OKLAHOMA HOUSING FINANCE AGENCY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 and 2009

WITH

INDEPENDENT AUDITORS' REPORT

CONTENTS

HoganTaylor LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
Oklahoma Housing Finance Agency

We have audited the accompanying financial statements of Oklahoma Housing Finance Agency (the Agency), a component unit of the State of Oklahoma, as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Agency as of September 30, 2009, were audited by other auditors whose report dated May 17, 2010, expressed an unqualified opinion on those statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of Oklahoma Housing Finance Agency, as of September 30, 2010, and the results of its operations and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2011, on our consideration of Oklahoma Housing Finance Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 9 is not a required part of the basic 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 required supplementary information. However, we did not audit the information and express no opinion on it.

HoganTaylor LLP

May 18, 2011

11600 Broadway Ext., Suite 300, Oklahoma City, OK 73114
P 405.848.2020 F 405.848.7359
www.hogantaylor.com

OKLAHOMA HOUSING FINANCE AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

September 30, 2010

OHFA was created in 1975 to provide funds to promote the development of adequate residential housing to families of Oklahoma with low and moderate incomes. OHFA is a self-supporting public trust and follows enterprise fund accounting.

As management of Oklahoma Housing Finance Agency (OHFA or Agency), we offer readers of OHFA's financial statements this narrative overview and analysis of the financial activities for the fiscal years ended September 30, 2010 and 2009. This information is presented to provide additional information regarding the activities of OHFA and to meet the disclosure requirements of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This analysis should be read in conjunction with the financial statements, notes to financial statements, and supplemental information.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of OHFA consists of three sections: management's discussion and analysis, the basic financial statements, and supplemental information. OHFA's basic financial statements include: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Fund Net Assets; the Statement of Cash Flows; and the Notes to the Financial Statements.

The Statement of Net Assets answers the question, "How is our financial health at the end of the year?" This statement includes all assets and liabilities of OHFA, both financial and capital, short term and long term, using the accrual basis of accounting and economic resources measurement focus, which is similar to the accounting used by most private-sector companies. The resulting net assets presented in this statement are displayed as restricted and unrestricted. Assets are restricted when their use is subject to external limits such as bond resolutions, legal agreements or statues. Assets not included in this category are characterized as unrestricted. Over time, changes in net assets may serve as a useful indicator of whether the financial position of OHFA is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets measures the activities of OHFA's operations over the past year and presents the operating income (loss) and change in net assets. It can be used to determine whether OHFA has successfully recovered all of its costs through mortgage and loan interest, investment interest, externally funded programs, and other revenue sources. This statement helps answer the question, "Is OHFA as a whole better off or worse off as a result of this year's activities?"

The primary purpose of the Statement of Cash Flows is to provide information about the sources and uses of OHFA's cash and the components of the change in cash balance during the reporting period. This statement reports cash receipts, cash payments, and net changes resulting from operating, noncapital financing, capital financing, and investing activities. It 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 Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition, this report contains a Supplemental Combining Schedule of Net Assets for the Single Family Mortgage Revenue Bond Funds as well as a Supplemental Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets for the Single Family Mortgage Revenue Bond Funds. These supplemental schedules are presented to provide the reader with information regarding the financial condition of each Single Family Mortgage Revenue Bond issue of the Agency.

FINANCIAL HIGHLIGHTS
Year ended September 30, 2010

- Total assets increased by $47.8 million.
- Net assets increased by $17.3 million.
- Made 1,118 single family mortgage loans available to first time homebuyers compared to 912 in FY 2009.
- Provided 122,310 unit months of Section 8 rental assistance compared to 122,328 in FY 2009.
- Paid $50.1 million in rental assistance to benefit Section 8 voucher holders compared to $48.6 million in 2009.
- Allocated $12.1 million in tax credits to developers versus $8.5 million in FY 2009.
- Paid $65.4 million in rental assistance to project based Section 8 properties compared to $61.6 million in FY 2009.

A General Obligation issuer rating of A1 from Moody's Investors Service has been maintained by the Agency since June 2006. This rating reflects OHFA's sound financial condition, a bond program collateralized by highly rated mortgage backed securities, as well as capable and dedicated management.

The Section 8 program provides rental assistance to many elderly, single parent, or working families in need of help with their rent payments.

The Single Family bond program makes affordable home loans available to first time homebuyers through proceeds from mortgage revenue bonds.

Housing Tax Credits are provided to developers as an incentive to build new, affordable complexes or rehabilitate complexes in need of repair.

As Section 8 Contract Administrator for project-based Section 8 properties located throughout Oklahoma for the Department of Housing and Urban Development (HUD), OHFA's duties consisted of 196 contracts, totaling 12,789 assisted units, compared to FY 2009 duties of 200 contracts, totaling 13,284 assisted units. The Agency receives a fee to administer the program based on the number of units under contract and an incentive fee based on the Agency's performance level compared to HUD's acceptable quality levels of administration. Thus far, the Agency has achieved or exceeded the acceptable quality levels set by HUD.

CONDENSED FINANCIAL INFORMATION

Statement of Net Assets

The following table presents condensed statement of net assets for the Agency as of September 30, 2010, 2009, and 2008 (in millions):

Condensed Statement of Net Assets

	2010	2009	2008
Assets			
Current assets	$ 16.8	$ 20.4	$ 12.4
Noncurrent assets:			
Restricted	767.7	744.5	816.0
Net capital assets	3.4	3.6	3.5
Unrestricted	39.5	11.1	14.5
Total assets	827.4	779.6	846.4
Liabilities			
Current liabilities	47.8	20.5	76.7
Noncurrent liabilities	632.4	629.1	668.2
Total liabilities	680.2	649.6	744.9
Net Assets			
Invested in capital assets	3.4	3.6	3.6
Restricted for single family bond programs	96.5	83.6	54.1
Restricted for Section 8 Voucher Program	6.6	7.7	12.0
Unrestricted	40.7	35.1	31.8
Total net assets	$ 147.2	$ 130.0	$ 101.5

Explanations of significant variances between 2010 and 2009 on the condensed statement of net assets follow:

The increase in total assets of $47.8 million is primarily due to the net effect of adding $150 million of cash equivalents and related bonds payable from participation in the US Treasury Department's (Treasury) New Issue Bond Program (NIBP) in the current year, paying down $130.9 of bonds payable from payments and prepayments of Agency Mortgage Back Security investments due to homeowners refinancing their mortgages due to historic low market interest rates and due to $17.2 million net income generated by the Agency.

OHFA signed an agreement to participate in the NIBP program to improve the Agency's ability to issue bond debt at attractive rates due to the decline in the tax exempt bond market. The NIBP provides temporary financing for Housing Finance Agencies (HFAs) to issue new housing bonds to fund new mortgages. The Treasury will purchase NIBP housing bonds backed by securities of Fannie Mae and Freddie Mac (Government Sponsored Enterprises or GSEs). This allows HFAs to continue to temporarily issue housing bonds equal to their normal traditional issuance volume given the current difficulties and challenges in the housing and related financing markets. The program allows HFAs, through Treasury and the GSEs, to issue bonds at a rate lower than market rate to blend with market rate bonds to facilitate loans to first time home buyers.

The increase in total liabilities of $30.6 million is primarily due to three factors. The addition of the NIBP program in 2010 increased noncurrent liabilities by $120 million for the related long term bonds payable and increased current liabilities by $30 million for related bonds payable scheduled to be refunded in October 2010 (FY 2011) as part of the 2010A Single Family Bond Program. Payments and pre-payments of $130.9 million on bonds payable decreased total liabilities as loans were paid down early by homeowners refinancing their mortgages to take advantage of historic low market mortgage rates. In addition, liabilities increased due to the Agency advancing $16 million on its line of credit with Federal Home Loan Bank of Topeka to warehouse Mortgage Backed Securities (MBS) on a short term basis until they can be transferred into a future Single Family Bond Program.

The increase in net assets restricted for Single Family Bond Programs of $12.8 million is due to $12.8 million net income in the Single Family Bond Programs. The Single Family Bond Programs had a net income of $3.5 million excluding a $9.3 million net increase in the fair value of investments.

The decrease in net assets restricted for the Section 8 Voucher Program of $1.1 million is due to expending $0.6 million more on rental assistance payments than program receipts revenues in the current year and $0.5 million in funds that were previously classified as restricted for Section 8 Voucher Program being reclassified by HUD to a less restrictive category in FY 2010. Since 2006, HUD has required agencies to report receipts from HUD in excess of program expenditures as income and to report assistance payments in excess of program receipts as expense in the current year. These items are reported in net assets instead of as a payable or receivable with HUD. These funds are only available to pay Housing Assistance Payments (HAP) under the Section 8 Voucher Program. The Agency had funds restricted for the Section 8 Voucher Program of $6.6 million and $7.7 million respectively, as of September 30, 2010 and 2009.

The increase in unrestricted net assets of $5.6 million is due to $5.1 million in net operating income for the Agency (excluding Single Family Bond Programs) and $0.5 million in funds that were previously classified as restricted for the Section 8 Voucher Program in 2009 that were reclassified by HUD to a less restrictive category in FY 2010.

Explanations of significant variances between 2009 and 2008 on the condensed statement of net assets follow:

The decrease in restricted noncurrent assets and noncurrent liabilities of $71.5 million and $39.1 million respectively, is due to bond program loan pools and their related debt being added to the portfolio at a slower rate than older loans are paying down. In addition, three older bond programs were liquidated during 2009.

The decrease in current liabilities of $56.2 million is primarily due to a decrease in current maturities of bonds and notes payable of which $55.8 million is due to timing of scheduled payments under various bond issues.

The increase in net assets restricted for single family bonds of $29.5 million is due to $29.5 million of net income in the Single Family Bond Programs. The Single Family Bond Programs had net income of $0.3 million excluding a $29.2 million net increase in the fair value of investments.

The decrease in net assets restricted for the Section 8 Voucher Program of $4.3 million is due to expending more on rental assistance payments than program receipts revenues in the current year. This is due to a HUD change in 2006 that required agencies to report receipts from HUD in excess of program expenditures as income and to report assistance payment in excess of program receipts as expense in the current year. These items are reported in net assets instead of as a payable or receivable with HUD. These funds are only available to pay Housing Assistance Payments under the Section 8 Voucher Program. The Agency has $7.7 million of funds restricted for the Section 8 Voucher Program as of September 30, 2009.

