STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPLIANCE EXAMINATION

(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2010

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2010

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For the Year Ended June 30, 2010

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AGENCY OFFICALS

Executive Director (12/08/2009 - present)	Mr. Christopher Meister
Chairman - Board of Directors	Mr. William Brandt, Jr.
Chief Financial Officer (07/01/2009 - 08/20/2010)	Ms. Yvonne Towers
Assistant Chief Financial Officer	Ms. Ximena Granda
Chief Human Resources Officer (11/02/2009 - present)	Mr. Arthur Friedson
General Counsel (07/13/2010 - present)	Mr. Brendan Cournane
General Counsel and Deputy Director (07/01/2009 - 12/08/2009)	Mr. Christopher Meister
Chief Administrative Officer / Treasurer (07/01/2009 - 10/14/2009)	Mr. Stuart Boldry

Board Members

William Barclay	Terrence O'Brien
Ronald DeNard	Juan Rivera (07/01/2009 - 10/12/2010)
Michael Goetz	John Durburg (12/07/2009 - present)
Dr. Roger Herrin	Bradley Zeller
Edward Leonard Sr.	Joseph McInerney (12/07/2009 - 03/23/2011)
James Fuentes	Roger Poole (12/07/2009 - present)
Roderick Bashir (12/07/2009 - 07/16/2010)	April Verrett (07/01/2009 - 11/25/2009)
Gila Bronner (10/08/2010 - present)	Heather Parish (08/25/2010 - present)
Norman Gold (09/14/2010 - present)	

Agency offices are located at:

Chicago Office
180 North Stetson Avenue, Suite 2555
Chicago, Illinois 60601

Mount Vernon Office
2929 Broadway Street #7B
Mount Vernon, Illinois 62864

Springfield Office
500 East Monroe Street 3rd Floor
Springfield, Illinois 62701

Peoria Office
100 South West Water Street
Peoria, Illinois 61602

IFA
ILLINOIS FINANCE AUTHORITY

180 North Stetson Ave.
Suite 2555
Chicago, IL 60601
312-651-1300
312-651-1350 fax
www.il-fa.com

MANAGEMENT ASSERTION LETTER

May 5, 2011

E.C. Ortiz & Co., LLP
Certified Public Accountants
333 S. Des Plaines, Suite 2-N
Chicago, Illinois 60661

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois – Illinois Finance Authority (Authority). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements, except as disclosed to the auditors during the engagement. We have performed an evaluation of the Authority's compliance with the following assertions during the year ended June 30, 2010. Based on this evaluation, we assert that during the year ended June 30, 2010, the Authority has materially complied with the assertions below.

A. The Authority has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. The Authority has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

C. The Authority has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. State revenues and receipts collected by the Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

Mt. Vernon | 2929 Broadway Street, Ste. 7B, Mt. Vernon IL 62864 | 618.244.2424 | 618.244.2433 fax
Peoria | 100 S. W. Water Street, Peoria, IL 61602 | 309.495.5959 | 309.676.7534 fax
Springfield | 500 E. Monroe St., Third Floor, Springfield, IL 62701 | 217.782.5792 | 217.782.3989 fax
TTY: 1.800.526.0844 | VOICE: 1.800.526.0857

ILLINOIS FINANCE AUTHORITY

E. Money or negotiable securities or similar assets handled by the Authority on behalf of the State or held in trust by the Authority have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

State of Illinois – Illinois Finance Authority

Christopher Meister
Executive Director

Ximena Granda
Assistant Chief Financial Officer

Brendan M. Cournane

Brendan Cournane
General Counsel

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPLIANCE REPORT
For the Year Ended June 30, 2010

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	Current Report	Prior Reports
Findings	8	2
Repeated findings	0	0
Prior recommendations implemented or not repeated	2	7

Details of findings are presented in a separate section of this report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Item No.	Page	Description	Finding Type
		FINDING (*GOVERNMENT AUDITING STANDARDS*)	
10-1	17	Noncompliance with the investment requirements of the Bond Indenture	Material weakness and Noncompliance
		FINDING AND QUESTIONED COST (FEDERAL COMPLIANCE)	
10-2	18	Noncompliance with the program loan agreement	Noncompliance and Significant deficiency
		FINDINGS (STATE COMPLIANCE)	
10-3	20	Inaccurate State property records	Noncompliance and Significant deficiency
10-4	23	Administrative reports not filed timely	Noncompliance and Significant deficiency

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPLIANCE REPORT
For the Year Ended June 30, 2010

SUMMARY (continued)

Item No.	Page	Description	Finding Type
10-5	25	Untimely signing of written contracts	Noncompliance and Significant deficiency
10-6	26	Delinquent reporting of bond activity	Noncompliance and Significant deficiency
10-7	28	Unsupported and incomplete travel expense reimbursement reports	Noncompliance and Significant deficiency
10-8	30	Failure to develop and maintain a list of manufacturing firms that are available for purchase, merger or acquisition in compliance with the statute	Noncompliance and Significant deficiency

In addition, the following finding which was reported as a current finding relating to *Government Auditing Standards* also meets the reporting requirements for State Compliance.

Item No.	Page	Description	Finding Type
10-1	17	Noncompliance with the investment requirements of the Bond Indenture	Material weakness and Material noncompliance

In addition, the following finding which was reported as a current finding and questioned cost relating to federal awards also meets the reporting requirements for State Compliance.

Item No.	Page	Description	Finding Type
10-2	18	Noncompliance with the program loan agreement	Noncompliance and Significant deficiency

PRIOR FINDINGS NOT REPEATED

A	32	Valuation of venture capital investments
B	32	No formal procedures for the IFABond application database

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPLIANCE REPORT
For the Year Ended June 30, 2010

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Authority personnel at an exit conference on March 22, 2011. Attending were:

Illinois Finance Authority

Gila Bronner, Audit Committee Chairman
Christopher Meister, Executive Director
Brendan Cournane, General Counsel
Arthur Friedson, Chief Human Resource Officer
Ximena Granda, Assistant Chief Financial Officer
Joy Kuhn, Assistant Treasurer
Scott Bailey, Bronner Group LLC

Office of the Auditor General

Jon Fox, Audit Manager

E.C. Ortiz & Co., LLP

Edilberto Ortiz, Partner
Marites Sy, Partner
Epifanio Sadural, Manager
Analie Hoyle, Manager

Responses to the recommendations were provided by Ximena Granda in correspondence dated March 30, 2011.

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E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes

Honorable William G. Holland
Auditor General
State of Illinois

and

Ms. Gila Bronner
Honorable Chairman of the Audit Committee
of the Board of Directors
Illinois Finance Authority

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Illinois Finance Authority's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2010. The management of the State of Illinois, Illinois Finance Authority is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Illinois Finance Authority's compliance based on our examination.

A. The State of Illinois, Illinois Finance Authority has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. The State of Illinois, Illinois Finance Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

C. The State of Illinois, Illinois Finance Authority has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. State revenues and receipts collected by the State of Illinois, Illinois Finance Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

333 SOUTH DES PLAINES STREET, SUITE 2-N CHICAGO, IL 60661 tel: 312.876.1900 fax: 312.876.1911

E. Money or negotiable securities or similar assets handled by the State of Illinois, Illinois Finance Authority on behalf of the State or held in trust by the State of Illinois, Illinois Finance Authority have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Illinois Finance Authority's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Illinois Finance Authority's compliance with specified requirements.

As described in finding 10-1 in the accompanying schedule of findings and questioned costs, The State of Illinois, Illinois Finance Authority did not comply with requirement B on the previous page. Requirement B refers to the assertion that the State of Illinois, Illinois Finance Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use. Compliance with such requirement is necessary, in our opinion, for State of Illinois, Illinois Finance Authority to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Illinois Finance Authority complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2010. However, the results of our procedures disclosed instances of noncompliance which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 10-2, 10-3, 10-4, 10-5, 10-6, 10-7 and 10-8.

Internal Control

The management of the State of Illinois, Illinois Finance Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Illinois Finance Authority's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Finance Authority's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Finance Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 10-1 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-2, 10-3, 10-4, 10-5, 10-6, 10-7 and 10-8 to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The State of Illinois, Illinois Finance Authority's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the State of Illinois, Illinois Finance Authority's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the State of Illinois, Illinois Finance Authority as of and for the year ended June 30, 2010, which collectively comprise the State of Illinois, Illinois Finance Authority's basic financial statements, and have issued our report thereon dated May 5, 2011. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the State of Illinois, Illinois Finance Authority. The 2010 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, 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 for the year ended June 30, 2010, taken as a whole.

The State of Illinois, Illinois Finance Authority's financial statements for the years ended June 30, 2009 and June 30, 2008 were audited by other auditors whose reports thereon dated January 22, 2010 and May 20, 2009, respectively, expressed unqualified opinions on the respective financial statements of each major fund and the aggregate remaining fund information. Their report on the 2009 and 2008 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which they expressed no opinion, stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2009 and June 30, 2008, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Board of Directors, Authority management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

E. C. Ortiz & Co., LLP

Chicago, Illinois

May 5, 2011

E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Honorable William G. Holland
Auditor General
State of Illinois

and

Ms. Gila Bronner
Honorable Chairman of the Audit Committee
of the Board of Directors
Illinois Finance Authority

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the State of Illinois, Illinois Finance Authority, a component unit of the State of Illinois, as of and for the year ended June 30, 2010, which collectively comprise the State of Illinois, Illinois Finance Authority's basic financial statements and have issued our report thereon dated May 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 10-1 in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Illinois Finance Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 10-1.

The State of Illinois, Illinois Finance Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the State of Illinois, Illinois Finance Authority's management, the State of Illinois, Illinois Finance Authority's Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

E.C. Ortiz & Co., LLP

Chicago, Illinois
May 5, 2011

E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

Honorable William G. Holland
Auditor General
State of Illinois

and

Ms. Gila Bronner
Honorable Chairman of the Audit Committee
of the Board of Directors
Illinois Finance Authority

Compliance

We have audited the State of Illinois, Illinois Finance Authority, a component unit of the State of Illinois, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State of Illinois, Illinois Finance Authority's major federal programs for the year ended June 30, 2010. The State of Illinois, Illinois Finance Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Illinois, Illinois Finance Authority's management. Our responsibility is to express an opinion on the State of Illinois, Illinois Finance Authority's compliance based on our audit.

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

In our opinion, the State of Illinois, Illinois Finance Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as finding 10-2.

