517
Long-term debt outstanding	980,785	889,948	719,877
Total liabilities	999,255	906,732	732,394

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY (LHFA)
COMBINED FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2008 AND JUNE 30, 2007

Statement of Net Assets
As of June 30, 2008, June 30, 2007, and June 30, 2006
(in thousands)

	Total		
	2008	2007	2006
Net Assets:			
Invested in Capital Assets, net of related debt	$ 40,039	$ 10,909	$ 2,679
Restricted	164,305	127,060	108,889
Unrestricted	58,380	59,904	47,802
Total net assets	$ 262,724	$ 197,873	$ 159,370

Amounts invested in capital assets represent the carrying amount of property and equipment less depreciation. Restricted net assets represent those assets that are not available for spending as a result of donor agreements and grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

2008

Net assets of the LHFA increased by $64,851,000 or 33%, from June 30, 2007 to June 30, 2008. This increase in net assets can be attributed to operating income of $3,936,000 combined with net non-operating income of $56,862,000 and contributions from external parties of $4,053,000.

2007

Net assets of the LHFA increased by $38,503,000, or 24%, from June 30, 2006 to June 30, 2007. This increase in net assets can be attributed to operating income of $17,086,000 combined with net non-operating income of $17,228,000 and contributions from external parties of $4,189,000.

Statement of Revenues, Expenses, and Changes in Net Assets
For the years ended June 30, 2008, June 30, 2007, and June 30, 2006
(in thousands)

	2008	2007	2006
Operating revenues	$ 66,667	$ 68,835	$ 55,428
Operating expenses	62,731	51,749	49,973
Operating income	3,936	17,086	5,455
Non-operating income	56,862	17,228	11,566
Income before transfers	60,798	34,314	17,021
Contributions from external parties	4,053	4,189	4,466
Increase in net assets	$ 64,851	$ 38,503	$ 21,487

2008

Operating expenses increased primarily as a result of increased personnel costs from implementing GASB 45 which caused a non-cash accrual expense of $1,480,000. Net non-operating revenues increased primarily due to an increase in income from rental property because of the rehabbing and rebuilding of our two rental properties, Gaslight and Willowbrook by FEMA through the Office of Facility Planning for a net $20 million increase and also due to the state's allocation to the Louisiana Housing Trust Fund for a $25 million increase, to be expended for fiscal '09.

The LHFA's total revenues (including operating and non-operating) increased by $75,055,000 or 46%. The total cost of all programs and services increased by $48,571,000 or 38%.

2007

LHFA's operating revenues increased primarily as a result of an increase in fees generated by the awarding of additional tax credits and increased investment income. Operating expenses remained relatively flat. Net non-operating income increased due primarily to an increase in net income from rental property because of the rehabbing and rebuilding of our two rental properties, Gaslight and Willowbrook by FEMA through the Office of Facility Planning.

The LHFA's total revenues (including operating and non-operating) increased by $6,131,000 or 4%. The total cost of all programs and services decreased by $11,162,000 or 8%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

2008

At the end of 2008, the Louisiana Housing Finance Agency had $46.5 million invested in a broad range of capital assets, including a three story building facility located in Baton Rouge, multi-family properties located in New Orleans, and office and information technology equipment. (See Table below). This amount represents a net increase (including additions and deductions) of $28,565,000, or a 160% increase over last year.

2007

At the end of 2007, the Louisiana Housing Finance Agency had $17.9 million invested in a broad range of capital assets, including a three story building facility located in Baton Rouge, multi-family properties located in New Orleans, and office and information technology equipment. (See Table below). This amount represents a net increase (including additions and deductions) of $7,690,000, or a 75% increase over last year.

Capital Assets at Year-End
(In thousands)

	2008	(in thousands) 2007	2006
Land	$ 712	$ 712	$ 712
Land Improvements (net)	93	99	106
Construction - in - progress	4,391	8,890	314
Building (net of accumulated depreciation)	40,656	7,751	8,552
Equipment (net of accumulated depreciation)	617	452	530
Totals	$ 46,469	$ 17,904	$ 10,214

2008

2008's changes included (in thousands):

• Equipment acquisitions and replacements	$ 400
• Depreciation	(439)
• Equipment disposals	(290)
• Rehab of HUD Disposition – Increase in Construction in Progress	28,797
• Adjust accumulated depreciation for disposals	288
• Adjust accumulated depreciation for HUD Disposition	(191)
• Rehab of HUD Disposition – Decrease in Construction in Progress	(33,926)
• Rehab of HUD Disposition – Increase in Buildings	33,926

2007

2007's changes included (in thousands):

• Equipment acquisitions and replacements	$ 203
• Depreciation	(488)
• Equipment disposals	(60)
• Adjustment for damage to HUD Disposition	(744)
• Rehab of HUD Disposition	8,576
• Adjust accumulated dep. for disposals	58
• Adjust accumulated dep. for HUD Disposition	145

Debt

2008

The Louisiana Housing Finance Agency had $980,785,000 in bonds and notes outstanding at year-end, compared to $889,948,000 at the end of last year, an increase of 10%, as shown in the following table.

Debt *(continued)*

2007

The Louisiana Housing Finance Agency had $889,948,000 in bonds and notes outstanding at year-end, compared to $719,877,000 at the end of last year, an increase of 24%, as shown below.

Outstanding Debt at Year-end
(In thousands)

	2008	2007	2006
Mortgage Revenue Bonds and Notes	$ 936,612	$ 833,368	$ 662,722
LHFA General Office and MF 202 Elderly Bonds, and Debentures	44,173	56,580	57,155
Totals	$ 980,785	$ 889,948	$ 719,877

2008

An increase in debt level exists at June 30, 2008 in comparison to the prior year as bond refundings and redemptions were outpaced by new debt issued.

The LHFA's bond rating continues to carry the A2 rating for general revenue bonds and the 202 Elderly MR Bonds, and the Aaa rating for the debt of its Mortgage Revenue Bonds.

The LHFA has accounts payable and accrued interest payable of $9,325,000 outstanding at year-end compared with $9,143,000 last year. Other obligations include accrued vacation pay and sick leave, deferred revenue, and accrued post-retirement benefits.

2007

An increase in debt level exists at June 30, 2007 in comparison to the prior year as bond refundings and redemptions were outpaced by new debt issued.

The LHFA's bond rating continues to carry the A2 rating for general revenue bonds and the 202 Elderly MR Bonds, and the Aaa rating for the debt of its Mortgage Revenue Bonds.

The LHFA has accounts payable and accrued interest payable of $9,143,000 outstanding at year-end compared with $5,866,000 last year. Other obligations include accrued vacation pay and sick leave, and deferred revenue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The LHFA's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Expected increase in interest rates will tend to discourage early payoffs and refinancing, increasing the Agency asset base of mortgage backed securities and thereby allowing new issues to stabilize or increase the asset base and thus increasing the issuer fees the Agency receives.
- Interest rates are expected to slowly increase over the next year which should cause an increase in the Agency's investment income.
- The HUD Disposition properties were damaged during Hurricane Katrina and haven't been generating any revenue the past two years. Willowbrook came back on-line at the end of fiscal '08 and should be at or near full occupancy by the end of fiscal '09, which will increase our rental income. Gaslight isn't expected to come on-line until fiscal '10.
- If the need should arise, the warehousing of securities at the Federal Home Loan Bank of Dallas will help minimize negative arbitrage and it would increase investment income.

The LHFA expects that next year's results will be mixed based on the following:

- The Section 8 revenues should increase because of the addition of several properties during the fiscal year.
- The Agency doesn't expect to generate as much tax credit revenue in fiscal '09 because of the availability of fewer tax credits for the Agency to award.

The Agency expects overall operating expenses to increase in relation to revenues

CONTACTING THE LOUISIANA HOUSING FINANCE AGENCY'S MANAGEMENT

This financial report is designed to provide Louisiana's citizens and taxpayers, as well as the Agency's customers, investors and creditors with a general overview of the Louisiana Housing Finance Agency's finances and to show the LHFA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact René Landry, CFO.

LOUISIANA HOUSING FINANCE AGENCY

COMBINED BALANCE SHEETS
JUNE 30, 2008 AND 2007
(THOUSANDS OF DOLLARS)

ASSETS

	2008	2007
CASH AND CASH EQUIVALENTS	$ 64,805	$ 22,969
INVESTMENTS	213,088	374,019
MORTGAGE LOANS RECEIVABLE		
Single Family (net of reserve of $2,312 and $2,458, respectively)	662,163	444,434
Multifamily (net of reserve of $54,073 and $54,476 respectively)	218,260	191,966
ACCRUED INTEREST RECEIVABLE	28,148	27,732
DEFERRED FINANCING COSTS (net of of accumulated amortization of $15,308 and $14,033, respectively)	14,089	10,681
CAPITAL ASSETS (net of accumulated depreciation of $3,165 and $2,822, respectively)	46,469	17,904
OTHER ASSETS	14,957	14,900
TOTAL ASSETS	$ 1,261,979	$ 1,104,605

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	2008	2007
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 4,974	$ 2,747
ACCRUED INTEREST PAYABLE	4,351	6,396
NOTES, DEBENTURES AND BONDS PAYABLE		
Amounts due within one year	57,826	27,465
Amounts due after one year	922,959	862,483
DUE TO GOVERNMENTS	24	136
OTHER POSTEMPLOYMENT BENEFIT PLAN PAYABLE	1,480	-
AMOUNTS HELD IN ESCROW	7,641	7,505
TOTAL LIABILITIES	999,255	906,732
NET ASSETS		
Invested in capital assets (net of related debt)	40,039	10,909
Restricted	164,305	127,060
Unrestricted	58,380	59,904
TOTAL NET ASSETS	262,724	197,873
TOTAL LIABILITIES AND NET ASSETS	$ 1,261,979	$ 1,104,605

LOUISIANA HOUSING FINANCE AGENCY

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007
(THOUSANDS OF DOLLARS)

	2008	2007
REVENUES:		
Investment income	$ 19,446	$ 20,678
Mortgage loan income	38,484	28,983
Federal program administrative fees	6,479	5,698
Low income housing tax credit program fees	1,880	8,807
Other income	378	4,669
Total revenues	66,667	68,835
EXPENSES:		
Interest	47,393	39,055
Amortization of deferred financing costs	1,275	1,063
General and administrative	13,184	11,631
Provisions for loan losses	879	-
Total expenses	62,731	51,749
Operating Income	3,936	17,086
NON-OPERATING REVENUES (EXPENSES)		
Appropriation from State for Louisiana Housing Trust Funds	25,000	-
Other contributions and grants for Louisiana Housing Trust Funds	1,529	-
Restricted mortgage loan interest income	2,835	3,284
Federal grants drawn	113,296	83,033
Federal grant funds disbursed	(114,090)	(75,688)
Provision for loan losses on grant loans	550	(813)
Net income from rental property	27,601	7,271
Other non-operating	141	141
Total non-operating income	56,862	17,228
Income before contributions	60,798	34,314

The accompanying notes are an integral part of these statements.

LOUISIANA HOUSING FINANCE AGENCY

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007
(THOUSANDS OF DOLLARS)

	2008	2007
Income before contributions (continued)	$ 60,798	$ 34,314
Contributions from external parties	4,053	4,189
CHANGE IN NET ASSETS	64,851	38,503
NET ASSETS - beginning of year	197,873	159,370
NET ASSETS - end of year	$ 262,724	$ 197,873

The accompanying notes are an integral part of these statements.

LOUISIANA HOUSING FINANCE AGENCY

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007
(THOUSANDS OF DOLLARS)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from:		
Investment and mortgage loan income	$ 57,563	$ 41,570
Mortgage principal repayments	95,709	70,192
Fee revenue	9,318	15,659
Cash paid to:		
Suppliers of services	(4,081)	(2,184)
Employees and benefit providers	(7,244)	(6,126)
Mortgage purchases	(343,265)	(242,152)
Bondholders and creditors for interest	(49,458)	(36,548)
Net cash used in operating activities	(241,458)	(159,589)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in other assets	188	150
Investment purchases	(401,476)	(549,503)
Investment redemptions	563,663	536,971
Net cash flow from rental properties	(952)	(383)
Net cash provided (used in) by investing activities	161,423	(12,765)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Bond financing costs	(4,834)	(5,902)
Cash receipts from federal grants	113,183	82,968
Cash disbursements of federal grants	(110,490)	(79,166)
Proceeds from bond issues	285,073	404,718
Retirement of notes and bonds payable	(192,193)	(212,520)
Net (transfers) and/or contributions	5,327	4,369
Deposit to escrow account for advance refunding	-	(20,253)
Net change in escrow accounts	135	932
Other non-operating income	26,526	203
Net cash provided by noncapital financing activities	122,727	175,349

The accompanying notes are an integral part of these statements.

LOUISIANA HOUSING FINANCE AGENCY

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007
(THOUSANDS OF DOLLARS)

	2008	2007
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Retirement of bonds payable	$ (565)	$ (540)
Purchase of property and equipment	(291)	(205)
Net cash used in capital financing activities	(856)	(745)
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,836	2,250
CASH AND CASH EQUIVALENTS, beginning of year	22,969	20,719
CASH AND CASH EQUIVALENTS, end of year	$ 64,805	$ 22,969
Reconciliation of Operating Income to Cash (Used) Provided from Operating Activities:		
Operating income	$ 3,936	$ 17,086
Adjustments to reconcile operating income to net cash used in operating activities:		
Amortization of deferred financing costs	1,275	1,063
Amortization of mortgage loan discount	(589)	(3,212)
Amortization of bond discount/premium	(2,378)	(1,617)
Amortization of deferred (income) losses	587	421
Depreciation	439	489
Provision for loan losses	879	-
Changes in:		
Accrued interest receivable	2,264	(4,231)
Accrued interest payable	(2,005)	3,695
Accounts payable and accrued expenses	2,441	(315)
OPEB payable	1,480	-
Due from governments	(102)	2
Deferred income	(26)	(24)
Mortgage loans purchased	(343,265)	(192,458)
Mortgage loan principal collections	95,709	66,716
Net change in unrealized gain or loss on investments and securitized mortgage loans	(1,277)	(564)
Net change in interfund accounts and other	(826)	(46,640)
Net cash used in operating activities	$ (241,458)	$ (159,589)

The accompanying notes are an integral part of these statements.

LOUISIANA HOUSING FINANCE AGENCY

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Organization of the Agency

The Louisiana Housing Finance Agency (the Agency or LHFA) is a political subdivision and instrumentality of the State of Louisiana established in 1980 pursuant to the Louisiana Housing Finance Act contained in Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended. The initial enabling legislation and subsequent amendments grant the Agency the authority to undertake various programs to assist in the financing of housing needs in the State of Louisiana for persons of low and moderate incomes. Programs implemented by the Agency for this purpose consist of Mortgage Revenue Bond Programs, the Low Income Housing Tax Credit Program, the Mark-to-Market Program and various federal award programs including the Low Income Housing Energy Assistance Program, the Weatherization Assistance Program, HOME and Section 8 Contract Administration.

In accordance with the above legislation, the powers of the Agency are vested in a Board of Commissioners which is empowered to contract with outside parties to conduct the operations of the programs it initiates. For the mortgage revenue bond programs it initiates, the Agency utilizes mortgage lenders to originate and service mortgage and construction loans acquired under its single family and multifamily programs. The Agency also utilizes various financial institutions to serve as trustees for each of its programs. Those financial institutions administer the assets of the mortgage revenue bond programs held under trust pursuant to the trust indentures.

In addition to general obligation debt, LHFA is authorized, for the furtherance of public purposes, to issue its mortgage revenue bonds in order to provide funds to promote the development of adequate residential housing and other economic development for the benefit of the State. The mortgage revenue bonds are limited obligations of the Agency and do not constitute a debt, liability, or moral obligation of the State or any political subdivision thereof. The mortgage revenue bonds are issued as conduit financing and as such, are payable solely from the income, revenues and receipts derived from the mortgage loans and other investments held under and pursuant to the trust indentures and pledged therefore. LHFA has no taxing power. The Agency receives service and issuer fees in connection with its revenue bond programs.

2. Significant Accounting Policies

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units except for the application of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools* (GASB 31) to its Mortgage Revenue Bond Programs. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The more significant of the Agency's accounting policies are described below:

a. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. Under these criteria, only the Agency's General Fund has been determined to be a component unit of the State of Louisiana and, therefore, its financial position and activities are included in the State of Louisiana's government wide financial statements. The Agency's "General Fund" as used here refers to the Agency's general operating fund and is not meant to denote a governmental type general fund of a primary government.

2. **Significant Accounting Policies** (continued)

b. **Basis of Accounting**

The Agency's General Fund, as well as its Mortgage Revenue Bond Program Funds, are considered to be proprietary type funds and are combined and presented as a single business type activity.

Proprietary funds are used to account for governmental activities that are similar to those found in the private sector where the determination of operating income and changes in net assets is necessary or useful to sound financial administration. The Generally Accepted Accounting Principles (GAAP) used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they were earned and expenses are recognized in the period incurred.

Since the business of the Agency is essentially that of a financial institution having a business cycle greater than one year, the balance sheet is not presented in a classified format.

The following funds are maintained by the Agency:

General Fund

General Fund - This fund provides for the accounting of the Agency, any allowable transfers from other funds, investments and income thereon and federal program transactions.

Mortgage Revenue Bond Funds

Multifamily Mortgage Revenue Bond Program Funds - These funds are established under the multifamily mortgage revenue bond trust indentures to account for the proceeds of the issuance of the multifamily mortgage revenue bonds, the debt service requirements of the bond indebtedness, and mortgage loans purchased with bond proceeds. Mortgage loans of these programs provide permanent financing for construction and rehabilitation of multifamily residential housing. The Agency functions as a conduit to provide tax-exempt financing.

Single Family Mortgage Revenue Bond Program Funds - These funds are established under the single family mortgage revenue bond trust indentures to account for the proceeds from the issuance of the single family mortgage revenue bonds, the debt service requirements of the bond indebtedness, and mortgage loans purchased with bond proceeds. The single family mortgage revenue bond programs promote residential home ownership for low and moderate income persons through the funding of low-interest mortgage loans and down-payment assistance.

2. **Significant Accounting Policies** (continued)

c. **Bond Issuance Costs**

Note and bond issuance costs, including underwriters' discounts on notes and bonds sold, are deferred and amortized over the life of the indebtedness based upon the principal amounts of the bonds outstanding; a method which approximates the interest method.

d. **Bond Discounts and Premiums**

Discounts and premiums incurred upon issuance of bonds are deferred and amortized to interest expense over the life of the indebtedness using a method that approximates the interest method.

e. **Investments**

Mortgage Revenue Bond Funds

Guaranteed Investment Contracts – Provisions of GASB Statement No. 31 permit the recording of guaranteed investment contracts at cost if the contracts are non-participating. Non-participating contracts are those that are non-negotiable and non-transferable and redeemable at contract or stated value, rather than fair value based on current market rates. All of the Agency's investment contracts are non-participating and are therefore reported at cost, which approximates fair value.

General Fund

Debt Securities - Investments in debt securities consist of primarily U.S. Government and Agency securities. GASB Statement No. 31 requires certain types of investment securities to be carried at fair value as defined. In accordance with this statement, the Agency carries all debt securities of its General Fund with an original term of greater than one year at fair value. The change in fair value of such securities is recognized as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Assets.

f. **Program Mortgage Loans**

Whole Loans and Unsecuritized Loans - Carried at original cost less principal collections less allowance for loan losses.

GNMA and FNMA Securitized Mortgage Loans

Mortgage Revenue Bond Funds - Carried at amortized cost less principal collections. Accretion of discounts and premiums related to the purchase is recognized into income over the life of the certificates using the interest method. The policy of carrying these securities at amortized cost is not in accordance with GASB Statement No. 31, which requires the securities to be recorded at their fair value. This policy is considered to be a departure from accounting principles generally accepted in the United States of America.

General Fund - Carried at fair value as prescribed by GASB Statement No. 31. Changes in fair value are recognized as a component of income.

2. **Significant Accounting Policies** (continued)

g. **Allowance for Loan Losses**

The allowance is maintained at a level adequate to absorb probable losses. Management determines the adequacy of the allowance based upon reviews of groups of credits, loss experience of similar type loans, current and future estimated economic conditions, the risk characteristics of the various categories of loans and other pertinent factors. Credits deemed uncollectible are charged to the allowance. Past due status is based on contractual terms. Provisions for loan losses and recoveries on loans previously charged off are added to the allowance.

h. **Capital Assets**

Property and equipment is stated at cost less accumulated depreciation. The Agency capitalizes all property and equipment with initial, individual costs greater than $1,000. Depreciation is computed on the straight-line method over the following estimated useful lives:

Buildings	40 years
Equipment	3 – 7 years
Automobiles	5 years

i. **Compensated Absences**

The Agency has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited, however, use of annual leave through time off is limited to 780 hours. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

As the Agency is a proprietary type fund, the cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expense when the leave is earned.

j. **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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Significant Accounting Policies (continued)

k. Debt Refundings

The Agency accounts for debt refundings in accordance with GASB No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. This statement requires accounting for gains and losses that result from debt refundings to be deferred and amortized over the life of the new debt or the retired debt, whichever is the shorter period. The deferred refunding amounts are classified as a component of bonds payable in the financial statements.

l. Operating / Non-operating Revenue and Expenses

Operating revenues consist of program administration fees, bond issue fees, and investment income as these revenues are generated from the Agency's operations and are generated in carrying out its statutory purpose. All expenses incurred for that purpose are classified as operating expenses. Federal grant pass through revenues and expenses, provisions for loan losses on program loans in the General Fund, and income from rental properties are ancillary to the Agency's statutory purpose and are classified as non-operating.

m. Reclassification

Certain amounts in the 2007 statements have been reclassified to conform to the current year's presentation.

3. Cash and Investments

Authority

For reporting purposes, cash and cash equivalents include cash on hand, financial institution deposits, money market accounts and all highly liquid investments with an original maturity of three months or less. Cash and cash equivalents are stated at cost which approximates market value. Under state law the Louisiana Housing Finance Agency may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Agency may purchase time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate amounts of federally or state chartered credit unions.

Under Louisiana Revised Statute of 1950, as amended, the Agency may invest in obligations of the U.S. Treasury, obligations of U.S. Agencies which are guaranteed by the U.S. government or U.S. government agencies, repurchase agreements, certificates of deposit as provided by the statute mentioned above, investment grade commercial paper, investment grade corporate notes and bonds, and other investments as required by the terms of bond trust indentures.

3. **Cash and Investments** (continued)

Authority (continued)

Cash and Cash Equivalents

The Louisiana Housing Finance Agency had cash and cash equivalents totaling approximately $64,805,000 and $22,969,000 at June 30, 2008 and 2007, respectively, which included money market funds of approximately $37,076,000 and $22,543,000, for each year respectively, and bank deposits of approximately $27,729,000 and $426,000. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

The Louisiana Housing Finance Agency had cash and cash equivalents as of June 30 consisting of:

	2008	2007	Rating
	(in thousands)		
Demand Deposits	$ 27,677	$ 376	N/A
Federal Home Loan Bank deposits	52	50	N/A
Money Market Funds	37,076	22,543	AAA
	$ 64,805	$ 22,969	

The deposits and money market funds are subject to custodial credit risk; that is, in the event of a bank failure, the funds may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The Agency's demand deposits (bank balances) were entirely covered by FDIC insurance or pledged collateral held in the name of the Agency at June 30, 2008 and 2007. The Agency's Federal Home Loan Bank deposits are backed by the financial resources of the Federal Home Loan Bank of Dallas, which was created by the United States Federal Government, via the Federal Home Loan Bank Act of 1932, as amended, and is regulated as specified in the Housing and Economic Recovery Act of 2008. The Agency's money market funds are invested in short-term money market instruments issued by the United States Treasury which are backed by the full faith and credit of the United States government.

As of June 30, 2008, the Agency had the following investments and maturities (in years):

Investment Securities (in thousands):

		Years			
Investment Type	Carrying Value	Less than 1	1 to 5	6 to 10	>10
U.S. Treasury Notes	$ 9,382	$ 3,021	$ 5,578	$ 783	$ -
U.S. Sponsored Agencies	33,739	5,779	21,483	834	5,643
GNMA's	5,324	-	-	475	4,849
Investment Contracts	164,643	N/A	N/A	N/A	N/A
Total	$ 213,088	$ 8,800	$ 27,061	$ 2,092	$ 10,492

3. **Cash and Investments** (continued)

Investments and Securitized Mortgage Loans

As of June 30, 2007, the Agency had the following investments and maturities (in years):

Investment Securities (in thousands):

		Years			
Investment Type	Carrying Value	Less than 1	1 to 5	6 to 10	>10
U.S. Treasury Notes	$ 9,641	$ 639	$ 8,286	$ 716	$ -
U.S. Sponsored Agencies	37,335	13,689	14,724	2,432	6,490
GNMA's	6,209	-	-	580	5,629
Investment Contracts	320,834	N/A	N/A	N/A	N/A
Total	$ 374,019	$ 14,328	$ 23,010	$ 3,728	$ 12,119

Interest rate risk. The Agency manages interest rate risk by duration. The Agency forecasts future changes in interest rates and the slope of the yield curve and then selects a duration strategy for the portfolio. For example, when forecasts are for higher interest rates, the general strategy is to shorten the overall duration of a portfolio to mitigate the adverse affects of higher interest rates. Conversely, if forecasts are for lower interest rates, then the duration of the portfolio is lengthened.

Credit Risk. State law limits investments to those indicated under the authority caption within this footnote. It is the Agency's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of June 30, 2008, and 2007, all of the Agency's investments were rated AAA by Standard & Poors. Although not a direct correlation to the investment contract company's overall credit worthiness, the ratings of the Agency's investment contracts ranged from AAA to Caa2 by Standard & Poors. Approximately 60% of the Agency's investment contracts had a rating lower than AAA at June 30, 2008.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency's investments are held by the custodial bank as an agent for the Agency, in the Agency's name, and are thereby not exposed to custodial credit risk.

3. **Cash and Investments** (continued)

Investments and Securitized Mortgage Loans (continued)

Concentration of Credit Risk. The Agency places no limit on the amount they may invest in any one issuer. As of June 30, 2008 and 2007, the Agency had investments of the following issuers which represented more than 5 percent of total investments and securitized mortgage loans:

	2008	2007
Aegon	-	5%
Depfa Bank	9%	7%
Federal Home Loan Mortgage Corporation	27%	9%
Federal National Mortgage Associate	6%	7%
Pallas	-	10%
XL Asset Funding	-	8%

Net unrealized (gain)loss on investment securities and securitized program loans held in the General Fund, was ($631,823) and $644,721 at June 30, 2008 and 2007, respectively. The change in fair value of $1,276,545 and $563,693 was included in investment income for June 30, 2008 and 2007, respectively.

The guaranteed investment contracts (GIC's) are unsecured. Redemption of these investments depends solely on the financial condition of the companies which provide the contracts, and their ability to pay their obligations. GIC's consisted of the following at June 30:

	2008	2007
	(in thousands)	
Guranteed Investment Contracts:		
Aegon:		
Single family series 1999 A_1-A_3, 2004 B, 2006 D, and multifamily series 2007 Ridgefield and 2007 Canterbury House	$ 10,278	$ 47,831
AIG Matched Funding Corp:		
Single family series 1997 A_1-A_3, 1998 B_1-B_3, 1999 D_1-D_2, 2000 A_1-A_3, 2001 C, 2001 D, and 2002 B	2,543	3,623
Bayerische Landesbank:		
Single family series 1997 C_1-C_2, 1998 A_1-A_3, 1999 B, 2002 A_1-A_3, and 2007C	40,734	2,345
Berkshire Hathaway:		
Multifamily series 1995 A St. Dominic Assisted Living	557	527
Crown Life:		
Multifamily series 1988 Preservation Homes	118	118

3. **Cash and Investments** (continued)

Investments and Securitized Mortgage Loans (continued)

	2008	2007
	(in thousands)	
Guranteed Investment Contracts: (continued)		
DEPFA Bank, PLC:		
Multifamily series 2006 HOME-Funded Tax Credit Projects, Series 2006 A Elderly Projects (Section 202) and 2006 Drawdown	$ 84,621	$ 68,838
Financial Guaranty Insurance Corp / Trinity:		
Single family series1999 C, 2000 B/C, 2000 D, 2001 A, 2001 B, 2003 A, and multifamily series 1997 Malta Square	1,698	2,779
FSA Investment		
Multifamily series 2006 The Crossing	-	875
Grand Central:		
Single family series 2003 B, 2004 A	483	20,754
Pallas:		
Single family series 2004 C_1-C_2, 2005 A_1-A_2, 2006 A, 2006 B, 2006 C, 2007 A, 2007B	20,090	98,097
Royal Bank of Canada:		
Multifamily series 2007 Spanish Arms	3,283	-
Societe Generale:		
Multifamily series 1992 Emerald Pointe	-	223
Wetdeustsche Landesbank:		
Single family series 1997 B_1-B_3	238	126
XL Asset Funding		
Single family series 2005A Drawdown	-	74,698
Total guaranteed investment contracts	$ 164,643	$ 320,834

4. Program Mortgage Loans Receivable

Program loans are reported in the financial statements as:

June 30, 2008: (in thousands)

	Single Family Loans	Multifamily Loans	Total
Securitized mortgage loans	$ 659,351	$ 41,568	$ 700,919
Whole loans	863	106,599	107,462
202 Elderly Project Mortgage Loans	-	34,230	34,230
HOME Program Loans	5,529	88,668	94,197
	665,743	271,065	936,808
Reserve for loan losses			(56,385)
			$ 880,423

Approximately, $59,027,000 and $264,922,000 of the securitized mortgage loans balance at year end, shown at amortized cost, consisted of Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, respectively, investments. This represents an approximate concentration of 8% and 38%, respectively. The remaining balance of securitized mortgage loans consisted of Government National Mortgage Association securities.

June 30, 2007: (in thousands)

	Single Family Loans	Multifamily Loans	Total
Securitized mortgage loans	$ 441,220	$ 39,225	$ 480,445
Whole loans	1,045	64,091	65,136
202 Elderly Project Mortgage Loans	-	56,838	56,838
HOME Program Loans	5,896	85,019	90,915
	448,161	245,173	693,334
Reserve for loan losses			(56,934)
			$ 636,400

Approximately, $67,187,000 and $84,384,000 of the securitized mortgage loans balance at year end, shown at amortized cost, consisted of Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, respectively, investments. This represents an approximate concentration of 14% and 18%, respectively. The remaining balance of securitized mortgage loans consisted of Government National Mortgage Association securities.

