FINANCIAL REPORT

LOUISIANA HOUSING FINANCE AGENCY
(STATE OF LOUISIANA)

JUNE 30, 2010 AND 2009

LOUISIANA HOUSING FINANCE AGENCY

INDEX TO REPORT

JUNE 30, 2010 AND 2009

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 2
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	3 - 8
FINANCIAL STATEMENTS:	
Balance Sheets	9
Statements of Revenues, Expenses and Changes in Fund Net Assets	10
Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 – 33
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A:	
Schedule of Funding Progress for Louisiana Housing Finance Agency's Other Postemployment Benefit Plan	34
OTHER SUPPLEMENTARY INFORMATION:	
Annual Financial Statement Reporting Packet Formatted for Inclusion in the State of Louisiana CAFR, June 30, 2010	

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INDEPENDENT AUDITOR'S REPORT

August 27, 2010

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, 2010 and 2009 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 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 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 Louisiana Housing Finance Agency's General Fund as of June 30, 2010 and 2009, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were made for the purpose of forming opinions on the financial statements taken as a whole. The required supplementary information on page 33 is presented for additional analysis as required by Governmental Accounting Standards Board (GASB) and is not a required part of the basic financial statements. Such required supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2010 on our consideration of 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 should be considered in 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010 AND JUNE 30, 2009

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, 2010. 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

2010

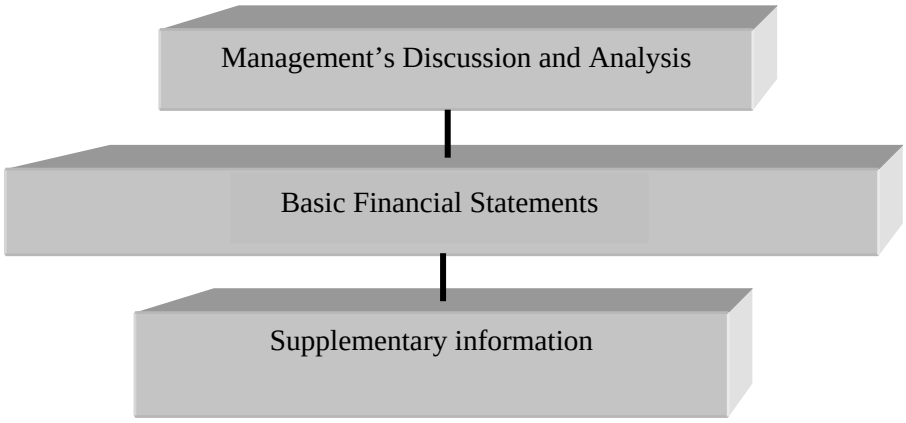
- ★ The LHFA's assets exceeded its liabilities at the close of fiscal year 2010 by $227,642,793, which represents an 8% increase from last fiscal year.
- ★ The LHFA's total revenues before transfers increased by $33,568,165, or 21%, total expenses before transfers increased by $30,804,219, or 21%, and consequently the net income before transfers increased by $2,763,946, an increase of 18%.

2009

- ★ The LHFA's assets exceeded its liabilities at the close of fiscal year 2009 by $211,681,058, which represents a 9% increase from last fiscal year.
- ★ The LHFA's total revenues before transfers decreased by $26,653,915, or 14%, total expenses before transfers increased by $17,568,343, or 14%, and consequently the net income before transfers decreased by $44,222,258, a decrease of 74%.

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
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010 AND JUNE 30, 2009

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 Fund Net Assets and the Statements 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 Fund 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

Balance Sheets
as of June 30, 2010, June 30, 2009 and June 30, 2008
(in thousands)

	2010	2009	2008
Current and other assets	$ 62,804	$ 69,482	$ 64,909
Restricted assets	174,306	153,122	138,912
Capital assets	59,333	47,840	46,469
Total assets	296,443	270,444	250,290
Other liabilities	48,670	22,683	13,278
Long-term debt outstanding	20,130	36,079	42,722
Total liabilities	68,800	58,762	56,000
Net assets:			
Invested in Capital Assets, net of related debt	48,778	42,000	40,039
Restricted	136,433	113,542	95,870
Unrestricted	42,432	56,140	58,381
Total net assets	$ 227,643	$ 211,682	$ 194,290

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010 AND JUNE 30, 2009

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, along with related earnings, to support the general obligations of the agency.

2010

Net assets of the LHFA increased by $15,961,735, or 8%, from June 30, 2009 to June 30, 2010. This increase in net assets can be attributed to an increase in capital assets, investments, mortgage loans receivable, advances to subrecipient and accrued interest receivable.

2009

Net assets of the LHFA increased by $17,391,672, or 9%, from June 30, 2008 to June 30, 2009. This increase in net assets can be attributed to an increase in investments, capital assets, mortgage loans receivable, and accrued interest receivable.

Statements of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2010, June 30, 2009 and June 30, 2008
(in thousands)

	Total		
	2010	2009	2008
Operating revenues	$ 14,951	$ 16,095	$ 14,976
Operating expenses	13,795	14,927	14,969
Operating income	1,156	1,168	7
Non-operating revenues(expenses)	17,086	14,310	59,693
Income before transfers	18,242	15,478	59,700
Transfers (to) from MRB Programs	(2,280)	1,913	(2,700)
Increase in net assets	$ 15,962	$ 17,391	$ 57,000

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010 AND JUNE 30, 2009

2010

LHFA's total revenues increased by $33,568,165, or 21%, primarily as a result of an increase in restricted mortgage loan interest income, an increase in income from rental property because of the work being done by the Office of Facility Planning on Village De Jardin (formerly Gaslight Square Apartments) which is booked as income during the construction phase (this property is being funded and constructed by FEMA through the Office of Facility Planning), an increase in federal grants drawn, as well as some HOME program income received. Total expenses increased by $30,804,219, or 21%, primarily as a result of an increase in federal grant funds disbursed and an increase in the provision for loan losses, the majority of which was due to necessarily recording 100% of conditional loans as such.

2009

LHFA's total revenues decreased by $26,653,915, or 14%, primarily as a result of a decrease in interest income, a decrease in income from rental property because of the completion of our Willowbrook rental property (the rehab was booked as income over the previous two years but the rehab is now complete) and because the Agency's other property, Village De Jardin (formerly Gaslight Square Apartments) is not very far into its construction phase; both of these properties are being funded and constructed by FEMA through the Office of Facility Planning. An additional reason for the decrease is in the previous year the state allocated $25 million to the Louisiana Housing Trust Fund which increased non-operating revenues as a one-time funding. Total expenses increased by $17,568,343, or 14%, primarily as a result of increased personnel costs from the new NSP program, an increase in professional services as a result of the Louisiana Housing Trust Fund program and the HOME program, an increase in federal grant funds disbursed, and an increase in the provision for loan losses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2010, the Louisiana Housing Finance Agency had $60.2 million invested in a broad range of capital assets, including a three story building facility located in Baton Rouge, one completed apartment complex in New Orleans, another apartment complex in New Orleans under construction, as well as an apartment complex under construction in Baton Rouge. (See Table below). This amount represents a net increase (including additions and deductions) of $12,366,914, or a 26% increase over last year.

	2010	2009	2008
Land	$ 712	$ 712	$ 712
Land Improvements (net of accum. dep.)	80	86	93
Building (net of accumulated depreciation)	38,166	39,420	40,656
Equipment (net of accumulated depreciation)	453	504	617
Construction in Progress	20,796	7,118	4,391
Totals	$ 60,207	$ 47,840	$ 46,469

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010 AND JUNE 30, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

This year's changes included (in thousands):

• Equipment acquisitions and replacements	$ 160
• Depreciation	(396)
• Equipment disposals	(27)
• Rehabilitation of Agency properties – increase in construction in progress	13,678
• Adjust accumulated depreciation for disposals	22
• Rehabilitation of HUD Disposition – property increase in buildings	90
• Adjust accumulated depreciation for HUD Disposition property	(1,160)

Debt

The Louisiana Housing Finance Agency had $40,754,018 in bonds and notes outstanding at year-end, compared to $37,585,236 at the end of last year as shown in the table below. This increase is from the timing on the refunding on the General Revenue Office Building Bonds (2001). The bonds of the Office Building refunding series 2010 were issued on June 30, 2010, but the 2001 series bonds were refunded on July 1, 2010. Had the one day delay not been necessary, there would have been a decrease in the outstanding debt.

Outstanding Debt at Year-end
(in thousands)

	2010	2009	2008
General Revenue Office Building Bonds (2001)	$ 5,225	$ 5,840	$ 6,430
General Revenue Office Building Bonds (2010)	5,330	-	-
Multi Family MR Bonds (Section 8 Assisted - 202 Elderly Projects), 2006A	16,025	17,555	18,915
Debentures payable	13,828	13,828	18,450
Deferred amount on Refunding	346	362	378
Totals	$ 40,754	$ 37,585	$ 44,173

2010

The LHFA's Moody's bond rating was upgraded to A1 from A2 for the general revenue bonds and the 202 Elderly MR Bonds. The Agency's Single Family Mortgage Revenue Bonds, which are not considered to be the Agency's general debt and are excluded from these financial statements, carry a Aaa rating.

The LHFA has accounts payable and accrued interest payable of $3,108,479 outstanding at year-end compared with $1,842,529 last year. Other obligations include accrued vacation pay and sick leave, deferred revenue, and other postemployment benefits payable.

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010 AND JUNE 30, 2009

2009

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

The LHFA had accounts payable and accrued interest payable of $1,842,529 outstanding at year-end compared with $2,018,695 last year. Other obligations include accrued vacation pay and sick leave, deferred revenue, and other postemployment benefits payable.

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's 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. Willowbrook has been on-line now for two years, with an occupancy rate of approximately 85%. Village De Jardin (formerly Gaslight Square) is not expected to come on-line until near or after the end of fiscal 2011.
- The warehousing of securities will help minimize negative arbitrage and increase investment income.

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

- The Section 8 revenues will likely decrease during fiscal 2011. HUD is redoing all contracts for Section 8 and will be going with the most cost effective bid. The Agency intends to submit a proposal to keep the Section 8 program, however there will be caps on the amount of revenue that can be earned, which will lead to a significant decrease in revenues generated by the program.
- The Agency does not expect to generate as much tax credit revenue in fiscal 2011 because of the availability of fewer tax credits for the Agency to award. The Agency will be receiving additional tax credit funds as a result of the American Recovery and Reinvestment Act, but will not receive any additional administrative fees for the management of these funds.
- The Agency expects overall operating expenses to decrease slightly, due to enhanced technological advancements and a reduction in travel, building bond interest, and other operating expenses.
- Total operating revenues are expected to remain the same as last year.

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 funds it receives. If you have questions about this report or need additional financial information, contact René Landry, C.F.O., 2415 Quail Drive, Baton Rouge, Louisiana 70808.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
BALANCE SHEETS
JUNE 30, 2010 AND 2009

ASSETS

	2010	2009
CASH AND CASH EQUIVALENTS	$ 2,742,285	$ 1,052,483
INVESTMENTS	55,565,043	63,062,573
MORTGAGE LOANS	1,228,783	1,248,886
ACCRUED INTEREST RECEIVABLE	320,264	435,741
DUE FROM GOVERNMENTS	2,071,967	2,975,973
DUE FROM MRB PROGRAMS	141,382	134,105
CAPITAL ASSETS (net of accumulated depreciation of $6,201,474 and $4,668,561, respectively)	59,332,846	47,839,610
OTHER ASSETS	733,877	572,401
	122,136,447	117,321,772
RESTRICTED ASSETS:		
Cash and cash equivalents	32,062,106	40,600,285
Investments	13,821,809	4,402,023
Mortgage loans receivable (net of allowance for loan losses of $70,279,207 and $58,597,983, respectively)	91,245,963	80,943,647
Capital assets	873,678	-
Advance to subrecipient	5,202,822	-
Accrued interest receivable	31,099,881	27,175,593
	174,306,259	153,121,548
TOTAL ASSETS	$ 296,442,706	$ 270,443,320

See accompanying notes.

