
Louisiana Housing Finance Agency



Internal Audit

Collette Mathis, Audit Director

October 12, 2011

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MEMORANDUM

To: Chairman Elsenia Young
Commissioner Jerome Boykin, Sr.
Commissioner Neal L. Miller
Commissioner Mayson H. Foster
Commissioner Donald B. Vallee

From: Collette Mathis, Audit Director

Date: October 12, 2011

Re: Audit Committee

There will be an Audit Committee meeting, Wednesday, October 12, 2011 at 11:30 a.m., at Louisiana Housing Finance Agency, Committee Room 2, located at 2415 Quail Drive, Baton Rouge, LA.

There will be a presentation and discussion of the fiscal year ended June 30, 2011 external audit results by Duplantier, Hrapmann, Hogan and Maher. A copy of the audit reports have been posted to LHFA's Board of Commissioners website.

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

CM/dm

October 12, 2011

INTERNAL AUDIT COMMITTEE MEETING

Notice is hereby given of a regular meeting of the Audit Committee to be held on **Wednesday, October 12, 2011 at 11:30A.M.**, Louisiana Housing Finance Agency, **Committee Room 2**, located at 2415 Quail Drive, Baton Rouge, LA by order of the Chairman.

AGENDA

1. Call to order, roll call and introduction of guests
2. Approval of the Minutes of the July 13, 2011 Audit Committee Meeting
3. Presentation and Discussion of **External Audit results for fiscal year ended June 30, 2011**
 - Duplantier, Hrapmann, Hogan & Maher
4. Recommendation of Resolution to Full Board to accept the **General Fund and Bond Program Audit Results** of the Louisiana Housing Finance Agency made by Duplantier, Hrapmann, Hogan & Maher; and providing for other matters in connection therewith.
5. Other Business
6. Adjournment

Alesia Y. Wilkins-Braxton
LHFA Acting-President

**If you require special services or accommodations, please contact Barry Brooks at
(225) 763-8773 or via email bbrooks@lhfa.state.la.us**

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 Housing Finance Agency
Internal Audit Committee Meeting
Wednesday, July 13, 2011
Committee Room 1
Baton Rouge, LA 70808
11:30 A.M.

Committee Members Present

Chair Elsenia Young
Commissioner Mayson Foster
Commissioner Donald B. Vallee

Committee Members Absent

Commissioner Neal Miller
Commissioner Jerome Boykin, Sr.

Staff Present

Alesia Wilkins-Braxton
Collette Mathis
Dione Milton
Jason St. Romain
Rene' Landry
Keith Cunningham

Guests Present

Heather Jovanovich, DHHM
Terri Kitto, DHHM
Bill Stamm, DHHM
Ann Hebert, DHHM

1. **Call to order, roll call and introduction of guest.** Chair Young called the meeting to order at 11:50 a.m. and asked for a roll call. A quorum was established. There was an introduction of guest.
2. **Approval of the minutes.** A motion was made by Commissioner Mayson Foster with a second by Commissioner Donald Vallee to approve the minutes of the October 13, 2010 committee meeting. The minutes were approved.
3. **Motion to adopt the completed Louisiana Audit Compliance Questionnaire for Audit of Engagements of Governmental Entities.** A motion was made by Commissioner Vallee with a second by Commissioner Foster to adopt the completed Louisiana Audit Compliance Questionnaire for Audit of Engagements of Governmental Entities. The motion passed unanimously.
4. **Audit of Fiscal Year Ended June 30, 2011 Financial Statements Entrance Conference.** Chair Young opened the floor to Rene' Landry, Chief Fiscal Officer and Bill Stamm of Duplantier, Hrapmann, Hogan & Maher (DHHM) to discuss the FYE June 30, 2011 external audit.
5. **Presentation of the 2011-2011 Audit Plan.** Chair Young called upon Collette Mathis, Internal Audit Director, to present the Annual Audit Plan for 2011-2012. There was brief discussion regarding future audit activities.
6. **Other Business.** There was no other business.
7. **Adjournment.** Upon hearing that there was no other business, Chair Young declared the meeting adjourned at 12:07 p.m.

LOUISIANA HOUSING FINANCE AGENCY

The following resolution was offered by _____ and seconded by _____ :

RESOLUTION

A resolution to accept the audit results of the General Fund and Bond Programs of the Louisiana Housing Finance Agency ("Agency") as submitted by Duplantier, Hrapmann, Hogan, and Maher and providing for other items connected therewith.

WHEREAS, the Agency, as a component unit of the State of Louisiana must have performed an annual General Fund audit, and per regulatory requirements Bond Programs audits; and

WHEREAS, Duplantier, Hrapmann, Hogan, and Maher, the firm which audited the Agency, has submitted its audit results in a report entitled "Schedule of Findings and Questioned Costs for the Year Ended June 30, 2011," which is hereto attached as Attachment A, and additionally submits that there were no findings for the Bond Programs audits.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Louisiana Housing Finance Agency ("Board"), acting as the governing authority of said Agency, that:

SECTION 1. The Agency shall accept the results of the audits as contained in the report entitled "Schedule of Findings and Questioned Costs," which is hereto attached as Attachment A, as well as the full audited financial statements, which have been submitted to the Louisiana Legislative Auditor's office.

SECTION 2. The Agency staff and counsel are authorized and directed to prepare such documents as necessary, consistent with the provisions of this resolution.

SECTION 3. The Chairman, Vice Chairman, President, Vice President, and/or Secretary of the Agency are hereby authorized, empowered, and directed to execute any forms and/or documents required to be executed on behalf of and in the name of the Agency, the terms of which are to be consistent with the provisions of this resolution.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS:

NAYS:

ABSENT:

And the resolution was declared adopted on this, the 12th day of October, 2011.

Chairman

Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency, do hereby certify that the foregoing two (2) pages constitutes a true and correct copy of a resolution adopted by said Board of Commissioners on October 12, 2011 accepting the General Fund and Bond Programs audit results of the Louisiana Housing Finance Agency made by Duplantier, Hrapmann, Hogan, and Maher.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 12th day of October, 2011.

Secretary

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011

Identification of major programs:

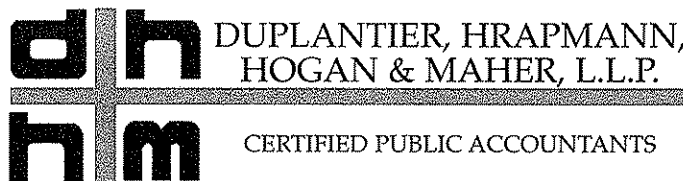
<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.239	Home Investment Partnerships Program
14.188	Risk Sharing Program
81.042	Weatherization Assistance Program
81.042	ARRA – Weatherization Assistance Program
14.258	ARRA - Tax Credit Assistance Program

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

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

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August 30, 2011

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

We have audited the financial statements of the Louisiana Housing Finance Agency for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 23, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Louisiana Housing Finance Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2011. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:

1. Accumulated depreciation and related useful life of capital assets
2. Allowance for loan loss
3. Accruals

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule lists adjustments detected as a result of audit procedures and adjustments provided by management during the audit. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 30, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Commissioners and management of the Louisiana Housing Finance Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP



William G. Stamm, CPA
Partner

WGS/ckr
Enclosures

Client: 55648 - Louisiana Housing Finance Agency
Engagement: 2011.06A - Louisiana Housing Finance Agency
Trial Balance: 3000A.01 - General Fund TB Database
Workpaper: 3700A.01 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
4150A.09				
To record market value adjustment				
1049-001	Market Value Adjustment (Restricted)		1,559,802.56	
4049-000	FMV - Unrealized P&L - INVESTMENTS		410,301.34	
1049-000	FMV - GASB 31 YE ADJUSTMENT			1,931,225.58
4049-001	FMV - Unrealized P&L - Investments			38,878.32
Total			<u>1,970,103.90</u>	<u>1,970,103.90</u>
Adjusting Journal Entries JE # 2				
5200A.03				
To record current year OPEB expense				
6150-100-000	Post-Retirement Health Insurance Expense		791,658.07	
2089-000	Accrued Post-Retirement Health Benefits (GASB 45)			791,658.07
Total			<u>791,658.07</u>	<u>791,658.07</u>
Adjusting Journal Entries JE # 3				
PY AJE 19				
To reverse the PY 202 activity.				
1163-000	Intrafund A/R - MRB PROGRAM		6,677.08	
2004-000	Other Liabilities - 202 Elderly Projects		5,369,099.98	
2080-000	Bonds Payable - Elderly Projects - 202 Bd Pgm		30,199,017.94	
2090-000	Accrued Interest Payable - Elderly Projects - 202 Bd Pgm		1,218,496.24	
3000-000	Retained earnings		37,931.67	
3105-000	Capital Contributions - Elderly Projects - 202 Bd Pgm		6,020,633.38	
1020-000	Elderly Projects Cash - 202 Bd Pgm			5,998,482.00
1046-000	Investments - Elderly Projects - 202 Bd Pgm			2,345,784.67
1070-000	A/R - Elderly Projects - 202 Bd Pgm			3,303,311.60
1127-000	Mtg Loans - Elderly Projects - 202 Bd Pgm			31,009,754.65
1200-000-155-654	Deferred Financing Costs			194,523.37
Total			<u>42,851,856.29</u>	<u>42,851,856.29</u>
Adjusting Journal Entries JE # 4				
3600B.01				
To record the CY Fund 202 activity.				
1020-000	Elderly Projects Cash - 202 Bd Pgm		9,269,260.71	
1070-000	A/R - Elderly Projects - 202 Bd Pgm		4,181,774.00	
1127-000	Mtg Loans - Elderly Projects - 202 Bd Pgm		29,002,063.36	
1200-000-155-654	Deferred Financing Costs		174,794.37	
3200-000	Residual Equity Transfer - Gen Fd		132,551.39	
6396-000-000	Other Operating Expenses - Board - Unallocable		147,823.27	
6650-000	Interest Expense - Elderly Projects - 202 Bd Pgm		1,410,883.17	
1163-000	Intrafund A/R - MRB PROGRAM			6,029.17
2004-000	Other Liabilities - 202 Elderly Projects			6,402,526.04
2080-000	Bonds Payable - Elderly Projects - 202 Bd Pgm			28,513,889.55
2090-000	Accrued Interest Payable - Elderly Projects - 202 Bd Pgm			1,820,582.91
3105-000	Capital Contributions - Elderly Projects - 202 Bd Pgm			6,058,565.05
4020-000	Mtg Loan Interest Income - Elderly Projects - 202			1,491,869.62
4115-000	Investment Interest Income - Elderly Projects			25,687.93
Total			<u>44,319,150.27</u>	<u>44,319,150.27</u>
Adjusting Journal Entries JE # 5				
PY 7200A.04				
To correct beginning equity balance.				
3000-000	Retained earnings		2,280,491.66	
3200-000	Residual Equity Transfer - Gen Fd			2,280,491.66
Total			<u>2,280,491.66</u>	<u>2,280,491.66</u>
Adjusting Journal Entries JE # 6				
4200A.17				
To adjust the accrued interest on investments to actual at 6-30-2011.				
1060-000	Interest Receivable - INVESTMENTS		267,514.60	
4047-000-155-213	Interest Income - HB - Fixed Inc Sec - Gen Fd			178,550.85
4047-000-155-502	Interest Income - HB - Securities - HUD DISP			72,113.34
4047-000-155-506	Interest Income - HB - Securities - SF MRB TRANSFER			16,850.41
Total			<u>267,514.60</u>	<u>267,514.60</u>

Client: 55648 - Louisiana Housing Finance Agency
Engagement: 2011.06A - Louisiana Housing Finance Agency
Trial Balance: 3000A.01 - General Fund TB Database
Workpaper: 3700A.01 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		4150A.09		
Adjusting Journal Entries JE # 7		4900A.02		
To reverse entries made by client to record net income for Willowbrook each month.				
1300-000-180-203	HUD Disposition Properties - WILLOWBROOK		76,308.49	
1300-000-180-204	HUD Disposition Properties - GASLIGHT		336,401.46	
4200-000-180-203	HUD Disp Prop Revenue - WILLOWBROOK		2,912,422.00	
1380-000	Fixed Assets - HUD Disposition			231,185.95
6980-000-180-203	HUD Disposition - NI - WILLOWBROOK			76,308.49
6980-000-180-203	HUD Disposition - NI - WILLOWBROOK			1,254,209.87
6980-060-180-203	HUD Disposition - Admin Expenses - WILLOWBROOK			738,331.08
6980-061-180-203	HUD Disposition - Utilities - WILLOWBROOK			312,887.73
6980-062-180-203	HUD Disposition - Oper & Maintenance - WILLOWBROOK			530,384.83
6980-063-180-203	HUD Disposition - Taxes & Insurance - WILLOWBROOK			181,524.00
Total			<u>3,324,831.95</u>	<u>3,324,831.95</u>

Adjusting Journal Entries JE # 11		4900A.03		
To record amount due from OFP at 6/30/11 for Village de Jean expenses paid by LHFA and reimbursed by OFP in July 2011.				
1061-000-336-047	AR- State - OFP		224,000.00	
1300-000-180-203	HUD Disposition Properties - WILLOWBROOK			224,000.00
Total			<u>224,000.00</u>	<u>224,000.00</u>

Adjusting Journal Entries JE # 12		4900A.02		
To record Village de Jardin and Willowbrook activity.				
1000-000-140-502	Cash - BKONE - HUD DISP.		197,374.00	
1280-000-180-075	Other Assets - HUD Disposition		233,131.00	
1380-000	Fixed Assets - HUD Disposition		73,824,020.00	
6980-000-180-203	HUD Disposition - NI - WILLOWBROOK		345.00	
1300-000-180-203	HUD Disposition Properties - WILLOWBROOK			30,922,529.00
1300-000-180-204	HUD Disposition Properties - GASLIGHT			20,624,346.00
2000-000-180-077	A/P - HUD Disp - Tenant Security Deposits			131,651.00
6980-000-180-204	HUD Disposition - NI - Villa de Jardin			22,576,344.00
Total			<u>74,254,870.00</u>	<u>74,254,870.00</u>

Adjusting Journal Entries JE # 13		4900A.02		
To correct beginning balances for VDJ and WB				
1300-000-180-203	HUD Disposition Properties - WILLOWBROOK		31,874,710.66	
1300-000-180-204	HUD Disposition Properties - GASLIGHT		19,850,548.39	
2000-000-180-075	A/P - RSTRD - HUD Disposition		11,381.00	
2000-000-180-077	A/P - HUD Disp - Tenant Security Deposits		131,493.00	
1000-000-140-502	Cash - BKONE - HUD DISP.			227,492.00
1280-000-180-075	Other Assets - HUD Disposition			159,745.00
1380-000	Fixed Assets - HUD Disposition			362,677.95
1380-000	Fixed Assets - HUD Disposition			51,118,218.10
Total			<u>51,868,133.05</u>	<u>51,868,133.05</u>