Mortgage loans acquired by the Agency under the various mortgage revenue bond programs are secured by first mortgages on the related property.

4. Program Mortgage Loans Receivable (continued)

Mortgage Revenue Bond Programs

With certain exceptions, loans acquired under the single family programs are pooled and packaged into GNMA, FNMA, or FHLMC securities. The GNMA securities are guaranteed by the full faith and credit of the U.S. Government while the FNMA and FHLMC securities are limited obligations of the U.S. Government. Certain "whole loans" of the 1998 A1-A3 Single Family Program have not been securitized, and are insured by a private primary mortgage insurance policy, as well as a mortgage pool insurance policy. Under the terms of the insurance agreements for "whole loans", the foreclosed property must be restored to its original condition before payment is made. The insurance policies will pay for "normal wear and tear" on the homes; however, the policies do not cover any excessive damage. Also under the terms of the insurance agreements, foreclosure proceedings must be filed on a timely basis in order to be fully insured regarding principal and interest. The Agency evaluated the single family portfolio and established a reserve of $100,000 for 2008 and 2007, for any potential loss which may result from untimely filings, unanticipated collection problems or excessive damages.

The pass-through interest rates on loans of the single family programs range from 2.20% to 8.07% with maturities ranging from 30 to 32 years.

The Agency's multifamily bond programs are designed to finance the construction of multifamily housing units in the State of Louisiana. The Agency does not actively monitor the operating performance or financial condition of the multifamily properties financed by the bonds, as the Agency principally functions as a conduit to provide tax-exempt financing. Multifamily mortgage loans are collateralized by varying methods, including first-liens on multifamily residential rental properties, pledge of rental receipts, and letters of credit. Certain multifamily mortgage loans are insured by the Federal Housing Administration, while others have been securitized into GNMA certificates. Interest rates on these multifamily loans range from 2.10% to 10.00% with maturities ranging from 1 to 41 years.

Five multifamily "conduit" financed properties were significantly impacted by Hurricane Katrina, which hit southeast Louisiana on August 29, 2005. The bond programs affected were 1992 Emerald Pointe, 1997 Malta Square, 1992 Orleans Towers, 2004 Palmetto Apartments and 2004 Walmsley. The mortgage revenue bonds for the 1992 Emerald Pointe project were refunded during fiscal year 2008 by the 2007 Emerald Point Multifamily Mortgage Bonds. In connection with this redemption, approximately $152,000 of deferred financing costs related to the 1992 Emerald Pointe Project were recorded on the books of the 2007 Emerald Point Project. The mortgage revenue bonds for 1997 Malta Square and 1992 Orleans Towers have been subsequently paid off with either insurance proceeds or revenues from the project. The other two projects, 2004 Palmetto Apartments and 2004 Walmsley, were fully operational and current on their debt service at June 30, 2008.

General Fund

As part of its HOME and multifamily programs, the Agency has made loans to qualified low income single family homebuyers and to developers of low income multifamily projects. The HOME loans are issued as a supplement to primary financing and are collateralized by a second mortgage on the property financed, and payments on these loans are deferred until either: a) the date that the primary loan is paid out, or b) a specified future date. Additionally, these loans are uninsured.

4. Program Mortgage Loans Receivable (continued)

General Fund (continued)

As part of its multifamily program, the Agency has made loans under its Section 202 HOME/Risk Sharing Program. The Program is designed to make loans to eligible projects pursuant to Section 202 of the Housing Act of 1959, as amended, and the Risk-Sharing Program administered by HUD. The multifamily Section 202 loans consist of a Risk Sharing Mortgage Note and a Subordinate Mortgage Note. The loans are collateralized by a security interest in the property with principal and interest payments due monthly through 2022. The Risk Sharing Mortgage Notes are 50% guaranteed by HUD under the Risk Sharing loan insurance program. The properties have also obtained HOME loans as described above.

The General Fund restricted loan portfolio at June 30 is as follows:

	2008	2007	Interest Rate
HOME Multifamily Mortgage Loans	$ 88,667,535	$ 85,018,813	1% - 6%
HOME Single Family Mortgage Loans	5,528,943	5,896,165	Non-interest bearing
202 Elderly Project Mortgage Loans	34,230,431	56,838,103	6%
	128,426,909	147,753,081	
Reserve for loan losses	(56,284,511)	(56,833,884)	
	$ 72,142,398	$ 90,919,197	

The Agency's collections from the HOME loans are restricted to funding future lending programs. The multifamily section 202 loans are held in trust and pledged to repay the bonds (see Note 6), the principal balances and accruals of interest receivable on these loans are reported as restricted assets.

The change in reserve for loan losses was a result of changes of ($549,373) and $810,847 to the provision for loan losses during fiscal 2008 and 2007, respectively.

5. Restricted General Fund and Mortgage Revenue Bond Funds Assets

Restricted assets of the general fund consisted of the following at June 30:

	2008	2007
	(in thousands)	
Cash and cash equivalents	$ 43,067	$ 8,792
Investments	2,200	2,296
Mortgage loans receivable (net of allowance for loan losses of $56,285 and $56,834, respectively)	72,142	90,919
Accrued interest receivable	23,683	22,773
Restricted Assets of the Mortgage Revenue Bond Funds	1,011,771	899,378
Total Combined Restricted Assets	$ 1,152,863	$ 1,024,158

LOUISIANA HOUSING FINANCE AGENCY

NOTES TO COMBINED FINANCIAL STATEMENTS

6. Notes, Debentures and Bonds Payable

Mortgage Revenue Bonds

As authorized by the initial enabling legislation, the Agency issues revenue bonds to assist in the financing of housing needs in the State of Louisiana. The bonds are limited obligations of the Agency, payable only from the income, revenues and receipts derived from the mortgage loans and other investments held under and pursuant to the trust indentures and pledged therefore. The issuance of debt for the financing of projects by the Agency is subject to the approval of the Louisiana State Bond Commission. Bonds are issued under various bond resolutions adopted by the Agency to provide financing for qualified single family and multifamily projects. The Agency's publicly offered and private placement multifamily bonds are considered conduit debt obligations and are secured by several forms of credit enhancement, including FHA-insured mortgage loans, GNMA-guaranteed certificates and letters of credit from financial institutions including collateralized, insured, and uncollateralized and uninsured arrangements.

The assets generated with the proceeds of each series of bonds issued (program) are pledged as collateral for the payment of principal and interest on bond and note indebtedness of only that program. The ability of the programs to meet the debt service requirements on the bonds is dependent upon the ability of the mortgagors in such programs to generate sufficient funds to meet their respective mortgage repayments.

The following table is a list of outstanding notes, debentures and bonds payable:

Single Family Mortgage Revenue Bonds:

At June 30, notes and bonds payable outstanding were as follows:

	2007	Additions	Payments *(in thousands)*	Amortization	2008
Series 1994 B (Access I): Dated September 1, 1994, due serially and term term from September 1, 1995 to March 1, 2025, bearing interest at 5.35% to 8.00%	$ 154	$ -	$ (65)	$ (2)	$ 87
Series 1996 B_1-B_4: Dated April 15, 1996, due serially and term from December 1, 1997 to December 1, 2027, bearing interest at 4.75% to 6.30%	932	-	(990)	58	-
Series 1996 D_1-D_4: Dated September 1, 1996, due serially and term from December 1, 1998 to December 1, 2027, bearing interest at 4.75% to 8.00%	800	-	(800)	-	-

6. **Notes, Debentures and Bonds Payable** (continued)

Single Family Mortgage Revenue Bonds:

	2007	Additions	Payments	Amortization	2008
			(in thousands)		
Series 1997 A_1-A_3: Dated March 1, 1997, due serially and term from December 1, 1998 to March 1, 2032, bearing interest at 3.75% to 6.75%	$ 1,615	$ -	$ (665)	$-	$950
Series 1997 B_1-B_3: Dated August 20, 1997, due serially and term from December 1, 1998 to December 1, 2028, bearing interest at 4.00% to 6.75%	3,533	-	(920)	13	2,626
Series 1997 C_1-C_2: Dated November 1, 1997, due serially and term from June 1, 1999 to December 1, 2028, bearing interest at 4.20% to 6.75%	3,969	-	(1,210)	5	2,764
Series 1998 A_1-A_3: Dated May 1, 1998, due serially and term from June 1, 1999 to December 1, 2028, bearing interest at 4.10% to 6.65%	7,020	-	(1,380)	(50)	5,590
Series 1998 B_1-B_3: Dated September 1, 1998, due serially and term from December 1, 2001 to December 1, 2029, bearing interest at 4.0% to 6.2%	10,575	-	(2,520)	(14)	8,041
Series 1999 A_1-A_3: Dated February 15, 1999, due serially and term from December 1, 2000 to December 1, 2030, bearing interest at 3.4% to 5.9%	7,471	-	(1,718)	(33)	5,720
Series 1999 B_1-B_3: Dated July 1, 1999, due serially and term from December 1, 2001 to December 1, 2030, bearing Interest at 4.86% to 5.89%	8,206	-	(1,305)	(47)	6,854

6. Notes, Debentures and Bonds Payable (continued)

Single Family Mortgage Revenue Bonds: (continued)

	2007	Additions	Payments *(in thousands)*	Amortization	2008
Series 1999 C: Dated June 1, 2000, due serially and term from December 1, 2001 to December 1, 2030, bearing interest at 4.9% to 6.4%	$ 2,929	$ -	$ (640)	$ 16	$ 2,305
Series 1999 D_1-D_2: Dated October 1, 1999, due serially and term from December 1, 2000 to December 1, 2030, bearing interest at 4.00% to 6.67%	4,693	-	(905)	(23)	3,765
Series 2000 A_1-A_3: Dated February 1, 2000, due serially and term from June 1, 2000 to December 1, 2031, bearing interest at 4.50% to 7.49%	3,127	-	(965)	(14)	2,148
Series 2000 B_1-B_3, 2000 C: Dated June 7, 2000, due serially and term from December 1, 2002 to June 1, 2031 bearing interest at 5.10% to 8.07%	2,152	-	(890)	(23)	1,239
Series 2000 D: Dated October 11, 2000, due serially and term from December 1, 2002 to June 1, 2032, bearing interest at 4.60% to 7.33%	3,568	-	(1,255)	(14)	2,299
Series 2001 A: Dated March 14, 2001, due serially and term from December 1, 2002 to 2032, bearing interest at 3.65% to 6.40%	8,711	-	(2,510)	(88)	6,113
Series 2001 B_1-B_2: Dated August 22, 2001, due serially and term from June 1, 2003 to 2033, bearing interest at 3.50% to 6.75%	5,079	-	(1,180)	(20)	3,879

6. **Notes, Debentures and Bonds Payable** (continued)

Single Family Mortgage Revenue Bonds: (continued)

	2007	Additions	Payments	Amortization	2008
			(in thousands)		
Series 2001 C-2002: Dated March 15, 2002, due serially and term from December 1, 2003 to June 1, 2033, bearing interest at 2.10% to 5.60%	$7,070	$ -	$(1,030)	$ -	$ 6,040
Series 2001 D_1-D_3: Dated November 1, 2001, due serially and term from December 1, 2003 to June 1, 2033, bearing interest at 3.00% to 6.80%	7,146	-	(1,080)	(26)	6,040
Series 2002 A_1-A_3: Dated June 13, 2002, due serially and term from December 1, 2004 to June 1, 2034, bearing interest at 2.9% to 6.375%	11,947	-	(2,115)	(55)	9,777
Series 2002 B: Dated December 1, 2002, due serially and term from December 1, 2004 to June 1, 2034, bearing interest at 2.20% to 5.625%	9,163	-	(1,660)	(34)	7,469
Series 2003 A_1-A_2: Dated April 1, 2003, due serially and term from December 1,2004 to December 1, 2033, bearing interest at 3.40% to 5.60%	15,399	-	(2,160)	(76)	13,163
Series 2003 B_1-B_2: Dated December 11, 2003, due serially and term from December 11, 2004 to December 1, 2034 bearing interest at 3.50% to 5.30%	8,980	-	(1,570)	(51)	7,359
Series 2004 A_1-A_2: Dated March 30, 2004, due serially and term from December 1, 2004 to December 1, 2034, bearing interest at 4.75% to 5.15%	10,670	-	(1,575)	(56)	9,039
Series 2004 B_1-B_2: Dated June 30, 2004, due serially and term from December 1, 2004 to June 1, 2035, bearing interest at 5.25% to 5.80%	9,522	-	(1,665)	(53)	7,804

6. Notes, Debentures and Bonds Payable (continued)

Single Family Mortgage Revenue Bonds: (continued)

	2007	Additions	Payments	Amortization	2008
			(in thousands)		
Series 2004 C_1-C_2: Dated December 1, 2004, due serially and term from December 1, 2006 to June 1, 2036, bearing interest at 2.25% to 5.55%	$11,699	$ -	$ (1,275)	$ (51)	$10,373
Series 2005 A_1-A_2: Dated May 1, 2005, due serially and term from December 1, 2006 to December 1, 2036, bearing interest at 2.70% to 5.80%	18,823	-	(2,075)	(85)	16,663
Series 2005 Draw-Down: Dated April 29, 2005, with a nominal maturity date of December 1, 2047 and a mandatory tender date of April 30, 2007; bearing interest at an initial rate of 3.864% and a variable rate thereafter not to exceed 10.00%	20,105	-	(20,101)	(4)	-
Series 2005 A Draw-Down: Dated December 1, 2005, due with a nominal maturity date of December 1, 2047 and a mandatory tender date of May 29, 2009; bearing interest at an initial rate of 0.80% and a variable rate thereafter not to exceed 12.00%	74,698	-	(74,698)	-	-
Series 2006 A: Dated March 1, 2006 due serially and term from December 1, 2006 to December 1, 2038, bearing interest at 3.30% to 4.6%	44,341	-	(5,655)	8	38,694
Series 2006 B: Dated June 1, 2006, due serially December 1, 2007 to December 1, 2038, bearing interest at 5%	50,823	-	(3,950)	(173)	46,700
Series 2006 C: Dated July 18, 2006, due serially December 1, 2006 to December 1, 2038, bearing interest at 5.05%	51,973	-	(4,520)	(279)	47,174

6. Notes, Debentures and Bonds Payable (continued)

Single Family Mortgage Revenue Bonds: (continued)

	2007	Additions	Payments	Amortization	2008
			(in thousands)		
Series 2006 D: Dated October 25, 2006, due serially December 1, 2007 to December 1, 2029, bearing interest at 4.7% to 6.15%	$103,561	$-	$ (4,815)	$ (332)	$98,414
Series 2006 Draw-Down: Dated December 1, 2006, due with a nominal maturity date of December 1, 2041 and a bearing interest at an initial rate of 0.75% and a variable rate thereafter not to exceed 12.00%. Initial amount authorized of $150,000,000 available for issuance in incremental draws as needed. Approximately $32,000,000 drawn to date; $118,000,000 available for issuance.	16,171	33,264	(17,386)	(101)	31,948
Series 2007 A: Dated March 13, 2007, due serially and term from December 1, 2008 To December 1, 2038, bearing interest at 3.5% to 5.85%	104,292	-	(1,055)	(197)	103,040
Series 2007 B: Dated July 1, 2007, due serially and term from December 1, 2009 to June 1, 2039 bearing Interest at 3.85% to 5.8%	-	104,672	(375)	(167)	104,130
Series 2007 C: Dated November 1, 2007, due serially and Term from December 1, 2009 to December 1, 2038, bearing interest at 3.6% to 6%	$ -	$ 104,825	$ (5)	$ (159)	$104,661
Total single family mortgage revenue bonds	$ 650,917	$ 242,761	$(168,683)	$ (2,127)	$722,868

6. Notes, Debentures and Bonds Payable (continued)

General Fund Mortgage Revenue Bonds:

	2007	Additions	Payments	Amortization	2008
			(in thousands)		
General Fund Bonds and Debentures:					
Series 2001 General Revenue Office Building Bonds due serially from December 1, 2002 to December 1, 2016, bearing interest at 3.5% to 8%	$ 6,995	$ -	$ (565)	$ -	$ 6,430
Series 2006 A Multifamily Mortgage Revenue Bonds (Section 8 Assisted – 202 Elderly Projects) Dated November 1, 2006, due serially and term from June 1, 2013 to December 1, 2032, bearing interest at 3.85% to 4.75%	20,565	-	(1,255)	(17)	19,293
Debentures Payable Dated April 28, 2006, due April 28, 2011, Bearing interest at 4.5%	29,020	-	(10,570)	-	18,450
Total general fund bonds and debentures	56,580	-	(12,390)	(17)	44,173
Multifamily Mortgage Revenue Bonds:					
Series 1988 New Orleanian: Dated April 11, 1988, due serially from March 1, 1989 to December 1, 2025, bearing interest at its own weekly rate determined by the remarketing agent.	$ 9,335	$ -	$ (165)	$ -	$ 9,170
Series 1988 Preservation Homes: Dated December 1, 1988, due serially from December 1, 1992 to December 1, 2028, bearing interest at 7.5% to 8.0%	$ 1,080	$ -	$ (20)	$ -	$ 1,060

6. **Notes, Debentures and Bonds Payable** (continued)

Multifamily Mortgage Revenue Bonds: (continued)

	2007	Additions	Payments	Amortization	2008
			(in thousands)		
Series 1992 Emerald Pointe Project: Dated July 1, 1992, due serially from November 1, 1997 to 2033 bearing interest at 6.25% to 7.10%	$3,120	$ -	$(3,120)	$ -	$ -
Series 2003 Woodward Wight: Dated September 1, 2003, due serially from September 1, 2033, bearing interest at its own weekly rate determined by the remarketing agent	8,756	-	-	8	8,764
Series 1995A St. Dominic Assisted Living: Dated March 1, 1995, due serially and term from September 1, 1996 to 2036, bearing interest at 5.80% to 6.95%.	7,883	-	(80)	(4)	7,799
Series 1997 Malta Square: Dated March 1, 1997, due serially and term from March 1, 2000 to September 1, 2038 bearing interest at 5.25% to 6.50%	5,519	-	(5,450)	(69)	-
Series 2002 Melrose: Dated October 1, 2002, due October 15, 2029, bearing interest at 2.60% to 5.15%	4,143	-	(83)	-	4,060
Series 2002 Restoration: Dated December 13, 2002, term bonds due December 1, 2032, bearing interest at its own weekly rate determined by the remarketing agent	4,665	-	-	-	4,665
Series 2003 Villa Maria: Dated February 1, 2003, term bonds due December 20, 2034, bearing interest at its own weekly rate determined by the remarketing agent	1,943	-	(2,025)	82	-

6. **Notes, Debentures and Bonds Payable** (continued)

Multifamily Mortgage Revenue Bonds: (continued)

	2007	Additions	Payments	Amortization	2008
			(in thousands)		
Series 2004 Galilee City: Dated June 1, 2003, term bonds due July 20, 2044, bearing interest at 4.25%-5.05%.	$3,220	$-	$(30)	$-	$3,190
Series 2004 A & B Azalea Estates: Dated September 1, 2004, due serially April 20, 2005 To October 20, 2039, bearing interest at 5.375% - 6.25%	14,329	-	(165)	53	14,217
Series 2004A Tower Oaks: Dated September 1, 2004, due serially, May 15, 2010 bearing interest at 4.18%	1,050	-	(345)	-	705
Series 2004 Walmsley: Dated December 1, 2004, term bonds due December 15, 2029, bearing interest at its own weekly rate determined by the remarketing agent	5,335	-	(100)	-	5,235
Series 2004 Palmetto: Dated October 1, 2004, term bonds due March 15, 2037, Bearing interest at its own weekly rate determined by the remarketing agent	3,140	-	-	-	3,140
Series 2005 Peppermill I & II: Dated August 1, 2005, due serially and term from October 1, 2008 to April 1, 2038, bearing interest at 4.75% to 5.125%	4,577	-	-	-	4,577
Series 2006 Meadowbrook: Dated June 1, 2006, due serially September 1, 2009 To March 1, 2027 bearing interest at 5.25%	5,247	-	-	(4)	5,243
Series 2006 The Crossing: Dated May 1, 2006, term bonds due May 1, 2046, Bearing interest at 6.15%	7,500	-	-	-	7,500

6. Notes, Debentures and Bonds Payable (continued)

Multifamily Mortgage Revenue Bonds: (continued)

	2007	Additions	Payments	Amortization	2008
			(in thousands)		
Series 2006 HOME-Funded Tax Credit Projects: Dated December 1, 2006, due with a nominal maturity date of December 1, 2037 and a mandatory tender date of December 1, 2008; bearing interest at 4.34%, Initial amount authorized of $50,349,300 available for issuance in incremental draws as needed. approximately $50,349,300 drawn to date; $0 available for issuance.	$50,349	$-	$-	$-	$50,349
Series 2006 Restoration B.R. V & VI: Dated October 15, 2006, due serially March 15, 2007 to September 15, 2036 bearing interest at 6.75%	1,033	-	(12)	-	1,021
Series 2007 Canterbury House: Dated March 1, 2007, term bonds due September 15, 2040, bearing interest at its own weekly rate Determined by the remarketing agent.	16,000	-	-	-	16,000
Series 2007 Hooper Pointe Residences: Dated May 1, 2007, due serially May 1, 2009 to April 1, 2049 bearing interest at 6.25%	10,250	-	-	-	10,250
Series 2007 Plantation: Dated March 1, 2007, due serially October 15, 2007 To April 15, 2017, bearing interest at 4.1% to 5.25%	5,652	-	(90)	14	5,576
Series 2007 Ridgefield: Dated June 1, 2006, due serially September 1, 2009 To March 1, 2027 bearing interest at 5.25%.	8,325	-	-	3	8,328

6. Notes, Debentures and Bonds Payable (continued)

Multifamily Mortgage Revenue Bonds: (continued)

	2007	Additions	Payments	Amortization	2008
			(in thousands)		
Series 2007 Jefferson Lakes: Dated October 1, 2007, term bonds due October 1, 2037, bearing interest at a variable Rate determined by the remarketing agent.	$-	$14,900	$ -	$ -	$14,900
Series 2007 Emerald Point: Dated December 1, 2007, term bonds due July 15, 2040, bearing interest at a weekly Rate determined by the remarketing agent.	-	4,680	-	(152)	4,528
Series 2007 Spanish Arms: Dated December 1, 2007, due serially March 20, 2017 to March 20, 2049, bearing Interest at 4.50% to 5.35%	-	8,770	-	(143)	8,627
Series 2007 Lapalco Court: Dated October 1, 2007, term bonds due November 15, 2037, bearing interest at a weekly Rate determined by the remarketing agent.	-	6,400	-	-	6,400
Series 2008Arbor Place: Dated March 1, 2008, term bonds due March 1, 2043, bearing interest at a weekly Rate determined by the remarketing agent.	-	8,440	-	-	8,440
Total multifamily mortgage revenue bonds	$182,451	$ 43,190	$ (11,685)	$(212)	$ 213,744
Total mortgage revenue notes, debentures, bonds payable	$889,948	$ 285,951	$(192,758)	$(2,356)	$980,785

6. Notes, Debentures and Bonds Payable (continued)

The minimum debt service payments over the life of bonds, excluding bonds and debentures held by the General Fund, are scheduled to occur as follows (in thousands):

Year Ending June 30,	Single Family Mortgage Revenue Bonds		Multifamily Mortgage Revenue Bonds		Combined Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 4,839	$ 28,293	$ 51,536	$ 4,039	$ 56,375	$ 32,332
2010	40,108	28,173	1,577	3,968	41,685	32,141
2011	9,088	28,111	1,281	3,909	10,369	32,020
2012	9,409	27,084	1,243	3,843	10,652	30,927
2013	9,791	58,556	1,386	3,782	11,177	62,338
2014 – 2018	61,073	25,611	12,582	3,234	73,655	28,845
2019 – 2023	74,032	22,813	10,268	2,812	84,300	25,625
2024 – 2028	97,835	18,066	15,593	2,088	113,428	20,154
2029 – 2033	122,124	10,611	20,729	1,505	142,853	12,116
2034 – 2038	241,242	2,632	45,426	1,762	286,668	4,394
2039 – 2043	53,327	40	36,445	437	89,772	477
2044 – 2048	-	-	14,631	899	14,631	899
2049 – 2053	-	-	1,047	59	1,047	59
	$ 722,868	$ 249,990	$ 213,744	$ 32,337	$ 936,612	$ 282,327

As stated in Note 2, the Agency accounts for debt refundings in accordance with GASB No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. The Agency carried deferred (gains) losses on bond refundings of approximately $3,417,000 and $2,414,000 at June 30, 2008 and 2007, as a reduction of the balance of bonds outstanding. During the years ended June 30, 2008 and 2007, the Agency issued approximately $165 million and $158 million each year, respectively, principal amount of refunding bonds among its single family revenue bond programs. The proceeds of these issues were used to refund partial redemptions of various previously existing single family of LHFA.

In accordance with the extraordinary mandatory redemption provisions of the bond trust indentures, approximately $111 million and $200 million of bonds were called by the Agency during the fiscal years ended June 30, 2008 and 2007, respectively. The mandatory redemptions occur as a result of prepayments of single family mortgage loans, foreclosures of single family and multifamily mortgage loans or bond refundings. In connection with these redemptions, approximately $919,000 and $825,000 of deferred financing costs relating to the redeemed bonds were expensed, respectively, each year.

6. Notes, Debentures and Bonds Payable (continued)

Mortgage Revenue Bonds (continued)

General Obligations (continued)

The Agency has issued $9,500,000 of General Revenue Office Building Bonds, series 2001 to finance the construction of a building to house its operations. The bonds are general obligations of the Agency, secured by and payable from any and all funds of the Agency not otherwise required to be irrevocably dedicated to other purposes. The bonds are due to mature serially beginning December 1, 2002 through December 1, 2016. Bonds scheduled to mature on or after December 1, 2010 are callable for redemption at the option of the Agency. The bonds bear interest at various rates, depending on the maturity, ranging from 3.50% to 8.00% per annum. At June 30, 2008 and 2007, $6,430,000 and $6,995,000, respectively, of the bonds were outstanding.

On November, 1, 2006, the Agency issued $20,600,000 of Series 2006A Multifamily Mortgage Revenue Refunding Bonds (Section 8 Assisted – 202 Elderly Projects) to advance refund $20,600,000 of outstanding Series 2003A Multifamily Mortgage Revenue Bonds (Section 8 Assisted – 202 Elderly Projects). This refunding became necessary when, in 2005, Hurricane Katrina severely damaged eleven of the eighteen projects financed with the Series 2003A bonds. This distribution resulted in extraordinary mandatory redemption of the Series 2003A bonds from casualty proceeds. Once the Series 2003A bonds have been redeemed, due to the redemption structure of the bonds and loss of expected surplus revenues on the projects, cash flows for the Series 2003A bonds no longer provided assurance that principal and interest on the bonds would be paid when due.

Interest rates on the Series 2006A bonds range from 3.85% to 4.75%, whereas interest rates on the series 2003A bonds ranged from 1.2% to 4.85%. This increase in interest rates coupled with the loss of expected surplus revenues on the projects that were destroyed resulted in an economic loss on the advanced refunding of $960,130 (the difference between the present values of the Series 2003A and Series 2006A cash flows). The additional debt service to be paid on the Series 2006A refunding bonds through their maturity is $5,383,121. However, the Series 2006A bonds are subject to optional redemption on June 1, 2013, and a possible refinancing of the debt to lower interest rates could reduce the amount of excess debt service expected to be paid.

The reacquisition price in the advance refunding of the Series 2003A bonds was $405,445 less than the net carrying value of the bonds. This difference is reported in the balance sheet of the accompanying financial statements as a deferred amount which increases bonds payable. The deferred amount will be amortized as a reduction of interest expense through fiscal year 2032 using the straight line method unless the Series 2006A bonds are refunded prior to their scheduled maturity date.

6. Notes, Debentures and Bonds Payable (continued)

Mortgage Revenue Bonds (continued)

General Obligations

Issuance of the Series 2006A refunding bonds resulted in net proceeds of $20,252,690 (after payment of issuance costs plus $2,063,440 of transferred proceeds), which were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2003A bonds. As a result, the 2003A series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements of the Agency. At June 30, 2008 and 2007, $17,115,000 and $19,445,000 of the defeased bonds are still outstanding, respectively. At June 30, 2008 and 2007, $18,915,000 and $20,170,000 of the Series 2006A bonds are outstanding, respectively.

Minimum and future debt service requirements for the Agency's general obligation debt are scheduled to occur as follows:

Year Ended June 30,	Principal	Interest	Total
2009	$ 1,435,000	$ 1,104,518	$ 2,539,518
2010	1,510,000	1,046,264	2,556,264
2011	1,595,000	984,065	2,579,065
2012	1,685,000	916,794	2,601,794
2013	1,770,000	844,313	2,614,313
2014-2018	10,330,000	2,885,394	13,215,394
2019-2023	5,415,000	922,688	6,337,688
2024-2028	1,250,000	243,675	1,493,675
2029-2033	355,000	27,550	382,550
	$ 25,345,000	$ 8,975,261	$ 34,320,261

Debentures Payable

On April 28, 2006, the Agency issued $29,020,292 of debentures payable to the Department of Housing and Urban Development (HUD). The debentures were issued by the Agency in conjunction with the claim for mortgage insurance payment made by HUD under the Agency's Risk-Sharing Program for mortgage loans. Several of the Agency's mortgage loans under the Risk-Sharing Program were in default as a result of damages to the properties by Hurricane Katrina. The mortgage insurance payment was used to redeem a portion of the Section 202 bonds allocated to the defaulted properties.

6. Notes, Debentures and Bonds Payable (continued)

Debentures Payable (continued)

The debentures bear interest at the rate of 4.5% and interest is due annually. The debentures are due on April 28, 2011. Pursuant to the Risk-Sharing Agreement, the Agency's percentage share of the face amount of the debentures is 50%.

Future debt service requirements for the debentures are as follows:

Year Ended June 30,	Principal	Interest	Total
2009	$ -	$ 830,251	$ 830,251
2010	-	830,251	830,251
2011	18,450,032	830,251	19,280,283
	$ 18,450,032	$ 2,490,753	$ 20,940,785

7. Federal Financial Assistance

Federal grant programs represent an important source of funding to finance housing programs which are beneficial to the State of Louisiana. These grants are recorded as non-operating income and expense to the Agency and any assets held in relation to the programs are restricted. Receivables are established when eligible expenditures are incurred. The grants normally specify the purpose for which funds may be used and are subject to audit in accordance with Office of Management and Budget Circular A-133 under the "Single Audit Concept".

