ILLINOIS HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the State of Illinois)

Compliance Examination

(In Accordance with the Single Audit
Act and Applicable Federal Regulations)

Year Ended June 30, 2018

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

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Year ended June 30, 2018

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ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Agency Officials

Executive Director	Audra A. Hamernik
Assistant Executive Director / Chief of Staff	Debra Olson
General Counsel	Maureen G. Ohle
Chief Financial Officer	Nandini Natarajan
Controller	Vanessa Boykin (Acting)
Chief Internal Auditor	Kevin O'Connor

Agency Officials are located at:

111 East Wacker Drive, Suite 1000
Chicago, Illinois 60601

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
WWW.IHDA.ORG

111 E. Wacker Drive
Suite 1000
Chicago, IL 60601
312.836.5200

June 5, 2019

KPMG LLP
200 East Randolph Street
Chicago, Illinois 60601

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 Illinois Housing Development Authority (the Authority). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Authority's compliance with the following assertions during the year ended June 30, 2018. Based on this evaluation, we assert that during the year ended June 30, 2018, 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.

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 truly,

Illinois Housing Development Authority

____
Audra Hamernik, Executive Director

____
Maureen G. Ohle, General Counsel

____
Nandini Natarajan, Chief Financial Officer

____
Vanessa Boykin, Acting Controller

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Compliance Report Summary

Year ended June 30, 2018

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' Report

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 nonstandard language.

Summary of Findings

Number of	Current report	Prior report
Findings	10	4
Repeated findings	4	4
Prior recommendations implemented or not repeated	-	4

Details of findings are presented in this report.

Schedule of Findings and Questioned Costs

Findings (*Government Auditing Standards*)

Item No.	Page	Description	Finding Type
2018-001	18	Inadequate Allowance for Loan Loss Methodology and Loan Rating Review Process	Material weakness
2018-002	21	Inaccurate Financial Reporting of Investments	Material weakness
2018-003	25	Inaccurate Financial Reporting	Significant deficiency

(Continued)

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Compliance Report Summary

Year ended June 30, 2018

Findings *(Federal Compliance)*

Item No.	Page	Description	Finding Type
2018-004	29	Disbursement of Fund Outside of Period of Performance	Adverse and material weakness
2018-005	33	Inaccurate Reporting of Federal Expenditures on the Schedule of Expenditures of Federal Awards	Material weakness and noncompliance
2018-006	37	Failure to Communicate Award Information to Subrecipients	Material weakness and noncompliance
2018-007	39	Failure to Follow Established Subrecipient Monitoring Procedures for the Section 8 Project-Based Cluster Program	Significant deficiency and noncompliance

Findings *(State Compliance)*

Item No.	Page	Description	Finding Type
2018-008	41	Untimely Review of Payroll Reports	Significant deficiency and noncompliance
2018-009	43	Failure to Properly Complete and Maintain I-9 Documentation	Significant deficiency and noncompliance
2018-010	45	Failure to Maintain Supporting Documentation for Reports of Receipts and Disbursements for Locally Held Funds and Quarterly Summary of Accounts Receivable	Significant deficiency and noncompliance

(Continued)

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Compliance Report Summary

Year ended June 30, 2018

In addition, the following findings which are reported as current findings relating to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

Item No.	Page	Description	Finding Type
2018-001	18	Inadequate Allowance for Loan Loss Methodology and Loan Rating Review Process	Noncompliance and material weakness
2018-002	21	Inaccurate Financial Reporting of Investments	Noncompliance and material weakness
2018-003	25	Inaccurate Financial Reporting	Noncompliance and material weakness

Prior Year Findings Not Repeated (*Government Auditing Standards)*

None

Prior Year Findings Not Repeated (*Federal Compliance*)

None

Prior Year Findings Not Repeated *(State Compliance)*

None

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Compliance Report Summary

Year ended June 30, 2018

Exit Conference

On May 8, 2019, the Illinois Housing Development Authority waived the exit conference relating to the Single Audit and State Compliance examination.

The responses to the recommendations were provided by Vanessa Boykin, Assistant Controller, in emails dated May 21, 2019 and May 22, 2019.

KPMG LLP
Aon Center
Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

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

The Honorable Frank J. Mautino
Auditor General of the State of Illinois
and
The Board of Directors
Illinois Housing Development Authority:

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the Illinois Housing Development 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, 2018. The management of the Illinois Housing Development Authority (the Authority) is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

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.

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.

Our examination was conducted 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 (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2018. However, the results of our procedures disclosed instances of noncompliance with the requirements, 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 findings 2018-001 through 2018-003 and 2018-008 through 2018-010.

The Authority's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of the 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 Authority's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances 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 Authority's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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 over compliance, 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and a significant deficiency. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2018-001 through 2018-003 to be material weaknesses. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2018-008 through 2018-010 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 Authority's responses to the internal control findings identified in our examination are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Housing Development Authority (the Authority), a component unit of the State of Illinois, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 21, 2019, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 21, 2019.

The accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 9 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 9 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 9 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Authority's basic financial statements as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated October 27, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying supplementary information for the year ended June 30, 2017 in Schedules 1, 2, and 5 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2017 financial statements. The accompanying supplementary information for the year ended June 30, 2017 in Schedules 1, 2, and 5 has been subjected to the auditing procedures applied in the audit of the June 30, 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2017 in Schedules 1, 2, and 5 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

KPMG

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

/s/ KPMG LLP

Chicago, Illinois
June 5, 2019

KPMG LLP
Aon Center
Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

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*

The Honorable Frank J. Mautino
Auditor General of the State of Illinois
and
The Board of Directors
Illinois Housing Development Authority:

As Special Assistant Auditors for the Auditor General of the State of Illinois, we have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Housing Development Authority (the Authority), a component unit of the State of Illinois, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as findings 2018-001 and 2018-002 to be material weaknesses.

A significant deficiency is a deficiency, or a 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 deficiency described in the accompanying schedule of findings and responses as finding 2018-003 to be a significant deficiency.

KPMG

Compliance and Other Matters

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

Authority's Response to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/ KPMG LLP

Chicago, Illinois
January 21, 2019

KPMG LLP
Aon Center
Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Honorable Frank J. Mautino
Auditor General of the State of Illinois
and
The Board of Directors
Illinois Housing Development Authority:

Report on Compliance for Each Major Federal Program

We have audited the Illinois Housing Development Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2018. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 adverse and unmodified opinions on compliance for the major federal programs. However, our audit does not provide a legal determination of the Authority's compliance.

Basis for Adverse Opinion on Community Development Block Grants

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding Community Development Block Grants as described in finding number 2018-004 for Allowable Costs/Cost Principles and Period of Performance. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Adverse Opinion on Community Development Block Grants

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the Authority did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Community Development Block Grants for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as findings 2018-005 through 2018-007. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-004 through 2018-006 to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-007 to be a significant deficiency.

The Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, a component unit of the State of Illinois, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated January 21, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

/s/ KPMG LLP

Chicago, Illinois
June 5, 2019

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified opinions

Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:

• Material weakness(es) identified?	X	Yes		No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	X	Yes		None reported
Noncompliance material to the financial statements noted?		Yes	X	No

Federal Awards

Internal control deficiencies over major programs disclosed by the audit:

• Material weakness(es) identified?	X	Yes		No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	X	Yes		None reported

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

Adverse: Community Development Block Grants

The opinions for all other major programs are unmodified.

Audit findings that are required to be reported in accordance with 2 CFR 200.516(a):	X	Yes		No

Identification of Major Programs

CFDA number(s)	Name of federal program or cluster
14.182/14.856	Section 8 Project-Based Cluster
14.239	HOME Investment Partnerships Program
14.228	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

Auditee qualified as low-risk auditee:		Yes	X	No

(Continued)

(2) Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding 2018-001 – Inadequate Allowance for Loan Loss Methodology and Loan Rating Review Process

The Illinois Housing Development Authority (Authority) was unable to support the historical detail assumptions used in its allowance for loan loss calculation for the multi-family loan programs. Additionally, the Authority has not established adequate internal controls for ensuring the allowance for loan loss is properly calculated and presented in its financial statements.

During our audit, we reviewed the allowance for loan loss methodology for the multi-family loan program and noted that the Authority could not produce an analysis supporting the rationale for its calculation of the loan loss reserve factors (probability of default and expected loss) that are used in its allowance for loan loss calculation. The Authority has not documented how the loan loss reserve factors for the multi-family loan programs have been historically calculated and over what period the probability of default is measured. Further, the Authority did not perform back-testing (typically performed on at least an annual basis) on its allowance for loan loss estimates for the multi-family loan programs to determine whether the allowance for loan loss produces estimates that have been historically sufficient to cover incurred losses over a period of time that aligns with the period used to estimate the probability of default values.

Furthermore, during our testing of 43 multi-family loan relationships risk ratings (66 loans) as of June 30, 2018, we noted differences in the ratings determined by the Authority on their loan rating scale compared to our independent ratings determined during our review. We found the Authority's risk ratings to be reasonable for 28 of the 43 relationships (46 of the 66 loans) and we found the Authority's risk ratings to be unreasonable for 15 of the 43 relationships (20 of the 66 loans).

The following differences in loan ratings are primarily attributable to the Authority's application of various aspects of their allowance for loan loss rating policy within the loan rating process:

- Four differences in Housing Trust Fund loan ratings resulted in an under reserve of $331,510 for the Illinois Affordable Housing Trust Fund. In response to this finding, the Authority reviewed the total population of Housing Trust Fund loans and determined they were under reserved by a total of $11,968,248. A proposed adjustment for this difference was recorded by the Authority.

- Seven differences in HOME loan ratings resulted in an under reserve of $2,077,978 for the HOME Program Fund. In response to this finding, the Authority reviewed the total population of HOME Program loans and determined they were under reserved by a total of $9,735,868. A proposed adjustment for this difference was recorded by the Authority.

- Five differences in Nonmajor governmental fund loan ratings resulted in an under reserve of $2,322,997 for the Nonmajor Governmental Funds. In response to this finding, the Authority reviewed the total population of Nonmajor Governmental Funds loans and determined they were under reserved by a total of $4,361,501. A proposed adjustment for this difference was recorded by the Authority.

- Three differences in Multifamily Revenue Bonds loan ratings resulted in an under reserve of $309,331 for the Mortgage Loan Program Fund. In response to this finding, the Authority reviewed the total

(Continued)

population of Mortgage Loan Program loans and determined they were under reserved by a total of $587,937. A proposed adjustment for this difference was recorded by the Authority.

- One difference in a Risk Sharing loan rating resulted in an over reserve of $15,861 for the Accrued liabilities and other balance reported for the Administrative Fund. In response to this finding, the Authority reviewed the total population of Risk Sharing loans and determined they were under reserved by a total of $189,119. A proposed adjustment for this difference was recorded by the Authority.

Additionally, in response to the differences noted above, the Authority reviewed the total population of Administrative Fund loans and determined they were under reserved by $754,928. A proposed adjustment for this difference was recorded by the Authority.

Generally accepted accounting principles require the estimate for the allowance for loan loss to be supported by appropriate assumptions and accurate information. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system or systems of internal fiscal and administrative controls to provide assurance that: (1) resources are utilized efficiently, effectively and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; (3) funds, property and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; (4) revenues, expenditures, and transfers of assets resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources; and (5) funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist. Effective internal controls should include procedures to ensure the assumptions used in the allowance for loan loss calculation are appropriate and that loan ratings are adequately documented.

Authority management stated that the Authority implemented a new allowance for loan loss policy for the multifamily loan programs in fiscal year 2017. As a result of the implementation, a limited number of calculation errors occurred due to manual corrections of figures or the logic used to calculate loss reserve amounts. Authority management further stated that some of the differences were due to the application and interpretation of the Authority's Board approved loan loss reserve policy and methodology that differs from the auditor's.

Failure to support the assumptions in the allowance for loan loss calculation and failure to properly calculate the allowance for loan loss may result in the misstatement of the allowance for loan loss in the Authority's financial statements. (Finding Code No. 2018-001, 2017-001, 2016-002, 2015-002, 2014-001)

Recommendation:

We recommend the Authority review its current policies and procedures to ensure the assumptions used in the allowance for loan loss calculation are appropriate and that loan ratings are calculated appropriately.

Authority Response:

The Authority will review current policies, procedures and controls to ensure assumptions are applied accurately and ratings are adequately supported. In addition, the Authority will perform back testing to support the assumptions used in the allowance for loan loss calculation.

(Continued)

Finding 2018-002 – Inaccurate Financial Reporting of Investments

The Illinois Housing Development Authority (Authority) has not established adequate internal controls over the financial reporting process of investments, including recording the fair market value of certain investments, properly classifying investments as current vs. noncurrent, and properly reporting investment activity within the statement of cash flows.