Adjusting Journal Entries JE # 15				
PBC- CDBG- NRPP Additional 2011 LHFA Admin Accrual				
1061-000-336-042	A/R - STATE - CDBG NRPP		9,175.00	
4269-000-336-000	ACCRUED ADMIN FEES - (CDBG) NON-PROFIT REBUILDING PROGRAM			9,175.00
Total			<u>9,175.00</u>	<u>9,175.00</u>

Client: 55648 - Louisiana Housing Finance Agency
Engagement: 2011.06A - Louisiana Housing Finance Agency
Trial Balance: 3000A.01 - General Fund TB Database
Workpaper: 3700A.01 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		4150A-00		
Adjusting Journal Entries JE # 16				
To record the reserve for loan loss at 6/30/2011.				
1130-000-160-001	Reserve for Bad Debt - HOME - MF/RH		4,420,764.22	
1130-000-160-002	Reserve for Bad Debt - DISASTER - MF/RH		335,844.01	
1130-000-170-001	Reserve for Bad Debt - HOME - Single Family		381,751.82	
6960-000-160-001	Bad Debt Expense - Multi-Family Loans		123,353,913.90	
1130-000	Reserve for Bad Debt - 202 Elderly Projects			36,112.71
1130-000-160-003	Reserve for Bad Debt - HOME MF Conditional			1,256,216.87
1130-000-160-332	Reserve For Bad Debt - TCAP EXCHANGE			117,309,888.36
1130-000-160-334	Reserve For Bad Debt - TCAP			8,217,793.77
1130-000-160-375	Reserve For Bad Debt - NSP			1,672,262.24
Total			<u>128,492,273.95</u>	<u>128,492,273.95</u>

Adjusting Journal Entries JE # 18
PBC- HOME FY 2011 Admin Fee Accrual

1061-000-160-001	A/R - FED - HUD - HOME		150,136.00	
1260-050-160-001-10	HOME - LHFA Administrative Fees			150,136.00
Total			<u>150,136.00</u>	<u>150,136.00</u>



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(1921-1999)

August 30, 2011

To the Board of Commissioners
Louisiana Housing Finance Agency

We have audited the combined financial statements of the Louisiana Housing Finance Agency for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our performance contract dated May 15, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Louisiana Housing Finance Agency are described in Note 1 to the combined financial statements. Except as described below, we noted no significant accounting policies we consider inappropriate.

As described in Note 1, management has accounted for mortgage-backed securities in the Mortgage Revenue Bond Program 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. Remaining discounts and premiums are recognized as expenses when the bonds are fully redeemed. 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 treatment of revenue, expense and asset valuation is considered to be a departure from accounting principles generally accepted in the United States of America.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2011. All significant transactions have been recognized in the combined financial statements in the proper period.

Accounting estimates are an integral part of the combined financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the combined financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:

1. Management's estimate of the future debt obligation. This estimate is based on a percentage of bonds outstanding that corresponds to the percentage of the original maturity or sinking fund amount divided by the original bond issue amount. We evaluated the key factors and assumptions used to develop the future debt obligation in determining that it is reasonable in relation to the combined financial statements taken as a whole.
2. Management's estimate of the amortization of deferred financing costs. This estimate is based on the principle of matching expenses to the period in which they occurred. Since the costs of bond issuance can be significant and apply to the bond issue as a whole, generally accepted accounting principles require that these costs be amortized over the life of the bond. Management further estimates a portion of these costs allocable to calls and amortizes those costs proportionately. We evaluated the key factors and assumptions used to develop the amortization of deferred financing costs in determining that it is reasonable in relation to the combined financial statements taken as a whole.
3. Management's estimate of the amortization of discounts, premiums and deferred gains and losses on refunded bonds. This estimate is based on the principle of matching expenses to the period in which they occurred. Since discounts, premiums and deferred gains and losses on refundings apply to the bond issue as a whole, generally accepted accounting principles require that these amounts be amortized over the life of the bond. Management further estimates a portion of these amounts allocable to calls and amortizes those amounts proportionately. We evaluated the key factors and assumptions used to develop the amortization of discounts, premiums and deferred gains and losses on refunded bonds in determining that it is reasonable in relation to the combined financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the combined financial statements was:

1. The disclosure of future debt obligations in Note 5 to the combined financial statements. The Agency regularly redeems outstanding bonds prior to maturity as permitted by the Trust Indentures. These calls are made based on a number of economic factors, none of which can be accurately estimated in the long-term. Historically a significant portion of the bonds have been called for early redemption, however, there is no accurate predictor to determine the rate that will occur in the future. Because outstanding bonds may be called prior to maturity, future debt and interest payments may not occur as estimated.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. As stated in our report dated August 30, 2011, we noted a departure from generally accepted accounting principles as they apply to fair value measurement of mortgage securities under GASB Statement No. 31. With the exception of this departure, no other misstatements were noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the combined financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 30, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the combined financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the combined financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the combined financial statements or to the combined financial statements themselves.

This information is intended solely for the use of the Board of Commissioners and management of Louisiana Housing Finance Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP



William G. Stamm, CPA
Partner

WGS/ckr
Enclosures

Louisiana Housing Finance Agency

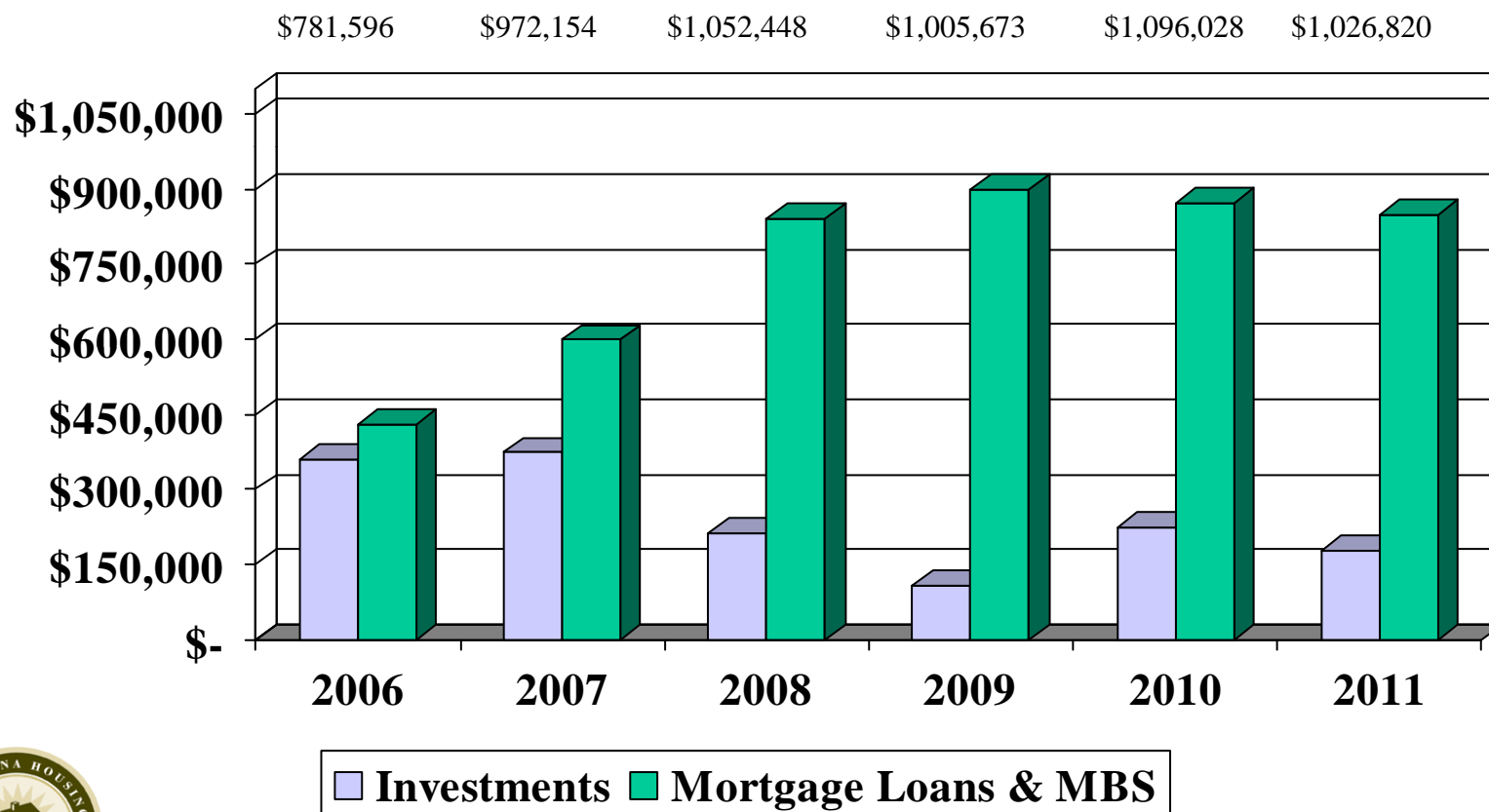
Presentation of Audit Results
2011 Audit