In the normal course of operations, the Agency receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. These audits can result in the Agency having to make restitution to the federal agency as a result of noncompliance.

During 2008 and 2007, the following amounts were expended under various grants and entitlements:

	2008	2007
Section 8	$ 59,665,377	$ 52,736,361
HOME Investment Partnerships	22,853,485	13,788,247
Low Income Housing Energy Assistance	36,385,484	17,811,288
Weatherization Assistance	815,423	1,392,070
Social Services Block Grant	2,388,455	-
FEMA	1,886,098	-
	$ 123,994,322	$ 85,727,966

8. Board of Commissioners Expenses

The appointed members of the Agency's Board of Commissioners receive a per diem payment for meetings attended and services rendered, and are also reimbursed for their actual expenses incurred in the performance of their duties as Commissioners. For the year ended June 30, 2008, the following per diem payments were made to the members of the Agency's Board and are included in general and administrative expenses:

Robert Austin	$	650
Larry Broussard		650
Adell Brown, Jr.		450
Kevin Brown		100
Carolyn Benjamin		300
Gregory Gachassin		350
Allison Jones		550
Merriell Lawson		600
James Madderra		550
Danette O'Neal		450
Wayne Woods		750
Guy Williams		550
	$	5,950

9. Retirement Benefits

Substantially all of the employees of the Agency are members of the Louisiana State Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Agency employees are eligible to participate in the System. Benefits vest with 10 years of service. If membership in the System began before July 1, 2006, at retirement age, employees are entitled to annual benefit equal to 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credit service, plus $300 annually only for members employed before July 1, 1986. If membership in the system began after July 1, 2006, the benefit is equal to 2.5% of their highest consecutive 60 months' average salary multiplied by their years of credit service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service or at age 50 with 10 years of service. Any member hired after July 1, 2006 shall be eligible for retirement benefits with 10 years of service at age 60 or thereafter. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

9. **Retirement Benefits** (continued)

Members are required by state statute to contribute 7.5% of gross salary if hired prior to July 1, 2006 or 8.0% if hired after July 1, 2006. The Agency is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rates were 20.4%, 19.1%, and 19.1% for fiscal years ended June 30, 2008, 2007, and 2006, respectively. The Agency contributions to the System for the years ended June 30, 2008, 2007, and 2006 were $1,088,174, $803,656, and $720,549, respectively, equal to the required contributions for each year.

10. **Post Retirement Health Care and Life Insurance Benefits**

During the year ended June 30, 2008 the Agency implemented GASB 45, *Postemployment benefits other than pension benefits*. Sine the year ended June 30, 2008 was the year of implementation, the Agency elected to implement prospectively, therefore prior year comparative data is not available.

Substantially all Agency employees become eligible for post employment health care and life insurance benefits if they reach normal retirement age while working for the Agency. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the Agency. At June 30, 2008 and 2007, nine and ten retirees, respectively, were receiving post-employment benefits.

Plan Description

The Agency's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB plan (for fiscal year 2008) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the plan though the Office of Group Benefits. LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The contribution requirements of plan members and the Agency are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) plan and the Health Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans which includes one HMO plan and one private fee-for-service (PFFS) plan. Depending upon the plan selected, during the year ended June 30, 2008, employee premiums for a single member receiving benefits range from $34 to $92 per month for retiree-only coverage with Medicare or from $125 to $170 per month for retiree-only coverage without Medicare. The premiums for a retiree and spouse for the year ended June 30, 2008 range from $69 to $165 per month for those with Medicare or from $408 to $493 per month for those without Medicare.

10. **Post Retirement Health Care and Life Insurance Benefits** (continued)

Funding Policy (continued)

The plan is currently financed on a pay as you go basis, with the Agency contributing anywhere from $103 to $237 per month for retiree-only coverage with Medicare or from $809 to $842 per month for retiree-only coverage without Medicare during the year ended June 30, 2008. Also, the Agency's contributions range from $207 to $427 per month for retiree and spouse with Medicare or $1,242 to $1,293 for retiree and spouse without Medicare.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately $1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

Annual OPEB Cost

The Agency's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2007 is $1,579,400 as set forth below:

Normal Cost	$ 1,208,000
30-year UAL amortization amount	310,654
Interest on the above	60,746
Annual required contribution (ARC)	$ 1,579,400

The following table presents the Agency's OPEB Obligation for the year ended June 30, 2008:

Beginning Net OPEB Obligation, July 1, 2007	$ -
Annual required contribution	1,579,400
OPEB Cost	1,579,400
Contributions made	-
Claim costs	99,151
Change in Net OPEB Obligation	1,480,249
Ending Net OPEB Obligation, June 30, 2008	$ 1,480,249

Utilizing the pay-as-you-go method, the Agency contributed 6.28% of the annual post employment benefits cost during the year ended June 30, 2008.

10. Post Retirement Health Care and Life Insurance Benefits (continued)

Funded Status and Funding Progress

In the year ended June 30, 2008, the Agency made no contributions to its postemployment benefits plan trust. A trust was established during the year ended June 30, 2008 but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of $8,130,400 was unfunded.

The funded status of the plan as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	$	8,130,400
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	$	8,130,400
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (annual payroll of active employee covered by the plan)	$	4,885,853
UAAL as a percentage of covered payroll		166%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2007, was thirty years.

11. Capital Assets

A summary of changes in capital assets is as follows:

	Balance June 30, 2007	Additions	Deletions and Adjustments	Balance June 30, 2008
Equipment	$ 2,135,035	$ 400,289	($ 290,208)	$ 2,245,116
Building	8,858,326	33,295,591	-	42,153,917
Land and Land Improvements	843,278	-	-	843,278
Construction in progress	8,890,006	28,796,834	(33,295,591)	4,391,249
	20,726,645	62,492,714	(33,585,799)	49,633,560
Accumulated depreciation General	(2,686,993)	(439,448)	288,476	(2,837,965)
Accumulated depreciation HUD Disposition	(135,287)	(191,723)	-	(327,010)
	$ 17,904,365	$ 61,861,543	($ 33,297,323)	$ 46,468,585

	Balance June 30, 2006	Additions	Deletions and Adjustments	Balance June 30, 2007
Equipment	$ 1,990,246	$ 204,772	($ 59,983)	$ 2,135,035
Building	9,602,392	-	(744,066)	8,858,326
Land and Land Improvements	843,278	-	-	843,278
Construction in progress	313,990	8,576,016	-	8,890,006
	12,749,906	8,780,788	(804,049)	20,726,645
Accumulated depreciation General	(2,256,164)	(488,348)	57,519	(2,686,993)
Accumulated depreciation HUD Disposition	(280,025)	(-)	144,738	(135,287)
	$ 10,213,717	$ 8,292,440	($ 601,792)	$ 17,904,365

Included in buildings and construction in progress at June 30, 2008 and 2007 is $38,628,858 and $9,772,595, respectively, of costs related to the two HUD disposition properties owned by the Agency. These buildings were damaged by Hurricane Katrina. One property was unoccupied and idle at June 30, 2008 and 2007. Reconstruction of the second property was completed during the year ended June 30, 2008 and its operations commenced in May 2008. The impairment loss on the properties was $599,329 for the year ended June 30, 2007. The loss is included in net income (loss) from rental properties on the statement of revenues, expenses and changes in net assets.

12. Net Assets

Net assets represent the difference between total assets and total liabilities. Unrestricted net assets are those that do not meet the definition of either net assets invested in capital assets net of related debt or restricted net assets. Net assets invested in capital assets net of related debt consist of capital assets less accumulated depreciation and net of outstanding balances of any debts used to finance those assets, such as bonds, capital leases and notes. Restricted assets are those that may be used only to finance specific types of transactions. These restrictions may be established by debt covenants, grantors, laws or regulations of other governments, or enabling legislation. Restricted net assets represent the balance of restricted assets less the outstanding balances of any liabilities that will be settled using restricted assets. The Agency's restricted net assets result primarily from the Agency's mortgage loan programs, the related bonds and debentures payable and the Louisiana Housing Trust Fund.

13. Commitments and Contingencies

In the ordinary course of business, the Agency has various outstanding commitments and contingent liabilities that are not reflected in the accompanying financial statements. In addition, the Agency is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, except for the matter described in Note 17, the ultimate disposition and potential liability, if any, of these matters is not known.

14. Concentration of Credit Risk

The Agency's HOME program loans of the general fund are issued to single family borrowers and multifamily low income housing project developers throughout Louisiana. A substantial portion of the multifamily low income housing project loans have been issued among entities with a common ownership.

15. Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and injuries to employees. To provide coverage for these risks, the Agency participates with the State of Louisiana's Office of Risk Management (ORM), a public entity risk pool currently operating as a common risk management and insurance program for branches of state government. The Agency pays an annual premium to ORM for this coverage.

16. HUD Disposition Properties

The Agency is the owner of two low income multifamily rental properties that were originally purchased from the U.S. Department of Housing and Urban Development (HUD) at a cost of $1 each. The Agency funded renovations to these properties totaling approximately $3.3 million through June 30, 2005. On August 29, 2005, the properties were significantly damaged by Hurricane Katrina. The properties were insured by the State of Louisiana Office of Risk Management. The State of Louisiana assumed responsibility for the reconstruction of the properties. At June 30, 2008, one property was completed and occupied. The other property continued to undergo reconstruction with an estimated completion date of June 2010. The completed property and the construction in progress are recorded within capital assets on the balance sheet of the Agency.

16. HUD Disposition Properties (continued)

Assets and liabilities of the properties are considered to be restricted and the net income (loss) to be non-operating revenue (expense) to the Agency.

17. Pending Claim

The Agency is involved in a matter with the Department of Housing and Urban Development Board of Contract Appeals relating to a multifamily mortgage loan claim paid by HUD in 1990. HUD now asserts that the Notice of Default, which was a required part of the procedures for processing such a claim, was filed with HUD beyond the required deadline. It is important to note that this process was the responsibility of the Servicing Agent that the Agency contracted to service this loan.

HUD is claiming that the Agency (or its trust account, which no longer exists) was overpaid by $804,384. Furthermore, HUD claims entitlement to interest and penalties on this amount. The Agency has an indemnification agreement with the Servicing Agent for matters such as this; however, a formal claim has not been filed by the Agency against the Servicing Agent. The Agent's attorney has indicated that it is not possible to give an opinion concerning the likelihood of an unfavorable result to the Agency. However, in prior years, the Agency has accrued $1,000,000 in the relating to this matter.

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR

LHFA'S OPEB PLAN

JUNE 30, 2008

LOUISIANA HOUSING FINANCE AGENCY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR LHFA'S OPEB PLAN

JUNE 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c}
7/1/07	-	$ 8,130,400	$ 8,130,400	-	$ 4,885,853	166%

SUPPLEMENTARY COMBINING INFORMATION

JUNE 30, 2008

LOUISIANA HOUSING FINANCE AGENCY

COMBINING BALANCE SHEETS
SUPPLEMENTARY COMBINING INFORMATION
JUNE 30, 2008
(THOUSANDS OF DOLLARS)

ASSETS

	General Fund	Combined Mortgage Revenue Bond Programs	Eliminations	Combined Totals
CASH AND CASH EQUIVALENTS	$ 53,343	$ 11,462	$ -	$ 64,805
INVESTMENTS	50,645	162,443	-	213,088
MORTGAGE LOANS RECEIVABLE				
Single Family (net of reserve of $2,312)	3,317	658,846	-	662,163
Multifamily (net of reserve of $54,073)	70,093	148,167	-	218,260
ACCRUED INTEREST RECEIVABLE	24,202	3,946	-	28,148
DEFERRED FINANCING COSTS (net of of accumulated amortization of $15,308)	47	14,042	-	14,089
CAPITAL ASSETS (net of accumulated depreciation of $3,165)	46,469	-	-	46,469
OTHER ASSETS	2,092	12,865	-	14,957
DUE FROM OTHER FUNDS	82	-	(82)	-
TOTAL ASSETS	$ 250,290	$ 1,011,771	$ (82)	$ 1,261,979

LIABILITIES AND NET ASSETS

	General Fund	Combined Mortgage Revenue Bond Programs	Eliminations	Combined Totals
LIABILITIES				
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 2,443	$ 2,531	$ -	$ 4,974
ACCRUED INTEREST PAYABLE	240	4,111	-	4,351
NOTES, DEBENTURES AND BONDS PAYABLE				
Amounts due within one year	1,451	56,375	-	57,826
Amounts due after one year	42,722	880,237	-	922,959
DUE TO GOVERNMENTS	24	-	-	24
OTHER POSTEMPLOYMENT BENEFIT PLAN PAYABLE	1,480	-	-	1,480
DUE TO OTHER FUNDS	-	82	(82)	-
AMOUNTS HELD IN ESCROW	7,641	-	-	7,641
TOTAL LIABILITIES	56,001	943,336	(82)	999,255
NET ASSETS				
Invested in capital assets (net of related debt)	40,039	-	-	40,039
Restricted	95,870	68,435	-	164,305
Unrestricted	58,380	-	-	58,380
TOTAL NET ASSETS	194,289	68,435	-	262,724
TOTAL LIABILITIES AND NET ASSETS	$ 250,290	$ 1,011,771	$ (82)	$ 1,261,979

LOUISIANA HOUSING FINANCE AGENCY

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS SUPPLEMENTARY COMBINING INFORMATION YEAR ENDED JUNE 30, 2008 (THOUSANDS OF DOLLARS)

	General Fund	Combined Mortgage Revenue Bond Programs	Eliminations	Combined Totals
REVENUES				
Investment income	$ 5,338	$ 14,108	$ -	$ 19,446
Mortgage loan income	2,934	35,550	-	38,484
MRB program issuer fees	835	-	(835)	-
Federal program administrative fees	6,479	-	-	6,479
Low income housing tax credit program fees	1,880	-	-	1,880
Other income	342	36	-	378
Total revenues	17,808	49,694	(835)	66,667
EXPENSES				
Interest	2,246	45,147	-	47,393
Amortization of deferred financing costs	6	1,269	-	1,275
General and administrative	12,717	1,302	(835)	13,184
Provisions for loan losses	-	879	-	879
Total expenses	14,969	48,597	(835)	62,731
Operating Income	2,839	1,097	-	3,936
NON-OPERATING REVENUES (EXPENSES)				
Appropriation from State for Louisiana Housing Trust Funds	25,000	-	-	25,000
Other contributions and grants for Louisiana Housing Trust Funds	1,529	-	-	1,529
Restricted mortgage loan interest income	2,835	-	-	2,835
Federal grants drawn	113,296	-	-	113,296
Federal grant funds disbursed	(114,090)	-	-	(114,090)
Provision for loan losses on grant loans	550	-	-	550
Net income from rental property	27,601	-	-	27,601
Other non-operating	141	-	-	141
	56,862	-	-	56,862
Income before transfers and contributions	59,701	1,097	-	60,798

LOUISIANA HOUSING FINANCE AGENCY

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS SUPPLEMENTARY COMBINING INFORMATION YEAR ENDED JUNE 30, 2008 (THOUSANDS OF DOLLARS)

	General Fund	Combined Mortgage Revenue Bond Programs	Eliminations	Combined Totals
Income before transfers and contributions (continued)	$ 59,701	$ 1,097	$ -	$ 60,798
Transfers (out) in	(2,700)	2,700	-	-
Contributions from external parties	-	4,053	-	4,053
CHANGE IN NET ASSETS	57,001	7,850	-	64,851
NET ASSETS - beginning of year	137,288	60,585	-	197,873
NET ASSETS - end of year	$ 194,289	$ 68,435	$ -	$ 262,724

LOUISIANA HOUSING FINANCE AGENCY

COMBINING STATEMENTS OF CASH FLOWS
SUPPLEMENTARY COMBINING INFORMATION
YEAR ENDED JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	General Fund	Combined Mortgage Revenue Bond Programs	Combined Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from:			
Investment and mortgage loan income	$ 8,330	$ 49,233	$ 57,563
Mortgage principal repayments	23,145	72,564	95,709
Fee revenue	9,318	-	9,318
Cash paid to:			
Suppliers of services	(3,232)	(849)	(4,081)
Employees and benefit providers	(7,244)	-	(7,244)
Mortgage purchases	(3,649)	(339,616)	(343,265)
Bondholders and creditors for interest	(3,651)	(45,807)	(49,458)
Net cash (used in) provided by operating activities	23,017	(264,475)	(241,458)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in other assets	-	188	188
Investment purchases	(17,846)	(383,630)	(401,476)
Investment redemptions	23,959	539,704	563,663
Net cash flow from rental properties	(952)	-	(952)
Net cash used in investing activities	5,161	156,262	161,423
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Bond financing costs	-	(4,834)	(4,834)
Cash receipts from federal grants	113,183	-	113,183
Cash disbursements of federal grants	(110,490)	-	(110,490)
Proceeds from notes and bond issues	-	285,073	285,073
Retirement of notes and bonds payable	(11,825)	(180,368)	(192,193)
Net (transfers) and/or contributions	(2,700)	8,027	5,327
Net change in escrow accounts	135	-	135
Other non-operating income	26,526	-	26,526
Net cash provided by noncapital financing activities	14,829	107,898	122,727

LOUISIANA HOUSING FINANCE AGENCY

COMBINING STATEMENTS OF CASH FLOWS
SUPPLEMENTARY COMBINING INFORMATION
YEAR ENDED JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	General Fund	Combined Mortgage Revenue Bond Programs	Combined Totals
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Retirement of bonds payable	$ (565)	$ -	$ (565)
Purchase of property and equipment	(291)	-	(291)
Net cash used in capital financing activities	(856)	-	(856)
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,151	(315)	41,836
CASH AND CASH EQUIVALENTS, beginning of year	11,192	11,777	22,969
CASH AND CASH EQUIVALENTS, end of year	$ 53,343	$ 11,462	$ 64,805
Reconciliation of Operating Income to Cash Provided from Operating Activities:			
Operating income	$ 2,839	$ 1,097	3,936
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Amortization of deferred financing costs	6	1,269	1,275
Amortization of mortgage loan discount	-	(589)	(589)
Amortization of bond discount/premium	-	(2,378)	(2,378)
Amortization of deferred (income) losses	(16)	603	587
Depreciation	439	-	439
Provision for loan losses	-	879	879
Changes in:			
Accrued interest receivable	1,335	929	2,264
Accrued interest payable	(1,395)	(610)	(2,005)
Accounts payable and accrued expenses	327	2,114	2,441
OPEB payable	1,480	-	1,480
Due from governments	(102)	-	(102)
Deferred income	(26)	-	(26)
Mortgage loans purchased	(3,649)	(339,616)	(343,265)
Mortgage loan principal collections	23,145	72,564	95,709
Net change in unrealized gain or loss on investments and securitized mortgage loans	(1,277)	-	(1,277)
Net change in interfund accounts and other	(89)	(737)	(826)
Net cash provided by (used in) operating activities	$ 23,017	$ (264,475)	$ (241,458)

SUPPLEMENTARY MORTGAGE REVENUE BONDS

COMBINING INFORMATION

JUNE 30, 2008

LOUISIANA HOUSING FINANCE AGENCY
COMBINING BALANCE SHEETS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	1988 B New Orleanian Multifamily Mortgage	1988 Preservation Homes Multifamily Mortgage	1992 Orleans Towers Multifamily Mortgage	1992 Emerald Pointe Multifamily Mortgage	1993/2003 Woodward Wight Multifamily Mortgage
ASSETS					
CASH AND CASH EQUIVALENTS	-	84	-	-	3
INVESTMENTS - at cost	-	118	-	-	-
MORTGAGE LOANS RECEIVABLE	-	981	-	-	8,955
ACCRUED INTEREST RECEIVABLE	-	8	-	-	24
DEFERRED FINANCING COSTS - net of accumulated amortization	-	-	-	-	80
OTHER ASSETS	9,170	-	-	-	-
TOTAL ASSETS	9,170	1,191	-	-	9,062
LIABILITIES AND NET ASSETS					
ACCRUED LIABILITIES AND DEFERRED INCOME	-	17	-	-	-
ACCRUED INTEREST PAYABLE	-	7	-	-	24
NOTES AND BONDS PAYABLE	9,170	1,060	-	-	8,764
DUE TO (FROM) OTHER FUNDS	-	-	-	-	-
TOTAL LIABILITIES	9,170	1,084	-	-	8,788
NET ASSETS	-	107	-	-	274
TOTAL LIABILITIES AND NET ASSETS	9,170	1,191	-	-	9,062

1995 St. Dominic Multifamily Mortgage	1997 Malta Square Multifamily Mortgage	1998 A&B Plantation/ Centenary Multifamily Mortgage	2002 Melrose Multifamily Mortgage	2002 Restoration Multifamily Mortgage	2003 Villa Maria Multifamily Mortgage	2003 Galilee City Multifamily Mortgage	2004 Azalea Estates Multifamily Mortgage
-	-	-	30	-	-	118	254
557	109	-	-	-	-	-	-
7,696	-	-	5,207	4,544	-	3,168	15,376
53	27	-	-	8	-	14	71
152	-	-	237	505	-	218	-
-	-	-	-	-	-	-	-
8,458	136	-	5,474	5,057	-	3,518	15,701
-	-	-	-	-	-	-	-
177	-	-	9	8	-	80	157
7,799	-	-	4,060	4,665	-	3,190	14,217
-	-	-	-	-	-	-	-
7,976	-	-	4,069	4,673	-	3,270	14,374
482	136	-	1,405	384	-	248	1,327
8,458	136	-	5,474	5,057	-	3,518	15,701

LOUISIANA HOUSING FINANCE AGENCY
COMBINING BALANCE SHEETS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	2004 Tower Oaks Multifamily Mortgage	2004 Walmsley Multifamily Mortgage	2004 Palmetto Multifamily Mortgage	2005 Peppermill I & II Multifamily Mortgage	2006 Meadowbrook Multifamily Mortgage
ASSETS					
CASH AND CASH EQUIVALENTS	-	55	41	108	122
INVESTMENTS - at cost	-	-	-	-	-
MORTGAGE LOANS RECEIVABLE	705	5,235	3,338	4,529	6,036
ACCRUED INTEREST RECEIVABLE	1	3	2	19	29
DEFERRED FINANCING COSTS - net of accumulated amortization	7	261	581	412	399
OTHER ASSETS	-	-	-	383	-
TOTAL ASSETS	713	5,554	3,962	5,451	6,586
LIABILITIES AND NET ASSETS					
ACCRUED LIABILITIES AND DEFERRED INCOME	-	47	35	-	7
ACCRUED INTEREST PAYABLE	1	3	2	57	90
NOTES AND BONDS PAYABLE	705	5,235	3,140	4,577	5,243
DUE TO (FROM) OTHER FUNDS	-	-	-	-	-
TOTAL LIABILITIES	706	5,285	3,177	4,634	5,340
NET ASSETS	7	269	785	817	1,246
TOTAL LIABILITIES AND NET ASSETS	713	5,554	3,962	5,451	6,586

2006 The Crossing Multifamily Mortgage	2006 HOME Funded Tax Credit Projects Multifamily Mortgage	2006 Restoration BR V & VI Multifamily Mortgage	2007 Canterbury House Apartments Multifamily Mortgage	2007 Hooper Pointe Residences Multifamily Mortgage	2007 Plantation Apartments Multifamily Mortgage	2007 Ridgefield Multifamily Mortgage	2007 Jefferson Lakes Apartments Multifamily Mortgage
55	436	3	137	251	68	175	17
-	50,349	-	5,040	-	-	272	-
8,166	-	1,889	9,873	9,315	5,422	8,165	17,084
-	117	6	39	-	20	51	32
341	70	35	884	365	209	453	388
-	-	-	580	1,250	-	1,482	-
8,562	50,972	1,933	16,553	11,181	5,719	10,598	17,521
-	243	-	-	-	12	100	17
38	93	6	25	53	49	146	32
7,500	50,349	1,021	16,000	10,250	5,576	8,328	14,900
-	-	-	-	-	-	-	-
7,538	50,685	1,027	16,025	10,303	5,637	8,574	14,949
1,024	287	906	528	878	82	2,024	2,572
8,562	50,972	1,933	16,553	11,181	5,719	10,598	17,521

LOUISIANA HOUSING FINANCE AGENCY
COMBINING BALANCE SHEETS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
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	2007 Emerald Point Apartments Multifamily Mortgage	2007 Spanish Arms Apartments Multifamily Mortgage	2007 Lapalco Court Apartments Multifamily Mortgage	2008 Arbor Place Apartments Multifamily Mortgage	Total Multifamily Mortgage
ASSETS					
CASH AND CASH EQUIVALENTS	56	60	235	2,491	4,799
INVESTMENTS - at cost	-	3,283	-	-	59,728
MORTGAGE LOANS RECEIVABLE	4,631	5,681	6,209	5,962	148,167
ACCRUED INTEREST RECEIVABLE	4	81	7	13	629
DEFERRED FINANCING COSTS - net of accumulated amortization	407	995	762	330	8,091
OTHER ASSETS	-	-	-	-	12,865
TOTAL ASSETS	5,098	10,100	7,213	8,796	234,279
LIABILITIES AND NET ASSETS					
ACCRUED LIABILITIES AND DEFERRED INCOME	5	250	32	4	769
ACCRUED INTEREST PAYABLE	4	125	7	13	1,206
NOTES AND BONDS PAYABLE	4,528	8,627	6,400	8,440	213,744
DUE TO (FROM) OTHER FUNDS	-	-	-	-	-
TOTAL LIABILITIES	4,537	9,002	6,439	8,457	215,719
NET ASSETS	561	1,098	774	339	18,560
TOTAL LIABILITIES AND NET ASSETS	5,098	10,100	7,213	8,796	234,279

LOUISIANA HOUSING FINANCE AGENCY
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	1994 B (Access I) Single Family	1996 B1-B4 Single Family	1996 D1-D4 Single Family	1997 A1-A3 Single Family	1997 B1-B3 Single Family
ASSETS					
CASH AND CASH EQUIVALENTS	75	172	427	329	-
INVESTMENTS - at cost	-	-	-	69	238
MORTGAGE LOANS RECEIVABLE	367	2,505	2,304	2,929	4,288
ACCRUED INTEREST RECEIVABLE	2	14	13	16	22
DEFERRED FINANCING COSTS - net of accumulated amortization	-	-	-	3	25
OTHER ASSETS	-	-	-	-	-
TOTAL ASSETS	444	2,691	2,744	3,346	4,573
LIABILITIES AND NET ASSETS					
ACCRUED LIABILITIES AND DEFERRED INCOME	-	-	-	-	-
ACCRUED INTEREST PAYABLE	2	-	-	5	13
NOTES AND BONDS PAYABLE	87	-	-	950	2,626
DUE TO (FROM) OTHER FUNDS	-	1	-	1	1
TOTAL LIABILITIES	89	1	-	956	2,640
NET ASSETS	355	2,690	2,744	2,390	1,933
TOTAL LIABILITIES AND NET ASSETS	444	2,691	2,744	3,346	4,573

1997 C1-C2 Single Family	1998 A1-A3 Single Family	1998 B1-B3 Single Family	1999 A1-A3 Single Family	1999 B1-B3 Single Family	1999 C Single Family	1999 D1-D2 Single Family	2000 A1-A3 Single Family
6	40	-	5	-	-	-	-
176	847	864	280	791	226	362	129
5,069	8,901	11,066	7,059	7,143	2,503	5,032	3,191
27	51	57	34	40	15	28	19
26	46	-	50	42	26	35	21
-	-	-	-	-	-	-	-
5,304	9,885	11,987	7,428	8,016	2,770	5,457	3,360
-	-	-	3	-	-	-	-
13	28	35	23	33	12	19	12
2,764	5,590	8,041	5,720	6,854	2,305	3,765	2,148
2	2	2	1	1	-	1	1
2,779	5,620	8,078	5,747	6,888	2,317	3,785	2,161
2,525	4,265	3,909	1,681	1,128	453	1,672	1,199
5,304	9,885	11,987	7,428	8,016	2,770	5,457	3,360

LOUISIANA HOUSING FINANCE AGENCY
COMBINING BALANCE SHEETS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
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	2000 B1-B3 Single Family	2000 D Single Family	2001 A Single Family	2001 B1-B2 Single Family	2001 C-2002 Single Family
ASSETS					
CASH AND CASH EQUIVALENTS	3	6	-	-	-
INVESTMENTS - at cost	66	190	352	235	487
MORTGAGE LOANS RECEIVABLE	3,438	3,120	7,509	4,086	6,498
ACCRUED INTEREST RECEIVABLE	21	18	39	21	33
DEFERRED FINANCING COSTS - net of accumulated amortization	9	26	63	48	71
OTHER ASSETS	-	-	-	-	-
TOTAL ASSETS	3,537	3,360	7,963	4,390	7,089
LIABILITIES AND NET ASSETS					
ACCRUED LIABILITIES AND DEFERRED INCOME	-	-	-	-	-
ACCRUED INTEREST PAYABLE	7	12	28	18	26
NOTES AND BONDS PAYABLE	1,239	2,299	6,113	3,879	6,040
DUE TO (FROM) OTHER FUNDS	1	1	2	1	2
TOTAL LIABILITIES	1,247	2,312	6,143	3,898	6,068
NET ASSETS	2,290	1,048	1,820	492	1,021
TOTAL LIABILITIES AND NET ASSETS	3,537	3,360	7,963	4,390	7,089

2001 D1-D3 Single Family	2002 A1-A3 Single Family	2002 B Single Family	2003 A1-A2 Single Family	2003 B1-B2 Single Family	2004 A1-A2 Single Family	2004 B1-B2 Single Family	2004 C1-C2 Single Family
2	2	1	2	1	-	-	4
254	363	378	520	143	340	260	396
6,152	10,924	7,157	13,176	7,633	8,756	7,742	10,034
31	53	34	58	33	37	36	44
67	97	83	42	97	117	100	132
-	-	-	-	-	-	-	-
6,506	11,439	7,653	13,798	7,907	9,250	8,138	10,610
-	-	-	-	-	-	-	-
28	47	33	54	30	35	34	42
6,040	9,777	7,469	13,163	7,359	9,039	7,804	10,373
1	4	1	2	1	2	1	1
6,069	9,828	7,503	13,219	7,390	9,076	7,839	10,416
437	1,611	150	579	517	174	299	194
6,506	11,439	7,653	13,798	7,907	9,250	8,138	10,610