The increase in unrestricted net assets of $3.3 million is due to $3.3 million in net operating income for the Agency (excluding Single Family Bond Programs).

Revenues, Expenses and Changes in Fund Net Assets

The following table presents condensed statement of revenues, expenses and changes fund in net assets for the Agency as of September 30, 2010, 2009, and 2008 (in millions):

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

	2010	2009	2008
Operating and Nonoperating Revenues			
Investments and program loans	$ 38.3	$ 42.4	$ 46.1
Net increase in fair value of investments	10.2	29.3	9.8
Fees and other income	13.1	11.6	11.6
Gain on sale of investments	2.9	-	-
Federal and state program income	145.4	116.8	118.7
Total revenues	209.9	200.1	186.2
Operating and Nonoperating Expenses			
Interest on bonds and notes	30.8	35.6	37.4
Other bond program expenses	3.4	3.6	3.7
Salaries, general and administrative	12.5	11.1	10.2
Federal and state program expenses	146.0	121.3	115.1
Total expenses	192.7	171.6	166.4
Increase in net assets	17.2	28.5	19.8
Net assets at beginning of year	130.0	101.5	81.7
Net assets at end of year	$ 147.2	$ 130.0	$ 101.5

Explanations of significant fluctuations between 2010 and 2009 in revenues, expenses, and changes in fund net assets follow:

The net decrease in interest income from investments and program loans of $4.1 million is primarily due to older, higher interest bond program loan pools being paid down at a faster rate as consumers refinance their mortgages, than new, lower interest rate bond program loan pools are added to the portfolio. Also, due to the current low market interest rate environment, as Agency investments mature, the proceeds are generally invested at a lower interest rate than the maturing investment.

The net increase in the fair value of investments of $10.2 million for FY 2010 was due to market interest rates being lower than in the previous year which causes an increase in the value of older, higher yielding interest rate securities. The market values of fixed interest rate investments typically have an inverse relationship to interest rates.

The gain on sale of investments of $2.9 million is due to the Agency capitalizing on a rare opportunity to sell newly pooled Single Family Bond Program loan mortgage backed securities originated in FY 2010 at a gain on the open market due to the drastic decrease in market interest rates during the year.

Federal program revenues increased by $37 million due primarily to the net effect of a $3.8 million increase in the Section 8 Contract Administration Program and an increase of $5.3 million in the Section 8 Voucher Program. In addition, the Agency was chosen to administer federal funds for two new programs under the American Recovery and Reinvestment Act (ARRA). These two new programs for FY 2010 were HUD's Tax Credit Assistance Program (TCAP) and the Treasury Department's Section 1602 Exchange Program. The primary purpose for these funds is to fill the vacuum left by the virtual freeze of the tax credit syndication market in the Low Income Housing Tax Credit Program due to the housing and related finance crisis. These funds allowed developers to continue to develop affordable housing in spite of the financing crisis. The new programs increased revenues by $4.5 million and $12.9 million, respectively, and increased federal program expenses by $4.5 million and $12.9 million, respectively.

Interest expense on bonds and notes payable decreased by $4.8 million in FY 2010 from FY 2009. The decrease is due in part to a below market interest rate on the $150 million bonds issued through the NIBP which were received in January 2010. NIBP requires proceeds to be invested in very short term government obligations, whose return is negligible. Bonds payable, excluding the NIBP bonds, are $130.9 million less than prior year due to principal payments in excess of new borrowings for lending to first time homebuyers. Also, higher interest rate bonds were paying off faster because borrowers were refinancing their homes due to the lower market interest rates.

The decrease in net income of $11.2 million is primarily due to the net effect of the reduction in the increase in fair value of investments of $19.1 million between FY 2010 and FY 2009, the gain on sale of investments of $2.9 million and federal programs activity contributing negatively to net income by $4.5 million in FY 2009 and $0.6 million in FY 2010. The increase in net assets of $17.2 million at the end of FY 2010 is due to the net income for FY 2010.

Explanations of significant fluctuations between 2009 and 2008 in revenues, expenses, and changes in fund net assets follow.

The net decrease in interest income from investments and program loans of $3.7 million is due to the Agency having investments and program loan balances of $73.2 million higher at FY 2008 than at FY 2009 due to bond program loan pools and their related debt being added to the portfolio at a slower rate than older loans paying down. In addition, three older bond programs were liquidated during 2009.

The net increase in the fair value of investments of $29.3 million is due to mortgage backed securities in the Single Family Bond Program increasing in value as interest rates decreased.

Fees and other income remained steady at $11.6 million between the two periods.

Federal program revenues decreased by $1.9 million, primarily due to the net effect of a $2.4 million increase in the Section 8 Contract Administration Program and a decrease of $4.2 million in the Section 8 Voucher Program.

Interest expense on bonds and notes payable decreased by $1.8 million in FY 2009 from FY 2008. This decrease is primarily due to $96.0 million less in bonds payable at FY 2009 as compared to FY 2008 due to principal payments in excess of new borrowings for lending to first time homebuyers.

The increase in net income of $8.7 million is primarily due to the net effect of an increase in fair value of investments of $19.5 million between FY 2009 and FY 2008 and federal programs activity contributing positively to net income by $3.6 million in FY 2008, while in FY 2009, this same measure was a drag on net income by $4.4 million (a swing of negative $8.0 million). The increase in net assets of $28.5 million at the end of FY 2009 is due to net income for FY 2009.

Capital Assets and Long-Term Debt Administration

Capital Assets

By the end of 2010, the Agency had invested $3.4 million in a broad range of capital assets, including buildings and building improvements, land and furniture and equipment. This amount represents a net decrease (including additions and deductions) of approximately $0.1 million.

Long-Term Debt

At year-end, the Agency had $673.5 million in bonds and notes payable outstanding. This is an increase of 5.5% from last year's amount of $638.3 million. (More detailed information about the bonds and notes payable is presented in Note 7 to the financial statements.)

ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

OHFA's main sources of revenues include mortgage loan activity, investment interest income, and externally funded grants. Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates rise, mortgage and investment income should increase as new loans are originated and new investments are purchased at higher rates. If interest rates fall, mortgage and investment income will decrease as new loans are originated and new investments are purchased at the lower rates. Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages.

Large federal deficits or changes in programs or funding levels could have a negative impact on externally funded program revenues.

The Agency expects to continue its commitment to its mission of helping to place people in homes while preserving a strong financial position during the coming year.

CONTACTING OHFA'S FINANCIAL MANAGEMENT

This discussion and analysis is to provide additional information to our stakeholders regarding the activities of the Agency. If you have questions about this report, or need additional financial information, contact the OHFA Finance Team Leader, Eldon Overstreet, JD, CPA, at (405) 419-8209; Oklahoma Housing Finance Agency, P.O. Box 26720, Oklahoma City, Oklahoma 73126-0720; e-mail: eldon.overstreet@ohfa.org; or visit our website at www.ohfa.org.

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF NET ASSETS

September 30, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	$ 11,673,218	$ 15,504,547
Investments	3,807,340	3,429,845
Accounts receivable	149,740	10,929
Accounts receivable - U.S. Department of Housing and Urban Development	695,208	1,036,729
Interest receivable	209,461	147,250
Prepaid expenses	271,407	250,321
Total current assets	16,806,374	20,379,621
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	177,537,688	31,446,407
Investments	613,865,887	700,285,062
Interest receivable	2,596,522	3,060,160
Deferred finance costs, net	4,799,130	7,457,615
Program loans receivable	986,932	2,245,403
Long-term investments	7,402,051	11,159,284
Nondepreciated capital assets	550,000	550,000
Capital assets, net	2,889,804	2,986,404
Total noncurrent assets	810,628,014	759,190,335
Total assets	827,434,388	779,569,956
Liabilities		
Current liabilities:		
Salaries and related expenses	290,464	239,239
Accounts payable - vendors and contractors	114,807	136,127
Accounts payable - U.S. Department of Housing and Urban Development	117,753	352,295
Accounts payable - Family Self Sufficiency Program	319,195	332,998
Accounts payable - Homebuyers Assistance	-	1,692,541
Accounts payable - other	473,604	267,656
Deferred revenue	699,830	403,036
Compensated absences	942,493	912,582
Interest payable	2,353,642	2,770,621
Current maturities of bonds and notes payable	42,426,006	13,369,495
Total current liabilities	47,737,794	20,476,590
Noncurrent liabilities:		
Bonds and notes payable, less current maturities	631,091,499	624,978,956
Unamortized bond issuance costs	44,803	770,974
Deferred revenue	446,354	2,065,126
HOME funds payable	865,292	1,314,083
Total noncurrent liabilities	632,447,948	629,129,139
Total liabilities	680,185,742	649,605,729
Net Assets		
Invested in capital assets	3,439,804	3,536,404
Restricted for single family bond programs	96,443,255	83,636,981
Restricted for Section 8 Voucher Program	6,660,711	7,199,255
Unrestricted	40,704,876	35,591,587
Total net assets	$ 147,248,646	$ 129,964,227

See notes to the basic financial statements.

