LOUISIANA PUBLIC FACILITIES AUTHORITY

The Louisiana Public Facilities Authority (the "LPFA") is a public trust and public corporation operating solely on self-generated revenues. The LPFA complies with state laws regarding public records, public contracts, open meetings, public bids, the Bond Validation Procedures Law and the State Code of Ethics. Annual independent financial audits of the LPFA are submitted to the State Legislative Auditor and performed by independent auditors selected by the State Legislative Auditor. The annual operating budget of the LPFA is subject to review and approval by the Joint Legislative Committee on the Budget. The LPFA's new-money bond issues must be reviewed and approved twice in open public meeting of the LPFA Board of Trustees, once for preliminary approval and again for final approval. Further, each new-money bond issue must be reviewed and approved twice--for preliminary and final approval--by the State Bond Commission. All bond-issuance fees in connection with LPFA bond issues are subject to the review and approval of the State Bond Commission or the Louisiana Attorney General.

Louisiana Public Facilities Authority
2237 South Acadian Thruway
Suite 650
Baton Rouge, Louisiana 70808
(225) 923-0020
(800) 228-4755
www.lpfa.com
www.lela.org

LOUISIANA PUBLIC FACILITIES AUTHORITY

REPORT ON AUDIT OF THE COMPONENT UNIT FINANCIAL STATEMENTS

DECEMBER 31, 2010

BATON ROUGE, LOUISIANA

CONTENTS

Hannis T. Bourgeois, LLP
Certified Public Accountants

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

April 25, 2011

Independent Auditor's Report

To the Board of Trustees
Louisiana Public Facilities Authority
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the business type activity and each of the component units of the Louisiana Public Facilities Authority (A Public Trust), a component unit of the State of Louisiana, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of management of the Louisiana Public Facilities Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the business type activity and each of the component units of the Louisiana Public Facilities Authority, as of December 31, 2010, and changes in financial position and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

MANAGEMENT’S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

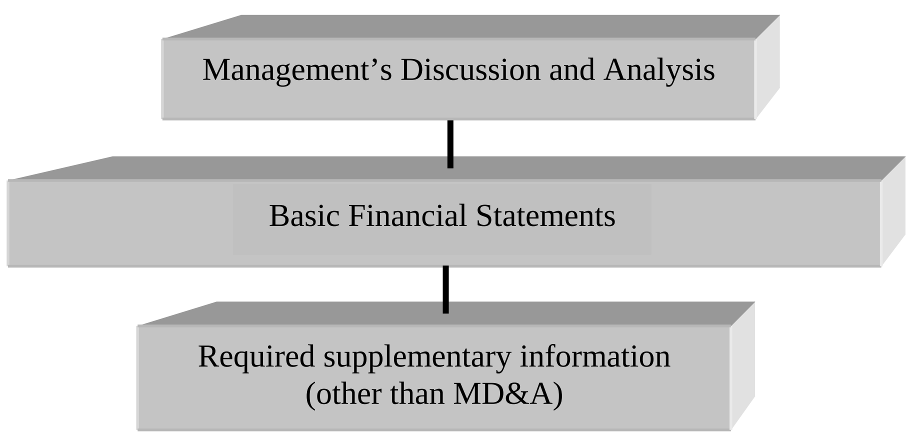
The following Management's Discussion and Analysis (MD&A) of the Louisiana Public Facilities Authority's activities and financial performance provides the reader with an introduction and overview to the financial statements of the Louisiana Public Facilities Authority (Authority) for the fiscal year ended December 31, 2010. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements that follow this section.

Following this MD&A are the basic financial statements of the Authority together with the notes thereto which are essential to a full understanding of the data contained in the financial statements. In addition to the basic financial statements and accompanying notes, these financial statements also present certain required supplementary information about the Authority.

FINANCIAL HIGHLIGHTS

- The Authority's total assets increased by $839,252 or approximately 3.08%. Likewise, total net assets increased by $571,099 or approximately 2.17%.
- Total cash and investments at December 31, 2010 represent approximately 75.02% of the Authority's total assets.
- Operating revenues decreased over the prior year primarily because of an decrease in program investment earnings.
- Operating expenses were approximately the same as the prior year.
- Non-operating revenues increased from the prior year due to unrealized gains in value on the Authority's investments.

OVERVIEW OF THE FINANCIAL STATEMENTS



The preceding 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; the basic financial statements; and the required supplementary information. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

Basic Financial Statements

The Authority's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Balance Sheet includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues and Expenses and Changes in Net Assets. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority was profitable and its credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period. 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.

The following is a condensed Balance Sheet at December 31, 2009 and 2010:

		2009		2010
Current and Other Noncurrent Assets	$	26,441,726	$	27,178,052
Net Capital Assets		46,632		55,542
Total Assets	$	26,488,358	$	27,233,594
Current Liabilities	$	113,598	$	381,068
Total Liabilities	$	113,598	$	381,068
Net Assets				
Invested in Capital Assets, Net of Debt	$	46,632	$	55,542
Unrestricted		26,328,128		26,796,984
Total Net Assets	$	26,374,760	$	26,852,526

FINANCIAL ANALYSIS OF THE AUTHORITY

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Balance Sheet, and the Statement of Revenues and Expenses and Changes in Net Assets report information about the Authority's activities in a way that will help answer this question. These two statements report the net assets of the Authority and changes in them. You can think of the Authority's net assets - the difference between assets and liabilities- as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions and new or changed government legislation, both state and federal.