LOUISIANA HOUSING FINANCE AGENCY
COMBINING BALANCE SHEETS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
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(THOUSANDS OF DOLLARS)

	2005 A1-A2 Single Family	2005 Draw-Down Single Family	2005 A Draw-Down Single Family	2006 A1-A2 Single Family	2006 B1-B2 Single Family
ASSETS					
CASH AND CASH EQUIVALENTS	367	-	-	-	274
INVESTMENTS - at cost	244	-	-	789	1,263
MORTGAGE LOANS RECEIVABLE	16,128	-	-	39,910	46,362
ACCRUED INTEREST RECEIVABLE	74	-	-	168	206
DEFERRED FINANCING COSTS - net of accumulated amortization	165	-	-	346	399
OTHER ASSETS	-	-	-	-	-
TOTAL ASSETS	16,978	-	-	41,213	48,504
LIABILITIES AND NET ASSETS					
ACCRUED LIABILITIES AND DEFERRED INCOME	-	-	-	52	167
ACCRUED INTEREST PAYABLE	71	-	-	142	189
NOTES AND BONDS PAYABLE	16,663	-	-	38,694	46,700
DUE TO (FROM) OTHER FUNDS	2	-	-	12	5
TOTAL LIABILITIES	16,736	-	-	38,900	47,061
NET ASSETS	242	-	-	2,313	1,443
TOTAL LIABILITIES AND NET ASSETS	16,978	-	-	41,213	48,504

2006 C Single Family	2006 D Single Family	2006 DD Single Family	2007 A Single Family	2007 B Single Family	2007 C Single Family	Total Single Family	Total All Mortgage Revenue Bond Issues
465	-	160	4,175	96	51	6,663	11,462
1,299	4,426	32,072	8,049	8,050	38,557	102,715	162,443
46,318	95,771	-	92,416	96,750	66,609	658,846	807,013
205	422	2	449	484	511	3,317	3,946
388	726	18	871	902	910	5,951	14,042
-	-	-	-	-	-	-	12,865
48,675	101,345	32,252	105,960	106,282	106,638	777,492	1,011,771
324	522	-	395	299	-	1,762	2,531
190	387	-	429	451	457	2,905	4,111
47,174	98,414	31,948	103,040	104,130	104,661	722,868	936,612
10	20	-	-	-	-	82	82
47,698	99,343	31,948	103,864	104,880	105,118	727,617	943,336
977	2,002	304	2,096	1,402	1,520	49,875	68,435
48,675	101,345	32,252	105,960	106,282	106,638	777,492	1,011,771

LOUISIANA HOUSING FINANCE AGENCY
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
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	1988 B New Orleanian Multifamily Mortgage	1988 Preservation Homes Multifamily Mortgage	1992 Orleans Towers Multifamily Mortgage	1992 Emerald Pointe Multifamily Mortgage	1993/2003 Woodward Wight Multifamily Mortgage
REVENUES:					
Interest income -					
Investments	286	13	17	18	-
Mortgage loans	-	83	-	130	281
Other	7	-	-	-	12
Total revenues	293	96	17	148	293
EXPENSES:					
Interest	286	85	-	160	289
Amortization of deferred financing costs	-	-	-	1	3
General and administrative	7	17	27	6	10
Provisions (Credit) for loan loss	-	-	-	-	-
Total expenses	293	102	27	167	302
OPERATING INCOME (LOSS)	-	(6)	(10)	(19)	(9)
Capital Contributions (Distributions to owners)	-	-	(46)	5	-
Interfund transfers	-	-	-	(152)	-
CHANGE IN NET ASSETS	-	(6)	(56)	(166)	(9)
NET ASSETS - Beginning of year	-	113	56	166	283
NET ASSETS - End of year	-	107	-	-	274

1995 St. Dominic Multifamily Mortgage	1997 Malta Square Multifamily Mortgage	1998 A&B Plantation/ Centenary Multifamily Mortgage	2002 Melrose Multifamily Mortgage	2002 Restoration Multifamily Mortgage	2003 Villa Maria Multifamily Mortgage	2003 Galilee City Multifamily Mortgage	2004 Azalea Estates Multifamily Mortgage
28	41	-	1	-	5	3	11
537	218	-	237	170	119	169	856
-	-	-	-	-	-	-	-
565	259	-	238	170	124	172	867
528	198	-	232	170	124	160	885
8	134	-	18	21	70	9	-
2	8	-	5	-	8	5	20
-	-	-	-	-	879	-	-
538	340	-	255	191	1,081	174	905
27	(81)	-	(17)	(21)	(957)	(2)	(38)
-	-	(40)	-	-	(180)	-	-
-	-	-	-	-	-	-	-
27	(81)	(40)	(17)	(21)	(1,137)	(2)	(38)
455	217	40	1,422	405	1,137	250	1,365
482	136	-	1,405	384	-	248	1,327

LOUISIANA HOUSING FINANCE AGENCY
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
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	2004 Tower Oaks Multifamily Mortgage	2004 Walmsley Multifamily Mortgage	2004 Palmetto Multifamily Mortgage	2005 Peppermill I & II Multifamily Mortgage	2006 Meadowbrook Multifamily Mortgage
REVENUES:					
Interest income -					
Investments	1	2	-	4	4
Mortgage loans	37	156	96	199	283
Other	1	8	2	-	-
Total revenues	39	166	98	203	287
EXPENSES:					
Interest	37	156	96	226	267
Amortization of deferred financing costs	9	15	21	22	22
General and administrative	2	7	1	15	8
Provisions (Credit) for loan loss	-	-	-	-	-
Total expenses	48	178	118	263	297
OPERATING INCOME (LOSS)	(9)	(12)	(20)	(60)	(10)
Capital Contributions (Distributions to owners)	-	-	-	(376)	-
Interfund transfers	-	-	-	-	-
CHANGE IN NET ASSETS	(9)	(12)	(20)	(436)	(10)
NET ASSETS - Beginning of year	16	281	805	1,253	1,256
NET ASSETS - End of year	7	269	785	817	1,246

2006 The Crossing Multifamily Mortgage	2006 HOME Funded Tax Credit Projects Multifamily Mortgage	2006 Restoration BR V & VI Multifamily Mortgage	2007 Canterbury House Apartments Multifamily Mortgage	2007 Hooper Pointe Residences Multifamily Mortgage	2007 Plantation Apartments Multifamily Mortgage	2007 Ridgefield Multifamily Mortgage	2007 Jefferson Lakes Apartments Multifamily Mortgage
12	2,145	-	509	160	3	111	1
250	-	69	(20)	378	228	323	290
-	-	2	-	4	-	-	-
262	2,145	71	489	542	231	434	291
461	2,085	69	467	641	239	407	290
9	2	1	27	9	26	11	13
11	1	2	23	3	6	10	18
-	-	-	-	-	-	-	-
481	2,088	72	517	653	271	428	321
(219)	57	(1)	(28)	(111)	(40)	6	(30)
(255)	-	-	-	(389)	-	-	2,602
-	-	-	-	-	-	-	-
(474)	57	(1)	(28)	(500)	(40)	6	2,572
1,498	230	907	556	1,378	122	2,018	-
1,024	287	906	528	878	82	2,024	2,572

LOUISIANA HOUSING FINANCE AGENCY
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
YEAR ENDED JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	2007 Emerald Point Apartments Multifamily Mortgage	2007 Spanish Arms Apartments Multifamily Mortgage	2007 Lapalco Court Apartments Multifamily Mortgage	2008 Arbor Place Apartments Multifamily Mortgage	Total Multifamily Mortgage
REVENUES:					
Interest income -					
Investments	2	122	14	10	3,523
Mortgage loans	63	81	108	53	5,394
Other	-	-	-	-	36
Total revenues	65	203	122	63	8,953
EXPENSES:					
Interest	58	241	108	53	9,018
Amortization of deferred financing costs	6	19	26	2	504
General and administrative	14	14	11	13	274
Provisions (Credit) for loan loss	-	-	-	-	879
Total expenses	78	274	145	68	10,675
OPERATING INCOME (LOSS)	(13)	(71)	(23)	(5)	(1,722)
Capital Contributions (Distributions to owners)	422	1,169	797	344	4,053
Interfund transfers	152	-	-	-	-
CHANGE IN NET ASSETS	561	1,098	774	339	2,331
NET ASSETS - Beginning of year	-	-	-	-	16,229
NET ASSETS - End of year	561	1,098	774	339	18,560

LOUISIANA HOUSING FINANCE AGENCY
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
MORTGAGE REVENUE BONDS
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	1994 B (Access I) Single Family	1996 B1-B4 Single Family	1996 D1-D4 Single Family	1997 A1-A3 Single Family	1997 B1-B3 Single Family
REVENUES:					
Interest income -					
Investments	2	14	31	24	17
Mortgage loans	32	240	211	207	319
Other	-	-	-	-	-
Total revenues	34	254	242	231	336
EXPENSES:					
Interest	7	91	28	80	190
Amortization of deferred financing costs	-	7	4	2	10
General and administrative	5	10	6	20	19
Provisions (Credit) for loan loss	-	-	-	-	-
Total expenses	12	108	38	102	219
OPERATING INCOME (LOSS)	22	146	204	129	117
Capital Contributions (Distributions to owners)	-	-	-	-	-
Interfund transfers	-	-	-	-	-
CHANGE IN NET ASSETS	22	146	204	129	117
NET ASSETS - Beginning of year	333	2,544	2,540	2,261	1,816
NET ASSETS - End of year	355	2,690	2,744	2,390	1,933

1997 C1-C2 Single Family	1998 A1-A3 Single Family	1998 B1-B3 Single Family	1999 A1-A3 Single Family	1999 B1-B3 Single Family	1999 C Single Family	1999 D1-D2 Single Family	2000 A1-A3 Single Family
28	57	49	24	54	30	30	22
381	679	759	434	513	176	374	273
-	-	-	-	-	-	-	-
409	736	808	458	567	206	404	295
201	346	455	292	396	189	239	157
12	14	-	16	10	8	10	11
24	23	26	20	19	3	15	10
-	-	-	-	-	-	-	-
237	383	481	328	425	200	264	178
172	353	327	130	142	6	140	117
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
172	353	327	130	142	6	140	117
2,353	3,912	3,582	1,551	986	447	1,532	1,082
2,525	4,265	3,909	1,681	1,128	453	1,672	1,199

LOUISIANA HOUSING FINANCE AGENCY
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
YEAR ENDED JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	2000 B1-B3 Single Family	2000 D Single Family	2001 A Single Family	2001 B1-B2 Single Family	2001 C-2002 Single Family
REVENUES:					
Interest income -					
Investments	25	23	37	27	27
Mortgage loans	319	280	550	317	395
Other	-	-	-	-	-
Total revenues	344	303	587	344	422
EXPENSES:					
Interest	99	163	355	239	347
Amortization of deferred financing costs	7	16	29	17	14
General and administrative	20	14	21	12	22
Provisions (Credit) for loan loss	-	-	-	-	-
Total expenses	126	193	405	268	383
OPERATING INCOME (LOSS)	218	110	182	76	39
Capital Contributions (Distributions to owners)	-	-	-	-	-
Interfund transfers	-	-	36	-	-
CHANGE IN NET ASSETS	218	110	218	76	39
NET ASSETS - Beginning of year	2,072	938	1,602	416	982
NET ASSETS - End of year	2,290	1,048	1,820	492	1,021

2001 D1-D3 Single Family	2002 A1-A3 Single Family	2002 B Single Family	2003 A1-A2 Single Family	2003 B1-B2 Single Family	2004 A1-A2 Single Family	2004 B1-B2 Single Family	2004 C1-C2 Single Family
26	41	21	31	29	26	23	23
394	792	399	687	389	430	438	524
-	-	-	-	-	-	-	-
420	833	420	718	418	456	461	547
349	614	416	637	353	403	401	490
15	26	22	9	25	26	26	22
20	45	10	23	14	24	21	21
-	-	-	-	-	-	-	-
384	685	448	669	392	453	448	533
36	148	(28)	49	26	3	13	14
-	-	-	-	-	-	-	-
-	34	-	-	-	-	-	-
36	182	(28)	49	26	3	13	14
401	1,429	178	530	491	171	286	180
437	1,611	150	579	517	174	299	194

LOUISIANA HOUSING FINANCE AGENCY
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
YEAR ENDED JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	2005 A1-A2 Single Family	2005 Draw-Down Single Family	2005 A Draw-Down Single Family	2006 A1-A2 Single Family	2006 B1-B2 Single Family
REVENUES:					
Interest income -					
Investments	28	116	1,064	73	141
Mortgage loans	932	-	-	2,040	2,562
Other	-	-	-	-	-
Total revenues	960	116	1,064	2,113	2,703
EXPENSES:					
Interest	824	116	1,016	1,930	2,279
Amortization of deferred financing costs	28	1	2	59	49
General and administrative	35	10	10	166	75
Provisions (Credit) for loan loss	-	-	-	-	-
Total expenses	887	127	1,028	2,155	2,403
OPERATING INCOME (LOSS)	73	(11)	36	(42)	300
Capital Contributions (Distributions to owners)	-	(123)	(499)	(186)	(27)
Interfund transfers	-	-	-	84	49
CHANGE IN NET ASSETS	73	(134)	(463)	(144)	322
NET ASSETS - Beginning of year	169	134	463	2,457	1,121
NET ASSETS - End of year	242	-	-	2,313	1,443

2006 C Single Family	2006 D Single Family	2006 DD Single Family	2007 A Single Family	2007 B Single Family	2007 C Single Family	Total Single Family	Total All Mortgage Revenue Bond Issues
269	627	660	1,565	2,669	2,632	10,585	14,108
2,225	4,475	-	3,883	2,670	857	30,156.	35,550
-	-	-	-	-	-	-	36
2,494	5,102	660	5,448	5,339	3,489	40,741	49,694
2,594	5,068	769	5,403	5,200	3,393	36,129	45,147
53	63	34	45	38	35	765	1,269
27	94	38	32	42	32	1,028	1,302
-	-	-	-	-	-	-	879
2,674	5,225	841	5,480	5,280	3,460	37,922	48,597
(180)	(123)	(181)	(32)	59	29	2,819	1,097
(61)	(60)	-	139	1,611	1,906	2,700	6,753
119	64	297	-	(268)	(415)	-	-
(122)	(119)	116	107	1,402	1,520	5,519	7,850
1,099	2,121	188	1,989	-	-	44,356	60,585
977	2,002	304	2,096	1,402	1,520	49,875	68,435

LOUISIANA HOUSING FINANCE AGENCY
COMBINING STATEMENTS OF CASH FLOWS
MORTGAGE REVENUE BONDS
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YEAR ENDED JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	1988 B New Orleanian Multifamily Mortgage	1988 Preservation Homes Multifamily Mortgage	1992 Orleans Towers Multifamily Mortgage	1992 Emerald Pointe Multifamily Mortgage	1993/2003 Woodward Wight Multifamily Mortgage
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from:					
Investment and mortgage loan income	286	96	17	205	276
Mortgage principal repayments	-	15	-	3,021	-
Cash paid to:					
Suppliers of services	-	(17)	(27)	(6)	2
Mortgage purchases	-	-	-	-	-
Bondholders for interest	(286)	(85)	-	(197)	(277)
Net cash provided (used) by operating activities	-	9	(10)	3,023	1
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) decrease in other assets	165	-	-	-	-
Investments purchased	-	(10)	-	(116)	-
Investment redemptions	-	10	-	340	-
Net cash provided (used) by investing activities	165	-	-	224	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Net residual equity transfers/contributions	-	-	(46)	(127)	-
Deferred financing costs	-	-	-	-	-
Proceeds from fees	-	-	-	-	-
Proceeds from bond issue and notes payable	-	-	-	-	-
Retirement of notes and bonds payable	(165)	(20)	-	(3,120)	-
Net cash provided (used) by financing activities	(165)	(20)	(46)	(3,247)	-
NET INCREASE (DECREASE) IN CASH	-	(11)	(56)	-	1
CASH BALANCES, beginning of year	-	95	56	-	2
CASH BALANCES, end of year	-	84	-	-	3

1995 St. Dominic Multifamily Mortgage	1997 Malta Square Multifamily Mortgage	1998 A&B Plantation/ Centenary Multifamily Mortgage	2002 Melrose Multifamily Mortgage	2002 Restoration Multifamily Mortgage	2003 Villa Maria Multifamily Mortgage	2003 Galilee City Multifamily Mortgage	2004 Azalea Estates Multifamily Mortgage
565	266	-	238	179	141	172	868
82	5,463	-	84	-	1,946	27	169
(2)	(8)	-	(5)	-	(8)	(5)	(20)
-	-	-	-	-	-	-	-
(534)	(385)	-	(232)	(179)	(49)	(160)	(836)
111	5,336	-	85	-	2,030	34	181
-	-	-	-	-	-	-	-
(644)	(5,719)	-	-	-	-	-	-
613	5,833	-	-	-	-	-	-
(31)	114	-	-	-	-	-	-
-	-	(40)	-	-	(180)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(80)	(5,450)	-	(84)	-	(2,025)	(30)	(165)
(80)	(5,450)	(40)	(84)	-	(2,205)	(30)	(165)
-	-	(40)	1	-	(175)	4	16
-	-	40	29	-	175	114	238
-	-	-	30	-	-	118	254

LOUISIANA HOUSING FINANCE AGENCY
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	2004 Tower Oaks Multifamily Mortgage	2004 Walmsley Multifamily Mortgage	2004 Palmetto Multifamily Mortgage	2005 Peppermill I & II Multifamily Mortgage	2006 Meadowbrook Multifamily Mortgage
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from:					
Investment and Mortgage Loan Income	39	163	99	66	280
Mortgage principal repayments	345	100	-	131	-
Cash paid to:					
Suppliers of services	(1)	1	34	(15)	(13)
Mortgage purchases	-	-	-	-	-
Bondholders for interest	(38)	(161)	(99)	(226)	(271)
	345	103	34	(44)	(4)
CASH FLOWS FROM INVESTING ACTIVITIES:					
(Increase) decrease in other assets	-	-	-	-	-
Investments purchased	-	-	-	-	-
Investment redemptions	-	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Net residual equity transfers/contributions	-	-	-	-	-
Deferred financing costs	-	-	-	-	-
Proceeds from fees	-	-	-	-	-
Proceeds from bond issue and notes payable	-	(55)	-	-	-
Retirement of notes and bonds payable	(345)	(100)	-	-	-
Net cash provided (used) by financing activities	(345)	(155)	-	-	-
NET INCREASE (DECREASE) IN CASH	-	(52)	34	(44)	(4)
CASH BALANCES, beginning of year	-	107	7	152	126
CASH BALANCES, end of year	-	55	41	108	122

2006 The Crossing Multifamily Mortgage	2006 HOME Funded Tax Credit Projects Multifamily Mortgage	2006 Restoration BR V & VI Multifamily Mortgage	2007 Canterbury House Apartments Multifamily Mortgage	2007 Hooper Pointe Residences Multifamily Mortgage	2007 Plantation Apartments Multifamily Mortgage	2007 Ridgefield Multifamily Mortgage	2007 Jefferson Lakes Apartments Multifamily Mortgage
265	2,237	69	534	194	231	416	259
-	-	12	-	4,229	92	-	-
(11)	(1)	-	(23)	1	6	(10)	(1)
(705)	-	-	(8,767)	(12,612)	-	(3,746)	(17,084)
(461)	(1,933)	(69)	(489)	(641)	(255)	(425)	(258)
(912)	303	12	(8,745)	(8,829)	74	(3,765)	(17,084)
-	-	-	-	-	-	-	-
-	(3,066)	-	-	-	-	(122)	-
875	3,066	-	8,808	-	-	4,253	-
875	-	-	8,808	-	-	4,131	-
-	-	-	-	-	-	-	2,602
-	-	-	-	-	-	-	(401)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	14,900
-	-	(12)	-	-	(90)	-	-
-	-	(12)	-	-	(90)	-	17,101
(37)	303	-	63	(8,829)	(16)	366	17
92	133	3	74	9,080	84	(191)	-
55	436	3	137	251	68	175	17

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	2007 Emerald Point Apartments Multifamily Mortgage	2007 Spanish Arms Apartments Multifamily Mortgage	2007 Lapalco Court Apartments Multifamily Mortgage	2008 Arbor Place Apartments Multifamily Mortgage	Total Multifamily Mortgage
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from:					
Investment and Mortgage Loan Income	61	122	115	50	8,509
Mortgage principal repayments	-	-	-	-	15,716
Cash paid to:					
Suppliers of services	(9)	(14)	21	(9)	(140)
Mortgage purchases	(4,630)	(5,681)	(6,209)	(5,962)	(65,396)
Bondholders for interest	(54)	131	(101)	(40)	(8,610)
	(4,632)	(5,442)	(6,174)	(5,961)	(49,921)
CASH FLOWS FROM INVESTING ACTIVITIES:					
(Increase) decrease in other assets	-	-	-	-	165
Investments purchased	-	(9,020)	-	-	(18,697)
Investment redemptions	-	5,737	-	-	29,535
Net cash provided (used) by investing activities	-	(3,283)	-	-	11,003
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Net residual equity transfers/contributions	422	1,169	797	344	4,941
Deferred financing costs	(414)	(1,014)	(788)	(332)	(2,949)
Proceeds from fees	-	-	-	-	-
Proceeds from bond issue and notes payable	4,680	8,630	6,400	8,440	42,995
Retirement of notes and bonds payable	-	-	-	-	(11,686)
Net cash provided (used) by financing activities	4,688	8,785	6,409	8,452	33,301
NET INCREASE (DECREASE) IN CASH	56	60	235	2,491	(5,617)
CASH BALANCES, beginning of year	-	-	-	-	10,416
CASH BALANCES, end of year	56	60	235	2,491	4,799

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	1994 B (Access I) Single Family	1996 B1-B4 Single Family	1996 D1-D4 Single Family	1997 A1-A3 Single Family	1997 B1-B3 Single Family
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from:					
Investment and Mortgage Loan Income	35	206	203	227	299
Mortgage principal repayments	87	835	571	540	936
Cash paid to:					
Suppliers of services	(5)	(10)	(6)	(20)	(19)
Mortgage purchases	-	-	-	-	-
Bondholders for interest	(10)	(38)	(32)	(83)	(182)
	107	993	736	664	1,034
CASH FLOWS FROM INVESTING ACTIVITIES:					
(Increase) decrease in other assets	-	-	-	-	-
Investments purchased	-	(997)	(663)	(685)	(1,278)
Investment redemptions	-	1,166	1,098	768	1,164
Net cash provided (used) by investing activities	-	169	435	83	(114)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Net residual equity transfers/contributions	-	-	-	-	-
Deferred financing costs	-	-	-	-	-
Proceeds from fees	-	-	-	-	-
Proceeds from bond issue and notes payable	-	-	-	-	-
Retirement of notes and bonds payable	(65)	(990)	(800)	(665)	(920)
Net cash provided (used) by financing activities	(65)	(990)	(800)	(665)	(920)
NET INCREASE (DECREASE) IN CASH	42	172	371	82	-
CASH BALANCES, beginning of year	33	-	56	247	-
CASH BALANCES, end of year	75	172	427	329	-

1997 C1-C2 Single Family	1998 A1-A3 Single Family	1998 B1-B3 Single Family	1999 A1-A3 Single Family	1999 B1-B3 Single Family	1999 C Single Family	1999 D1-D2 Single Family	2000 A1-A3 Single Family
365	670	748	460	531	204	378	257
809	1,298	2,113	1,556	1,463	319	806	582
(29)	(51)	(26)	(20)	(19)	(3)	(15)	(10)
-	-	-	-	-	-	-	-
(202)	(404)	(479)	(334)	(449)	(176)	(267)	(176)
943	1,513	2,356	1,662	1,526	344	902	653
-	23	-	-	-	-	-	-
(1,210)	2,750	(5,439)	(3,296)	(3,354)	(922)	(2,129)	(1,672)
1,477	(2,895)	5,548	3,351	3,133	1,218	2,132	1,984
267	(122)	109	55	(221)	296	3	312
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,210)	(1,380)	(2,520)	(1,717)	(1,305)	(640)	(905)	(965)
(1,210)	(1,380)	(2,520)	(1,717)	(1,305)	(640)	(905)	(965)
-	11	(55)	-	-	-	-	-
6	29	55	5	-	-	-	-
6	40	-	5	-	-	-	-

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	2000 B1-B3 Single Family	2000 D Single Family	2001 A Single Family	2001 B1-B2 Single Family	2001 C-2002 Single Family
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from:					
Investment and Mortgage Loan Income	284	255	543	300	437
Mortgage principal repayments	709	935	2,021	1,034	1,048
Cash paid to:					
Suppliers of services	(20)	(14)	(21)	(12)	(22)
Mortgage purchases	-	-	-	-	-
Bondholders for interest	(127)	(183)	(456)	(265)	(351)
	846	993	2,087	1,057	1,112
CASH FLOWS FROM INVESTING ACTIVITIES:					
(Increase) decrease in other assets	-	-	-	-	-
Investments purchased	(1,598)	(2,197)	(4,516)	(2,371)	(2,332)
Investment redemptions	1,641	2,459	4,903	2,489	2,250
Net cash provided (used) by investing activities	43	262	387	118	(82)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Net residual equity transfers/contributions	-	-	36	-	-
Deferred financing costs	-	-	-	-	-
Proceeds from fees	-	-	-	-	-
Proceeds from bond issue and notes payable	-	-	-	-	-
Retirement of notes and bonds payable	(890)	(1,255)	(2,510)	(1,180)	(1,030)
Net cash provided (used) by financing activities	(890)	(1,255)	(2,474)	(1,180)	(1,030)
NET INCREASE (DECREASE) IN CASH	(1)	-	-	(5)	-
CASH BALANCES, beginning of year	4	6	-	5	-
CASH BALANCES, end of year	3	6	-	-	-

2001 D1-D3 Single Family	2002 A1-A3 Single Family	2002 B Single Family	2003 A1-A2 Single Family	2003 B1-B2 Single Family	2004 A1-A2 Single Family	2004 B1-B2 Single Family	2004 C1-C2 Single Family
414	719	473	772	448	493	486	580
841	1,823	1,835	2,279	1,314	1,632	1,521	1,360
				-			
(20)	(45)	(10)	(23)	(14)	(24)	(21)	(21)
-	-	-	-	-	-	-	-
(380)	(679)	(457)	(722)	(411)	(465)	(462)	(545)
855	1,818	1,841	2,306	1,337	1,636	1,524	1,374
-	-	-	-	-	-	-	-
(2,247)	(4,132)	(3,782)	(5,036)	3,530	(3,848)	(3,222)	(2,960)
2,472	4,394	3,601	4,890	(3,297)	3,787	3,363	2,861
				-			
225	262	(181)	(146)	233	(61)	141	(99)
-	34	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,080)	(2,115)	(1,660)	(2,160)	(1,570)	(1,575)	(1,665)	(1,275)
(1,080)	(2,081)	(1,660)	(2,160)	(1,570)	(1,575)	(1,665)	(1,275)
-	(1)	-	-	-	-	-	-
2	3	1	2	1	-	-	4
2	2	1	2	1	-	-	4

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	2005 A1-A2 Single Family	2005 Draw-Down Single Family	2005 A Draw-Down Single Family	2006 A1-A2 Single Family	2006 B Single Family
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from:					
Investment and Mortgage Loan Income	959	121	1,074	2,202	2,663
Mortgage principal repayments	2,281	-	-	4,512	4,456
Cash paid to:					
Suppliers of services	(35)	(10)	(10)	(173)	(70)
Mortgage purchases	-	-	-	-	(4,476)
Bondholders for interest	(918)	(120)	(1,016)	(1,941)	(2,453)
	2,287	(9)	48	4,600	120
CASH FLOWS FROM INVESTING ACTIVITIES:					
(Increase) decrease in other assets	-	-	-	-	-
Investments purchased	(5,344)	-	-	(10,178)	(12,432)
Investment redemptions	5,499	20,101	74,698	11,334	16,484
Net cash provided (used) by investing activities	155	20,101	74,698	1,156	4,052
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Net residual equity transfers/contributions	-	(123)	(499)	(102)	22
Deferred financing costs	-	-	-	-	-
Proceeds from fees	-	-	-	-	-
Proceeds from bond issue and notes payable	-	-	-	-	-
Retirement of notes and bonds payable	(2,075)	(20,101)	(74,698)	(5,655)	(3,950)
Net cash provided (used) by financing activities	(2,075)	(20,224)	(75,197)	(5,757)	(3,928)
NET INCREASE (DECREASE) IN CASH	367	(132)	(451)	(1)	244
CASH BALANCES, beginning of year	-	132	451	1	30
CASH BALANCES, end of year	367	-	-	-	274

2006 C Single Family	2006D Single Family	2006 DD Single Family	2007A Single Family	2007B Single Family	2007C Single Family	Total Single Family	Total All Mortgage Revenue Bond Issues
2,580	5,066	662	6,763	4,870	2,977	40,724	49,233
5,358	7,375	-	1,450	976	173	56,848	72,564
307	(74)	(38)	(32)	(42)	(32)	(709)	(849)
(5,726)	(27,136)	-	(72,358)	(97,742)	(66,782)	(274,220)	(339,616)
(2,891)	(4,898)	(574)	(6,340)	(4,617)	(3,094)	(37,197)	(45,807)
(372)	(19,667)	50	(70,517)	(96,555)	(66,758)	(214,554)	(264,475)
-	-	-	-	-	-	23	188
(15,032)	(23,064)	(23,012)	(7,215)	(108,810)	(106,240)	(364,933)	(383,630)
20,271	47,479	7,135	82,767	100,761	67,683	510,169	539,704
5,239	24,415	(15,877)	75,552	(8,049)	(38,557)	145,259	156,262
58	4	-	139	1,611	1,906	3,086	8,027
-	-	-	-	(940)	(945)	(1,885)	(4,834)
-	-	-	-	-	-	-	-
-	-	33,264	-	104,404	104,410	242,078	285,073
(4,520)	(4,815)	(17,386)	(1,055)	(375)	(5)	(168,682)	(180,368)
(4,462)	(4,811)	15,878	(916)	104,700	105,366	74,597	107,898
405	(63)	51	4,119	96	51	5,302	(315)
60	63	109	56	-	-	1,361	11,777
465	-	160	4,175	96	51	6,663	11,462