LIABILITIES AND NET ASSETS

	2010	2009
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 1,870,585	$ 1,754,789
ACCRUED INTEREST PAYABLE	1,237,894	87,740
DUE TO GOVERNMENTS	286,859	4,495
OTHER POSTEMPLOYMENT BENEFIT PLAN PAYABLE	3,925,799	3,039,027
COMPENSATED ABSENCES PAYABLE	865,906	725,601
UNEARNED INCOME	13,057,147	7,946,181
AMOUNTS HELD IN ESCROW	6,801,705	7,619,193
	28,045,895	21,177,026
BONDS AND DEBENTURES PAYABLE:		
Due within one year	20,624,256	1,506,218
Due in more than one year	20,129,762	36,079,018
	40,754,018	37,585,236
Total liabilities	68,799,913	58,762,262
NET ASSETS:		
Invested in capital assets (net of related debt)	48,777,846	41,999,610
Restricted	136,433,020	113,542,084
Unrestricted	42,431,927	56,139,364
Total net assets	227,642,793	211,681,058
TOTAL LIABILITES AND NET ASSETS	$ 296,442,706	$ 270,443,320

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
OPERATING REVENUES:		
MRB program issuer fees	$ 1,794,488	$ 1,588,933
Low income housing tax credit program fees	1,388,645	2,654,686
Compliance and application fees	166,950	62,575
Mortgage loan interest income	87,726	111,430
Federal program administrative fees	7,816,293	7,549,460
Investment income	3,641,276	4,079,842
Other income	55,708	48,627
	14,951,086	16,095,553
OPERATING EXPENSES:		
Personnel services	9,724,842	9,449,478
Supplies	173,522	311,989
Travel	299,127	369,085
Operating services	1,164,392	1,155,969
Professional services	1,793,607	2,949,769
Interest expense	243,020	267,203
Depreciation	396,196	423,648
	13,794,706	14,927,141
Operating income	1,156,380	1,168,412
NON-OPERATING REVENUES (EXPENSES):		
Other contributions and grants for Louisiana Housing Trust Funds	71,817	120,786
Other non-operating	-	70,604
Restricted mortgage loan interest income	5,233,851	4,834,210
Restricted investment income	1,009,983	510,941
Restricted bond interest expense	(1,906,674)	(892,543)
Federal grants drawn	159,642,616	138,643,697
Federal grant funds disbursed	(148,891,579)	(128,477,701)
Provision for loan losses	(12,838,983)	(2,330,338)
Program income - HOME - Single Family	2,509,748	-
Net income from rental property	12,255,068	1,830,213
	17,085,847	14,309,869
Income before transfers	18,242,227	15,478,281
Transfers (to) from MRB Programs	(2,280,492)	1,913,391
CHANGE IN NET ASSETS	15,961,735	17,391,672
NET ASSETS - Beginning of year	211,681,058	194,289,386
NET ASSETS - End of year	$ 227,642,793	$ 211,681,058

See accompanying notes.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from:		
Fee revenue collected	$ 11,898,354	$ 13,884,096
Investment and mortgage loan income	1,745,694	2,845,807
Mortgage collections	1,985,635	2,374,818
Cash paid to:		
Suppliers of service	(3,314,852)	(4,811,025)
Employees and benefit providers	(8,697,765)	(7,731,195)
Mortgage purchases	(25,344,167)	(13,470,143)
Bondholders for interest (net of capitalized interest)	(239,126)	(263,226)
Net cash used in operating activities	(21,966,227)	(7,170,868)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers from (to) MRB programs	(2,280,492)	1,913,391
Receipts of federal grants	167,545,694	142,939,466
Disbursements of federal grants	(154,094,401)	(128,477,701)
Repayment/redemption of bonds	(1,530,000)	(5,981,994)
Net change in escrow accounts	(817,488)	(21,545)
Other non-operating income	3,101,208	1,782,570
Interest paid on bonds and debentures payable	(770,688)	(1,058,748)
Net cash provided by noncapital financing activities	11,153,833	11,095,439
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments purchased	(53,531,026)	(62,577,754)
Investments redeemed	53,239,228	47,365,483
Net cash from rental properties	571,225	312,206
Net cash provided by (used in) investing activities	279,427	(14,900,065)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchase of property and equipment	(1,030,410)	(124,753)
Issuance of bonds	5,330,000	-
Repayment of bonds	(615,000)	(590,000)
Net cash used in capital financing activities	3,684,590	(714,753)

Continued

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (6,848,377)	$ (11,690,246)
CASH AND CASH EQUIVALENTS, beginning of year	41,652,768	53,343,014
CASH AND CASH EQUIVALENTS, end of year	$ 34,804,391	$ 41,652,768
PRESENTED ON THE BALANCE SHEET AS:		
Unrestricted	$ 2,742,285	$ 1,052,483
Restricted	32,062,106	40,600,285
	$ 34,804,391	$ 41,652,768
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income	$ 1,156,380	$ 1,168,412
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	396,196	423,648
Net change in fair value	(620,474)	(1,095,856)
Amortization of bond issuance costs	5,943	5,944
Change in accrued interest receivable	(1,362,834)	(249,609)
Change in due from governments	904,006	(1,284,513)
Change in due from MRB programs	(7,278)	(52,039)
Change in accounts payable and accrued liabilities	115,796	(24,212)
Change in OPEB payable	886,772	1,558,778
Change in compensated absences payable	140,304	159,504
Change in deferred income	-	3,533,206
Change in other assets	(220,457)	(216,839)
Change in accrued interest payable	(2,049)	(1,967)
Change in mortgage loans	(23,358,532)	(11,095,325)
Net cash used in operating activities	$ (21,966,227)	$ (7,170,868)

See accompanying notes.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

ORGANIZATION OF THE AGENCY:

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 Louisiana Housing Trust Fund 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 Louisiana Housing Finance 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 (FASB) Accounting Standards Codification 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.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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 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, 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, 2010 AND 2009

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. Investment Contracts 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.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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 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

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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

Authority: (Continued)

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:

Louisiana Housing Finance Agency had cash and cash equivalents (book balances) as of June 30, 2010 and 2009, as follows:

	2010	2009	Rating
Petty cash	$ 100	$ 250	N/A
Demand deposits	20,455,089	32,651,324	N/A
Federal Home Loan Bank deposits	5,500	51,871	N/A
Money Market funds	14,343,702	8,949,323	AAA
	$ 34,804,391	$ 41,652,768	

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, 2010 and 2009. 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, 2010 AND 2009

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

Investments:

As of June 30, 2010, 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	$ 835,252	$ -	$ 835,252	$ -	$ -
U.S. Sponsored Agencies	45,134,288	4,674,535	19,869,749	2,166,217	18,423,787
GNMAs	21,071,527	-	22,531	417,470	20,631,526
Investment Contracts	2,345,785	-	-	-	2,345,785
Total	$ 69,386,852	$ 4,674,535	$ 20,727,532	$ 2,583,687	$ 41,401,098

As of June 30, 2009, 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	$ 6,416,110	$ 2,409,220	$ 4,006,890	$ --	$ --
U.S. Sponsored Agencies	49,750,944	24,745,904	10,519,944	1,453,995	13,031,101
GNMAs	8,920,253	--	27,441	670,300	8,222,512
Investment Contracts	2,377,289	--	--	--	2,377,289
Total	$ 67,464,596	$ 27,155,124	$ 14,554,275	$ 2,124,295	$ 23,630,902

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, 2010 and 2009, all of the Agency's investments, with the exception of the investment contracts, were rated AAA by Standard & Poor's. The Agency's investment contracts were rated BBB by Standard & Poor's, but are on watch for possible upgrade.

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.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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

Investments: (Continued)

Concentration of Credit Risk. The Agency places no limit on the amount that may be invested in any one issuer. As of June 30, 2010 and 2009, the Agency had investments of the following issuers which represented more than 5 percent of total investments:

	2010	2009
Federal Home Loan Bank	11%	14%
Federal National Mortgage Association	28%	40%
Federal Farm Credit Banks	17%	4%
Federal Home Loan Mortgage Corporation	10%	16%

Net unrealized (gain)/loss on investment securities and securitized program loans was $(2,348,153) and $(2,238,619) at June 30, 2010 and 2009, respectively. The change in fair value of $620,475 and $1,606,797 was included in investment income for June 30, 2010 and 2009, respectively.

4. BONDS AND DEBENTURES PAYABLE:

Bonds and debentures payable activity for the year ended June 30, 2010 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bonds:					
Series 2001 General Revenue Office Building Bonds	$ 5,840,000	$ --	$ (615,000)	$ 5,225,000	$ 5,225,000
Series 2010 General Revenue Office Building Refunding Bonds	--	5,330,000	--	5,330,000	665,000
Series 2006A Multifamily Mortgage Revenue Refunding Bonds	17,555,000	--	(1,530,000)	16,025,000	890,000
Debentures payable	13,828,038	--	--	13,828,038	13,828,038
	37,223,038	5,330,000	(2,145,000)	40,408,038	20,608,038
Plus: deferred amount on refunding	362,198	--	(16,218)	345,980	16,218
Total bonds and debentures payable	$ 37,585,236	$ 5,330,000	$(2,161,218)	$ 40,754,018	$20,624,256

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

4. BONDS AND DEBENTURES PAYABLE: (Continued)

Bonds and debentures payable activity for the year ended June 30, 2009 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bonds:					
Series 2001 General Revenue Office Building Bonds	$ 6,430,000	$ --	$ (590,000)	$ 5,840,000	$ 615,000
Series 2006A Multifamily Mortgage Revenue Refunding Bonds	18,915,000	--	(1,360,000)	17,555,000	875,000
Debentures payable	18,450,032	--	(4,621,994)	13,828,038	--
	43,795,032	--	(6,571,994)	37,223,038	1,490,000
Plus: deferred amount on Refunding	378,416	--	(16,218)	362,198	16,218
Total bonds and debentures payable	$ 44,173,448	$ --	$ (6,588,212)	$ 37,585,236	$ 1,506,218

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 and, therefore, 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, 2010 and 2009, there were approximately $958 million and $885 million of such bonds outstanding in 61 and 60 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, 2010 AND 2009

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, 2010 and 2009, $5,225,000 and $5,840,000, respectively, of the bonds were outstanding. These bonds were currently refunded by the General Revenue Office Building Refunding Bonds, Series 2010 on July 1, 2010. The bonds are still recorded as obligations of the Agency as of June 30, 2010.

On June 30, 2010, the Agency issued $5,330,000 of General Revenue Office Building Refunding Bonds, Series 2010 for the purpose of currently refunding the General Revenue Office Building Bonds, Series 2001. The current refunding occurred on July 1, 2010. 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 mature serially December 1, 2010 through December 1, 2016. The bonds bear interest at various rates, ranging from 2.00% to 3.25% per annum. At June 30, 2010, $5,330,000 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

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

4. BONDS AND DEBENTURES PAYABLE: (Continued)

General Obligation Bonds Payable: (Continued)

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, 2010 and 2009, $12,275,000 and $14,730,000 of the defeased bonds are still outstanding, respectively. At June 30, 2010 and 2009, $16,025,000 and $17,555,000 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
2011	$ 6,780,000	$ 1,708,744	$ 8,488,744
2012	1,665,000	788,120	2,453,120
2013	1,735,000	729,854	2,464,854
2014	1,825,000	668,198	2,493,198
2015	2,455,000	605,813	3,060,813
2016-2020	8,430,000	1,857,913	10,287,913
2021-2025	2,655,000	466,094	3,121,094
2026-2030	965,000	125,281	1,090,281
2031-2032	70,000	2,493	72,493
	$ 26,580,000	$ 6,952,510	$ 33,532,510

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.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

4. BONDS, DEBENTURES AND NOTES 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
2011	$ 13,828,038	$ 1,676,129	$ 15,504,167

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 2010 and 2009, the following amounts were expended under various grants and entitlements.