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Years ended September 30, 2010 and 2009

	2010	2009
Operating Revenues		
Investment income	$ 37,628,180	$ 41,878,100
Program loans	677,253	455,998
Net increase in fair value of investments	10,210,562	29,292,263
Realized gain on sale of investments	2,861,806	-
Fees and other income	13,111,975	11,596,439
Total operating revenues	64,489,776	83,222,800
Operating Expenses		
Interest on bonds and notes payable	30,755,925	35,642,427
Mortgage servicing fees	2,846,597	2,976,165
Amortization of deferred finance costs	326,274	414,578
Trustees, issuer and other fees	112,120	138,554
Salaries and related expenses	8,554,676	8,132,672
Arbitrage payment	41,385	52,449
Loss on disposal of capital assets	5,587	1,239
Other general and administrative	3,947,675	2,960,099
Total operating expenses	46,590,239	50,318,183
Operating income	17,899,537	32,904,617
Nonoperating revenue (expenses):		
Federal and state program income	145,378,044	116,837,874
Federal and state program expenses	(145,993,162)	(121,267,089)
Nonoperating loss	(615,118)	(4,429,215)
Increase in net assets	17,284,419	28,475,402
Total net assets, beginning of year	129,964,227	101,488,825
Total net assets, end of year	$ 147,248,646	$ 129,964,227

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF CASH FLOWS

Years ended September 30, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Receipts from fees	$ 12,856,268	$ 13,819,725
Receipts from program loan payments	2,570,500	3,809,178
Receipts from (payments to) other sources	266,029	(1,055,304)
Payments to employees	(8,473,538)	(8,075,373)
Payments to suppliers	(3,519,563)	(1,175,363)
Payments for purchases of program loans	(1,130,511)	(1,193,980)
Payments for bond fees	(4,317,774)	(3,392,954)
Payments for trustee and other fees	(1,242,947)	(1,428,121)
Payments for other expenses	(281,690)	(147,378)
Net cash provided by (used in) operating activities	(3,273,226)	1,160,430
Cash Flows from Noncapital Financing Activities		
Proceeds from issuance of bonds and notes payable	204,439,626	63,705,000
Principal paid on bonds and notes payable	(169,270,572)	(159,678,260)
Interest paid on bonds and notes payable	(31,172,904)	(35,956,402)
Refund (payment) of bond issuance costs	1,606,040	(2,989,917)
Receipt of federal and state program income	145,378,044	116,569,352
Payment of federal and state program expenses	(146,441,954)	(121,038,607)
Net cash provided by (used in) noncapital financing activities	4,538,280	(139,388,834)
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(397,388)	(444,590)
Proceeds from sale of capital assets	-	1,189
Net cash used in capital and related financing activities	(397,388)	(443,401)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	223,834,956	354,808,777
Purchase of investments	(120,963,673)	(258,122,235)
Interest received on investments	38,521,003	42,242,950
Net cash provided by investing activities	141,392,286	138,929,492
Net increase in cash	142,259,952	257,687
Cash and cash equivalents, beginning of year	46,950,954	46,693,267
Cash and cash equivalents, end of year	$ 189,210,906	$ 46,950,954
Cash and Cash Equivalents as Reported on Statement of Net Assets		
Unrestricted	$ 11,673,218	$ 15,504,547
Restricted	177,537,688	31,446,407
	$ 189,210,906	$ 46,950,954

See notes to the basic financial statements.

STATEMENTS OF CASH FLOWS
(continued)

Years ended September 30, 2010 and 2009

	2010	2009
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating income	$ 17,899,537	$ 32,904,617
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	488,401	443,444
Amortization of fees and deferred finance costs	326,274	414,578
Net increase in fair value of investments	(10,210,562)	(29,292,263)
Realized gain on sale of investments	(2,861,806)	-
Loss on disposal of capital assets	5,587	1,239
Interest on bonds and notes payable	30,755,925	35,642,427
Interest from investments	(38,123,921)	(41,878,100)
Change in:		
Accounts receivable	222,569	2,599
Prepaid expenses	(21,086)	(27,981)
Program loans receivable	1,258,470	2,348,686
Accounts payable and accrued expenses	(1,720,547)	608,344
Deferred revenue	(1,321,978)	(64,856)
Compensated absences	29,911	57,696
Net cash provided by (used in) operating activities	$ (3,273,226)	$ 1,160,430

Note 1 – Authorizing Legislation and Activities

Oklahoma Housing Finance Agency (OHFA or Agency) is a public trust established pursuant to a Trust Indenture, as amended, which was originally adopted on May 1, 1975. Under the Trust Indenture, OHFA was created for the benefit of the State of Oklahoma (the State) pursuant to the Oklahoma Public Trust Act (the Act). Pursuant to the Act, the Governor of the State of Oklahoma, on behalf of the State, approved the creation of OHFA and accepted the beneficial interest created thereby on May 1, 1975. The Trust Indenture was last amended as of August 19, 2002, with the approval of the Governor of the State of Oklahoma. The Governor has, pursuant to the Trust Indenture, approved the by-laws of OHFA. The Governor also appoints the five-member Board of Trustees and the resident board member representing the Section 8 program.

OHFA is authorized, in the furtherance of public purposes, to issue its mortgage revenue bonds through its Single Family Bond Programs (or Single Family Mortgage Revenue Bond Programs) in order to provide funds to promote the development of adequate residential housing and other economic development for the benefit of the State. In no event does the indebtedness constitute a debt, liability, or moral obligation of the State or any political subdivision thereof. OHFA has no taxing power. The Agency receives application, service and issuer fees in connection with its revenue bond programs.

OHFA is included in the State's financial reporting entity. The State reports the transactions of OHFA in its Comprehensive Annual Financial Report as a major component unit.

In addition to its revenue bond programs, OHFA administers Section 8 Housing Assistance Payments Programs for the U.S. Department of Housing and Urban Development (HUD). OHFA receives an administrative fee based on the number of housing units administered under its contracts with HUD plus reimbursement for certain preliminary costs incurred during the implementation phase of units added to OHFA's contracts with HUD. OHFA administers the HOME (Home Investment Partnerships) Program for HUD. The intent of the HOME Program is to provide decent affordable housing to lower-income households, expand the capacity of nonprofit housing providers, strengthen the ability of state and local governments to provide housing, and leverage private sector participation. Activities that are eligible under HOME include homeowner rehabilitation, home buyer activities, rental housing and tenant-based rental assistance. OHFA receives reimbursement of eligible costs associated with the administration of the program.

OHFA is the Section 8 Contract Administrator for federal HUD-financed Section 8 properties located throughout Oklahoma. The Agency receives a fee to administer the program and an incentive based administrative fee based on the number of units under contract and the Agency's performance level compared to HUD's acceptable quality levels of administration. The Agency also administers the Treasury's Low Income Housing Tax Credit (LIHTC) program for the State of Oklahoma. The Agency receives application and service fees from developers who participate in the LIHTC program. In 2009, OHFA was selected to administer the disbursement of federal funds from two new programs under the American Recovery and Reinvestment Act (ARRA). Tax Credit Assistance Program (TCAP) administered through HUD and Section 1602 Grants to States for Low-Income Housing in Lieu of Low-Income Housing Credits administered through the Treasury are used to complete housing tax credit developments that were stalled due to the collapse of the tax credit syndication market as a result of the housing and financial crisis. The Agency receives no fees for administering these programs. Also in 2009, OHFA signed an agreement with the Treasury to participate in the New Issue Bond Program (NIBP) to improve the Agency's ability to issue bond debt at attractive rates due to the decline in the tax exempt bond market. The program allows the Treasury, through Fannie Mae and Freddie Mac (Government Sponsored Enterprises or GSE), to purchase housing bonds issued by the Agency at a lower than market rate to blend with market rate Single Family Bond Program bonds to provide funds for low interest loans to first time home buyers. The program is scheduled to conclude in December 2011.

OHFA also administers certain other federal and state programs.

Note 2 – Summary of Significant Accounting Policies

Financial statement presentation

OHFA accounts for revenues and expenses related to temporary funding of certain single family first mortgage loans within its general fund until the loans are sold in specified increments in connection with certain bond programs, when required, due to the temporary restrictions associated with bond programs. Intergovernmental grants are also accounted for within the Agency's general fund. Pursuant to OHFA's bond obligation resolutions, separate funds are established by each trustee bank to record all transactions relating to OHFA programs financed under each of the resolutions. Within each fund, there is a group of accounts required by the respective resolutions. The Single Family Bond Program funds and the general fund have been presented on a combined basis because OHFA is considered a single enterprise fund for financial reporting purposes. All interfund balances and transactions have been eliminated in the financial statements.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements are prepared in accordance with GASB Statement 34 – *Basic Financial Statements – and Management's Discussion for State and Local Governments*, GASB Statement 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement 38 – *Certain Financial Statement Note Disclosures*.

Basis of accounting

The Agency accounts for its activities within a proprietary fund type. The Agency's activities meet the definition of an enterprise fund because it is the intent of the Agency to recover, primarily through user charges, the cost of providing goods or services to the general public.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is utilized by the proprietary fund. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

As required by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, OHFA has elected to apply all private-sector standards of accounting and financial reporting issued prior to December 1, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When the Agency incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used.

Cash and cash equivalents

For purposes of the statement of cash flows, OHFA cash equivalents are defined as short-term, highly liquid investments that are readily convertible to cash with an original maturity of 90 days or less.

Investments

The Agency's investment policy for the general fund is governed by state statute and the Board of Trustees' "Statement of Investment Policy." Permissible investments include direct obligations of the United States Government and Agencies; mortgage-backed securities guaranteed by Federal Agencies, certificates of deposit of savings and loan associations and bank and trust companies; repurchase agreements; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by Federal Deposit Insurance Corporation insurance (FDIC). Investments are reported at fair value.

The short-term investments within the Single Family Bond Programs are generally restricted by the various bond resolutions as to authorized investments. Most are commonly held in guaranteed investment contracts or money market accounts collateralized by government securities. These short-term investments are reported at cost, which approximates their fair values.

As required by GASB Statement No. 31, *Accounting for and Financial Reporting for Certain Investments and External Investment Pools*, U.S. government and agency securities and mortgage-backed securities are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers, brokers, investment banks or other services at the valuation date.

Mortgage-backed securities reported by the Single Family Bond Programs are pass-through certificates of the Government National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA) which securitize qualified pools of loans or individual loans under the respective programs. These securities are reported at fair value. Mortgage-backed securities do not have a contractual maturity date, and the Agency may be subject to the risk of prepayment on these mortgage-backed securities.

Without recognition of the current net increase in the fair value of investments, OHFA's 2010 and 2009 net operating income would have been $7,688,975 and $3,612,354, respectively.

Program loans receivable

Program loans receivable primarily consist of Housing Trust Fund loans secured by mortgages. These loans are reported at cost.

Capital assets

Capital assets are carried at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which range from 1 to 40 years. Maintenance and repairs are expensed as incurred. Total depreciation expense for the year ended September 30, 2010 and 2009 was $488,405 and $443,444, respectively, and is included with other general and administrative expense on the Statements of Revenues, Expenses and Changes in Fund Net Assets.

Deferred revenue

Deferred revenue arises when potential revenue does not meet the available criterion for recognition or the resources were received by the Agency before it has a legal claim to the resources. Amounts received under certain intergovernmental grant agreements are recognized only to the extent of allowable expenses. Any amounts received in excess of expenditures incurred are deferred.