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(THOUSANDS OF DOLLARS)

	1988 B New Orleanian Multifamily Mortgage	1988 Preservation Homes Multifamily Mortgage	1992 Orleans Towers Multifamily Mortgage	1992 Emerald Pointe Multifamily Mortgage	1993/2003 Woodward Wight Multifamily Mortgage
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating Income (Loss)	-	(6)	(10)	(19)	(9)
Adjustments to reconcile Operating Income (Loss) to net cash provided by operating activities:					
Amortization of deferred financing costs	-	-	-	1	3
Amortization of mortgage loan/ investment (discount) premium	-	-	-	-	-
Amortization of bond discount (premium)	-	-	-	-	-
Amortization of deferred (income) losses	-	-	-	-	8
(Gain) Loss on sale of securities	-	-	-	-	-
Provisions for loan losses	-	-	-	-	-
Change in:					
Accrued interest receivable	-	-	-	57	(5)
Accrued interest payable	-	-	-	(37)	4
Accounts payable	-	-	-	-	-
Interfund account and other assets	-	-	-	-	-
Mortgage loans purchased	-	-	-	-	-
Mortgage loan principal payments received	-	15	-	3,021	-
Net cash provided (used) by operating activities	-	9	(10)	3,023	1
Supplemental disclosure:					
Non-cash investing and financing activities:					
Transfer of deferred gain (losses) between funds	-	-	-	(152)	-

	1995 St. Dominic Multifamily Mortgage	1997 Malta Square Multifamily Mortgage	1998 A&B Plantation/ Centenary Multifamily Mortgage	2002 Melrose Multifamily Mortgage	2002 Restoration Multifamily Mortgage	2003 Villa Maria Multifamily Mortgage	2003 Galilee City Multifamily Mortgage	2004 Azalea Estates Multifamily Mortgage
	27	(81)	-	(17)	(21)	(957)	(2)	(38)
	8	134	-	18	21	70	9	-
	-	-	-	-	-	-	-	-
	(4)	(69)	-	-	-	-	-	-
	-	-	-	-	-	82	-	53
	-	-	-	-	-	-	-	-
	-	-	-	-	-	879	-	-
	-	7	-	-	9	17	-	1
	(2)	(118)	-	-	(9)	(7)	-	(4)
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	82	5,463	-	84	-	1,946	27	169
	111	5,336	-	85	-	2,030	34	181
	-	-	-	-	-	-	-	-

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	2004 Tower Oaks Multifamily Mortgage	2004 Walmsley Multifamily Mortgage	2004 Palmetto Multifamily Mortgage	2005 Peppermill I & II Multifamily Mortgage	2006 Meadowbrook Multifamily Mortgage
Reconciliation of operating income to					
Net cash provided (used) by operating activities					
Operating Income (Loss)	(9)	(12)	(20)	(60)	(10)
Adjustments to reconcile Operating Income (Loss) to net cash provided by operating activities:					
Amortization of deferred financing costs	9	15	21	22	22
Amortization of mortgage loan/ investment (discount) premium	-	-	-	-	-
Amortization of bond discount (premium)	-	-	-	-	(4)
Amortization of deferred (income) losses	-	-	-	-	-
(Gain) Loss on sale of securities	-	-	-	-	-
Provisions for loan losses	-	-	-	-	-
Change in:					
Accrued interest receivable	1	5	3	239	(7)
Accrued interest payable	(1)	(5)	(3)	-	-
Accounts payable	-	-	33	-	(5)
Interfund account and other assets	-	-	-	(376)	-
Mortgage loans purchased	-	-	-	-	-
Mortgage loan principal payments received	345	100	-	131	-
Net cash provided (used) by operating activities	345	103	34	(44)	(4)
Supplemental disclosure:					
Non-cash investing and financing activities:					
Transfer of deferred gain (losses) between funds	-	-	-	-	-

2006 The Crossing Multifamily Mortgage	2006 HOME Funded Tax Credit Projects Multifamily Mortgage	2006 Restoration BR V & VI Multifamily Mortgage	2007 Canterbury House Apartments Multifamily Mortgage	2007 Hooper Pointe Residences Multifamily Mortgage	2007 Plantation Apartments Multifamily Mortgage	2007 Ridgefield Multifamily Mortgage	2007 Jefferson Lakes Apartments Multifamily Mortgage
(219)	57	(1)	(28)	(111)	(40)	6	(30)
9	2	1	27	9	26	11	13
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3	-
-	-	-	-	-	14	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3	92	-	45	45	-	(18)	(32)
-	(91)	-	(22)	-	(30)	(21)	32
-	243	-	-	-	12	-	17
-	-	-	-	(389)	-	-	-
(705)	-	-	(8,767)	(12,612)	-	(3,746)	(17,084)
-	-	12	-	4,229	92	-	-
(912)	303	12	(8,745)	(8,829)	74	(3,765)	(17,084)
-	-	-	-	-	-	-	-

LOUISIANA HOUSING FINANCE AGENCY
COMBINING STATEMENTS OF CASH FLOWS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
YEAR ENDED JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	2007 Emerald Point Apartments Multifamily Mortgage	2007 Spanish Arms Apartments Multifamily Mortgage	2007 Lapalco Court Apartments Multifamily Mortgage	2008 Arbor Place Apartments Multifamily Mortgage	Total Multifamily Mortgage
Reconciliation of operating income to					
Net cash provided (used) by operating activities					
Operating Income (Loss)	(13)	(71)	(23)	(5)	(1,722)
Adjustments to reconcile Operating Income (Loss) to net cash provided by operating activities:					
Amortization of deferred financing costs	6	19	26	2	504
Amortization of mortgage loan/ investment (discount) premium	-	-	-	-	-
Amortization of bond discount (premium)	-	(3)	-	-	(77)
Amortization of deferred (income) losses	-	-	-	-	157
(Gain) Loss on sale of securities	-	-	-	-	-
Provisions for loan losses	-	-	-	-	879
Change in:					
Accrued interest receivable	(4)	(81)	(7)	(13)	357
Accrued interest payable	4	125	7	13	(165)
Accounts payable	5	250	32	4	591
Interfund account and other assets	-	-	-	-	(765)
Mortgage loans purchased	(4,630)	(5,681)	(6,209)	(5,962)	(65,396)
Mortgage loan principal payments received	-	-	-	-	15,716
Net cash provided (used) by operating activities	(4,632)	(5,442)	(6,174)	(5,961)	(49,921)
Supplemental disclosure:					
Non-cash investing and financing activities:					
Transfer of deferred gain (losses) between funds	152	-	-	-	-

LOUISIANA HOUSING FINANCE AGENCY
COMBINING STATEMENTS OF CASH FLOWS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
YEAR ENDED JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	1994 B (Access I) Single Family	1996 B1-B4 Single Family	1996 D1-D4 Single Family	1997 A1-A3 Single Family	1997 B1-B3 Single Family
Reconciliation of operating income to					
Net cash provided (used) by operating activities					
Operating Income (Loss)	22	146	204	129	117
Adjustments to reconcile Operating Income (Loss)					
to net cash provided by operating activities:					
Amortization of deferred financing costs	-	7	4	2	10
Amortization of mortgage loan/ investment					
(discount) premium	-	(53)	(44)	(7)	(41)
Amortization of bond discount (premium)	(1)	-	-	-	-
Amortization of deferred (income) losses	-	58	-	-	12
(Gain) Loss on sale of securities	-	-	-	-	-
Provisions for loan losses	-	-	-	-	-
Change in:					
Accrued interest receivable	1	5	5	3	4
Accrued interest payable	(2)	(5)	(4)	(3)	(4)
Accounts payable	-	-	-	-	-
Interfund account and other assets	-	-	-	-	-
Mortgage loans purchased	-	-	-	-	-
Mortgage loan principal payments received	87	835	571	540	936
Net cash provided (used) by					
operating activities	107	993	736	664	1,034
Supplemental disclosure:					
Non-cash investing and financing activities:					
Transfer of deferred gain (losses) between funds	-	-	-	-	-

1997 C1-C2 Single Family	1998 A1-A3 Single Family	1998 B1-B3 Single Family	1999 A1-A3 Single Family	1999 B1-B3 Single Family	1999 C Single Family	1999 D1-D2 Single Family	2000 A1-A3 Single Family
172	353	327	130	142	6	140	117
12	14	-	16	10	8	10	11
(49)	(71)	(70)	(7)	(42)	(5)	(30)	(41)
(8)	(67)	(38)	(74)	(47)	-	(23)	(22)
13	17	24	16	-	16	-	9
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5	5	10	9	6	3	4	3
(6)	(8)	(10)	16	(6)	(3)	(5)	(6)
(5)	(28)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
809	1,298	2,113	1,556	1,463	319	806	582
943	1,513	2,356	1,662	1,526	344	902	653
-	-	-	-	-	-	-	-

LOUISIANA HOUSING FINANCE AGENCY
COMBINING STATEMENTS OF CASH FLOWS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
YEAR ENDED JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	2000 B1-B3 Single Family	2000 D Single Family	2001 A Single Family	2001 B1-B2 Single Family	2001 C-2002 Single Family
Reconciliation of operating income to					
Net cash provided (used) by operating activities					
Operating Income (Loss)	218	110	182	76	39
Adjustments to reconcile Operating Income (Loss) to net cash provided by operating activities:					
Amortization of deferred financing costs	7	16	29	17	14
Amortization of mortgage loan/ investment (discount) premium	(63)	(54)	(55)	(49)	10
Amortization of bond discount (premium)	(23)	(25)	(114)	(23)	-
Amortization of deferred (income) losses	-	11	27	3	-
(Gain) Loss on sale of securities	-	-	-	-	-
Provisions for loan losses	-	-	-	-	-
Change in:					
Accrued interest receivable	3	6	11	5	5
Accrued interest payable	(5)	(6)	(14)	(6)	(4)
Accounts payable	-	-	-	-	-
Interfund account and other assets	-	-	-	-	-
Mortgage loans purchased	-	-	-	-	-
Mortgage loan principal payments received	709	935	2,021	1,034	1,048
Net cash provided (used) by operating activities	846	993	2,087	1,057	1,112
Supplemental disclosure:					
Non-cash investing and financing activities:					
Transfer of deferred gain (losses) between funds	-	-	(36)	-	-

2001 D1-D3 Single Family	2002 A1-A3 Single Family	2002 B Single Family	2003 A1-A2 Single Family	2003 B1-B2 Single Family	2004 A1-A2 Single Family	2004 B1-B2 Single Family	2004 C1-C2 Single Family
36	148	(28)	49	26	3	13	14
15	26	22	9	25	26	26	22
(10)	(123)	44	45	24	31	17	27
(26)	(57)	(49)	(84)	(59)	(63)	(59)	(50)
-	2	15	8	7	7	5	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4	9	9	9	6	6	8	6
(5)	(10)	(7)	(9)	(6)	(6)	(7)	(5)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
841	1,823	1,835	2,279	1,314	1,632	1,521	1,360
855	1,818	1,841	2,306	1,337	1,636	1,524	1,374
-	(34)	-	-	-	-	-	-

LOUISIANA HOUSING FINANCE AGENCY
COMBINING STATEMENTS OF CASH FLOWS
MORTGAGE REVENUE BONDS
SUPPLEMENTARY COMBINING INFORMATION
YEAR ENDED JUNE 30, 2008
(THOUSANDS OF DOLLARS)

	2005 A1-A2 Single Family	2005 Draw-Down Single Family	2005 A Draw-Down Single Family	2006 A1-A2 Single Family	2006 B Single Family
Reconciliation of operating income to					
Net cash provided (used) by operating activities					
Operating Income (Loss)	73	(11)	36	(42)	300
Adjustments to reconcile Operating Income (Loss)					
to net cash provided by operating activities:					
Amortization of deferred financing costs	28	1	2	59	49
Amortization of mortgage loan/ investment					
(discount) premium	(10)	-	-	67	(61)
Amortization of bond discount (premium)	(81)	-	-	-	(181)
Amortization of deferred (income) losses	(4)	(4)	-	8	8
(Gain) Loss on sale of securities	-	-	-	-	-
Provisions for loan losses	-	-	-	-	-
Change in:					
Accrued interest receivable	9	5	10	22	21
Accrued interest payable	(9)	-	-	(20)	(16)
Accounts payable	-	-	-	1	15
Interfund account and other assets	-	-	-	(7)	5
Mortgage loans purchased	-	-	-	-	(4,476)
Mortgage loan principal payments received	2,281	-	-	4,512	4,456
Net cash provided (used) by					
operating activities	2,287	(9)	48	4,600	120
Supplemental disclosure:					
Non-cash investing and financing activities:					
Transfer of deferred gain (losses) between funds	-	-	-	(84)	(49)

2006 C Single Family	2006 D Single Family	2006 DD Single Family	2007 A Single Family	2007 B Single Family	2007 C Single Family	Total Single Family	Total All Mortgage Revenue Bond Issues
(180)	(123)	(181)	(32)	59	29	2,819	1,097
53	63	34	45	38	35	765	1,269
63	(88)	-	41	15	-	(589)	(589)
(286)	(339)	-	(203)	(156)	(143)	(2,301)	(2,378)
8	6	195	5	(11)	(15)	446	603
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	879
23	52	2	1,274	(484)	(512)	572	929
(19)	(19)	-	(1,134)	451	457	(445)	(610)
324	522	-	395	299	-	1,523	2,114
10	20	-	-	-	-	28	(737)
(5,726)	(27,136)	-	(72,358)	(97,742)	(66,782)	(274,220)	(339,616)
5,358	7,375	-	1,450	976	173	56,848	72,564
(372)	(19,667)	50	(70,517)	(96,555)	(66,758)	(214,554)	(264,475)
(119)	(64)	(297)	-	268	415	-	-

FINANCIAL REPORT

LOUISIANA HOUSING FINANCE AGENCY
(STATE OF LOUISIANA)

JUNE 30, 2008 AND 2007

LOUISIANA HOUSING FINANCE AGENCY

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JUNE 30, 2008 AND 2007

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INDEPENDENT AUDITOR'S REPORT

August 22, 2008

To the Board of Commissioners
Louisiana Housing Finance Agency
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Louisiana Housing Finance Agency's General Fund (a component unit of the State of Louisiana) as of June 30, 2008 and 2007 as presented in the foregoing index to the report. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1, these financial statements present only the Louisiana Housing Finance Agency's General Fund and are not intended to present fairly the combined financial position, combined results of operations or the combined cash flows of the Louisiana Housing Finance Agency's mortgage revenue bond programs in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Housing Finance Agency's General Fund as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 8, is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

As discussed in Note 8 to the financial statements, the Louisiana Housing Finance Agency adopted the provisions of the Governmental Accounting Standards Board Statement No. 45, Postemployment Benefits Other Than Pension Benefits as of July 1, 2007.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 22, 2008 on our consideration of the Louisiana Housing Finance Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Annual Financial Statement Reporting Packet, presented as supplementary information, is not a required part of the basic financial statements, but is supplementary information required by Louisiana's Office of Statewide Reporting and Accounting Policy. This information has been subjected to the auditing procedures applied in the audit of the accompanying financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the accompanying financial statements taken as a whole.

Duplantier, Hrapmann, Hogan & Maher, LLP

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY (LHFA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2008 AND JUNE 30, 2007

The Management's Discussion and Analysis of the LHFA's financial performance presents a narrative overview and analysis of LHFA's financial activities for the year ended June 30, 2008. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the LHFA's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

2008

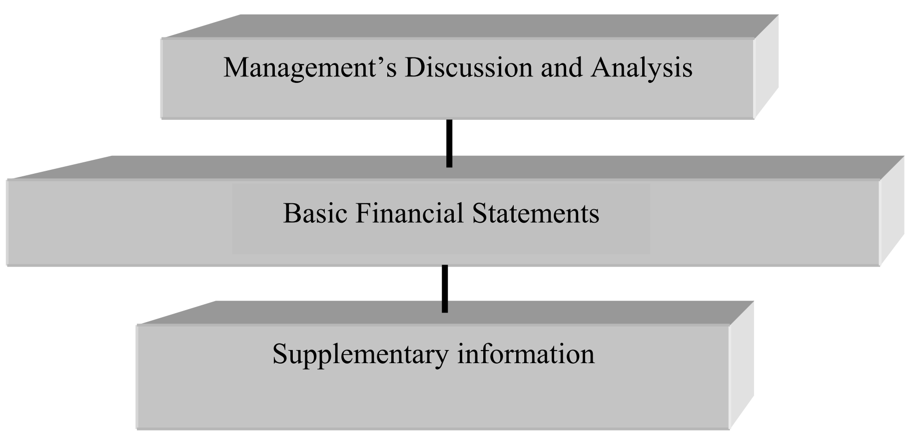
- ★ The LHFA's assets exceeded its liabilities at the close of fiscal year 2008 by $194,289,386, which represents a 42% increase from last fiscal year.
- ★ The LHFA's operating revenues decreased by $4,123,509, or 19%, and consequently, the net results from operating activities decreased by $6,009,968, or 68%, however net non-operating revenues increased by $39,633,878, or 230%.

2007

- ★ The LHFA's assets exceeded its liabilities at the close of fiscal year 2007 by $137,288,911, which represents a 19% increase from last fiscal year.
- ★ The LHFA's operating revenues increased by $6,844,279, or 45%, and the net results from operating activities increased by $6,825,042, or 337%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and supplementary information.

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY (LHFA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2008 AND JUNE 30, 2007

Basic Financial Statements

The basic financial statements present information for the LHFA as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheets; the Statements of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Balance Sheets (page 9) present the assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the LHFA is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Assets (page 10) present information showing how LHFA's net assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statements of Cash Flow (pages 11 - 12) present information showing how LHFA's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2008, June 30, 2007 and June 30, 2006
(in thousands)

	2008	2007	2006
Current and other assets	$ 62,729	$ 62,603	$ 50,562
Restricted assets	141,092	124,780	121,326
Capital assets	46,469	17,904	10,214
Total assets	250,290	205,287	182,102
Other liabilities	13,278	12,874	11,345
Long-term debt outstanding	42,722	55,124	55,460
Total liabilities	56,000	67,998	66,805
Net assets:			
Invested in Capital Assets, net of related debt	40,039	10,909	2,679
Restricted	95,870	66,475	64,816
Unrestricted	58,381	59,905	47,802
Total net assets	$ 194,290	$ 137,289	$ 115,297

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY (LHFA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2008 AND JUNE 30, 2007

Amounts invested in capital assets represent the carrying amount of property and equipment less depreciation. Restricted net assets represent those assets that are not available for spending as a result of donor agreements and grant requirements. Unrestricted net assets provide necessary reserves to support the general obligations of the agency.

2008

Net assets of the LHFA increased by $57,000,475, or 42%, from June 30, 2007 to June 30, 2008. This increase in net assets can be attributed to an increase in cash and cash equivalents and capital assets.

2007

Net assets of the LHFA increased by $21,992,103, or 19%, from June 30, 2006 to June 30, 2007. This increase in net assets can be attributed to an increase in investments, capital assets and accrued interest receivable.

Statements of Revenues, Expenses, and Changes in Net Assets
for the years ended June 30, 2008, June 30, 2007 and June 30, 2006
(in thousands)

	Total		
	2008	2007	2006
Operating revenues	$ 17,807	$ 21,931	$ 15,086
Operating expenses	14,969	13,083	13,063
Operating income	2,838	8,848	2,023
Non-operating revenues (expenses)	56,862	17,228	11,566
Income before transfers	59,700	26,076	13,589
Transfers (to) from MRB Programs	(2,700)	(4,084)	4,448
Increase in net assets	$ 57,000	$ 21,992	$ 18,037

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY (LHFA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2008 AND JUNE 30, 2007

2008

LHFA's operating revenues decreased by $4,123,509, or 19%, primarily as a result of a decrease in fees generated by the low income housing tax credit program. Operating expenses increased by $1,886,459, or 14%, primarily as a result of increased personnel costs from implementing GASB 45 which caused a non-cash accrual expense of $1,480,249. Net non-operating revenues increased by $39,633,878, or 230%, due primarily to an increase in income from rental property because of the rehabbing and rebuilding of our two rental properties, Gaslight and Willowbrook by FEMA through the Office of Facility Planning for a net $20 million increase and also due to the state's allocation to the Louisiana Housing Trust Fund for a $25 million increase, to be expended for fiscal '09.

The LHFA's total revenues (including operating and non-operating) increased by $73,099,880, or 63%. There was an increase of $39,475,970, or 44%, of the total cost of all programs and services.

2007

LHFA's operating revenues increased by $6,844,279, or 45%, primarily as a result of an increase in fees generated by the awarding of additional tax credits and increased investment income. Operating expenses remained relatively flat. Net non-operating revenues increased due primarily to an increase in net income from rental property because of the rehabbing and rebuilding of our two rental properties, Gaslight and Willowbrook by FEMA through the Office of Facility Planning.

The LHFA's total revenues (including operating and non-operating) remained relatively flat. The total cost of all programs and services decreased by $12,917,663, or 13%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2008, the Louisiana Housing Finance Agency had $46.5 million invested in a broad range of capital assets, including a three story building facility located in Baton Rouge. (See Table below). This amount represents a net increase (including additions and deductions) of $28,564,220, or a 160% increase over last year.

	2008	2007	2006
Land	$ 712	$ 712	$ 712
Land Improvements (net of accumulated depreciation)	93	99	106
Building (net of accumulated depreciation)	40,656	7,751	8,552
Equipment (net of accumulated depreciation)	617	452	530
Construction in Progress	4,391	8,890	314
Totals	$ 46,469	$ 17,904	$ 10,214

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY (LHFA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2008 AND JUNE 30, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

This year's changes included (in thousands):

• Equipment acquisitions and replacements	$ 400
• Depreciation	(439)
• Equipment disposals	(290)
• Rehab of HUD Disposition – increase in construction in progress	28,797
• Adjust accumulated depreciation for disposals	288
• Rehab of HUD Disposition – decrease in construction in progress	(33,296)
• Rehab of HUD Disposition – increase in buildings	33,296
• Adjust accumulated depreciation for HUD Disposition	(191)

Debt

The Louisiana Housing Finance Agency had $44,173,448 in bonds and notes outstanding at year-end, compared to $56,579,926 at the end of last year as shown in the table below. This decrease is from the paying down of the Series 2001 General Revenue Office Building Bonds, the Multi Family MR Bonds, Series 2006A, and the debentures payable, as well as amortization of the deferred amount on refunding.

Outstanding Debt at Year-end
(in thousands)

	2008	2007	2006
General Revenue Office Building Bonds	$ 6,430	$ 6,995	$ 7,535
Multi Family MR Bonds (Section 8 Assisted - 202 Elderly Projects), 2006A	18,915	20,170	-
Multi Family MR Bonds (Section 8 Assisted - 202 Elderly Projects), 2003A	-	-	20,600
Debentures payable	18,450	29,020	29,020
Deferred amount on Refunding	378	395	-
Totals	$ 44,173	$ 56,580	$ 57,155

<u>2008</u>

The LHFA's bond rating continues to carry the A2 rating for general revenue bonds and the 202 Elderly MR Bonds, and Aaa rating for the debt of its Other Mortgage Revenue Bonds, which are not considered to be the Agency's general debt and are excluded from these financial statements.

The LHFA has accounts payable and accrued interest payable of $2,018,695 outstanding at year-end compared with $3,138,984 last year. Other obligations include accrued vacation pay and sick leave, deferred revenue, and other post employment benefits payable.

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY (LHFA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2008 AND JUNE 30, 2007

2007

The LHFA's bond rating continues to carry the A2 rating for general revenue bonds and the 202 Elderly MR Bonds, and Aaa rating for the debt of its Other Mortgage Revenue Bonds, which are not considered to be the Agency's general debt and are excluded from these financial statements.

The LHFA has accounts payable and accrued interest payable of $3,138,984 outstanding at year-end compared with $2,367,537 last year. Other obligations include accrued vacation pay and sick leave, and deferred revenue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The LHFA's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Expected increase in interest rates will tend to discourage early payoffs and refinancing, increasing the Agency asset base of mortgage backed securities and thereby allowing new issues to stabilize or increase the asset base and thus increasing the issuer fees the Agency receives.
- Interest rates are expected to slowly increase over the next year which should cause an increase in the Agency's investment income.
- The HUD Disposition properties were damaged during Hurricane Katrina and haven't been generating any revenue the past two years. Willowbrook came back on-line at the end of fiscal '08 and should be at or near full occupancy by the end of fiscal '09, which will increase our rental income. Gaslight isn't expected to come on-line until fiscal '10.
- If the need should arise, the warehousing of securities at the Federal Home Loan Bank of Dallas will help minimize negative arbitrage and it would increase investment income.

The LHFA expects that next year's results will be mixed based on the following:

- The Section 8 revenues should increase because of the addition of several properties during the fiscal year.
- The Agency doesn't expect to generate as much tax credit revenue in fiscal '09 because of the availability of fewer tax credits for the Agency to award.
- The Agency expects overall operating expenses to increase in relation to revenues.

CONTACTING THE LOUISIANA HOUSING FINANCE AGENCY'S MANAGEMENT

This financial report is designed to provide Louisiana's citizens and taxpayers, as well as the Agency's customers, investors and creditors with a general overview of the Louisiana Housing Finance Agency's finances and to show the LHFA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact René Landry, C.F.O. at 2415 Quail Drive, Baton Rouge, Louisiana 70808.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
BALANCE SHEETS
JUNE 30, 2008 AND 2007

ASSETS

	2008	2007
CASH AND CASH EQUIVALENTS	$ 10,275,741	$ 2,400,137
INVESTMENTS	48,445,408	53,185,258
MORTGAGE LOANS	1,268,282	1,284,326
ACCRUED INTEREST RECEIVABLE	520,435	79,262
DUE FROM GOVERNMENTS	1,691,460	1,588,806
ADVANCE TO SUBRECIPIENT	-	3,600,279
DUE FROM MRB PROGRAMS	82,066	59,186
CAPITAL ASSETS (net of accumulated depreciation of $3,164,975 and $2,822,280, respectively)	46,468,585	17,904,365
OTHER ASSETS	446,246	405,215
	109,198,223	80,506,834
RESTRICTED ASSETS:		
Cash and cash equivalents	43,067,274	8,792,219
Investments	2,200,120	2,296,386
Mortgage loans receivable (net of allowance for loan losses of $56,284,511 and $56,833,884, respectively)	72,142,398	90,919,197
Accrued interest receivable	23,682,298	22,772,340
	141,092,090	124,780,142
TOTAL ASSETS	$ 250,290,313	$ 205,286,976

See accompanying notes.

LIABILITIES AND NET ASSETS

		2008		2007
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$	1,779,001	$	1,504,018
ACCRUED INTEREST PAYABLE		239,694		1,634,966
DUE TO GOVERNMENTS		23,488		136,246
OTHER POSTEMPLOYMENT BENEFIT PLAN PAYABLE		1,480,249		-
COMPENSATED ABSENCES PAYABLE		566,096		513,870
DEFERRED INCOME		98,213		124,021
AMOUNTS HELD IN ESCROW		7,640,738		7,505,018
		11,827,479		11,418,139
BONDS AND DEBENTURES PAYABLE:				
Due within one year		1,451,218		1,456,218
Due in more than one year		42,722,230		55,123,708
		44,173,448		56,579,926
Total liabilities		56,000,927		67,998,065
NET ASSETS:				
Invested in capital assets (net of related debt)		40,038,585		10,909,365
Restricted		95,870,041		66,475,163
Unrestricted		58,380,760		59,904,383
Total net assets		194,289,386		137,288,911
TOTAL LIABILITES AND NET ASSETS	$	250,290,313	$	205,286,976

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
OPERATING REVENUES:		
MRB program issuer fees	$ 834,835	$ 742,882
Low income housing tax credit program fee	1,879,721	8,806,880
Compliance and application fees	174,650	207,475
Federal program administrative fees	6,479,198	5,697,727
Mortgage loan income	2,933,818	3,557,566
Investment income	5,337,545	2,712,929
Other income	167,469	205,286
	17,807,236	21,930,745
OPERATING EXPENSES:		
Personnel services	8,776,883	6,156,989
Supplies	228,430	263,222
Travel	338,262	376,903
Operating services	1,301,836	1,257,643
Professional services	1,638,271	2,350,126
Interest expense	2,245,843	2,189,283
Depreciation	439,448	488,348
	14,968,973	13,082,514
Operating income	2,838,263	8,848,231
NON-OPERATING REVENUES (EXPENSES):		
Appropriation from State for Louisiana Housing Trust Funds	25,000,000	-
Other contributions and grants for Louisiana Housing Trust Funds	1,529,391	-
Other non-operating	141,373	141,938
Restricted mortgage loan interest income	2,834,705	3,283,586
Federal grants drawn	113,295,758	83,032,539
Federal grant funds disbursed	(114,090,407)	(75,688,023)
Provision for loan losses	549,916	(812,873)
Net income (loss) from rental property	27,601,540	7,271,231
	56,862,276	17,228,398
Income before transfers	59,700,539	26,076,629
Transfers (to) from MRB Programs	(2,700,064)	(4,084,526)
CHANGE IN NET ASSETS	57,000,475	21,992,103
NET ASSETS - Beginning of year	137,288,911	115,296,808
NET ASSETS - End of year	$ 194,289,386	$ 137,288,911

See accompanying notes

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from:		
Fee revenue collected	$ 9,318,372	$ 15,659,303
Investment and mortgage loan income	8,329,609	3,796,791
Mortgage collections	23,145,542	2,058,959
Cash paid to:		
Suppliers of service	(3,231,816)	(4,797,781)
Employees and benefit providers	(7,244,408)	(6,125,782)
Mortgage purchases	(3,648,722)	(4,628,727)
Creditors for interest (net of capitalized interest)	(3,651,390)	(814,683)
Net cash provided by (used in) operating activities	23,017,187	5,148,080
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers from (to) MRB programs	(2,700,064)	(4,084,526)
Receipts of federal grants	113,183,000	82,967,440
Disbursements of federal grants	(110,490,128)	(79,166,383)
Net proceeds of debt issuance	-	20,600,000
Repayment/redemption of bonds	(11,825,260)	(430,000)
Deposit to escrow account for advance refunding	-	(20,252,690)
Net change in escrow accounts	135,720	932,670
Other non-operating income	26,526,008	202,975
Net cash provided by noncapital financing activities	14,829,276	769,486
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments purchased	(17,845,987)	(40,602,293)
Investments redeemed	23,958,648	36,982,651
Net cash from rental properties	(952,602)	(383,154)
Net cash provided by (used in) investing activities	5,160,059	(4,002,796)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchase of property and equipment	(290,863)	(204,773)
Repayment of bonds	(565,000)	(540,000)
Net cash used in capital financing activities	(855,863)	(744,773)

Continued

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 42,150,659	$ 1,169,997
CASH AND CASH EQUIVALENTS, beginning of year	11,192,356	10,022,359
CASH AND CASH EQUIVALENTS, end of year	$ 53,343,015	$ 11,192,356
PRESENTED ON THE BALANCE SHEET AS:		
Unrestricted	$ 10,275,741	$ 2,400,137
Restricted	43,067,274	8,792,219
	$ 53,343,015	$ 11,192,356
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income	$ 2,838,263	$ 8,848,231
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	439,448	488,348
Net change in fair value	(1,276,545)	(563,693)
Amortization of bond issuance costs	5,943	5,943
Amortization of deferred amount	(16,218)	(10,812)
Change in accrued interest receivable	1,334,791	(1,910,011)
Change in due from governments	(102,654)	2,363
Change in due from MRB programs	(22,880)	186,311
Change in accounts payable and accrued liabilities	274,983	(549,887)
Change in OPEB payable	1,480,249	-
Change in compensated absences payable	52,226	31,207
Change in deferred income	(25,808)	(23,949)
Change in other assets	(66,159)	(165,672)
Change in accrued interest payable	(1,395,272)	1,379,469
Change in mortgage loans	19,496,820	(2,569,768)
Net cash provided by (used in) operating activities	$ 23,017,187	$ 5,148,080

See accompanying notes.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

ORGANIZATION OF THE AGENCY:

The Louisiana Housing Finance Agency (the Agency) is a political subdivision and instrumentality of the State of Louisiana established in 1980 pursuant to the Louisiana Housing Finance Act contained in Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended. The initial enabling legislation and subsequent amendments grant the Agency the authority to undertake various programs to assist in the financing of housing needs in the State of Louisiana for persons of low and moderate incomes. Programs implemented by the Agency for this purpose consist of Mortgage Revenue Bond Programs, the Low Income Housing Tax Credit Program, the Mark-to Market program and various federal award programs including the Low Income Housing Energy Assistance Program, the Weatherization Assistance Program, HOME and Section 8 Contract Administration.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Louisiana Housing Finance Agency (the Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Agency's significant accounting policies are described below:

Reporting Entity:

Government Accounting Standards Board (GASB) Statement No. 14 has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointment of a voting majority of the governing board.

   a. The ability of the state to impose its will on the organization.

   b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.