	2010	2009
Section 8	$ 67,704,547	$ 63,811,821
HOME Investment Partnerships	12,346,417	24,150,637
Low Income Housing Energy Assistance	53,982,240	51,084,087
Weatherization Assistance	14,096,249	3,146,082
Community Development Block Grant	4,596,199	391,014
Social Services Block Grant	5,431,373	4,503,669
Tax Credit Assistance Program	2,664,622	--
Neighborhood Stabilization Program	1,294,923	--
National Foreclosure Mitigation Counseling	141,556	--
	$ 162,258,126	$ 147,087,310

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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, 2010, the following per diem payments were made to the members of the Agency's Board and are included in general and administrative expenses:

Michael Airhart	$ 650
Barbara Anderson	650
Jerome Boykin, Sr.	500
Mayson Foster	700
Walter Guillory	300
Allison Jones	400
James Madderra	450
Joseph Scontrino, III	450
Donald Vallee	350
Guy Williams	550
Tyrone Wilson	300
Wayne Woods	200
Alberta Young	550
	$ 6,050

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

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

7. RETIREMENT BENEFITS: (Continued)

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.

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 18.6%, 18.5% and 20.4% for the years ended June 30, 2010, 2009 and 2008, respectively. The Agency contributions to the System for the years ended June 30, 2010, 2009 and 2008 were $1,184,241, $825,551 and $1,088,174, respectively, equal to the required contributions for each year.

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.

8. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

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, 2010 and 2009, nine retirees 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 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

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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

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 five OGB Medicare Advantage plans which includes three HMO plans and two private fee-for-service (PFFS) plans. Depending upon the plan selected, during the years ended June 30, 2010 and 2009, employee premiums for a single member receiving benefits range from $81 to $98 and $79 to $95 per month, respectively, for employee-only coverage with Medicare or from $134 to $181 and $130 to $176 per month, respectively, for employee-only coverage without Medicare. The premiums for an employee and spouse for the year ended June 30, 2010 and 2009 range from $146 to $362 and $142 to $352 per month, respectively, for those with Medicare or from $435 to $527 and $423 to $512 per month, respectively, for those without Medicare.

The plan is currently financed on a pay as you go basis, with the Agency contributing anywhere from $243 to $253 and $236 to $246 per month for retiree-only coverage with Medicare or from $864 to $900 and $838 to $873 per month for retiree-only coverage without Medicare during the years ended June 30, 2010 and 2009, respectively. Also, the Agency's contributions range from $437 to $937 and $425 to $909 per month for retiree and spouse with Medicare or $1,326 to $1,382 and $1,288 to $1,341 for retiree and spouse without Medicare during the years ended June 30, 2010 and 2009, respectively.

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 Accidental Death and Dismemberment 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, which was implemented prospectively during the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities. The total ARC for the fiscal year beginning July 1, 2009 and 2008 was $971,700 and $1,647,800, respectively.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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

Annual OPEB Cost (Continued)

The following schedule presents the components of the Agency's OPEB cost for the years ended June 30, 2010 and 2009, the amount actually contributed to the plan, and changes in the Agency's net OPEB Obligation:

	2010	2009
Annual required contribution	$ 971,700	$ 1,647,800
Interest on net OPEB obligation	121,561	59,210
ARC adjustment	(116,126)	(56,563)
Annual OPEB Cost	977,135	1,650,447
Contributions made	(90,363)	(91,669)
Increase in Net OPEB Obligation	886,772	1,558,778
Beginning Net OPEB Obligation	3,039,027	1,480,249
Ending Net OPEB Obligation	$ 3,925,799	$ 3,039,027

The Agency's percentage of annual OPEB cost contributed to the plan utilizing the pay-as-you-go method and the net OPEB Obligation for the years ended June 30, 2010 and 2009 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 977,135	9.30%	$ 3,925,799
June 30, 2009	1,650,447	5.56%	3,039,027
June 30, 2008	1,579,400	6.28%	1,480,249

Funded Status and Funding Progress

Act 910 of the 2008 Regular Session established the Post Employment Benefits Trust Fund with an effective date of July 1, 2008. However, neither the Agency nor the State of Louisiana have contributed to it as of June 30, 2010. Since the plan has not been funded, the entire actuarial accrued liability of $7,204,000 and $11,200,300 for the years ended June 30, 2010 and 2009, respectively, was unfunded.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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

Funded Status and Funding Progress (Continued)

The funded status of the plan, as determined by an actuary as of July 1, 2009 and 2008, was as follows:

	July 1, 2009	July 1, 2008
Actuarial accrued liability (AAL)	$ 7,204,000	$ 11,200,300
Actuarial value of plan assets	--	--
Unfunded actuarial accrued liability (UAAL)	$ 7,204,000	$ 11,200,300
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (annual payroll of active employee covered by the plan)	$ 5,646,700	$ 4,655,200
UAAL as a percentage of covered payroll	128%	241%

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.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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

Actuarial Methods and Assumptions (Continued)

In the July 1, 2009 and 2008, actuarial valuations, 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 rates of 8.5% and 9.6% for pre-Medicare and Medicare eligibles, respectively, for the July 1, 2009 valuation and initial annual healthcare cost trend rates of 9.0% and 10.1% for pre-Medicare and Medicare eligibles, respectively, for the July 1, 2008 valuation scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over an open amortization period of 30 years in developing the annual required contribution. The remaining amortization period as of June 30, 2010 and 2009 was 27 and 28 years, respectively.

9. CAPITAL ASSETS:

A summary of changes in capital assets is as follows:

	Balance June 30, 2009	Additions	Deletions and Adjustments	Balance June 30, 2010
Equipment	$ 2,288,029	$ 159,710	$ (27,451)	$ 2,420,288
Building	42,258,906	89,696	--	42,348,602
Land and land improvements	843,278	--	--	843,278
Construction in progress	7,117,958	13,677,872	--	20,795,830
	52,508,171	13,927,278	(27,451)	66,407,998
Accumulated depreciation:				
General	(3,184,818)	(396,196)	23,271	(3,557,743)
HUD Disposition	(1,483,743)	(1,159,988)	--	(2,643,731)
	$47,839,610	$12,371,094	$ (4,180)	$60,206,524

	Balance June 30, 2008	Additions	Deletions and Adjustments	Balance June 30, 2009
Equipment	$ 2,245,116	$ 123,140	$ (80,227)	$ 2,288,029
Building	42,153,917	104,989	--	42,258,906
Land and land improvements	843,278	--	--	843,278
Construction in progress	4,391,249	2,726,709	--	7,117,958
	49,633,560	2,954,838	(80,227)	52,508,171
Accumulated depreciation:				
General	(2,837,965)	(423,648)	76,795	(3,184,818)
HUD Disposition	(327,010)	(1,156,733)	--	(1,483,743)
	$ 46,468,585	$ 1,374,457	$ (3,432)	$ 47,839,610

Included in capital assets at June 30, 2010 and 2009 is $54,355,813 and $41,458,944, respectively, of costs related to the two HUD disposition properties owned by the Agency.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

9. CAPITAL ASSETS: (Continued)

These buildings were damaged by Hurricane Katrina (see Note 11). One property was unoccupied and idle at June 30, 2010 and 2009. Reconstruction of the second property was completed during the year ended June 30, 2008, and its operations commenced in May 2008.

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, 2010 and 2009, one property was fully renovated and occupied. The other property continues to undergo reconstruction with an estimated completion date of April 2011. 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.

12. RESTRICTED LOANS:

As part of its HOME program, the Agency has made loans to qualified low-income single-family homebuyers and to developers of low-income multi-family 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 the primary loan is paid out, or b) a specified future date, with cash flows as a factor in determining amounts due for the majority of the multi-family HOME loans. 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.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

12. RESTRICTED LOANS: (Continued)

During the fiscal year ended June 30, 2009, the Agency began utilizing the Louisiana Housing Trust Funds to provide financing for sustainable affordable rental and homeownership housing developments. The Housing Trust funds provide soft-second mortgages to qualified low-income, single-family homebuyers and developers of low-income, multifamily rental projects. These loans are financed at a 0% interest rate and will mature at the end of the 15 year affordability period. The Agency will forgive the debt at the end of the affordability period, if certain conditions have been met. These loans are uninsured.

During the fiscal year ended June 30, 2010, the Agency received an award of funds (1602 Funds) from the United States Treasury Department under the provisions of Section 1602 of Subtitle C of Title I of Division B of the American Recovery and Reinvestment Act of 2009 and began loaning these funds to qualified multifamily low-income housing projects. These loans are financed at a 0% interest rate and will mature at the end of a 15 year period. The Agency will forgive the debt at the end of this period, if certain conditions have been met. These loans are uninsured.

During the fiscal year ended June 30, 2010, the Agency was awarded a Tax Credit Assistance Program (TCAP) Grant under Title XII of the American Recovery and Reinvestment Act of 2009 to loan funds to Low Income Housing Tax Credit (LIHTC) projects. These loans bear interest at a rate of approximately 4% and are collectible from surplus cash generated by the projects. These loans are uninsured.

The Agency was awarded funds under the Neighborhood Stabilization Program (NSP) during the fiscal year ended June 30, 2010. These funds are loaned to qualified borrowers for the purpose of redeveloping abandoned and foreclosed homes, land banking and homebuyer education. These loans are financed at interest rates between 0% and 2% and are either payable upon demand or from surplus cash generated by the projects.

The loan portfolio at June 30, 2010 and 2009 is as follows:

	2010	2009	Interest Rate
HOME Multifamily Mortgage Loans	$ 101,366,573	$ 99,418,407	1% – 6%
HOME Single Family Mortgage Loans	4,982,677	5,126,536	0%
202 Elderly Project Mortgage Loans	31,009,755	32,741,074	6%
Conditional HOME Loans	422,133	332,500	0%
1602 Sub Award Multifamily Loans	6,889,494	-	0%
TCAP Multifamily Mortgage Loans	2,664,622	-	4%
Neighborhood Stabilization Program Loans	290,654	-	0% - 2%
Louisiana Housing Trust Fund Loans	13,899,262	1,923,113	0%
	161,525,170	139,541,630	
Reserve for loan losses	(70,279,207)	(58,597,983)	
	$ 91,245,963	$ 80,943,647	

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

12. RESTRICTED LOANS: (Continued)

The Agency's collections from the HOME, TCAP, 1602 Exchange, NSP and Louisiana Housing Trust Fund 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 $11,681,224 and $2,313,472 to the provision for loan losses account for the years ended June 30, 2010 and 2009, respectively.

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.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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.

17. RECLASSIFICATIONS:

Certain amounts in 2009 have been reclassified to conform with the 2010 presentation.

18. SUBSEQUENT EVENT:

On July 1, 2010, the General Revenue Office Building Bonds, Series 2001 were currently refunded by the General Revenue Office Building Refunding Bonds, Series 2010. Both of the bond issuances are recorded as obligations of the Agency as of June 30, 2010 since the current refunding had not taken place as of this date. The remaining balance of $5,225,000 on the Series 2001 at June 30, 2010 is included in the current portion of bonds payable.