Internal Control Over Compliance

The management of the State of Illinois, Illinois Finance Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Illinois, Illinois Finance Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Finance Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as finding 10-2. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The State of Illinois, Illinois Finance Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the State of Illinois, Illinois Finance Authority's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the State of Illinois, Illinois Finance Authority, a component unit of the State of Illinois, as of and for the year ended June 30, 2010, and have issued our report thereon dated May 5, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Illinois Finance Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Board of Directors, State of Illinois, Illinois Finance Authority management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

E.C. Ortiz & Co., LLP
Chicago, Illinois
May 5, 2011

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

Summary of Auditors' Results

Financial Statements

Type of Report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness (es) identified?	X Yes ___ No
• Significant deficiency (ies) identified that are not considered to be material weakness (es)?	___ Yes X None Reported
• Noncompliance material to financial statements noted?	X Yes ___ No

Federal Awards

Internal control over major programs:	
• Material weakness (es) identified?	___ Yes X No
• Significant deficiency (ies) identified that are not considered to be material weakness (es)?	X Yes ___ None Reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	X Yes ___ No

Identification of major programs:

CFDA Number (s)	Name of Federal Program or Cluster
10.767	Intermediary Relending Program

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	___ Yes X No

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS*

10-1. **Finding** (Noncompliance with the investment requirements of the Bond Indenture)

The Illinois Finance Authority did not ensure that its investments of bond proceeds are in accordance with the Bond Indenture.

In 2002 and 2004, the Authority issued series of revenue bonds designated as the State of Illinois Revolving Fund Revenue Bonds. Article IV, Section 4.9 of the Bond Indenture requires that no more than one-third or 33% of the moneys relating to the bonds are invested in short term obligations of corporations organized in the United States of America with assets exceeding $500,000,000.

During our testing, we noted monies relating to the issuance of the series 2002 and 2004 bonds were invested in a short term obligation of a corporation that exceeded the cap of 33% per Bond Indenture. As of June 30, 2010, the fair market value of the investment in short term obligation was $43,896,500 representing 45% of the total investment balance of bond funds of $97,970,720. According to the terms of the bond indenture, the Authority had 90 days to cure the default that resulted from its noncompliance. Auditors confirmed with the bond trustee that the noncompliance was cured within 90 days.

According to Authority management, the Trustee is responsible for investing bond funds. The noncompliance was due to oversight of the bond Trustee.

Failure to monitor compliance of trust indenture will expose the Authority's investment to higher concentration of credit risk. Concentration of credit risk is the risk of loss attributed to the concentration of an entity's investment in a single issuer. (Finding Code No. 10-1)

Recommendation

We recommend Authority management review its investment portfolio on a regular basis and ensure compliance with Bond Indenture requirements.

Authority Response

The Authority accepts the Auditor's recommendation. This is a joint venture with the Illinois Environmental Protection Agency and the Trustee; the Authority will work closely with both to ensure compliance with the bond indenture requirements. The Authority is establishing procedures to monitor the Trustee who is responsible for investing bond funds.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

CURRENT FINDINGS - FEDERAL COMPLIANCE

10-2. **Finding** (Noncompliance with the program loan agreement)

Federal Agency:	U.S. Department of Agriculture Rural Development
Program Name:	Intermediary Relending Program
CFDA #:	10.767
Questioned Costs:	None

The Illinois Finance Authority (Authority) did not comply with certain monitoring and reporting requirements of the Intermediary Relending Program.

The Authority is a recipient of a loan from the U.S. Department of Agriculture Rural Development (USDARD) formerly known as the Farmers Home Administration (FmHA). The Authority acts as the intermediary of the USDARD to provide loans to ultimate recipients to fund community development projects, establishment of new businesses, expansion of existing businesses, and creation and retention of jobs.

During our testing of the Intermediary Relending Program (IRP), we noted the following:

- Authority did not perform on-site visits to funded projects in accordance with the approved program work plan of the loan agreement. In addition, the Authority did not obtain annual financial statements and certificate of management adherence to covenants of employment practices from ultimate recipients. The approved program work plan requires the Authority to monitor progress status of the funded project through on-site visits. As a supplement to the on-site visits, on an annual basis, the Authority should obtain from ultimate recipients its financial statements and management certification of adherence to covenants of employment practices.

- The Authority did not accurately complete the semi-annual Report of IRP Lending Activity (Form RD 1951-4) in accordance with the reporting requirement of the IRP loan agreement. The form RD 1951-4 provides information on the intermediary's lending activity, income and expenses, financial condition and summary of names and characteristics of the ultimate recipients the intermediary has financed. During our review of the form RD 1951-4 for the semi-annual period ended June 30, 2010, we noted the principal amount of loans made and the total amount of fully repaid loans received did not agree with the Authority's supporting documentation by $48,000 and $731,638, respectively. Good business practice requires reports submitted be prepared and matched with Agency records. Differences should be reconciled and accurate information reported on required reports.

CURRENT FINDINGS - FEDERAL COMPLIANCE (Continued)

- The Authority is required to verify jobs saved and created by the funded projects and report such information in the form RD1951-4. We noted in our review of the form RD1951-4 for the semi-annual period ended June 30, 2010 that Authority did not update and verify jobs saved and created by the funded projects every three years as required. Instructions for completion of Form RD 1951-4 require that intermediary should verify jobs every three years and such information reported on form RD1951-4.

Authority management indicated there were several turnovers of personnel assigned in IRP program since its inception. Because of the turnover, new personnel was not made aware of the requirement of the program work plan. The errors in the form 1951-4 were due to turnover of personnel.

Failure to comply with the program requirements may disqualify the Authority from making loans in the future. (Finding Code No. 10-2)

Recommendation

We recommend Authority management monitor borrowers and review controls over reporting as required by the Intermediary Relending Program.

Authority Response

The Authority accepts the Auditor's recommendation. Due to turnover of personnel assigned to the Intermediary Relending Program, new personnel were not aware of this particular ongoing requirement. The Authority is implementing procedures to ensure compliance with program requirements of the Intermediary Relending Program.

CURRENT FINDINGS - STATE COMPLIANCE

10-3. **Finding** (Inaccurate State Property Records)

The Illinois Finance Authority (Authority) did not submit an accurate annual State property inventory listing to the Department of Central Management Services (DCMS) or the Illinois Office of the Comptroller (Comptroller).

We reviewed the annual inventory State property listing (listing) submitted to DCMS and noted the following:

- Out of 704 items of State Property, the listing did not include 33 pieces (5%) of equipment located in the Chicago office and 12 pieces (2%) of equipment located in the Springfield office totaling $53,592 and $12,465, respectively. These pieces of equipment consisted of desks, conference tables, and cabinets with acquisition costs exceeding $500 that are required to be included in the listing in accordance with regulations.

- There were 331 pieces of equipment included in the listing without costs and/or purchase date information. These items consisted of office furniture, telephones, and computers that were owned by predecessor authorities consolidated into the Authority.

We reviewed the quarterly C-15 reports submitted to the Comptroller, the "Agency Report of State Property" and Surplus Property Delivery Forms submitted to DCMS and noted the following:

- No asset listing or detailed records were provided to auditors to support the amount reported in the C-15 reports. As of June 30, 2010, total equipment reported in the C-15 report was $757,112.

- 20 of 81 (24%) equipment items totaling $18,828 transferred to DCMS as surplus equipment were not reported in the C-15 reports.

- 50 of 81 (62%) equipment items included in the Surplus Property Delivery forms did not have cost and purchase date information. These items were owned by predecessor authorities consolidated into the Authority.

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

The Authority maintains two excel spreadsheets to track State Property information. One spreadsheet is used for the annual reporting to the Department of Central Management (DCMS) and the other spreadsheet is used for financial reporting. The two spreadsheets are not reconciled with each other. In addition, these records were not reconciled with the C-15 reports submitted to the Comptroller.

The following were the differences noted upon comparison of the different records:

	Record for Financial Reporting	Record for DCMS	Difference
Balance as of 6/30/10	$459,058.00	$310,037.60	$149,020.40

	Per C-15	Record for DCMS	Difference
Balance as of 6/30/10	$757,112.00	$310,037.60	$447,074.44

Because no reconciliation was performed, the above differences could not be accounted for.

These differences in State property reporting to DCMS and to the Comptroller did not result in any adjustment to the financial statements.

DCMS Administrative Code (44 Ill. Adm. Code 5010.220), states that all equipment with an acquisition value of $500 or more is subject to reporting with DCMS by the holding agency and equipment with an acquisition value of less than $500 subject to theft must be reported regardless of acquisition cost. DCMS Administrative Code (44 Ill. Adm. Code 5010.230) requires that the following information: a) Identification Number, b) Location Code Number, c) Description, d) Date of Purchase, e) Purchase Price, f) Object Code, and g) Voucher Number, must be entered on all agency records and provided by the agencies for Property Control Division of DCMS.

Statewide Accounting Manual System (SAMS) procedure 29.10.10 requires agencies to maintain and reconcile supporting detail records to the summary balances reported on the C-15 report to the Comptroller.

Authority's management indicated that the inventory listing submitted to DCMS and C-15 reports submitted to the Comptroller were derived from predecessor authority's records before consolidation into the Authority. They have not been reconciled to the detailed property records since the consolidation on January 1, 2004. The information from the predecessor authority's records did not include the information noted in the finding.

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

Further, the Authority was not aware that C-15 reports must be reconciled to the detailed inventory listing and deleted items must be reported in the quarterly reports.

Failure to accurately report State Property to the State may inhibit the State's ability to monitor and report Statewide property information. (Finding Code No. 10-3)

Recommendation

We recommend Authority maintain detail property control records and reconcile those records with records used in financial reporting, the annual listing and Surplus Property Delivery forms reported to DCMS, and the quarterly C-15 reports to the Comptroller. Further, we recommend the Authority make a concerted effort to account for the cost and purchase date of properties acquired from the predecessor authorities.

Authority Response

The Authority accepts the Auditor's recommendation. The origin of the finding rests with the consolidation of the five predecessor authorities in the beginning of 2004 and the subsequent move in September 2004. This resulted in certain State Property having been properly disposed of and documented, but this information was not appropriately communicated within the Authority to the Accounting Department. The Authority is in the process of finalizing its full detail analysis of the State Property Records. A preliminary analysis shows a records discrepancy of approximately $3,000 that has no impact to the Authority's financial statements. The Authority is implementing an improved system to track all capital assets, including capital assets disposed and transferred. The Authority will implement a quarterly reconciliation of the capital assets with the report submitted to the Office of the Comptroller (C-15) and the annual report submitted to Department of Central Management Services.

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

10-4. **Finding** (Administrative reports not filed timely)

The Illinois Finance Authority (Authority) did not timely file its administrative reports as required.

During our testing, we noted the following:

- The Authority filed the fiscal year 2009 Agency Workforce Report due January 1, 2010 with the Secretary of State and the Office of the Governor 68 days and 60 days late, respectively; and
- The Authority filed the Travel Headquarter (Form TA-2) report for the period July 1 through December 31, 2009 with the Legislative Audit Commission four months after it was due.

The State Employment Records Act (5 ILCS 410/20) (Act) states that State agencies shall collect, classify, maintain, and report all information required by the Act on a fiscal year basis. Agencies shall file, as public information and by January 1, 1993 and each year thereafter, a copy of all reports required by the Act with the Office of the Secretary of State, and shall submit an annual report to the Governor.

The State Finance Act (30 ILCS 105/12-3) states that each State agency shall file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time. The reports shall be filed with the Legislative Audit Commission no later than each July 15 for the period from January 1 through June 30 of that year and no later than each January 15 for the period from July 1 through December 31 of the preceding year.