2. Organizations which are fiscally dependent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reporting Entity: (Continued)

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Due to the nature and significance of the relationship between the Agency and the State of Louisiana, the financial statements of the State would be misleading if the Agency's financial statements were excluded. Accordingly, the State of Louisiana has determined that the Agency is a component unit.

The accompanying statements of the Agency present only transactions of the Louisiana Housing Finance Agency's General Fund. The Agency's "General Fund" refers to the fund that accounts for the Agency's general operating activities and is not meant to denote a governmental type general fund of a primary government.

Annually, the Louisiana Housing Finance Agency issues combined financial statements which include the activity contained in the accompanying financial statements, along with the Agency's Mortgage Revenue Bond Programs.

Annually, the State of Louisiana issues basic financial statements which include the activity contained in the accompanying financial statements. The basic financial statements are issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor.

Basis of Accounting:

The Agency is considered a proprietary fund and is presented as a business type activity. Proprietary fund types are used to account for activities that are similar to those found in the private sector where the determination of operating income and changes in net assets is necessary or useful for sound financial administration. The GAAP used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

Since the business of the Agency is essentially that of a financial institution having a business cycle greater than one year, the balance sheet is not presented in a classified format.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments:

Governmental Accounting Standards Board Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, requires certain types of investment securities to be carried at fair value. In accordance with this statement, the Agency carries all debt securities with an original term of greater than one year at fair value. The change in fair value of such securities is recognized as revenue as a component of investment income. Guaranteed Investment Contracts (GIC's) are carried at cost, which approximates market value.

Allowance for Loan Losses:

The allowance is maintained at a level adequate to absorb probable losses. Management determines the adequacy of the allowance based upon reviews of groups of credits, loss experience of similar type loans, current and future estimated economic conditions, the risk characteristics of the various categories of loans and other pertinent factors. Loans deemed uncollectible are charged to the allowance. Past due status is based on contractual terms. Provisions for loan losses and recoveries on loans previously charged off are added to the allowance.

Capital Assets:

Capital assets are stated at cost less accumulated depreciation. The Agency capitalizes all property and equipment with initial, individual costs of greater than $1,000. Depreciation is computed on the straight-line method over the following estimated useful lives:

Buildings	40 years
Equipment	3 – 7 years
Automobiles	5 years

Bond Issuance Costs:

Bond issuance costs, including underwriters' discounts on bonds sold, are deferred and amortized over the life of the indebtedness based on the principal amounts of the bonds outstanding, a method that approximates the interest method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Operating/Non-operating Revenue and Expenses:

Operating revenues consist of program administration fees, bond issue fees and investment income as these revenues are generated from the Agency's operations and are generated in carrying out its statutory purpose. All expenses incurred for that purpose are classified as operating expenses. Federal grant pass-through revenues and expenses, provision for loan losses on program loans and income from rental properties are ancillary to the Agency's statutory purpose and are classified as non-operating.

Compensated Absences:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited, however, use of annual leave through time off is limited to 780 hours. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

As the Agency is a proprietary type fund, the cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expense when the leave is earned.

2. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS:

Authority:

For reporting purposes, cash and cash equivalents include cash on hand, financial institution deposits and all highly liquid investments with an original maturity of three months or less. Cash and cash equivalents are stated at cost, which approximates market value. Under state law, the Louisiana Housing Finance Agency may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Agency may purchase

3. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Authority: (Continued)

time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Under Louisiana Revised Statutes, the Agency may invest in obligations of the U.S. Treasury, obligations of U.S. Agencies which are guaranteed by the U.S. government or U.S. government agencies, repurchase agreements, certificates of deposit as mentioned above, investment grade commercial paper, investment grade corporate notes and bonds, and other investments as required by the terms of bond trust indentures.

Cash and Cash Equivalents:

The Louisiana Housing Finance Agency had cash and cash equivalents (book balances) as of June 30, 2008 and 2007, as follows:

	2008	2007	Rating
Petty cash	$ 500	$ 750N/A	
Demand deposits	27,530,915	375,954	N/A
Federal Home Loan Bank deposits	51,578	49,746	N/A
Money Market funds	25,760,022	10,765,906	AAA
	$53,343,015	$11,192,356	

The deposit and money market accounts are subject to custodial credit risk; that is, in the event of a bank failure, the funds may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The Agency's demand deposits (bank balances) were entirely covered by FDIC insurance or pledged collateral held by the Federal Reserve Bank in the name of the Agency at June 30, 2008 and 2007. The Agency's Federal Home Loan Bank deposits are backed by the financial resources of the Federal Home Loan Bank of Dallas, which was created by the United States Federal Government, via the Federal Home Loan Bank Act of 1932, as amended, and is regulated as specified in the Housing and Economic Recovery Act of 2008. The Agency's money market accounts are invested in short-term money market instruments issued by the United States Treasury which are backed by the full faith and credit of the United States government.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

3. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments:

As of June 30, 2008, the Agency had the following investments and maturities (in years):

		Investments Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	> 10
U.S. Treasury Notes	$ 9,382,248	$3,021,100	$ 5,578,103	$ 783,045	$ --
U.S. Sponsored Agencies	33,739,069	5,778,728	21,483,207	833,659	5,643,475
GNMAs	5,324,091	--	--	474,714	4,849,377
Investment Contracts	2,200,120	--	--	--	2,200,120
Total	$ 50,645,528	$ 8,799,828	$ 27,061,310	$ 2,091,418	$ 12,692,972

Interest Rate Risk. The Agency manages interest rate risk by duration. The Agency forecasts future changes in interest rates and the slope of the yield curve and then selects a duration strategy for the portfolio. For example, when forecasts are for higher interest rates, the general strategy is to shorten the overall duration of a portfolio to mitigate the adverse affects of higher interest rates. Conversely, if forecasts are for lower interest rates, then the duration of the portfolio is lengthened.

Credit Risk. State law limits investments to those indicated under the authority caption within this footnote. It is the Agency's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of June 30, 2008 and 2007, all of the Agency's investments, with the exception of the investment contracts, were rated AAA by Standard & Poors. The Agency's investment contracts were rated A+ by Standard & Poors.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency's investments are held by the custodial bank as an agent for the Agency, in the agency name and are thereby not exposed to custodial credit risk.

Concentration of Credit Risk. The Agency places no limit on the amount that may be invested in any one issuer. As of June 30, 2008 and 2007, the Agency had investments of the following issuers which represented more than 5 percent of total investments:

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

3. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments: (Continued)

Concentration of Credit Risk. (Continued)

	2008	2007
Federal Home Loan Bank	18%	29%
Federal National Mortgage Association	28%	18%
Federal Home Loan Mortgage Corporation	17%	16%

Net unrealized (gain)/loss on investment securities and securitized program loans was $(631,823) and $644,722 at June 30, 2008 and 2007, respectively. The change in fair value of $1,276,545 and $563,693 was included in investment income for June 30, 2008 and 2007, respectively.

4. BONDS AND DEBENTURES PAYABLE:

Bonds and debentures payable activity for the year ended June 30, 2008 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bonds:					
Series 2001 General Revenue Office Building Bonds	$ 6,995,000	$ --	$ (565,000)	$ 6,430,000	$ 590,000
Series 2006A Multifamily Mortgage Revenue Refunding Bonds	20,170,000	--	(1,255,000)	18,915,000	845,000
Debentures payable	29,020,292	--	(10,570,260)	18,450,032	--
	56,185,292	--	(12,390,260)	43,795,032	1,435,000
Plus: deferred amount on refunding	394,634	--	(16,218)	378,416	16,218
Total bonds and debentures payable	$56,579,926	$ --	$(12,406,478)	$44,173,448	$1,451,218

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

4. BONDS AND DEBENTURES PAYABLE: (Continued)

Bonds and debentures payable activity for the year ended June 30, 2007 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bonds:					
Series 2001 General Revenue Office Building Bonds	$ 7,535,000	$ --	$ (540,000)	$ 6,995,000	$ 565,000
Series 2003A Multifamily Mortgage Revenue Bonds	20,600,000	--	(20,600,000)	--	--
Series 2006A Multifamily Mortgage Revenue Refunding Bonds	--	20,600,000	(430,000)	20,170,000	875,000
Debentures payable	29,020,292	--	--	29,020,292	--
	57,155,292	20,600,000	(21,570,000)	56,185,292	1,440,000
Plus: deferred amount on Refunding	--	405,445	(10,811)	394,634	16,218
Total bonds and debentures payable	$57,155,292	$21,005,445	$(21,580,811)	$56,579,926	$1,456,218

Limited Obligation Bonds Payable:

As authorized by the initial enabling legislation, the Agency issues revenue bonds to assist in the financing of housing needs in the State of Louisiana. The bonds are limited obligations of the Agency, payable only from the income, revenues and receipts derived from the mortgage loans and other investments held under and pursuant to the trust indentures and pledged therefore and are considered to be conduit debt of the Agency. The bonds do not constitute an obligation, either general or special, of the State of Louisiana, any municipality or any other political subdivision of the State. Bonds issued by the Agency for which the Agency and the State have no responsibility for repayment are not recorded in the accompanying financial statements. At June 30, 2008 and 2007, there were approximately $937 million and $833 million of such bonds outstanding in 67 and 65 bond programs, respectively.

General Obligation Bonds Payable:

The Agency has issued $9,500,000 of General Revenue Office Building Bonds, Series 2001 to finance the construction of a building to house its operations. The bonds are general obligations of the Agency, secured by and payable from any and all funds of the Agency not

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

4. BONDS AND DEBENTURES PAYABLE: (Continued)

General Obligation Bonds Payable: (Continued)

otherwise required to be irrevocably dedicated to other purposes. The bonds mature serially December 1, 2002 through December 1, 2016. Bonds scheduled to mature on or after December 1, 2010 are callable for redemption at the option of the Agency. The bonds bear interest at various rates, ranging from 3.50% to 8.00% per annum. At June 30, 2008 and 2007, $6,430,000 and $6,995,000, respectively, of the bonds were outstanding

On November 1, 2006, the Agency issued $20,600,000 of Series 2006A Multifamily Mortgage Revenue Refunding Bonds (Section 8 Assisted – 202 Elderly Projects) to advance refund $20,600,000 of outstanding Series 2003A Multifamily Mortgage Revenue Bonds (Section 8 Assisted - 202 Elderly Projects). This refunding became necessary when, in 2005, Hurricane Katrina severely damaged eleven of the eighteen projects financed with the Series 2003A bonds. The distribution resulted in an extraordinary mandatory redemption of the Series 2003A bonds from casualty proceeds. Once the Series 2003A bonds had been redeemed, due to the redemption structure of the bonds and loss of expected surplus revenues on the projects, cash flows for the Series 2003A bonds no longer provided assurance that principal and interest on the bonds would be paid when due.

Interest rates on the Series 2006A bonds range from 3.85% to 4.75%, whereas interest rates on the Series 2003A bonds ranged from 1.2% to 4.85%. This increase in interest rates coupled with the loss of expected surplus revenues on the projects that were destroyed resulted in an economic loss on the advance refunding of $960,130 (the difference between the present values of the Series 2003A and Series 2006A cash flows). The additional debt service to be paid on the Series 2006A refunding bonds through their maturity is $5,383,121. However, the Series 2006A bonds are subject to optional redemption on June 1, 2013, and a possible refinancing of the debt to lower interest rates could reduce the amount of excess debt service expected to be paid.

The reacquisition price in the advance refunding of the Series 2003A bonds was $405,445 less than the net carrying value of the bonds. This difference is reported in the balance sheet of the accompanying financial statements as a deferred amount which increases bonds payable. The deferred amount will be amortized as a reduction of interest expense through fiscal year 2032 using the straight line method unless the Series 2006A bonds are refunded prior to their scheduled maturity date.

Issuance of the Series 2006A refunding bonds resulted in net proceeds of $20,252,690 (after payment of issuance costs plus $2,063,440 of transferred proceeds), which were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2003A bonds.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

4. BONDS AND DEBENTURES PAYABLE: (Continued)

General Obligation Bonds Payable: (Continued)

As a result, the Series 2003A bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements of the Agency. At June 30, 2008 and 2007, $17,115,000 and $19,445,000 of the defeased bonds are still outstanding, respectively. At June 30, 2008 and 2007, $18,915,000 and $20,170,000 of the Series 2006A bonds are outstanding, respectively.

Future debt service requirements for the Agency's general obligation bonds payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2009	$ 1,435,000	$1,104,518	$ 2,539,518
2010	1,510,000	1,046,264	2,556,264
2011	1,595,000	984,065	2,579,065
2012	1,685,000	916,794	2,601,794
2013	1,770,000	844,313	2,614,313
2014-2018	10,330,000	2,885,394	13,215,394
2019-2023	5,415,000	922,688	6,337,688
2024-2028	1,250,000	243,675	1,493,675
2029-2032	355,000	27,550	382,550
	$25,345,000	$8,975,261	$34,320,261

Debentures Payable:

On April 28, 2006, the Agency issued $29,020,292 of debentures payable to the Department of Housing and Urban Development (HUD). The debentures were issued by the Agency in conjunction with the claim for mortgage insurance payment made by HUD under the Agency's Risk-Sharing Program for mortgage loans. Several of the Agency's mortgage loans under the Risk-Sharing Program were in default as a result of damages to the properties by Hurricane Katrina. The mortgage insurance payment was used to redeem a portion of the Section 202 bonds allocated to the defaulted properties.

The debentures bear interest at the rate of 4.5% and interest is due annually. The debentures are due on April 28, 2011. Pursuant to the Risk-Sharing Agreement, the Agency's percentage share of the face amount of the debentures is 50%.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

4. BONDS, DEBENTURES AND NOTES PAYABLE: (Continued)

Debentures Payable: (Continued)

Future debt service requirements for the debentures are as follows:

Year Ended June 30	Principal	Interest	Total
2009	$ --	$ 830,251	$ 830,251
2010	--	830,251	830,251
2011	18,450,032	830,251	19,280,283
	$18,450,032	$2,490,753	$20,940,785

5. FEDERAL FINANCIAL ASSISTANCE:

Federal grant programs represent an important source of funding to finance housing programs which are beneficial to the State of Louisiana. These grants are recorded as non-operating income and expense to the Agency and any assets held in relation to the programs are restricted. Receivables are established when eligible expenditures are incurred. The grants specify the purpose for which funds may be used and are subject to audit in accordance with Office of Management and Budget Circular A-133 under the "Single Audit Concept".

In the normal course of operations, the Agency receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. These audits can result in the Agency having to make restitution to the federal agency as a result of noncompliance.

During 2008 and 2007, the following amounts were expended under various grants and entitlements.

	2008	2007
Section 8	$ 59,665,377	$ 52,736,361
HOME Investment Partnerships	22,853,485	13,788,247
Low Income Housing Energy Assistance	36,385,484	17,811,288
Weatherization Assistance	815,423	1,392,070
Social Services Block Grant	2,388,455	--
FEMA	1,886,098	--
	$123,994,322	$ 85,727,966

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

6. BOARD OF COMMISSIONERS EXPENSES:

The appointed members of the Agency's Board of Commissioners receive a per diem payment for meetings attended and services rendered, and are also reimbursed for their actual expenses incurred in the performance of their duties as Commissioners. For the year ended June 30, 2008, the following per diem payments were made to the members of the Agency's Board and are included in general and administrative expenses:

Robert Austin	$ 650
Larry Broussard	650
Adell Brown, Jr.	450
Kevin Brown	100
Carolyn Benjamin	300
Gregory Gachassin	350
Allison Jones	550
Merriell Lawson	600
James Madderra	550
Danette O'Neal	450
Wayne Woods	750
Guy Williams	550
	$5,950

7. RETIREMENT BENEFITS:

Substantially all of the employees of the Agency are members of the Louisiana State Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees which is administered and controlled by a separate board of trustees.

All full-time Agency employees are eligible to participate in the System. Benefits vest with 10 years of service. If membership in the System began before July 1, 2006, at retirement age, employees are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credit service, plus $300 annually only for members employed before July 1, 1986. If membership in the system began after July 1, 2006, the benefit is equal to 2.5% of their highest consecutive 60 months' average salary multiplied by their years of credit service.

Vested employees are entitled to a retirement benefit payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service or at age 50 with 10 years of service. Any member hired after July 1, 2006 shall be eligible for retirement benefits with 10 years of service at age 60 or thereafter. The System also provides death and disability benefits. Benefits are established or amended by state statute.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

7. RETIREMENT BENEFITS: (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary if hired prior to July 1, 2006 or 8.0% if hired after July 1, 2006. The Agency is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rates were 20.4%, 19.1% and 19.1% for the years ended June 30, 2008, 2007 and 2006, respectively. The Agency contributions to the System for the years ended June 30, 2008, 2007 and 2006 were $1,088,174, $803,656 and $720,549, respectively, equal to the required contributions for each year.

8. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

During the year ended June 30, 2008, the Agency implemented GASB 45, *Postemployment benefits other than pension benefits*. Since the year ended June 30, 2008 was the year of implementation, the Agency elected to implement prospectively, therefore prior year comparative data is not available.

Substantially all Agency employees become eligible for post-employment health care and life insurance benefits if they reach normal retirement age while working for the Agency. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the Agency. At June 30, 2008 and 2007, nine and ten retirees, respectively, were receiving post-employment benefits.

Plan Description

The Agency's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for fiscal year 2008) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the plan through the Office of Group Benefits. LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The contribution requirements of plan members and the Agency are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office

8. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) plan and the Health Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans which includes one HMO plan and one private fee-for-service (PFFS) plan. Depending upon the plan selected, during the year ended June 30, 2008, employee premiums for a single member receiving benefits range from $34 to $92 per month for retiree-only coverage with Medicare or from $125 to $170 per month for retiree-only coverage without Medicare. The premiums for a retiree and spouse for the year ended June 30, 2008 range from $69 to $165 per month for those with Medicare or from $408 to $493 per month for those without Medicare.

The plan is currently financed on a pay as you go basis, with the Agency contributing anywhere from $103 to $237 per month for retiree-only coverage with Medicare or from $809 to $842 per month for retiree-only coverage without Medicare during the year ended June 30, 2008. Also, the Agency's contributions range from $207 to $427 per month for retiree and spouse with Medicare or $1,242 to $1,293 for retiree and spouse without Medicare.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately $1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

Annual OPEB Cost

The Agency's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2007 is $1,579,400 as set forth below:

Normal Cost	$ 1,208,000
30-year UAL amortization amount	310,654
Interest on the above	60,746
Annual required contribution (ARC)	$ 1,579,400

The following table presents the Agency's OPEB Obligation for the year ended June 30, 2008:

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

8. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Beginning Net OPEB Obligation July 1, 2007	$ --
Annual required contribution	1,579,400
OPEB Cost	1,579,400
Contributions made	--
Claim costs	99,151
Change in Net OPEB Obligation	1,480,249
Ending Net OPEB Obligation June 30, 2008	$ 1,480,249

Utilizing the pay-as-you-go method, the Agency contributed 6.28% of the annual post employment benefits cost during the year ended June 30, 2008.

Funded Status and Funding Progress

In the year ended June 30, 2008, the Agency made no contributions to its post employment benefits plan trust. A trust was established during the year ended June 30, 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of $8,130,400 was unfunded.

The funded status of the plan as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	$ 8,130,400
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	$ 8,130,400
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employee covered by the plan)	$ 4,885,853
UAAL as a percentage of covered payroll	166%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

8. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively ,scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2007, was thirty years.

9. CAPITAL ASSETS:

A summary of changes in capital assets is as follows:

	Balance June 30, 2007	Additions	Deletions and Adjustments	Balance June 30, 2008
Equipment	$ 2,135,035	$ 400,289	$ (290,208)	$ 2,245,116
Building	8,858,326	33,295,591	--	42,153,917
Land and land improvements	843,278	--	--	843,278
Construction in progress	8,890,006	28,796,834	(33,295,591)	4,391,249
	20,726,645	62,492,714	(33,585,799)	49,633,560
Accumulated depreciation:				
General	(2,686,993)	(439,448)	288,476	(2,837,965)
HUD Disposition	(135,287)	(191,723)	--	(327,010)
	$17,904,365	$61,861,543	$(33,297,323)	$46,468,585

	Balance June 30, 2006	Additions	Deletions and Adjustments	Balance June 30, 2007
Equipment	$ 1,990,246	$ 204,772	$ (59,983)	$ 2,135,035
Building	9,602,392	--	(744,066)	8,858,326
Land and land improvements	843,278	--	--	843,278
Construction in progress	313,990	8,576,016	--	8,890,006
	12,749,906	8,780,788	(804,049)	20,726,645
Accumulated depreciation:				
General	(2,256,164)	(488,348)	57,519	(2,686,993)
HUD Disposition	(280,025)	--	144,738	(135,287)
	$10,213,717	$ 8,292,440	$ (601,792)	$17,904,365

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

9. CAPITAL ASSETS: (Continued)

Included in capital assets at June 30, 2008 and 2007 is $38,628,858 and $9,722,595, respectively, of costs related to the two HUD disposition properties owned by the Agency. These buildings were damaged by Hurricane Katrina (see Note 11). One property was unoccupied and idle at June 30, 2008 and 2007. Reconstruction of the second property was completed during the year ended June 30, 2008 and its operations commenced in May 2008. The impairment loss on the properties was $599,329 for the year ended June 30, 2007. The loss is included in net income (loss) from rental properties on the statement of revenues, expenses and changes in net assets.

10. COMMITMENTS AND CONTINGENCIES:

In the ordinary course of business, the Agency has various outstanding commitments and contingent liabilities that are not reflected in the accompanying financial statements. In addition, the Agency is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, except for the matter described in Note 15, the ultimate disposition and liability, if any, of these matters is not known at this time.

11. HUD DISPOSITION PROPERTIES:

The Agency is the owner of two low-income multifamily rental properties that were originally purchased from the U. S. Department of Housing and Urban Development at a cost of $1 each. The Agency funded renovations to the properties totaling approximately $3.3 million through June 30, 2005. On August 29, 2005, the properties were significantly damaged by Hurricane Katrina. The properties were insured by the State of Louisiana Office of Risk Management. The State of Louisiana assumed responsibility for the reconstruction of the properties. At June 30, 2008, one property was completed and occupied. The other property continued to undergo reconstruction with an estimated completion date of June 2010. The completed property and the construction in progress are recorded within capital assets on the balance sheet of the Agency.

The net income (loss) from the properties is recorded as non-operating revenue (expense) to the Agency.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

12. RESTRICTED LOANS:

As part of its HOME and multifamily programs, the Agency has made loans to qualified low-income single-family homebuyers and to developers of low-income multifamily projects. The HOME loans are issued as a supplement to primary financing and are collateralized by a second mortgage on the property financed. Payments on these loans are deferred until the earlier of: a) the date that the primary loan is paid out, or b) a specified future date. These loans are uninsured.

As part of its multifamily program, the Agency has made loans under its Section 202 Program. The Program is designed to make loans to eligible projects pursuant to Section 202 of the Housing Act of 1959, as amended, and the Risk Sharing Program administered by HUD. The multifamily Section 202 loans consist of a Risk Sharing Mortgage Note and a Subordinate Mortgage Note. The loans are collateralized by a security interest in the property with principal and interest payments due monthly through 2022. The Risk Sharing Mortgage Notes are 50% guaranteed by HUD under the Risk Sharing loan insurance program. The properties have also obtained HOME loans as described above.

The loan portfolio at June 30, 2008 and 2007 is as follows:

	2008	2007	Interest Rate
HOME Multifamily Mortgage Loans	$ 88,667,535	$ 85,018,813	1% – 6%
HOME Single Family Mortgage Loans	5,528,943	5,896,165	0%
202 Elderly Project Mortgage Loans	34,230,431	56,838,103	6%
	128,426,909	147,753,081	
Reserve for loan losses	(56,284,511)	(56,833,884)	
	$ 72,142,398	$ 90,919,197	

The Agency's collections from the HOME loans are restricted to funding future lending programs. The multifamily Section 202 loans are held in trust and pledged to repay the bonds (see Note 4). The principal balance and accruals of interest receivable on these loans are reported as restricted assets.

The change in the reserve for loan losses was a result of changes of $(549,373) and $810,847 to the provision for loan losses account for the years ended June 30, 2008 and 2007, respectively.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

13. CONCENTRATION OF CREDIT RISK:

The Agency's HOME program loans are issued to single family borrowers and multifamily low-income housing projects throughout Louisiana. A substantial portion of the multifamily low-income housing project loans have been issued among entities with a common ownership.

14. RISK MANAGEMENT:

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. To provide coverage for these risks, the Agency participates with the State of Louisiana's Office of Risk Management, a public entity risk pool currently operating as a common risk management and insurance program for branches of state government. This Agency pays an annual premium to ORM for this coverage.

15. PENDING CLAIM:

The Agency is involved in a matter with the Department of Housing and Urban Development Board of Contract Appeals relating to a multifamily mortgage loan claim paid by HUD in 1990. HUD now asserts that the Notice of Default, which was a required part of the procedures for processing such a claim, was filed with HUD beyond the required deadline. It is important to note that this process was the responsibility of the Servicing Agent that the Agency contracted to service this loan.

HUD is claiming that the Agency (or its trust account which no longer exists) was overpaid by $804,384. Furthermore, HUD claims entitlement to interest and penalties on this amount. The Agency has an indemnification agreement with the Servicing Agent for matters such as this; however, a formal claim has not been filed by the Agency against the Servicing Agent. The Agency's attorney has indicated that it is not possible to give an opinion concerning the likelihood of an unfavorable result to the Agency. However, in prior years, the Agency has accrued $1,000,000 relating to this matter.

16. NET ASSETS:

Net assets represent the difference between total assets and total liabilities. Unrestricted net assets are those that do not meet the definition of either net assets invested in capital assets net of related debt or restricted net assets. Net assets invested in capital assets net of related debt consist of capital assets less accumulated depreciation and net of outstanding balances of any debts used to finance those assets, such as bonds, capital leases and notes. Restricted assets are those that may be used only to finance specific types of transactions. These restrictions may be established by debt covenants, grantors, laws or regulations of other governments, or enabling legislation. Restricted net assets represent the balance of restricted assets less the outstanding balances of any liabilities that will be settled using restricted assets. The Agency's restricted net assets result primarily from the Agency's mortgage loan programs, the related bonds and debentures payable and the Louisiana Housing Trust Fund.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

LOUISIANA HOUSING FINANCE AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
LOUISIANA HOUSING FINANCE AGENCY'S OPEB PLAN
JUNE 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
7/1/07	0	$ 8,130,400	$ 8,130,400	0	$4,885,853	166%

OTHER SUPPLEMENTARY INFORMATION

Louisiana Housing Finance Agency
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2008

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

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STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
BALANCE SHEET
AS OF JUNE 30, 2008

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	10,275,741
Investments		48,445,408
Receivables (net of allowance for doubtful accounts)(Note U)		520,435
Due from other funds (Note Y)		82,066
Due from federal government		1,691,460
Inventories		
Prepayments		
Notes receivable		1,268,282
Other current assets		446,246
Total current assets		62,729,638
NONCURRENT ASSETS:		
Restricted assets (Note F):		
Cash		43,067,274
Investments		2,200,120
Receivables		23,682,298
Investments		
Notes receivable		72,142,398
Capital assets (net of depreciation)(Note D)		
Land		712,338
Buildings and improvements		40,748,994
Machinery and equipment		616,004
Infrastructure		
Construction in progress		4,391,249
Other noncurrent assets		
Total noncurrent assets		187,560,675
Total assets	$	250,290,313
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	$	1,802,415
Due to other funds (Note Y)		
Due to federal government		23,488
Deferred revenues		98,213
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities: (Note K)		
Contracts payable		
Compensated absences payable		566,096
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Liabilities payable from restricted assets (Note Z)		7,857,018
Bonds payable		1,451,218
Other current liabilities		
Total current liabilities		11,798,448
NONCURRENT LIABILITIES: (Note K)		
Contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable (debentures)		18,450,032
Bonds payable		24,272,198
OPEB payable		1,480,249
Other long-term liabilities		
Total noncurrent liabilities		44,202,479
Total liabilities		56,000,927
NET ASSETS		
Invested in capital assets, net of related debt		40,038,585
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		95,870,041
Unrestricted		58,380,760
Total net assets		194,289,386
Total liabilities and net assets	$	250,290,313

The accompanying notes are an integral part of this financial statement.