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, 2010 AND 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll [(b-a)/c]
7/1/09	-0-	$ 7,204,000	$ 7,204,000	-0-	$5,646,700	128%
7/1/08	-0-	$11,200,300	$11,200,300	-0-	$4,655,200	241%
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, 2010

C O N T E N T S

AFFIDAVIT

	Statements
Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities	C
Statement of Cash Flows	D

Notes to the Financial Statements

A. Summary of Significant Accounting Policies
B. Budgetary Accounting
C. Deposits with Financial Institutions and Investments
D. Capital Assets – Including Capital Lease Assets
E. Inventories
F. Restricted Assets
G. Leave
H. Retirement System
I. Other Postemployment Benefits
J. Leases
K. Long-Term Liabilities
L. Contingent Liabilities
M. Related Party Transactions
N. Accounting Changes
O. In-Kind Contributions
P. Defeased Issues
Q. Revenues or Receivables – Pledged or Sold (GASB 48)
R. Government-Mandated Nonexchange Transactions (Grants)
S. Violations of Finance-Related Legal or Contractual Provisions
T. Short-Term Debt
U. Disaggregation of Receivable Balances
V. Disaggregation of Payable Balances
W. Subsequent Events
X. Segment Information
Y. Due to/Due from and Transfers
Z. Liabilities Payable from Restricted Assets
AA. Prior-Year Restatement of Net Assets
BB. Net Assets Restricted by Enabling Legislation
CC. Impairment of Capital Assets
DD. Employee Termination Benefits

EE. Pollution Remediation Obligations
FF. American Recovery and Reinvestment Act (ARRA)

Schedules
1 Schedule of Per Diem Paid to Board Members
3 Schedules of Long-Term Debt
4 Schedules of Long-Term Debt Amortization
15 Schedule of Comparison Figures and Instructions

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2010

Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, Louisiana 70808

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Physical Address:
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Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Rene Landry, Chief Fiscal Officer of Louisiana Housing Finance Agency who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Louisiana Housing Finance Agency at June 30, 2010 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 30th day of August, 2010.

Signature of Agency Official

NOTARY PUBLIC

LORETTA WALLACE ID #053916

Prepared by: Rene Landry

Title: Chief Fiscal Officer

Telephone No.: (225) 763-8700 ext. 335

Date: August 30, 2010

Email Address: rlandry@lhfa.state.la.us

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
BALANCE SHEET
AS OF JUNE 30, 2010

Statement A

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	2,742,285
Restricted Cash and Cash Equivalents		55,565,043
Investments		
Derivative instrument		
Deferred outlflow of resources		
Receivables (net of allowance for doubtful accounts)(Note U)		320,264
Due from other funds (Note Y)		141,382
Due from federal government		2,071,967
Notes receivable		1,228,783
Other current assets		733,877
Total current assets		62,803,601
NONCURRENT ASSETS:		
Restricted assets (Note F):		
Cash		32,062,106
Investments		13,821,809
Receivables		31,099,881
Capital assets (Note D)		
Construction/Development-in-progress		873,678
Advance to subrecipient		5,202,822
Investments		
Notes receivable		91,245,963
Capital assets, net of depreciation (Note D)		
Land and non-depreciable easements		712,338
Buildings and improvements		38,246,396
Machinery and equipment		451,960
Infrastructure		
Intangible assets		
Construction/Development-in-progress		19,922,152
Other noncurrent assets		
Total noncurrent assets		233,639,105
Total assets	$	296,442,706
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	$	1,889,983
Derivative instrument		
Deferred inflow of resources		
Due to other funds (Note Y)		
Due to federal government		286,859
Deferred revenues		13,057,147
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities: (Note K)		
Contracts payable		
Compensated absences payable		865,906
Liabilities payable from restricted assets (Note Z)		8,020,201
Claims and litigation payable		
Notes payable (debentures)		13,828,038
Pollution remeditation obligation		
Bonds payable (include unamortized costs)		6,796,218
Other long-term liabilities		
Total current liabilities		44,744,352
NONCURRENT LIABILITIES: (Note K)		
Contracts payable		
Compensated absences payable		
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Pollution remediation obligation		
Bonds payable (include unamortized costs)		20,129,762
OPEB payable		3,925,799
Other long-term liabilities		
Total noncurrent liabilities		24,055,561
Total liabilities		68,799,913
NET ASSETS		
Invested in capital assets, net of related debt		48,777,846
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		136,433,020
Unrestricted		42,431,927
Total net assets		227,642,793
Total liabilities and net assets	$	296,442,706

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

STATE OF LOUISIANA **Statement B**
LOUISIANA HOUSING FINANCE AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUE	
Sales of commodities and services	$
Assessments	
Use of money and property	
Licenses, permits, and fees	11,166,376
Other	3,784,710
Total operating revenues	14,951,086
OPERATING EXPENSES	
Cost of sales and services	
Administrative	13,155,490
Depreciation	396,196
Amortization	
Interest expense	243,020
Total operating expenses	13,794,706
Operating income(loss)	1,156,380
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues(expenses)	159,642,616
Taxes	
Use of money and property	
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	(148,891,579)
Interest expense	
Program income	2,509,748
Other revenue	18,570,719
Other expense	(14,745,657)
Total non-operating revenues(expenses)	17,085,847
Income(loss) before contributions, extraordinary items, & transfers	18,242,227
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	(2,280,492)
Change in net assets	15,961,735
Total net assets – beginning	211,681,058
Total net assets – ending	$ 227,642,793

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

STATE OF LOUISIANA **Statement C**
LOUISIANA HOUSING FINANCE AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

See Appendix B for instructions

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Entity	$ 177,431,942	$ 16,400,227	$ 162,224,181	$	$ 1,192,466
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					4,738,986
Miscellaneous					12,310,775
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					(2,280,492)
Total general revenues, special items, and transfers					14,769,269
Change in net assets					15,961,735
Net assets - beginning as restated					211,681,058
Net assets - ending					$ 227,642,793

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

Statement D
(continued)

Cash flows from operating activities		
Cash received from customers	$ 15,629,682	
Cash payments to suppliers for goods and services	(3,314,852)	
Cash payments to employees for services	(8,697,765)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)	(25,583,292)	
Net cash provided(used) by operating activities		(21,966,227)
Cash flows from non-capital financing activities		
State appropriations		
Federal receipts	167,545,694	
Federal disbursements	(154,094,401)	
Proceeds from sale of bonds		
Principal paid on bonds	(1,530,000)	
Interest paid on bond maturities	(770,688)	
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out	(2,280,492)	
Other	2,283,720	
Net cash provided(used) by non-capital financing activities		11,153,833
Cash flows from capital and related financing activities		
Proceeds from sale of bonds	5,330,000	
Principal paid on bonds	(615,000)	
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(1,030,410)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		3,684,590
Cash flows from investing activities		
Purchases of investment securities	(53,531,026)	
Proceeds from sale of investment securities	53,239,228	
Income from rental properties	571,225	
Interest and dividends earned on investment securities		
Net cash provided(used) by investing activities		279,427
Net increase(decrease) in cash and cash equivalents		(6,848,377)
Cash and cash equivalents at beginning of year		41,652,768
Cash and cash equivalents at end of year		$ 34,804,391

STATE OF LOUISIANA **Statement D**
LOUISIANA HOUSING FINANCE AGENCY (concluded)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

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

Operating income(loss)		$ 1,156,380
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	396,196	
Provision for uncollectible accounts		
Other - Fair market value adjustment	(620,474)	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(466,106)	
(Increase)decrease in due from other funds		
(Increase)decrease in mortgage loans	(23,358,532)	
(Increase)decrease in inventories		
(Increase)decrease in other assets	(214,513)	
Increase(decrease) in accounts payable and accruals	113,746	
Increase(decrease) in compensated absences payable	140,304	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in OPEB payable	886,772	
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		$ (21,966,227)

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease(s)	$
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.

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
Notes to the Financial Statements
As of and for the year ended June 30, 2010

INTRODUCTION

The Louisiana Housing Finance Agency (the 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 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 Louisiana Housing Trust Fund 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.

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 _____ (BTA) 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) and deposits (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 required to be 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 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, 2010, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	$ 20,460,590	$	$ 14,343,701	$ 34,804,291
Deposits in bank accounts per bank	$ 21,000,942	$	$ 14,343,701	$ 35,344,643
Bank balances exposed to custodial credit risk:	$	$	$	$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

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

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

	Banking Institution	Program		Amount
1.	Chase Bank	General and Federal	$	20,536,253
2.	Hancock Bank	General and Elderly		14,343,701
3.	Federal Home Loan Bank	General		5,500
4.	Capital One Bank	HUD Disposition		459,189
Total			$	35,344,643

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	$ 100

2. INVESTMENTS

The Agency does 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 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 following table, 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 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.

	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
Type of Investment	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *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 **	-	-	835,252	835,252
U.S. Agency Obligations	-	-	-	-
Common & preferred stock	-	-	-	-
Mortgages (including CMOs & MBSs)	-	-	21,071,527	21,071,527
Corporate bonds	-	-	-	-
Mutual funds	-	-	-	-
Real estate	-	-	-	-
External Investment Pool (LAMP) ***	-	-	-	-
External Investment Pool (Other)	-	-	-	-
Other: (identify)	-	-	-	-
U.S. Sponsored Agencies	-	-	45,134,288	45,134,288
Investment Contracts	-	-	2,345,785	2,345,785
	-	-	-	-
Total investments	$ -	$ -	$ 69,386,852	$ 69,386,852

* 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.

*** LAMP investments should not be included in deposits AND should be identified separately in this table to ensure LAMP investments are not double-counted on the State level.

3. 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 and Poor's	AAA	$ 67,041,067
Standard and Poor's	BBB	2,345,785
	Total	$ 69,386,852

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	$ 835,252	$	$ 835,252	$	$
U.S. Sponsored Agencies	45,134,288	4,674,535	19,869,749	2,166,217	18,423,787
Mortgage backed securities	21,071,527		22,531	417,470	20,631,526
Collateralized mortgage obligations					
Corporate bonds					
Other bonds (describe)					
Mutual bond funds					
Other	2,345,785				2,345,785
Total debt investments	$ 69,386,852	$ 4,674,535	$ 20,727,532	$ 2,583,687	$ 41,401,098

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.

Debt Investment	Fair Value	Terms
N/A	$	
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	$ 7,778,409	11%
Federal National Mortgage Association	19,219,510	28%
Federal Farm Credit Banks	11,477,805	17%
Federal Home Loan Mortgage Corporation	6,658,564	10%
Total	$ 45,134,288	

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	$	$
Total	$ -	$ -

4. DERIVATIVES (GASB 53) N/A

A. Summary of Derivative Instruments

Complete the following table, "Summary of Derivative Instruments" for all derivative instruments held by the entity at June 30, 2010. If no derivative instruments were held by the entity at June 30, please state "None".

Summary of Derivative Instruments

Type	Notional	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value at June 30 Classification	Fair Value at June 30 Amount *
Investment Derivative Instruments:					
NONE			$		$
Fair Value Hedges:					
NONE			$		$
Cash Flow Hedges:					
NONE			$		$

***If fair value is based on other than quoted market prices, the methods and significant assumptions used to estimate those fair market values should be disclosed.**

B. Investment Derivative Instruments

Investment derivative instruments include derivative instruments that are not effective or are no longer effective and cannot be classified as hedging derivative instruments. Separately list each investment derivative instrument included in the table above and discuss the exposure to risk from these investments for the following risks:

1. Credit Risk of Investment Derivative Instruments

2. Interest Rate Risk of Investment Derivative Instruments

Investment Derivative Instrument	Notional Amount	Fair Value	Investment Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10

Disclose the reference rate for each investment derivative instrument along with any embedded options

3. Foreign Currency Risk of Investment Derivative Instruments

Foreign Currency	Fair Value in U.S. Dollars Bonds	Stocks
	$	$
Total	$ -	$ -

4. Reclassification from Hedging Derivative Instrument to Investment Derivative Instrument

Item Reclassified	Notional Amount	Ineffective @ 6/30/10 (Y/N)	Fair Value @ 6/30/10	Ineffective @ 6/30/09 (Y/N)	Fair Value @ 6/30/09	Change in Fair Value @ 6/30/10
						-
						-
						-
						-

C. Hedging Derivative Instruments

Complete the following table- Terms and Objectives of Hedging Derivative Instruments - for all hedging derivative instruments held by the entity at June 30, 20___.