Authority management indicated that the late filing of required reports was due to oversight as a result of employee turnover.

Untimely filing of the Agency Workforce Report inhibits the State's ability to accumulate timely and accurate information that will help guide efforts to achieve a more diversified State work force. Untimely filing of TA-2 reports results in the Legislative Audit Commission having improper information to monitor State travel. (Finding Code No. 10-4)

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

Recommendation

We recommend the Authority file the Agency Workforce report by January 1 and file the TA-2 reports with the Legislative Audit Commission by July 15 and January 15 as required by State statute.

Authority Response

The Authority accepts the Auditor's recommendation. Due to personnel turnover the reports were filed late. The Authority has implemented procedures to ensure timely submission of administrative reports.

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

10-5. **Finding -** (Untimely signing of written contracts)

The Illinois Finance Authority (Authority) did not timely sign contracts.

During our testing, we noted 2 of 16 (13%) contracts tested totaling $61,422 had not been signed by all parties before the earliest service allowed under the contract agreement terms. The length of time between the beginning date of the contractual agreement and their final signature was 22 and 342 days. One of the two referenced contracts was signed by the Executive Director of the Authority but was not dated. The two contracts were for lease of real property and legal services and payments totaling $57,275 were already made for contract relating to legal services before the contract was signed by all parties. No payment was made before the contract was signed by all parties for the lease contract.

Good business practice dictates that all required parties sign a contract agreement prior to the beginning of the contract period. Statewide Accounting Management System (SAMS) Manual Procedure 15.10.40 requires that contracts for services must be reduced to writing and filed with the Comptroller within fifteen days of execution.

The Authority indicated that the exceptions were due to oversight resulting from turnover in the Purchasing Officer position.

Failure to have the contract agreements signed before the beginning of the contract period does not bind the service provider for compliance with the applicable laws, regulations and rules of the State and increases the Authority's risk of liability. (Finding Code No. 10-5)

Recommendation

We recommend Authority management take the necessary steps to ensure contract agreements are signed by all the required parties before contract services begin.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority has added resources to the Authority's procurement process by obtaining the services of a Procurement Officer through an intergovernmental agreement with Department of Central Management Services ("DCMS"). The Procurement Officer will ensure that all Procurement requirements are met for all contracts/purchases.

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

10-6. **Finding** (Delinquent reporting of bond activity)

Illinois Finance Authority (Authority) did not timely submit the required transaction reporting for its revenue bond interest and principal payments to the Illinois Office of the Comptroller (Comptroller).

During our testing of the conduit bond issuances, we noted the following:

- The Authority reissued the revenue bond series 2007 as revenue bond series 2009 on October 15, 2009, through an amendatory resolution of the Board of Trustees. The Bond Interest and Redemption Schedule (form C-05) of the reissued revenue bond should have been submitted to the Office of the Comptroller on or before November 15, 2009. However, the Form C-05 was submitted on June 30, 2010, 228 days late.

- Eleven of 70 (16%) Notice of Payment of Bond and/or Principal (form C-08) tested were not submitted timely with the Office of the Comptroller. Form C-08s were submitted from 12 to 213 days after they were due.

Statewide Accounting Management Procedure (SAMS) 31.30.10 requires agencies to submit Form C-05 within 30 days from date of closing and SAMS Procedure 31.30.20 requires agencies to submit form C-08 to the Office of the Comptroller within 30 days from the date the voucher is processed for payment for those agencies who are the “paying agent” to bond owners. For agencies who utilize trustees as their “paying agent”, a form C-08 should be prepared and submitted within 15 days of the agency’s receipt of the trustee’s monthly statement.

Authority management indicated there was a miscommunication on the reissuance of revenue bonds due to personnel transition. The transition also resulted in a failure to send reminders to the bond trustees to timely file the form C-08s.

Failure to submit the forms C-05 and C-08 to the Comptroller on a timely basis inhibits the Comptroller from performing its responsibilities to record and monitor State debt. (Finding Code No. 10-6)

Recommendation

We recommend Authority management timely submit form C-05 to the Comptroller and monitor its trustee’s submission of the form C-08s to the Comptroller to ensure compliance with the SAMS requirements.

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

Authority Response

The Authority accepts the Auditor's recommendation. Obligations of the Authority are primarily conduit obligations, not monies paid by the State. Regular payments of principal and interest on the Authority's obligations are made by the conduit borrower to the third party - a Bond Trustee, Paying Agent, Fiscal Agent or similar third party who receives payment of debt service on the obligation by the conduit borrower (not the State of Illinois). Each payment is monitored by the third party who forwards payment information to the Authority. The collection of such information and the requirement for such third parties (Bond Trustee, Paying Agent, Fiscal Agent or similar third party), to timely submit such payment information to the Authority is incorporated into the bond documents in each transaction. However, the Authority has no power to enforce compliance with the reporting of such information by such third parties. The Authority continues to communicate with such third parties and request more timely filing of payment information – and prompt reporting to the State.

The Authority's failure to file the C-05 was due to a staff departure near the time of closing. The Authority will follow the Auditor's recommendation to timely submit the forms to the Office of the Comptroller

The Authority continues to monitor C-08s not received within 10 calendar days of a scheduled payment to ensure communications regarding deadlines are made regularly with Trustees and/or Paying Agents. All correspondence with Trustees, Paying Agents and/or Borrowers stress the importance of submitting required information within the 30-day period to both the Illinois Office of the Comptroller ("IOC") and the Authority. The Authority continues to work with the IOC to materially reduce the number of delinquent filings.

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

10-7. **Finding** (Unsupported and Incomplete Travel Expense Reimbursement Reports)

The Illinois Finance Authority (Authority) did not ensure that travel expense reimbursement reports are properly completed and adequately supported.

During our testing of 25 travel expense reimbursement reports, we noted the following:

- Two travel expense reports had lodging reimbursements in excess of the maximum amount allowed by the Governor's Travel Control Board. Authority policy allows these reimbursements to be approved by the Executive Director instead of the Travel Control Board as required by State travel rules. These lodging reimbursements totaling $ 920.00 for four nights ranging from $195 to $275 per night for hotel stay in the Chicago Metro area. The maximum allowed by the Travel Control Board Reimbursement Schedule is $149. In addition, there was no evidence that three or four hotels were contacted before payments were processed.
- One travel expense report did not have supporting receipts for reimbursements of transportation and related expenses totaling $56.30.
- Two travel expense reports with mileage reimbursements totaling $477.60 did not have the points of departure and arrival information. As a result, we could not verify the reasonableness of mileage reimbursements.
- Two travel expense reports contained mathematical inaccuracies. Amounts reimbursed to employee were higher by $10 and $54 than the supporting receipts.

Travel Regulation Council Rules, Section 3000.410 states that it is the responsibility of each employee to request the lowest available lodging rate at the time of making reservations. The traveler should require confirmation that "State rates" offered by hotels-motels are within the maximums allowed. The Governor's Travel Control Board Rules, Section 2800.710(b), states that in all cases for the approval of hotel rates which exceed the maximum amount permitted, a reasonable number of hotels must be contacted. Contacting three of four hotels in urban area is considered reasonable. Governor's Travel Control Board Rules, Section 2800.700 states that exceptions to the operation of specific provisions of the rules may be granted in advance by the Chairman of the Governor's Travel Control Board when necessary to meet special or unavoidable circumstances and when in the best interest of the State. Exceptions are to be requested in writing by the Agency Head and submitted sufficiently in advance to allow meaningful consideration. These exceptions are granted to specific individuals or specified groups or individuals in a single agency.

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

Governor’s Travel Control Board Rules, Section 2800.240(e), states that expense reimbursements shall be supported by receipts in all instances for railroad and airplane transportation, lodging, taxis, and all other items in excess individually of $10 except for meals.

Governor’s Travel Control Board Rules, Section 2800.240(d), when a privately owned vehicle is used, the travel voucher shall show, at minimum, commuting mileage, the dates, points of travel and mileage.

Authority management stated that reimbursement without receipt and incomplete information on the travel expense reports was due to oversight. Authority employees and board members try to get the best low rates, but certain times of the year hotels are filled to capacity and it is difficult to get the lowest rate. Actual reimbursements higher than the supporting receipts were due to typing and transposition errors.

Reimbursements for hotel rates in excess of the maximum amount and for unsupported or inaccurate travel expense reimbursement reports results in the unauthorized use of State funds. (Finding Code No. 10-7)

Recommendation

We recommend the Authority comply with the requirements of the Governor’s Travel Control Board and revise its travel policy that allows exceptions to be approved by the Executive Director rather than the Governor’s Travel Control Board. The Authority should ensure that expenses are properly verified and supported by receipts before processing reimbursements. We also recommend the Authority request and obtain reimbursement from the travelers with identified excess reimbursements.

Authority Response

The Authority accepts the Auditor’s recommendation. The Authority has revised its Travel policy and will continue its efforts to ensure that all travel vouchers forms are completed correctly and that all required documentation is submitted and any exceptions will be documented.

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

10-8. **<u>Finding</u>** (Failure to develop and maintain a list of manufacturing firms that are available for purchase, merger, or acquisition in compliance with the statute)

The Illinois Finance Authority (Authority) did not develop and maintain a list of manufacturing firms located within the State that are available for purchase, merger, or acquisition as required by the Illinois Finance Authority Act.

The Illinois Finance Authority Act-Venture Investment Fund (20 ILCS 3501/810-20 (g)) states that the Authority shall develop and maintain a list of firms, or divisions thereof, located within the State that are available for purchase, merger, or acquisition to facilitate and promote the acquisition and revitalization of existing manufacturing enterprises. During our testing, we noted the Authority did not develop and maintain the list as required by the statute.

Authority management stated that their understanding of the provision of the Act is that the information and the list to be maintained is derived from information provided to the Authority from venture capitalists or from entities which seek to be purchased, merged or acquired. The Authority did not receive information on such firms and the duty of the Authority under this provision of the Act is to develop and maintain a list from information provided to the Authority, not an affirmative duty to solicit this information from entities throughout the state.

Failure to develop and maintain a list of manufacturing companies located within the State that are available for purchase, merger, or acquisition reduces the availability of information to promote economic development within the State of Illinois. (Finding Code No. 10-8)

<u>Recommendation</u>

We recommend the Authority develop and maintain a list of manufacturing firms or divisions thereof, located within the State that are available for purchase, merger, or acquisition to comply with the State statute or seek legislative remedy from the statutory requirement.

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

Authority Response

The Authority accepts the Auditor's recommendation. In light of the State's new performance based budgeting policy, the Authority intends to undertake a comprehensive review of outdated or no longer applicable statutory mandates as budget and staff time allows. Appropriate language has been provided to the 97th General Assembly and has been included as an amendment to HB 2097. In regard to Venture Capital, the Board and staff of IFA are taking steps to properly dispose the assets and to close out the program.