Statement A

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

OPERATING REVENUES	
Sales of commodities and services	$
Assessments	
Use of money and property	
Licenses, permits, and fees	9,368,404
Other	8,438,832
Total operating revenues	17,807,236
OPERATING EXPENSES	
Cost of sales and services	
Administrative	12,283,682
Depreciation	439,448
Amortization	
Total operating expenses	12,723,130
Operating income(loss)	5,084,106
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	25,000,000
Intergovernmental revenues(expenses)	113,295,758
Taxes	
Use of money and property	
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	(114,090,407)
Interest expense	(2,245,843)
Other revenue	32,656,925
Other expense	
Total non-operating revenues(expenses)	54,616,433
Income(loss) before contributions, extraordinary items, and transfers	59,700,539
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	(2,700,064)
Change in net assets	57,000,475
Total net assets – beginning	137,288,911
Total net assets – ending	$ 194,289,386

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

See Appendix A for instructions

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Entity	$ 129,059,380	$ 12,753,025	$ 114,825,149	$	$ (1,481,206)

General revenues:	
Taxes	
State appropriations	25,000,000
Grants and contributions not restricted to specific programs	
Interest	8,271,363
Miscellaneous	27,910,382
Special items	
Extraordinary item - Loss on impairment of capital assets	
Transfers	(2,700,064)
Total general revenues, special items, and transfers	58,481,681
Change in net assets	57,000,475
Net assets - beginning	137,288,911
Net assets - ending	$ 194,289,386

The accompanying notes are an integral part of this statement.

Statement C

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Cash flows from operating activities		
Cash received from customers	$ 40,831,894	
Cash payments to suppliers for goods and services	(3,284,377)	
Cash payments for employee services and benefits	(7,191,847)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)	(3,648,722)	
Net cash provided(used) by operating activities		26,706,948
Cash flows from non-capital financing activities		
State appropriations	25,000,000	
Proceeds from sale of bonds		
Principal paid on bonds	(1,255,000)	
Interest paid on bond maturities	(882,203)	
Proceeds from issuance of notes payable		
Principal paid on notes payable	(10,570,260)	
Interest paid on notes payable	(2,482,861)	
Operating grants received	113,183,000	
Transfers in		
Transfers out	(2,700,064)	
Other	(108,828,401)	
Net cash provided(used) by non-capital financing activities		11,464,211
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds	(565,000)	
Interest paid on bond maturities	(286,326)	
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(290,860)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		(1,142,186)
Cash flows from investing activities		
Purchases of investment securities	(17,845,988)	
Proceeds from sale of investment securities	23,958,647	
Interest and dividends earned on investment securities	(990,973)	
Net cash provided(used) by investing activities		5,121,686
Net increase(decrease) in cash and cash equivalents		42,150,659
Cash and cash equivalents at beginning of year		11,192,356
Cash and cash equivalents at end of year		$ 53,343,015

Statement D

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		$ 5,084,106
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	439,448	
Provision for uncollectible accounts		
Other - Fair market value adjustment	(1,276,545)	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	1,209,258	
(Increase)decrease in due from other funds		
(Increase)decrease in mortgage loans	19,496,820	
(Increase)decrease in inventories		
(Increase)decrease in other assets	(27,789)	
Increase(decrease) in accounts payable and accruals	274,983	
Increase(decrease) in compensated absences payable	52,226	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues	(25,808)	
Increase(decrease) in OPEB payable	1,480,249	
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		$ 26,706,948

Schedule of noncash investing, capital, and financing activities: N/A

Borrowing under capital lease	$
Contributions of fixed assets	
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
Total noncash investing, capital, and financing activities:	$ -

The accompanying notes are an integral part of this statement.

Statement D (concluded)

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
Notes to the Financial Statement
As of and for the year ended June 30, 2008

INTRODUCTION

The Louisiana Housing Finance Agency was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statutes of 1950, as amended, Chapter 3-A of Title 40. The following is a brief description of the operations of the Agency which includes the parish/parishes in which the Agency is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Agency present information only as to the transactions of the programs of the Agency as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Agency are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING N/A

The appropriations made for the operations of the various programs of the Agency are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

		APPROPRIATIONS
Original approved budget	$	
Amendments:		
Final approved budget	$	-

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Agency may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Agency may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2008, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Money Market Accounts	Total
Balance per agency books	$ 27,582,493	$	$ 25,760,022	$ 53,342,515
Deposits in bank accounts per bank	$ 28,058,676	$	$ 25,760,022	$ 53,818,698
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	$	$	$	$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	$	$	$	$ -
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or ageny but not in the entity's name.	$	$	$	$ -

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

Banking Institution	Program	Amount
1. Chase Bank	General and Federal	$ 28,116,281
2. Hancock Bank	General, Elderly	25,517,597
3. Federal Home Loan Bank	General	51,578
4. Capital One	HUD Disposition	133,242
Total		$ 53,818,698

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	$
Petty cash	$ 500

2. INVESTMENTS

The Agency does not maintain investment accounts as authorized by Louisiana Revised Statutes of 1950 as amended and may invest in obligations of the U.S. Treasury, obligations of U.S. Agencies which are guaranteed by the U.S. government or U.S. government agencies, repurchase agreements, certificates of deposit as mentioned above, investment grade commercial paper, investment grade corporate notes and bonds, and other investments as required by the terms of bond trust indentures.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the table on the next page, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

Type of Investment	Uninsured, *Unregistered, and Held by Counterparty	*Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name	Reported Amount Per Balance Sheet	Fair Value
Negotiable CDs	$	$	$	$
Repurchase agreements				
U.S. Government Obligations **			14,706,339	14,706,339
U.S. Agency Obligations				
Common & preferred stock				
Mortgages (including CMOs & MBSs)				
Corporate bonds				
Mutual funds				
Real estate				
Other: (identify)				
U.S. Sponsored Agencies			33,739,069	33,739,069
Investment Contracts			2,200,120	2,200,120
Total investments	$ -	$ -	$ 50,645,528	$ 50,645,528

* Unregistered - not registered in the name of the government or entity

* * These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix B for the definition of U.S. Government Obligations)

3. DERIVATIVES

The institution does not invest in derivatives as part of its investment policy. Accordingly, the exposure to risk from these investments is as follows:

credit risk_____N/A_______________________________________

market risk____N/A_______________________________________

legal risk______N/A_______________________________________

Technical Bulletin 2003-1 requires certain note disclosures for derivatives that are not reported at fair value on the Statement of Net Assets. See Appendix B for more details and disclose any of these required note disclosures below, if applicable.

__________**N/A**____

4. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end, including the rating agency used (Moody's, S&P, etc.). All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

Rating Agency	Rating	Fair Value
Standard & Poors	AAA	$ 48,445,408
Standard & Poors	A+	2,200,120
	Total	$ 50,645,528

B. Interest Rate Risk of Debt Investments

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type. (Note – This is the prescribed method, segmented time distribution, for the CAFR. Also, total debt investments reported in this table should equal total debt investments reported in Section A – Credit Risk of Debt Investments.)

		Investment Maturities (in Years)			
Type of Debt Investment	Fair Value	Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Government obligations	$ 9,382,248	$ 3,021,100	$ 5,578,103	$ 783,045	$ -
U.S. Agency obligations	33,739,069	5,778,728	21,483,207	833,659	5,643,475
Mortgage backed securities	5,324,091	-	-	474,714	4,849,377
Collateralized mortgage obligations					
Corporate bonds					
Other bonds					
Mutual bond funds					
Other	2,200,120	-	-	-	2,200,120
Total debt investments	$ 50,645,528	$ 8,799,828	$ 27,061,310	$ 2,091,418	$ 12,692,972

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms (e.g. coupon multipliers, reset dates, etc.) of the investment. See Appendix B for examples of debt investments that are highly sensitive to changes in interest rates.

Debt Investment	Fair Value	Terms
	$	
Total	$ -	

C. Concentration of Credit Risk

List, by amount and issuer, investments in any one issuer that represents 5% or more of total external investments (not including U.S. government securities, mutual funds, and investment pools).

Issuer		Amount	% of Total Investments
Federal Home Loan Bank	$	9,016,196	18%
Federal National Mortgage Association		14,235,052	28%
Federal Home Loan Mortgage Corporation		8,382,191	17%
Total	$	31,633,439	

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies); list by currency denomination and investment type, if applicable.

	Fair Value in U.S. Dollars			
Foreign Currency		Bonds		Stocks
NONE	$		$	

5. POLICIES

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

Interest Rate Risk: The Agency manages interest rate risk by duration. They forecast future changes in interest rates and the slope of the yield curve and then select a duration strategy for the portfolio. For example, when forecasts are for higher interest rates, the general strategy is to shorten the overall duration of a portfolio to mitigate the adverse affects of higher interest rates. Conversely, if forecasts are for lower interest rates, then the duration of the portfolio is lengthened.

Credit Risk of Debt Investments: It is the Agency's policy to limit its investments in these investment types to the top rating issued by NRSROs.

Custodial Credit Risk: The Agency's investments are held by the custodial bank as an agent for the Agency, in the Agency name, and are thereby not exposed to custodial credit risk.

Concentration of Credit Risk: The Agency places no limit on the amount they may invest in any one issuer.

The Agency holds no deposits or investments that are exposed to foreign currency risk; therefore, there is no policy disclosed in the footnotes.

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS

a. Investments in pools managed by other governments or mutual funds_________NONE_____________

b. Securities underlying reverse repurchase agreements __________NONE________________________

c. Unrealized investment losses ____________NONE____

d. Commitments as of June 30, 2008, to resell securities under yield maintenance repurchase agreements:
   1. Carrying amount and market value at June 30 of securities to be resold ______N/A___________
   2. Description of the terms of the agreement ____________N/A______________________________

e. Losses during the year due to default by counterparties to deposit or investment transactions ________ _____________NONE____

f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet ______________NONE____

Legal or Contractual Provisions for Reverse Repurchase Agreements N/A

g. Source of legal or contractual authorization for use of reverse repurchase agreements _____________

h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year ____

Reverse Repurchase Agreements as of Year-End N/A

i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest ____

j. Commitments on ____________ (fiscal close) to repurchase securities under yield maintenance agreements____

k. Market value on ____________ (fiscal close) of the securities to be repurchased _________________

l. Description of the terms of the agreements to repurchase ______________________________________

m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements

n. Amounts recovered from prior-period losses which are not separately shown on the operating statement ____

Fair Value Disclosures

o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices ____________N/A____
____

p. Basis for determining which investments, if any, are reported at amortized cost ___________________
_____________________________________N/A____

q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool __________N/A____
____

r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares ____________________N/A____
____

s. Any involuntary participation in an external investment pool __________________________________
_________________________________N/A____

t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate _____________________________________
__________________N/A____
____

u. Any income from investments associated with one fund that is assigned to another fund ___________
_________________N/A____
____

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

	Year ended June 30, 2008						
	Balance 6/30/2007	Prior Period Adjustment	Adjusted Balance 6/30/2007	Additions	Transfers*	Retirements	Balance 6/30/2008
Capital assets not being depreciated							
Land	$ 712,338	$ --	$ 712,338	$ --	$ --	$ --	$ 712,338
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	8,890,006	--	8,890,006	28,796,834	(33,295,591)	--	4,391,249
Total capital assets not being depreciated	9,602,344	--	9,602,344	28,796,834	(33,295,591)	--	5,103,587
Other capital assets							
Machinery and Equipment	2,135,035	--	2,135,035	400,289	--	(290,208)	2,245,116
Less accumulated depreciation	(1,680,563)	--	(1,680,563)	(237,024)	--	288,475	(1,629,112)
Total furniture, fixtures, and equipment	454,472	--	454,472	163,265	--	(1,733)	616,004
Buildings and improvements	8,858,327	--	8,858,327	--	33,295,591	--	42,153,918
Less accumulated depreciation	(1,110,343)	--	(1,110,343)	(387,599)	--	--	(1,497,942)
Total buildings and improvements	7,747,984	--	7,747,984	(387,599)	33,295,591	--	40,655,976
Depreciable land improvements	130,939	--	130,939	--	--	--	130,939
Less accumulated depreciation	(31,374)	--	(31,374)	(6,547)	--	--	(37,921)
Total depreciable land improvements	99,565	--	99,565	(6,547)	--	--	93,018
Infrastructure	--	--	--				--
Less accumulated depreciation	--	--	--				--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	8,302,021	--	8,302,021	(230,881)	33,295,591	(1,733)	41,364,998
Capital Asset Summary:							
Capital assets not being depreciated	9,602,344	--	9,602,344	28,796,834	(33,295,591)	--	5,103,587
Other capital assets, at cost	11,124,301	--	11,124,301	400,289	33,295,591	(290,208)	44,529,973
Total cost of capital assets	20,726,645	--	20,726,645	29,197,123	--	(290,208)	49,633,560
Less accumulated depreciation	(2,822,280)	--	(2,822,280)	(631,170)	--	288,475	(3,164,975)
Capital assets, net	$ 17,904,365	$ --	$ 17,904,365	$ 28,565,953	$ --	$ (1,733)	$ 46,468,585

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

E. INVENTORIES

The BTA's inventories are valued using ______N/A_________ (method of valuation **– FIFO, LIFO, weighted average, moving average, specific identification, etc**). These are perpetual inventories and are expensed when used.

F. RESTRICTED ASSETS

Restricted assets in the Agency at June 30, 2008, reflected at $68,949,692 in the non-current assets section on Statement A, consisting of $43,067,274 in cash with fiscal agent, $23,682,298 in receivables, and $2,200,120 in investment securities.

G. LEAVE

1. COMPENSATED ABSENCES

The Agency has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited; however, the use of annual leave through time off is limited to 780 hours. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2008 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be insignificant. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Agency are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Agency employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to $300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2007 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_07.pdf

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Agency is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2008 increased to 20.4% of annual covered payroll from the 19.1% required in fiscal years ended June 30, 2007 and 2006. The Agency contributions to the System for the years ending June 30, 2008, 2007, and 2006, were $1,088,174, $803,656, and $720,549, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS N/A (Agency uses OGB)

GASB Statement 45 requires Other Postemployment Benefit disclosures. If your only subsidized healthcare and life insurance provider for retirees is OGB, your entity will have no additional note disclosures for OSRAP; however, if your entity issues separately issued financial statements, then you should include the GASB Statement No. 45 note disclosures in your separately issued financial statements. Also, please provide OSRAP with the applicable GASB 45 note disclosures if your entity's healthcare or life insurance provider for retirees is administered by an entity other than OGB.

J. LEASES

NOTE: Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.)

1. OPERATING LEASES N/A

The total payments for operating leases during fiscal year ________amounted to $________. **(Note: If lease payments extend past FY 2023, create additional columns and report these future minimum lease payments in five year increments.)** A schedule of payments for operating leases follows:

Nature of lease	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014-2018	FY 2019-2023
Office Space	$	$	$	$	$	$	$
Equipment							
Land							
Other							
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -

2. CAPITAL LEASES N/A

Capital leases are/are not recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/08. In Schedule B, report only those new leases entered into during fiscal year 2007-2008.

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30 :	Total
2009	$
2010	
2011	
2012	
2013	
2014-2018	
2019-2023	
2024-2028	
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	$ -

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30:	Total
2009	$
2010	
2011	
2012	
2013	
2014-2018	
2019-2023	
2024-2028	
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	$ -

SCHEDULE C – LEAF CAPITAL LEASES

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30:	Total
2009	$
2010	
2011	
2012	
2013	
2014-2018	
2019-2023	
2024-2028	
Total minimum lease payments	-
Less amounts representing executory costs	
Net minimum lease payments	-
Less amounts representing interest	
Present value of net minimum lease payments	$ -

3. LESSOR DIRECT FINANCING LEASES N/A

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement and complete the chart below:

Composition of lease	Date of lease	Minimum lease payment receivable	Remaining interest to end of lease	Remanining principal to end of lease
a. Office space		$	$	$
b. Equipment				
c. Land				
Less amounts representing executory costs				
Minimum lease payment receivable				
Less allowance for doubtful accounts				
Net minimum lease payments receivable				
Less estimated residual value of leased property				
Less unearned income				
Net investment in direct financing lease		$ -		

Minimum lease payment receivables do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2008 were $________ for office space, $________ for equipment, and $________ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of ___________ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2028, please create additional rows and report these future minimum lease payment receivables in five year increments.)**

Year ending ______________:	
2009	$
2010	
2011	
2012	
2013	
2014-2018	
2019-2023	
2024-2028	
Total	$ -

4. LESSOR – OPERATING LEASE N/A

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of __________ 20___:

	Cost	Accumulated depreciation	Carrying amount
a. Office space	$	$	$
b. Equipment			
c. Land			
Total	$ -	$ -	$ -

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of _____________ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2028, please create additional columns and report these future minimum lease payment receivables in five year increments.)**

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2009	$	$	$	$	$ -
2010					-
2011					-
2012					-
2013					-
2014-2018					-
2019-2023					
2024-2028					-
Total	$ -	$ -	$ -	$ -	$ -

Current year lease revenues received in fiscal year _____ totaled $__________. Contingent rentals received from operating leases received for your fiscal year was $____________ for office space, $____________ for equipment, and $______________for land.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2008:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Amounts due within one year
		Year ended June 30, 2008			
Notes and bonds payable:					
Notes payable	$ 29,020,292	$ --	$ 10,570,260	$ 18,450,032	$ --
Bonds payable	27,559,634		1,836,218	25,723,416	1,451,218
Total notes and bonds	**56,579,926**	**--**	**12,406,478**	**44,173,448**	**1,451,218**
Other liabilities:					
Contracts payable	--			--	
Compensated absences payable	--			--	
Capital lease obligations	--			--	
Claims and litigation	--			--	
OPEB payable	--			--	
Other long-term liabilities	--			--	
Total other liabilities	--	--	--	--	--
Total long-term liabilities	$ 56,579,926	$ --	$ 12,406,478	$ 44,173,448	$ 1,451,218

L. CONTINGENT LIABILITIES

GAAP requires that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can reasonably be estimated. Do not report impaired capital assets as defined by GASB 42 below, rather disclose GASB 42 impaired capital assets in Note CC. Losses or ending litigation that is probable should be reflected on the balance sheet.

The Agency is a defendant in litigation seeking damages as follows:

Date of Action	Description of Litigation and Probable outcome (Reasonably possible or probable)	Estimated Settlement Amt for Claims & Litigation (Opinion of legal counsel)	Insurance Coverage
08/01/02	HUD Claim	$ 1,000,000	$ -
Totals		$ 1,000,000	$ -

The Agency is involved in a matter with the Department of Housing and Urban Development Board of Contract Appeals relating to a multifamily mortgage loan claim paid by HUD in 1990. HUD now asserts that the Notice of Default, which was a required part of the procedures for processing such a claim, was filed with HUD beyond the required deadline. It is important to note that this process was the responsibility of the Servicing Agent that the Agency contracted to service this loan.

HUD is claiming that the Agency (or its trust account which no longer exists) was overpaid by $804,384. Furthermore, HUD claims entitlement to interest and penalties on this amount. The Agency has an indemnification agreement with the Servicing Agent for matters such as this; however, a formal claim has not been filed by the Agency against the Servicing Agent. The Agency's attorney has indicated that it is not possible to give an opinion concerning the likelihood of an unfavorable result to the Agency. However, in prior years, the Agency has accrued $1,000,000 relating to this matter.

Those agencies collecting federal funds, who have been informed that certain of their previously claimed costs were disallowed, should disclose the requested information in the schedule shown below. Show each possible disallowance on a separate line in the chart.

	Program	Date of Disallowance	Amount	Probability of Payment*	Estimated Settlement Amount
1.	N/A		$		$
2.					
3.					
4.					

(Only answer the following questions for those claims and litigation not being handled by the Office of Risk Management.)

Indicate the way in which risks of loss are handled (circle one).
purchase of commercial insurance,

X participation in a public entity risk pool (e.g., Office of Risk Management claims) risk retention (e.g., Use of an internal service fund is considered risk retention because the entity as a whole has retained the risk of loss.) Other (explain) ________________

For entities participating in a risk pool (other than the Office of Risk Management), describe the nature of the participation, including the rights and the responsibilities of both the entity and the pool. ________ N/A ________

Describe any significant reductions in insurance coverage from coverage in the prior year by major categories of risk. Also, indicate whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years. ________N/A________

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it can not be estimated. ________ N/A ________

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee. ________N/A________

M. RELATED PARTY TRANSACTIONS

FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions. ___________NONE___________

N. ACCOUNTING CHANGES

Accounting changes made during the year involved a change in accounting _____N/A_______ (principle, estimate or entity). The effect of the change is being shown in _____N/A________.

O. IN-KIND CONTRIBUTIONS N/A

List all in-kind contributions that are not included in the accompanying financial statements.

In-Kind Contributions	Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor
	$
Total	$ -

P. DEFEASED ISSUES

On November 1, 2006, the Agency issued $20,600,000 of Series 2006A Multifamily Mortgage Revenue Refunding Bonds (Section 8 Assisted – 202 Elderly Projects) to advance refund $20,600,000 of outstanding Series 2003A Multifamily Mortgage Revenue Bonds (Section 8 Assisted - 202 Elderly Projects). This refunding became necessary when, in 2005, Hurricane Katrina severely damaged eleven of the eighteen projects financed with the Series 2003A bonds. The distribution resulted in an extraordinary mandatory redemption of the Series 2003A bonds from casualty proceeds. Once the Series 2003A bonds had been redeemed, due to the redemption structure of the bonds and loss of expected surplus revenues on the projects, cash flows for the Series 2003A bonds no longer provided assurance that principal and interest on the bonds would be paid when due.

Interest rates on the Series 2006A bonds range from 3.85% to 4.75%, whereas interest rates on the Series 2003A bonds ranged from 1.2% to 4.85%. This increase in interest rates coupled with the loss of expected surplus revenues on the projects that were destroyed resulted in an economic loss on the advanced refunding of $960,130 (the difference between the present values of the Series 2003A and Series 2006A cash flows). The additional debt service to be paid on the Series 2006A refunding bonds through their maturity is $5,383,121. However, the Series 2006A bonds are subject to optional redemption on June 1, 2013, and a possible refinancing of the debt to lower interest rates could reduce the amount of excess debt service expected to be paid.

The reacquisition price in the advance refunding of the Series 2003A bonds was $405,445 less than the net carrying value of the bonds. This difference is reported in the balance sheet of the accompanying financial statements as a deferred amount which increases bonds payable. The deferred amount will be amortized as a reduction of interest expense through fiscal year 2032 using the straight line method unless the Series 2006A bonds are refunded prior to their scheduled maturity date.

Issuance of the Series 2006A refunding bonds resulted in net proceeds of $20,252,690 (after payment of issuance costs plus $2,063,440 of transferred proceeds), which were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2003A bonds. As a result, the Series 2003A bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements of the Agency. At June 30, 200/8, $17,115,000 of the defeased bonds are still outstanding. At June 30, 2008, $18,915,000 of the Series 2006A bonds are outstanding.

Q. REVENUES – PLEDGED OR SOLD (GASB 48) N/A

1. PLEDGED REVENUES

Pledged revenues are specific revenues that have been formally committed to directly collateralize or secure debt of the pledging government, or directly or indirectly collateralize or secure debt of a component unit. Pledged revenues must be disclosed for each period in which the secured debt remains outstanding and for each secured debt issued.

Provide the following information about the specific revenue pledged:

a. Identify the specific pledged revenue:
- **Pledged revenue is** ____
- **Debt secured by the pledge revenue (amount)**____________________________
- **Approximate amount of pledge**______________________________
  (equal to the remaining principal and interest requirements)

b. Term of the commitment:____
[number of years (beginning and ending dates by month and year) that the revenue will not be available for other purposes]

c. General purpose for the debt secured by the pledge:____________________________________
____
____

d. Relationship of the pledged amount to the specific revenue:______________________________
____
(the proportion of the specific revenue that has been pledged)

e. Comparison of the pledged revenues (current year information):
- Principal requirements____
- Interest requirements____
- Pledged revenues recognized during the period______________________________________
(gross pledged revenue minus specified operating expenses)

NOTE: For the first year of this note, please send a copy of the following sections of the official bond statement
- Cover page
- Introductory statement
- Plan of financing
- Security for the bond (pledged revenue information)

2. FUTURE REVENUES REPORTED AS A SALE

Future revenues reported as a sale are proceeds that an agency/entity received in exchange for the rights to future cash flows from specific future revenues and for which the agency/entity's continuing involvement with those revenues or receivables is effectively terminated. (see Appendix F)

Provide the following information in the year of the sale ONLY:

a. Identify the specific revenue sold:
- the revenue sold is ____
- the approximate amount ____
- significant assumptions used in determining the approximate amount________________
____

b. Period of the sale: ____

c. Relationship of the sold amount to the total for that specific revenue:____________________
____

d. Comparison of the sale:
- proceeds of the sale ____
- present value of the future revenues sold_____________________________________
- significant assumptions in determining the present value__________________________
____

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) N/A

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2007-2008:

CFDA Number	Program Name	State Match Percentage	Total Amount of Grant
			$
Total government-mandated nonexchange transactions (grants)			$ -

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS N/A

At June 30, 20__, the ____________________ (BTA) was not in compliance with the provisions of ____ Bond Reserve Covenant that requires ____. The _______________________ (BTA) did ____ to correct this deficiency.

T. SHORT-TERM DEBT N/A

The ______________________ (BTA) issues short-term notes for the following purpose(s):______________
____
____

Short-term debt activity for the year ended June 30, 2008, was as follows:

List the type of Short-term debt (e.g., tax anticipation notes)	Beginning Balance	Issued	Redeemed	Ending Balance
N/A	$	$	$	$ -

The ________________________ (BTA) uses the following revolving line of credit to finance _____________ ____(list purpose for the S-T debt).

Short-term debt activity for the year ended June 30, 20__, was as follows:

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	$	$	$	$ -

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2008, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
	$	$	$	$ 520,435	$ 520,435
					-
Gross receivables	$ -	$ -	$ -	$ 520,435	$ 520,435
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	$ -	$ -	$ -	$ 520,435	$ 520,435
Amounts not scheduled for collection during the subsequent year	$	$	$	$ -	$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2008, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	$ 1,471,673	$ 307,328	$ 23,414	$	$ 1,802,415
					-
Total payables	$ 1,471,673	$ 307,328	$ 23,414	$ -	$ 1,802,415

W. SUBSEQUENT EVENTS N/A

Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement. ____

____

X. SEGMENT INFORMATION N/A

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment____.

A. Condensed balance sheet:

(1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTAs should be reported separately.
(2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTAs should be reported separately.
(3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance sheet:

	Segment #1	Segment #2
Current assets	$	$
Due from other funds		
Capital assets		
Other assets		
Current liabilities		
Due to other funds		
Long-term liabilities		
Restricted net assets		
Unrestricted net assets		
Invested in capital assets, net of related debt		

B. Condensed statement of revenues, expenses, and changes in net assets:

(1) Operating revenues (by major source).
(2) Operating expenses. Depreciation (including any amortization) should be identified separately.
(3) Operating income (loss).
(4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
(5) Capital contributions and additions to permanent and term endowments.
(6) Special and extraordinary items.
(7) Transfers
(8) Change in net assets.
(9) Beginning net assets.
(10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

Operating revenues	$	$
Operating expenses		
Depreciation and amortization		
Operating income (loss)	-	-
Nonoperating revenues (expenses)		
Capital contributions/additions to permanent and term endowments		
Special and extraordinary items		
Transfers in		
Transfers out		
Change in net assets	-	-
Beginning net assets		
Ending net assets	-	-

C. Condensed statement of cash flows:

(1) Net cash provided (used) by:
  (a) Operating activities
  (b) Noncapital financing activities
  (c) Capital and related financing activities
  (d) Investing activities
(2) Beginning cash and cash equivalent balances
(3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

Net cash provided (used) by operating activities	$	$
Net cash provided (used) by noncapital financing activities		
Net cash provided (used) by capital and related financing activities		
Net cash provided (used) by investing activities		
Beginning cash and cash equivalent balances		
Ending cash and cash equivalent balances	-	-

Y. DUE TO/DUE FROM AND TRANSFERS

1. List by fund type the amounts **due from other funds** detailed by individual fund at fiscal year end: (Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

Type of Fund	Name of Fund	Amount
ENTERPRISE	MRB PROGRAM FUNDS	$ 82,066
Total due from other funds		$ 82,066

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

Type of Fund	Name of Fund	Amount
N/A		$
Total due to other funds		$

3. List by fund type **all transfers from other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
N/A		$
Total transfers from other funds		$

4. List by fund type **all transfers to other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
ENTERPRISE	MRB HOUSING PROGRAM	$ 2,700,064
Total transfers to other funds		$ 2,700,064

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the Agency at June 30, 2008, reflected at $7,857,018 in the liabilities section on Statement A, consist of $216,280 in accrued interest and $7,640,738 in amounts held in escrow.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS N/A

The following adjustments were made to restate beginning net assets for June 30, 20__.

Ending net assets 6/30/07 as reported to OSRAP on PY AFR	Adjustments to end net assets 6/30/07 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/07) + or (-)	Beg net assets @ 7/1/07 as restated
$	$	$ --	$ --
		--	--
		--	--
		--	--
		--	--

Each adjustment must be explained in detail on a separate sheet
Include all audit adjustments accepted by the agency or entity.

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46) N/A

Of the total net assets reported on Statement A at June 30, 20__, $_____________ are restricted by enabling legislation. **Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation.** Refer to Appendix C for more details on the determination of the amount to be reported as required by GASB Statement 46. List below the net assets restricted by enabling legislation, the purpose of the restriction, **and the Louisiana Revised Statute (LRS) that authorized the revenue**:

Purpose of Restriction	LA Revised Statute Authorizing Revenue	Amount
		$
Total		$

CC. IMPAIRMENT OF CAPITAL ASSETS

GASB 42 establishes accounting and financial reporting standards for the impairment of capital assets **and for insurance recoveries**. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. **See Appendix D for more information on GASB 42 and the Impairment of Capital Assets.**

The following capital assets became **permanently** impaired in FY 07-08: (**Insurance recoveries related to impairment losses should be used to offset those impairment losses if received in the same year as the impairment. Include these insurance recoveries in the third column in the table below. Calculate the net impairment loss after insurance recoveries received in the current fiscal year in the fourth column. Include in the Financial Statement Classification column the account line in which the net impairment loss is reported in the financial statements.** There are five indicators of impairment described in Appendix D, (1) physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the second to last column below.)

