KPMG

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Financial Statements

June 30, 2015

(With Independent Auditors' Report Thereon)

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

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

Table of Contents

	Page(s)
Agency Officials	1
Financial Statement Report:	
Summary	2
Independent Auditors' Report	3–5
Management's Discussion and Analysis (Unaudited)	6–16
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	17–18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Statement of Net Position – Proprietary Funds	22–23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25–26
Notes to Financial Statements	27-67
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69
Mortgage Loan Program Fund:	
Combining Schedule of Net Position	70
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	71
Combining Schedule of Cash Flows	72
Single Family Program Fund:	
Combining Schedule of Net Position	73
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	74
Combining Schedule of Cash Flows	75
IHDA Dispositions LLC:	
Combining Schedule of Net Position	76
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	77
Combining Schedule of Cash Flows	78

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

Table of Contents

	Page(s)
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*	79–80
Schedule of Findings and Responses	81–89
Prior Year Findings not Repeated	90

The single audit report will be issued under separate cover.

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

Agency Officials

Acting Executive Director (9/18/15 - Present)	Bryan E. Zises
Executive Director (3/28/11 - 9/18/15)	Mary R. Kenney
Assistant Executive Director/Chief of Staff	Bryan E. Zises
General Counsel	Maureen G. Ohle
Chief Financial Officer	Nandini Natarajan
Controller	Michele Williams

Agency Officials are located at:

401 North Michigan Avenue, Suite 700
Chicago, Illinois 60611

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

Financial Statement Report

Summary

The audit of the accompanying financial statements of the Illinois Housing Development Authority (A Component Unit of the State of Illinois) was performed by KPMG LLP.

Based on their audit, the auditors expressed unmodified opinions on the Authority's basic financial statements.

Summary of Findings

The auditors identified matters involving the Authority's internal control over financial reporting that they considered to be material weaknesses and significant deficiencies. The material weaknesses are described in the accompanying schedule of findings and responses listed in the table of contents as findings 2015-001 (Inaccurate Financial Reporting) and 2015-002 (Inadequate Allowance for Loan Loss Methodology and Loan Rating Review Process). The significant deficiency is described in the accompanying schedule of findings and responses listed in the table of contents as finding 2015-003 (Duplicate Vendors in the Accounts Payable Master Vendor File).

Exit Conference

On December 2, 2015, the Illinois Housing Development Authority waived the exit conference relating to the audit of the June 30, 2015 financial statements.

The responses to the recommendations were provided in correspondence from Michele Williams, Controller, on December 7, 2015 and December 16, 2015.

KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

The Honorable William G. Holland
Auditor General of the State of Illinois
and
The Board of Directors
Illinois Housing Development Authority:

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General of the State of Illinois, we have audited the accompanying 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, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Housing Development Authority, a component unit of the State of Illinois, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Authority's June 30, 2014 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated November 26, 2014. In our opinion, the summarized comparative information presented within note 8 to the financial statements as of June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 6 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information on pages 68 through 78 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary 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. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Chicago, Illinois
December 16, 2015

This Section of the Illinois Housing Development Authority's (the Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- Net position of the Authority decreased $0.7 million, to $982.1 million as of June 30, 2015, from an increase in the Authority's business-type activities ($38.3 million), partially offset by a decrease in governmental activities ($39.0 million).
- The increase in net position, after transfers, of the Authority's business-type activities increased $9.1 million from the prior year primarily due to lower interest expense ($11.5 million), lower other general and administrative ($2.4 million), decreased provision for estimated losses on program loans ($5.3 million), increases in investment income ($5.2 million) and other income ($0.8 million), partially offset by lower interest earned on program loans ($4.8 million), lower federal assistance programs ($3.6 million), increased provision for estimated losses on real estate held for sale ($6.4 million) and an increase in professional fees ($1.9 million).
- Authority debt issuances during fiscal year 2015 totaled $179.7 million. The Authority's debt outstanding (net of discounts and premiums) of $1,084.0 million as of June 30, 2015 was $198.1 million below the amount outstanding as of June 30, 2014.
- The Authority issued one new series of tax-exempt Housing Bonds totaling $30.7 million and two series of taxable Housing Bonds totaling $35.9 million to economically refund prior series of Authority bonds.
- The Authority issued three new series of tax-exempt Homeowner Mortgage Revenue Bonds totaling $76.2 million and three new series of taxable Homeowner Mortgage Revenue Bonds totaling $35.1 million to economically refund prior series of Authority bonds and to provide proceeds in support of loan originations in its homeownership program.
- Loan originations for the year totaled $33.1 million and $4.3 million in the Authority's governmental and business-type activities, respectively, compared to fiscal year 2014 loan originations of $21.4 million and $89.8 million, respectively.
- The Authority launched the Welcome Home Illinois program in April 2014 to stimulate activity among first-time homebuyers. The program offered qualified borrowers attractive down payment assistance loans, a below-market interest rate for a 30-year fixed-rate mortgage and a lower credit score requirement. During fiscal year 2015, the Authority funded 9,528 first mortgage loans in the program totaling $1,112.1 million.
- During fiscal year 2015 the Authority has continued to address foreclosure issues throughout the State of Illinois (the State) through ongoing implementation of the Hardest Hit Fund (HHF) Program. Under the Hardest Hit Fund, the Authority approved and disbursed $43.6 million in direct mortgage payment assistance that helped 5,824 households avoid foreclosure on their homes. Additionally, the Authority used $5.4 million to facilitate the modification of 146 mortgages under the HHF Home Preservation Program and committed $5.4 million to Illinois units of government to stabilize neighborhoods through the demolition, greening and