The lone exception to this revenue deferral accounting policy is the Section 8 Housing Choice Voucher Program. Per HUD, guidance issued in Public and Indian Housing Notice, PIH 2006-3, excess budget authority disbursed to a Public Housing Agency that is not utilized to pay Housing Assistance Payments (HAP) will become part of the fund balance account. Accordingly, OHFA records payments received from HUD in excess of HAP expenditures as federal program revenues which flow to net assets restricted to Section 8.

Deferred finance costs

Deferred finance costs are costs associated with bond funds which are being recovered through future revenues associated with the funds and are amortized over the life of the loan.

Restrictions and designations of net assets

The use of assets of each of the Single Family Bond Program funds is restricted by the related bond resolution. Certain amounts in the program funds are considered subject to the restriction that they may be applied to the financing of housing for the respective program purposes or to the retirement of obligations issued for such purposes. The Agency has designated $8,000,000 of unrestricted net assets to provide funds and reserves to purchase single family loans to be acquired from future issuances under the Single Family Mortgage Revenue Bond Programs.

Net assets restricted for the Section 8 Voucher Program represent funds received from HUD in excess of HAP expenditures which are classified as fund balance per Public and Indian Housing Notice 2006-3. These funds can only be utilized to make HAP payments for the Section 8 Voucher Program.

Reclassifications

Certain amounts have been reclassified in the 2009 financial statements to conform to the 2010 financial statement presentation. Their reclassifications had no affect on previously reported net assets.

Note 3 – Cash and Investments

Deposit custodial credit risk

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency requires that financial institutions pledge collateral securities to secure the deposits of the Agency in each institution.

Current Agency policy for deposits not held by the Single Family Bond Programs requires the lesser of the cost or fair value of the collateral pledged to be 110% of the deposit value. As of September 30, 2010 and 2009, the Agency was not exposed to custodial credit risk.

As of September 30, 2010 and 2009, $171,637,066 and $31,324,316 of the total cash consisted primarily of money market accounts held at trustee banks. These funds are classified as investments for the purposes of GASB Statement No. 40 *Deposit and Investment Risk Disclosures* requirements and therefore are not subject to custodial credit risk. For presentation on the face of the Statements of Net Assets, these funds are classified as cash equivalents.

Investment interest rate risk

The agency limits investments to those having maturities of no more than 36 months, unless specifically authorized by the Agency Board of Trustees, which helps manage its exposure to fair value losses from increasing interest rates. The Agency's investments in securities and related maturities as of September 30 are listed below:

	September 30, 2010		
		Investment Maturity	
	Fair Value	Less than One Year	One to Three Years
Federal Home Loan Bank	$ 1,004,526	$ -	$ 1,004,526
FNMA	745,719	243,765	501,954
Bond debentures	2,480,828	1,208,994	1,271,834
Certificates of deposit	6,978,318	3,737,826	3,240,492
Total investments in securities	11,209,391	$5,190,585	$ 6,018,806
GNMA pooled loans	487,982,698		
FNMA pooled loans	116,738,637		
Guaranteed investment contracts	9,144,552		
Total investments	$ 625,075,278		

	September 30, 2009		
		Investment Maturity	
	Fair Value	Less than One Year	One to Three Years
Federal Home Loan Bank	$ 3,291,391	$ -	$ 3,291,391
FNMA	1,764,283	1,020,000	744,283
Federal Home Loan Mortgage Corporation (Freddie Mac)	1,124,092	-	1,124,092
Bond debentures	1,868,144	679,766	1,188,378
Certificates of deposit	6,541,219	1,730,079	4,811,140
Total investments in securities	14,589,129	$3,429,845	$11,159,284
GNMA pooled loans	503,768,329		
FNMA pooled loans	139,307,597		
Guaranteed investment contracts	57,209,136		
Total investments	$ 714,874,191		

Investment custodial credit risk

For investments, 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. All of the Agency's investments in securities are held by the investment's counterparty in the name of the Agency. Securities held with Federal Home Loan Bank, FNMA, and Freddie Mac, are all rated AAA by Standard & Poor's. Credit ratings were not available for the bond debentures held by the Agency. The investments held by the Single Family Bond Programs are not considered securities and are therefore not subject to custodial credit risk.

At September 30 total investments are reported in the Statements of Net Assets in the following classifications:

	2010	2009
Noncurrent:		
Restricted by bond indentures	$613,865,887	$700,285,062
Unrestricted	11,209,391	14,589,129
	$625,075,278	$714,874,191

The net change in fair value of investments shown in the financial statements takes into account all changes in fair value that occurred during the year. Fair value amounts for individual investments fluctuate based on changes in the market interest rates available to investors.

Concentration of investment credit risk

The Agency places no limit on the amount the Agency can invest in any one type of issuer. Investments by issuer that account for 5% or more of the Agency's total investments are indicated by an asterisk (*) below.

	September 30, 2010			September 30, 2009		
	Fair Value		Credit Exposure as a Percentage of Total Investments	Fair Value		Credit Exposure as a Percentage of Total Investments
Agency portion:						
GNMA pooled loans	$ 29,877,534		4.8%	$ 107,267		0.0%
Federal Home Loan Bank securities	1,004,526		0.2%	3,291,391		0.5%
FNMA securities	747,202		0.1%	1,764,283		0.2%
Freddie Mac securities	-		0.0%	1,124,092		0.2%
Bond denbentures	2,207,467		0.4%	1,868,144		0.3%
Certificates of deposit	7,250,196		1.1%	6,541,219		0.9%
	41,086,925		6.6%	14,696,396		2.1%
Single family bond portion:						
GNMA pooled loans	458,105,164	*	73.3%	503,661,062	*	70.5%
FNMA pooled loans	116,738,637	*	18.7%	139,307,597	*	19.5%
Other guaranteed investment contracts	9,144,552		1.4%	57,209,136	*	8.0%
	583,988,353		93.4%	700,177,795		97.9%
Total investments	$625,075,278		100.0%	$714,874,191		100.0%

Note 4 – Program Loans Receivable

Program loans receivable consist of the following at September 30:

		2010		2009
Single Family Program Funds, Special Securities (1993 A & B), bearing interest at 8.50% - 8.95%, maturing December 2014, AMBAC insured	$	83,483	$	100,724
Housing Trust Fund, Chickasha Housing - Part 1, bearing interest at 5.00%, loan to be repaid out of 75% of cash flow from the property, no set term or maturity date		195,510		195,510
Housing Trust Fund, Chickasha Housing - Part 2, bearing interest at 3.90%, 219-month term, collateralized by mortgages, maturing September 2023		269,390		275,730
Housing Trust Fund, Wyndam-Nornam, bearing interest at 1.00%, 24-month term, collateralized by mortgages, maturing March 2012. Board of Trustees approved modification of the original loan in July 2010 with new terms and maturity date		250,000		500,000
Housing Trust Fund, Delta Community Action Foundation, bearing interest at 1.00% 12-month term, collateralized by mortgages, maturing September 2011. Board of Trustees approved modification of the original loan in July 2010 with new terms and maturity date		101,649		203,298
Housing Trust Fund, Tri-County Indian Nations, bearing interest at 1.00%, 6-month term, collateralized by mortgages, matured September 2010. Board of Trustees approved modification of the original loan in May 2010 with new terms and maturity date		86,900		179,600
Housing Trust Fund, Central Urban Development, Inc., bearing interest at 1.00%, 3-year term, collateralized by mortgages, matured July 2007. Paid in full during 2010		-		117,864
Housing Trust Fund, Northeast OK CAA, Inc., bearing interest at 1.00%, 18-month term, collateralized by mortgages, matured May 2009		-		46,963
Housing Trust Fund, City of Miami, bearing interest at 1.00%, 18-month term, collateralized by mortgages, matured December 2009		-		172,020
Housing Trust Fund, Central Oklahoma Habitat for Humanity, bearing interest at 1.00%, 18-month term, collateralized by mortgages, matured April 2010		-		300,000
Housing Trust Fund, Neighborhood Housing Services, bearing interest at 1.00%, 18-month term, collateralized by mortgages, matured June 2010		-		153,694
	$	986,932	$	2,245,403

Note 5 – Capital Assets

Capital assets consist of the following at September 30, 2010:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 550,000	$ -	$ -	$ 550,000
Capital assets being depreciated:				
Furniture and equipment	2,555,213	345,886	(206,062)	2,695,037
Building	2,409,299	-	-	2,409,299
Improvements	1,181,715	51,956	-	1,233,671
Total capital assets being depreciated	6,146,227	397,842	(206,062)	6,338,007
Less accumulated depreciation:				
Furniture and equipment	(1,982,484)	(308,626)	200,025	(2,091,085)
Building	(455,939)	(60,234)	-	(516,173)
Improvements	(721,400)	(119,545)	-	(840,945)
Total accumulated depreciation	(3,159,823)	(488,405)	200,025	(3,448,203)
Total capital assets being depreciated	2,986,404	(90,563)	(6,037)	2,889,804
Capital assets, net	$3,536,404	$ (90,563)	$ (6,037)	$3,439,804

Capital assets consist of the following at September 30, 2009:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 550,000	$ -	$ -	$ 550,000
Capital assets being depreciated:				
Furniture and equipment	2,271,078	442,057	(157,922)	2,555,213
Building	2,409,299	-	-	2,409,299
Improvements	1,179,182	2,533	-	1,181,715
Total capital assets being depreciated	5,859,559	444,590	(157,922)	6,146,227
Less accumulated depreciation:				
Furniture and equipment	(1,873,364)	(264,614)	155,494	(1,982,484)
Building	(395,707)	(60,232)	-	(455,939)
Improvements	(602,802)	(118,598)	-	(721,400)
Total accumulated depreciation	(2,871,873)	(443,444)	155,494	(3,159,823)
Total capital assets being depreciated	2,987,686	1,146	(2,428)	2,986,404
Capital assets, net	$3,537,686	$ 1,146	$ (2,428)	$3,536,404

Note 6 – Conduit Debt

As indicated in Note 1, the Agency has issued multi-family mortgage revenue bonds to promote the development of adequate residential housing and other economic development. The net proceeds of these bonds are used to provide interim and permanent financing for multi-family construction projects, and establish debt-service reserves as required by the various trust indentures. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The Agency, the State of Oklahoma, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds.

As of September 30, 2010 and 2009, there were two series of multi-family bonds outstanding with an aggregate principal amount payable of $9,214,840 and $9,668,087, respectively.