Fiscal Years Ended June 30



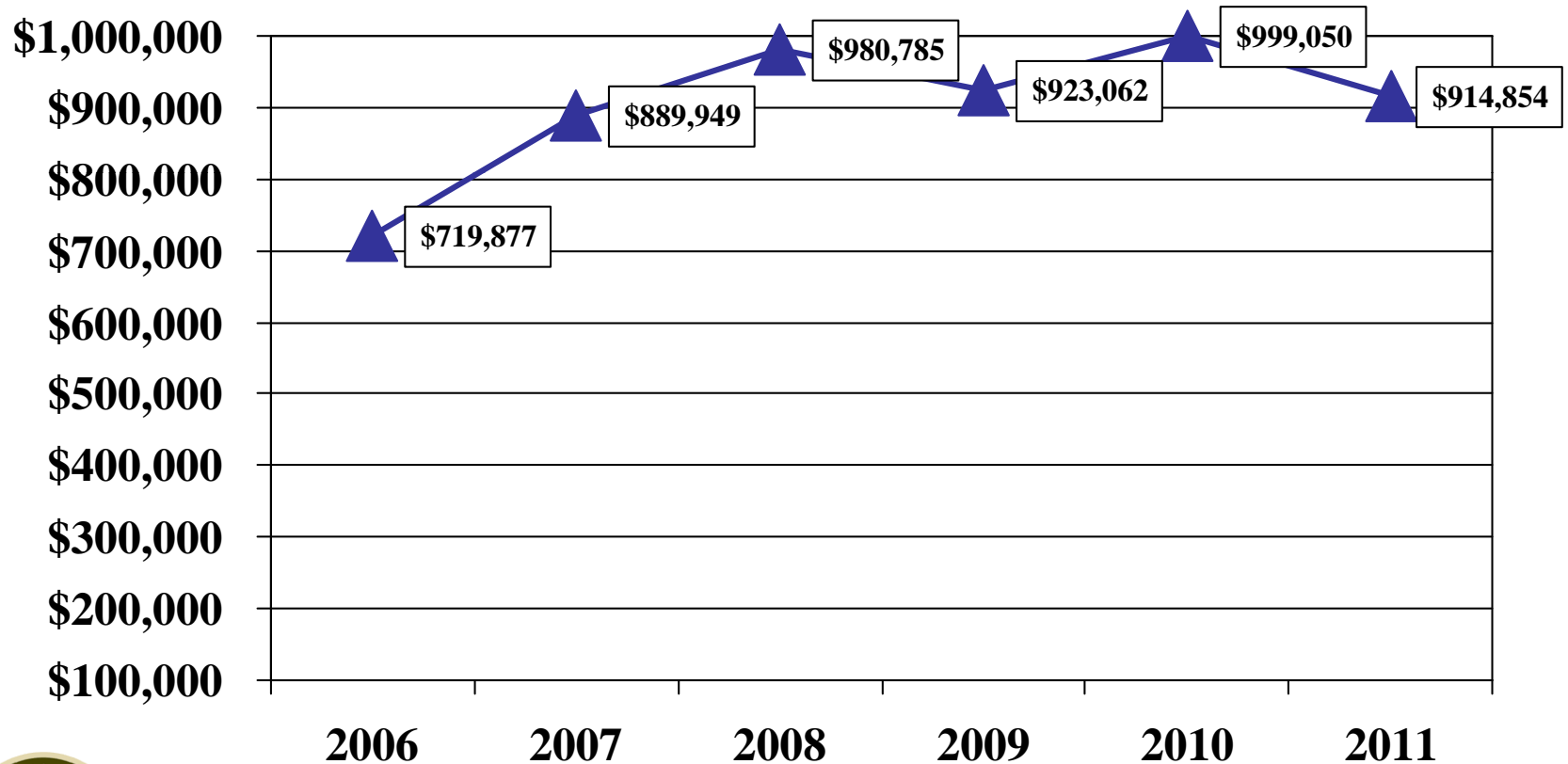
Investments, Mortgage Loans & Mortgage Backed Securities

(Excluding HOME Program Loans)
(in thousands)