redevelopment of vacant residential properties. The Authority further expanded its efforts through the launching of a statewide resource, the Illinois Foreclosure Prevention Network (IFPN). The referral resource provided homeowners with a central location to receive information on foreclosure prevention efforts that produced 34,643 web site hits; 20,391 hotline calls; 567 attendees at events; and 31,689 housing counseling referrals.

Overview of the Financial Statements

The financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the Authority:

- The first two statements are government-wide financial statements that provide information about the Authority's overall financial position and operations. These statements, which are presented on the accrual basis, consist of the statement of net position and the statement of activities.
- The remaining statements are fund financial statements of the Authority's eleven governmental funds, for which activities are funded from State appropriation (grants), U.S. Department of Housing & Urban Development (HUD) and U.S. Treasury Programs, and which the Authority follows the modified accrual basis of accounting, and four proprietary funds, which operate similar to business activities and for which the Authority follows the accrual basis of accounting.
- The basic financial statements also include notes to the financial statements that explain some of the information in the government-wide and fund financial statements and provide more detailed data.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of these statements. The prior year results referred to throughout this section for comparison purposes are as previously reported.

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. Most of the Authority's activities are business-type and are reported in its proprietary funds.

The fund financial statements provide more detailed information about the Authority's most significant funds and not the Authority as a whole. The Authority has two kinds of funds:

- Governmental funds – The Authority has eleven governmental funds. The Authority is the administrator of these funds, the revenues of which are appropriated annually to the Illinois Department of Revenue except for revenues received directly from HUD and the U.S. Treasury for the purpose of making housing grants and loans. These fund statements focus on how cash and other financial assets flowing into the funds have been used. Revenues converted to long-term loans comprise a substantial portion of the funds' fund balance.

(Continued)

- Proprietary funds – The Authority's primary activities are in its four enterprise funds, which activities are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuances of bonds, both tax-exempt and taxable, the proceeds of which are primarily used to make various types of loans to finance low and moderate-income housing. Funding from IHDA Dispositions LLC (the LLC) is primarily rental incomes collected by the property until such time as disposition occurs. The net position of these funds represents accumulated earnings since their inception and is generally restricted for program purposes.

(Continued)

Financial Analysis of the Authority as a Whole

Net Position

The combined net position of the Authority decreased by $0.7 million, or -0.1% from the June 30, 2014 amount. The following table shows a summary of changes from prior year amounts.