The following is a condensed statement of Revenues, Expenses, and Changes in Net Assets for the fiscal years ended December 31, 2009 and 2010:

		2009		2010
Operating revenues	$	3,269,202	$	2,089,991
Operating expenses		(2,326,169)		(2,322,088)
Operating income (loss)		943,033		(232,097)
Non-operating revenues (expenses)		397,326		803,196
Net increase in net assets	$	1,340,359	$	571,099

As detailed in the above summary, the Authority's net assets increased by $571,099 in fiscal year 2010. This continues the Authority's history of having net income every year since 1994, the first full year after the formation by the Board of Trustees of the Development Committee.

One of the highest priorities of the Board of Trustees and management of the Authority is the preservation of the Authority's assets. Another priority is utilizing these assets for the betterment of the citizens of Louisiana while at the same time preserving the assets for future use by the Authority. With this in mind, the Authority has developed programs where it makes direct loans, primarily to small local governments, at a zero percent interest rate to help buy down the cost of financing for the borrower. Under this philosophy, the Authority restricts the amount of grants it makes and instead focuses on loans where the capital is returned to the Authority in a reasonable amount of time.

There was a large decrease in operating revenues from fiscal year 2009. The decrease in operating revenues resulted primarily from a decrease of $1,612,259 in Program Investment Earnings. This decrease in Program Investment Earnings was partially offset by a $147,010 increase in Financing Acceptance Fees and a $336,374 increase in Program Administrative Fees. Program Investment Earnings represent residual funds from completed program bond financings. These funds are released to the Authority after all of the bonds and other expenses related to the financed program have been paid. The Authority did not receive any Program Investment Earnings in fiscal year 2010.

There was a slight decrease in Operating Expenses due to our continuing cost cutting measures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

As of December 31, 2010, the Authority had $569,515 invested in capital assets consisting mainly of office furniture and equipment. This amount represents a net increase of $28,599 over last year.

Debt:

The Authority had no outstanding debt as of December 31, 2010.

VARIATIONS BETWEEN ACTUAL AND FINAL BUDGET

The Joint Legislative Committee on the Budget approves the annual operating budget of the Authority.

The following is a summary of the budget adopted by the Authority's Board of Trustees and approved by the Joint Legislative Committee on the Budget for the fiscal year ending on December 31, 2010, compared to the actual operating results for said fiscal year.

	Budget	Actual	Difference
Operating revenues	$ 2,470,000	$ 2,089,991	$ (380,009)
Operating expenses	(2,645,610)	(2,322,088)	323,522
Operating Income or (Loss)	(175,610)	(232,097)	(56,487)
Non-operating revenues	500,000	803,196	303,196
Net increase (decrease) in net assets	$ 324,390	$ 571,099	$ 246,709

The 2010 budget also authorizes the purchase of $29,400 in capital assets for the Authority. The cost of these capital assets will be capitalized and written off over the estimated useful life of the assets through depreciation expenses.

Operating Revenues were less than the budgeted amount primarily due to the amounts collected for Program Administrative Fees and Multi-Family Annual Issuer Fees. Also, due to the amount of bonds issued, our Finance Acceptance Fees were below the budgeted amount. Program Administrative Fees in connection with our student loan program were less than budgeted because the Authority billed the student loan program only for an amount necessary to cover the student loan related costs incurred by the Authority.

Operating Expenses were less than expected because of staff vacancies at the Authority and general cost saving measures used by the Authority.

Non-operating revenues were above the amount budgeted due to unrealized gains in value on the Authority's investments. The Authority does not budget for gains or losses on the value of investments due to the uncertain nature of market conditions that determine such gains or losses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority submits a budget at the beginning of each year for approval by the Authority's Board of Trustees and the Joint Legislative Committee on the Budget. The following is a summary of the budget adopted by the Authority's Board of Trustees and approved by the Joint Legislative Committee on the Budget for the fiscal year ending on December 31, 2011.

Operating revenues	$ 2,370,000
Operating expenses	(2,645,610)
Operating Loss	(275,610)
Non-operating revenues	500,000
Net increase in net assets	$ 224,390

The 2011 budget also authorizes the purchase of $29,400 in capital assets for the Authority. The cost of these capital assets will be capitalized and written off over the estimated useful life of the assets through depreciation expenses.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens of Louisiana with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Authority at 2237 South Acadian Thruway, Suite 650, Baton Rouge, Louisiana 70808, or visit the Authority's web site at www.lpfa.com.