PRIOR FINDINGS NOT REPEATED

A. **Finding** (Valuation of Venture Capital Investments)

The Illinois Finance Authority (Authority) has not had an independent valuation of its venture capital investments since fiscal year 2006. The Authority maintained a portfolio of the venture capital investments which are not readily marketable investments. The last time an independent valuation of venture capital investments was performed in fiscal year 2006. (Finding Code No. 09-1)

Status: Implemented

During the current year, the Authority engaged an independent valuation professional to value their venture capital investments and updated its records based on the report from the independent valuation professional.

B. **Finding** (No formal procedures for the IFABond Application Database)

The Illinois Finance Authority (Authority) did not have formal procedures for the use of its IFABond database which was used to track information pertaining to conduit revenue bonds. (Finding Code No. 09-2)

Status: Implemented

During the current year, the Authority established formal procedures for its IFABond application database.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
For the Year Ended June 30, 2010

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
  - Schedule of Expenditures of Federal Awards
  - Notes to the Schedule of Expenditures of Federal Awards
  - Schedule of Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Revenues and Expenses
  - Schedule of Changes in State Property
  - Comparative Reconciliation of Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenses
  - Analysis of Significant Variations in Revenues
  - Analysis of Significant Lapse Period Spending
  - Analysis of Significant Account Balances
  - Analysis of Accounts Receivable
  - Schedule of Cash Funds and Depositories
  - Schedule of Investments
  - Schedule of Contracts
  - Schedule of Conduit Debt

- Analysis of Operations:
  - Authority Functions and Planning Program
  - Employee Compensation Plan
  - Average Number of Employees
  - Ten-Year Schedule of Jobs Created or Retained by Loans, Revenue Bonds, and Investments Made by the Authority (Unaudited)
  - Summary of Agriculture, Fire Truck and Ambulance Loan Programs:
    - Agricultural Development Bonds
    - State Guarantee Program for Restructuring Agricultural Debt
    - Farmer and Agri-Business Loan Guarantee Program
    - Young Farmer Loan Guarantee Program
    - Specialized Livestock Loan Guarantee Program
    - Fire Truck Revolving Loan Program
    - Ambulance Revolving Loan Program

SUMMARY (continued)

Historical Summary of Agricultural Loans Issued by Program by County (Unaudited)
Service Efforts and Accomplishments (Unaudited)
Schedule of Federal and Nonfederal Expenditures

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, except for that portion marked "unaudited” on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grant/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Proceeds	Program Loan Outstanding	Federal Portion of Interest/ Other Income	Expenditures
U.S. Department of Commerce Economic Development Administration							
Economic Adjustment Assistance	11.307	06-19-01916	$ 424,000	$ -	$ 91,484	$ 569	$ 20
U.S. Department of Agriculture Rural Development							
Intermediary Relending Program	10.767		1,500,000	-	495,773	2,834	6,882
Total			$ 1,924,000	$ -	$ 587,257	$ 3,403	$ 6,902

See Notes to Schedule of Expenditures of Federal Awards.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

1. ORGANIZATION

The Illinois Finance Authority (the Authority) is a body politic and corporate created July 17, 2003 by Public Act 93-205, effective January 1, 2004. Public Act 93-205 consolidated seven of the State's existing finance authorities into the Authority. The Authority succeeded to the rights and duties of the existing finance authorities as of January 1, 2004. Public Act 93-205 also repealed existing finance authorities' authorizing legislation. The mission of the Authority is statutorily defined as follows (20 ILCS 3501/801 et seq.):

> The mission of the Illinois Finance Authority is to foster economic development to the public and private institutions that create and retain jobs, and improve the quality of life in Illinois by providing access to capital.
>
> The Authority sponsors a variety of lending programs including direct lending and direct lending participation loans. The Authority also makes loans through its two federal programs, the Economic Adjustment Assistance Program and the Intermediary Relending Program.

The Schedule of Expenditures of Federal Awards includes federal programs related to the following agencies:

U.S. Department of Commerce Economic Development Administration
U.S. Department of Agriculture Rural Development

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

The Schedule of Expenditures of Federal Awards is prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues and expenditures are recognized when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Terms of Agreements

Economic Adjustment Assistance Program (Non-major Program)

The Economic Adjustment Assistance Program provides low-cost supplemental financing to manufacturing companies located in areas declared eligible for Title IX assistance by the Economic Development Administration. Loans under this program are up to $100,000 for small and mid-sized manufacturers, and carry a fixed interest rate of 7.5% with maturity dates up to ten years. Total loans outstanding as of June 30, 2010, were $91,484. The Economic Adjustment Assistance Program loans are fully reserved.

Intermediary Relending Program (Major Program)

The Intermediary Relending Program participates with the Rural Development Administration's (the former Farmers Home Administrations) Intermediary Relending Program to provide loans to business facilities and community development projects in rural areas for land acquisitions, facility construction and renovation, and machinery and equipment purchases. The Authority will contribute up to 75% or $250,000 of fixed asset costs at a 6% interest rate with maturity dates up to ten years. Total loans outstanding as of June 30, 2010 were $495,773.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Year Ended June 30, 2010

	Appropriations (Net After Transfers)	Expenditures Through 06/30/10	Lapse Period Expenditures 07/01/10 to 08/31/10	Total Expenditures	Balances Reappropriated July 1, 2010
Public Act 96-0035					
FIRE TRUCK REVOLVING LOAN FUND - 572					
Loans to Fire Departments	$ 6,003,342	$ -	$ -	$ -	$ 6,003,342
AMBULANCE REVOLVING LOAN FUND - 334					
Loans to Fire Departments	7,006,800	-	-	-	7,006,800
TOTAL - ALL APPROPRIATED FUNDS	$ 13,010,142	$ -	$ -	$ -	$ 13,010,142

Note: Appropriations, expenditures and lapsed balances were obtained from Authority records and have been reconciled to the data of the State Comptroller.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

	Fiscal Years Ended June 30,		
	2010	**2009**	**2008**
	PA 96-0035	**PA 95-0734**	**PA 95-0348 & PA 95-0717**
FIRE TRUCK REVOLVING LOAN FUND - 572			
Appropriations (Net of transfers)	$ 6,003,342	$ 10,630,807	$ 3,344,371
Expenditures			
Loans to Fire Departments	-	10,627,465	1,713,564
Total expenditures	-	10,627,465	1,713,564
Reappropriated balances	$ 6,003,342	$ 3,342	$ 1,630,807
AMBULANCE REVOLVING LOAN FUND - 334			
Appropriations (Net of transfers)	$ 7,006,800	$ 4,000,000	$ -
Expenditures			
Loans to Fire Departments and Ambulance Services	-	993,200	-
Total expenditures	-	993,200	-
Reappropriated balances	$ 7,006,800	$ 3,006,800	$ -
ALL FUNDS			
Appropriations (Net of transfers)	$ 13,010,142	$ 14,630,807	$ 3,344,371
Total expenditures	-	11,620,665	1,713,564
Reappropriated balances	$ 13,010,142	$ 3,010,142	$ 1,630,807
NON-APPROPRIATED FUND			
ILLINOIS FARMER AND AGRI-BUSINESS LOAN FUND - 205			
Expenditures			
Awards and Grants	$ -	$ 399,882	$ 656,500
Total expenditures	$ -	$ 399,882	$ 656,500

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
For the Years Ended June 30, 2010 and 2009

	2010	2009	Increase (Decrease)	% Variance
Revenues				
Interest on loans	$ 9,779,437	$ 10,941,522	$ (1,162,085)	(11%)
Interest and investment income	5,130,628	5,878,031	(747,403)	(13%)
Administrative service fees	5,031,842	4,885,211	146,631	3%
Annual fees	909,962	761,197	148,765	20%
Bad debt recoveries	139,163	18,509	120,654	652%
Miscellaneous	109,122	106,147	2,975	3%
Application fees	97,900	107,200	(9,300)	(9%)
Appreciation (depreciation) in fair value of investments	(2,864,822)	286,945	(3,151,767)	(1098%)
Total revenues	18,333,232	22,984,762	(4,651,530)	(20%)
Expenses				
Interest expense	13,486,355	14,457,696	(971,341)	(7%)
Employee related expenses	3,161,671	3,275,386	(113,715)	(3%)
Professional services	1,295,949	1,284,861	11,088	1%
Loan loss provision	485,733	489,838	(4,105)	(1%)
Occupancy costs	371,620	441,252	(69,632)	(16%)
General and administrative	313,278	378,313	(65,035)	(17%)
Depreciation	49,963	72,018	(22,055)	(31%)
Transfer of interest in programs to State of Illinois	-	23,329,923	(23,329,923)	(100%)
Transfer to State fund	-	3,000,000	(3,000,000)	(100%)
Total expenses	19,164,569	46,729,287	(27,564,718)	(59%)
Excess (deficiency) of revenues over expenses	$ (831,337)	$ (23,744,525)	$ 22,913,188	(96%)

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Cost				
Leasehold improvements	$ 2,000	$ -	$ -	$ 2,000
Furniture and equipment	249,842	-	-	249,842
Computers and software	211,773	-	4,708	207,065
Total capital assets being depreciated	463,615	-	4,708	458,907
Accumulated depreciation				
Leasehold improvements	2,000	-	-	2,000
Furniture and equipment	175,427	25,982	-	201,409
Computers and software	187,504	23,981	4,708	206,777
Total accumulated depreciation	364,931	49,963	4,708	410,186
Capital assets, net of accumulated depreciation	$ 98,684	$ (49,963)	$ -	$ 48,721

This summary schedule was prepared using State property records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.

This schedule has been reconciled to property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
COMPARATIVE RECONCILIATION OF SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER

	Fiscal Years Ended June 30, 2010	2009	2008
ILLINOIS FARMER AND AGRI-BUSINESS LOAN FUND - 205			
Repayment of loan guarantees	$ 8,652	$ 691,929	$ -
Add cash in transit, beginning of period	656,550	-	-
Less cash in transit, end of period	-	656,550	-
Deposits remitted to the Comptroller	$ 665,202	$ 35,379	$ -
FIRE TRUCK REVOLVING LOAN FUND - 572			
Repayment of loans	$ 778,188	$ 586,672	$ 493,750
Add cash in transit, beginning of period	-	-	-
Less cash in transit, end of period	-	-	-
Deposits remitted to the Comptroller	$ 778,188	$ 586,672	$ 493,750

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES
For the Years Ended June 30, 2010 and 2009

	2010	2009	Increase (Decrease)	% Variance	Explanation of Significant Variations (Variance of 20% and $100,000 or more)
Transfer of interest in programs to State of Illinois	$ -	$ 23,329,923	$ (23,329,923)	(100%)	Due to transfer of equity interest in programs to the State of Illinois in fiscal year 2009.
Transfer to State fund	-	3,000,000	(3,000,000)	(100%)	Due to a one-time transfer of funds to the State of Illinois in fiscal year 2009.