Note 7 – Bonds and Notes Payable

The Single Family Bond Programs are generally payable in annual and semiannual installments and are subject to mandatory sinking fund requirements. These bonds are special obligations payable solely from the income and receipts of these indentures. The Agency, the State of Oklahoma, nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. These bonds are secured by mortgage loans and other assets of their respective indentures.

Effective April 26, 2010, the Agency entered into a line of credit agreement with the Federal Home Loan Bank. The agreement requires monthly interest payments at the three month LIBOR rate (0.28% at September 30, 2010), matures April 26, 2011, and is collateralized by investment securities. The outstanding balance at September 30, 2010, was $16,036,662 and is included in noncurrent liabilities in the Statement of Net Assets as a result of the agreement being renewed subsequent to year-end through April 26, 2012.

Bonds and notes payable and changes for the fiscal year then ended are as follows:

Single Family Bond Program	Issued	Average Interest Rates	Maturity Through	Beginning Balance 9/30/2008	Additions	Reductions	Ending Balance 9/30/2009	Additions	Reductions	Ending Balance 9/30/2010	Amount Due in One Year
1987 A	5/28/1987	8.00%	5/1/2018	$ 5,990,000	$ -	$ 1,740,000	$ 4,250,000	$ -	$ 920,000	$ 3,330,000	$ 1,445,004
1991 A&B	11/1/1991	7.35%	11/1/2024	1,450,408	-	307,525	1,142,883	-	212,989	929,894	243,990
1997 A	3/12/1997	6.24%	9/1/2028	1,495,000	-	520,000	975,000	-	975,000	-	-
1997 B-1		5.55%	3/1/2028								
B-2		6.06%	9/1/2029								
B-3	10/2/1997	6.75%	9/1/2018	2,785,000	-	535,000	2,250,000	-	2,250,000	-	-
1998 A-1		5.66%	9/1/2029								
A-2	3/12/1998	6.40%	9/1/2019	5,000,000	-	5,000,000	-	-	-	-	-
1998 B-1	7/30/1998	5.50%	3/1/2029								
B-2	7/15/1998	5.71%	3/1/2029								
B-3	7/15/1998	6.19%	3/1/2029	3,479,074	-	3,479,074	-	-	-	-	-
1998 D-1		5.40%	3/1/2029								
D-2		5.31%	3/1/2030								
D-3	10/22/1998	5.15%	9/1/2019	5,890,334	-	1,029,185	4,861,149	-	4,861,149	-	-
1999 A-1		5.50%	3/1/2029								
A-2		5.39%	3/1/2030								
A-3	2/19/1999	6.05%	9/1/2020	6,625,212	-	947,017	5,678,195	-	5,678,195	-	-
1999 B-1		6.22%	9/1/2026								
B-2		5.53%	3/1/2030								
B-3	5/27/1999	6.65%	9/1/2020	6,769,940	-	1,636,477	5,133,463	-	5,133,463	-	-
1999 C	10/28/1999	7.10%	9/1/2031	331,451	-	51,181	280,270	-	82,821	197,449	132,012
1999 D-1		6.58%	9/1/2026								
D-2		6.15%	9/1/2030								
D-3	10/15/1999	7.02%	9/1/2026	4,798,828	-	962,667	3,836,161	-	3,836,161	-	-

Single Family Bond Program	Issued	Average Interest Rates	Maturity Through	Beginning Balance 9/30/2008	Additions	Reductions	Ending Balance 9/30/2009	Additions	Reductions	Ending Balance 9/30/2010	Amount Due in One Year
2000 A-1		6.83%	9/1/2018								
A-2		5.63%	9/1/2031								
A-3		7.62%	9/1/2027								
A-4	3/1/2000	4.30%	9/1/2031	2,510,115	-	707,025	1,803,090	-	794,799	1,008,291	60,000
2000 B	4/1/2000	7.60%	9/1/2026	592,149	-	51,996	540,153	-	160,748	379,405	60,000
2000 C-1		5.11%	9/1/2014								
C-2		6.52%	9/1/2028								
C-3	6/14/2000	7.81%	9/1/2028	4,602,212	-	820,451	3,781,761	-	1,499,411	2,282,350	40,000
2000D	10/4/2000	6.40%	9/1/2031	3,009,161	-	677,835	2,331,326	-	702,872	1,628,454	130,000
2001 A-1	4/26/2001	4.87%	3/1/2021	2,205,827	-	2,205,827	-	-	-	-	-
2001 B-1											
B-2	9/1/2001	5.52%	9/1/2032	7,390,000	-	1,140,000	6,250,000	-	2,185,000	4,065,000	165,000
2002 A&B	2/15/2002	4.97%	9/1/2034	6,735,000	-	1,780,000	4,955,000	-	1,115,000	3,840,000	85,000
2002 C	5/23/2002	3.19%	9/1/2033	11,810,000	-	1,860,000	9,950,000	-	2,330,000	7,620,000	175,000
2003 A	1/31/2003	3.91%	9/1/2034	13,135,000	-	2,950,000	10,185,000	-	2,970,000	7,215,000	175,000
2003 B	5/30/2003	3.85%	9/1/2028	24,740,000	-	3,500,000	21,240,000	-	3,940,000	17,300,000	510,000
2003 C	8/22/2003	5.45%	9/1/2034	17,740,000	-	3,055,000	14,685,000	-	2,700,000	11,985,000	270,000
2004 A	4/20/2004	4.44%	3/1/2035	19,325,000	-	3,620,000	15,705,000	-	2,135,000	13,570,000	315,000
2004 B	7/8/2004	5.43%	3/1/2035	28,805,000	-	5,035,000	23,770,000	-	4,750,000	19,020,000	385,000
2005 A	1/21/2005	3.70%	9/1/2035	24,590,000	-	3,805,000	20,785,000	-	3,730,000	17,055,000	355,000
2005 B	6/15/2005	3.93%	3/1/2036	35,625,000	-	5,130,000	30,495,000	-	5,840,000	24,655,000	465,000
2005 C	7/7/2005	3.82%	9/1/2036	33,760,000	-	4,115,000	29,645,000	-	4,955,000	24,690,000	515,000
2005 D	10/7/2005	4.14%	9/1/2036	16,470,000	-	1,555,000	14,915,000	-	3,725,000	11,190,000	225,000
2006 A	1/12/2006	4.23%	3/1/2037	36,765,000	-	6,760,000	30,005,000	-	6,150,000	23,855,000	455,000
2006 B	3/22/2006	4.22%	9/1/2037	38,215,000	-	6,745,000	31,470,000	-	6,400,000	25,070,000	480,000
2006 C	5/18/2006	4.48%	9/1/2037	39,655,000	-	6,205,000	33,450,000	-	5,675,000	27,775,000	480,000
2006 D	10/1/2006	4.16%	3/1/2037	38,380,000	-	5,270,000	33,110,000	-	6,210,000	26,900,000	480,000
2007 Draw Down	9/29/2007	4.42%	9/1/2010	56,627,000	-	56,627,000	-	-	-	-	-
2007 A	2/1/2007	5.16%	3/1/2038	48,315,000	-	4,565,000	43,750,000	-	7,295,000	36,455,000	510,000
2007 B	5/1/2007	4.94%	9/1/2038	38,145,000	-	3,755,000	34,390,000	-	5,870,000	28,520,000	450,000
2007 C	7/1/2007	5.60%	9/1/2038	36,065,000	-	5,980,000	30,085,000	-	5,045,000	25,040,000	380,000
2007 D	10/1/2007	5.35%	3/1/2039	39,495,000	-	4,200,000	35,295,000	-	6,585,000	28,710,000	440,000
2008 A	7/9/2008	4.84%	3/1/2039	25,000,000	-	885,000	24,115,000	-	4,915,000	19,200,000	765,000
2008 B	9/30/2008	3.84%	3/1/2039	40,000,000	-	470,000	39,530,000	-	5,475,000	34,055,000	670,000
2009 A	5/2/2009	3.25%	9/2/2033	-	30,905,000	-	30,905,000	-	2,255,000	28,650,000	870,000
2009 B	9/2/2009	3.32%	9/2/2040	-	32,800,000	-	32,800,000	-	1,510,000	31,290,000	695,000
2009 C	12/18/2009	0.73%	12/13/2011	-	-	-	-	150,000,000	-	150,000,000	30,000,000
Total Single Family Bond Programs				734,321,711	63,705,000	159,678,260	638,348,451	150,000,000	130,867,608	657,480,843	42,426,006
Agency Line of Credit	4/26/10	0.28%	4/26/12	-	-	-	-	54,439,626	38,402,964	16,036,662	-
Total bonds and notes payable				$ 734,321,711	$ 63,705,000	$ 159,678,260	$ 638,348,451	$ 204,439,626	$ 169,270,572	$ 673,517,505	$ 42,426,006

Debt requirements on bonds and notes payable at September 30, 2010, are as follows (in thousands):

	2011	2012	2013	2014	2015	2016-2020	2021-2025	2026-2030	2031+	Total
Principal and interest	$ 69,008	$ 177,654	$ 38,402	$ 37,488	$ 37,051	$ 184,400	$ 181,450	$ 176,298	$ 202,632	$ 1,104,383
Less interest	26,582	27,703	25,088	24,495	24,036	111,881	91,515	63,829	35,737	430,866
Total principal	$ 42,426	$ 149,951	$ 13,314	$ 12,993	$ 13,015	$ 72,519	$ 89,935	$ 112,469	$ 166,895	$ 673,517

Note 8 – Retirement Plans

Employees hired prior to July 1, 1997, who elect not to be covered by the Oklahoma Public Employees Retirement Plan (OPERS Plan), are covered by the Oklahoma Housing Finance Agency Retirement Plan (OHFA Plan). The OHFA Plan is a defined contribution plan. No new employees are allowed to join this plan after June 30, 1997. OHFA's contribution amount is at the discretion of the Board of Trustees and does not have any limitations. The Board of Trustees approved a monthly contribution to the OHFA Plan of 14.5% of allowable compensation for the period beginning July 1, 2008 and increased the monthly contribution to 15.5% of allowable compensation beginning July 1, 2009.

All employees hired after June 30, 1997 are required to participate in the OPERS Plan. The OPERS Plan is a multi-employer public employee retirement plan, which is a defined benefit pension plan. The benefit provisions of the OPERS Plan are established by state statute. The contribution rates for employees and participating employers are as follows: employees – 3.5% of all allowable compensation; employers – 14.5% of allowable annual compensation for the period beginning July 1, 2008 and increasing to 15.5% of allowable annual compensation beginning July 1, 2009. There is no maximum compensation level for retirement purposes. The OPERS Plan issues separate annual financial reports. Copies of these reports may be obtained from the retirement system.