FINANCIAL STATEMENTS

LOUISIANA PUBLIC FACILITIES AUTHORITY

BALANCE SHEET

AS OF DECEMBER 31, 2010

ASSETS

	Primary Government	Component Units	Total Reporting Entity
Current Assets:			
Cash and Cash Equivalents	$ 3,845,820	$ 195,784	$ 4,041,604
Interest Bearing Deposits	1,311,244	-	1,311,244
Receivables:			
Advance Costs-Projects	20,201	-	20,201
Financing Application Fees	1,000	-	1,000
Annual Issuer Fees	27,150	-	27,150
Accrued Interest and Dividend Receivable	124,476	-	124,476
Local Government Bond Bank	697,050	-	697,050
Rural Development Loan Program	2,623,000	-	2,623,000
Loans to Nonprofit Organizations	300,000	-	300,000
Other	838	-	838
Mortgage Loans Receivable	-	57,359	57,359
	8,950,779	253,143	9,203,922
Prepaid Expenses	10,113	-	10,113
Total Current Assets	8,960,892	253,143	9,214,035
Noncurrent Assets:			
Capital Assets:			
Office Furniture and Equipment	559,639	-	559,639
Leasehold Improvements	9,877	-	9,877
	569,516	-	569,516
Less: Accumulated Depreciation	(513,974)	-	(513,974)
Net Capital Assets	55,542	-	55,542
Other Assets:			
Interest Bearing Deposits - Long-Term	6,705,928	-	6,705,928
Investment Securities - Long-Term	8,569,030	-	8,569,030
Receivables - Long-Term:			
Local Government Bond Bank	1,009,900	-	1,009,900
Loans to Nonprofit Organizations	1,387,984	-	1,387,984
Rural Development Loan Program	545,000	-	545,000
Mortgage Loans Receivable - Long Term	-	3,139,498	3,139,498
Total Other Assets	18,217,842	3,139,498	21,357,340
Total Noncurrent Assets	18,273,384	3,139,498	21,412,882
Total Assets	$ 27,234,276	$ 3,392,641	$ 30,626,917

The accompanying notes are an integral part of this statement.

Exhibit A
(Continued)

LIABILITIES AND NET ASSETS

	Primary Government	Component Units	Total Reporting Entity
Current Liabilities:			
Accounts Payable	$ 381,751	$ 7	$ 381,758
Mortgage Loans Payable	-	57,359	57,359
Total Current Liabilities	381,751	57,366	439,117
Long-Term Liabilities:			
Mortgage Loans Payable	-	3,139,498	3,139,498
Total Long-Term Liabilities	-	3,139,498	3,139,498
Total Liabilities	381,751	3,196,864	3,578,615
Net Assets:			
Invested in Capital Assets, Net of Related Debt	55,542	-	55,542
Unrestricted	26,796,983	195,777	26,992,760
Total Net Assets	26,852,525	195,777	27,048,302
Total Liabilities and Net Assets	$ 27,234,276	$ 3,392,641	$ 30,626,917

Exhibit B

LOUISIANA PUBLIC FACILITIES AUTHORITY

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Primary Government	Component Units	Total Reporting Entity
Operating Revenues:			
Project and Program Administrative Fees:			
Finance Acceptance Fees	$ 379,888	$ -	$ 379,888
Multi-Family Annual Issuer Fees	68,507	-	68,507
Program Administrative Fees	1,636,099	-	1,636,099
Financing Application Fees	5,000	-	5,000
Other Income	497	52,000	52,497
Interest - Mortgage Loans	-	225,249	225,249
Net Sales of Mortgages Receivable	-	37,583	37,583
Total Operating Revenues	2,089,991	314,832	2,404,823
Operating Expenses:			
Administrative Services	104,862	-	104,862
Business Promotion and Economic Development	64,827	-	64,827
Depreciation	19,689	-	19,689
Employees' Salaries and Benefits	1,258,445	-	1,258,445
Grant Expense	300,000	-	300,000
Insurance	29,706	-	29,706
Interest - Mortgage Loans	-	225,249	225,249
Legal and Accounting Services	50,330	990	51,320
Office Expense	97,561	-	97,561
Other	64,274	7,228	71,502
Printing, Publications, Dues and Subscriptions	91,007	-	91,007
Rent	163,277	-	163,277
Repairs on Mortgaged Properties Prior to Sale	-	45,946	45,946
Travel	44,075	-	44,075
Trustee Per Diems	12,000	-	12,000
Unreimbursed Project Costs	22,035	-	22,035
Total Operating Expenses	2,322,088	279,413	2,601,501
Operating Income (Loss)	(232,097)	35,419	(196,678)
Non-Operating Revenues (Expenses):			
Interest Income, Net	659,507	-	659,507
Realized and Unrealized Gains and (Losses) on Investments	143,689	-	143,689
Total Non-Operating Revenues	803,196	-	803,196
Change in Net Assets	571,099	35,419	606,518
Total Net Assets - Beginning of Year	26,281,426	160,358	26,441,784
Total Net Assets - End of Year	$ 26,852,525	$ 195,777	$ 27,048,302

The accompanying notes are an integral part of this statement.