Net Position
(In millions of dollars)

	Governmental activities		Business-type activities		Total		Increase/(Decrease)	
	2015	2014	2015	2014	2015	2014	Amount	Percentage
Current assets:								
Cash and investments – unrestricted	$ 173.3	235.1	590.6	500.3	763.9	735.4	28.5	3.9%
Program loans receivable	22.3	15.8	51.2	51.7	73.5	67.5	6.0	8.9%
Other current assets	(1.0)	17.3	10.2	16.3	9.2	33.6	(24.4)	-72.6%
Total current assets	194.6	268.2	652.0	568.3	846.6	836.5	10.1	1.2%
Investments – restricted	—	—	306.2	419.6	306.2	419.6	(113.4)	-27.0%
Net program loans receivable	635.2	612.0	737.6	850.7	1,372.8	1,462.7	(89.9)	-6.1%
Capital assets, net	0.1	0.2	25.3	25.5	25.4	25.7	(0.3)	-1.2%
Other assets	0.1	—	116.0	127.2	116.1	127.2	(11.1)	-8.7%
Total noncurrent assets	635.4	612.2	1,185.1	1,423.0	1,820.5	2,035.2	(214.7)	-10.5%
Total assets	830.0	880.4	1,837.1	1,991.3	2,667.1	2,871.7	(204.6)	-7.1%
Deferred outflow of resources:								
Accumulated decrease in fair value of hedge derivatives	—	—	1.6	2.1	1.6	2.1	(0.5)	-23.8%
Unamortized loss on bond refunding	—	—	1.4	2.4	1.4	2.4	(1.0)	-41.7%
Total deferred outflow of resources	—	—	3.0	4.5	3.0	4.5	(1.5)	-33.3%
Current liabilities:								
Due to grantees	45.3	53.6	—	—	45.3	53.6	(8.3)	-15.5%
Due to State of Illinois	43.1	46.4	—	—	43.1	46.4	(3.3)	-7.1%
Bonds and notes payable	—	—	30.2	39.0	30.2	39.0	(8.8)	-22.6%
Deposits held in escrow	—	—	150.2	156.7	150.2	156.7	(6.5)	-4.1%
Other current liabilities	1.0	2.5	29.0	46.2	30.0	48.7	(18.7)	-38.4%
Total current liabilities	89.4	102.5	209.4	241.9	298.8	344.4	(45.6)	-13.2%
Noncurrent liabilities:								
Due to State of Illinois	305.1	303.4	—	—	305.1	303.4	1.7	0.6%
Bonds and notes payable	—	—	1,053.8	1,243.1	1,053.8	1,243.1	(189.3)	-15.2%
Other liabilities	—	—	10.0	2.1	10.0	2.1	7.9	376.2%
Total noncurrent liabilities	305.1	303.4	1,063.8	1,245.2	1,368.9	1,548.6	(179.7)	-11.6%
Total liabilities	$ 394.5	405.9	1,273.2	1,487.1	1,667.7	1,893.0	(225.3)	-11.9%

Net Position

(In millions of dollars)

		Governmental activities		Business-type activities		Total		Increase/(Decrease)	
		2015	2014	2015	2014	2015	2014	Amount	Percentage
Deferred inflow of resources:									
Accumulated increase in fair value of hedging derivatives	$	—	—	—	—	—	—	—	0.0%
Unamortized gain on bond refunding		—	—	0.2	0.4	0.2	0.4	(0.2)	-50.0%
Unearned revenue		—	—	20.1	—	20.1	—	20.1	0.0%
Total deferred inflows of resources		—	—	20.3	0.4	20.3	0.4	19.9	4975.0%
Net position:									
Net investment in capital assets		0.1	0.2	(3.8)	(5.3)	(3.7)	(5.1)	1.4	27.5%
Restricted		435.4	474.3	393.9	369.9	829.3	844.2	(14.9)	-1.8%
Unrestricted		—	—	156.5	143.7	156.5	143.7	12.8	8.9%
Total net position	$	435.5	474.5	546.6	508.3	982.1	982.8	(0.7)	-0.1%

Governmental Activities

Net position of the Authority's governmental activities decreased $39.0 million, or 8.2%, to $435.5 million, mainly from decreases of grant receipts in the Build Illinois Bond (BIB) Program Fund and Nonmajor Governmental Funds, partially offset by increases in the Federal HOME Program Fund due to the conversion of grant revenues to program loans receivable. 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 (Housing Program) is recorded as due to the State of Illinois. All revenues of the Rental Housing Support Program Fund are ultimately disbursed as grant or administrative expenses, and therefore no net position is recorded on the Authority's financial statements.

Total program loans receivable (current and noncurrent), increased by $29.7 million, or 4.7%, to $657.5 million primarily attributable to the Federal HOME Program ($13.8 million) and the Illinois Affordable Housing Trust Fund ($3.4 million). Cash and investments decreased by $61.8 million, or 26.3% primarily attributable to the Build Illinois Bond (BIB) Program Fund ($42.9 million) and the Federal Hardest Hit Fund (HHF) Program ($19.4 million). State statute and federal regulations restrict the use of the governmental funds to program activities.