Type of asset	Amount of Impairment Loss	Insurance Recovery in the same FY	**Net Impairment Loss per Financial Stmts**	**Financial Statement Classification**	**Appendix D Indicator of** Impairment	Reason for Impairment (e.g. hurricane)
Buildings						
Movable Property						
Infrastructure						

Insurance recoveries received in FY 07- 08 related to impairment losses occurring in previous years, and insurance recoveries received in FY 07 – 08 other than those related to impairment of capital assets, should be reported as program revenues, nonoperating revenues, or extraordinary items, as appropriate. Indicate in the following table the amount and financial statement classification (account line in which the insurance recovery is reported in the financial statements) of insurance recoveries not included in the table above:

Type of asset	Amount of Insurance Recovery	Financial Statement Classification	Reason for insurance recovery (e.g. fire)
Buildings			
Movable Property			
Infrastructure			

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year: (Include **any permanently impaired** capital assets listed above that are still idle at the end of the fiscal year, **any temporarily impaired capital assets**, and any assets **impaired in prior years** that are still idle at the end of the **current** fiscal year.)

Type of asset	Carrying Value of Idle Impaired Assets	Reason for Impairment
Buildings - permanently impaired		
Buildings - temporarily impaired		
Movable Property - permanently impaired		
Movable Property - temporarily impaired		
Infrastructure - permanently impaired		
Infrastructure - temporarily impaired		

DD. EMPLOYEE TERMINATION BENEFITS N/A

Termination benefits are benefits, other than salaries and wages, that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan.

Other termination benefits may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Healthcare coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits:

1. A description of the termination benefit arrangement(s)
2. Period the employer becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported)

The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2008, the cost of providing those benefits for _____ (number of) voluntary terminations totaled $_________. For 2008, the cost of providing those benefits for _____ (number of) involuntary terminations totaled $_________.
[The termination benefits (voluntary and involuntary) paid in FY 2008 should also be included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets on the account line “Administrative” in the Operating Expense Section.]

The liability for the accrued voluntary terminations benefits payable at June 30, _____ is $_________. This liability consists of _________ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, ______ is $_________. This liability consists of _________ (number of) involuntary terminations.
[The termination benefits (voluntary and involuntary) payable at fiscal year end should also be included on the Balance Sheet in the “compensated absences payable” account line.]

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.
____
____
____

A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2008

Name		Amount
Robert Austin	$	650
Larry Broussard		650
Adell Brown, Jr.		450
Kevin Brown		100
Carolyn Benjamin		300
Gregory Gachassin		350
Allison Jones		550
Meriell Lawson		600
James Madderra		550
Danette O'Neal		450
Wayne Woods		750
Guy Williams		550
	$	5,950

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

SCHEDULE 1

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2008

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/07	Redeemed (Issued)	Principal Outstanding 6/30/08	Interest Rates	Interest Outstanding 6/30/08
HUD Debenture	4/28/06	$29,020,292	$29,020,292	$10,570,260	$18,450,032	4.500	$145,294
Total		$29,020,292	$29,020,292	$10,570,260	$18,450,032		$ 145,294

*Send copies of new amortization schedules

SCHEDULE 3-A

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2008

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/07	Redeemed (Issued)	Principal Outstanding 6/30/08	Interest Rates	Interest Outstanding 6/30/08
General Revenue Office Building Bond Series 2001	8/22/01	$9,500,000	$6,995,000	$565,000	$6,430,000	3.5% - 8%	$23,414
Elderly Projects	11/1/06	20,600,000	20,170,000	1,255,000	18,915,000	3.85% - 4.75%	70,985
Elderly Projects – Deferred Amount	11/1/06	405,445	394,634	16,218	378,416	N/A	N/A
Total		$30,505,445	$27,559,634	$ 1,836,218	$25,723,416		$ 94,399

*Send copies of new amortization schedules

SCHEDULE 3-B

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2008

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2009	$	$	$	$ --
2010				--
2011				--
2012				--
2013				--
2014-2018				--
2019-2023				--
2024-2028				--
2029-2033				--
Total	$ N/A	$ N/A	$ N/A	$ N/A

SCHEDULE 4-A

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2008

Fiscal Year Ending:	Principal	Interest
2009	$	$ 830,251
2010		830,251
2011	18,450,032	830,251
2012		
2013		
2014-2018		
2019-2023		
2024-2028		
2029-2033		
Total	$ 18,450,032	$ 2,490,753

SCHEDULE 4-B

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2008

Fiscal Year Ending:	Principal	Interest
2009	$ 1,435,000	$ 1,104,518
2010	1,510,000	1,046,264
2011	1,595,000	984,065
2012	1,685,000	916,794
2013	1,770,000	844,312
2014	1,870,000	766,685
2015	2,605,000	683,245
2016	2,135,000	575,929
2017	2,245,000	473,241
2018	1,475,000	386,294
2019	1,570,000	315,044
2020	1,530,000	239,994
2021	1,390,000	168,744
2022	610,000	111,388
2023	315,000	87,519
2024	280,000	72,200
2025	230,000	60,206
2026	245,000	49,163
2027	260,000	37,287
2028	235,000	24,818
2029	130,000	15,318
2030	140,000	9,025
2031	75,000	2,969
2032	10,000	237
Total	$ 25,345,000	$ 8,975,259

SCHEDULE 4-C

STATE OF LOUISIANA

LOUISIANA HOUSING FINANCE AGENCY

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than $1 million, explain the reason for the change.

	2008	2007	Difference	Percentage Change
1) Revenues	$ 188,759,919	$ 115,660,039	$ 73,099,880	$ 63.20%
Expenses	131,759,444	93,667,936	38,091,508	40.67%
2) Capital assets	46,468,585	17,904,365	28,564,220	159.54%
Long-term debt	44,173,448	56,579,926	(12,406,478)	-21.93%
Net Assets	194,289,386	137,288,911	57,000,475	41.52%

Explanation for change:____

Revenues: The increase is due to an increase in the amount of federal grants drawn, an appropriation from the State for Louisiana Housing Trust Funds and a substantial increase in net income from rental property.

Expenses: The increase is due to an additional amount of federal grant funds disbursed, an increase in personnel service expenses, an increase in professional services expenses and a decrease in transfers to the MRB program.

Capital assets: The increase is due to additions to construction in progress on the Gaslight property and additions to buildings for completed construction on the Willowbrook property.

Long-term debt: The decrease is due to the payoff of a portion of the debentures payable and maturity of a portion of the bonds payable.

Net Assets: The increase is due to an appropriation from the State for Louisiana Housing Trust Funds, a substantial increase in net income from rental property, and a decrease in transfers to the MRB program.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA

JUNE 30, 2008

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA

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JUNE 30, 2008

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

August 22, 2008

To the Board of Commissioners
Louisiana Housing Finance Agency
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Housing Finance Agency as of and for the year ended June 30, 2008, and have issued our report thereon dated August 22, 2008. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Louisiana Housing Finance Agency's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Housing Finance Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Housing Finance Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Louisiana Housing Finance Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Louisiana Housing Finance Agency's financial statements that is more than inconsequential will not be prevented or detected by the Louisiana Housing Finance Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Louisiana Housing Finance Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Housing Finance Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Agency's management, the Louisiana Legislative Auditor, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

August 22, 2008

To the Board of Commissioners
Louisiana Housing Finance Agency
Baton Rouge, Louisiana

Compliance

We have audited the compliance of the Louisiana Housing Finance Agency with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2008. The Louisiana Housing Finance Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the Louisiana Housing Finance Agency's management. Our responsibility is to express an opinion of the Louisiana Housing Finance Agency'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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Louisiana Housing Finance Agency'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 of the Louisiana Housing Finance Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control over Compliance

The management of the Louisiana Housing Finance Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the Louisiana Housing Finance Agency's internal control over compliance with the 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 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Louisiana Housing Finance Agency's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects Louisiana Housing Finance Agency's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Louisiana Housing Finance Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Louisiana Housing Finance Agency's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Louisiana Housing Finance Agency as of and for the year ended June 30, 2008, and have issued our report thereon dated August 22, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Louisiana Housing Finance Agency's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the Agency's management, federal awarding agencies and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Name or Agency or Department	CFDA or Other No.	Name of Program	Name of Grant	Federal Grant Contract #	Total Awards Expended
HUD	14.195	Housing Assistance Payments	Section 8	LA800CC0001	$ 56,608,403
	14.195	Housing Assistance Payments	Section 8	LA800CC0001	3,056,974
		Total Section 8 funds			59,665,377
HUD	14.239	HOME Investment Partnerships		None	22,853,485
HUD	14.188	Housing Finance Agency Risk Sharing Program (Amount of outstanding loan guarantees)		None	14,808,107
DHHS	93.568	Low Income Housing Energy Assistance Program (LIHEAP)	2005 Funds	2005 – G-05B1LALIEA	31,360
			2006 Funds	2006 – G-06B1LALIEA	6,066,733
			2007 Funds	2007 – G-07B1LALIEA	21,079,200
			2008 Funds	2008 – G-08B1LALIEA	8,870,665
			Refunds (net)		(11,110)
			Admin		348,637
		Total LIHEAP funds			36,385,485
DSS	93.667	Department of Social Services			
			2006 Funds	2006 – G-0601LASOSR	2,172,455
			Admin		216,000
		Total DSS Funds			2,388,455
Energy	81.042	Weatherization Assistance Program (WAP)			
			2008 Funds	DE-FG48-03R830003, A003	792,390
			Admin		23,033
		Total WAP funds expended			815,423
FEMA	97.087	Federal Emergency Management Agency			
			AHPP	EMW-2007-GR	1,663,719
			Admin		222,379
		Total FEMA funds			1,886,098
		Total expenditures			$ 138,802,430

See accompanying notes to the schedule of expenditures of federal awards.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Louisiana Housing Finance Agency and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – SUBRECIPIENTS

Program Title	Federal CFDA Number	Amount Provided
The Louisiana Housing Energy Assistance Program (LIHEAP)	93.568	$ 36,036,848
Weatherization Assistance Program (WAP)	81.042	792,390
FEMA - Homeland Security	97.087	1,663,719
		$ 38,492,957

NOTE C – PROGRAM INCOME

In accordance with terms of the loans funded under the HOME Program, program income totaling $626,795 was collected. That amount was used to reduce the amount of federal funds that would have been drawn to fund various single family and multifamily projects. The income was comprised of mortgage loan collections of principal and interest. The expenditure of the program income is included in the accompanying schedule of expenditures of federal awards.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE D – RECONCILIATION TO THE FINANCIAL STATEMENTS

Per financial statements:	
Federal awards expensed (nonoperating)	$ 114,090,407
Mortgage loans issued (capitalized)	3,648,722
HUD Risk Sharing Mortgage Loans	14,808,107
Administrative costs within operating expenses	6,255,194
Per schedule of expenditures of federal awards	$ 138,802,430

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

• Material weakness(es) identified?	_______ yes	__X__ no
• Significant deficiencies identified that are not considered to be material weaknesses?	_______ yes	__X__ none reported
Noncompliance material to financial statements noted?	_______ yes	__X__ no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	_______ yes	__X__ no
• Significant deficiencies identified that are not considered to be material weaknesses?	_______ yes	__X__ none reported

Type of auditors' 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	__X__ no
Dollar threshold used to distinguish between Types A and B Programs:	$ 3,000,000	
Auditee qualified as low risk auditee:	__X__ yes	_______ no

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

Identification of major programs:

CFDA Numbers	Name of Federal Program
14.239	HOME Investment Partnerships
14.188	Housing Finance Agency Risk Sharing Program

B. **Findings – Financial Statement Audit** – None

C. **Findings and Questioned Costs – Major Federal Award Programs** – None

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

None noted.

REPORT

GASLIGHT SQUARE APARTMENTS

HUD PROJECT NO. 064-35124

JUNE 30, 2008

GASLIGHT SQUARE APARTMENTS

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JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

August 25, 2008

Louisiana Housing Finance Agency
Gaslight Square Apartments
Baton Rouge, Louisiana

We have audited the accompanying balance sheet of Gaslight Square Apartments (Project No. 064-35124), as of June 30, 2008 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Gaslight Square Apartments owners and 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gaslight Square Apartments as of June 30, 2008, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2008, on our consideration of Gaslight Square Apartments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

GASLIGHT SQUARE APARTMENTS
PROJECT NO. 064-35124
BALANCE SHEET
JUNE 30, 2008

ASSETS

CURRENT ASSETS:		
Petty cash	$	200
Cash in bank		3,744
Total current assets		3,944
DEPOSITS HELD IN TRUST - FUNDED:		
Tenant security deposits		561
Total deposits held in trust - funded		561
CAPITAL ASSETS - COST:		
Construction in progress		4,391,249
Total capital assets		4,391,249
TOTAL ASSETS	$	4,395,754

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable:		
Trade	$	12,683
Total current liabilities		12,683
NET ASSETS:		
Unrestricted		(8,178)
Invested in capital assets		4,391,249
Total net assets		4,383,071
TOTAL LIABILITIES AND NET ASSETS	$	4,395,754

See accompanying notes.

GASLIGHT SQUARE APARTMENTS
PROJECT NO. 064-35124
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

OPERATING REVENUES:	$ 2,122
OPERATING EXPENSES:	
Administrative expenses	10,682
Insurance	80,751
Operating and maintenance	9,789
Personnel services	71,763
Total operating expenses	172,985
Operating loss	(170,863)
NON-OPERATING REVENUES (EXPENSES):	
Miscellaneous income	25,177
Total non-operating revenues (expenses)	25,177
LOSS BEFORE CONTRIBUTIONS	(145,686)
CAPITAL CONTRIBUTIONS	1,441,563
CHANGE IN NET ASSETS	$ 1,295,877

See accompanying notes.

GASLIGHT SQUARE APARTMENTS
PROJECT NO. 064-35124
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

BALANCE AT JUNE 30, 2007	$	2,912,697
Change in net assets		1,295,877
Contribution from owner		174,497
BALANCE AT JUNE 30, 2008	$	4,383,071

See accompanying notes.

GASLIGHT SQUARE APARTMENTS
PROJECT NO. 064-35124
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from:	
Other receipts	$ 2,122
	2,122
Cash paid for:	
Administrative expenses	(10,682)
Insurance	(80,751)
Operating and maintenance	(9,712)
Personnel services	(71,763)
	(172,908)
Net cash used by operating activities	(170,786)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Contribution from owner	174,497
Net cash provided by capital and related financing activities	174,497
Net increase in cash	3,711
Cash - beginning of year	233
Cash - end of year	$ 3,944
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	$ (170,863)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in operating assets and liabilities:	
Accounts payable - trade	(373)
Tenant security deposit payable	450
Net cash used by operating activities	$ (170,786)

See accompanying notes.

GASLIGHT SQUARE APARTMENTS
PROJECT NO. 064-35124
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NATURE OF ORGANIZATION AND OPERATIONS:

Gaslight Square Apartments (the complex) is an apartment complex in New Orleans, Louisiana. The apartment complex was purchased on October 1, 1995 by the Louisiana Housing Finance Agency (sometimes referred to as LHFA or the owner) at a cost of $1 under the U. S. Department of Housing and Urban Development's Property Disposition Program. Under the terms of the purchase agreement, LHFA is bound by certain use restrictions of the apartment complex, which primarily relate to low income housing. The complex accepts rent certificates administered by the local housing authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Since the complex is owned by LHFA, a political subdivision and instrumentality of the State of Louisiana, the financial statements of the complex have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The complex applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The complex's significant accounting policies are described below:

Basis of Accounting:

The complex is considered a proprietary fund and is presented as a business type activity. Proprietary fund types are used to account for activities that are similar to those found in the private sector where the determination of operating income and changes in net assets is necessary or useful for sound financial administration. The GAAP used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

Capital Assets:

Capital assets are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the asset. The cost of maintenance and repairs is charged to expense as incurred; significant repairs and betterments are capitalized (see Note 3). There was no depreciation expense for the year ended June 30, 2008 since no capital assets were in service during the year.

GASLIGHT SQUARE APARTMENTS
PROJECT NO. 064-35124
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

Since the complex is owned by LHFA, the complex is not subject to income taxes.

Cash Equivalents:

For the purposes of the statement of cash flows, cash equivalents include all highly liquid deposits and debt instruments acquired with original maturities of three months or less. The tenant security deposits have use restrictions and are not considered cash equivalents.

Receivables:

An allowance for uncollectible accounts is established based on prior experience and management's assessment for the collectibility of those accounts. Accounts are considered past due on a contractual term. Management charges late fees on past due accounts but not interest. As of June 30, 2008, the account receivable balance was $0. Accordingly there was no allowance for bad debts at June 30, 2008.

2. USE OF 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 certain reported amounts and disclosures. Actual results could differ from these estimates.

3. CAPITAL ASSETS:

The complex was purchased at a cost of $1 from the U. S. Department of Housing and Urban Development. LHFA was required to substantially rehabilitate the project with funds received from rental income. On August 29, 2005, the complex was significantly damaged by Hurricane Katrina and has not been occupied since that date. FEMA has made the determination that the complex should be demolished. The complex was insured by the State of Louisiana Office of Risk Management. The property is being rebuilt with funding from the State of Louisiana. The associated cost is recorded as Construction in Progress and will not be depreciated until placed in service.

GASLIGHT SQUARE APARTMENTS
PROJECT NO. 064-35124
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

3. CAPITAL ASSETS: (Continued)

Following is a summary of the changes in capital assets for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Dispositions	Balance June 30, 2008
Construction in progress	$ 2,949,686	$ 1,441,563	$ --	$ 4,391,249
	2,949,686	1,441,563	--	4,391,249
Accumulated depreciation	--	--	--	--
	$ 2,949,686	$ 1,441,563	$ --	$ 4,391,249

4. RELATED PARTIES:

The owner of the complex appointed Barron Builders & Management Company, Inc. as exclusive agent for the management of the property. The agent is compensated for its services by a monthly fee in an amount equal to 4.75% of gross collections received during the preceding month. There were no management fees incurred during the year ended June 30, 2008 since the complex was idle.

During the year ended June 30, 2008, no administrative fees were charged by the owner for operating the complex.

5. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:

Gaslight Square Apartments' operations are concentrated in the multifamily real estate market. In addition, the complex operates in a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of federal regulatory agencies, including HUD.

Such administrative directives, rules and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice of inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

6. CASH AND CASH EQUIVALENTS:

The complex had cash and cash equivalents (book balances) as of June 30, 2008 as follows:

GASLIGHT SQUARE APARTMENTS
PROJECT NO. 064-35124
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

6. CASH AND CASH EQUIVALENTS: (Continued)

Petty cash	$ 200
Demand deposits	4,305
	$ 4,505

The deposit accounts are subject to custodial credit risk; that is, in the event of a bank failure, the deposit may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2008, the complex's demand deposit bank balances of $4,305 were entirely secured by federal deposit insurance.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

August 25, 2008

Louisiana Housing Finance Agency
Gaslight Square Apartments
Baton Rouge, Louisiana

We have audited the financial statements of Gaslight Square Apartments (FHA Project No. 064-35124), as of and for the year ended June 30, 2008 and have issued our report thereon dated August 25, 2008. 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Gaslight Square Apartments' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gaslight Square Apartments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Gaslight Square Apartments' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Gaslight Square Apartments' ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Gaslight Square Apartments' financial statements that is more than inconsequential will not be prevented or detected by the Gaslight Square Apartments' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Gaslight Square Apartments' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gaslight Square Apartments' financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Agency, management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Duplantier, Hrapmann, Hogan & Maher, LLP

GASLIGHT SQUARE APARTMENTS
PROJECT NO. 064-35124
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Gaslight Square Apartments for the year ended June 30, 2008 was unqualified.

2. Internal Control
   Material weaknesses: none noted
   Significant deficiencies: none noted

3. Compliance
   Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None

GASLIGHT SQUARE APARTMENTS
PROJECT NO. 064-35124

OWNER'S CERTIFICATION

JUNE 30, 2008

We hereby certify that we have examined the accompanying financial statements and supplementary information of Gaslight Square Apartments and, to the best of our knowledge and belief, the same is complete and accurate.

Rene' Landry, CFO

Owner: Rene' Landry, CFO

August 25, 2008
Date

72-0809967
Employer Identification Number

REPORT

WILLOWBROOK APARTMENTS

HUD PROJECT NO. 064-35249

JUNE 30, 2008

WILLOWBROOK APARTMENTS

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JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

August 25, 2008

Louisiana Housing Finance Agency
Willowbrook Apartments
Baton Rouge, Louisiana

We have audited the accompanying balance sheet of Willowbrook Apartments (Project No. 064-35249), as of June 30, 2008 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Willowbrook Apartments' owners and 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Willowbrook Apartments as of June 30, 2008, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2008, on our consideration of Willowbrook Apartments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

WILLOWBROOK APARTMENTS
PROJECT NO. 064-35249
BALANCE SHEET
JUNE 30, 2008

ASSETS

CURRENT ASSETS:		
Cash in bank	$	54,494
Petty cash		200
Other		3,586
Total current assets		58,280
DEPOSITS HELD IN TRUST - FUNDED:		
Tenant security deposits		21,406
Total deposits held in trust - funded		21,406
CAPITAL ASSETS:		
Furniture, fixtures and equipment		109,428
Building		33,295,591
Building renovations		832,590
Less accumulated depreciation		(327,010)
Total capital assets		33,910,599
TOTAL ASSETS	$	33,990,285

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable:		
Trade	$	176,249
Accrued expenses		11,101
Total current liabilities		187,350
DEPOSITS:		
Tenant security deposits		21,010
Total deposits and prepayment liabilities		21,010
NET ASSETS:		
Unrestricted		(128,674)
Invested in capital assets		33,910,599
Total net assets		33,781,925
TOTAL LIABILITIES AND NET ASSETS	$	33,990,285

See accompanying notes.

WILLOWBROOK APARTMENTS
PROJECT NO. 064-35249
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

OPERATING REVENUES:	
Rental income	$ 37,419
Tenant charges	3,150
Total operating revenues	40,569
OPERATING EXPENSES:	
Administrative	70,140
Management fees	11,101
Insurance	195,882
Operating and maintenance	201,145
Personnel services	149,252
Utilities	184,761
Depreciation	191,723
Total operating expenses	1,004,004
Operating loss	(963,435)
NON-OPERATING REVENUES (EXPENSES):	
Other non-operating income	130,938
Total non-operating revenues	130,938
LOSS BEFORE CONTRIBUTIONS	(832,497)
CAPITAL CONTRIBUTIONS	27,138,161
CHANGE IN NET ASSETS	$ 26,305,664

See accompanying notes.

WILLOWBROOK APARTMENTS
PROJECT NO. 064-35249
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

BALANCE AT JUNE 30, 2007	$	6,500,196
Change in net assets		26,305,664
Contribution from owner		976,065
BALANCE AT JUNE 30, 2008	$	33,781,925

See accompanying notes.

WILLOWBROOK APARTMENTS
PROJECT NO. 064-35249
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from:		
Rental receipts	$	37,419
Other receipts		3,975
		41,394
Cash paid for:		
Administrative expenses		(30,139)
Insurance		(195,882)
Operating and maintenance		(121,719)
Personnel services		(138,448)
Utilities		(153,847)
Other payments		(3,586)
		(643,621)
Net cash used by operating activities		(602,227)
CASH FLOWS FROM NONCAPITAL ACTIVITIES:		
Other non-operating income		1,616
Net cash provided by noncapital activities		1,616
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of property and equipment		(326,539)
Contribution from owner		1,104,739
Net cash provided by capital and related financing activities		778,200
Net increase in cash		177,589
Cash - beginning of year		5,779
Cash - end of year	$	183,368
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	$	(963,435)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation		191,723
Changes in operating assets and liabilities:		
Tenant security deposit - held		(20,185)
Other assets		(3,586)
Accounts payable - trade		161,145
Tenant security deposit payable		21,010
Other current liabilities		11,101
Net cash used by operating activities	$	(602,227)

See accompanying notes.

WILLOWBROOK APARTMENTS
PROJECT NO. 064-35249
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NATURE OF ORGANIZATION AND OPERATIONS:

Willowbrook Apartments (the complex) is a 408 apartment complex in New Orleans, Louisiana. The apartment complex was purchased on October 1, 1995 by the Louisiana Housing Finance Agency (sometimes referred to as LHFA or the owner) at a cost of $1 under the U. S. Department of Housing and Urban Development's Property Disposition Program. Under the terms of the purchase agreement, LHFA is bound by certain use restrictions of the apartment complex, which primarily relate to low income housing. The complex accepts rent certificates administered by the local housing authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Since the complex is owned by LHFA, a political subdivision and instrumentality of the State of Louisiana, the financial statements of the complex have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The complex applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The complex's significant accounting policies are described below:

Basis of Accounting:

The complex is considered a proprietary fund and is presented as a business type activity. Proprietary fund types are used to account for activities that are similar to those found in the private sector where the determination of operating income and changes in net assets is necessary or useful for sound financial administration. The GAAP used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

Capital Assets:

Capital assets are carried at cost less accumulated depreciation. The complex capitalizes all property and equipment with initial, individual costs of greater than $1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to expense as incurred; significant repairs and betterments are capitalized. Depreciation expense for the year ended June 30, 2008 was 191,723.

WILLOWBROOK APARTMENTS
PROJECT NO. 064-35249
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

Since the complex is owned by LHFA, the complex is not subject to income taxes.

Cash Equivalents:

For the purposes of the statement of cash flows, cash equivalents include all highly liquid deposits and debt instruments acquired with original maturities of three months or less. The tenant security deposits have use restrictions and are not considered cash equivalents.

Receivables:

An allowance for uncollectible accounts is established based on prior experience and management's assessment for the collectibility of those accounts. Accounts are considered past due on a contractual term. Management charges late fees on past due accounts but not interest. As of June 30, 2008, the account receivable balance was $0. Accordingly there was no allowance for bad debts at June 30, 2008.

2. USE OF 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 certain reported amounts and disclosures. Actual results could differ from these estimates.

3. CAPITAL ASSETS:

The complex was purchased at a cost of $1 from the U. S. Department of Housing and Urban Development. LHFA was required to substantially rehabilitate the project with funds received from rental income. On August 29, 2005, the complex was significantly damaged by Hurricane Katrina. The complex was insured by the State of Louisiana Office of Risk Management. The State of Louisiana funded the reconstruction of the complex and it resumed operations in May 2008.

Following is a summary of the changes in capital assets for the year ended June 30, 2008:

WILLOWBROOK APARTMENTS
PROJECT NO. 064-35249
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

3. CAPITAL ASSETS: (Continued)

	Balance July 1, 2007	Additions	Dispositions/ Transfers	Balance June 30, 2008
Building renovations	$ 832,590	$ --	$ --	$ 832,590
Furniture, fixtures and Equipment	--	109,428		109,428
Construction in progress	5,940,319	27,355,272	(33,295,591)	--
Buildings	--	33,295,591	--	33,295,591
	6,772,909	60,760,291	(33,295,591)	34,237,609
Accumulated depreciation	(135,287)	(191,723)	--	(327,010)
	$ 6,637,622	$ 60,568,568	$(33,295,591)	$ 33,910,599

4. RELATED PARTIES:

The owner of the complex appointed Willowbrook Management, Inc. as exclusive agent for the management of the property effective May 1, 2008 when the property was placed in service. Willowbrook Management, Inc. was compensated by a monthly fee in an amount equal to 6% of the total monthly rental receipts collected and 8% on completed contracts for rehabilitation amounts specifically authorized in writing by the owner. Total management fees incurred during the year ended June 30, 2008 were $11,101.

During the year ended June 30, 2008, no administrative fees were charged by the owner for operating the complex.

5. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:

Willowbrook Apartments' operations are concentrated in the multifamily real estate market. In addition, the complex operates in a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of federal regulatory agencies, including HUD.

Such administrative directives, rules and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice of inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

WILLOWBROOK APARTMENTS
PROJECT NO. 064-35249
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

6. CASH AND CASH EQUIVALENTS:

The complex had cash and cash equivalents (book balances) as of June 30, 2008 as follows:

Petty cash	$ 200
Demand deposits	54,494
	$ 54,694

The deposit accounts are subject to custodial credit risk; that is, in the event of a bank failure, the deposit may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2008, the complex's demand deposit bank balances of $128,937 were entirely secured by federal deposit insurance.

7. COMMITMENTS AND CONTINGENCIES:

The complex is involved in a legal action that arose as a result of events that occurred in the course of operations. The management company has been named as a defendant in the lawsuit. The complex's attorney estimates that the complex has a 50 – 75% chance of successfully defending the claim. The estimated range of loss for the claim is $50,000 to $100,000.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

August 25, 2008

Louisiana Housing Finance Agency
Willowbrook Apartments
Baton Rouge, Louisiana

We have audited the financial statements of Willowbrook Apartments (FHA Project No. 064-35249), as of and for the year ended June 30, 2008, and have issued our report thereon dated August 25, 2008. 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Willowbrook Apartments' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Willowbrook Apartments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Willowbrook Apartments' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Willowbrook Apartments' ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Willowbrook Apartments' financial statements that is more than inconsequential will not be prevented or detected by the Willowbrook Apartments' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Willowbrook Apartments' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Willowbrook Apartments' financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Agency, management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Duplantier, Hrapmann, Hogan & Maher, LLP

WILLOWBROOK APARTMENTS
PROJECT NO. 064-35249
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Willowbrook Apartments for the year ended June 30, 2008 was unqualified.

2. Internal Control
   Material weaknesses: none noted
   Significant deficiencies: none noted

3. Compliance
   Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None

WILLOWBROOK APARTMENTS
PROJECT NO. 064-35249

OWNER'S CERTIFICATION

JUNE 30, 2008

I hereby certify that we have examined the accompanying financial statements and supplemental data of Willowbrook Apartments and, to the best of our knowledge and belief, the same are complete and accurate.

Rene' Landry, CFO
Owner: Rene' Landry, CFO

August 25, 2008
Date

72-0809967
Employer Identification Number