Exhibit C

LOUISIANA PUBLIC FACILITIES AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Primary Government	Component Units	Total Reporting Entity
Cash Flows From Operating Activities:			
Cash Received from Customers	$ 236,267	$ 225,249	$ 461,516
Cash Received from Sale of Mortgaged Loans	-	37,583	37,583
Cash Payments to Suppliers for Goods and Services	(278,780)	(233,417)	(512,197)
Cash Payments to Employees for Services	(1,258,445)	-	(1,258,445)
Other Operating Revenues (Expenses)	(475,277)	6,004	(469,273)
Net Cash Provided by (Used in) Operating Activities	(1,776,235)	35,419	(1,740,816)
Cash Flows From Non-Capital Financing Activities:			
Principal Collections on Mortgage Loans	-	510,311	510,311
Principal Repayment on Mortgage Loans	-	(510,311)	(510,311)
Net Cash Provided by Non-Capital Financing Activities	-	-	-
Cash Flows From Capital and Related Financing Activities:			
Purchase of Property and Equipment	(28,599)	-	(28,599)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(28,599)	-	(28,599)
Cash Flows From Investing Activities:			
Purchase of Interest Bearing Deposits and Investment Securities	(5,801,409)	-	(5,801,409)
Proceeds from Sale and Maturities of Interest Bearing Deposits and Investment Securities	5,328,772	-	5,328,772
Loss on Sale of Investments	(3,694)	-	(3,694)
Interest on Investments, Interest Bearing Deposits and Cash Equivalents	659,507	-	659,507
Net Cash Provided by Investing Activities	183,176	-	183,176
Net Increase (Decrease) in Cash and Cash Equivalents	(1,621,658)	35,419	(1,586,239)
Cash and Cash Equivalents - Beginning of Year	5,467,478	160,365	5,627,843
Cash and Cash Equivalents - End of Year	$ 3,845,820	$ 195,784	$ 4,041,604

(CONTINUED)

Exhibit C
(Continued)

LOUISIANA PUBLIC FACILITIES AUTHORITY

STATEMENT OF CASH FLOWS - CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2010

	Primary Government	Component Units	Total Reporting Entity
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ (232,097)	$ 35,419	$ (196,678)
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	19,689	-	19,689
Unreimbursed Project Costs	22,035	-	22,035
Changes in Assets and Liabilities:			
(Increase) Decrease in Receivables	(1,853,724)	-	(1,853,724)
(Increase) Decrease in Prepaid Expenses	(291)	-	(291)
Increase (Decrease) in Accounts Payable	268,153	-	268,153
Net Cash Provided by (Used in) Operating Activities	$ (1,776,235)	$ 35,419	$ (1,740,816)
Schedule of Noncash Financial and Investing Activities:			
Amortization of Discounts on Receivables Based on Imputed Interest Rate of 3.310%; Netted with Interest Income	$ 186,749	$ -	$ 186,749
Unrealized Gains and (Losses) on Investments	$ 147,383	$ -	$ 147,383

The accompanying notes are an integral part of this statement.

Exhibit D

LOUISIANA PUBLIC FACILITIES AUTHORITY

COMBINING BALANCE SHEETS

ALL DISCRETELY PRESENTED COMPONENT UNITS

AS OF DECEMBER 31, 2010

ASSETS

	Louisiana Capital Funding Corporation	Louisiana Equipment Finance Corporation	LPFA Housing Assistance Corporation	Totals
Current Assets:				
Cash and Cash Equivalents	$ 10,781	$ 13,996	$ 171,007	$ 195,784
Receivables:				
Mortgage Loans Receivable	-	-	57,359	57,359
Total Current Assets	10,781	13,996	228,366	253,143
Noncurrent Assets:				
Mortgage Loans Receivable - Long Term	-	-	3,139,498	3,139,498
Total Noncurrent Assets	-	-	3,139,498	3,139,498
Total Assets	$ 10,781	$ 13,996	$ 3,367,864	$ 3,392,641

LIABILITIES AND NET ASSETS

	Louisiana Capital Funding Corporation	Louisiana Equipment Finance Corporation	LPFA Housing Assistance Corporation	Totals
Current Liabilities:				
Grants Payable	$ -	$ -	$ 7	$ 7
Mortgage Loans Payable	-	-	57,359	57,359
Total Current Liabilities	-	-	57,366	57,366
Long-Term Liabilities:				
Mortgage Loans Payable	-	-	3,139,498	3,139,498
Total Long-Term Liabilities	-	-	3,139,498	3,139,498
Total Liabilities	-	-	3,196,864	3,196,864
Net Assets:				
Unrestricted	10,781	13,996	171,000	195,777
Total Net Assets	10,781	13,996	171,000	195,777
Total Liabilities and Net Assets	$ 10,781	$ 13,996	$ 3,367,864	$ 3,392,641

The accompanying notes are an integral part of this statement.