Due to the State of Illinois (current and noncurrent) decreased $1.5 million. This item reflects a liability for the State of Illinois' interest in the equity of the Housing Program as the Authority acts only as the administrator of the Housing Program and accounts for the interest in the equity to be that of the State of Illinois.

(Continued)

Business-type Activities

Net position of the Authority’s business-type activities increased $38.3 million, to $546.6 million consisting of an increase in net position before transfers and gains of $32.8 million, capital contributions of $0.3 million, and the annual transfer of $5.2 million from the Illinois Affordable Housing Trust Fund. Program loans receivable (current and noncurrent) decreased $113.6 million, or 12.6%, to $788.8 million from decreases in the Authority’s Administrative Fund ($17.5 million) and Mortgage Loan Program Fund ($45.0 million) due to loan repayments and decreases in the Single Family Program Fund ($51.1 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 (MBS).

Cash and investments (current and noncurrent) decreased $23.1 million, or 2.5%, mainly from decreases in the Single Family Program Fund ($59.9 million), partially offset by increases in the Mortgage Loan Program Fund ($34.5 million) and Administrative Fund ($2.3 million).

Total bonds and notes payable (current and noncurrent) decreased $198.1 million, or 15.5%, from decreases of $29.6 million in the Mortgage Loan Program Fund, $128.7 million in the Single Family Program Fund and $39.8 million in the Administrative Fund.

Deposits held in escrow decreased $6.5 million, or 4.1% due to lower required funding levels.

Restricted net position of the Authority’s business-type activities increased $24.0 million, or 6.5%, of which $23.4 million were from increases within the Authority’s Mortgage Loan Program Fund and Single Family Program Fund (Bond Funds). Except for net position invested in capital assets within the Mortgage Loan Program Fund ($4.9 million deficit), all net position of the Authority’s Bond Funds are classified as restricted. The remaining restricted increases in net position were from the FAF program, earnings of which are recorded in the Authority’s Administrative Fund.

Statement of Activities

The statement of activities shows the sources of the Authority’s changes in net position as they arise through its various programs and functions. Five programs: the Illinois Affordable Housing Trust Fund, the HOME Program Fund, the Rental Housing Support Program Fund, the Hardest Hit Fund, and the Build Illinois Bond Program Fund are major governmental funds included within governmental activities while the nonmajor governmental funds included within governmental activities include the Foreclosure Prevention Program Fund, the Community Development Block Grant Fund, the American Recovery and Reinvestment Act (ARRA) Fund, the Neighborhood Stabilization Program Fund, the Abandoned Properties Program Fund and the Section 811 Project Rental Assistance Demonstration Program Fund. The business-type activities consist of two housing lending programs, the results of which are primarily recorded within the funds comprising the two major bond funds (the Mortgage Loan Program Fund and the Single Family Program Fund), the IHDA Dispositions LLC, which maintains and operates rental properties until such time as disposition occurs, federal assistance activities, which involve the allocation of various federal subsidy funds directly to certain of the Authority’s borrowers, the tax credit authorization and monitoring, and Financial Adjustment Factor (FAF) lending programs, both of which activities are recorded in the Authority's Administrative Fund.

A condensed summary of changes in net position for the fiscal year ended June 30, 2015 is shown in the following table.

Changes in Net Position

(In millions of dollars)

	Governmental activities		Business-type activities		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue:						
Program revenues:						
Charges for services	$ 15.3	26.9	72.1	77.9	87.4	104.8
Operating/grant/federal revenues	153.0	293.0	116.8	120.6	269.8	413.6
Capital contributions	—	—	—	0.1	—	0.1
General revenues:						
Investment income	—	—	36.9	31.8	36.9	31.8
Total revenues	168.3	319.9	225.8	230.4	394.1	550.3
Expenses:						
Direct	202.1	236.9	175.2	187.9	377.3	424.8
Administrative	—	—	17.8	19.6	17.8	19.6
Total expenses	202.1	236.9	193.0	207.5	395.1	444.4
Increase in net position before transfers and special items	(33.8)	83.0	32.8	22.9	(1.0)	105.9
Gain on disposition	—	—	—	1.1	—	1.1
Capital contributions	—	—	0.3	—	0.3	—
Transfers	(5.2)	(5.2)	5.2	5.2	—	—
Increase (decrease) in net position	(39.0)	77.8	38.3	29.2	(0.7)	107.0
Net position at beginning of year	474.5	396.7	508.3	479.1	982.8	875.8
Net position at end of year	$ 435.5	474.5	546.6	508.3	982.1	982.8