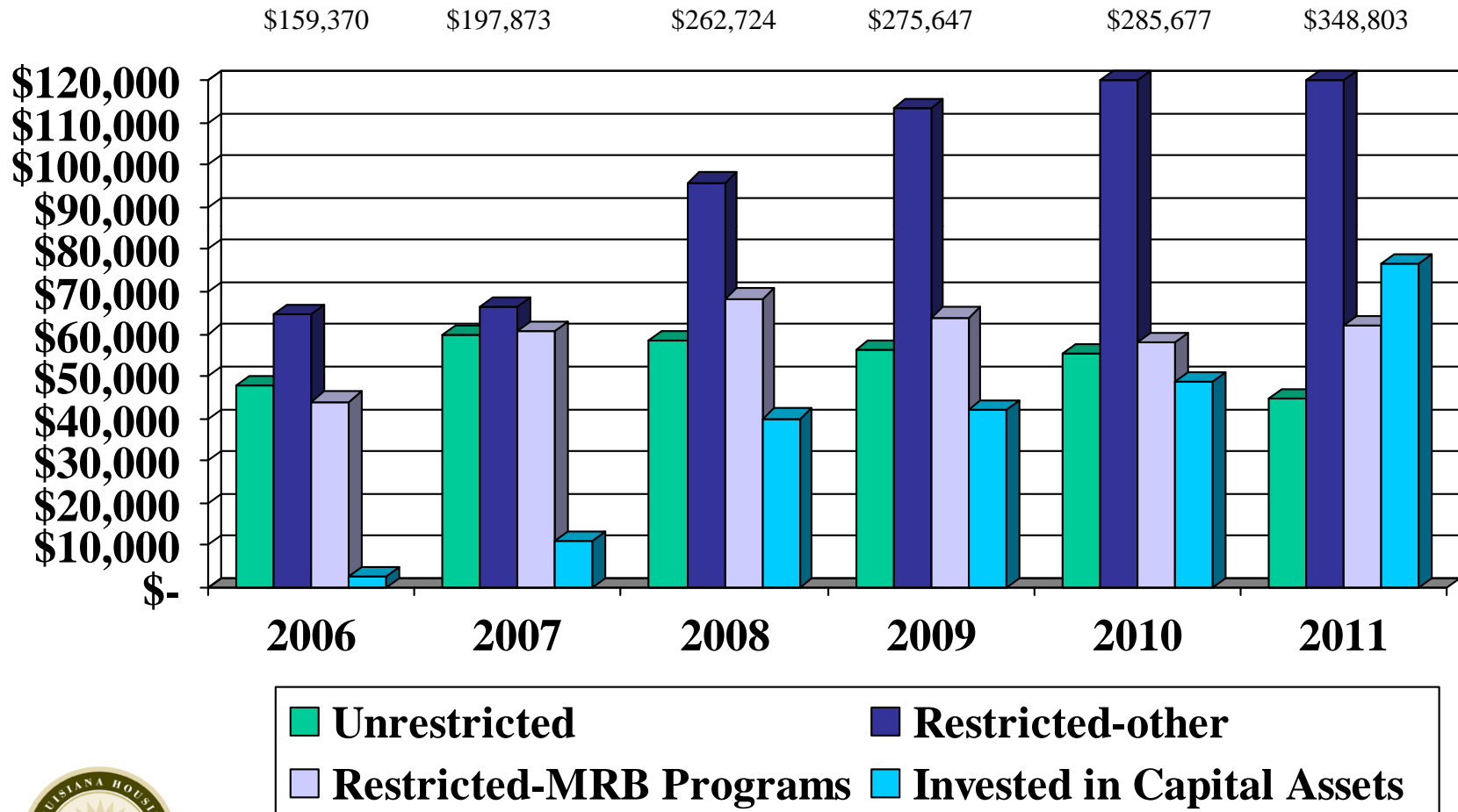
Bonds Payable

(in thousands)

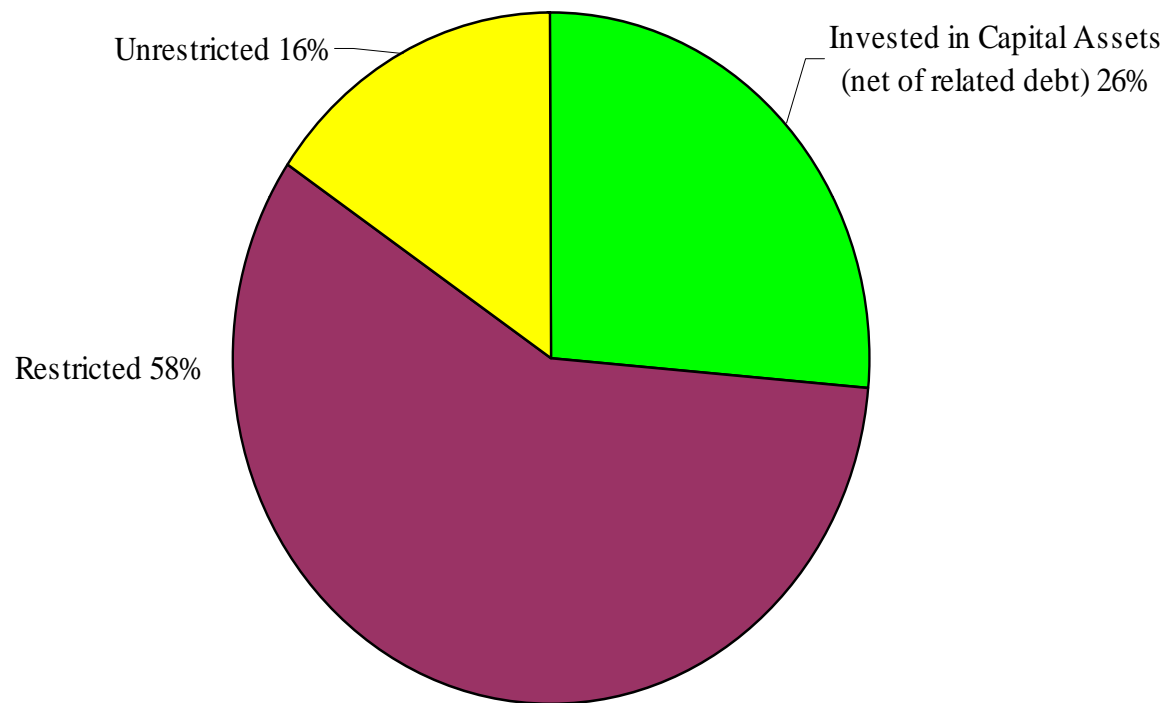


Net Assets

(in thousands)