Exhibit E

LOUISIANA PUBLIC FACILITIES AUTHORITY

COMBINING STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

ALL DISCRETELY PRESENTED COMPONENT UNITS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Louisiana Capital Funding Corporation	Louisiana Equipment Finance Corporation	LPFA Housing Assistance Corporation	Totals
Operating Revenues:				
Interest - Mortgage Loans	$ -	$ -	$ 225,249	$ 225,249
Other Income	-	-	52,000	52,000
Net Sales of Mortgages Receivable	-	-	37,583	37,583
Total Operating Revenues	-	-	314,832	314,832
Operating Expenses:				
Interest - Mortgage Loans	-	-	225,249	225,249
Legal and Accounting Services	495	495	-	990
Other	22	28	7,178	7,228
Repairs on Mortgaged Properties Prior to Sale	-	-	45,946	45,946
Total Operating Expenses	517	523	278,373	279,413
Change in Net Assets	(517)	(523)	36,459	35,419
Total Net Assets - Beginning of Year	11,298	14,519	134,541	160,358
Total Net Assets - End of Year	$ 10,781	$ 13,996	$ 171,000	$ 195,777

The accompanying notes are an integral part of this statement.

Exhibit F

LOUISIANA PUBLIC FACILITIES AUTHORITY

COMBINING STATEMENTS OF CASH FLOWS

ALL DISCRETELY PRESENTED COMPONENT UNITS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Louisiana Capital Funding Corporation	Louisiana Equipment Finance Corporation	LPFA Housing Assistance Corporation	Totals
Cash Flows From Operating Activities:				
Cash Received from Customers	$ -	$ -	$ 225,249	$ 225,249
Cash Received from Sales of Mortgaged Loans	-	-	37,583	37,583
Cash Payments to Suppliers for Goods and Services	(495)	(495)	(232,427)	(233,417)
Other Operating Revenues (Expenses)	(22)	(28)	6,054	6,004
Net Cash Provided by (Used in) Operating Activities	(517)	(523)	36,459	35,419
Cash Flows From Non-Capital Financing Activities:				
Principal Collections on Mortgage Loans	-	-	510,311	510,311
Principal Repayment on Mortgage Loans	-	-	(510,311)	(510,311)
Net Cash Provided by (Used in) Non-Capital Financing Activities	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(517)	(523)	36,459	35,419
Cash and Cash Equivalents - Beginning of Year	11,298	14,519	134,548	160,365
Cash and Cash Equivalents - End of Year	$ 10,781	$ 13,996	$ 171,007	$ 195,784
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	$ (517)	$ (523)	$ 36,459	$ 35,419
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Changes in Assets and Liabilities:				
Decrease in Accounts Payable	-	-	-	-
Net Cash Provided by (Used in) Operating Activities	$ (517)	$ (523)	$ 36,459	$ 35,419

The accompanying notes are an integral part of this statement.

Note 1 - General Information and Summary of Significant Accounting Policies -

The Louisiana Public Facilities Authority (the Authority), a public trust, was created on August 21, 1974 by the Public Facilities Corporation, a Louisiana corporation, as settler under an Indenture of Trust in accordance with the provisions of the Louisiana Public Trust Act R.S. 9:2341 et seq. The Authority operates under a Board of Trustees.

The purposes of the Authority are to promote, encourage and further the accomplishment of all activities which are or may become of benefit to the State of Louisiana and which have a public purpose. To accomplish these purposes, the Authority issues bonds that provide the proceeds for the furtherance and accomplishment of various public purposes. The issuance of such obligations has been accounted for through trustee accounts maintained with various banks appointed as trustees. The obligations are limited and special obligations of the Authority and, as such, the Authority does not normally have any claims to assets or liabilities relating to the Bond issues. Accordingly, such transactions are not included in the accompanying financial statements until such time as an asset or liability has been determined to exist relating to residual amounts. Total bond principal outstanding at December 31, 2010, for Programs and Projects was approximately $945,205,000 and $6,038,797,000 respectively.

The following is a summary of certain significant accounting policies:

A. Scope of Reporting Entity

For reporting purposes, the State of Louisiana is the financial reporting entity. The financial reporting entity consists of (a) the primary government (state), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Louisiana Public Facilities Authority is considered a component unit of the State of Louisiana because the state has financial accountability over the Authority in that the Louisiana Joint Legislative Committee on the Budget has the authority to approve and amend the Authority's budget and the governor appoints all the Board of Trustees and can impose his/her will on the Authority. The accompanying financial statements present information only on the funds maintained by the Louisiana Public Facilities Authority and do not present information on the state, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

In addition, the Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the Authority for financial reporting purposes. The basic criteria are as follows:

1. Appointing a voting majority of an organization's governing body, and

    a. The ability of the Authority to impose its will on that organization and/or

    b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Authority.

2. Organizations for which the Authority does not appoint a voting majority but are fiscally dependent on the Authority.

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.

Based on the previous criteria, the Authority's management has included the following discretely presented component units in the financial reporting entity:

- The Louisiana Capital Funding Corporation (LCFC) is a nonprofit Louisiana Corporation that was organized to promote, support, aid and assist the Authority's Local Government Capital Funding Program. The LCFC has a December 31, 2010 year-end.

- The Louisiana Equipment Finance Corporation (LEFC) is a nonprofit Louisiana Corporation that was organized to promote, support, aid and assist with the Authority's programs. The LEFC has a January 31, 2011 fiscal year end.

