3505

FINANCIAL REPORT

LOUISIANA HOUSING FINANCE AGENCY
(STATE OF LOUISIANA)

JUNE 30, 2008 AND 2007

LOUISIANA HOUSING FINANCE AGENCY

INDEX TO REPORT

JUNE 30, 2008 AND 2007

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INDEPENDENT AUDITOR'S REPORT

August 22, 2008

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

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

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

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

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

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

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

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

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

Duplantier, Hrapmann, Hogan & Maher, LLP

REQUIRED SUPPLEMENTARY INFORMATION

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

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

FINANCIAL HIGHLIGHTS

2008

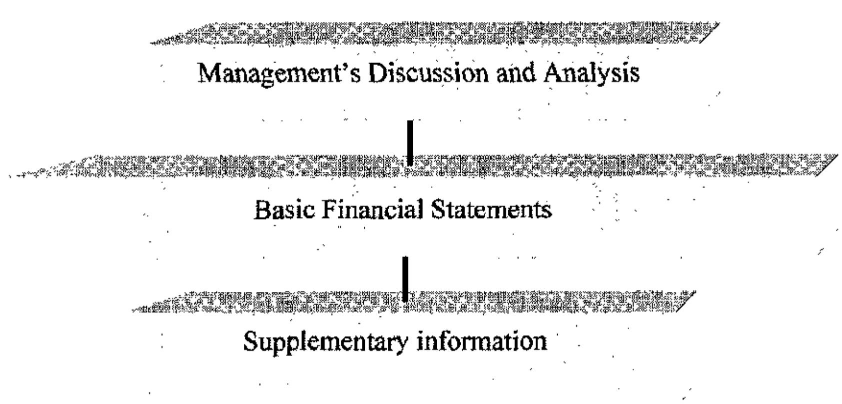
- ★ The LHFA's assets exceeded its liabilities at the close of fiscal year 2008 by $194,289,386, which represents a 42% increase from last fiscal year.
- ★ The LHFA's operating revenues decreased by $4,123,509, or 19%, and consequently, the net results from operating activities decreased by $6,009,968,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

2007

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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

Basic Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY

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

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

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

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

2008

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

2007

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

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

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

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

2008

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

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

2007

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

This year's changes included (in thousands):

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

Debt

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

Outstanding Debt at Year-end
(in thousands)

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

2008

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

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

2007

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

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

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

CONTACTING THE LOUISIANA HOUSING FINANCE AGENCY'S MANAGEMENT

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

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

ASSETS

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

See accompanying notes.

LIABILITIES AND NET ASSETS

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

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

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

See accompanying notes

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

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

Continued

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

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

See accompanying notes.

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

ORGANIZATION OF THE AGENCY:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Reporting Entity:

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

1. Appointment of a voting majority of the governing board.
    a. The ability of the state to impose its will on the organization.
    b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations which are fiscally dependent.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reporting Entity: (Continued)

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

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

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

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

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

Basis of Accounting:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments:

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

Allowance for Loan Losses:

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

Capital Assets:

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

Buildings	40 years
Equipment	3 – 7 years
Automobiles	5 years

Bond Issuance Costs:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Operating/Non-operating Revenue and Expenses:

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

Compensated Absences:

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

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

2. ESTIMATES:

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS:

Authority:

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

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

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

Authority: (Continued)

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

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

Cash and Cash Equivalents:

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

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

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

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

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

Investments:

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

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

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

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

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

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

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

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

Investments: (Continued)

Concentration of Credit Risk. (Continued)

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

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

4. BONDS AND DEBENTURES PAYABLE:

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

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

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

4. BONDS AND DEBENTURES PAYABLE: (Continued)

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

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

Limited Obligation Bonds Payable:

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

General Obligation Bonds Payable:

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

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

4. BONDS AND DEBENTURES PAYABLE: (Continued)

General Obligation Bonds Payable: (Continued)

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

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

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

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

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

4. BONDS AND DEBENTURES PAYABLE: (Continued)

General Obligation Bonds Payable: (Continued)

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

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

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

Debentures Payable:

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

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

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

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

Debentures Payable: (Continued)