** Information obtained from the Comparative Schedule of Revenues and Expenses*

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES
For the Years Ended June 30, 2010 and 2009

	2010	2009	Increase (Decrease)	% Variance	Explanation of Significant Variations (Variance of 20% and $100,000 or more)
Annual fees	$ 909,962	$ 761,197	$ 148,765	20%	Increase is due to annual fees collected from revolving fund pool classified in prior year as administrative service fee.
Bad debt recoveries	139,163	18,509	120,654	652%	The Authority collected loans which were fully reserved.
Appreciation (depreciation) in fair value of	(2,864,822)	286,945	(3,151,767)	(1098%)	Decrease is due to the decline in the value of investments in Venture Capital.

** Information obtained from the Comparative Schedule of Revenues and Expenses*

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2010

There was no significant lapse period spending made by the Authority during the examination period.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2010 and 2009

Following are the account balances with significant change (greater than $2 million between June 30, 2010 and June 30, 2009)

	2010	2009	Increase (Decrease)	% Variance	Analysis of Significant Change
Assets					
Investments	$ 110,768,585	$ 122,925,293	$ (12,156,708)	(10%)	Decrease is due to matured investments of clean water and drinking water bond monies.
Receivables, net	222,576,008	234,723,760	(12,147,752)	(5%)	Decrease is due to the collection of principal on loans.
Liabilities					
Bonds payable	279,658,250	301,073,055	(21,414,805)	(7%)	Decrease is due to retirement of clean water and drinking water bond series.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Year Ended June 30, 2010

The Authority's accounts receivable balance at June 30, 2010 totaled $27,818. The Authority's past-due accounts receivable at June 30, 2010 totaled $10,521. An aging of the past-due accounts receivable by number of days is as follows:

0-30 Days	31-90 Days	91-180 Days	Over 180 Days
$ 17,297	$ -	$ -	$ 10,521

Analysis of Loans Receivable

The Authority's loans receivable balance at June 30, 2010 totaled $95,605,269. The Authority's past-due loans receivable at June 30, 2010 totaled $3,296,195. An aging of the past-due loans receivable by number of days is as follows:

0-30 Days	31-90 Days	91-180 Days	Over 180 Days
$92,297,374	$ 11,700	$ -	$ 3,296,195

Analysis of Fees Receivable

The Authority's fees receivable balance at June 30, 2010 totaled $106,863.The Authority's past-due fees receivable at June 30, 2010 totaled $45,181. An aging of the past-due fees receivable by number of days is as follows:

0-30 Days	31-90 Days	91-180 Days	Over 180 Days
$ 61,682	$ -	$ -	$ 45,181

The majority of the Authority's receivables consists of loans, bonds and notes receivable derived from its lending programs. The Authority offers a variety of lending program including direct lending and direct lending participation loans. The Authority also makes loans through its two federal programs, the Economic Development Administration (E.D.A.) Title IX Revolving Loan Program and the Rural Developments Loan Program. Bonds receivable from local governmental units represent amounts loaned to the units through the purchase of their securities.

The Authority's loans receivable are placed on a third party loan servicing provider. The loan servicing provider monitors and coordinates loan status with the banks. Loans which are 5-35 days delinquent are reviewed and coordinated with the bank for proper action. Delinquent receivables greater than 90 days are reserved for at 100% of principal outstanding. The Authority places delinquent receivables greater than 90 days with the Comptroller Offset system to collect delinquent receivable balances.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF CASH FUNDS AND DEPOSITORIES
For the Year Ended June 30, 2010

General Operating Fund	
Banterra Bank of Marion, Illinois - Money Market	$ 540,224
Bank of America in Chicago, Illinois	181,616
The Illinois Funds - Money Market	21,551,607
Industrial Revenue Bond Insurance Fund	
Banterra Bank of Marion, Illinois - Money Market	2,842,963
JP Morgan in Chicago, Illinois - Prime Money Market Fund	1,877,134
The Illinois Funds - Money Market	6,937,942
SBA MicroLoan Fund	
Banterra Bank of Marion, Illinois - Money Market	43,135
Credit Enhancement Fund	
U.S. Bank-First American Government Obligation Fund	600,000
Federated Government Obligations - Tax Managed	25,750
E.D.A. Title IX Restricted Revolving Loan Fund	
Banterra Bank of Marion, Illinois - Savings	749,300
Rural Development Revolving Loan Fund:	
Banterra Bank of Marion, Illinois - Money Market	95,958
Bank of America in Chicago Illinois	1,750,762
Illinois Agricultural Loan Guarantee Fund	
Illinois Treasurer's - Cash	9,928,105
Bond Fund	
U.S. Bank in Minneapolis, Minnesota	9,923
First American Treasury Obligations Fund	1,759,430
Goldman Financial Square Treasury Obligations	5,547,951
Illinois Farmer Agribusiness Loan Guarantee Fund	
Illinois Treasurer's - Cash	7,641,852
Illinois Housing Partnership Program Fund:	
The Illinois Funds - Money Market	1,826,170
IRBB Special Reserve Fund:	
The Illinois Funds - Prime Fund	2,569,392
Renewable Energy Development Fund	
Bank of America in Chicago, Illinois	354,118
	$ 66,833,332

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF INVESTMENTS
For the Year Ended June 30, 2010

Description	Type	Interest Rate	Maturity Date	Recorded Value June 30, 2010
General Operating Fund				
LaSalle Bank	Certificate of Deposit	1.25%	06/26/2011	$ 85,000
Venture Investment Fund				
ARCH Fund Partnership	Venture Capital			65,431
Lemko Corporation	Venture Capital			300,000
Moire, Inc.	Venture Capital			600,000
Open Channel Software, Inc.	Venture Capital			250,000
Ohmx Corporation	Venture Capital			300,000
Smart Signal	Venture Capital			264,936
Video Home Tour	Venture Capital			250,000
Zuchem, Inc.	Venture Capital			482,550
Bond Fund				
US Bank in Minneapolis, Minnesota	Pooled Investment			9,195,470
Amalgamated Bank of Chicago	Conduit Debt			98,975,198
				$ 110,768,585

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF CONTRACTS
For the Year Ended June 30, 2010

Contractor	Services Provided	Total Expenses Incurred
Acacia Financial Group, Inc.	Senior Financial Advisor	$ 17,894
ADP Total Source	Payroll and HR	190,566
Anthes, Pruyn & Associates	Accounting Services	4,883
Aronberg Goldgehn Davis and Garmisa, LLC	Issuers Counsel	5,120
Arthur J. Gallagher	Brokerage/Risk Management	204,012
BFPRU I, LLC	Office Rent - Chicago	286,279
Bloomberg, LLP	Financial Information Database	22,500
Burke Burns & Pinelli	Issuers Counsel	77,275
BPI	Outplacement	15,500
Bronner Group, LLC	Consulting	19,900
Catalyst Consulting Group, Inc.	Electronic Data Consulting	19,686
CBIZ Information Systems	Computer Systems	5,329
Chapman and Cutler LLP	Issuers Counsel	15,082
Concorde Printing and Copying Inc.	Printing Services	6,005
Dykema Gossett Law Offices	Legal	22,742
Electronic Learning Environments	Electronic Data Consulting	2,595
Franczek Radelt P.C.	Legal	70,035
Hart, Southwork & Witsma	Legal	30,000
Hill and Knowleton	Media Consulting	9,654
Holland & Knight, LLP	Issuers Counsel	11,000
Howard Kenner	Lobbyist	19,900
Illinois Coffee Service	Water cooler rental	419
Imagetec L.P.	Information Technology	328
K and L Gates	Issuers Counsel	1,654
Katten, Muchin Rosenma LLP	Audit and Compliance	6,892
Laner Muchin	Legal Services - 457 Plan	7,732
Mabsco Capital	Loan Management Services	97,588
Manpower	HR Recruitment	31,662
Marj Halperin Consulting	Media Consulting	76,126
Mayer, Brown, Rowe & Maw LLP	Legal	45,958
McGuire Woods, LLP	Legal	11,789
National Tek Services, Inc.	Computer Systems	3,655
Pitney Bowes	Mail Services	4,003
Pickens Kane	Storage	10,813
Premier Computer Services, Inc.	Data Wiping	338
RK Dixon Company	Copier Services	7,140
Scott Balice Strategies	Senior Financial Advisor	120,384
Shefsky and Froelich Ltd.	Legal Services	4,312
Ten Oaks	Office Rent - Mt. Vernon	13,912
The Heartland Partnership	Office Rent - Peoria	4,985
	Total	$ 1,505,647

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF CONDUIT DEBT
For the Year Ended June 30, 2010

	Principal Outstanding	Number of Issues Outstanding
Illinois Finance Authority		
Revenue Bonds	$ 16,293,798,425	477
Environmental Bonds	316,439,827	9
Notes	321,211,675	4
Distressed City Bonds	2,395,000	1
Bond Anticipation Notes	9,185,000	3
Leases	3,650,371	6
Beginner Farmer Bonds	42,183,848	280
Total Illinois Finance Authority	16,988,864,146	780
Predecessor Authorities:		
Illinois Development Finance Authority		
Total 501(c)3 Not-for-Profit Bonds and Leases	1,448,201,834	113
Total Environmental Bonds	372,065,000	21
Total Industrial Revenue Bonds	587,777,150	76
Total Infrastructure Bonds	480,748,000	34
Total Housing Bonds	147,218,988	16
Distressed City Bonds	4,660,000	1
Total Leases	496,388	1
Total Illinois Development Finance Authority	3,041,167,360	262
Illinois Health Facilities Authority	2,907,320,600	109
Illinois Educational Facilities Authority	1,446,134,000	49
Illinois Farm Development Authority	42,054,595	561
Illinois Rural Bond Bank	2,390,000	1
Total Predecessor Authorities	7,439,066,555	982
Grand Total Illinois Finance Authority	$ 24,427,930,701	1,762

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
AUTHORITY FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2010

Description of Authority's functions and planning program

The Illinois Finance Authority's (Authority) mission is to foster economic development to the public and private institutions that create and retain jobs, and improve the quality of life in Illinois by providing access to capital.

The Authority's role is to support the Governor's economic development agenda by providing required financing reserves for businesses, municipalities, and not-for-profit entities.

The governing and administrative power of the Authority is vested in the Board of Directors (Board) consisting of 15 members. The members are appointed by the governor and confirmed by the senate. The members appoint an Executive Director from a list of nominations submitted by the Governor.

The Illinois Finance Authority Act which created the Authority grants the Board of Directors powers including, but not limited to: (1) issuance of conduit debt; (2) facilitation of loans through full faith and credit guarantees; (3) facilitation of financing for local government and private borrowers credit enhancement through moral obligation additional security guarantees; and to (4) otherwise assist in financing through participation and direct loans.

To achieve its mission, the Authority established an annual strategic and operational planning program. This program includes the following operational initiatives:

1. Maintenance of relationships with existing borrowers, lenders, financing participants
2. Identification and marketing to new borrowers, lenders, financing participants
3. Enhancing staff professional development
4. Creating new business initiatives or programs

The Executive Director and senior staff meets weekly to discuss and obtain status of the Authority's operations. Performance measures such as number and amount of bond issues per industry category are monitored and reported to the Board and documented in the monthly board book. Financial reports, new markets and financing participants, legislation updates and operation reports are presented and discussed during monthly board meeting.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
AUTHORITY FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2010

The Executive Director is active in seeking for new legislation to create new programs and initiatives that the Authority can offer to the public. During the year, the Authority took advantage of the federal programs, Recovery Zone Facilities Bond and Recovery Zone Economic Development Bond Authorization, to promote economic development throughout the State of Illinois.