Terms and Objectives of Hedging Derivative Instruments

Type	Notional	Objective	Effective Date	Maturity Date	Terms *	Counterparty Credit Rating

***Terms include reference rates, embedded options, and the amount of cash paid or received, if any, when a forward contract or swap (including swaptions) was entered into.**

Interest rates and the various swap indices change over time. Use the schedule below to summarize payments on the swap and interest payments to bondholders for applicable hedging derivative instruments.

Hedging Derivative Instrument	Counterparty Swap Payment			Interest Payments to Bondholders	Total Payments
	To	From	Net		

List each hedging derivative separately, and discuss the exposure to risk from these hedges for the following risks:

1. Credit Risk of Hedging Derivative Instruments

2. Interest Rate Risk of Hedging Derivative Instruments

Hedging Derivative Instrument	Notional Amount	Fair Value	Investment Maturities (in years)			
			Less than 1	1 - 5	6 - 10	More than 10

3. Basis Risk of Hedging Derivative Instruments

4. Termination Risk of Hedging Derivative Instruments

5. Rollover Risk of Hedging Derivative Instruments

6. Market-Access Risk of Hedging Derivative Instruments

7. Foreign Currency Risk of Hedging Derivative Instruments

	Fair Value in U.S. Dollars	
Foreign Currency	Bonds	Stocks
	$	$
Total	$ -	$ -

If any hedged items are a debt obligation, then its net cash flows are required to be disclosed in accordance with GASB Statement No. 38, paragraphs 10 – 11. This information, if applicable, should be provided below, and will be included in Note 8 of the CAFR.

Using the following chart, provide the principal and interest requirements to maturity for those hedged items that are a debt obligation. If your fiscal year ends other than June 30, change the date within the table. If the number of years for your debt to terminate exceeds the years listed, add those years to the table (in 5 year increments).

Debt and Lease Obligations for Hedged Debt (per GASB 38, paragraph 10)

Fiscal Year Ending June 30	Principal	Interest	Hedging Derivative Instruments, Net	Total
2011	$	$	$	$ -
2012				-
2013				-
2014				-
2015				-
2016-2020				-
2021-2025				-
2026-2030				-
2031-2035				-
2036-2040				-
Total	-	-	-	-

Note: ***The hedging derivative column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting.***

List any terms by which the interest rates change for variable-rate debt.

_____

_____

_____

Using the following chart, provide the future minimum lease payments for those hedged items that are obligations under capital and noncancelable operating leases (per GASB 38, paragraph 11). If your fiscal year ends other than June 30, change the date within the table. If the number of years for your lease extends beyond the years listed, add those years to the table (in 5 year increments).

Fiscal Year Ending June 30	Minimum Future Lease Payment
2011	$
2012	
2013	
2014	
2015	
2016-2020	
2021-2025	
2026-2030	
2031-2035	
2036-2040	
Total	-

If effectiveness is determined by another quantitative method not identified in GASB Statement No. 53, provide the identity and characteristics of the method used, the range of critical terms the method tolerates, and the actual critical terms of the hedge.

_____

_____

D. Contingent Features

Disclose any contingent features that are included in derivative instruments held at the end of the reporting period. The required disclosures include (1) the existence and nature of contingent features and the circumstances in which the features could be triggered, (2) the aggregate fair value of derivative instruments that contain those features, (3) the aggregate fair value of assets that would be required to be posted as collateral or transferred in accordance with the provisions related to the triggering of the contingent liabilities, and (4) the amount, if any, that has been posted as collateral by the government as of the end of the reporting period. _____

_____

_____

E. Hybrid Instruments

If your entity has any hybrid instruments, disclosure of the companion instrument should be consistent with disclosures required of similar transactions. List any hybrid instruments below and provide information regarding any hybrid instruments and a reference to where the required disclosures can be found. If the required disclosures are not presented elsewhere, provide those disclosures below. If your entity does not have any hybrid instruments, state "None".

_____

_____

_____

F. Synthetic Guaranteed Investment Contracts (SGICs)

If your entity has a fully benefit-responsive SGIC, then a description of the nature of the SGIC and the SGIC's fair value (including separate disclosure of the fair value of the wrap contract and the fair value of the corresponding underlying investments) should be disclosed as of the end of the reporting period. Provide those required disclosures below. If your entity does not have any, state "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. 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. 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 that may be invested 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, 2010, 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 (GASB 31) N/A

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

p. Basis for determining which investments, if any, are reported at amortized cost
_____

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

r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____

s. Any involuntary participation in an external investment pool _____
_____

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
_____

u. Any income from investments associated with one fund that is assigned to another fund
_____

Land and Other Real Estate Held as Investments by Endowments (GASB 52) N/A

v. _____ (agency/entity) owns land or other real estate held as investments by endowments. (yes/no) Land or real estate held as investments by endowments is reported at fair value in the entity's financial statements and any applicable fair value note disclosures are reported in the preceding fair value disclosure section.

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, 2010							
		Prior Period Adjustments						
	Balance 6/30/2009	Adj. after submitted to OSRAP (+or-)	Restatements (+or-)	Adjusted Balance 6/30/2009	Additions	Transfers*	Retirements	Balance 6/30/2010
Capital assets not being depreciated								
Land	$ 712,338	$ -	$ -	$ 712,338	$ -	$ -	$ -	$ 712,338
Non-depreciable land improvements	-	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-	-
Software Development in Progress	-	-	-	-	-	-	-	-
Construction in progress (CIP)	7,117,958	-	-	7,117,958	13,677,872	-	-	20,795,830
Total capital assets not being depreciated	7,830,296	-	-	7,830,296	13,677,872	-	-	21,508,168
Other capital assets								
Machinery and equipment	2,288,029	-	-	2,288,029	159,710	-	(27,451)	2,420,288
Less accumulated depreciation	(1,785,107)	-	-	(1,785,107)	(206,492)	-	23,271	(1,968,328)
Total Machinery and equipment	502,922	-	-	502,922	(46,782)	-	(4,180)	451,960
Buildings and improvements	42,258,907	-	-	42,258,907	89,696	-	-	42,348,603
Less accumulated depreciation	(2,838,986)	-	-	(2,838,986)	(1,343,145)	-	-	(4,182,131)
Total buildings and improvements	39,419,921	-	-	39,419,921	(1,253,449)	-	-	38,166,472
Depreciable land improvements	130,939	-	-	130,939	-	-	-	130,939
Less accumulated depreciation	(44,468)	-	-	(44,468)	(6,547)	-	-	(51,015)
Total land improvements	86,471	-	-	86,471	(6,547)	-	-	79,924
Infrastructure	-	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-	-
Software (internally generated and purchased)	-	-	-	-	-	-	-	-
Other Intangibles	-	-	-	-	-	-	-	-
Less accumulated amortization - software	-	-	-	-	-	-	-	-
Less accumulated amortization - other intangibles	-	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-	-
Total other capital assets	40,009,314	-	-	40,009,314	(1,306,778)	-	(4,180)	38,698,356
Capital assets not being depreciated	7,830,296	-	-	7,830,296	13,677,872	-	-	21,508,168
Other capital assets, at cost	44,677,875	-	-	44,677,875	249,406	-	(27,451)	44,899,830
Total cost of capital assets	52,508,171	-	-	52,508,171	13,927,278	-	(27,451)	66,407,998
Less accumulated depreciation and amortization	(4,668,561)	-	-	(4,668,561)	(1,556,184)	-	23,271	(6,201,474)
Capital assets, net	$ 47,839,610	$ -	$ -	$ 47,839,610	$ 12,371,094	$ -	$ (4,180)	$ 60,206,524

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets.

** Enter a negative number with the exception of accumulated depreciation in the retirement and prior period adjustment column.

If other intangible assets were reported in the table above, list the types of intangible assets, their cost, and accumulated amortization for each type of intangible asset reported. _N/A_____

E. INVENTORIES

The Agency'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, 2010, reflected at $83,060,296 in the non-current assets section on Statement A, consist of $32,062,106 in cash with fiscal agent, $31,099,881 in receivables, $13,821,809 in investment in securities, $873,678 in construction in progress, and $5,202,822 in advances to subrecipients. These assets are restricted for the purpose of paying debt obligations.

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, 2010 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be $865,906. 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 2008 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_08.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, 2010, increased to 18.6% of annual covered payroll from the 18.5% and 20.4% required in fiscal years ended June 30, 2009 and 2008 respectively. The Agency contributions to the System for the years ending June 30, 2010, 2009, and 2008, were $1,184,241, $825,551, and $1,088,174, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. **See the GASB Statement No. 45 note disclosures requirements in section 2 of this note.**

1. Calculation of Net OPEB Obligation

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. **The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see OSRAP's website - http://www.doa.louisiana.gov/OSRAP/afrpackets.htm) and select "GASB 45 OPEB Valuation Report as of July 1, 2009, to be used for fiscal year ending June 30, 2010." Report note disclosures for other plans, not administrated by OGB, separately.**

Annual OPEB expense and net OPEB Obligation

Fiscal year ending	**6/30/2010**
1. * ARC	**971,700**
2. * Interest on NOO (4%)	**121,561**
3. * ARC adjustment	**116,126**
4. * Annual OPEB Expense (1. + 2. - 3.)	**977,135**
5. Contributions (employer pmts. to OGB for retirees' cost of 2010 insurance premiums)	**90,363**
6. Increase in Net OPEB Obligation (4. - 5.)	**886,772**
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)	**3,039,027**
8. **NOO, end of year (6. + 7.)	**3,925,799**

*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2009, to be used for fiscal year ending June 30, 2010."

**This should be the same amount as that shown on the Balance Sheet for the year ended June 30, 2010 if your entity's only OPEB is administered by OGB.

For more information on calculating the annual OPEB expense and the net OPEB obligation, see Appendix D in the back of this packet.

2. Note Disclosures

If your only OPEB provider is OGB, your entity will have no OPEB note disclosures for OSRAP other than the OPEB calculation above; however, GASB 45 note disclosures are required for separately issued GAAP financial statements.

J. LEASES N/A

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

The total payments for operating leases during fiscal year _____amounted to $_____. **(Note: If lease payments extend past FY 2025, 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 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016-2020	FY 2021-2025
Office Space	$	$	$	$	$	$	$
Equipment							
Land							
Other							
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -

2. CAPITAL LEASES

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 6/30/10. In Schedule B, report only those new leases entered into during fiscal year 2009-2010.

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. Buildings			
c. Equipment			
d. Land			
e. Other			
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 FY2030, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30:	Total
2011	$
2012	
2013	
2014	
2015	
2016-2020	
2021-2025	
2026-2030	
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. Buildings			
c. Equipment			
d. Land			
e Other			
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 FY2030, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30:	Total
2011	$
2012	
2013	
2014	
2015	
2016-2020	
2021-2025	
2026-2030	
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			
d. Other			
Total	$ -	$ -	$ -

The following is a schedule by years of future minimum lease payments under capital leases financed through the LEAF program, 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 FY2030, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30:	Total
2011	$
2012	
2013	
2014	
2015	
2016-2020	
2021-2025	
2026-2030	
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

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:

- Collectability 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 Buildings				
c Equipment				
d Land				
e. Other				
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 2010 were $_____ for office space, $_____ for buildings, $_____ for equipment, $_____ for land , and $ for other.