During our audit of the financial statements as of June 30, 2018, we noted the Authority did not correctly record the fair market value for 18 of its discount note investment securities. As a result, the Authority's investment securities were understated by $173,723 within the Administrative Fund, $838,001 within the Mortgage Loan Program Fund, and $1,522,989 within the Single Family Loan Program Fund. A proposed adjustment for these differences was recorded by the Authority.

In addition, we noted the Authority improperly classified its investments within the Rental Housing Support Program Fund, Administrative Fund, Mortgage Loan Program Fund, and Single Family Loan Program Fund as current vs. noncurrent, as noted below:

Rental Housing Support Program Fund	Originally Reported Balance	Correct Balance	Difference
Investments (current)	$ 40,345,265	12,816,879	27,528,386
Investments (noncurrent)	0	27,528,386	(27,528,386)
Total	**40,345,265**	**40,345,265**	**0**

Administrative Fund	Originally Reported Balance	Correct Balance	Difference
Investments (current)	$ 272,685,569	50,233,831	222,451,738
Investments – restricted (current)	0	24,785,338	(24,785,338)
Investments (noncurrent)	0	222,451,738	(222,451,738)
Investments – restricted (noncurrent)	26,158,639	1,373,301	24,785,338
Total	**298,844,208**	**298,844,208**	**0**

Mortgage Loan Program Fund	Originally Reported Balance	Correct Balance	Difference
Investments – restricted (current)	$ 0	66,452,197	(66,452,197)
Investments – restricted (noncurrent)	87,199,718	20,747,521	66,452,197
Total	**87,199,718**	**87,199,718**	**0**

(Continued)

Single Family Loan Program Fund	Originally Reported Balance	Correct Balance	Difference
Investments – restricted (current)	$ 0	98,013,824	(98,013,824)
Investments – restricted (noncurrent)	595,767,995	497,754,171	98,013,824
Total	**595,767,995**	**595,767,995**	**0**

A proposed adjustment for these reclassifications was recorded by the Authority.

In addition, we noted the Authority improperly reported investment purchases, proceeds from sales, and interest received on investments within the net cash provided by (used in) investing activities section of the statement of cash flows for the Administrative Fund, Mortgage Loan Program Fund, and Single Family Program Fund, as noted below:

Administrative Fund	Originally Reported Balance	Correct Balance	Difference
Purchase of investment securities	$ (1,314,934,181)	(1,320,295,907)	5,361,726
Proceeds from sales and maturities of investment securities	1,270,167,468	1,298,685,224	(28,517,756)
Interest received on investments	28,062,464	4,871,955	23,190,509
Net cash provided by (used in) investing activities	**(16,704,249)**	**(16,738,728)**	**34,479**

Mortgage Loan Program Fund	Originally Reported Balance	Correct Balance	Difference
Purchase of investment securities	$ (641,910,851)	(639,990,107)	(1,920,744)
Proceeds from sales and maturities of investment securities	712,087,326	710,275,223	1,812,103
Interest received on investments	2,036,334	1,927,693	108,641
Net cash provided by (used in) investing activities	**72,212,809**	**72,212,809**	**0**

Single Family Program Fund	Originally Reported Balance	Correct Balance	Difference
Purchase of investment securities	$ (459,436,234)	(460,454,873)	1,018,639
Proceeds from sales and maturities of investment securities	391,905,458	378,561,258	13,344,200
Interest received on investments	3,713,020	18,075,859	(14,362,839)
Net cash provided by (used in) investing activities	**(63,817,756)**	**(63,817,756)**	**0**

A proposed adjustment for these differences was recorded by the Authority.

Generally accepted accounting principles (GAAP) require investment securities to be properly recorded at fair market value. GAAP also requires accurate classification between current assets and noncurrent assets. Finally, GAAP requires investment activity to be properly reported within the statement of cash flows. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system or systems of internal fiscal and administrative controls to provide assurance that: (1) resources are utilized efficiently, effectively and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; (3) funds, property and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; (4) revenues, expenditures, and transfers of assets resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources; and (5) funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist. Effective internal controls should include procedures to accurately record financial transactions and accurately prepare financial statements.

Authority management stated the valuation misstatements were due to formulaic inconsistencies specific to discount note investment securities, which resulted in an inaccurate download of the fair market valuations from the Authority’s investment system. In addition, Authority management stated they have traditionally reported current restricted investments as non-current assets and unrestricted investments as current. The application of loan payments prior to the liquidation of investments guided the Authority’s reporting of restricted investments as non-current assets. Finally, Authority management stated they initially prepared the statement of cash flows utilizing general ledger activity that contained certain non-cash activity. The misstatements were corrected after performing a detailed reconciliation of the general ledger investment activity compared to the investment holdings sub ledger.

Failure to accurately record the fair market value of investment securities, accurately classify investments as current vs. noncurrent, and accurately record investment activity within the statement of cash flows results in the misstatement of the Authority’s financial statements. (Finding Code No. 2018-002)

Recommendation:

We recommend the Authority review its current internal control policies and procedures to ensure investments are properly valued and classified in the general ledger and the financial statements, and to ensure investment activity is properly reported and presented in the financial statements.

Authority Response:

The Authority is in agreement with the assessment of inaccurate valuation of investments for the scope period of June 30, 2018 pertaining to 18 of its discount note investment securities. The Authority worked with our source valuation provider, Bloomberg, to rectify this issue. As mentioned within the condition statement, the condition has been rectified and the correct prices have been recorded for the scope period of June 30, 2018. In order to establish additional controls than those which are currently in place, the Authority has created an additional procedure. This procedure consists of a 10% sampling of the investment population, including, one (1) transaction from each security type prior to recording of the fair market value of such securities at the valuation time period(s). The validity of this data is confirmed by an employee of the Finance department and affirmation of such review is approved by a Supervisor level employee.

The Authority is in agreement with the assessment that the Authority improperly classified its current, restricted investments within the Rental Housing Support Program Fund, Administrative Fund, Mortgage Loan Program Fund, and Single Family Loan Program Fund. The Authority has developed a report generated from its cash and investment management system that provides a detailed breakout of investments by maturity and Fund. The report will be used to classify investments with maturities that are less than twelve (12) months as current, and investments with maturities that are greater than twelve (12) months as non-current.

The Authority is in agreement with the assessment that various line items were improperly reported on the statement of cash flows for the Administrative Fund, Mortgage Loan Program Fund, and Single Family Program Fund. The Authority inadvertently reflected gain on sale of investments and discount/premium on investment purchases and sales as interest received on investments in the statement of cash flows. The Authority has reclassified these particular items and will on a going forward basis, report them with line items relating to the purchases of investment securities or proceeds from the sales and maturities of investment securities, as applicable.

Finding 2018-003 Inaccurate Financial Reporting

The Illinois Housing Development Authority (Authority) has not established adequate internal controls over the financial reporting process, including the preparation of program loans receivable footnote disclosures and recording revenue and expense transactions within the Hardest Hit Fund.

During our audit of the financial statements as of June 30, 2018, we noted the following:

- The Authority incorrectly reported program loans receivable disbursements and repayments within footnote 5 of the financial statements for the Mortgage Loan Program Fund (MLP) and Single Family Program Fund (SFP), as noted below:

Program	Originally Reported Balance	Correct Balance	Difference
MLP – Loan Disbursements	$ 31,364,000	31,448,000	(84,000)
MLP – Loan Repayments	(46,545,000)	(46,629,000)	84,000
SFP – Loan Disbursements	(719,000)	3,088,000	(3,807,000)
SFP – Loan Repayments	(30,601,000)	(34,408,000)	3,807,000

  A proposed adjustment for these reclassifications was recorded by the Authority.

- The Authority incorrectly reported scheduled receipts of principal on gross program loans receivable in the Illinois Affordable Housing Trust Fund in the fiscal years subsequent to June 30, 2018 and thereafter, within footnote 5 of the financial statements, as noted below:

Scheduled Receipt Year	Originally Reported Balance	Correct Balance	Difference
2019	$ 11,133,000	11,092,000	41,000
2020	4,144,000	4,102,000	42,000
2021	5,862,000	5,820,000	42,000
2022	9,433,000	9,391,000	42,000
2023	13,339,000	13,296,000	43,000
After 2023	277,855,000	278,065,000	(210,000)
Total	**321,766,000**	**321,766,000**	**0**

  A proposed adjustment for these reclassifications was not recorded by the Authority.

- The Authority incorrectly reported scheduled receipts of principal on gross program loans receivable in the HOME Program Fund in the fiscal years subsequent to June 30, 2018 and thereafter, within footnote 5 of the financial statements, as noted below:

Scheduled Receipt Year	Originally Reported Balance	Correct Balance	Difference
2019	$ 7,816,000	7,780,000	36,000
2020	3,327,000	3,291,000	36,000
2021	6,071,000	6,034,000	37,000
2022	2,307,000	2,270,000	37,000
2023	14,674,000	14,655,000	19,000
After 2023	245,294,000	245,459,000	(165,000)
Total	**279,489,000**	**279,489,000**	**0**

  A proposed adjustment for these reclassifications was not recorded by the Authority.

- The Authority incorrectly reported scheduled receipts of principal on gross program loans receivable in the proprietary funds in the fiscal years subsequent to June 30, 2018 and thereafter, within footnote 5 of the financial statements, as noted below:

Scheduled Receipt Year	Originally Reported Balance	Correct Balance	Difference
2019	$ 59,835,000	59,844,000	(9,000)
2020	26,004,000	26,013,000	(9,000)
2021	23,650,000	23,660,000	(10,000)
2022	23,519,000	24,031,000	(512,000)
2023	23,951,000	23,951,000	0
After 2023	443,436,000	442,896,000	540,000
Total	**600,395,000**	**600,395,000**	**0**

  A proposed adjustment for these reclassifications was not recorded by the Authority.

In addition, we noted the U.S. Department of Treasury conducted a review of prior year Hardest Hit Fund activities and determined that $885,069 of expenses were improperly charged to the Hardest Hit Fund. In response to this review, the Authority improperly recorded an increase to Other Revenue within the Hardest Hit Fund instead of a decrease to General and Administrative expenditures.

As a result, Other Revenue and General and Administrative expenditures were overstated by $765,228 within the Hardest Hit Fund. A proposed adjustment for this difference was recorded by the Authority.

In addition, Other Revenue and General and Administrative expenditures were overstated by $119,841 within the Hardest Hit Fund. A proposed adjustment for this difference was not recorded by the Authority.

Generally accepted accounting principles (GAAP) require program loans receivable footnote disclosures to accurately state the changes in program loan receivable balances and accurately state the scheduled maturities of program loans receivable. GAAP also requires transactions to be properly recorded within the financial statements. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system or systems of internal fiscal and administrative controls to provide assurance that: (1) resources are utilized efficiently, effectively and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; (3) funds, property and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; (4) revenues, expenditures, and transfers of assets resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources; and (5) funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist. Effective internal controls should include procedures to accurately record financial transactions and accurately prepare financial statements.

Authority management stated that beginning in fiscal year 2017, the Authority included net advances for expenses and escrows for single family loans in loan receivable disbursements. In fiscal year 2018, recoveries of these advances exceeded expenditures and due to management oversight, loan disbursements and repayments in the loan receivable footnote were understated. Additionally, Authority management stated they utilize a future payments report from the loan servicing system to provide scheduled receipts of principal on loans. During 2018, the Authority became aware that the report did not properly calculate scheduled receipts of principal on loans with unique payment terms. Lastly, Authority management stated the adjustment in the Hardest Hit Fund represented a correction to prior year's expenses, which were reimbursed by the Hardest Hit Fund. The Authority's position was to record this adjustment as current year income in order not to understate current year expenses.

Failure to accurately record financial transactions results in the misstatement of the Authority's financial statements. (Finding Code No. 2018-003, 2017-002, 2016-001, 2015-001)

Recommendation:

We recommend the Authority review its current internal control policies and procedures to ensure financial transactions are accurately reported in the general ledger and the financial statements, including footnote disclosures.

Authority Response:

The Authority is in agreement with the assessment that the Authority incorrectly reported program loans receivable disbursements and repayments within footnote 5 of the financial statements for the Mortgage Loan Program Fund (MLP) and Single Family Program Fund (SFP). The Authority will revise its procedures to review detailed transaction activity relating to advances for expenses and escrows on single family loans. Instead of recording net advances, the Authority plans to report advances on single family loans with loan disbursements, and recoveries related to those advances with loan repayments.

With respect to the scheduled receipts of principal on gross program loans receivable in various Funds in the fiscal years subsequent to June 30, 2018 and thereafter, the Authority will review and manually adjust the report from its loan servicing system in order to correct the payment schedules for the identified loans that have unique payment terms. In addition, the Authority will continue to pursue technological solutions to improve the quality of the reporting used to calculate scheduled receipts of principal on program loans.