OHFA's required contributions under the plan for 2010, 2009, and 2008 were $925,666, $858,270, $710,406, respectively and were equal to the required contributions under both plans for each respective year.

Note 9 – Risk Management

OHFA is exposed to various risks of loss related to torts; theft of, damage to, and destruction to assets; errors and omissions; injuries to employees; and natural disasters. OHFA pays an annual premium to a private insurance carrier for its tort liability, property loss and general liability insurance coverage. OHFA purchases commercial employee life insurance and pays an annual premium to a private insurance carrier for its employee health insurance coverage. OHFA carries insurance with the State Insurance Fund for other risks of loss, including workers' compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Note 10 – Contingencies

Intergovernmental Financial Assistance – OHFA administers various federal and state programs. These programs are subject to audit and adjustments by the awarding agencies and other organizations. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. The amount, if any, of expenditures disallowed cannot be determined at this time. OHFA expects such amounts, if any, to be immaterial.

Litigation – OHFA, in the normal course of business, is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, OHFA believes the resolution of these matters will not have a material adverse effect on the financial condition of OHFA.

SUPPLEMENTAL INFORMATION

HoganTaylor LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Trustees,
Oklahoma Housing Finance Agency

Our report on our audit of the basic financial statements of Oklahoma Housing Finance Agency for September 30, 2010, appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on the Single Family Mortgage Revenue Bond Programs and the combining statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hogan Taylor LLP

May 18, 2011

11600 Broadway Ext., Suite 300, Oklahoma City, OK 73114
P *405.848.2020* ***F*** *405.848.7359*
www.hogantaylor.com

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF NET ASSETS

September 30, 2010

	1987 Series A	1991 Series A & B	1999 Series C	2000 Series A	2000 Series B	2000 Series C	2000 Series D
Assets							
Noncurrent assets:							
Cash and cash equivalents	$ 166,666	$ 10,113	$ 1,756	$ 62,490	$ 3,377	$ 32,718	$ 86,407
Investments	4,510,592	1,048,356	259,625	2,564,223	456,894	4,118,861	2,441,966
Due from (to) other funds	-	-	-	-	-	-	-
Interest receivable	28,154	5,775	20,035	12,681	2,680	31,771	12,180
Deferred finance costs, net	-	-	-	5,541	11,413	29,667	12,726
Program loans receivable	-	-	-	-	-	-	-
Total assets	4,705,412	1,064,244	281,416	2,644,935	474,364	4,213,017	2,553,279
Liabilities							
Current liabilities:							
Accounts payable	323	83	130	305	261	705	342
Interest payable	22,192	5,696	1,168	5,895	2,403	12,513	8,573
Current maturities of bonds payable	1,445,004	243,990	132,012	60,000	60,000	40,000	130,000
Total current liabilities	1,467,519	249,769	133,310	66,200	62,664	53,218	138,915
Noncurrent liabilities:							
Bonds payable, less current maturities	1,884,996	685,904	65,436	948,291	319,405	2,242,350	1,498,455
Unamortized bond issuance costs	-	-	-	-	-	-	-
Deferred revenue	20,780	-	-	-	-	-	-
HOME funds payable	-	-	-	246,069	-	298,859	74,467
Total noncurrent liabilities	1,905,776	685,904	65,436	1,194,360	319,405	2,541,209	1,572,922
Total liabilities	3,373,295	935,673	198,746	1,260,560	382,069	2,594,427	1,711,837
Net Assets							
Restricted for single family bond programs	$ 1,332,117	$ 128,571	$ 82,670	$ 1,384,375	$ 92,295	$ 1,618,590	$ 841,442

See independent auditors' report on supplemental information.

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF NET ASSETS (continued)

September 30, 2010

	2001 Series A	2001 Series B	2002 A & B	2002 Series C	2003 Series A	2003 Series B	2003 Series C
Assets							
Noncurrent assets:							
Cash and cash equivalents	$ 1,098,309	$ 252,256	$ 73,685	$ 113,095	$ 178,808	$ 291,874	$ 291,993
Investments	79,830	7,210,761	5,249,165	8,489,422	11,998,706	19,162,226	13,249,666
Due from (to) other funds	1,163,685	(778,852)	(384,833)	-	-	-	-
Interest receivable	55	32,474	23,351	39,021	49,604	76,104	57,686
Deferred finance costs, net	-	39,726	43,899	147,535	28,928	14,889	13,662
Program loans receivable	-	-	-	-	-	-	-
Total assets	2,341,879	6,756,365	5,005,267	8,789,073	12,256,046	19,545,093	13,613,007
Liabilities							
Current liabilities:							
Accounts payable	17	1,168	1,118	1,580	3,096	3,749	1,548
Interest payable	-	17,632	15,422	38,007	31,472	57,361	55,753
Current maturities of bonds payable	-	165,000	85,000	175,000	175,000	510,000	270,000
Total current liabilities	17	183,800	101,540	214,587	209,568	571,110	327,301
Noncurrent liabilities:							
Bonds payable, less current maturities	-	3,900,000	3,755,000	7,445,000	7,040,000	16,790,000	11,715,000
Unamortized bond issuance costs	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
HOME funds payable	-	116,073	100,277	29,547	-	-	-
Total noncurrent liabilities	-	4,016,073	3,855,277	7,474,547	7,040,000	16,790,000	11,715,000
Total liabilities	17	4,199,873	3,956,817	7,689,134	7,249,568	17,361,110	12,042,301
Net Assets							
Restricted for single family bond programs	$ 2,341,862	$ 2,556,492	$ 1,048,450	$ 1,099,939	$ 5,006,478	$ 2,183,983	$ 1,570,706

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF NET ASSETS (continued)

September 30, 2010

	2004 Series A	2004 Series B	2005 Series A	2005 Series B	2005 Series C	2005 Series D	2006 Series A
Assets							
Noncurrent assets:							
Cash and cash equivalents	$ 535,967	$ 440,864	$ 510,505	$ 391,098	$ 857,178	$ 233,557	$ 301,755
Investments	14,813,558	21,326,595	18,558,602	27,730,000	26,508,595	12,202,104	26,256,217
Due from (to) other funds	-	-	-	-	-	-	-
Interest receivable	57,935	93,417	77,380	115,027	109,293	50,607	111,296
Deferred finance costs, net	106,616	50,939	-	-	-	-	-
Program loans receivable	-	-	-	-	-	-	-
Total assets	15,514,076	21,911,815	19,146,487	28,236,125	27,475,066	12,486,268	26,669,268
Liabilities							
Current liabilities:							
Accounts payable	1,792	1,976	1,833	3,201	3,033	889	2,500
Interest payable	55,301	90,468	72,685	101,791	103,403	48,873	106,750
Current maturities of bonds payable	315,000	385,000	355,000	465,000	515,000	225,000	455,000
Total current liabilities	372,093	477,444	429,518	569,992	621,436	274,762	564,250
Noncurrent liabilities:							
Bonds payable, less current maturities	13,255,000	18,635,000	16,700,000	24,190,000	24,175,000	10,965,000	23,400,000
Unamortized bond issuance costs	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
HOME funds payable	-	-	-	-	-	-	-
Total noncurrent liabilities	13,255,000	18,635,000	16,700,000	24,190,000	24,175,000	10,965,000	23,400,000
Total liabilities	13,627,093	19,112,444	17,129,518	24,759,992	24,796,436	11,239,762	23,964,250
Net Assets							
Restricted for single family bond programs	$ 1,886,983	$ 2,799,371	$ 2,016,969	$ 3,476,133	$ 2,678,630	$ 1,246,506	$ 2,705,018

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF NET ASSETS (continued)

September 30, 2010

	2006 Series B	2006 Series C	2006 Series D	2007 Series A	2007 Series B	2007 Series C	2007 Series D
Assets							
Noncurrent assets:							
Cash and cash equivalents	$ 394,052	$ 891,792	$ 628,865	$ 543,490	$ 401,326	$ 338,440	$ 491,717
Investments	28,457,123	30,394,635	29,111,280	39,679,331	30,956,241	27,347,329	31,244,733
Due from (to) other funds	-	-	-	-	-	-	-
Interest receivable	122,727	135,336	141,815	173,164	137,692	128,417	141,872
Deferred finance costs, net	-	-	37,097	70,146	38,678	47,482	-
Program loans receivable	-	-	-	-	-	-	-
Total assets	28,973,902	31,421,763	29,919,057	40,466,131	31,533,937	27,861,668	31,878,322
Liabilities							
Current liabilities:							
Accounts payable	4,588	4,059	3,777	16,115	5,119	6,959	16,032
Interest payable	109,123	126,429	117,614	156,585	117,986	120,530	130,182
Current maturities of bonds payable	480,000	480,000	480,000	510,000	450,000	380,000	440,000
Total current liabilities	593,711	610,488	601,391	682,700	573,105	507,489	586,214
Noncurrent liabilities:							
Bonds payable, less current maturities	24,590,000	27,295,000	26,420,000	35,945,000	28,070,000	24,660,000	28,270,000
Unamortized bond issuance costs	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
HOME funds payable	-	-	-	-	-	-	-
Total noncurrent liabilities	24,590,000	27,295,000	26,420,000	35,945,000	28,070,000	24,660,000	28,270,000
Total liabilities	25,183,711	27,905,488	27,021,391	36,627,700	28,643,105	25,167,489	28,856,214
Net Assets							
Restricted for single family bond programs	$ 3,790,191	$ 3,516,275	$ 2,897,666	$ 3,838,431	$ 2,890,832	$ 2,694,179	$ 3,022,108

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF NET ASSETS (continued)