Future debt service requirements for the debentures are as follows:

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

5. FEDERAL FINANCIAL ASSISTANCE:

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

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

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

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

6. BOARD OF COMMISSIONERS EXPENSES:

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

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

7. RETIREMENT BENEFITS:

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

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

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

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

7. RETIREMENT BENEFITS: (Continued)

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

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

8. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

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

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

Plan Description

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

Funding Policy

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

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

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

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

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

Annual OPEB Cost

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

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

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

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

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

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

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

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

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

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

9. CAPITAL ASSETS:

A summary of changes in capital assets is as follows:

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

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

9. CAPITAL ASSETS: (Continued)

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

10. COMMITMENTS AND CONTINGENCIES:

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

11. HUD DISPOSITION PROPERTIES:

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

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

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

12. RESTRICTED LOANS:

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

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

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

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

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

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

13. CONCENTRATION OF CREDIT RISK:

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

14. RISK MANAGEMENT:

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

15. PENDING CLAIM:

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

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

16. NET ASSETS:

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

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

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

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

OTHER SUPPLEMENTARY INFORMATION

Louisiana Housing Finance Agency
STATE OF LOUISIANA
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Schedules

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

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

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

Statement A

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

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

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

Statement B

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

See Appendix A for instructions

	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	$ 129,059,380	$ 12,753,025	$ 114,825,149	$	$ (1,481,206)
General revenues:					
Taxes					
State appropriations					25,000,000
Grants and contributions not restricted to specific programs					
Interest					8,271,363
Miscellaneous					27,910,382
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					(2,700,064)
Total general revenues, special items, and transfers					58,481,681
Change in net assets					57,000,475
Net assets - beginning					137,288,911
Net assets - ending					$ 194,289,386

The accompanying notes are an integral part of this statement.

Statement C

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

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

Statement D

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

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

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

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

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

The accompanying notes are an integral part of this statement.

Statement D (concluded)

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

INTRODUCTION

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

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

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

Revenue Recognition

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

Expense Recognition

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

B. BUDGETARY ACCOUNTING N/A

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

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

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

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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

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

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

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

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

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

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

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

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

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

Cash in State Treasury	$
Petty cash	$ 500

2. INVESTMENTS

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

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the table on the

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

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

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

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

3. DERIVATIVES

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

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

N/A

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

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

A. Credit Risk of Debt Investments

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

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

B. Interest Rate Risk of Debt Investments

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

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

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

Debt Investment	Fair Value	Terms
	$	
Total	$ -	

C. Concentration of Credit Risk

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

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

D. Foreign Currency Risk

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

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

5. POLICIES

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

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

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

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

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

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

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

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS

a. Investments in pools managed by other governments or mutual funds ________NONE____________

b. Securities underlying reverse repurchase agreements _________NONE____________

c. Unrealized investment losses ___________NONE____________

d. Commitments as of June 30, 2008, to <u>resell</u> 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____________

<u>Legal or Contractual Provisions for Reverse Repurchase Agreements N/A</u>

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 ____________

<u>Reverse Repurchase Agreements as of Year-End N/A</u>

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

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

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

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

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

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

Fair Value Disclosures

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

p. Basis for determining which investments, if any, are reported at amortized cost ______N/A______

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

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

s. Any involuntary participation in an external investment pool ______N/A______

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

u. Any income from investments associated with one fund that is assigned to another fund ______N/A______

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

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

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

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

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

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

E. INVENTORIES

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

F. RESTRICTED ASSETS

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

G. LEAVE

1. COMPENSATED ABSENCES

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

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

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

2. COMPENSATORY LEAVE

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

H. RETIREMENT SYSTEM

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

All full-time Agency employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to $300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) <u>on</u>

or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

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

http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports 07.pdf

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

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

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

J. LEASES

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

1. OPERATING LEASES N/A

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

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

2. CAPITAL LEASES N/A

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

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

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

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

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

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

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

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

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

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

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

SCHEDULE C – LEAF CAPITAL LEASES

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

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

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

3. LESSOR DIRECT FINANCING LEASES N/A

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

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

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

Composition of lease	Date of lease	Minimum lease payment receivable	Remaining interest to end of lease	Remanining principal to end of lease
a. Office space		$	$	$
b. Equipment				
c. Land				