The Authority is in agreement with the assessment that the Authority improperly recorded an increase to Other Revenue within the Hardest Hit Fund instead of a decrease to General and Administrative expenditures. The Authority will revise its procedures to record reductions of prior years' expenses in the Hardest Hit Fund as decreases to general and administrative expenses.

(3) Findings and Questioned Costs Relating to Federal Awards

Federal Agency: U.S. Department of Housing and Urban Development (USHUD)

Program Name: Community Development Block Grants

CFDA # and Program Expenditures: 14.228 ($3,152,059)

Award Numbers: B-08-DN-17-001/B-11-DN-17-0001

Federal Award Year: 12/8/09-12/7/13; 3/11/11-3/15/14

Questioned Costs: $3,152,059

Finding 2018-004 – *Disbursement of Funds Outside of Period of Performance*

Condition Found:

The Authority expended federal funding and program income from Neighborhood Stabilization Program (NSP) grants after the end of the period of performance. The Authority also has not established adequate internal controls to ensure expenditures charged to federal awards or funded by program income are incurred within the period of performance.

The NSP grants provided the Authority with funding for emergency assistance to stabilize communities with high rates of abandoned and foreclosed properties and to assist low-income households. The Authority received multiple NSP awards to purchase and rehabilitate homes and demolished or abandoned properties across northern Illinois. In addition to the program funding provided by USHUD, the Authority earns program income from the sale of redeveloped and rehabilitated properties which is required to be fully expended by the Authority prior to requesting federal funding.

During the year ended June 30, 2018, we noted the Authority expended funds under NSP awards for which the period of performance had ended in a prior period. Specifically, we noted the following:

	Period of Performance		Fiscal Year 2018 Expenditures	
Grant Number	Begin Date	End Date	Federal Award	Program Income
NSP1 (B-08-DN-17-001)	12/8/2009	12/7/2013	$1,328,513	$1,441,511
NSP3 (B-11-DN-17-0001)	3/11/2011	3/15/2014	–	$96,263
			$1,328,513	$1,537,774

(Continued)

$285,772 of administrative expenditures have not yet been attributed to a specific grant as of the date of our testing (May 14, 2019).

The Authority provided documentation evidencing that USHUD is aware the Authority is continuing to expend program funding beyond the award end dates in the grant awards that was obtained in response to questions raised during the audit; however, the Authority was not able to provide documentation supporting the period of performance had been extended or modified by USHUD for either of the grants identified above. Accordingly, the expenditures incurred outside of the period of performance are not allowable under the program regulations and have been identified as questioned costs.

Total expenditures for the NSP program totaled $3,152,059 for the year ended June 30, 2018.

Criteria or Requirement:

According to 2 CFR 200.309, a non-Federal entity may charge to their Federal awards only allowable costs incurred during the period of performance and any costs incurred before the period of performance that were authorized by the Federal awarding agency or pass-through entity.

Section II.M of NSP3 Notice 75 FR 64336-64337 states NSP1 grantees are required to expend an amount equal to or greater than the initial allocation of NSP1 funds within 4 years of receipt of those funds. Further, NSP3 grantees are required to expend an amount equal to or greater than 50 percent of their allocation of NSP3 funds within 2 years of receipt of those funds and 100 percent of their initial allocation of NSP3 funds within 3 years of receipt of those funds.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure Federal funds are expended within the period of performance of the respective grant awards.

Cause:

In discussing these conditions with Authority officials, they stated they disagree with the finding.

Possible Asserted Effect:

Failure to expend funds within the period of performance results in unallowable costs being charged to Federal programs.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code No. 2018-004)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

(Continued)

Recommendation:

We recommend the Authority establish procedures to ensure that Federal funds are expended within the period of performance for each of its grant awards.

Views of Authority Officials:

The Authority disagrees with the recommendation that IHDA needs to establish procedures to ensure that NSP funds are expended within the period of performance. The Authority is complying with HUD's guidance.

IHDA has been receiving technical assistance from HUD and shared this information with HUD prior to the issuance of the audit finding. IHDA has been proceeding to administer the NSP funds as directed by HUD. Based on HUD's operation of the program it appears the period of performance for NSP 1 and 3 could arguably be tied to meeting the applicable expenditure deadlines thereby negating the finding. IHDA satisfied the expenditures deadlines during the applicable period of performance and HUD has not issued or otherwise made available any grant amendments in connection with the phase of NSP 1/3 between satisfaction of the expenditure deadlines and program closeout. HUD has not issued grant amendments in connection with the phase of NSP 1/3 between "satisfaction of the expenditure deadlines" and "program closeout." HUD indicated that IHDA satisfied the applicable 100% NSP 1 expenditure deadline as evidenced by the letter from HUD dated April 15, 2013 and that IHDA satisfied the applicable 100% NSP 3 expenditure deadline as evidenced by the letter from HUD dated April 15, 2014. Furthermore, on August 1, 2018, in connection with a HUD monitoring review, a letter was provided to IHDA (the "Monitoring Letter"). Presumably because IHDA met the applicable expenditure deadlines during the period of performance, the Monitoring Letter found no deficiencies based on statutory, regulatory or programmatic requirements, notwithstanding that the Disaster Recovery Grant Reporting System "DRGR" reports and lines of credit balances showed outstanding program funds and program income balance left to be obligated and disbursed. In lieu of issuing amendments to grant agreements in situations where the expenditure deadline was timely met, HUD has issued closeout guidance via CPD Notice 14-02 (the "Notice"). This Notice does not contemplate amendments. Per HUD, the Notice is consistent with 24 CFR 570.509, Part (a). HUD has directed IHDA via the Notice and Monitoring Letter to continue to work toward closeout which IHDA is actively doing. HUD is in the process of providing on-going technical assistance to IHDA in connection with IHDA's efforts to achieve program closeout. HUD has acknowledged that IHDA's ability to timely closeout has been impacted by IHDA's use of grant funds and program income to satisfy its 100% expenditure deadlines. HUD required all grantees with program income to use those dollars first. That requirement in turn led various grantees to have met *most* of their closeout objectives during the period of performance, notwithstanding that they had remaining grant funds in the HUD line of credit account.

Auditors' Comment:

As stated in the finding above, all of the costs reported on the SEFA in fiscal year 2018 for CDBG are outside of the period of performance and are not allowable under the existing grant agreements. While we understand IHDA has been working with USHUD with respect to unspent grant funding, IHDA was unable to provide evidence the period of performance had been extended by USHUD for the CDBG program. A letter from USHUD acknowledging noncompliance with the period of performance requirements and guidance for closing out awards without an amendment of the award does not provide adequate evidence the period of performance was extended and that the costs are allowable.

Federal Agency:	U.S. Department of Housing and Urban Development (USHUD)
Program Name:	Section 8 Project-Based Cluster Community Development Block Grants HOME Investment Partnerships Program
CFDA # and Program Expenditures:	14.182/14.856 ($79,345,525) 14.228 ($3,152,059) 14.239 ($284,551,736)
Award Numbers:	IL901MR0001/IL901MR0003/IL901MR0004/ IL901MR0006/IL901MR0007/IL901MR0008 (14.182/14.856) B-08-DN-17-001/B-11-DN-17-0001 (14.228) M14-SG-170100/M15-SG-170100/M16-SG-170100/M17-SG-170100/M18-SG-170100 (14.239)
Federal Award Year:	10/1/16-9/30/17; 10/1/17-9/30/18 (14.182/14.856) 12/8/09-12/7/13; 3/11/11-3/15/14 (14.228) 7/24/14-9/1/22; 11/4/15-9/1/23; 9/16/16-9/1/24; 10/19/17-9/1/25; 10/3/18-9/1/26 (14.239)
Questioned Costs:	None

Finding 2018-005 – *Inaccurate Reporting of Federal Expenditures on the Schedule of Expenditures of Federal Awards*

Condition Found:

The Authority does not have an adequate process in place to prepare its schedule of expenditures of federal awards (SEFA).

During our testing of the SEFA and major program expenditures, we noted several errors in the SEFA provided for audit which resulted in several proposed audit adjustments to the SEFA, as follows:

- Administrative expenditures reported for the CDBG program were overstated by $436,868. During our procedures to reconcile the SEFA to the financial statements, we noted the expenditures were incurred in fiscal year 2017 and should have been reported on the prior year SEFA under the modified accrual basis of accounting. Had these expenditures been reported in the correct period, CDBG would not have been identified as a type A program or selected as a major program in 2018. This error has not been corrected in the SEFA presented.
- Administrative expenditures reported for the HOME program were overstated by $739,849. During our procedures to reconcile the SEFA to the financial statements, we noted management had erroneously

(Continued)

posted a journal entry intended to reduce previously reported revenue to program expenditures for the HOME program. This error has been corrected in the SEFA presented.

We also noted errors in the amounts reported on the draft SEFA and the supporting documentation provided for our audit procedures, as follows:

Program	**CFDA Number**	**Item**	**Reported Amount**	**Actual Amount**	**Overstatement/ (Understatement)**
HOME	14.239	Program income expenditures – loan disbursements	$2,370,675	$2,510,734	($140,059)
HOME	14.239	Current year loan disbursements	$2,411,396	$2,271,337	$140,059
HOME	14.239	Amounts passed through to subrecipients - program income expenditures – loan disbursements	$2,370,675	$2,510,734	($140,059)
HOME	14.239	Amounts passed through to subrecipients - current year loan disbursements	$2,411,396	$2,271,337	$140,059
HOME	14.239	Administrative expenditures	$1,589,693	$1,438,966	$150,727
HOME	14.239	Administrative expenditures - program income	$435,444	$586,171	($150,727)

Items included in the table above have been corrected in the SEFA presented.

In addition, we noted management has not established adequate control procedures to ensure the SEFA is complete, accurate, and properly presented in accordance with the Uniform Guidance. Specifically, management does not perform procedures to reconcile the SEFA to the amounts reported in the financial statements and has not established management review controls at the level of precision to identify material misstatements.

(Continued)

While specific exceptions were not found related to the Section 8 Cluster, we noted the control deficiencies identified in the preceding paragraph relative to the SEFA preparation process also apply to all major programs.

Criteria or Requirement:

According to 2 CFR 200.510(b), a recipient of federal awards is required to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the entity's financial statements which must include the total Federal awards expended. At a minimum, the schedule must include (1) a list of individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs; (2) for Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included; (3) provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available; (4) include total amount provided to subrecipient from each Federal Program; (5) include notes that describe the significant accounting policies used in preparing the schedule.

In addition, 2 CFR 200.303 requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure expenditures and amounts passed through to subrecipients are properly reported on the schedule of expenditures of Federal awards.

Cause:

In discussing these conditions with Authority officials, they stated these issues were caused by staff errors.

Possible Asserted Effect:

Failure to accurately report federal expenditures and amounts passed through to subrecipients prohibits the completion of an audit in accordance with the Uniform Guidance, which may result in the suspension of federal funding.

Repeat Finding:

A similar finding was reported in prior year audit as finding number 2017-003. (Finding Code No. 2018-005, 2017-003, 2016-005, 2015-004)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend the Authority review its current process for preparing the SEFA and implement the necessary procedures to ensure the SEFA is prepared accurately and in accordance with the Uniform Guidance.

Views of Authority Officials:

The Authority concurs with the recommendation. We have added a staff member and are performing extensive reviews of the program financials to determine if corrections need to be made to the financials and are implementing procedures to ensure that these types of errors will not occur in the future.

(Continued)

Federal Agency:	U.S. Department of Housing and Urban Development (USHUD)
Program Name:	Community Development Block Grants
CFDA # and Program Expenditures:	14.228 ($3,152,059)
Award Numbers:	B-08-DN-17-001; B-11-DN-17-0001
Federal Award Year:	12/8/09-12/7/13; 3/11/11-3/15/14
Questioned Costs:	None

Finding 2018-006 – *Failure to Communicate Award Information to Subrecipients*

Condition Found:

The Authority did not communicate required federal program information at the time of the award to subrecipients of the Neighborhood Stabilization Program (NSP).

During our testwork over the one subrecipient of the NSP Program (with expenditures of $2,715,191), we noted the Authority did not communicate the CFDA number, FAIN, and Federal Award Date in the subaward agreement. We also noted the Authority has not established control activities to ensure award communications include all required information.

Total expenditures passed through to subrecipients for the NSP program totaled $2,715,191 for the year ended June 30, 2018.

