



STATE OF ILLINOIS  
**OFFICE OF THE  
AUDITOR GENERAL**

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**ILLINOIS HOUSING DEVELOPMENT AUTHORITY**

**Financial Audit  
For the Year Ended: June 30, 2012**

**Release Date: December 20, 2012**

**Summary of Findings:**

<b>Total this audit:</b>	<b>1</b>
<b>Total last audit:</b>	<b>3</b>
<b>Repeated from last audit:</b>	<b>1</b>

**SYNOPSIS**

- The Authority has loan balances in the multi-family program recorded in their financial statements that should be removed due to the loans being uncollectible.

{Expenditures and Activity Measures are summarized on the reverse page.}

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY**  
**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2012**

<b>FINANCIAL POSITION - ALL FUNDS</b>	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Cash and investments - unrestricted.....	\$483,911,430	\$339,891,424
Investments - restricted.....	575,082,700	673,409,055
Net Program loans receivable.....	1,696,825,157	1,780,356,100
Other.....	<u>169,333,175</u>	<u>65,651,848</u>
<b>Total.....</b>	<b><u>\$2,925,152,462</u></b>	<b><u>\$2,859,308,427</u></b>
<b>Liabilities</b>		
Bonds and Notes Payable.....	\$ 1,511,422,132	\$ 1,568,483,395
Due to State of Illinois.....	322,891,160	327,833,480
Deposits held in escrow.....	174,905,975	170,253,228
Other.....	<u>83,207,538</u>	<u>80,538,097</u>
<b>Total.....</b>	<b><u>\$ 2,092,426,805</u></b>	<b><u>\$ 2,147,108,200</u></b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt...	\$ (6,463,984)	\$ (7,447,601)
Restricted.....	737,108,179	633,834,306
Unrestricted.....	<u>102,081,462</u>	<u>85,813,522</u>
<b>Total.....</b>	<b><u>\$ 832,725,657</u></b>	<b><u>\$ 712,200,227</u></b>

<b>ADMINISTRATIVE FUND OPERATIONS</b>	<b>2012</b>	<b>2011</b>
<b>Revenues</b>		
Service Fees.....	\$13,989,518	\$10,527,381
Interest and investment income.....	8,765,313	4,333,723
Federal assistance programs.....	136,700,053	135,940,122
Other.....	<u>14,576,007</u>	<u>10,415,066</u>
<b>Total.....</b>	<b><u>\$174,030,891</u></b>	<b><u>\$161,216,292</u></b>
<b>Expenses</b>		
Salaries and benefits.....	\$13,511,041	\$15,293,308
Professional fees.....	513,693	888,383
Other general and administrative.....	2,723,810	2,553,160
Transfers, net.....	869,334	496,057
Financing Costs.....	306,553	300,474
Federal assistance programs.....	136,700,053	135,940,122
Provision for est. loss on loan receivable.....	2,807,812	(692,550)
Other.....	<u>1,731,744</u>	<u>145,844</u>
<b>Total.....</b>	<b><u>\$159,164,040</u></b>	<b><u>\$154,924,798</u></b>
<b>Change in net assets.....</b>	<b>\$14,866,851</b>	<b>\$6,291,494</b>

**AGENCY DIRECTOR**

During Engagement and Current: Mary Kenney

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**LOAN RECEIVABLE ALLOWANCE FOR LOAN LOSS  
BALANCES OVERSTATED**

The Illinois Housing Development Authority (Authority) has loan balances in the multi-family program recorded in their financial statements that should be removed due to the loans being uncollectible.

**\$7.4 million allowance for loan loss estimate**

During our audit of the Authority's allowance for loan loss estimate, we noted 36 loans totaling approximately \$7.4 million were recorded on the Authority's financial statements for which a 100% allowance reserve was recorded. The Authority anticipates that most of these loans will ultimately be written off. (Finding 1, Page 71) **This finding was first reported in 2008.**

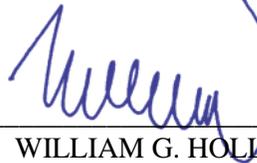
We recommended that the Authority work with the Attorney General's Office to get approval to write-off the uncollectible loan balances.

**Authority agrees with the auditors**

Authority officials concurred with the recommendation and stated that they have instituted regular meetings between staff in the Legal, Accounting, Loan & Portfolio Management and Multifamily departments to collaboratively review the documents required for a write-off request submission to the Attorney General's Office. Authority management believes this additional level of monitoring will assist the Authority in attaining a higher rate of approval on first time submission requests. (For the previous Authority response, see Digest footnote #1.)

**AUDITORS' OPINION**

Our auditors state the June 30, 2012 financial statements of the Illinois Housing Development Authority are presented fairly in all material respects.



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WILLIAM G. HOLLAND  
Auditor General

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**SPECIAL ASSISTANT AUDITORS**

McGladrey LLP were our Special Assistant Auditors for this engagement.

**DIGEST FOOTNOTES**

**#1 –Loan Receivable Balance and Allowance for Loan Loss Balance  
Overstated – Previous Authority Response**

The Authority concurs with the recommendation and continues to work with the Attorney General's Office to acquire timely approvals of submitted loan writeoff requests. The Authority has established contact with the Chief Litigation Officer responsible for approving such requests and continues to work with the office to provide additional information if requested in order for approval to be granted for writeoff of uncollectible amounts. Based on the timelines provided to us by the Attorney General's office for reviewing and approving such requests the Authority believes that the process for approval will prove to be more efficient so that uncollectible loan balances can be written off in a timely manner.