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 FY2030, please create additional rows and report these future minimum lease payment receivables in five year increments.)**

Year ending _____:	
2011	$
2012	
2013	
2014	
2015	
2016-2020	
2021-2025	
2026-2030	
Total	$ -

4. LESSOR – OPERATING LEASE

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 (collectability 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. Building			-
c. Equipment			-
d. Land			-
e. Other			-
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 FY2030, please create additional rows and report these future minimum lease payment receivables in five year increments.)**

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2011	$	$	$	$	$ -
2012					-
2013					-
2014					-
2015					-
2016-2020					-
2021-2025					-
2026-2030					-
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 buildings, $_____for equipment, $_____for land, and $_____ for other.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2010:

	Year ended June 30, 2010				
	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts due within one year
Notes and bonds payable:					
Notes payable	$ 13,828,038	$ -	$ -	$ 13,828,038	$ 13,828,038
Bonds payable	23,757,198	5,330,000	2,161,218	26,925,980	6,796,218
Total notes and bonds	**37,585,236**	**5,330,000**	**2,161,218**	**40,754,018**	**20,624,256**
Other liabilities:					
Contracts payable	-	-	-	-	-
Compensated absences payable	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Claims and litigation	-	-	-	-	-
Pollution remediation obligation	-	-	-	-	-
OPEB payable	3,039,027	886,772	-	3,925,799	-
Other long-term liabilities	-	-	-	-	-
Total other liabilities	3,039,027	886,772	-	3,925,799	-
Total long-term liabilities	$ 40,624,263	$ 6,216,772	$ 2,161,218	$ 44,679,817	$ 20,624,256

(Balances at June 30th should include current and non-current portion of long-term liabilities.)

(Send OSRAP a copy of the amortization schedule for any new debt issued.) The totals must equal the Balance Sheet for each type of long-term liabilities.

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**:** (Only list litigation not being handled by the Office of Risk Management or the Attorney General.)

Date of Action	Description of Litigation and Probable outcome (Probable, reasonably possible or remote)	Estimated Liability 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.

*Note: Liability for claims and judgments should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost, whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

(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).

(a) Purchase of commercial insurance,

(b) X - Participation in a public entity risk pool (e.g., Office of Risk Management claims)

(c) 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.)

(d) 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 cannot 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_____

Disallowed Cost:
Those agencies collecting federal funds, which 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 Liability Amount**
1	N/A		$		$
2					
3					
4					

* Reasonably possible, probable, or remote
** Indicate only if amount can be reasonably estimated by legal counsel

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 that 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 June 30, 2010, the Agency issued $5,330,000 of General Revenue Office Building Refunding Bonds, Series 2010 for the purpose of currently refunding the General Revenue Office Building Bonds, Series 2001. The current refunding occurred on July 1, 2010. 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 mature serially December 1, 2010 through December 1, 2016. The bonds bear interest at various rates, ranging from 2.00% to 3.25% per annum. At June 30, 2010, $5,330,000 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.

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, 2010 and 2009, $12,275,000 and $14,730,000 of the defeased bonds are still outstanding, respectively. At June 30, 2010 and 2009, $16,025,000 and $17,555,000 of the Series 2006A bonds are outstanding, respectively.

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 are revenue bonds that the State Bond Commission or the Louisiana Public Facilities Authority has authorized in your agency's name or in your agency's behalf.** Pledged revenues must be disclosed for each period in which the secured debt remains outstanding. **You must prepare a separate Note Q 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 pledged 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 any new Revenue Bonds, you must send a copy of the following pages:
- Cover page
- Introductory statement
- **Amortization schedule – terms and conditions**
- Plan of financing – sources and used of funds
- 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 E)

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 2009-2010:

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, 20__, was as follows:

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

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

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

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

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2010, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
	$	$	$	$ 320,264	$ 320,264
					-
Gross receivables	$ -	$ -	$ -	$ 320,264	$ 320,264
Less allowance for uncollectible accounts				-	
Receivables, net	$ -	$ -	$ -	$ 320,264	$ 320,264
Amounts not scheduled for collection during the subsequent year	$	$	$	$ -	$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2010, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	$ 1,434,922	$ 435,663	$ 19,398	$	$ 1,889,983
					-
Total payables	$ 1,434,922	$ 435,663	$ 19,398	$ -	$ 1,889,983

W. SUBSEQUENT EVENTS

On July 1, 2010, the General Revenue Office Building Bonds, Series 2001 were currently refunded by the General Revenue Office Building Refunding Bonds, Series 2010. Both of the bond issuances are recorded as obligations of the Agency as of June 30, 2010 since the current refunding had not taken place as of this date. The remaining balance of $5,225,000 on the Series 2001 at June 30, 2010 is included in the current portion of bonds payable.

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 each segment:

Segment No. 1 _____
Segment No. 2 _____

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:

	Segment #1	Segment #2
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	-	-

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:

	Segment #1	Segment #2
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 Housing Program	$ 141,382
Total due from other funds		$ 141,382

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	$ 2,280,492
Total transfers to other funds		$ 2,280,492

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in Agency at June 30, 2010, reflected at $8,020,201 in the liabilities section on Statement A, consist of $1,218,496 in accrued interest payable and $6,801,705 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 6/30/09 as reported to OSRAP on PY AFR	*Adjustments to ending net assets 6/30/09 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/09) + or (-)	Beg net assets @ 7/1/09 as restated
$	$		$ -
			-
			-
			-
			-

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

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 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 F 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 & INSURANCE RECOVERIES N/A

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 G for more information on GASB 42 and the Impairment of Capital Assets.
The following capital assets became permanently impaired in FY 09-10: (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 G, (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 G Indicator of Impairment	Reason for Impairment (e.g. hurricane, fire)
Buildings	$	$	$			
Movable Property						
Infrastructure						

Insurance recoveries received in FY 09-10 related to impairment losses occurring in previous years, and insurance recoveries received in FY 09-10 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. **Involuntary termination benefits include benefits such as severance pay or continued access to health insurance through the employer's group insurance plan.** Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan.

Refer to GASB No. 47, Summary, Recognition Requirements – "Involuntary" termination is recognized when there is a plan of termination approved by the government. "For financial reporting purposes, a plan of involuntary termination is defined as a plan that (a) identifies, at a minimum, the number of employees to be terminated, the job classifications or functions that will be affected and their locations, and when the terminations are expected to occur and (b) establishes the terms of the termination benefits in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated."

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. Payments due to early release from employment contracts
4. **All others based on professional judgment.**

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. **Year the state** 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)

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact.

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 **FY_____**, the cost of providing those benefits for _____ (number of) voluntary terminations totaled $_____. For **FY _____**, the cost of providing those benefits for _____ (number of) involuntary terminations totaled $_____.

[The termination benefits (voluntary and involuntary) paid in **FY 2010** 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.

EE. POLLUTION REMEDIATION OBLIGATIONS N/A

Pollution remediation costs (or revenue) should be reported in the statement of activities and statement of revenues, expenses, and changes in fund net assets, if appropriate, as a program or operating expense (or revenue), special item, or extraordinary item in accordance with the guidance in Statement 34.

Disclosures:

For recognized pollution remediation liabilities and recoveries of pollution remediation outlays, governments should disclose the following:

a. The nature and source of pollution remediation obligations (for example, federal, state, or local laws or regulations)
b. The amount of the estimated liability (if not apparent from the financial statements), the methods and assumptions used for the estimate, and the potential for changes due to, for example, price increases or reductions, technology, or applicable laws or regulations
c. Estimated recoveries reducing the liability.

For pollution remediation liabilities, or portions thereof, that are not yet recognized because they are not reasonably estimable, governments should disclose a general description of the nature of the pollution remediation activities.

See OSRAP memo 09-24, http://www.doa.la.gov/osrap/sagasb49.htm for more information on measuring pollution remediation liabilities.

SAMPLE disclosure: (This is a sample disclosure. Adapt as necessary to fit your specific agency.)

At fiscal year end, _____(BTA) was a responsible party or potential responsible party in the remediation of _____ (friable asbestos, polluted ground water, removal of leaking underground fuel storage tanks, removal of lead-based paint, diesel spill cleanup, removal and replacement of contaminated soil, oversight and enforcement-related activities, post-remediation monitoring, etc.) on _____agency's/entity's property. A possible explanation for this is _____. Further investigation to determine the full nature and extent of this contamination and required remediation has lead to a potential liability of $_____. The _____ (agency) paid $_____ in remediation costs for fiscal year 2010 and is reporting a balance of $_____ for the liability. At this time the complete cost for remediation is unable to be estimated as a result of future remediation contracts, inflation, and the amount of time involved. As these costs become estimable and costs incurred, the liability will be adjusted.

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Provide your entity's ARRA revenue received in FY 2010 on a full accrual basis:
$ 18,327,661

Provide your entity's ARRA expenses in FY 2010 on a full accrual basis:
$ 18,327,661

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the year ended June 30, 2010

Name	Amount
Michael Airhart	$ 650
Barbara Anderson	650
Jerome Boykin, Sr.	500
Mayson Foster	700
Walter Guillory	300
Allison Jones	400
James Madderra	450
Joseph Scontrino, III	450
Donald Vallee	350
Guy Williams	550
Tyrone Wilson	300
Wayne Woods	200
Alberta Young	550
Total	$ 6,050

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.

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2010

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/09	(Redeemed) Issued	Principal Outstanding 6/30/10	Interest Rates	Interest Outstanding 6/30/10
HUD Debenture	4/28/06	$29,020,292	$13,828,038	$ -0-	$13,828,038	4.5%	$1,157,577
Total		$29,020,292	$13,828,038	$ -0-	$13,828,038		$1,157,577

*Send copies of new amortization schedules

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2010

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/09	(Redeemed) Issued	Principal Outstanding 6/30/10	Interest Rates	Interest Outstanding 6/30/10
Series:							
General Revenue Office Building Bond Series 2001	8/22/01	$9,500,000	$5,840,000	$(615,000)	$5,225,000	4.10% - 4.70%	$19,397
Elderly Projects	11/1/06	20,600,000	17,555,000	(1,530,000)	16,025,000	4.00% - 4.75%	60,919
Elderly Projects – Deferred Amount	11/1/06	405,445	362,198	(16,218)	345,980	N/A	N/A
General Revenue Office Building Refunding Bonds Series 2010	6/30/10	5,330,000	-0-	5,330,000	5,330,000	2.00% - 3.25%	-0-
Unamortized Discounts and Premiums Series:							
Total		$35,835,445	$23,757,198	$ 3,168,782	$26,925,980		$ 80,316

***Note: Principal outstanding (bond series/minus unamortized costs) at 6/30/10 should agree to bonds payable on the Statement of Net Assets.**
Send copies of new amortization schedules for bonds and unamortized costs.

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2010

Fiscal Year Ending:	Principal	Interest
2011	$ 13,828,038	$ 1,676,129
2012		
2013		
2014		
2015		
2016-2020		
2021-2025		
2026-2030		
2031-2035		
Total	$ 13,828,038	$ 1,676,129

STATE OF LOUISIANA
LOUISIANA HOUSING FINANCE AGENCY
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2010

Fiscal Year Ending:	Principal	Interest
2011	$ 6,780,000	$ 1,708,744
2012	1,665,000	788,120
2013	1,735,000	729,854
2014	1,825,000	668,198
2015	2,455,000	605,813
2016	1,990,000	522,181
2017	2,080,000	440,475
2018	1,340,000	366,819
2019	1,530,000	300,794
2020	1,490,000	227,644
2021	1,350,000	158,294
2022	570,000	102,837
2023	275,000	80,869
2024	250,000	67,450
2025	210,000	56,644
2026	235,000	46,431
2027	260,000	34,913
2028	220,000	22,681
2029	130,000	13,656
2030	120,000	7,600
2031	65,000	2,375
2032	5,000	118
Total	$ 26,580,000	$ 6,952,510

***Note: Principal outstanding (bond series plus/minus unamortized costs) at 6/30/10 should agree to bonds payable on the Statement of Net Assets.**

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 **$3 million**, explain the reason for the change.