- The Louisiana Municipal Assistance Corporation (LMAC) is a nonprofit Louisiana Corporation that was organized to provide assistance to local governments with the Authority's programs. At December 31, 2010, the LMAC had no assets or liabilities.

- In March 2003, the Authority created the LPFA Housing Assistance Corporation (LHAC) for the purpose of assisting persons of low to moderate income with the purchase of homes through a lease-purchase program. LHAC has a December 31, 2010 year end. The Authority issued its LPFA Variable Rate Lease Purchase Revenue Bonds, Series 2003, to fund this lease-purchase program. Under the program, a participant (the Participant) works with the independent program administrators and a financial institution to become qualified to participate in the program. Once the participant has been approved by a financial institution, the Participant then identifies a house for purchase. LHAC then purchases the house identified by the Participant and leases the house to the Participant. LHAC pays the purchase price of the house by signing a mortgage (the Mortgage) in an amount equal to approximately 97% of the purchase price negotiated by the seller and the Participant. The remaining approximately 3% of the purchase price is paid from the proceeds of the Lease Purchase Revenue Bonds as part of the down payment and closing costs assistance provided to the Participant by the program. The lease terms are 39 months and the Participant assumes the Mortgage at the expiration of the lease. The approximately 3% of the purchase price paid from the proceeds of the Lease Purchase Revenue Bonds is treated as a grant from the Lease Purchase Revenue Bonds to LHAC and then a grant by LHAC to the Participant. The mortgage loan receivable and related payments are recorded on the balance sheet of the component unit financial statement. In effect, LHAC is merely a conduit in assisting individuals purchase their personal residences and therefore mortgage loans receivable will equal mortgage loans payable. During the year ended December 31, 2010, the LHAC generated a net income as a result of the cost of repairs and maintenance on properties held being less than the net gains from selling homes at fair market value where the participant decided to not continue in the program or converted the financing from a lease to a mortgage loan and the program receiving more lease payments during the year than mortgage payments due that represent repayments or grants originally awarded.

B. Measurement Focus and Basis of Accounting

Measurement Focus - On January 1, 2001, the Authority adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*."

Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of revenues and expenses and changes in net assets and a statement of cash flows.

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting - The Authority uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred or economic asset used.

Under the provisions of GASB Statement 20, "Accounting and Financial Reporting for Proprietary Fund Accounting," the Authority follows pronouncements of the GASB and has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.

The LCFC, LEFC, and the LHAC are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as applicable. As of December 31, 2010, there were no temporary or permanently restricted net assets.

The financial statements of the LCFC, LEFC, and LHAC have been prepared on the accrual basis in which revenue is recognized when earned and expenses are recognized when incurred.

C. Budgets and Budgetary Accounting

The Authority uses the following budgetary practices:

The Authority prepared its annual operating budget based on what was expected to be collected during the fiscal year. Management presents the budget to the Board of Trustees for approval prior to the budget being submitted to the Louisiana Joint Legislative Committee on the Budget. In addition, certain expenses were approved as necessary by the Board of Trustees before payment. Any budget amendments necessary during the year must be approved by the Board of Trustees and the Louisiana Joint Legislative Committee on the Budget.

The Authority is not required to present a budget comparison in its financial statements.

D. Assets, Liabilities and Net Assets

Cash, Interest Bearing Deposits, and Investments - Cash includes demand deposits and money market deposits in trust accounts. Interest bearing deposits include certificates of deposits. Investments and Interest Bearing Deposits are reported at fair value or at book value if fair value is not readily determinable as determined by the Authority's management. Fair value generally is considered to be the amount which the Authority might reasonably expect to receive for its investments if negotiations for sale were entered into on the valuation date. Valuation as of any particular date, however, is not necessarily indicative of the amount which the Authority ultimately may realize as a result of a future sale or other disposition of the investments.

In preparing the financial statements, the Authority's management is required to make significant judgments that affect the reported amounts of certain investments as of the date of the balance sheet and the change in unrealized appreciation (depreciation) for the period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the value that would have been used had a ready market for these investments existed and these differences could be material.

The process of valuing certain investments requires significant judgments that are particularly susceptible to change. The Authority's management believes that investment values are appropriate. While the Authority's management uses available information to recognize declines in investment values, future adjustments may be necessary based on changes in economic conditions or changes in the results of the operations of investee company. Fluctuations in the fair value of Investments and Interest Bearing Deposits are recorded as realized and unrealized gains (losses) in the statement of revenues and expenses and changes in net assets.

The Authority has one equity investment in Louisiana Fund I, L.P. which is reported at fair value. Subsequent adjustments to values will reflect meaningful third-party transactions in the private market or at fair market value reflecting, in any event, the investment's marketability, the business and prospects of the issuer of the investment and other relevant factors.

Receivables - Receivables are stated at their face value less the allowances for doubtful accounts. These allowances are based on the Authority's periodic evaluation of the receivable portfolio and the Authority's past loss experience. The allowances for doubtful accounts are adjusted by charges to income and decreased by charge-offs (net of recoveries).