Less amounts representing executory costs	
Minimum lease payment receivable	
Less allowance for doubtful accounts	
Net minimum lease payments receivable	
Less estimated residual value of leased property	
Less unearned income	
Net investment in direct financing lease	$ -

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

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

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

4. LESSOR – OPERATING LEASE N/A

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

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

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

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

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

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

K. LONG-TERM LIABILITIES

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

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

L. CONTINGENT LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

M. RELATED PARTY TRANSACTIONS

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

N. ACCOUNTING CHANGES

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

O. IN-KIND CONTRIBUTIONS N/A

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

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

P. DEFEASED ISSUES

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

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

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

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

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

1. PLEDGED REVENUES

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

Provide the following information about the specific revenue pledged:

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

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

c. *General purpose for the debt secured by the pledge:*____________________

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

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

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

2. FUTURE REVENUES REPORTED AS A SALE

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

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

a. Identify the specific revenue sold:
- *the revenue sold is* ____________________
- the approximate amount ____________________
- significant assumptions used in determining the approximate amount____________________

b. Period of the sale: ____________________

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

d. Comparison of the sale:
- proceeds of the sale ____________________
- present value of the future revenues sold____________________
- significant assumptions in determining the present value____________________

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

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

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

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

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

T. SHORT-TERM DEBT N/A

The __________ (BTA) issues short-term notes for the following purpose(s): __________

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

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

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

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

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

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2008, were as follows:

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

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2008, were as follows:

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

W. SUBSEQUENT EVENTS N/A

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

____

X. SEGMENT INFORMATION N/A

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

Type of goods or services provided by the segment______________________________.

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

A. Condensed balance sheet:

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

Condensed Balance sheet:

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

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

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

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

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

C. Condensed statement of cash flows:

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

Condensed Statement of Cash Flows:

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

Y. DUE TO/DUE FROM AND TRANSFERS

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

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

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

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

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

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

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

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

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

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

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

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

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

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

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

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

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

CC. IMPAIRMENT OF CAPITAL ASSETS

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

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

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

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

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

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

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

DD. EMPLOYEE TERMINATION BENEFITS N/A

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

Other termination benefits may include:

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

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

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

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

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

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

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

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

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

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

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

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

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

*Send copies of new amortization schedules

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

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

*Send copies of new amortization schedules

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

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

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

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

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

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

STATE OF LOUISIANA

LOUISIANA HOUSING FINANCE AGENCY

COMPARISON FIGURES

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

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

Explanation for change:

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

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

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

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

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

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA

JUNE 30, 2008

LOUISIANA HOUSING FINANCE AGENCY
STATE OF LOUISIANA

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JUNE 30, 2008

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

August 22, 2008

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

We have audited the financial statements of the Louisiana Housing Finance Agency as of and for the year ended June 30, 2008, and have issued our report thereon dated August 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing* Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

Duplantier, Hrapmann, Hogan & Maher, LLP

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

August 22, 2008

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

Compliance

We have audited the compliance of the Louisiana Housing Finance Agency with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2008. The Louisiana Housing Finance Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the Louisiana Housing Finance Agency's management. Our responsibility is to express an opinion of the Louisiana Housing Finance Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Louisiana Housing Finance Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Louisiana Housing Finance Agency's compliance with those requirements.

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

Internal Control over Compliance

The management of the Louisiana Housing Finance Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the Louisiana Housing Finance Agency's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Louisiana Housing Finance Agency's internal control over compliance.

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

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

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

Schedule of Expenditures of Federal Awards

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

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

Duplantier, Hrapmann, Hogan & Maher, LLP

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

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

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

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUBRECIPIENTS

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

NOTE C – PROGRAM INCOME

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

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

NOTE D – RECONCILIATION TO THE FINANCIAL STATEMENTS

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

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

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

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

Federal Awards

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	______ yes	__X__ no
Dollar threshold used to distinguish between Types A and B Programs:	$ 3,000,000	
Auditee qualified as low risk auditee:	__X__ yes	______ no

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

Identification of major programs:

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

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

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

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

None noted.