	2010	2009	Difference	Percentage Change
1) Revenues	$ 195,674,169	$ 164,019,396	$ 31,654,773	$ 19.30%
Expenses	179,712,434	146,627,723	33,084,711	22.56%
2) Capital assets	60,206,524	47,839,610	12,366,914	25.85%
Long-term debt	40,754,018	37,585,236	3,168,782	8.43%
Net Assets	227,642,793	211,681,058	15,961,735	7.54%

Explanation for change:

Revenues:	The change is due to an increase in the amount of federal funds drawn and an increase in net income from rental property.
Expenses:	The change is due to additional federal funds disbursed, an increase in the provision for loan losses, and an increase in the amount of transfers to the MRB Programs.
Capital assets:	The change is due to additions to construction in progress on the Village de Jardin (formerly Gaslight) and Capital City South properties, general additions to equipment and buildings, and an increase in accumulated depreciation.
Long-term debt:	The change is due to the issuance of general obligation bonds and the maturity of a portion of the bonds payable.
Net assets:	The increase is due to an increase in operating revenues during the year and income from the rental property.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA

JUNE 30, 2010

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA

INDEX TO REPORT

JUNE 30, 2010

	PAGE
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*	1 – 2
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	3 – 4
Schedule of Expenditures of Federal Awards	5 – 6
Notes to Schedule of Expenditures of Federal Awards	7 – 8
Schedule of Findings and Questioned Costs	9 – 10
Summary Schedule of Prior Audit Findings	11

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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 27, 2010

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

We have audited the financial statements of Louisiana Housing Finance Agency as of and for the year ended June 30, 2010, and have issued our report thereon dated August 27, 2010. 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 Louisiana Housing Finance Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Housing Finance Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Louisiana Housing Finance Agency's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Louisiana Housing Finance Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Duplantier, Hrapmann, Hogan & Maher, LLP

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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 27, 2010

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

Compliance

We have audited the compliance of 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 each of its major federal programs for the year ended June 30, 2010. 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 grants applicable to each of its major federal programs is the responsibility of Louisiana Housing Finance Agency's management. Our responsibility is to express an opinion on 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 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 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 each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

The management of Louisiana Housing Finance Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 Louisiana Housing Finance Agency as of and for the year ended June 30, 2010, and have issued our report thereon dated August 27, 2010, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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.

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Name of 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	$ 64,246,221
	14.195	Housing Assistance Payments	Section 8	LA800CC0001	3,458,326
		Total Section 8 Funds			67,704,547
HUD	14.258	Tax Credit Assistance Program	ARRA Funds	M09-ES220100	2,664,622
HUD	14.239	HOME Investment Partnerships		None	12,346,417
HUD	14.188	Housing Finance Agency Risk Sharing Program (Amount of outstanding loan guarantees)		None	13,900,401
HUD	14.228	CDBG - Disaster Recovery Funds	2006 Funds	B06DG220001	4,062,838
		CDBG - Non-Profit Rebuilding Pilot Program (NRPP)	2009 Funds	B08DI22001	247,251
			Admin		286,110
					4,596,199
HUD	14.256	Neighborhood Stabilization Program (NSP)	Admin		491,375
			2009 Funds		803,548
					1,294,923
DHHS	93.568	Low Income Housing Energy Assistance Program (LIHEAP)	2008 Funds	2008 – G-08B1LALIEA	279,869
			2009 Funds	2009 – G-09B1LALIEA	21,002,554
			2010 Funds	2010 – G-10B1LALIEA	32,226,780
			PVE Funds	None	16,169
			Refunds (net)		(56,213)
			Admin – PVE		206
			Admin		512,875
		Total LIHEAP Funds			53,982,240
DSS	93.667	Department of Social Services Block Grant	2006 Funds	2006 – G-0601LASOSR	4,876,767
			Admin		554,606
		Total DSS Funds			5,431,373

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Name of Agency or Department	CFDA or Other No.	Name of Program	Name of Grant	Federal Grant Contract #	Total Awards Expended
DOE	81.042	Weatherization Assistance Program (WAP)			
			2009 Funds	DE-FG26-03R830003	544,738
			2010 Funds	DE-EE0000201	2,421,235
			Admin		24,212
			PVE Funds	None	2,068,842
			ARRA Funds		8,773,545
			Admin		263,677
		Total WAP Funds			14,096,249
Dept of Treasury	21.000	National Foreclosure Mitigation Counseling Program (NFMC)	2008 Funds	PL110-289:95X1350	120,580
			Admin		20,976
		Total NFMC Funds			141,556
		Total expenditures			$ 176,158,527

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, 2010

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of 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
Low Income Housing Energy Assistance Program (LIHEAP)	93.568	$ 53,452,989
LIHEAP Express (Petroleum Violation Fund)	N/A	16,169
Weatherization Assistance Program (WAP)	81.042	2,965,973
WAP Express (Petroleum Violation Fund)	N/A	2,068,842
WAP MAX (ARRA)	81.042	8,773,545
		$ 67,277,518

NOTE C – PROGRAM INCOME

In accordance with terms of the loans funded under the HOME Program, program income totaling $3,234,074 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, 2010

NOTE D – RECONCILIATION TO THE FINANCIAL STATEMENTS

Per financial statements:

Federal awards expensed (nonoperating)	$ 148,891,579
Mortgage loans issued (capitalized)	4,993,075
Fixed asset additions (capitalized)	556,178
HUD Risk Sharing Mortgage Loans	13,900,401
Administrative costs within operating expenses	7,817,294
Per schedule of expenditures of federal awards	$ 176,158,527

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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, 2010

Identification of major programs:

CFDA Numbers	Name of Federal Program
93.568	Low-Income Energy Assistance Program
14.228	Community Development Block Grant
81.042	Weatherization Assistance Program
14.258	Tax Credit Assistance 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, 2010

None noted.

REPORT

VILLAGE DE JARDIN

(FORMERLY GASLIGHT SQUARE APARTMENTS)

HUD PROJECT NO. 064-35124

JUNE 30, 2010

VILLAGE DE JARDIN

(FORMERLY GASLIGHT SQUARE APARTMENTS)

INDEX TO REPORT

JUNE 30, 2010

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 2
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	3 - 6
FINANCIAL STATEMENTS:	
Balance Sheet	7
Statement of Revenues, Expenses, and Changes in Fund Net Assets	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 12
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*	13 - 14
SUMMARY SCHEDULE OF FINDINGS	15
OWNER'S CERTIFICATION	16

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INDEPENDENT AUDITOR'S REPORT

August 25, 2010

Louisiana Housing Finance Agency
Village de Jardin
(formerly Gaslight Square Apartments)
Baton Rouge, Louisiana

We have audited the accompanying balance sheet of Village de Jardin (formerly Gaslight Square Apartments) (HUD Project No. 064-35124), as of June 30, 2010 and the related statements of revenues, expenses and changes in fund net assets and cash flows for the year then ended. These financial statements are the responsibility of the Village de Jardin (formerly 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 Village de Jardin (formerly Gaslight Square Apartments) as of June 30, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2010, on our consideration of Village de Jardin's (formerly 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 should be considered in assessing the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010

The Management's Discussion and Analysis of Village de Jardin's (formerly Gaslight Square Apartments) (the complex) financial performance presents a narrative overview and analysis of the complex's financial activities for the year ended June 30, 2010. 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 complex's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- ★ The complex's assets exceeded its liabilities at the close of fiscal year 2010 by $19,915,441, which represents a 180% increase from last fiscal year.
- ★ The complex's total revenues before capital contributions decreased by $1,138, or 87%, total expenses decreased by $56,860, or 80%, and consequently the net loss before capital contributions decreased by $55,722, a decrease of 80%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the complex's basic financial statements. These financial statements consist of two sections - Management's Discussion and Analysis (this section) and basic financial statements (including the notes to the financial statements).

Basic Financial Statements

The basic financial statements present information for the complex 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 Sheet; the Statement of Revenues, Expenses and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet (page 7) 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 complex is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets (page 8) presents information showing how the complex'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.

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The Statement of Cash Flow (page 9) presents information showing how the complex'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

Balance Sheets
For the Year Ended June 30, 2010

	2010	2009
Cash	$ 4,108	$ 3,944
Deposits held in trust – funded	561	561
Capital assets	19,922,153	7,117,958
Total assets	$ 19,926,822	$ 7,122,463
Accounts payable	$ 11,381	$ 11,381
Total liabilities	11,381	11,381
Net assets:		
Unrestricted	(6,712)	(6,876)
Invested in capital assets	19,922,153	7,117,958
Total net assets	19,915,441	7,111,082
Total liabilities and equity	$ 19,926,822	$ 7,122,463

Amounts invested in capital assets represent the carrying amount of construction in progress for restoring the complex since Hurricane Katrina. Net assets provide necessary reserves to support the general obligations of the complex.

The complex's net assets increased by $12,804,359, or 180%, from June 30, 2009 to June 30, 2010, primarily due to an increase in capital contributions from the Office of Risk Management.

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010

FINANCIAL ANALYSIS OF THE ENTITY (Continued)

Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2010

	2010	2009
Operating revenues	$ -	$ -
Operating expenses	13,788	70,648
Operating loss	(13,788)	(70,648)
Non-operating revenues	164	1,302
Loss before contributions	(13,624)	(69,346)
Capital contributions	12,779,315	2,726,709
Change in net assets	12,765,691	2,657,363
Net assets – beginning of year	7,111,082	4,383,071
Contribution from owner	38,668	70,648
Net assets – end of year	$ 19,915,441	$ 7,111,082

CAPITAL ASSETS

At the end of fiscal year 2010, the complex had $19,922,153 invested in construction in progress. This amount represents an increase of $12,804,195, or a 180% increase since last year. The increase is due to renovations needed to complete the reconstruction by April 2011. However, there is always a possibility that the date will be extended due to additional work needed as well as weather delays.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Management expects the renovations of the complex to be completed by the end of the next fiscal year, and the property to be open for business by then.

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010

REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to Louisiana Housing Finance Agency, Rene Landry, CFO, 2415 Quail Drive, Baton Rouge, Louisiana 70808.

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124
BALANCE SHEET
JUNE 30, 2010

ASSETS

CURRENT ASSETS:		
Petty cash	$	200
Cash in bank		3,908
Total current assets		4,108
DEPOSITS HELD IN TRUST - FUNDED:		
Tenant security deposits		561
Total deposits held in trust - funded		561
CAPITAL ASSETS - COST:		
Construction in progress		19,922,153
Total capital assets		19,922,153
TOTAL ASSETS	$	19,926,822

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable:		
Trade	$	11,381
Total current liabilities		11,381
NET ASSETS:		
Unrestricted		(6,712)
Invested in capital assets		19,922,153
Total net assets		19,915,441
TOTAL LIABILITIES AND NET ASSETS	$	19,926,822

See accompanying notes.

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUES:	$ -
OPERATING EXPENSES:	
Insurance	10,788
Operating and maintenance	3,000
Total operating expenses	13,788
Operating loss	(13,788)
NON-OPERATING REVENUES:	
Interest income	164
Total non-operating revenues	164
Loss before capital contributions	(13,624)
Capital contributions	12,779,315
CHANGE IN NET ASSETS	12,765,691
NET ASSETS - Beginning of year	7,111,082
Contribution from owner	38,668
NET ASSETS - End of year	$ 19,915,441

See accompanying notes.

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124
STATEMENT OF CASH FLOWS
JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash paid for:	
Insurance	$ (10,788)
Operating and maintenance	(3,000)
Net cash used by operating activities	(13,788)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Construction of capital assets	(24,880)
Contribution from owner	38,668
Net cash provided by capital and related financing activities	13,788
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	164
Net cash provided by investing activities	164
Net increase in cash	164
Cash - beginning of year	3,944
Cash - end of year	$ 4,108
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	$ (13,788)
Net cash used by operating activities	$ (13,788)
SUPPLEMENTAL DISCLOSURES:	
NONCASH FINANCING ACTIVITIES:	
Construction in progress paid by contributions from the State of Louisiana	$ 12,779,315

See accompanying notes.

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NATURE OF ORGANIZATION AND OPERATIONS:

Village de Jardin (formerly 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 suffered significant damage as a result of Hurricane Katrina and is not presently operational. At June 30, 2010, the complex is undergoing renovation. Management expects the renovations to be completed during the latter part of 2010.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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, 2010 since no capital assets were in service during the year.