<u>Head of the Agency, Location and Address</u>
Mr. Christopher Meister, Executive Director
Illinois Finance Authority
Two Prudential Plaza
180 North Stetson, Suite 2555
Chicago, Illinois 60601

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
EMPLOYEE COMPENSATION PLAN
For the Year Ended June 30, 2010

Merit Compensation Plan

The Authority has adopted a Merit Compensation Plan (the "Plan") on February 12, 2008, that rewards its employees based on certain performance standards and measurers. The Plan is a performance based plan that provides a flat dollar increase to employees, based on the employees' overall performance rating during the fiscal year.

Funding Managers are eligible for an Award Percentage based on both the Funding Manager's overall performance as well as the degree to which the Funding Manager meets or exceeds their Sales Revenue Target. The maximum total annual salary and bonuses that an employee can earn is $150,000. For fiscal year 2010, the Authority paid bonuses of $14,532 to two employees.

Defined Contribution Deferred Compensation Plan

The Authority created a new defined contribution deferred compensation plan for its employees on October 1, 2006, called the Illinois Finance Authority Individual Account Plan. The purpose of the plan is to provide incentive to employees to save for their retirement and serves as an effective recruiting tool for the Authority. Under the terms of the plan, the Authority will match 200% of employee contributions into their deferred compensation accounts up to 5% of their compensation. Total contributions by the Authority into the plan accounts for fiscal year 2010 were $229,320.

Severance Payments

Separation agreements the Authority agreed to with nine employees granted them severance benefits. These benefits include continued payments of the employee's salary and health insurance premiums from one to eleven months depending on the agreement. The liability has been calculated based on the employee's last salary amount and includes salary related costs (e.g. social security and Medicare tax). The total cost of termination benefits incurred during fiscal year 2010 is $290,183.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
AVERAGE NUMBER OF EMPLOYEES
For the Year Ended June 30, 2010

The following is a summary of the average number of employees employed at the Authority for the year ended June 30, 2010.

	June 30, 2010	June 30, 2009
Executive Director	1	1
General Counsel	1	1
Administrative Assistant	6	7
Executive Management Staff	5	6
Funding Manager	9	13
Accountant/Finance/Compliance	4	4
IT Manager	1	1
Public Information/Marketing Administrator	-	1
Database Administrator	-	1
Total average number of employees	27	35

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
TEN-YEAR SCHEDULE OF JOBS CREATED OR RETAINED BY LOANS,
REVENUE BONDS AND INVESTMENTS MADE BY THE AUTHORITY (UNAUDITED)
For the Year Ended June 30, 2010

	Healthcare Bonds		Educational Bonds		Direct/Participation Loan		Industrial Revenue Bonds	
Fiscal Year	Amounts Closed	Jobs Created and/or Retained	Amounts Closed	Jobs Created and/or Retained	Amounts Closed	Jobs Created and/or Retained	Amounts Closed	Jobs Created and/or Retained
2010	$ 2,698,885,448	844	$ 298,745,000	147	$ 768,262	53	$ 2,700,000	2
2009	2,869,285,000	766	530,600,000	126	3,115,609	18	59,389,000	242
2008	3,755,647,778	2,438	872,831,000	283	7,273,579	59	100,525,005	756
2007	1,925,140,000	684	582,306,100	679	12,275,734	259	138,187,750	688
2006	968,185,000	821	231,410,000	101	9,019,869	141	25,931,000	118
2005	937,800,000	229	842,460,000	577	3,670,727	133	53,218,000	224
2004	1,819,401,340	790	563,445,000	802	1,224,878	82	437,339,500	799
2003	-	-	-	-	1,342,383	55	92,555,000	170
2002	-	-	-	-	1,902,658	180	253,645,000	665
2001	-	-	-	-	2,663,378	332	71,535,000	861

Notes:

(1) *Information for the former Illinois Health Facilities Authority and the Illinois Educational Facilities Authority from 2001 through 2003 is not available.*

(2) *Information from 2001 through 2003 were obtained from the former Illinois Development Finance Authority, while 2004 information represents July 1, 2003 through December 31, 2003 obtained from the former Illinois Development Finance Authority and January 1, 2004 through June 30, 2004 provided by Illinois Finance Authority.*

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
TEN-YEAR SCHEDULE OF JOBS CREATED OR RETAINED BY LOANS,
REVENUE BONDS AND INVESTMENTS MADE BY THE AUTHORITY (UNAUDITED)
For the Year Ended June 30, 2010

	FmHA & E.D.A Title IX		Investments in Venture Capital		Other Projects		Total
Fiscal Year	Amounts Closed	Jobs Created and/or Retained	Amounts Closed	Jobs Created and/or Retained	Amounts Closed	Jobs Created and/or Retained	Construction Jobs
2010	$ -	-	$ -	-	$ 359,802,520	132	6,601
2009	-	-	-	-	363,562,053	503	6,209
2008	516,250	4	300,000	10	707,188,230	727	12,112
2007	317,000	12	600,000	108	315,834,330	621	6,181
2006	109,000	6	875,000	27	294,337,360	341	7,151
2005	-	-	841,697	52	220,767,900	447	3,946
2004	-	-	2,124,098	28	-	-	8,147
2003	-	-	390,100	20	-	-	826
2002	-	-	1,934,270	85	-	-	579
2001	220,000	22	2,951,000	474	-	-	1,880

Notes:

(1) Information for the former Illinois Health Facilities Authority and the Illinois Educational Facilities Authority from 2001 through 2003 is not available.

(2) Information from 2001 through 2003 were obtained from the former Illinois Development Finance Authority, while 2004 information represents July 1, 2003 through December 31, 2003 obtained from the former Illinois Development Finance Authority and January 1, 2004 through June 30, 2004 provided by Illinois Finance Authority.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SUMMARY OF AGRICULTURE, FIRE TRUCK AND AMBULANCE LOAN PROGRAMS
For the Year Ended June 30, 2010

I. Agricultural Development Bonds

Overview

The Authority had three Agricultural Development Bond Programs in operation, the Beginning Farmer Bond, Agriculture Manufacturing Bond and Beginning Farmer Contract Bond. Through these programs, individuals and businesses ("participants") were screened for eligibility. If they were found to qualify, the Authority, the participants, and the lenders (local banks) entered into loan agreements whereby the proceeds from the issuance of a tax exempt bond were loaned to the participant for prequalified expenditures. Prior to May 2008 the limit for Agricultural Development Bonds was $250,000. In June 2008, as part of the 2007 Farm bill, Agricultural Development Bonds were further enhanced by increasing the maximum bond amount to $450,000. In addition the maximum amounts was indexed to inflation and will adjust annually beginning January 1, 2009. State law was changed to take advantage of this higher Federal limits. For fiscal year 2010 the limits were $469,200 to $470,100.

The loan agreements delineated the rights and responsibilities of each of the parties. The banks were considered trustees and were responsible for the receipt of the bond proceeds, payment of qualified expenditures, payment of bond interest and principal and maintenance of necessary records. The Authority had no equity interest in any of the property or equipment, and it was not liable in any way for payment due to bond holders.

This program benefited the participants by allowing them to borrow money at tax-exempt rates, which were generally around 2% below taxable rates.

Interest Rates

Because interest on the bonds was exempt from Federal income taxes, the interest rates were below the general market. To date, the rates charged ranged from 3.2% to 11.5%. Some of the bonds had variable rates, while others had fixed rates.

Revenues of the Program

The Authority's Operating Fund received $100 for an application fee and at closing, a fee of one and one-half percent of the principal amount of the bond (net of application fee).

Bonds Issued

A predecessor of the Authority began issuing bonds in December 1982. The following tables detail the bonds issued by purpose and by year.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SUMMARY OF AGRICULTURE, FIRE TRUCK AND AMBULANCE LOAN PROGRAMS
For the Year Ended June 30, 2010

I. Agricultural Development Bonds (continued)

Bonds issued and outstanding by purpose as of June 30, 2010

Purpose	Number	Amount	Percent of
Land and depreciable property	280	$ 36,993,629	12.24%
Farmland loans	2000	221,406,221	73.28%
New equipment	484	15,379,768	5.09%
Used equipment	91	2,460,490	0.81%
New improvements	179	10,558,830	3.49%
Used improvements	2	46,000	0.02%
Breeding stock	49	1,686,650	0.56%
Soil conservation-permanent	28	686,263	0.23%
Agri-Business	79	10,386,203	3.44%
Tiling	52	1,549,276	0.51%
New no-till equipment	55	998,271	0.33%
	3,299	$ 302,151,601	100.00%
Principal payments to June 30, 2010		$ 217,913,047	
Principal outstanding at June 30, 2010		$ 84,238,554	

Bonds issued by year:

Fiscal Year Ended June 30*	Number	Amount
1983	322	$ 13,580,269
1984	620	32,518,257
1985	459	29,628,084
1986	221	18,414,717
1987	55	4,554,117
1988	69	6,212,934
1989	52	4,078,217
1990	75	7,939,779
1991	90	9,018,835
1992	96	9,594,370
1994	101	11,835,969
1995	81	8,236,393

I. Agricultural Development Bonds (continued)

Fiscal Year Ended June 30*	Number	Amount
1996	99	11,899,866
1997	108	14,262,251
1998	118	14,138,025
1999	78	9,284,274
2000	92	12,085,703
2001	98	11,756,702
2002	63	8,639,030
2003	83	12,428,828
2004	49	6,565,001
2005	50	7,607,515
2006	24	3,488,437
2007	51	8,511,039
2008	48	8,159,662
2009	53	9,234,655
2010	44	8,478,672
Total	3,299	$ 302,151,601

* *Information for years prior to 2004 obtained from former Illinois Farm Development Authority.*

II. State Guarantee Program For Restructuring Agricultural Debt

Overview

The Loan Guarantee Program was authorized by Legislation and passed in November 1985. It was designed to consolidate and spread out farmer's existing debt over a longer period of time at a reduced interest rate. This was accomplished by having the State of Illinois guarantee repayment of 85% of the amounts loaned under this program. Qualifications under the program dictated that a farmer must be credit-worthy, must have a debt-asset ratio of between 40% and 65%, must have sufficient collateral to secure the State guarantee and must be a principal operator of a farm.

II. State Guarantee Program For Restructuring Agricultural Debt (continued)

Loans were made through participating banks that were responsible for processing a farmer's application and for servicing the loan once it was approved by the Authority. These lenders were liable for the first 15% of loss on any loan. Loans could not exceed $500,000. Repayment schedules were tailored to suit the borrowers' collateral and financial position with a maximum of a thirty-year amortized payment schedule. The procedures for extending a loan were similar to the procedures for taking out a loan. Terms of the loan could be altered during the extension process. All extended loans must have been approved by the Authority's Board. Interest rates were adjusted annually and must have been less than the market rate of interest generally available to the borrower.