Criteria or Requirement:

According to 2 CFR section 200.331(a)(1), a pass-through entity must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following required information at the time of the subaward: subrecipient name, subrecipient's Dun and Bradstreet Numbering System (DUNS) number, Federal Award Identification Number (FAIN), Federal Award Date, subaward period of performance, amount of Federal funds obligated to the subrecipient, name of Federal awarding agency, identification of whether the award is R&D, and CFDA number. When some of this information is not available, the passthrough entity shall provide the best information available to describe the Federal award and subaward.

Additionally, 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure required information is properly communicated to each subrecipient at the time of the award.

(Continued)

Cause:

In discussing these conditions with Authority officials, they stated required information was not fully communicated between relevant departments at the Authority causing the closing documents to not contain all required information.

Possible Asserted Effect:

Failure to properly communicate required federal award information to subrecipients can result in subrecipients reporting inaccurate information about their programs on their schedule of federal awards, expending federal funds for unallowable purposes, or not receiving a single audit in accordance with the Uniform Guidance.

Repeat Finding:

A similar finding was not reported in the prior year audit. (Finding Code No. 2018-006)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend the Authority review its current process for preparing subrecipient funding notifications to ensure all required information is properly communicated to its subrecipients.

Views of Authority Officials:

The Authority agrees with the recommendation. The Authority has sent a notice to the subrecipient identifying the missing language. Going forward, the Authority will include an exhibit to each subrecipient funding agreement containing all information required pursuant to 2 CFR 200.331(a).

Federal Agency:	U.S. Department of Housing and Urban Development (USHUD)
Program Name:	Section 8 Project-Based Cluster
CFDA # and Program Expenditures:	14.182/14.856 ($79,345,525)
Award Numbers:	IL901MR0001/IL901MR0003/IL901MR0004/ IL901MR0006/IL901MR0007/ IL901MR0008
Federal Award Year:	10/1/16-9/30/17; 10/1/17-9/30/18
Questioned Costs:	None

Finding 2018-007– *Failure to Follow Established Subrecipient Monitoring Procedures for the Section 8 Project-Based Cluster Program*

Condition Found:

The Authority did not follow its established policies and procedures for monitoring subrecipients of the Section 8 Project Based (Section 8) program.

The Authority has implemented procedures whereby program staff perform periodic on-site and desk reviews of subrecipients' compliance with regulations applicable to the Section 8 Cluster program administered by the Authority. These reviews are formally documented and include the issuance of a report of the review results to the subrecipient summarizing the procedures performed, results of the procedures, and any findings or observations for improvement noted. The Authority's policies require the subrecipient file to be closed within 90 days of the subrecipient being notified of any findings.

During our testwork over on-site review procedures performed for 25 subrecipients (with expenditures of $18,154,220) of the Section 8 Cluster program, we noted the Authority did not follow its established on-site monitoring procedures as follows:

- The Authority did not conduct an on-site monitoring review for one subrecipient (with expenditures of $1,425,147) as required in accordance with the Authority's policies. An on-site review for this subrecipient last took place during the year ended June 30, 2016.
- The Authority did not notify two subrecipients (with expenditures totaling $932,834) of findings from the on-site monitoring review in a timely manner. Specifically, the finding notification was sent 75 and 89 days after the inspection was conducted (60 day requirement).
- The Authority did not receive written responses to the findings of the on-site reviews for one subrecipient (with expenditures of $608,758). The Authority did not follow-up with the subrecipient to obtain the responses as of the date of our testing (April 22, 2019).

Amounts passed through to subrecipients under the Section 8 program during the year ended June 30, 2018 totaled $76,054,903.

Criteria or Requirement:

According to OMB Circular A-133 § __.400(d), a pass-through entity is required to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Additionally, OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*, requires non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include ensuring on-site review procedures are performed in a timely manner, are designed to monitor fiscal controls, and are performed to ensure compliance with program regulations.

Cause:

In discussing these conditions with Authority officials, they stated these exceptions were due to staff absences/turnover, staff errors, and a lack of clarity on acceptable date documentation.

Possible Asserted Effect:

Failure to adequately follow on-site monitoring procedures may result in subrecipients not properly administering the Section 8 Cluster program in accordance with statutes, regulations, and the grant agreement.

Repeat Finding:

A similar finding was reported in prior year audit as finding number 2017-004. (Finding Code No. 2018-007, 2017-004, 2016-007, 2015-007, 2014-003, 2013-005, 12-05, 11-11)

Statistical Sampling:

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation:

We recommend the Authority ensure on-site monitoring files are completed and closed in accordance with established policies and procedures.

Views of Authority Officials:

The Authority agrees with the recommendation. The Authority has significantly reduced the number of exceptions in this area through improved staffing, process oversight and quality control. The Authority plans to continue diligence with these efforts to eliminate all exceptions within this program area for fiscal year 2019.

Finding 2018-008– Untimely Review of Payroll Reports

The Illinois Housing Development Authority (the Authority) did not timely approve Weekly Attendance Reports used to prepare payroll vouchers during the fiscal year ended June 30, 2018.

Employees are paid on the 15th and the last day of each month. For payroll documentation purposes, all employees are required to report their time in accordance with the State Officials and Employee Ethics Act. At the end of each week, all information is compiled by a designated department timekeeper. Employees are required to promptly review their own time entries to determine whether they accurately reflect time spent working on Authority business. Subsequently, the Weekly Attendance Reports must be approved by the employee's supervisor.

During our testwork over 40 Weekly Attendance Reports prepared during the fiscal year ended June 30, 2018, we noted 19 reports were not approved by the designated Department Director within two weeks of the related pay period end date. Specifically, we noted the review timeframes ranged from 15 to 410 days subsequent to the pay period end date.

The Authority's Employee Policies and Procedures Manual Section 4.10 requires that employees promptly review their own time entries each pay period to verify they accurately reflect time spent working on Authority business. In addition, employee supervisors are required to promptly review the Weekly Attendance Reports for accuracy within the Authority's Human Resources information system each pay period.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to maintain a system of fiscal and administrative controls. Effective internal controls should include procedures to ensure Weekly Attendance Reports are reviewed timely.

Authority management stated the untimely reviews were due to management oversight.

Failure to ensure each Weekly Attendance Report is approved within a timely manner results in noncompliance with Authority policies and procedures and could result in unapproved payments to employees. (Finding Code No. 2018-008)

Recommendation

We recommend the Authority to review its current procedures to ensure each department supervisor reviews and approves weekly attendance reports timely.

Views of Authority Officials

The Authority agrees with the recommendation. Human Resources (HR) will continue to work with accounting, internal audit and executive to provide appropriate communication reminders about timecard approvals, including reminders and training reinforcement to help the Authority meet timely timecard approvals each payroll period with quarterly timecard audit review.

Current Findings – *State Compliance*

HR/Accounting is actively recruiting to fill a payroll clerk vacancy. This position will give accounting and HR the assistance needed to review timecards more frequently and assist with the follow-up in ensuring that timecards are approved for audit purposes. In addition, HR/Accounting purchased I-Reports, a custom report system related to payroll-related items.

I-Reports automatically generates a report after each finalized (accepted) payroll. I-Reports includes the Payroll Register, Labor Distribution Register, Master Control Report, Checks & Vouchers, W-2s, etc. The reports are PDF files that may be downloaded and stored in a timely manner to meet audit expectations.

(Continued)

Current Findings – *State Compliance*

Finding 2018-009 – Failure to Properly Complete and Maintain I-9 Documentation

The Illinois Housing Development Authority (the Authority) did not properly complete and maintain the Employment Eligibility Verification Form I-9 for its employees during the fiscal year ended June 30, 2018.

During our testwork of 66 employee files, we noted three employees whose Form I-9 were not properly completed. For two out of the three employees, there was no documentation of a completed Form I-9. For one out of the three employees, Section 1 of Form I-9 was completed and signed by the employee; however, the Authority did not properly complete and sign Section 2 of the Form I-9 to verify employment authorization.

Per the Instructions for Form I-9 published by the Department of Homeland Security (OMB No. 1615-0047), employers must complete Form I-9 to document verification of the identity and employment authorization of each new employee (both citizen and noncitizen) hired after November 6, 1986, to work in the United States. Both employers and employees are responsible for completing their respective sections of Form I-9. Newly hired employees must complete and sign Section 1 of Form I-9 no later than the first day of employment. Subsequently, the employer must complete and sign Section 2 within 3 business days of the employee's first day of employment attesting they physically examined the documents presented by the employee, the document(s) reasonably appear to be genuine and relate to the employee named, the employee is authorized to work in the United States, and the information entered in Section 2 is complete, true and correct. The employer is responsible for ensuring that all parts of Form I-9 are properly completed.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to maintain a system of fiscal and administrative controls. Effective internal controls should include procedures to ensure each employee properly completed a Form I-9 and to maintain those forms.

Authority management stated the exceptions noted were due to management oversight.

Failure to ensure each employee has a completed Employment Eligibility Verification Form I-9 results in noncompliance with State statutes and could result in unauthorized individuals being employed by the Authority. (Finding Code No. 2018-009)

Recommendation

We recommend the Authority to review its current procedures to ensure each employee has a completed Employment Eligibility Verification Form I-9 in accordance with the I-9 Instructions published by the Department of Homeland Security.

Views of Authority Officials

The Authority agrees with this recommendation. We have reviewed our process on I-9 forms. Considering that this is the first compliance review of I-9s newer HR staff members received I-9 training. All I-9s were reviewed for completion and accuracy and are in compliance. Here is what to expect of HR employees working the new hire orientation:

- Each new HR employee will receive I-9 training
- All HR employees will receive an annual refresher training at calendar year-end to reinforce expectations.

(Continued)

- All new employee files will be viewed by senior level HR staff members before filed away.
- Continue to stay abreast of all policies and instruction changes related to Employment Eligibility Verification Form I-9 in accordance with the I-9 instructions published by the Department of Homeland Security.

Finding 2018-010 – Failure to Maintain Supporting Documentation for Reports of Receipts and Disbursements for Locally Held Funds and Quarterly Summary of Accounts Receivable

The Illinois Housing Development Authority (the Authority) did not maintain adequate supporting documentation for the data included in the Reports of Receipts and Disbursements for Locally Held Funds and Quarterly Summaries of Accounts Receivable for the year ended June 30, 2018.

The Authority is required to prepare a Report of Receipts and Disbursements for Locally Held Funds (Form C-17) on a quarterly basis for each local fund. These reports capture cash receipts and disbursements data for receipts not submitted to the Illinois Office of the Comptroller (IOC) and deposited in the State Treasury, as well as disbursements not vouchered and warranted by the IOC. During our review of the C-17 reports submitted for the year ended June 30, 2018, we noted the Authority did not retain supporting documentation for the C-17 reports submitted for the quarters ended December 31, 2017; March 31, 2018; and June 30, 2018. During our examination, management of the Authority attempted to recreate the supporting documentation for the reports submitted to the IOC; however, they were unable to reconcile or explain differences between the recreated system generated reports and the C-17 reports submitted to the IOC. As a result, we were unable to verify the completeness and accuracy of the information reported to the IOC.

Additionally, the Authority is required to prepare a Quarterly Summary of Accounts Receivable – Accounts Receivable Activity (Form C-97) to the IOC for each fund. These reports document the accounts receivable activity for each quarter, including adjustments to receivables, additions to accounts receivable, collections, write-offs, and estimated uncollectibles. During our review of the Quarterly Summary of Accounts Receivable, we noted the Authority did not retain supporting documentation for the reports submitted for all quarters in fiscal year 2018. During our examination, management of the Authority attempted to recreate the supporting documentation for the reports submitted to the IOC; however, they were unable to reconcile or explain differences between the recreated system generated reports and the C-97 reports submitted to the IOC. As a result, we were unable to verify the completeness and accuracy of the information reported to the IOC.

Section 33.13.20 of the SAMS Manual requires that State agencies prepare a Form C-17 for each local fund maintained by the agency on a quarterly basis. Section 26.30.10 of the SAMS Manual requires that State agencies prepare a Form C-97 for each fund. Both reports are due to the IOC within a month of quarter end. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to maintain a system of fiscal and administrative controls. Effective internal controls should include procedures to maintain documentation to evidence the completeness and accuracy of reports submitted to the IOC.

Authority management stated the exceptions noted were due to staff turnover.

Failure to maintain documentation to evidence the financial reports required to be filed with the IOC are complete and accurate results in noncompliance with State regulations and inhibits the IOC from performing its statutory obligation to maintain current records indicating the cash receipt, cash disbursement, and accounts receivable activity of the State and of all State agencies. (Finding Code No. 2018-010)

(Continued)

Recommendation

We recommend the Authority review the process and procedures in place for documenting and preparing financial reports required by the IOC and implement the additional procedures necessary to ensure adequate supporting documentation is maintained for each required report.