September 30, 2010

	2008 Series A	2008 Series B	2009 Series A	2009 Series B	2009 Series C	Accumulation Bond Fund	Total Single Family Bond Programs
Assets							
Noncurrent assets:							
Cash and cash equivalents	$ 397,018	$ 537,949	$ 167,797	$ 443,092	$150,183,632	$ 5,305,594	$166,659,235
Investments	22,087,505	37,315,856	32,133,810	34,842,403	-	12,182,143	583,988,353
Due from (to) other funds	-	-	-	-	-	-	-
Interest receivable	105,283	174,371	131,720	147,630	-	49,969	2,596,522
Deferred finance costs, net	358,975	416,542	1,248,018	1,736,651	340,000	-	4,799,130
Program loans receivable	-	-	-	-	-	-	-
Total assets	22,948,781	38,444,718	33,681,345	37,169,776	150,523,632	17,537,706	758,043,240
Liabilities							
Current liabilities:							
Accounts payable	2,953	4,913	155,069	71,932	-	98,086	419,251
Interest payable	94,503	156,438	97,800	113,040	149,854	-	2,343,442
Current maturities of bonds payable	765,000	670,000	870,000	695,000	30,000,000	-	42,426,006
Total current liabilities	862,456	831,351	1,122,869	879,972	30,149,854	98,086	45,188,699
Noncurrent liabilities:							
Bonds payable, less current maturities	18,435,000	33,385,000	27,780,000	30,595,000	120,000,000	-	615,054,837
Unamortized bond issuance costs	-	-	-	11,046	33,757	-	44,803
Deferred revenue	-	-	-	425,574	-	-	446,354
HOME funds payable	-	-	-	-	-	-	865,292
Total noncurrent liabilities	18,435,000	33,385,000	27,780,000	31,031,620	120,033,757	-	616,411,286
Total liabilities	19,297,456	34,216,351	28,902,869	31,911,592	150,183,611	98,086	661,599,985
Net Assets							
Restricted for single family bond programs	$ 3,651,325	$ 4,228,367	$ 4,778,476	$ 5,258,184	$ 340,021	$17,439,620	$ 96,443,255

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Year ended September 30, 2010

	1987 Series A	1991 Series A & B	1997 Series A*	1997 Series B*	1998 Series D*	1999 Series A*	1999 Series B*
Operating Revenues							
Investment income	$ 394,291	$ 78,324	$ 54,824	$ 79,540	$ 170,294	$ 186,848	$ 191,342
Program loans	-	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	(145,107)	5,900	-	-	-	-	-
Realized gain on sale of investments	-	-	61,332	124,778	336,632	376,486	359,099
Other income	4,346	-	-	-	-	-	-
Total operating revenues	253,530	84,224	116,156	204,318	506,926	563,334	550,441
Operating Expenses							
Interest on bonds payable	300,611	72,470	29,958	59,088	73,845	98,537	106,088
Mortgage servicing fees	24,222	5,164	4,458	6,432	14,860	15,310	15,398
Amortization of deferred finance costs	-	-	-	-	-	41,428	-
Trustees, issuer and other fees	5,321	1,341	1,430	2,755	4,865	7,805	6,101
Arbitrage payment	-	-	-	-	-	-	-
Other general and administrative	-	-	-	-	92,572	46,908	81,090
Total operating expenses	330,154	78,975	35,846	68,275	186,142	209,988	208,677
Operating income (loss) before transfers	(76,624)	5,249	80,310	136,043	320,784	353,346	341,764
Equity transfers in (out)	-	-	(979,755)	(947,148)	(1,800,182)	(1,634,347)	(1,745,930)
Net income (loss)	(76,624)	5,249	(899,445)	(811,105)	(1,479,398)	(1,281,001)	(1,404,166)
Total net assets, beginning of year	1,408,741	123,322	899,445	811,105	1,479,398	1,281,001	1,404,166
Total net assets, end of year	$1,332,117	$ 128,571	$ -	$ -	$ -	$ -	$ -

*No supplemental combining statement of net assets is presented for these programs because there are no asset or liability accounts at September 30, 2010.

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (continued)

Year ended September 30, 2010

	1999 Series C	1999 Series D*	2000 Series A	2000 Series B	2000 Series C	2000 Series D	2001 Series A
Operating Revenues							
Investment income	$ 22,575	$ 139,834	$ 187,323	$ 39,713	$ 323,288	$ 182,654	$ 565
Program loans	-	-	-	-	-	-	32,566
Net increase (decrease) in fair value of investments	(2,602)	-	19,536	(5,558)	6,230	24,443	-
Realized gain on sale of investments	-	247,945	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Total operating revenues	19,973	387,779	206,859	34,155	329,518	207,097	33,131
Operating Expenses							
Interest on bonds payable	17,382	101,756	89,128	34,380	192,258	110,981	-
Mortgage servicing fees	1,407	10,380	13,154	2,384	20,642	12,744	1,721
Amortization of deferred finance costs	-	4,535	4,368	4,836	19,490	5,492	-
Trustees, issuer and other fees	4,629	4,045	7,088	6,363	12,456	7,597	3,572
Arbitrage payment	-	-	-	-	-	-	-
Other general and administrative	-	18,736	-	-	-	-	1,000
Total operating expenses	23,418	139,452	113,738	47,963	244,846	136,814	6,293
Operating income (loss) before transfers	(3,445)	248,327	93,121	(13,808)	84,672	70,283	26,838
Equity transfers in (out)	-	(1,145,755)	-	-	-	-	-
Net income (loss)	(3,445)	(897,428)	93,121	(13,808)	84,672	70,283	26,838
Total net assets, beginning of year	86,114	897,428	1,291,255	106,103	1,533,920	771,160	2,315,024
Total net assets, end of year	$ 82,669	$ -	$1,384,376	$ 92,295	$ 1,618,592	$ 841,443	$2,341,862

*No supplemental combining statement of net assets is presented for these programs because there are no asset or liability accounts at September 30, 2010.

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (continued)

Year ended September 30, 2010

	2001 Series B	2002 A & B	2002 Series C	2003 Series A	2003 Series B	2003 Series C	2004 Series A
Operating Revenues							
Investment income	$ 489,404	$ 322,808	$ 572,752	$ 742,832	$ 1,112,933	$ 847,900	$ 822,985
Program loans	-	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	99,754	88,489	125,265	161,856	375,696	246,120	332,099
Realized gain on sale of investments	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Total operating revenues	589,158	411,297	698,017	904,688	1,488,629	1,094,020	1,155,084
Operating Expenses							
Interest on bonds payable	286,031	250,963	520,689	477,201	899,735	759,996	727,637
Mortgage servicing fees	38,785	26,993	44,089	63,697	100,521	68,893	78,860
Amortization of deferred finance costs	21,354	12,747	45,113	11,907	3,391	3,078	16,775
Trustees, issuer and other fees	18,700	18,719	25,217	46,518	55,148	24,764	28,213
Arbitrage payment	-	-	-	-	-	-	-
Other general and administrative	-	-	-	-	-	-	-
Total operating expenses	364,870	309,422	635,108	599,323	1,058,795	856,731	851,485
Operating income (loss) before transfers	224,288	101,875	62,909	305,365	429,834	237,289	303,599
Equity transfers in (out)	-	-	-	-	-	-	-
Net income (loss)	224,288	101,875	62,909	305,365	429,834	237,289	303,599
Total net assets, beginning of year	2,332,202	946,574	1,037,030	4,701,113	1,754,149	1,333,416	1,583,383
Total net assets, end of year	$2,556,490	$ 1,048,449	$1,099,939	$5,006,478	$ 2,183,983	$ 1,570,705	$1,886,982

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (continued)

Year ended September 30, 2010

	2004 Series B	2005 Series A	2005 Series B	2005 Series C	2005 Series D	2006 Series A	2006 Series B
Operating Revenues							
Investment income	$1,387,291	$ 1,152,681	$1,690,302	$1,559,609	$ 781,051	$ 1,667,459	$1,816,668
Program loans	-	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	322,519	263,281	458,154	405,538	115,784	303,206	381,647
Realized gain on sale of investments	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Total operating revenues	1,709,810	1,415,962	2,148,456	1,965,147	896,835	1,970,665	2,198,315
Operating Expenses							
Interest on bonds payable	1,245,198	994,286	1,394,312	1,396,298	700,967	1,493,264	1,520,311
Mortgage servicing fees	112,820	99,635	145,131	143,886	67,814	143,210	141,751
Amortization of deferred finance costs	12,721	-	-	-	-	-	-
Trustees, issuer and other fees	30,897	28,795	48,352	46,564	11,906	39,047	84,931
Arbitrage payment	-	-	-	-	-	-	33,262
Other general and administrative	-	-	-	-	-	-	-
Total operating expenses	1,401,636	1,122,716	1,587,795	1,586,748	780,687	1,675,521	1,780,255
Operating income (loss) before transfers	308,174	293,246	560,661	378,399	116,148	295,144	418,060
Equity transfers in (out)	-	-	-	-	-	-	-
Net income (loss)	308,174	293,246	560,661	378,399	116,148	295,144	418,060
Total net assets, beginning of year	2,491,196	1,723,724	2,915,472	2,300,231	1,130,357	2,409,875	3,372,131
Total net assets, end of year	$2,799,370	$ 2,016,970	$3,476,133	$2,678,630	$ 1,246,505	$ 2,705,019	$3,790,191

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (continued)

Year ended September 30, 2010

	2006 Series C	2006 Series D	2007 Series A	2007 Series B	2007 Series C	2007 Series D	2008 Series A
Operating Revenues							
Investment income	$2,016,896	$ 1,896,070	$2,367,391	$2,016,362	$ 1,871,450	$ 2,104,008	$1,494,676
Program loans	-	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	390,142	400,908	481,976	360,876	362,846	433,664	432,656
Realized gain on sale of investments	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Total operating revenues	2,407,038	2,296,978	2,849,367	2,377,238	2,234,296	2,537,672	1,927,332
Operating Expenses							
Interest on bonds payable	1,723,599	1,618,282	2,140,708	1,733,871	1,618,602	1,798,140	1,290,699
Mortgage servicing fees	161,528	153,880	25,473	162,184	143,105	164,176	113,327
Amortization of deferred finance costs	-	5,172	(12,026)	(18,413)	(59,624)	(50,470)	83,454
Trustees, issuer and other fees	61,600	57,524	172,050	61,931	54,761	61,832	45,049
Arbitrage payment	8,123	-	-	-	-	-	-
Other general and administrative	-	-	-	-	-	-	-
Total operating expenses	1,954,850	1,834,858	2,326,205	1,939,573	1,756,844	1,973,678	1,532,529
Operating income (loss) before transfers	452,188	462,120	523,162	437,665	477,452	563,994	394,803
Equity transfers in (out)	-	(15,351)	(26,379)	(17,517)	(21,917)	10,366	565,392
Net income (loss)	452,188	446,769	496,783	420,148	455,535	574,360	960,195
Total net assets, beginning of year	3,064,086	2,450,897	3,341,648	2,470,683	2,238,644	2,447,749	2,691,129
Total net assets, end of year	$3,516,274	$ 2,897,666	$3,838,431	$2,890,831	$ 2,694,179	$ 3,022,109	$3,651,324