The Authority from time to time advances funds to certain bond programs and loans funds to local governmental entities and nonprofit organizations at no interest. Accordingly, a discount is recorded between the present values of the total eventual repayments of the notes, using a rate of interest similar to the rate of return that the Authority receives on its investments. The discounts are amortized over the estimated periods that such funds will be repaid and are included in interest income, net in the financial statements. The majority of the receivables consist of the loans to local government entities and nonprofit organizations at no interest.

Capital Assets - Depreciation of all capital assets used by the Authority is charged as an expense against its operations. Depreciation has been provided over the assets estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Office Furniture and Equipment	3 - 7 Years
Leasehold Improvements	10 Years

All fixed assets are stated at historical costs.

Equity Classifications - Equity is classified as net assets and displayed in two components:

- Invested in capital assets, net of related debt - This component of net assets consist of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

- Unrestricted net assets - This component of net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

E. Operating Revenues

Program Investment Earnings - Program Investment Earnings consist primarily of residual funds of retired program bond issues. Residual proceeds represent cash and investment balances of a program bond issue that remain after the extinguishment of all obligations, including applicable arbitrage rebate to the federal government. The residuals are due to the Authority unless the issue's Indenture of Trust identifies another recipient. The residual funds are recognized as income to the Authority upon the termination of the issue's Indenture of Trust.

Project and Program Administrative Fees:

Finance Acceptance Fee - The Authority requires a financing acceptance fee usually equal to one-twentieth of one percent of the face amount of issued bonds less the financing application fee. The financing acceptance fee covers general administration expenses incurred by the Authority. This fee is due upon the closing of a bond issue and is recorded as revenue at such time.

Multi-Family Annual Issuer Fees - The Authority assesses an annual issuer fee on all multi-family bond issues. The fee is based upon a percentage of the outstanding bond principal balance as of January 1 of each year. The percentage usually is either one-twentieth of one percent for pre-1985 issues or one-tenth of one percent for issues thereafter. The fee covers general administration expenses incurred by the Authority.

Program Administrative Fees - The Authority acts as both the issuer and administrator for certain student loan bond programs. The Authority is compensated as administrator through a fee based upon a percentage of the outstanding loans or assets of the program. The percentages vary from year to year but cannot exceed one-half of one percent. The fee is assessed to cover program administrative costs incurred by the Authority.

The 2010 monthly administrative fee for the student loan bond program was set at 0.36% by the Board of Trustees, subject to adjustment based upon the revenue received and expenses incurred. The actual administrative fee collected by the Authority equaled approximately 0.297%. This amount covered all of the Authority's student loan administration expenses and collection of the remainder of the authorized administrative fee was waived. This waiver is at the discretion of the Board of Trustees and is subject to change each year depending on the annual budget.

Financing Application Fee - The Authority assesses a non-refundable financing application fee of $500 on all project-financing applications formally submitted for consideration by the Authority's Board of Trustees.

F. Income Taxes

No provision is made for income taxes because, as a public trust whose beneficiary is the State of Louisiana, the Authority is exempt from federal and state income taxes.

G. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

H. Estimates and Assumptions

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported period. Actual results could differ from those estimates.

Note 2 - Cash, Cash Equivalents and Investments -

The Authority maintains cash, certificates of deposit and investment pools available for use by the Authority.

As of December 31, 2010, the Authority had the following investments and maturities:

			Investment Maturities (in Years)			
Investment Type	Amortized Cost	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Agencies	$ 7,615,362	$7,668,048	$ -	$1,774,060	$2,985,444	$2,908,544
Municipal Government Bonds	257,000	261,885	-	106,995	154,890	-
Time Certificates of Deposit	7,715,879	8,017,172	1,311,244	6,607,530	98,398	-
	15,588,241	15,947,105	$1,311,244	$8,488,585	$3,238,732	$2,908,544
Equity Investment in Limited Partnership	810,000	639,097				
Total	$16,398,241	$16,586,202				

Interest Rate Risk. As a means of limiting its exposure to fair value changes arising from fluctuations in interest rates, the Authority attempts to ladder the maturities of its investments so that at least 15-20% of its investments mature or come due each year. The Authority typically buys and holds its investments until maturity or until called. Any exceptions to this policy will be based on recommendations of the Chief Executive Officer to the members of the Investment Committee.

Credit Risk. The Authority limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). As of December 31, 2010, the Authority held no investments in commercial paper or corporate bonds.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Neither the Authority nor the discretely presented component units have a deposit policy for custodial credit risk. As of December 31, 2010, none of the Authority's bank balance of $3,848,256 was exposed to custodial credit risk because it was fully insured.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the investments in Time Certificates of Deposits of $7,717,150 the government had no custodial credit risk exposure as of December 31, 2010.