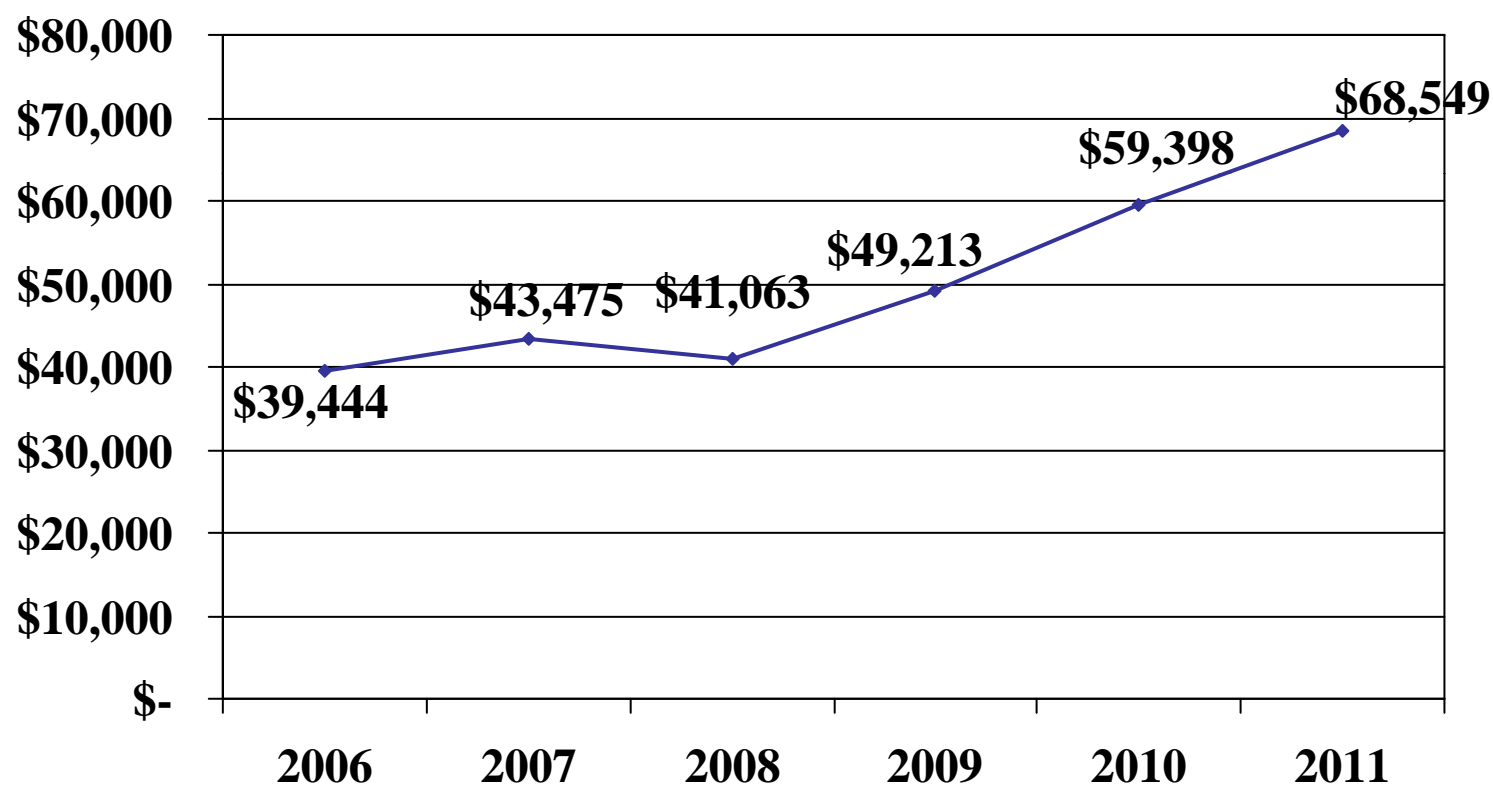


General Fund Net Assets 2011



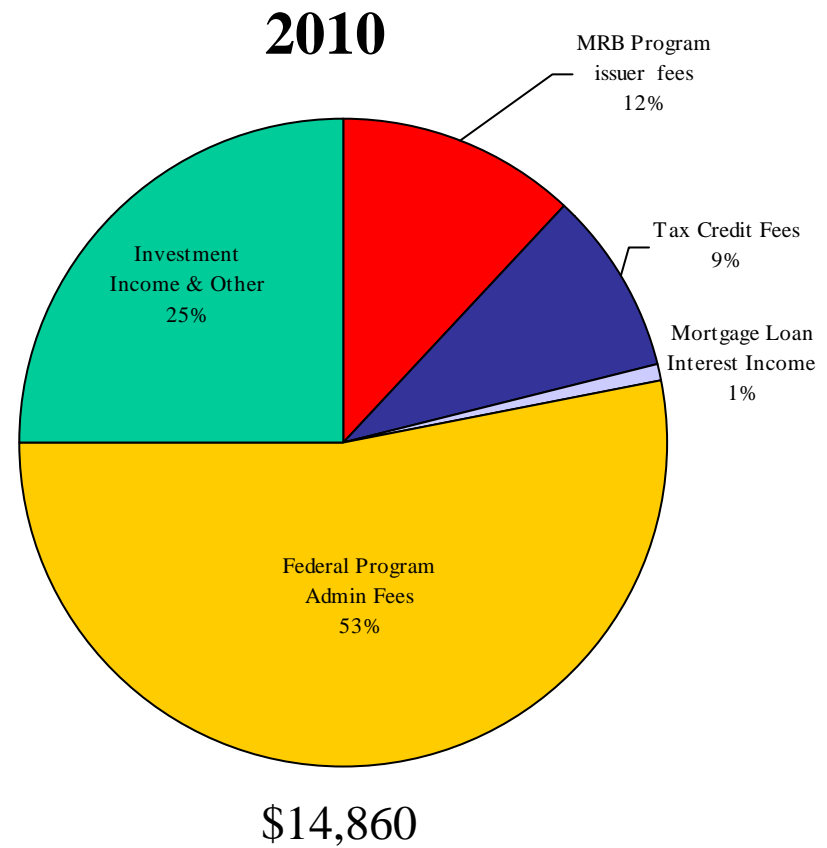
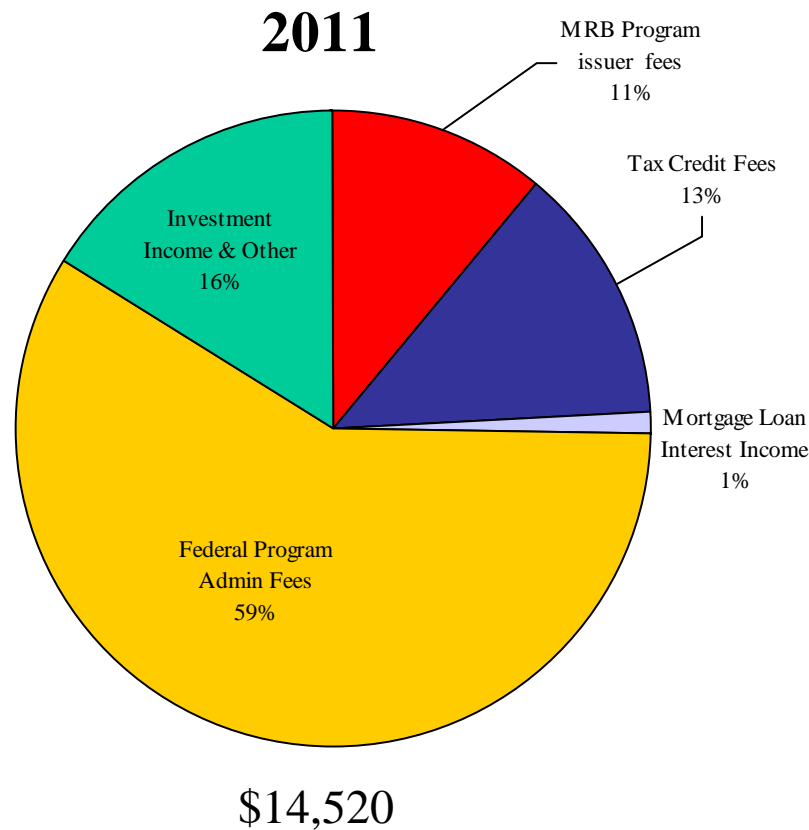
HOME Program Mortgage Loans

(in thousands)



General Fund Operating Revenues

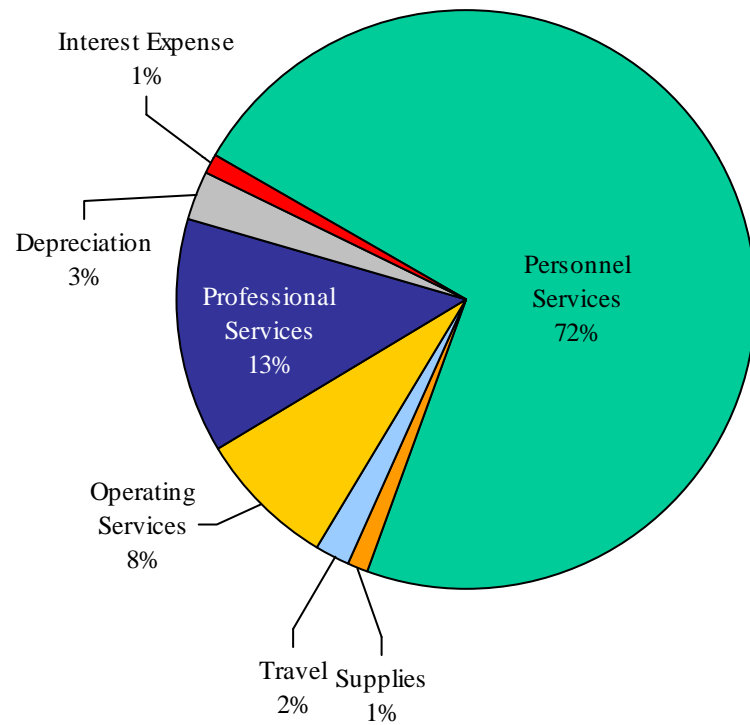
(in thousands)