Views of Authority Officials

The Authority agrees with the recommendation. The Authority will establish documented policies and procedures related to supporting documentation for financial reports filed with governmental agencies. Additionally, the Authority will establish a review process to ensure that all financial reports filed are reviewed and tied to the supporting documentation from the Accounting System.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
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Prior Year Findings Not Repeated

Year ended June 30, 2018

Government Auditing Standards

None

Federal Compliance

None

State Compliance

None

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

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Financial Related Information Summary

Year ended June 30, 2018

Financial related information presented in this section of the report includes the following:

- Financial Related Schedules:
  - Schedule of Expenditures of Federal Awards
  - Notes to the Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards presented in this section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, it is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The findings and auditors' reports on compliance testing and internal control related to federal awards are presented in the Compliance Report section of this report.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
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Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Federal Agency/Program or Cluster Title	CFDA number	Expenditures	Pass Throughs to Subrecipients
U.S. Department of Housing and Urban Development:			
Interest Reduction Payments – Rental and Cooperative Housing for Lower Income Families	14.103	$ 337,835	337,835
Section 8 Project-Based Cluster:			
Section 8 New Construction and Substantial Rehabilitation	14.182	73,704,541	70,999,038
Lower Income Housing Assistance Program - Section 8 Moderated Rehabilitation	14.856	5,640,984	5,055,865
Total Section 8 Project-Based Cluster		79,345,525	76,054,903
HOME Investment Partnerships Program:			
Administrative expenditures	14.239	1,438,966	—
Administrative expenditures - program income	14.239	586,171	—
Beginning loan balances	14.239	277,744,528	277,744,528
Current year loan disbursements - program income	14.239	2,510,734	2,510,734
Current year loan disbursements	14.239	2,271,337	2,271,337
Total HOME Investment Partnerships Program		284,551,736	282,526,599
National Housing Trust Fund:			
Administrative expenditures	14.275	28,116	—
Current year loan disbursements	14.275	817,403	817,403
Total National Housing Trust Fund:		845,519	817,403
Section 811 Project Rental Assistance Program:			
Administrative expenditures	14.326	64,494	—
Grant expenditures	14.326	169,843	169,843
Total Section 811 Project Rental Assistance Program		234,337	169,843
Passed through the State of Illinois:			
CDBG - State Administered Small Cities Program Cluster:			
Neighborhood Stabilization Program - administrative expenditures	14.228	285,772	—
Neighborhood Stabilization Program - administrative expenditures - program income	14.228	151,096	—
Current year loan disbursements - program income	14.228	1,386,678	1,386,678
Current year loan disbursements	14.228	1,328,513	1,328,513
Total CDBG - State Administered Small Cities Program Cluster		3,152,059	2,715,191
NeighborWorks America:			
Administrative expenditures	21.000	37,431	—
National Foreclosure Mitigation Counseling Program	21.000	260,050	260,050
Total Neighbor Works America - NFMC		297,481	260,050
Total		$ 368,764,492	362,881,824

See accompanying notes to the schedule of expenditures of federal awards.
See accompanying independent auditors' report.

(1) General

The accompanying Schedule of Expenditures of Federal Awards (Schedule) summarizes the federal awards expended by the Authority for the year ended June 30, 2018.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting for proprietary funds and modified accrual basis of accounting for governmental funds.

A. For the Proprietary Fund, the types of costs that are found in this Fund are Grant Expenditures, Mortgage Loan Subsidies, Housing Assistance Payments and Administrative Fees.

B. For the Government Funds, the types of costs that are found in this Fund are Grant Expenditures, Program Loans, Recaptured Funds (Program Income), and Administrative Fee Reimbursements.

Expense/Expenditure

Amounts reported as expenses in the Schedule of Expenditures of Federal Awards include $737,267 in administrative expenditures funded by fees collected (program income) by the Authority.

(3) Federal Loan Program

The HOME program is administered directly by the Authority and balances and transactions relating to this program are included in the Authority's financial statements. Loans made by the Authority to eligible subrecipients under the HOME program during the fiscal year ended June 30, 2018 was $4,782,071.

The balance of loans outstanding under the HOME program was $279,488,528 and $277,744,528 at June 30, 2018 and 2017, respectively. The Authority received administrative fees of $2,025,137 under the HOME program during the fiscal year ended June 30, 2018. The balance of loans outstanding at June 30, 2018 consist of the following amounts:

Outstanding balance as of 7/1/17	$	277,744,528
Loans disbursed		4,782,071
Repayments, net of interest		(3,038,071)
Outstanding balance as of 6/30/18	$	279,488,528

(4) Indirect Costs

The Authority does not use the de minimus indirect cost rate permitted under the Uniform Guidance or have a negotiated indirect cost rate. The Authority has a Cost Allocation Plan with HUD, the Authority's cognizant agency, which dictates how indirect costs are charged to the government funded programs.

The current Cost Allocation Plan was submitted to HUD in April 2013.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

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Supplementary Information for State Compliance Purposes Summary

Year ended June 30, 2018

Summary

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

- Fiscal Schedules and Analysis Section:
  - Comparative Schedule of Cash Receipts
  - Schedule of Changes in Authority Property
  - Furniture, Equipment, and Leasehold Improvements
  - Analysis of Significant Account Balances
  - Analysis of Administrative Costs
  - Description of Cash Accounts
  - Description of Investments
  - Affordable Housing Trust Fund
  - Schedule of Federal and Nonfederal Expenses
- Analysis of Operations Section (Unaudited):
  - Authority Functions and Planning Program (Unaudited)
  - Analysis of Significant Account Balances (Unaudited)
  - Analysis of Significant Variations in Revenue and Significant Variations in Expenditures/Expenses (Unaudited)
  - Average Number of Employees (Unaudited)
  - Emergency Purchases (Unaudited)
  - Summary Production Data (Unaudited)
  - Service Efforts and Accomplishments (Unaudited)
    - Multi-family and Single Family Production – Activities Closed or Placed into Service Since Inception (Unaudited)
    - Unit Production by Percent of Area Median Income Since Inception (Unaudited)
    - Unit Production by Economic Development Region Since Inception (Unaudited)

This information relates to the Authority’s proprietary funds unless otherwise noted.

The accountants’ report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that the Fiscal Schedules and Analysis Section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors’ opinion, it is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived. The accountants’ report also states the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

Schedule 1

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

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Fiscal Schedules and Analysis Section

Comparative Schedule of Cash Receipts

Years ended June 30, 2018 and 2017

		2018	2017
Administrative Fund:			
Cash received from:			
Interest from program loans	$	2,001,581	1,285,343
Service fees from program loans		8,364,853	9,234,024
Principal from program loans and other		25,422,328	27,315,004
		35,788,762	37,834,371
Proceeds from federal assistance programs		79,877,059	97,716,978
Proceeds from sale of revenue bonds and notes		606,217,000	784,300,000
Receipts for bank note cash collateral		—	42,470,000
Interest on investments		4,871,955	31,320,890
Proceeds from sales and maturities of investment securities		1,298,685,224	2,026,616,179
Tax credit reservation and monitoring fees		8,129,288	—
Other		7,424,642	11,947,583
Total	$	2,040,993,930	3,032,206,001
Mortgage Loan Program Fund – Housing Bonds:			
Cash received from:			
Interest from program loans	$	14,294,315	15,687,203
Principal from program loans		44,302,000	110,263,314
		58,596,315	125,950,517
Proceeds from federal assistance programs		103,781	172,586
Proceeds from sale of revenue bonds and notes		—	54,415,000
Interest on investments		1,710,472	776,156
Proceeds from sales and maturities of investment securities		536,736,373	368,398,667
Other		10,601,768	45,910,139
Total	$	607,748,709	595,623,065

(Continued)

Schedule 1

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
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Fiscal Schedules and Analysis Section

Comparative Schedule of Cash Receipts

Years ended June 30, 2018 and 2017

		2018	2017	
Single Family Program Fund:				
Cash received from:				
Interest from program loans	$	10,022,397	12,295,260	
Principal from program loans		34,408,000	39,855,731	
Receipts for real estate held for sale		—	1,885,678	
		44,430,397	54,036,669	
Interest on investments		18,075,859	8,883,009	
Proceeds from sale of revenue bonds		123,213,007	210,575,661	
Proceeds from sales and maturities of investment securities		378,561,258	267,199,403	
Transfer of funds from administrative funds		1,101,655	2,572,099	
Other		12,903,486	17,361,973	
Total	$	578,285,662	560,628,814	
Illinois Affordable Housing Trust Fund:				
Cash received from:				
Interest on investments	$	222,827	49,506	
Principal from program loans		14,446,000	11,605,000	(1)
Grant from State of Illinois		7,079,113	2,890,022	
Total	$	21,747,940	14,544,528	
Mortgage Loan Program Fund – Affordable Housing Program Trust Fund Bonds:				
Cash received from:				
Interest from program loans	$	203,688	200,431	
Principal from program loans		443,498	9,157,781	
		647,186	9,358,212	
Interest on investments		89,013	172,517	
Transfer of funds from Illinois Affordable Housing Trust Fund		—	5,200,000	
Proceeds from sales and maturities of investment securities		146,110,000	100,512,176	
Other		39,054	14,165,278	
Total	$	146,885,253	129,408,183	

(1) The FY2017 Principal from Program loans ($11,065,000) was not presented in the prior year report. This amount does agree to the FY 2017 Financial Statements for this fund.

(Continued)

Schedule 1

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
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Fiscal Schedules and Analysis Section

Comparative Schedule of Cash Receipts

Years ended June 30, 2018 and 2017

		2018	2017
HOME Program Fund:			
Cash received from:			
Interest from program loans	$	2,027,654	2,025,855
Principal from program loans		3,159,128	3,777,936
Other		151,174	167,775
		5,337,956	5,971,566
Interest on investments		57,993	15,455
Federal HOME funds		3,810,215	19,980,350
Total	$	9,206,164	25,967,371
Mortgage Loan Program Fund – Multifamily Revenue Bonds			
Cash received from:			
Interest from program loans	$	2,764,442	1,334,928
Principal from program loans		580,895	340,675
		3,345,337	1,675,603
Proceeds from sale of revenue bonds and notes		10,693,777	50,715,534
Interest on investments		128,208	24,278
Proceeds from sales and maturities of investment securities		18,294,850	32,196,035
Other		807,740	28,340,876
Total	$	33,269,912	112,952,326
IHDA Dispositions LLC:			
Cash received from:			
Receipts from operations	$	29,196	56,578
Total	$	29,196	56,578

(Continued)

Schedule 1

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
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Fiscal Schedules and Analysis Section

Comparative Schedule of Cash Receipts

Years ended June 30, 2018 and 2017

		2018	2017
Rental Housing Support Program Fund:			
Cash received from:			
Interest on investments	$	144,445	273,799
Grant from State of Illinois		20,408,614	31,021,586
Total	$	20,553,059	31,295,385
Mortgage Loan Program Fund – Multifamily Initiative Bonds:			
Cash received from:			
Interest from program loans	$	1,741,155	1,988,888
Principal from program loans		932,000	6,291,469
Receipts for credit enhancements		1,474,461	—
Other		7,880	1,437,213
		4,155,496	9,717,570
Interest on investments		30,097	25,504
Proceeds from sales and maturities of investment securities		9,134,000	13,689,200
Total	$	13,319,593	23,432,274
ARRA Fund:			
Cash received from:			
Interest from program loans	$	195,242	207,396
Principal from program loans		221,138	314,840
Total	$	416,380	522,236
Hardest Hit Fund:			
Cash received from:			
Principal from program loans	$	2,921,212	9,069,547
Borrower payments		375	253,670
		2,921,587	9,323,217
Interest on investments		665,774	228,641
Other		445,040	—
Federal grant funds		—	143,015,524
Total	$	4,032,401	152,567,382

(Continued)

Schedule 1

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
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Fiscal Schedules and Analysis Section

Comparative Schedule of Cash Receipts

Years ended June 30, 2018 and 2017

		2018	2017	
Build Illinois Bond Program Fund:				
Cash received from:				
Interest on investments	$	1,577,180	1,568,575	
Principal from program loans		253,862	1,163,000	(1)
Total	$	1,831,042	2,731,575	
Foreclosure Prevention Program Fund:				
Cash received from:				
Grant from State of Illinois	$	3,989,344	4,293,709	
Total	$	3,989,344	4,293,709	
Foreclosure Prevention Graduated Program Fund:				
Cash received from:				
Grant from State of Illinois	$	5,377,378	—	
Total	$	5,377,378	—	
Neighborhood Stabilization Program Fund:				
Cash received from:				
Federal grant funds	$	1,614,284	—	
Interest on investments		58,133	64,986	
Total	$	1,672,417	64,986	
Abandoned Property Program Fund:				
Cash received from:				
Grant from State of Illinois	$	8,722,712	9,775,516	
Total	$	8,722,712	9,775,516	
National Housing Trust Fund:				
Cash received from:				
Federal grant funds	$	845,519	—	
Total	$	845,519	—	
Section 811 Project Rental Assistance Demonstration Program Fund:				
Cash received from:				
Federal grant funds	$	234,337	312,247	
Total	$	234,337	312,247	

(1) The FY2017 Principal from Program loans ($1,163,000) was not presented in the prior year report. This amount does agree to the FY 2017 Financial Statements for this fund.