Cash, Cash Equivalents and Investments are included in the accompanying Balance Sheet at fair value under the following captions:

	Primary Government	Component Units	Total Reporting Entity
Cash and Cash Equivalents	$ 3,845,820	$ 195,784	$ 4,041,604
Interest Bearing Deposits - Current	1,311,244	-	1,311,244
Interest Bearing Deposits - Long-Term	6,705,928	-	6,705,928
Investment Securities - Long-Term	8,569,030	-	8,569,030
	$ 20,432,022	$ 195,784	$ 20,627,806

There were no marketable securities held by the component units at December 31, 2010.

As of December 31, 2010, the Authority had the following unfunded investment commitment:

The Authority has invested $810,000 of a $1,000,000 commitment for a limited partnership interest in Louisiana Fund I, L.P. The remaining commitment of $190,000 will be paid according to the terms of the limited partnership agreement and will be funded with available cash or future revenues of the Authority.

Note 3 - Leases -

The Authority leases its office facilities under an operating lease agreement, which expires on March 31, 2016. This lease was renewed on March 31, 2009 for an additional seven years. Rental expense applicable to the Authority's offices included in rent expense for 2010 was $163,277.

Future minimum lease payments are as follows:

December 31, 2011	$ 174,192
December 31, 2012	168,338
December 31, 2013	178,171
December 31, 2014	172,164
December 31, 2015	175,027
December 31, 2016 and thereafter	43,996
	$ 911,888

Note 4 - Employee Retirement Plan -

The Authority sponsors a defined contribution employee retirement plan which covers all employees who have over 500 hours of service with the Authority. Contributions to the plan are subject to a minimum funding requirement of 7.50% of eligible employee salaries. Amounts above the minimum requirements are discretionary, as determined by the Board of Trustees. The contribution percentage for the year ended December 31, 2010 was 11.2%. Total contributions are included in Employees' Salaries and Benefits in the accompanying financial statements. The Authority has no additional liability upon the retirement of an employee. The total contribution for the year ended December 31, 2010, was $110,740.

Note 5 - Litigation -

Because of the Authority's status as an issuer of bonds, it is routinely named in various litigation related to the funded projects and programs. In the opinion of management and legal counsel for the Authority, these claims are without merit because of the Authority's limited position as only a conduit for the bond issues.

Note 6 - Fair Value of Reimbursable Bond Issuance Costs, Local Government Bond Bank Receivables, Rural Development Loan Program Receivables, and Loans to Nonprofit Organizations -

The Authority established its "Bond Bank" and "Rural Development" Programs whereby it can lower the cost of local governmental borrowings by making direct loans for a portion of the borrowing at a 0% interest rate. In addition, the Authority has loaned certain nonprofit organizations funds at 0% interest so that these organizations could secure additional funding from other sources.

The fair value for these Local Government Bond Bank Receivables, Rural Development Loan Program Receivables, and Loans to Nonprofit Organizations are estimated using discounted cash flow analyses, with interest rates similar to the rate of return that the Authority receives on its investments which was 3.310% for the year ended December 31, 2010. The terms used in calculating the discounted cash flows are estimated based upon the maturity dates of the bond issues in which monies were advanced for the Reimbursable Bond Issuance Costs and the actual loan maturity dates for the Local Bond Bank Receivables, Rural Development Loan Program Receivables, and the Loans to Nonprofit Organizations. The carrying value and estimated fair value of Reimbursable Bond Issuance Costs, Local Government Bond Bank Receivables, Rural Development Loan Program Receivables, and Loans to Nonprofit Organizations are as follows:

	Carrying Value	Unamortized Discount	Fair Value
Local Government Bond Bank Receivables	$ 1,706,950	$ 111,133	$ 1,595,817
Rural Development Loan Program Receivables	$ 3,168,000	$ 51,783	$ 3,116,217
Loans to Nonprofit Organizations	$ 1,687,984	$ 161,303	$ 1,526,681

The total amount of discount amortized and netted with interest income for the year ended December 31, 2010 was $186,749.

Note 7 - Capital Assets -

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance January 1, 2010	Additions	Disposals	Balance December 31, 2010
Office Furniture and Equipment	$ 531,040	$ 28,599	$ -	$ 559,639
Leasehold Improvements	9,877	-	-	9,877
Total	540,917	28,599	-	569,516
Less Accumulated Depreciation:				
Office Furniture and Equipment	484,408	19,689	-	504,097
Leasehold Improvements	9,877	-	-	9,877
Total Accumulated Depreciation	494,285	19,689	-	513,974
Net Capital Assets	$ 46,632	$ 8,910	$ -	$ 55,542

Total depreciation expense for the year ended December 31, 2010 is $19,689.

Note 8 - Changes in Amounts Invested in Capital Assets, Net of Related Debt -

The change in amounts invested in capital assets net of related debt can be summarized as follows:

Balance at January 1, 2010	$ 46,632
Change in Capital Assets	8,910
Balance at December 31, 2010	$ 55,542

Note 9 - Compensated Absences -

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. Vacation and sick leave is paid to the employees upon termination. Employees have the option to receive payment of unused vacation and sick leave in December or can choose to use the accumulated vacation and sick leave in the future. The liability for unused compensated absences is $10,634 and is reflected in these financial statements in the Accounts Payable balance.