Amount of Loans

During the year ended June 30, 2010, three (3) loans were approved totaling $1,500,000. New loan amounts were $500,000 each. Total outstanding loans at June 30, 2010, amounted to $20,299,705. There was a statutory limit of $160,000,000 for this guarantee program. A breakdown of loans issued by county immediately follows this section.

Revenues and Expenses of the Program

The Authority's Operating Fund received $300 for an application fee and at closing, a fee of one-half percent of the principal amount of the bond (net of application fee). The Authority also received an annual fee of one-quarter percent on the outstanding principal amount of these loans.

The expenses incurred in the program were administrative costs that were paid out of the Authority's Operating Fund.

Benefits to the Participants and Estimated Costs to the State

Projected benefits included lower interest rates on loans and a more readily available source of long-term financing. These benefits lowered operating costs to the farmer, as well as provided stability to his operations.

II. State Guarantee Program For Restructuring Agricultural Debt (continued)

Enterprise Fund

Financial activities of this Fund are detailed in the Illinois Agricultural Loan Guarantee Fund. This program was originally funded in fiscal year 1986 by capital contributions from the General Revenue Fund and by transfers from the Farm Emergency Assistance Fund, totaling $14,063,009. Operating revenues and operating expenses were recorded in the Authority's Operating Fund.

III. Farmer and Agri-Business Loan Guarantee Program

Overview

This Loan Guarantee Program was authorized by legislation passed in November 1985. Its guarantee was similar to the State Guarantee Program for Restructuring Agricultural Debt. Its target population was both agri-business and individual farmers. Its purpose was to encourage diversification and vertical integration of Illinois agriculture. The State issued an 85% guarantee for farmers/agri-business and lenders who met the qualifications of the program. Loans were made through participating banks that were responsible for processing a farmer's application and for servicing the loan once it was approved by the Authority. These lenders were liable for the first 15% of loss on any loan. There was no maximum loan amount for agri-business loans but loans shall not exceed $500,000 per farmer or an amount as determined by the Authority on a case-by-case basis for an agribusiness. Loans must be repaid within fifteen years. Interest rates were adjusted annually and must have been less than the market rate of interest generally available to the borrower.

Amount of Loans

The amount of loans outstanding as of June 30, 2010 was $35,549,002. A breakdown of loans issued by county immediately follows this section.

Revenues and Expenses of the Program

The Authority's Operating Fund received $300 for an application fee and at closing, a fee of one-half percent of the principal amount of the loan (net of the application fee). The Authority also received an annual fee of one-quarter percent on the outstanding principal amount of these loans.

The program's administrative costs were paid out of the Authority's Operating Fund.

III. Farmer and Agri-Business Loan Guarantee Program (continued)

Benefits to the Participants and Estimated Costs to the State

Benefits to the participants were the same as the Illinois Agricultural Loan Guarantee Program. Additionally, this program sought to diversify the Illinois farm economy.

Enterprise Fund

Financial activities of this Fund were accounted for in the Farmer and Agri-Business Loan Guarantee Fund. This program, the Young Farmer Loan Guarantee Program and the Specialized Livestock Loan Guarantee Program, were funded by an operating transfer from the Farm Emergency Assistance Fund totaling $8,110,000 during fiscal year 1987. These monies were to secure State guarantees issued under these three programs. Operating revenues and operating expenses were recorded in the Authority's Operating Fund.

IV. Young Farmer Loan Guarantee Program

Overview

During fiscal year 1993 the Young Farmer Loan Guarantee Program was authorized by the Legislature.

The Young Farmer Loan Guarantee Program was a guarantee program designed to enhance credit availability for younger farmers who were purchasing capital assets. Loan funds could be used for new purchases of capital assets such as land, buildings, machinery, equipment, breeding livestock, soil and water conservation projects, etc. In some cases, the loan proceeds could be used to refinance existing debt as needed to improve lien positions.

All Young Farmer Loans Guarantee Program loans were made through conventional lenders. The Authority provided an 85% guarantee of principal and interest on the loan made to a qualified borrower by a qualified lender. The lender, in consideration for the 85% guarantee, agreed to charge an interest rate lower than conventional rates. This rate could be fixed or variable as agreed between the applicant and lender.

The applicant must have been able to provide sufficient collateral to adequately secure the Young Farmer Loan Guarantee Program loan. The maximum term for a Young Farmer Loan Guarantee Program loan was 15 years. Loans collateralized by real estate could be amortized up to 25 years with a 15 year balloon. Loans collateralized by depreciable property were amortized over a shorter period.

IV. Young Farmer Loan Guarantee Program (continued)

The eligible applicant must:

- Have been a resident of the State of Illinois
- Have been at least 18 years of age
- Have been the principal operator of a farm who derived or would derive at least 50% of annual gross income from farming
- Have had a debt to asset ratio of between 40% and 70% after purchase of the capital item
- Have had a net worth in excess of $10,000
- The borrower must have provided collateral sufficient to have secured the loan and kept the loan collateral through its term. The borrower must have also demonstrated the ability to have adequately serviced the proposed debt.

The maximum loan per applicant was $500,000. An eligible applicant could use the program more than once provided that the totals of the original loan amounts did not exceed $500,000. Any losses incurred under the State guarantees were paid from the Illinois Farmer and Agri-Business Loan Guarantee Fund.

Amount of Loans

There was one new loan of $310,000 in fiscal year 2010. The amount of loans outstanding as of June 30, 2010 was $3,054,358. A breakdown of loans issued by county immediately follows this section.

Revenues and Expenses of the Program

A nonrefundable application fee of $300 must have been paid to the Authority at the time of application. The applicant paid a fee of 1% of the loan amount at closing. This closing fee was the net of the $300 application fee; however, the minimum fee was $300. The Authority received ¾% and the lender received ¼%. The lender could charge no additional fees or points other than the fee received at closing. The applicant was liable for normal and customary attorney's fees, abstracting costs, filing fees, appraisal fees and other costs of the loan. The lender agreed to pay the Authority an annual administrative fee equal to ¼% of the outstanding balance of the Young Farmer Loan Guarantee Program loan on the payment date. The fee was not passed on to the borrower.

The program's administrative costs were paid out of the Authority's Operating Fund.

IV. Young Farmer Loan Guarantee Program (continued)

Benefits to the Participants and Estimated Costs to the State:

Benefits included lower interest rates on loans and a more readily available source of long-term financing. These benefits lowered costs to the farmer, as well as provided stability to his operations.

V. Specialized Livestock Loan Guarantee Program

Overview

This Loan Guarantee Program was authorized by legislation passed in July 1996 and is similar to the Farmers and Agri-Business Loan Guarantee Program. Its target population was both agri-business and individual farmers and was designed to encourage the development of the Illinois livestock industry, by spreading out over a longer term at a reduced interest rate. The State issued an 85% guarantee for farmers/agri-business and lenders who met the qualifications of the program. Loans were made through participating banks that were responsible for processing a farmer's application and for servicing the loan once it was approved by the Authority. These lenders were liable for the first 15% of loss on any loan. Loans could not exceed a maximum of $1,000,000 per farmer. Loans must have been repaid within fifteen years. Interest rates were adjusted annually and must have been less than the market rate of interest generally available to the borrower.

Any losses incurred under State guarantees were paid from the Illinois Farmer and Agri-Business Loan Guarantee Fund.

Amount of Loans

The amount of loans outstanding as of June 30, 2010 was $8,625,470. A breakdown of loans issued by county immediately follows this section.

Revenues and Expenses of the Program

The Authority's Operating Fund received $300 for an application fee and at closing, a fee of ¾% of the principal amount of the loan (net of the application fee). The Authority also received an annual fee of one-quarter percent on the outstanding principal amount of these loans.

The program's administrative costs were paid out of the Authority's Operating Fund.

V. Specialized Livestock Loan Guarantee Program (continued)

The total outstanding loan balance under the Farmer and Agri-Business Loan Guarantee Program, Young Farmer Loan Guarantee Program, and the Specialized Livestock Loan Guarantee Program could not exceed $225 million. The total outstanding loan balance for these three programs at June 30, 2010 was $47,228,830.

VI. Fire Truck Revolving Loan Program

The fire truck revolving loan program was authorized by Public Act 94-221 as a continuation and re-enactment of the fire truck revolving loan program originally enacted by Public Act 93-35, and later repealed by Public Act 93-205. The loan program provides zero-interest loans for the purchase of fire trucks by fire departments, fire protection districts, or township fire departments based on need, as determined by the State Fire Marshall.

Under the terms of the program the loans may not exceed $250,000 to any fire department or district. The repayment period for each loan may not exceed 20 years and requires a minimum repayment of 5% of the principal amount borrowed each year.

The amounts of loans outstanding as of June 30, 2010 were $18,730,135.

VII. Ambulance Revolving Loan Program

The ambulance revolving loan program was authorized by Public Act 94-829. The total appropriation for this program was $8,000,000. This program was established to provide zero-interest loans for the purchase of ambulances by a fire department, a fire protection district, a township fire department or a non-profit ambulance service based on need, as determined by the State Fire Marshall. Under the terms of the program the loans my not exceed $100,000 to any fire department, fire protection district or non-profit ambulance service. The repayment period may not exceed 10 years and requires a minimum repayment of 5% of the principal borrowed each year.

The amounts of loans outstanding as of June 30, 2010 were $993,200.