See accompanying independent accountants' report.

Schedule 2

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Fiscal Schedules and Analysis Section

Schedule of Changes in Authority Property

Year ended June 30, 2018

Description	Balance at June 30, 2017	Additions	Depreciation and amortization expense	Retirements	Balance at June 30, 2018
Real estate	$ 46,176,863	1,194,302	—	—	47,371,165
Accumulated depreciation – real estate	(21,313,962)		(1,074,848)	—	(22,388,810)
Furniture and equipment	85,837	23,275	—	—	109,112
Accumulated depreciation – furniture and equipment	(40,296)		(13,144)	—	(53,440)
Computer equipment	1,088,954	748,305	—	—	1,837,259
Accumulated depreciation – computer equipment	(556,687)		(207,002)	—	(763,689)
Computer software	3,057,685	273,164	—	—	3,330,849
Accumulated amortization – computer software	(2,340,024)		(326,085)	—	(2,666,109)
	$ 26,158,370	2,239,046	(1,621,079)	—	26,776,337

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

See accompanying independent accountants' report.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Fiscal Schedules and Analysis Section

Furniture, Equipment, and Leasehold Improvements

June 30, 2018

The Authority entered into a ten-year lease at 111 E. Wacker Drive in Chicago, Illinois, which commenced on November 6, 2016. The office lease provides for annual base rent of approximately $1,245,560 for fiscal year 2018, plus approximately $963,672 for the Authority's 6.5974% share of ownership taxes and operating expenses, which also are subject to adjustment, based on the actual costs incurred by the lessor. Base rent, ownership taxes and operating expenses totaling $180,692 per month are abated for the first ten months of the lease. Under this lease, total rent expense for fiscal year 2018 was $2,732,117.

Capital assets in the Administrative Fund consist of investments in furniture, fixtures, and equipment; computer hardware; computer software; and leasehold improvements and are defined by the Authority as assets with an initial, individual historical cost of $5,000 or more. Depreciation and amortization is on a straight-line basis over a period of five to ten years, depending upon the nature of the asset.

The Authority records depreciation against Lakeshore Plaza (ML-181) on a straight-line basis over forty years. At June 30, 2018, the net carrying value of ML-181 was $24,982,354 which is net of accumulated depreciation of $22,388,810. Depreciation expense for fiscal year 2018 was $1,074,848. Although the Authority does not regularly own and operate properties as part of its normal business operations for the benefit of furthering their affordable housing mission it is within their scope to do so. Since its acquisition ML-181 has continued to be owned and operated by the Authority as part of its business operations and therefore is reported as a capital asset. The Authority will continue to evaluate the operation of ML-181 and its impact on operations accordingly.

Capital assets for governmental activities at June 30, 2018, having a net carrying value of $69,032 are used in the Hardest Hit Fund (HHF). Depreciation and amortization for these items are recorded on a straight-line basis over three years and amounted to $38,116 during fiscal year 2018.

See accompanying independent accountants' report.

Schedule 4

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Fiscal Schedules and Analysis Section

Analysis of Significant Account Balances

June 30, 2018

At June 30, 2018, total net outstanding bonds and notes payable were approximately $16.8 million above the prior fiscal year-end. Issuance of the following bonds and notes (showing a balance outstanding at June 30, 2018) occurred during fiscal year 2018 (in millions):

Multifamily Revenue Bonds, 2017 Series B	$	10.6
Revenue Bonds, 2017 Series B		119.3
Administrative Fund Direct Bank Notes		0.6
Administrative Fund Federal Home Loan Bank Advances		28.5

The Authority redeemed $49.4 million of Mortgage Loan Program Fund Bonds, $74.7 million of Single Family Program Fund Bonds, and $599.3 million of Administrative Fund Direct Bank Loans and Federal Home Loan Bank Advances during the fiscal year 2018.

As of June 30, 2018, the Authority had the following debt outstanding (net of unamortized discount and premium, thereon):

	Number of outstanding issues		Balance June 30, 2018 (In millions)
Housing Bonds	14	$	226.2
Multifamily Initiative Bonds	9		136.1
Multifamily Revenue Bonds	3		60.5
Total Mortgage Loan Program Fund	26		422.8
Homeowner Mortgage Revenue Bonds	15		320.6
Housing Revenue Bonds	7		109.7
Revenue Bonds	3		242.9
Total Single Family Program Fund	25		673.2
Administrative Fund	10		68.4
Total Proprietary Funds	61	$	1,164.4

See accompanying independent accountants' report.

Schedule 5

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Fiscal Schedules and Analysis Section

Analysis of Administrative Costs

Year ended June 30, 2018

The Authority's administrative costs include the following employee benefits:

Description		2018	2017
Employee holiday/annual reception	$	4,625	7,300

See accompanying independent accountants' report.

Schedule 6

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Fiscal Schedules and Analysis Section

Description of Cash Accounts

June 30, 2018

The Authority's cash and cash equivalents for proprietary funds at June 30, 2018 were maintained in bank accounts, as follows:

Administrative Fund:		
The Northern Trust Company – HUD Section 8 Depository	$	42,022
Bank of America		10,012,890
Bank of New York		138,533,743
Chase Bank		8,606,255
Federal Home Loan Bank of Chicago		689,692
Total Administrative Fund		157,884,602
Mortgage Loan Program Fund:		
Housing Bonds:		
Bank of New York		146,010,659
Multifamily Initiative Bonds:		
Bank of New York		254,633
Multifamily Revenue Bonds:		
Bank of New York		14,269,645
Affordable Housing Program Trust Fund Bonds:		
Bank of New York		816,776
Total Mortgage Loan Program Fund		161,351,713
Single Family Program Fund:		
Homeowner Mortgage Revenue Bonds:		
Bank of New York		9,601,700
Housing Revenue Bonds:		
Bank of New York		1,601,143
Revenue Bonds:		
Bank of New York		6,663,753
Total Single Family Program Fund		17,866,596
Illinois Housing Authority, LLC:		
Prairie State Bank and Trust		1,569
Total Illinois Housing Authority, LLC		1,569
Total Proprietary Funds	$	337,104,480

See accompanying independent accountants' report.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Fiscal Schedules and Analysis Section

Description of Investments

June 30, 2018

The fair value of investments for the Authority's governmental and proprietary funds at June 30, 2018 is delineated by type, as follows:

		Fair value
United States Agency Obligations	$	968,622,541
United States Government Obligations		31,896,876
Certificates of Deposit		21,637,769
	$	1,022,157,186

See accompanying independent accountants' report.

Schedule 8

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Fiscal Schedules and Analysis Section

Affordable Housing Trust Fund

June 30, 2018

The Authority is the designated administrator of the Illinois Affordable Housing Program. The program is funded by the Illinois Affordable Housing Trust Fund with funds generated from the State real estate transfer tax collected by the Illinois Department of Revenue and held within the State Treasury. At June 30, 2018, total funds held were $29,350,305, which consisted of cash and cash equivalents held by the Authority escrow agent for pending disbursement of loans and grants.

See accompanying independent accountants’ report.

Schedule 9

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Fiscal Schedules and Analysis Section

Schedule of Federal and Nonfederal Expenses

Year ended June 30, 2018

		Amount	Percent
Federal expenditures (A)	$	91,019,964	28%
Nonfederal expenditures/expenses		231,468,739	72%
Total expenditures/expenses		322,488,703	100%
Plus amount representing loan loss offset by applied program income		7,438,414	
Total expenses (B)	$	329,927,117	

Source:

(A) Schedule of Expenditures of Federal Awards (excluding beginning loan balance)

(B) Statement of Activities for the year ended June 30, 2018

See accompanying independent accountants' report

Authority Functions and Planning Program

The Authority is a body politic and corporate of the State of Illinois (the "State") created pursuant to the Illinois Housing Development Act (20 ILCS 3805/) (the "Act"). The Authority is governed by a nine-member Board. Pursuant to the Act, the Board is to include a senior citizen age 60 or older, not more than three members from any one county in the State and not more than five members from any one political party. The Authority currently has two board member vacancies. Members serve four-year staggered terms and are appointed by the then-current Governor with the advice and consent of the Senate. Audra Hamernik is the current Executive Director of the Authority. In addition, the Authority employs a staff of approximately 294 persons, including persons who have experience and responsibilities in the areas of finance, accounting, mortgage loan underwriting, planning, housing development, market analysis, law, and housing marketing and management.

The Authority's primary mission it to create and preserve affordable housing throughout the State. This mission, along with other mandates and goals, is currently accomplished through several State and Federal programs.

The Authority's operations are financed by fees and charges paid by borrowers, interest income from investment securities, proceeds from the sale of mortgage-backed securities, and other administration fees. No State General Revenue Funds are received by the Authority for its operations, and no State tax dollars are provided directly to the Authority. A partial reimbursement of expenses related to the administration of the Illinois Affordable Housing Program, the Rental Housing Support Program, Abandoned Properties Program, and the Foreclosure Prevention Fund the funding of which is collected by the Illinois Department of Revenue and held within the State Treasury are from sources further described below.

The Mortgage Loan Program and The Affordable Housing Bond Program provides mortgage financing at rates lower than those available from commercial lenders for housing developments meeting Authority criteria. Through *The Homeowner Mortgage Purchase Program*, the Authority through a Master Servicer, purchases mortgage-backed securities with underlying mortgage loans on which it provides affordable rate financing from certain institutions which have made home purchase loans available to eligible borrowers (primarily, first time homebuyers).

Since fiscal year 2010, the Authority has moved away from its single family whole loans program to a program under which it purchases Federal Government guaranteed mortgage-backed securities with underlying single family whole loans originated by the Authority's participating lender network. Under the Authority's *Homeowner Mortgage Loan Program*, the Authority offers homebuyers two loans: a first mortgage and an optional Down Payment Assistance loan provided as a second mortgage. The first mortgage is a 30-year fixed rate amortizing loan and is insured either by FHA, USDA, VA or private mortgage insurance. Each first mortgage loan upon funding is securitized into Government National Mortgage Association (GNMA) certificates or Fannie Mae (FNMA) mortgage-backed securities. The Authority, depending upon market conditions, either permanently finances the mortgage-backed securities through the issuances of bonds, or sells the securities in the secondary mortgage market.

The Authority is the designated administrator of the *Illinois Affordable Housing Program*. The program is funded by the Illinois Affordable Housing Trust Fund, with funds derived from one-half of the State's real estate transfer tax collected by the Illinois Department of Revenue and held within the State Treasury. The funds are appropriated to the Illinois Department of Revenue by the General Assembly. In accordance with State statute, the Authority directs funds to make grants, low or no interest mortgages, or other loans, some with deferred repayment terms, to acquire, construct, rehabilitate, develop, operate, ensure, and retain affordable single-family and multi-family housing for low and very low income households.

The Authority is the administrator of the Rental Housing Support Program and awards funds to local administering agencies, which contract with local landlords to make rental units affordable to households who earn less than 30% of the area median income, with 50% of the assistance targeting households who earn less than 15% of the area median income. Under the Long Term Operating Support portion of the program, the Authority provides subsidies directly to the property owners. The program is funded by a surcharge for the recordation of any real estate-related document. The funds are appropriated to the Illinois Department of Revenue by the General Assembly.

The Authority is the administrator of the Build Illinois Bond Program which was funded by bond proceeds, allocated for affordable housing, from the Build Illinois Bond Fund. All funds have been allocated. The funds were appropriated to the Illinois Department of Revenue by the General Assembly. Under this program, the Authority made affordable housing grants, loans and investments for low-income families, individuals, senior citizens and persons with disabilities, and at-risk displaced veterans.

The Authority is the administrator of the Foreclosure Prevention Program (FPP) which is funded by a $50 filing fee the plaintiff pays each time a foreclosure complaint is filed. The funds are appropriated to the Illinois Department of Revenue by the General Assembly. Under this program, the Authority makes grants to HUD certified housing counseling agencies and community based organizations to support housing counseling and foreclosure prevention outreach. Statutory allocation is: 25% City of Chicago; 25% counseling agencies that provide for housing counseling located outside the City of Chicago; 25% community based organizations located outside the City of Chicago; 25% community based organizations located within the City of Chicago.