General Fund Operating Expenses

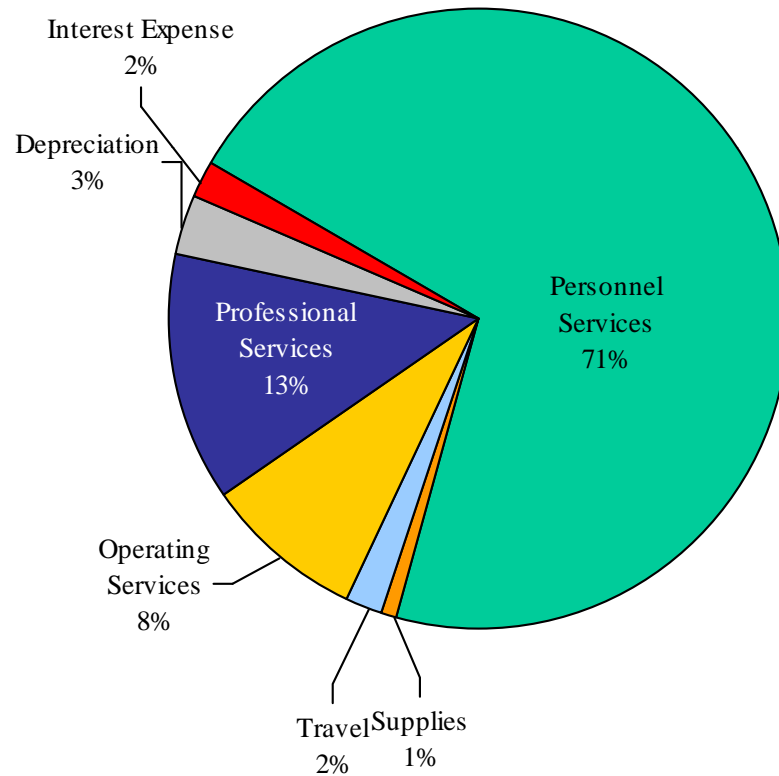
(in thousands)

2011



\$13,693

2010

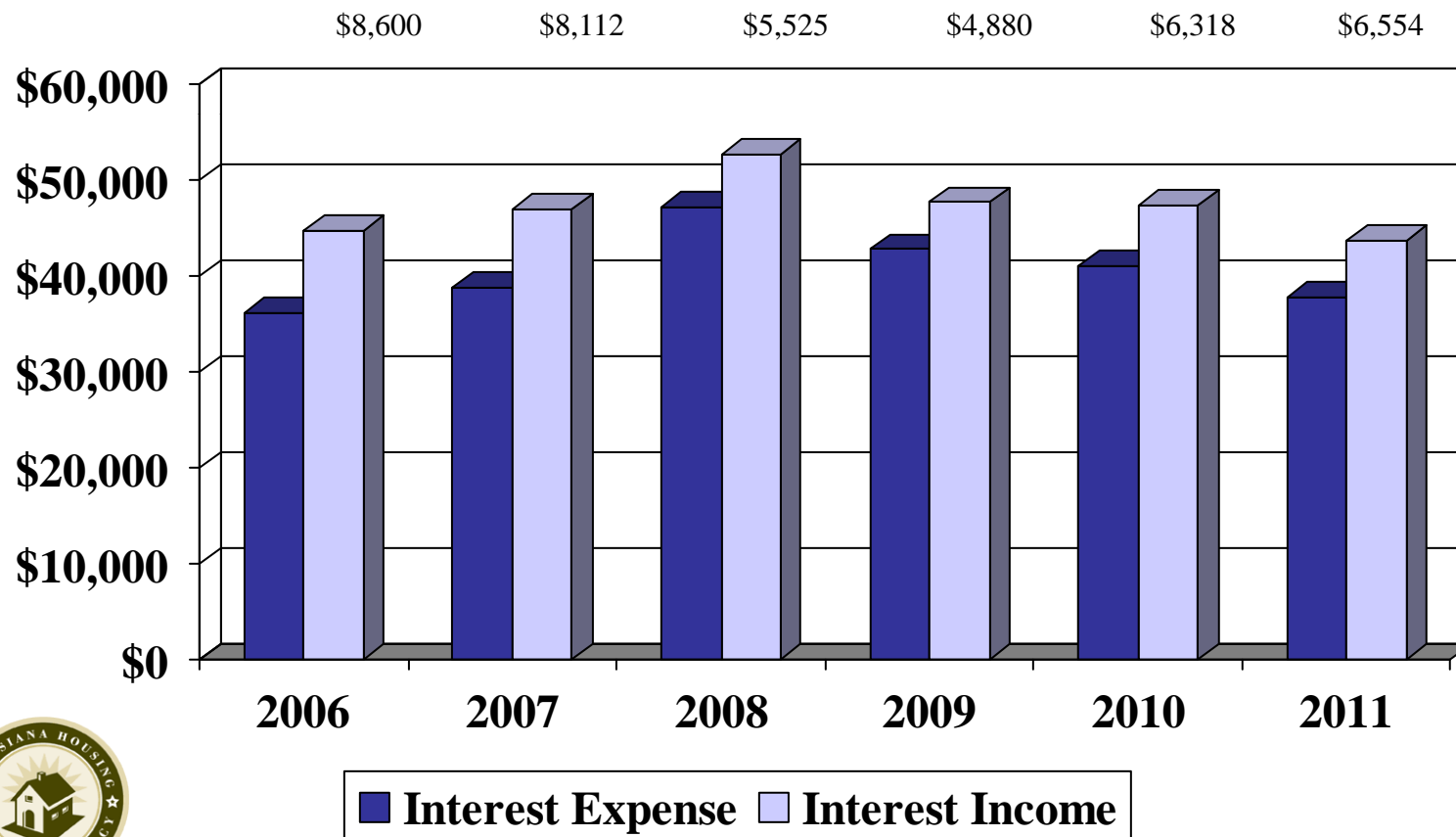


\$13,795

Interest Expense Compared to Interest Income

(Mortgage Revenue Bond and Section 202 Programs)

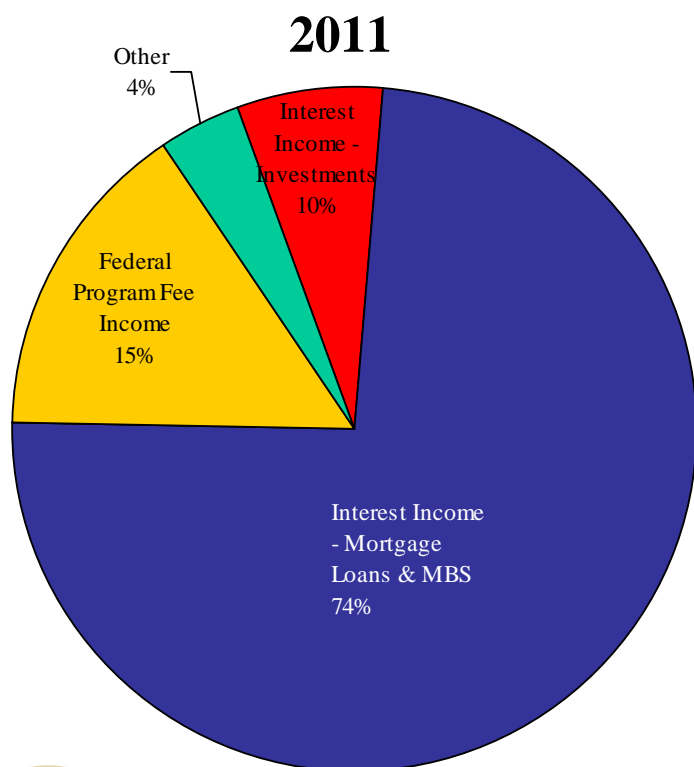
(in thousands)