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.

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. 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.

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

3. CAPITAL ASSETS: (Continued)

Following is a summary of the changes in capital assets for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Dispositions	Balance June 30, 2010
Construction in progress	$7,117,958	$ 12,804,195	$ --	$19,922,153
	7,117,958	12,804,195	--	19,922,153
Accumulated depreciation	--	--	--	--
	$7,117,958	$ 12,804,195	$ --	$19,922,153

4. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:

The complex's 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.

5. CASH AND CASH EQUIVALENTS:

The complex had cash and cash equivalents (book balances) as of June 30, 2010 as follows:

Petty cash	$ 200
Demand deposits	3,908
	$ 4,108

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, 2010, the complex's demand deposit bank balances of $4,469 were fully insured by federal deposit insurance.

DUPLANTIER, HRAPMANN,
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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, 2010

Louisiana Housing Finance Agency
Village de Jardin
(formerly Gaslight Square Apartments)
Baton Rouge, Louisiana

We have audited the financial statements of Village de Jardin (formerly Gaslight Square Apartments) (HUD Project No. 064-35124), as of and for the year ended June 30, 2010 and have issued our report thereon dated August 25, 2010. 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 Village de Jardin's (formerly Gaslight Square Apartments) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village de Jardin's (formerly Gaslight Square Apartments) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Village de Jardin's (formerly Gaslight Square Apartments) internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Village de Jardin's (formerly Gaslight Square Apartments) financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Village de Jardin's (formerly 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 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 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

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Village de Jardin (formerly Gaslight Square Apartments) for the year ended June 30, 2010 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

VILLAGE DE JARDIN
(FORMERLY GASLIGHT SQUARE APARTMENTS)
HUD PROJECT NO. 064-35124

OWNER'S CERTIFICATION

JUNE 30, 2010

We hereby certify that we have examined the accompanying financial statements and supplementary information of Village de Jardin (formerly Gaslight Square Apartments) and, to the best of our knowledge and belief, the same is complete and accurate.

Owner: Rene' Landry, CFO

August 25, 2010
Date

72-0809967
Employer Identification Number

REPORT

WILLOWBROOK APARTMENTS

HUD PROJECT NO. 064-35249

JUNE 30, 2010

WILLOWBROOK APARTMENTS

INDEX TO REPORT

JUNE 30, 2010

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 2
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	3 - 5
FINANCIAL STATEMENTS:	
Balance Sheet	6
Statement of Revenues, Expenses, and Changes in Fund Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9- 12
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*	13- 14
SUMMARY SCHEDULE OF FINDINGS	15
OWNER'S CERTIFICATION	16

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INDEPENDENT AUDITOR'S REPORT

August 25, 2010

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, 2010 and the related statements of revenues, expenses and changes in fund 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, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2010, 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 should be considered in assessing the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

WILLOWBROOK APARTMENTS
HUD PROJECT NO. 064-35249
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010

The Management's Discussion and Analysis of Willowbrook Apartments (the complex) financial performance presents a narrative overview and analysis of the complex's financial activities for the year ended June 30, 2010. 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 complex's financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

- ★ The complex's assets exceeded its liabilities at the close of fiscal year 2010 by $32,041,005, which represents a 3% decrease from last fiscal year.
- ★ The complex's total revenues increased by $733,120, or 40%, total expenses increased by $338,120, or 12%, and consequently, the change in net assets increased by $395,000, a decrease of 44%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the complex's basic financial statements. These financial statements consist of two sections - Management's Discussion and Analysis (this section) and basic financial statements (including the notes to the financial statements).

Basic Financial Statements

The basic financial statements present information for the complex 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 Sheet; the Statement of Revenues, Expenses and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet (page 6) 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 complex is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets (page 7) presents information showing how the complex'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.

WILLOWBROOK APARTMENTS
HUD PROJECT NO. 064-35249
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The Statement of Cash Flow (page 8) presents information showing how the complex'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

Balance Sheets
For the Year Ended June 30, 2010

	2010	2009
Cash	$ 223,384	$ 80,488
Tenant rent receivable-net	27,625	--
Other	1,000	10,753
Deposits held in trust – funded	130,559	95,393
Capital assets - net	31,789,929	32,857,243
Total assets	$ 32,172,497	$ 33,043,877
Accounts payable	$ --	$ 2,687
Tenant security deposits	131,492	96,694
Total liabilities	131,492	99,381
Net assets:		
Unrestricted	251,076	87,253
Invested in capital assets	31,789,929	32,857,243
Total net assets	32,041,005	32,944,496
Total liabilities and equity	$ 32,172,497	$ 33,043,877

CAPITAL ASSETS

At the end of fiscal year 2010, the complex had $31.8 million invested in capital assets. This amount represents a net decrease of $1,067,314, or a 3% decrease from the prior year.

NET ASSETS

The complex's net assets decreased by $903,491, or 3%, from June 30, 2009 to June 30, 2010, primarily due to the operating loss suffered by the complex in 2010 and capital distributions taken by the complex's owner.

WILLOWBROOK APARTMENTS
HUD PROJECT NO. 064-35249
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010

FINANCIAL ANALYSIS OF THE ENTITY (Continued)

Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2010

	2010	2009
Operating revenues	$ 2,555,094	$ 1,826,095
Operating expenses	3,016,522	2,660,861
Operating loss	(461,428)	(834,766)
Non-operating revenues (expenses)	(49,193)	(70,855)
Loss before contributions	(510,621)	(905,621)
Capital contributions	--	78,471
Change in net assets	(510,621)	(827,150)
Net assets – beginning of year	32,944,496	33,781,924
Contributions from owner	207,130	389,722
Distributions to owner	(600,000)	(400,000)
Net assets – end of year	$ 32,041,005	$ 32,944,496

ANALYSIS OF CURRENT YEAR RESULTS

The operating loss suffered by the complex decreased by $373,338 or 45% as the complex saw a substantial increase in tenant occupancy for the fiscal year ended June 30, 2010.

ECONOMIC FACTORS

Management expects occupancy to continue to increase as the City of New Orleans recovers from devastation caused by Hurricane Katrina.

REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to Louisiana Housing Finance Agency, Rene Landry, CFO, 2415 Quail Drive, Baton Rouge, Louisiana 70808.

WILLOWBROOK APARTMENTS
HUD PROJECT NO. 064-35249
BALANCE SHEET
JUNE 30, 2010

ASSETS

CURRENT ASSETS:		
Cash in bank	$	223,141
Petty cash		243
Tenant rent receivable		150,180
Less allowance for doubtful accounts		(122,555)
Other		1,000
Total current assets		252,009
DEPOSITS HELD IN TRUST - FUNDED:		
Tenant security deposits		130,559
Total deposits held in trust - funded		130,559
CAPITAL ASSETS:		
Furniture, fixtures and equipment		122,972
Building		33,478,098
Building renovations		832,590
Less accumulated depreciation		(2,643,731)
Total capital assets		31,789,929
TOTAL ASSETS	$	32,172,497

LIABILITIES AND NET ASSETS

DEPOSITS:		
Tenant security deposits	$	131,492
Total liabilities		131,492
NET ASSETS:		
Unrestricted		251,076
Invested in capital assets		31,789,929
Total net assets		32,041,005
TOTAL LIABILITIES AND NET ASSETS	$	32,172,497

See accompanying notes.

WILLOWBROOK APARTMENTS
HUD PROJECT NO. 064-35249
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUES:	
Rental income	$ 2,474,954
Tenant charges	80,140
Total operating revenues	2,555,094
OPERATING EXPENSES:	
Administrative	96,628
Personnel services	478,757
Operating and maintenance	700,498
Depreciation	1,159,988
Utilities	232,998
Insurance	207,130
Management fees	140,523
Total operating expenses	3,016,522
Operating loss	(461,428)
NON-OPERATING REVENUES (EXPENSES):	
Other non-operating income	4,121
Other non-operating expenses	(1,408)
Bad debt expense	(51,906)
Total non-operating expenses	(49,193)
CHANGE IN NET ASSETS	(510,621)
NET ASSETS-Beginning of year	32,944,496
Contributions from owner	207,130
Distributions to owner	(600,000)
NET ASSETS-End of year	$ 32,041,005

See accompanying notes.

WILLOWBROOK APARTMENTS
HUD PROJECT NO. 064-35249
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from:		
Rental receipts	$	2,395,423
Other receipts		89,893
		2,485,316
Cash paid for:		
Administrative expenses		(96,628)
Personnel services		(478,757)
Operating and maintenance		(703,185)
Utilities		(232,998)
Insurance		(207,130)
Management fees		(140,523)
		(1,859,221)
Net cash provided by operating activities		626,095
CASH FLOWS FROM NONCAPITAL ACTIVITIES:		
Other non-operating expenses		(1,408)
Other non-operating revenues		4,121
Change in tenant security deposits held in trust		(35,166)
Change in tenant security deposit liability		34,798
Net cash provided by noncapital activities		2,345
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of property and equipment		(92,674)
Contributions from owner		207,130
Distributions to owner		(600,000)
Net cash used by capital and related financing activities		(485,544)
Net increase in cash		142,896
Cash - beginning of year		80,488
Cash - end of year	$	223,384
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	$	(461,428)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		1,159,988
Changes in operating assets and liabilities:		
Tenant rent receivable		(79,531)
Other assets		9,753
Accounts payable		(2,687)
Net cash provided by operating activities	$	626,095

See accompanying notes.

WILLOWBROOK APARTMENTS
HUD PROJECT NO. 064-35249
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NATURE OF ORGANIZATION AND OPERATIONS:

Willowbrook Apartments (the complex) is a 408 unit apartment complex in New Orleans, Louisiana. The apartment complex was purchased on October 1, 1995 by the Louisiana Housing Finance Agency (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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

WILLOWBROOK APARTMENTS
HUD PROJECT NO. 064-35249
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 are capitalized. Depreciation expense for the year ended June 30, 2010 was $1,159,988.

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, 2010, the account receivable balance was $150,180, and the allowance for uncollectible accounts was $122,555 at June 30, 2010.

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.

WILLOWBROOK APARTMENTS
HUD PROJECT NO. 064-35249
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010:

	Balance July 1, 2009	Additions	Dispositions	Balance June 30, 2010
Building renovations	$ 832,590	$ --	$ --	$ 832,590
Furniture, fixtures and Equipment	119,994	2,978	--	122,972
Buildings	33,388,402	89,696	--	33,478,098
	34,340,986	92,674	--	34,433,660
Accumulated depreciation	(1,483,743)	1,159,988	--	(2,643,731)
	$ 32,857,243	$ (1,067,314)	$ --	$ 31,789,929

4. 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
HUD PROJECT NO. 064-35249
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. CASH AND CASH EQUIVALENTS:

The complex had cash and cash equivalents (book balances) as of June 30, 2010 as follows:

Petty cash	$ 243
Demand deposits	223,141
	$ 223,384

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, 2010, the complex's demand deposit bank balances of $454,720 were entirely secured by federal deposit insurance and pledged securities.

6. COMMITMENTS AND CONTINGENCIES:

The complex is involved in a legal action that arose as a result of events that occurred in a prior year during the course of operations. The management company has been named as a defendant in the lawsuit and has accepted the defense and indemnification of this case and plans to vigorously defend the allegations 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, 2010

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, 2010, and have issued our report thereon dated August 25, 2010. 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 Willowbrook Apartments' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Willowbrook Apartments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Willowbrook Apartments' internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Willowbrook Apartments' financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, 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 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 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
HUD PROJECT NO. 064-35249
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Willowbrook Apartments for the year ended June 30, 2010 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, 2010

We hereby certify that we have examined the accompanying financial statements and supplementary information of Willowbrook Apartments and, to the best of our knowledge and belief, the same is complete and accurate.

Owner: Rene' Landry, CFO

August 25, 2010
Date

72-0809967
Employer-Identification Number