The Authority is the administrator of the Foreclosure Prevention Program Graduated Fund (FPPG) which is funded by an additional plaintiff-paid foreclosure filing fee. The program makes grants to HUD certified counseling agencies to support housing counseling. Statutory allocation is: 25% City of Chicago; 30% Cook County; 30% collar counties; and 15% other areas of the state.

The Authority is the administrator of the Abandoned Properties Program (APP), funded by an additional plaintiff-paid foreclosure filing fee. The program makes grants to municipalities and counties to secure, maintain, demolish, and/or rehabilitate abandoned rental properties under their jurisdictions. Statutory allocation is: 25% City of Chicago; 30% Cook County; 30% collar counties; and 15% other areas of the state.

The Authority, through federal grants provided through the National Foreclosure Mitigation Counseling Program (NFMC), also allocated grants to various partner agencies to fund free foreclosure counseling help for homeowners throughout Illinois. This program concluded June 30, 2017.

The Authority, through a national grant administered by NeighborWorks America provided through the Project Reinvest: Financial Capability Program (PRFC), is allocating grants to various partner agencies to fund free financial capability counseling/coaching for households throughout Illinois.

The Authority is the administrator of the helpline and housing counseling component of Cook County Mortgage Foreclosure Mediation Program which provides legal guidance to homeowners facing foreclosure through the

(Continued)

use of a mediator to facilitate discussions between the mortgage company and the borrower for an end solution. The contract for this program expires November 30, 2017.

The Authority was the administrator for the HUD-funded Neighborhood Stabilization Program (NSP) which provided grants and/or loans to municipalities and developers to rehabilitate abandoned or foreclosed properties in communities adversely affected by the foreclosure crisis. The originally allocated NSP funds have been 100% disbursed, though program income continues to be accrued and allocated.

The Land Bank Capacity Program ("Program") was created to assist downstate and southern Illinois communities with grant funds to help empower local and regional revitalization efforts by increasing land banking capacity. Funding is available to units of local government and regional councils for initial capital to fund startup costs of creating a land bank, operating costs, land acquisition, and other locally managed revitalization techniques. A sub-component of the Program is the Technical Assistance Network ("TA Network") to help build capacity and sustainability through responsible partnerships. The TA Network is responsible for increasing the development capacity of local communities and land banks. Funding is derived from the U.S. Department of Justice and the U.S. Department of Housing and Urban Development national foreclosure settlement secured by state attorneys general, including the Illinois Attorney General.

The Authority is the administrator for the Hardest Hit Fund (HHF) for funding appropriated to the State of Illinois by the United States Department of the Treasury (Treasury) to stabilize neighborhoods and provide targeted aid to families struggling with the effects of the economic and housing market downturn. Congress reauthorized HHF funding in the 2016 Consolidated Appropriations Act (P.L. 114-113). Four sub-programs exist under the Illinois Hardest Hit Fund program:

- The Homeowner Emergency Help Program (HELP2) assists borrowers who have experienced a 20% reduction in income through a qualifying hardship with up to $35,000 in assistance. Homeowners can qualify for reinstatement and/or mortgage payment assistance for up to 12 months or reverse mortgage assistance to reinstate delinquent property taxes, insurance and HOA dues and pay up to 24 months of future property expenses. The program will begin to wind down in calendar year 2019.
- The Home Preservation Program (known as "I-Refi") targets borrowers with negative equity offering up to $50,000 to buy down the mortgage and refinance the borrower into an affordable 30-year fixed-rate loan.
- The Blight Reduction Program (BRP) provides funding to Illinois units of local government and their nonprofit partners to complete acquisition, demolition, greening and eventual reuse of blighted residential properties.
- The 1st Home Illinois program uses HHF dollars to provide first-time homebuyers in targeted counties with $7,500 in down payment assistance. The number of participating counties reduced from ten to four as of December 31, 2018.

The Authority is the administrator of the Illinois Affordable Housing Tax Credit Program, which was designed to assist nonprofit organizations to solicit corporate and other donations for assisting with a variety of affordable housing projects, providing the donating entity with a 50% state income tax credit for every dollar donated. Rental housing development and homeownership assistance are both eligible.

The Authority is the State-level Tax Credit administrator for the Federal Low Income Housing Tax Credit Program (LIHTC), designed to encourage the production of affordable rental housing that primarily targets households earning less than 60% of the area median income, providing an income tax credit to qualifying investors of low-income housing. Project developers typically syndicate these credits up front at a discounted rate to raise cash equity to help finance developments. The limited partner tax credit investor pays a fee in exchange for dollar-for-dollar reduction in federal tax liability. The City of Chicago serves in the same capacity as a local tax credit administrator for its' allowed home rule proportional allotment of credits. The LIHTC program is governed by a Qualified Allocation Plan (QAP), most recently approved as a two-year QAP for calendar years 2018 and 2019.

The Authority was designated the program administrator for Section 1602 of the American Recovery and Reinvestment Act of 2009 (ARRA) for grants appropriated to the State of Illinois by the United States Department of the Treasury to finance construction or acquisition and rehabilitation of low-income rental housing in lieu of low-income housing tax credits. In addition, HUD made awards to the Authority under the Tax Credit Assistance Program (TCAP) to facilitate the development of projects that received or will receive funding in order to be completed and placed in service in accordance with the requirements of Section 42 of the Internal Revenue Code of 1986 and the regulations promulgated thereunder. These awards were then allocated to sub-grantees and the Authority is responsible for the monitoring and reporting of the use of these funds. These funds have been expended and the program is now expired. The originally allocated TCAP funds have been 100% disbursed, though program income continues to be accrued and allocated.

The Authority serves as the "participating jurisdiction" for the Federal HOME program. Since 1992, $516.9 million has been allocated to be administered by the Authority under the HOME provisions of the 1990 National Affordable Housing Act. As the participating jurisdiction, the Authority receives the funds directly from the Federal government. IHDA's HOME program is used primarily for rental housing development for 60% AMI households.

The Authority administers the Section 811 Project Rental Assistance Program funded through the U.S. Department of Housing and Urban Development. Section 811 is a project based rental assistance program for very low-income non-elderly persons with disabilities referred through a Statewide Referral Network created through intergovernmental agreement with the Illinois Department of Human Services, the Illinois Department of Healthcare and Family Services, and the Illinois Department on Aging. The Authority was awarded approximately $12 Million through a Federal Fiscal Year 2012 Notice of Funding Availability, and approximately $6 Million through the Federal Fiscal Year (FFY) 2013 Notice of Funding Availability.

The Authority is the statewide administrator of the National Housing Trust Fund (NHTF). Under this program, $4.3 million and $7.2 million for Federal fiscal years 2016 and 2017, respectively, have been allocated to be administered by the Authority. The NHTF was authorized as part of the Housing and Economic Recovery Act of 2008 and was established as a permanent federal program with its main funding being dedicated funding coming from Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac, which are not subject to the appropriations process. Due to receivership issues, funds were first collected by Federal Housing Finance Agency (FHFA)in 2015 and were made available in April 2016. HUD's Interim Rule requires that the NHTF Allocation Plan be inserted as a component of a state's 5-year Consolidated Plan, following the Consolidated Plan public participation requirements. Funding is targeted to Very Low-Income and Extremely Low-Income households with 90% of funds annually required to be used for rental housing.

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The Authority also created the Credit Advantage and Affordable Advantage Mortgage Programs to bring low-cost capital to the developers of affordable rental housing. These programs provide first lien construction or permanent mortgage loans on a taxable basis with maximum loan amounts of $10 million for the new construction, refinance or acquisition/rehabilitation of developments providing affordable rental housing.

Throughout the years, various pieces of State and Federal legislation have impacted the Section 8 Housing Program and bond issuances, and therefore, the Authority found it necessary to devise other types of credit enhancements to continue its ability to provide mortgage financing rates at lower than those of commercial lenders. As such, insurance and other surety protection was sought to ensure that the Authority is able to issue its bonds and notes at the lowest possible interest rates.

The Authority has entered into a Risk Sharing Agreement (Agreement) with HUD and through this program, HUD will insure certain mortgage loans on multi-family housing developments (Risk Sharing Loans). HUD has authorized the Authority to make an unlimited amount of loans for such developments. Under the Agreement, the Authority underwrites Risk Sharing Loans following its underwriting guidelines. HUD insures the Risk Sharing Loans and bears 10% to 90% of the loss, as elected by the Authority, in the event of a foreclosure. The Authority bears the remainder of the risk.

The Authority has entered into a financing agreement with the Federal Financing Bank (FFB), an arm of the United States Department of Treasury, for selling beneficial ownership interests in mortgage loans originated by housing finance agencies and insured under the FHA-HFA Risk Sharing Program. The Authority sells beneficial ownership interest in its mortgages under this program to FFB, which will be evidenced by certificates of participation from the Authority. The monthly mortgage payments from the borrower will be used to repay the interest to the FFB and principal payments will reflect the scheduled mortgage principal payments.

The Authority is generally able to make loans at rates lower than those of commercial lenders because interest on its qualified bonds and notes are tax-exempt (from both State and Federal taxes). Except for the Affordable Housing Bond Program, which receives funds to use in support of the Program Bonds, the interest rates charged by the Authority on loans are directly related to interest paid by the Authority on its bonds and notes. The Authority obtains favorable interest rates on its debt because the Authority has consistently received high Moody's, Standard & Poor's and Fitch ratings on such debt. The Authority's current Issuer Credit Ratings are A1 (Stable) by Moody's Investors Service, AA- (Stable) by Standard & Poor's and AA- (Stable) by Fitch Ratings. No bonds or notes of the Authority are debts of the State of Illinois.

With respect to certain outstanding debt, which as of June 30, 2018 comprised approximately 0% of the Authority's outstanding debt, in the event the Authority determines at any time that its monies are insufficient to pay principal of and interest on its bonds in the next State fiscal period, the Chairman of the Authority shall certify the deficiency to the Governor, who shall include the amount in the State budget. However, payment of any amounts by the State on behalf of the Authority is subject to appropriation by the General Assembly. Accordingly, the Illinois Housing Development Act does not create a legally enforceable obligation on the part of the State for the payment of such monies nor does it create a debt enforceable against the State.

Some developments financed by the Authority are eligible for the federal subsidies for interest and/or rents. In the past, the Authority obtained commitments for subsidies from the U.S. Department of Housing and Urban Development (HUD) and then solicited applications for loans from prospective developers. The Authority makes mortgage loan commitments after an extensive study of the feasibility of a development and the development's

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compliance with applicable federal, state, and local laws and rules and regulations. All commitments are authorized by the Members of the Authority.

Planning Program

In 2016, IHDA created a new Strategic Planning and Reporting (SPAR) department to consolidate the Authority's planning functions. The SPAR department is comprised of the former Office of Housing Coordination Services and Strategic Planning and Research departments as well as the former Compliance group which had been responsible for managing required reporting on fund balances and uses. The SPAR department works with virtually all of IHDA's departments to provide data services, planning, analysis, programmatic input, technical assistance and performance measurements that allow the Authority to better identify and accept those developments that achieve the Authority's goals of providing low and moderate economically integrated housing throughout the state, while at the same time maintaining the financial viability of the Authority. In addition to these functions, SPAR provides background research, analysis, and direct planning that allows IHDA to provide leadership throughout the state on a variety of planning fronts:

- Annual Comprehensive Housing Planning - Executive Order 2003-18, issued in September of 2003, called for the creation of a State Annual Comprehensive Housing Plan to be created by a Governor appointed Housing Task Force, of which the Authority's Executive Director was designated as Chair. The first plan was issued in January 2005, with annual plans published in each subsequent year, as well as annual progress reports. In June 2006, the General Assembly codified the Governor's Executive Order into law with the passage of the Comprehensive Housing Planning Act, which extended the Housing Task Force and its successful planning efforts until 2017. It was amended in 2017 to extend through 2026. IHDA's SPAR-Office of Housing Coordination Services (OHCS) serves as staff for the Housing Task Force and is responsible for the overall coordination of the development of the Authority's annual federal and State-required housing plans and progress reports.

- Consolidated Plan and Related Documents - The HUD-required Consolidated Plan outlines the State's strategy for housing and community development activities, and the Annual Action Plan which serves as the State's application for federal funding (HOME and (national) HTF). The Office also coordinates housing programs and services between State agencies and maintains a statewide information clearinghouse on available affordable housing programs and services and staffs a statewide OHCS advisory Committee.

- Community Revitalization Planning – SPAR provides direct Technical Assistance throughout the state to communities looking to integrate affordable housing with job creation, education, medical provision and other community-based activities. These State and local partnerships are incentivized through points in the LIHTC Qualified Allocation Plan, providing a competitive advantage to projects located in areas where community revitalization planning exists.