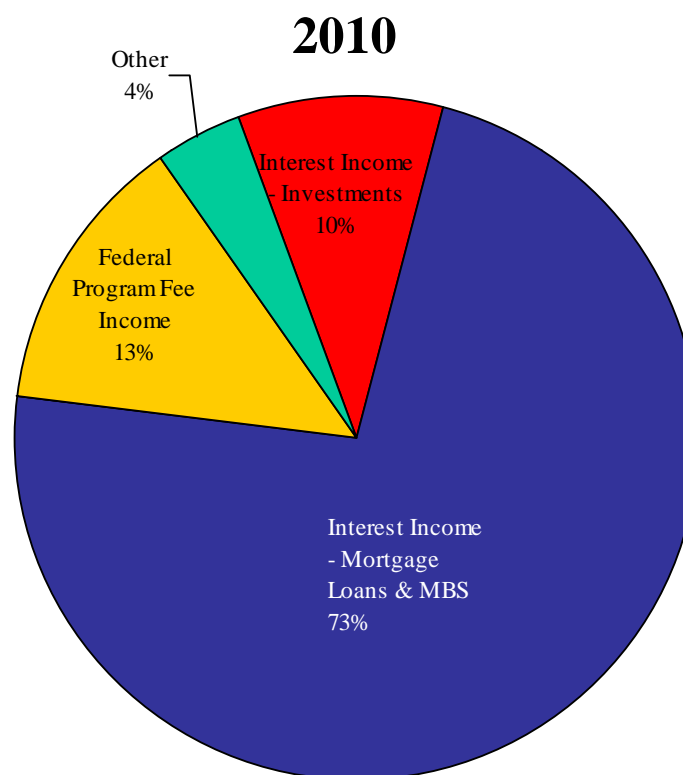
Combined Revenues

(excluding Non-Operating Revenues)

(in thousands)

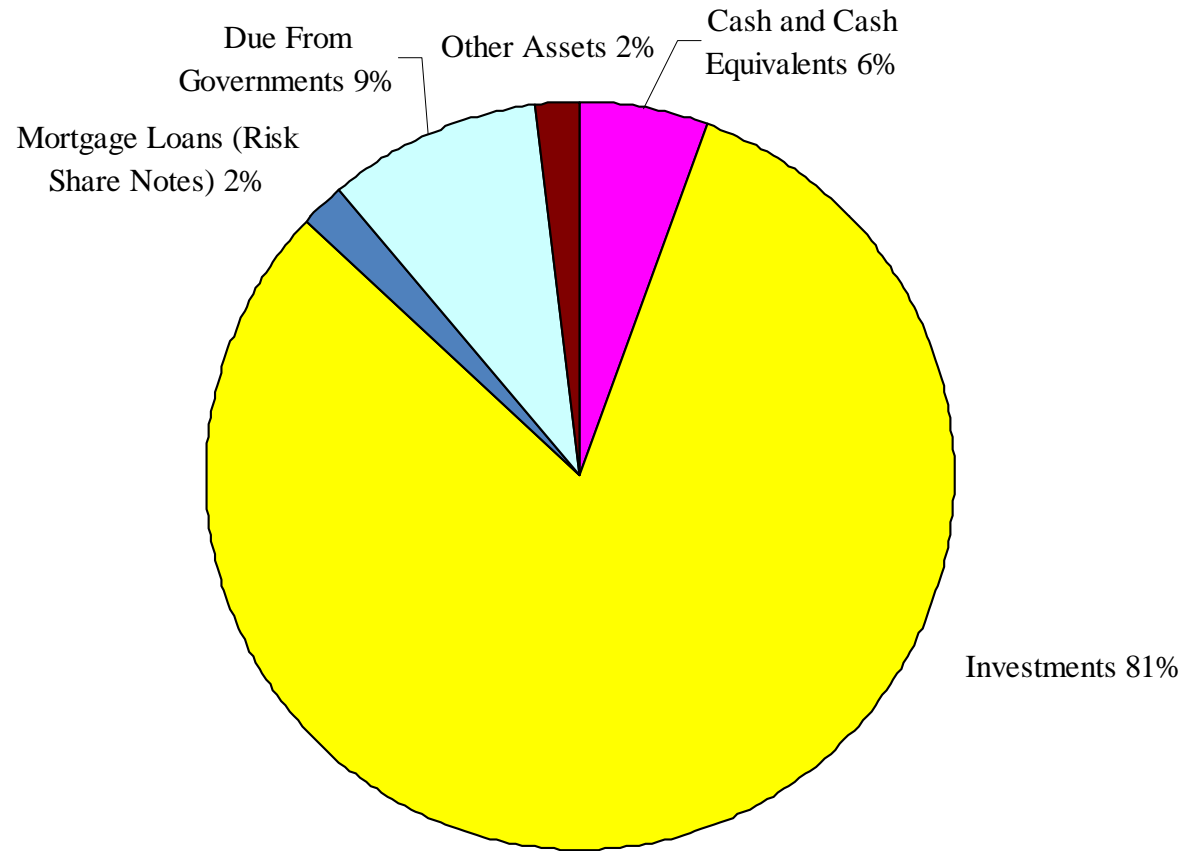


\$55,232

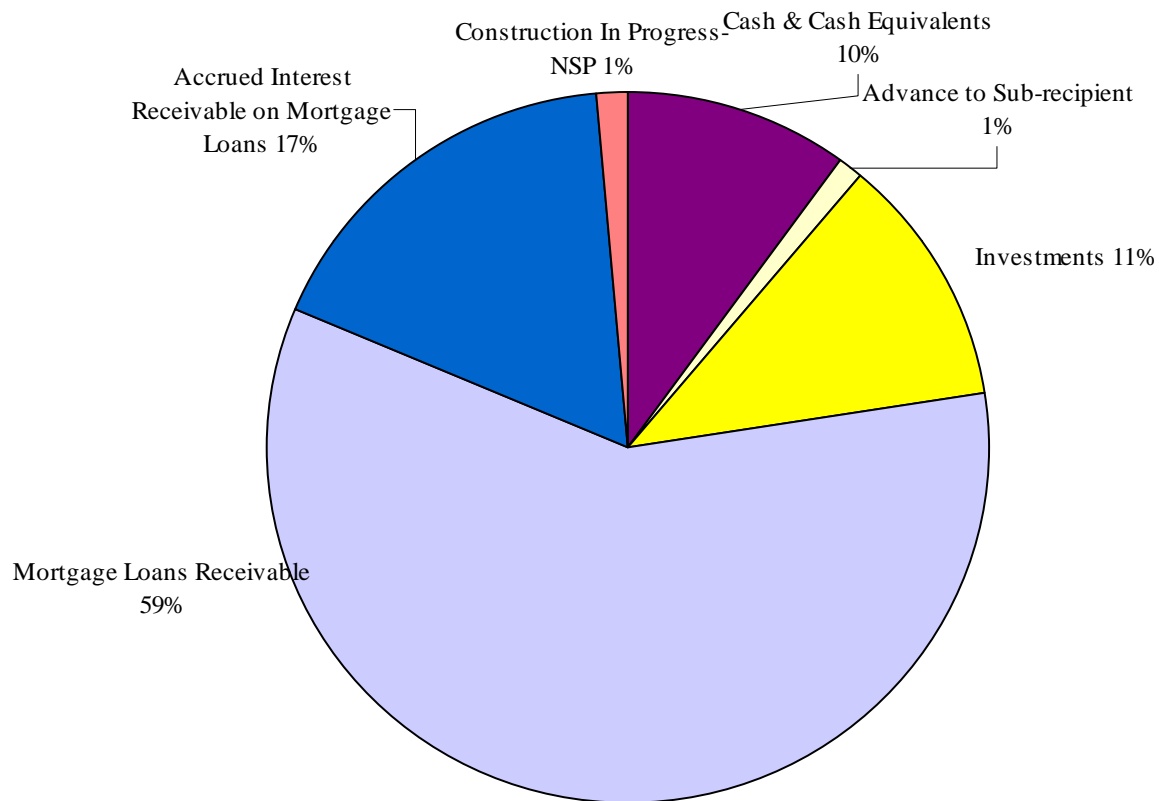


\$59,184

General Fund Unrestricted Assets 2011



General Fund Restricted Assets 2011



General Fund Capital Assets Net of Accumulated Depreciation 2011