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (continued)

Year ended September 30, 2010

	2008 Series B	2009 Series A	2009 Series B	2009 Series C	Accumulation Bond Fund	Total Single Family Bond Programs
Operating Revenues						
Investment income	$2,456,035	$ 1,746,505	$1,467,053	$ 149,875	$ 537,175	$ 37,141,586
Program loans	-	-	-	-	148,946	181,512
Net increase (decrease) in fair value of investments	740,746	1,075,404	2,431,254	-	(1,379,345)	9,313,377
Realized gain on sale of investments	-	-	-	-	(14,839)	1,491,433
Other income	-	-	-	-	94,829	99,175
Total operating revenues	3,196,781	2,821,909	3,898,307	149,875	(613,234)	48,227,083
Operating Expenses						
Interest on bonds payable	2,030,529	1,256,895	1,408,763	149,854	-	30,723,312
Mortgage servicing fees	190,008	153,031	117,476	-	38,048	2,846,597
Amortization of deferred finance costs	72,716	98,230	-	-	-	326,274
Trustees, issuer and other fees	74,884	38,870	9,507	-	21,788	1,242,935
Arbitrage payment	-	-	-	-	-	41,385
Other general and administrative	-	-	-	-	-	240,306
Total operating expenses	2,368,137	1,547,026	1,535,746	149,854	59,836	35,420,809
Operating income (loss) before transfers	828,644	1,274,883	2,362,561	21	(673,070)	12,806,274
Equity transfers in (out)	(350,790)	1,698,362	1,888,230	340,000	4,182,721	-
Net income (loss)	477,854	2,973,245	4,250,791	340,021	3,509,651	12,806,274
Total net assets, beginning of year	3,750,513	1,805,230	1,007,393	-	13,929,974	83,636,981
Total net assets, end of year	$4,228,367	$ 4,778,475	$5,258,184	$ 340,021	$ 17,439,625	$ 96,443,255

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF NET ASSETS

September 30, 2010

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Assets				
Current assets:				
Cash and cash equivalents	$ -	$ 11,673,218	$ -	$ 11,673,218
Investments	-	3,807,340	-	3,807,340
Accounts receivable	-	232,886	(83,146)	149,740
Accounts receivable - U.S. Department of Housing and Urban Development	-	695,208	-	695,208
Interest receivable	-	209,461	-	209,461
Prepaid expenses	-	271,407	-	271,407
Total current assets	-	16,889,520	(83,146)	16,806,374
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	166,659,235	10,878,453	-	177,537,688
Investments	583,988,353	29,877,534	-	613,865,887
Interest receivable	2,596,522	-	-	2,596,522
Deferred finance costs, net	4,799,130	-	-	4,799,130
Program loans receivable	-	986,932	-	986,932
Long-term investments	-	7,402,051	-	7,402,051
Nondepreciated capital assets	-	550,000	-	550,000
Capital assets, net	-	2,889,804	-	2,889,804
Total noncurrent assets	758,043,240	52,584,774	-	810,628,014
Total assets	$ 758,043,240	$ 69,474,294	$ (83,146)	$ 827,434,388
Liabilities				
Current liabilities:				
Salaries and related expenses	$ -	$ 290,464	$ -	$ 290,464
Accounts payable - vendors and contractors	-	114,807	-	114,807
Accounts Payable - U.S. Department of Housing and Urban Development	-	117,753	-	117,753
Accounts payable - Family Self Sufficiency Program	-	319,195	-	319,195
Accounts payable - other	419,251	137,499	(83,146)	473,604
Deferred revenue	-	699,830	-	699,830
Compensated absences	-	942,493	-	942,493
Interest payable	2,343,442	10,200	-	2,353,642
Current maturities of bonds and notes payable	42,426,006	-	-	42,426,006
Total current liabilities	45,188,699	2,632,241	(83,146)	47,737,794
Noncurrent liabilities:				
Bonds and notes payable, less current maturities	615,054,837	16,036,662	-	631,091,499
Unamortized bond issuance costs	44,803	-	-	44,803
Deferred revenue	446,354	-	-	446,354
HOME funds payable	865,292	-	-	865,292
Total noncurrent liabilities	616,411,286	16,036,662	-	632,447,948
Total liabilities	661,599,985	18,668,903	(83,146)	680,185,742
Net Assets				
Invested in capital assets	-	3,439,804	-	3,439,804
Restricted for single family bond programs	96,443,255	-	-	96,443,255
Restricted for Section 8 Voucher Program	-	6,660,711	-	6,660,711
Unrestricted	-	40,704,876	-	40,704,876
Total net assets	$ 96,443,255	$ 50,805,391	$ -	$ 147,248,646

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Year ended September 30, 2010

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Operating Revenues				
Investment income	$ 37,141,586	$ 486,594	$ -	$ 37,628,180
Program loans	181,512	495,741	-	677,253
Net increase in fair value of investments	9,313,377	897,185	-	10,210,562
Realized gain on sale of investments	1,491,433	1,370,373	-	2,861,806
Fees and other income	99,175	14,143,615	(1,130,815)	13,111,975
Total operating revenues	48,227,083	17,393,508	(1,130,815)	64,489,776
Operating Expenses				
Interest on bonds and notes payable	30,723,312	32,613	-	30,755,925
Mortgage servicing fees	2,846,597	-	-	2,846,597
Amortization of deferred finance costs	326,274	-	-	326,274
Trustees, issuer and other fees	1,242,935	-	(1,130,815)	112,120
Salaries and related expenses	-	8,554,676	-	8,554,676
Arbitrage payment	41,385	-	-	41,385
Loss on disposal of capital assets	-	5,587		5,587
Other general and administrative	240,306	3,707,369	-	3,947,675
Total operating expenses	35,420,809	12,300,245	(1,130,815)	46,590,239
Operating income	12,806,274	5,093,263	-	17,899,537
Nonoperating revenues (expenses):				
Federal and state program income	-	145,378,044	-	145,378,044
Federal and state program expenses	-	(145,993,162)	-	(145,993,162)
Nonoperating loss	-	(615,118)	-	(615,118)
Increase in net assets	12,806,274	4,478,145	-	17,284,419
Total net assets, beginning of year	83,636,981	46,327,246	-	129,964,227
Total net assets, end of year	$ 96,443,255	$ 50,805,391	$ -	$ 147,248,646

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS

Year ended September 30, 2010

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Cash Flows from Operating Activities				
Receipts (payments) from (of) fees	$ (1,515,247)	$ 14,371,515	$ -	$ 12,856,268
Receipts from program loan payments	1,145,580	1,424,920	-	2,570,500
Receipts from other sources	-	266,029	-	266,029
Payments to employees	-	(8,473,538)		(8,473,538)
Payments to suppliers	-	(3,519,563)	-	(3,519,563)
Payments for purchases of program loans	(964,061)	(166,450)	-	(1,130,511)
Payments for bond fees	(4,317,774)	-	-	(4,317,774)
Payments for trustee and other fees	(1,242,947)	-	-	(1,242,947)
Payments for other expenses	(281,690)	-	-	(281,690)
Net cash provided by (used in) operating activities	(7,176,139)	3,902,913	-	(3,273,226)
Cash Flows from Noncapital Financing Activities				
Proceeds from issuance of bonds and notes payable	150,000,000	54,439,626	-	204,439,626
Principal paid on bonds and notes payable	(130,867,608)	(38,402,964)	-	(169,270,572)
Interest paid on bonds and notes payable	(31,150,491)	(22,413)	-	(31,172,904)
Refund of bond issuance costs	1,606,040	-	-	1,606,040
Receipt of federal and state program income	-	145,378,044		145,378,044
Payment of federal and state program expenses	(448,791)	(145,993,163)	-	(146,441,954)
Net cash provided by (used in) noncapital financing activities	(10,860,850)	15,399,130	-	4,538,280
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	-	(397,388)	-	(397,388)
Net cash used in capital and related financing activities	-	(397,388)	-	(397,388)
Cash Flows from Investing Activities				
Proceeds from sales and maturities of investments	168,718,791	55,116,165	-	223,834,956
Purchase of investments	(41,724,538)	(79,239,135)	-	(120,963,673)
Interest received on investments	37,600,879	920,124	-	38,521,003
Net cash provided by (used in) investing activities	164,595,132	(23,202,846)	-	141,392,286
Net change in cash	146,558,143	(4,298,191)	-	142,259,952
Cash and cash equivalents, beginning of year	20,101,092	26,849,862	-	46,950,954
Cash and cash equivalents, end of year	$ 166,659,235	$ 22,551,671	$ -	$ 189,210,906
Cash and Cash Equivalents as Reported on Statement of Net Assets				
Unrestricted	$ -	$ 11,673,218	$ -	$ 11,673,218
Restricted	166,659,235	10,878,453	-	177,537,688
	$ 166,659,235	$ 22,551,671	$ -	$ 189,210,906

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS (continued)

Year ended September 30, 2010

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities				
Operating income	$ 12,806,274	$ 5,093,263	$ -	$ 17,899,537
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	-	488,401	-	488,401
Amortization of fees and deferred finance costs	326,274	-	-	326,274
Net increase in fair value of investments	(9,313,377)	(897,185)	-	(10,210,562)
Realized gain on sale of investments	(1,491,433)	(1,370,373)	-	(2,861,806)
Loss on disposal of capital assets	-	5,587	-	5,587
Interest on bonds and notes payable	30,723,312	32,613	-	30,755,925
Interest from investments	(37,141,586)	(982,335)	-	(38,123,921)
Change in:				
Accounts receivable	4,345	218,224	-	222,569
Prepaid expenses	-	(21,086)	-	(21,086)
Program loans receivable	-	1,258,470	-	1,258,470
Accounts payable and accrued expenses	(1,471,176)	(249,371)	-	(1,720,547)
Deferred revenue	(1,618,772)	296,794	-	(1,321,978)
Compensated absences	-	29,911	-	29,911
Net cash provided by (used in) operating activities	$ (7,176,139)	$ 3,902,913	$ -	$ (3,273,226)