- Affordable Housing Planning and Appeal Act (AHPAA) – SPAR also administers the AHPAA, a State-authorized planning program to incentivize municipalities with minimal affordable housing (less than 10% of its housing stock) to develop affordable housing plans and encourage related development. Developers may file appeals of local (municipal or county) decisions that deny or overly restrict

(Continued)

affordable housing projects to the State Housing Appeals Board, a Governor-appointed body that is also staffed by IHDA.

The Authority also utilizes internal planning primarily through its annual budgeting process, in which Authority's goals for the ensuing fiscal year are established and departmental goals and expense budgets are developed in support of the established Authority goals. In developing the goals and the departmental support level to achieve them, consideration is given to the availability of staff and other resources. To effectively measure achievement of the goals and objectives, the Authority monitors on an ongoing basis the units of housing produced through its programs. The Authority's plans are geared to its authorizing legislation, the needs of Illinois citizens and goals as identified in the Annual Comprehensive Housing Plan. The Authority's programs are being implemented as planned in coordination with the goals and objectives of other governmental entities providing similar services.

(Continued)

Analysis of Significant Account Balances

Cash and investments of the Authority's proprietary funds increased $63.7 million from June 30, 2017 to $1,319 million at June 30, 2018. This increase is primarily a net result of the following factors:

(a) Cash receipts from interest, service fees, and principal on program loans exceeded interest paid on revenue bonds and notes by $114.1 million.

(b) Proceeds from the sale of revenue bonds and notes exceeded principal repayments of debt by $16.8 million.

(c) Interest received on investments and transfers in (net) totaled $24.9 million.

(d) Other receipts totaled $25.5 million.

(e) Payments to suppliers and employees totaled $33.5 million.

(f) Payments for loan originations and grants totaled $45.5 million.

(g) Payment for bank note cash collateral $21.0 million.

Net program loans receivable of the Authority's proprietary funds decreased approximately $62.7 million during fiscal year 2018, consisting of decreases in the Authority's Single Family Program Fund ($30.4 million) and Mortgage Loan Program Fund ($16.2 million) and Administrative Fund ($16.1 million). The decrease in program loans receivable in the Single Family Program Fund was due to Illinois whole loans being packaged into GNMA certificates and FNMA mortgage-backed securities.

Net position of the Authority's governmental activities decreased $122.6 million from the June 30, 2018 balance primarily from decreases in the Hardest Hit Fund (HHF) Program ($115.1 million), Federal HOME Program Fund ($12.2 million), offset by increases in the Nonmajor Governmental Funds ($4.7 million). No net position of the Authority's other two governmental activities are recorded on the Authority's financial statements. The equity of the Illinois Affordable Housing Trust Fund is recorded as due to the State of Illinois. All revenues of the Rental Housing Support Program (RHSP) Fund are ultimately disbursed as grant or administrative expenses, and therefore no net position is recorded on the Authority's financial statements.

Total net program loans receivable (current and noncurrent), decreased by $29.1 million, or 4.4%, to $627.6 million, attributable to decreases in the Federal HOME Program Fund ($13.8 million), the Illinois Affordable Housing Trust Fund ($14.4 million) and the HHF Program ($1.8 million), offset by increases in Non-Major Funds ($0.9 million). Cash and investments decreased by $83.7 million, or 35.3%, attributable to decreases in the HHF Program ($116.8 million), offset by increases in the Illinois Affordable Housing Trust Fund ($15.4 million), the Rental Housing Support Program Fund ($12.0 million), Nonmajor Governmental Funds ($4.3 million) and HOME Program Fund ($1.4 million). State statute and federal regulations restrict the use of the governmental funds to program activities.

Bank note cash collateral decreased $21.0 million in fiscal year 2018 due to the deposit of funds which are expected to repay the purchaser of short-term tax-exempt construction loan notes upon their maturity.

A portion of the Authority's Administrative Funds Unrestricted Net Position has been designated by resolution. Net Position designated by resolution of the Authority ($205 million) increased from the amount designated as of June 30, 2017. The Members of the Authority have designated $100 million to purchase homeownership mortgage loans and/or mortgage-backed securities under the Homeownership Mortgage Loan Program which will eventually be purchased with proceeds from future issuances of Authority debt or sold in the secondary market, $50 million to finance Multi-Family loans originated under the Mortgage Loan Program, $30 million to provide funds to support single family homeownership in the State of Illinois through second lien position loans and/or grants, $5 million to pay possible losses arising in the Homeownership Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans, $5 million to pay possible losses arising in the Multi-Family Bond Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans, and $15 million to pay expenses for planned technology program enhancements.

Analysis of Significant Variations in Revenue and Significant Variations in Expenditures/Expense

Proprietary Funds

Interest earned on program loans decreased by $2.0 million, or 6.2% mainly due to the prepayment of mortgage loans. Decreases mainly occurred within the Authority's Mortgage Loan Program Fund ($1.1 million) and Single Family Program Fund ($1.7 million). Investment income decreased $3.5 million or 8.6% mainly from a decrease in the Single Family Program Fund ($3.7 million) due to decreased fair market value of investments, a decrease in the Administrative Fund ($1.4 million), partially offset by an increase in the Mortgage Loan Program Fund ($1.7 million). Other revenues decreased $4.3 million, or (19.9%).

Interest expense decreased $0.3 million, or 0.9% primarily from a decrease within the Mortgage Loan Program Fund ($1.7 million) due to lower outstanding debt, offset by an increase in the Single Family Program Fund ($1.3 million) and an increase in the Admin Fund ($0.7 million).

Operating expenses, other than interest expense and federal assistance programs, increased approximately $3.1 million. The major components of the change were:

a. A $1.1 million (6.0%) increase in salaries and benefits primarily due to increased employee head count and compensation levels. The average number of full-time equivalent employees for fiscal years 2015 through 2018 is listed in the Analysis of Operations-Average Number of Employees section of this report.

b. A $0.8 million (8.6%) decrease in general and administrative is mainly due to lower Development Escrow payments in the current year.

c. A $2.2 million (37.1%) decrease in financing costs due to decreased debt activity.

d. A $3.2 million (232.3%) increase in provision for estimated losses on program loans receivable.

e. A $1.3 million (58.3%) decrease in provision for estimated losses on real estate held for sale.

f. A $0.4 million (98%) decrease in program grant expenses due to lower program funding.

Governmental Activities

Total revenues of the Authority's governmental activities decreased $169.5 million from the prior year due to decreases in the HOME Program Fund ($16.1 million), Rental Housing Support Program Fund ($10.7 million) and HHF ($142.4 million).

Total expenditures of the Authority's governmental activities increased $61.2 million from the prior year, due to increases in the HHF ($39.9 million), Illinois Affordable Housing Trust Fund ($4.4 million), HOME Program Fund ($16.1 million), and Nonmajor Governmental Funds ($11.6 million) offset by decreases in the Rental Housing Support Program Fund ($10.7 million)

Average Number of Employees

	2018	2017	2016	2015
Financial and computer services	50	44	40	41
Human resources, administration, and legal	41	36	37	41
Director's office and housing programs	203	198	161	158
Total	294	278	238	240

Emergency Purchases

One emergency purchase was made during fiscal year 2018 totaling $800,000 in order to update two Storage Arrays that were no longer capable of supporting the needs of the Authority.

Summary Production Data

Unit production for fiscal year 2018 was 10,168 units, and total production since Authority inception was 304,492 units.

Approximately 80% of the Authority's production since inception has been to households with 80% or below of the area median income.

Service Efforts and Accomplishments

The Authority has included key statistical and programmatic data to reflect its service efforts and accomplishments and activity measures.

(Continued)

The data presented in the first table (Multi-Family and Single Family Production – Activities Closed or placed into Service) represents initially closed multi-family loans, purchased single family Mortgage Revenue Bond (MRB) loans, issued Mortgage Credit Certificates (MCC), and low-income housing tax credits (LIHTC) units which have been placed in service since the inception of the programs. The multi-family data includes projects that received permanent, construction, or conduit financing, as well as projects where the Authority provides only contract administration. This data does not include multi-family or single family loans that are currently "in process" or multi-family developments recently allocated in the case of Tax Credits.

The data presented in the second table (Unit Production by Percent of Area Median Income (AMI)) provides a breakdown of unit production by targeted AMI since the inception of the programs.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the State of Illinois)

Analysis of Operations Section (Unaudited)

Service Efforts and Accomplishments

Multi-Family and Single Family Production – Activities Closed or Placed into Service Since Inception

June 30, 2018

(Unaudited)

	Active		No longer active (3)		Total	
Portfolio	**Developments**	**Units**	**Developments**	**Units**	**Developments**	**Units**
Multi-family Programs	1,567	123,601	416	25,250	1,983	148,851
Single Family Programs (1)	456	4,789	971	24,576	1,427	29,365
Technical Assistance	2	—	69	1,513	71	1,513
MCC & MRB (2)	—	124,763	—	—	—	124,763
Totals	2,025	253,153	1,456	51,339	3,481	304,492

(1) Includes HOME, Housing Trust Fund, and State Housing Tax Credit programs

(2) MCC = Mortgage Credit Certificate; MRB = Mortgage Revenue Bond

(3) No longer being monitored for either loan servicing or housing program participation

See accompanying independent accountants' report.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the State of Illinois)

Analysis of Operations Section (Unaudited)

Service Efforts and Accomplishments

Unit Production by Percent of Area Median Income Since Inception

June 30, 2018

(Unaudited)

Percent of Area Median Income	Multi-family and single family programs	MCC & MRB (1) (2)	Total
Less than 30%	8,280	2,074	10,354
31%–50%	59,454	19,565	79,019
51%–80%	95,795	54,428	150,223
81%–100%	—	28,864	28,864
101%–120%	557	14,007	14,564
Greater than 121% or Market	15,643	5,825	21,468
Totals	179,729	124,763	304,492

(1) MCC = Mortgage Credit Certificate; MRB = Mortgage Revenue Bond

(2) HUD income limits were used as the standard. Due to the inconsistency between IRS income limits and HUD income limits, the data for the MCC and MRB portions are close approximations.

See accompanying independent accountants' report.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the State of Illinois)

Analysis of Operations Section (Unaudited)

Service Efforts and Accomplishments

Unit Production by Economic Development Region Since Inception

June 30, 2018

(Unaudited)

	Programs				
Region (1)	**Multi-Family**	**Single Family**	**Technical Assistance**	**MCC & MRB (2)**	**Total Developments**
Central	7,414	1,164	—	8,234	16,812
East Central	3,722	591	—	4,741	9,054
North Central	7,240	2,203	—	11,478	20,921
Northeast	96,493	6,629	13	67,748	170,883
Northern Stateline	4,219	831	—	9,482	14,532
Northwest	7,667	2,419	—	6,113	16,199
Southeastern	2,248	893	—	1,996	5,137
Southern	3,417	4,839	—	2,994	11,250
Southwestern	5,008	3,426	—	8,983	17,417
West Central	2,577	1,349	—	2,994	6,920
Statewide (3)	8,846	5,021	1,500	—	15,367
Total	148,851	29,365	1,513	124,763	304,492

(1) Counties included in each region are as follows:
- Central – Cass, Christian, Greene, Logan, Macon, Menard, Montgomery, Morgan, Moultrie, Sangamon, Scott, and Shelby (Metro areas Decatur and Springfield)
- East Central – Champaign, Douglas. Ford, Iroquois, Platt, and Vermilion (Metro area Champaign)
- North Central – Dewitt, Fulton, Livingston, Marshall, Mason, Mclean, Peoria, Seark, Tazewell, and Woodford (Metro areas Bloomington Normal and Peoria)
- Northeast – Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, and Will (Metro areas Chicago, DeKalb, and Kankakee)
- Northern Stateline – Boone, Ogle, Stephenson, and Winnebago (Metro area Rockford)
- Northwest – Bureau, Carroll, Henry, Jo Daviess, La Salle, Lee, Mercer, Rock Island, Putnam, and Whiteside (Metro area Rock Island)
- Southeastern – Clark, Clay, Coles, Crawford, Cumberland, Edgar, Effingham, Fayette, Jasper Lawrence, Marion, and Richland
- Southern – Alexander, Edwards, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jefferson, Johnson, Massac. Perry, Pope, Pulaski, Saline Union, Wabash, Wayne, White, and Williamson
- Southwestern – Bond, Calhoun, Clinton, Jersey, Madison, Macoupin, Monroe, Randolph, St. Clair, and Washington (Metro area East St. Louis)
- West Central – Adams, Brown, Hancock, Henderson, Knox, McDonough, Pike, Schuyler, and Warren

(2) MCC = Mortgage Credit Certificate; MRB = Mortgage Revenue Bond

(3) The Statewide category represents Multi-Family and Single-Family projects and deals that cross counties.

See accompanying independent accountants' report.