STATE OF ILLINOIS
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HISTORICAL SUMMARY OF AGRICULTURAL LOANS ISSUED BY PROGRAM BY COUNTY (UNAUDITED)
For the Year Ended June 30, 2010

	Agricultural Development Bonds (Issued)		State Guarantee Program of Restructuring Agricultural Debt Loans (Issued)		Farmer and Agri-Business Loan Guarantee Program Loans (Issued)		Young Farmer Loan and Farm Purchase Guarantee Program Loans (Issued)		Specialized Livestock Loan Guarantee Program Loans (Issued)	
County	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Adams	74	$ 6,564,068	27	$ 4,304,838	1	$ 36,000	4	$ 526,000	3	$ 1,917,000
Alexander	-	-	1	180,000	-	-	-	-	-	-
Bond	61	5,064,668	11	2,032,000	-	-	1	192,000	2	1,184,000
Boone	11	1,406,100	5	1,443,000	-	-	-	-	-	-
Brown	2	160,000	14	3,436,000	-	-	-	-	1	840,000
Bureau	135	10,650,807	21	4,422,014	-	-	2	356,000	4	1,246,000
Calhoun	2	181,000	5	936,110	-	-	2	340,000	-	-
Carroll	47	5,418,655	7	1,608,000	-	-	-	-	3	1,144,000
Cass	11	1,331,276	8	1,663,043	2	2,244,330	-	-	3	1,475,000
Champaign	67	4,662,464	22	3,831,011	1	362,000	-	-	-	-
Christian	83	8,257,292	11	2,611,500	-	-	3	445,000	2	1,572,000
Clark	9	497,000	12	1,718,000	-	-	-	-	-	-
Clay	46	2,997,679	6	1,079,000	-	-	1	85,000	1	780,000
Clinton	69	6,695,642	10	2,541,101	5	10,990,000	2	77,000	5	2,670,000
Coles	20	1,347,944	14	2,317,000	-	-	-	-	-	-
Crawford	41	2,923,455	33	8,189,625	6	2,676,000	3	51,500	4	501,500
Cumberland	18	1,447,788	3	606,000	1	150,000	-	-	-	-
DeKalb	62	5,510,839	36	10,057,000	-	-	1	40,000	8	4,032,000
DeWitt	14	685,675	3	940,000	1	225,000	-	-	-	-
Douglas	43	2,892,011	17	2,712,750	-	-	1	124,000	1	700,000
Edgar	48	4,926,843	28	5,770,164	1	625,000	4	513,000	1	75,000
Edwards	10	493,100	1	135,000	-	-	-	-	-	-
Effingham	42	4,537,224	1	85,000	-	-	-	-	-	-
Fayette	41	2,864,230	8	2,060,000	-	-	-	-	-	-
Ford	54	6,230,700	8	1,440,000	-	-	1	250,000	3	1,925,000
Franklin	49	2,860,615	16	3,892,000	2	3,695,000	-	-	-	-

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	Agricultural Development Bonds (Issued)		State Guarantee Program of Restructuring Agricultural Debt Loans (Issued)		Farmer and Agri-Business Loan Guarantee Program Loans (Issued)		Young Farmer Loan and Farm Purchase Guarantee Program Loans (Issued)		Specialized Livestock Loan Guarantee Program Loans (Issued)	
County	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Fulton	32	$ 4,248,802	13	$ 2,211,900	2	$ 172,000	1	$ 310,000	1	$ 88,000
Gallatin	10	1,643,750	6	1,298,000	1	450,000	2	650,000	-	-
Greene	1	250,000	10	1,896,000	-	-	-	-	-	-
Grundy	11	903,375	11	2,408,000	1	160,000	-	-	-	-
Hamilton	40	3,580,050	2	840,000	-	-	1	171,000	2	1,280,000
Hancock	45	4,647,138	38	5,914,888	-	-	-	-	4	782,000
Hardin	-	-	-	-	2	1,900,000	-	-	-	-
Henderson	27	3,062,480	17	3,273,500	1	45,000	2	262,000	5	2,015,000
Henry	44	5,563,128	29	5,043,000	-	-	1	57,000	3	1,140,000
Iroquois	98	8,155,096	13	2,733,000	-	-	-	-	1	170,000
Jackson	6	607,780	7	1,246,000	-	-	1	71,000	-	-
Jasper	89	5,647,537	45	8,431,626	-	-	2	240,000	12	2,155,000
Jefferson	21	1,721,900	12	2,599,000	-	-	3	765,000	1	790,000
Jersey	4	433,500	1	300,000	-	-	-	-	-	-
JoDaviess	9	716,561	26	6,710,547	2	907,000	-	-	3	1,180,000
Johnson	4	413,650	7	1,990,000	-	-	-	-	-	-
Kane	4	351,200	18	4,616,000	-	-	-	-	3	1,915,000
Kankakee	10	1,269,270	2	438,000	-	-	1	46,000	-	-
Kendall	3	273,000	9	1,642,000	-	-	-	-	-	-
Knox	36	3,625,554	15	2,979,460	1	65,000	2	232,000	2	434,000
LaSalle	111	11,429,430	33	6,571,300	-	-	1	54,000	1	1,000,000
Lawrence	46	3,225,338	9	1,945,500	-	-	-	-	3	3,000,000
Lee	58	6,827,792	22	5,599,000	-	-	1	110,000	1	455,000
Livingston	145	13,806,011	24	6,176,210	9	7,939,000	2	388,000	4	1,230,000
Logan	38	2,376,460	13	2,200,000	-	-	2	190,000	1	520,000
Macon	11	1,035,000	5	700,000	-	-	1	75,000	-	-

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HISTORICAL SUMMARY OF AGRICULTURAL LOANS ISSUED BY PROGRAM BY COUNTY (UNAUDITED)
For the Year Ended June 30, 2010

	Agricultural Development Bonds (Issued)		State Guarantee Program of Restructuring Agricultural Debt Loans (Issued)		Farmer and Agri-Business Loan Guarantee Program Loans (Issued)		Young Farmer Loan and Farm Purchase Guarantee Program Loans (Issued)		Specialized Livestock Loan Guarantee Program Loans (Issued)	
County	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Macoupin	33	$ 4,381,252	22	$ 4,453,000	-	$ -	3	$ 416,000	6	$ 3,400,000
Madison	21	2,326,940	16	4,359,000	-	-	9	1,756,000	-	-
Marion	13	1,113,510	32	6,522,160	1	3,200,000	3	640,000	2	507,000
Marshall	25	2,129,081	8	1,611,000	-	-	3	513,000	-	-
Mason	54	4,357,809	9	2,212,702	1	137,000	-	-	-	-
Massac	2	30,000	2	435,000	-	-	-	-	-	-
McDonough	14	1,660,050	14	3,116,000	1	300,000	1	87,000	1	520,000
McHenry	3	440,000	8	2,060,000	-	-	1	190,000	1	69,000
McLean	115	8,801,035	32	5,371,734	1	175,000	7	1,015,000	2	1,250,000
Menard	14	1,097,965	16	3,384,000	1	375,000	1	72,000	-	-
Mercer	29	3,535,861	17	3,304,600	-	-	7	707,000	11	5,838,300
Monroe	35	3,880,075	26	5,758,707	-	-	-	-	1	51,000
Montgomery	86	11,587,540	15	3,458,577	-	-	-	-	5	1,952,000
Morgan	14	1,193,830	25	5,433,319	1	1,000,000	1	194,000	1	668,000
Moultrie	30	1,627,250	6	995,500	1	40,000	-	-	1	250,000
Ogle	70	6,780,047	11	2,835,000	-	-	4	751,000	2	375,000
Peoria	24	2,470,520	25	6,037,000	-	-	2	322,000	1	150,000
Perry	10	636,256	19	3,672,900	3	1,020,000	-	-	-	-
Piatt	37	1,824,734	9	1,638,000	-	-	-	-	-	-
Pike	6	945,111	48	10,667,519	1	250,000	9	1,814,000	7	4,990,000
Pope	-	-	1	500,000	-	-	-	-	-	-
Pulaski	-	-	3	940,000	-	-	-	-	-	-
Putnam	11	1,222,859	5	568,681	-	-	-	-	1	615,000
Randolph	6	552,400	14	2,583,010	-	-	2	165,000	2	380,000
Richland	34	2,103,454	5	1,523,000	8	2,353,000	2	285,000	2	605,000
Rock Island	6	1,046,623	6	1,282,000	-	-	-	-	3	1,285,000

STATE OF ILLINOIS
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HISTORICAL SUMMARY OF AGRICULTURAL LOANS ISSUED BY PROGRAM BY COUNTY (UNAUDITED)
For the Year Ended June 30, 2010

	Agricultural Development Bonds (Issued)		State Guarantee Program of Restructuring Agricultural Debt Loans (Issued)		Farmer and Agri-Business Loan Guarantee Program Loans (Issued)		Young Farmer Loan and Farm Purchase Guarantee Program Loans (Issued)		Specialized Livestock Loan Guarantee Program Loans (Issued)	
County	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Saline	11	$ 677,835	3	$ 1,082,000	-	$ -	1	$ 150,000	-	$ -
Sangamon	40	4,028,715	41	7,679,043	-	-	1	300,000	2	925,000
Schuyler	9	848,780	-	-	-	-	-	-	-	-
Scott	6	783,300	8	1,379,538	-	-	1	181,000	-	-
Shelby	76	5,712,279	18	3,770,267	1	47,000	1	81,000	-	-
St. Clair	29	2,163,180	5	1,156,000	1	40,000	-	-	-	-
Stark	23	2,699,600	15	3,612,000	-	-	1	300,000	-	-
Stephenson	31	2,816,710	28	6,304,498	13	17,184,495	2	176,000	4	2,317,000
Tazewell	80	6,572,336	23	4,515,049	-	-	1	255,000	1	218,000
Union	21	1,131,036	2	800,000	1	860,000	-	-	-	-
Vermillion	30	3,545,140	26	3,978,640	3	24,848,000	1	89,000	-	-
Wabash	5	181,300	3	676,000	-	-	-	-	-	-
Warren	55	7,087,746	17	3,507,000	1	4,000,000	3	589,000	8	3,845,000
Washington	36	2,453,570	10	2,045,000	-	-	-	-	2	1,250,000
Wayne	17	1,530,125	4	1,008,000	1	2,651,000	-	-	1	643,000
White	1	30,000	5	1,442,500	-	-	-	-	-	-
Whiteside	95	11,167,445	27	5,338,000	-	-	-	-	6	2,552,000
Will	17	1,307,940	1	300,000	-	-	-	-	-	-
Williamson	2	132,000	-	-	1	1,750,000	-	-	-	-
Winnebago	9	944,750	8	1,343,000	2	305,412	1	500,000	-	-
Woodford	52	4,172,735	18	3,011,810	2	635,000	1	100,000	3	227,000
	3,299	$ 302,151,601	1,371	$ 287,443,841	84	$ 93,812,237	117	$ 18,268,500	164	$ 73,097,800

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Year Ended June 30, 2010

<u>Issuance Performance</u>		
Total number of new issues		52
New issue value	$	3,360,132,968
Application fees	$	97,900
Administrative service fees	$	5,031,842
<u>Operating Performance</u>		
Total number of issues		1,762
Total outstanding issue value	$	24,427,930,701
Annual fees	$	909,962
Annual fees/total outstanding issue value		0.0037%
Total expenses	$	19,164,569
Total expenses/total outstanding issue value		0.0785%
Total expenses/total number of issues	$	10,877

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF FEDERAL AND NONFEDERAL EXPENDITURES
For the Year Ended June 30, 2010

Schedule A - Federal Financial Component		
Total federal expenditures reported on SEFA schedule	$ 6,902	
Total new loans made not included on SEFA schedule	-	
Amount of federal loan balances at beginning of the year (not included on the SEFA schedule and continued compliance is required)	709,261	
Other noncash federal award expenditures (not included on SEFA schedule)	-	
Total schedule A	$ 716,163	
Schedule B - Total Financial Component		
Total operating expenses (from financial statements)	$ 19,164,569	
Total nonoperating expenses (from financial statements)	-	
Total new loans made	-	
Amount of federal loan balances at beginning of the year	709,261	
Other noncash federal award expenditures	-	
Total schedule B	$ 19,873,830	
Schedule C		Percent
Total schedule A	$ 716,163	3.6%
Total nonfederal expenses	19,157,667	96.4%
Total schedule B	$ 19,873,830	100%