Governmental Activities

Revenues of the Authority's governmental activities decreased $151.6 million from the prior year, primarily due to decreases in the Rental Housing Support Program Fund ($18.4 million), HHF ($123.7 million), BIB Program Fund ($22.6 million) and in Nonmajor Governmental Funds ($17.2 million), partially offset by increases in the Illinois Affordable Housing Trust Fund ($16.1 million) and HOME Program Fund ($14.2 million).

Direct expenses of the Authority's governmental activities decreased $34.8 million from the prior year, primarily due to decreases in the HOME Program Fund ($2.2 million), Rental Housing Support Program Fund ($18.4 million), HHF ($110.3 million), and Nonmajor Governmental Funds ($1.4 million), partially offset by increases in the Illinois Affordable Housing Trust Fund ($16.1 million) and BIB Program Fund ($81.2 million). The transfer ($5.2 million) from the governmental activities to the Authority's business-type activities represents an annual transfer, pursuant to the Illinois Affordable Housing Act, from the Illinois Affordable Housing Trust Fund to the Mortgage Loan Program Fund.

Business-Type Activities

Revenues of the Authority's business-type activities decreased $4.6 million from the prior year from decreases in charges for services ($5.8 million), federal assistance ($3.8 million) and capital contributions ($0.1 million), offset by increased unrestricted investment income ($5.1 million). Charges for services mainly consist of interest income on program loans ($42.3 million), program investment income ($7.2 million), servicing and development fees ($12.8 million), other income ($16.7 million) and rental income ($0.1 million). Program investment income is that income earned within the Authority's bond funds, the investments and the income of which is restricted to those funds. Such income decreased by $4.0 million from the prior year due primarily to decreases in the fair value of investments.

Direct expenses of the Authority's business-type activities, which consist primarily of interest expense ($37.6 million) on Authority debt incurred to fund its various lending programs and the pass-through of federal assistance programs' funds ($116.3 million), decreased $12.7 million from the prior year, due mainly to lower federal assistance ($3.6 million), lower interest expense ($11.5 million), decreased estimated losses on programs loans receivable ($5.3 million), lower other general and administrative ($2.4 million) and lower program grants ($1.0 million), partially offset by higher financing costs ($0.2 million), increased estimated losses on real estate held for sale ($6.4 million), higher professional fees ($1.9 million) and higher salaries and benefits ($0.5 million).

The Authority's business-type activities also generated $36.9 million of unrestricted investment income, which was used primarily to fund and finance single family loans through the use of FNMA MBS's and GNMA certificates, and to partially offset its administrative costs. Program revenues of the Mortgage Loan Program Fund exceeded direct expenses by $24.1 million (See the Statement of Activities) and thus provided most of the Authority's increase in net position.

Proprietary Fund Results

Net position of the Authority's proprietary funds increased from the June 30, 2014 amount by $38.3 million, to $546.6 million. The following table summarizes the revenues, expenses, and changes in fund net position of the Authority's proprietary funds for the fiscal years ended June 30, 2015 and 2014.

Changes in Net Position/Proprietary Funds

(In millions of dollars)

	Administrative Fund		Mortgage Loan Program Fund		Single Family Program Fund		IHDA Dispositions, LLC	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Operating revenues:								
Interest earned on program loans	$ 2.3	2.0	21.4	24.9	18.6	20.2	—	—
Investment income	29.7	20.5	0.3	0.3	6.9	10.9	—	—
Federal assistance programs	114.3	116.9	2.0	3.0	—	—	—	—
Service fees	11.8	12.4	—	—	—	—	—	—
Development fees	1.0	1.3	—	—	—	—	—	—
HUD savings	0.6	0.9	—	—	—	—	—	—
Rental income and vacancies	—	—	—	—	—	—	0.1	0.9
Other	9.8	8.8	6.9	7.0	—	—	—	0.1
Total operating revenues	169.5	162.8	30.6	35.2	25.5	31.1	0.1	1.0
Operating expenses:								
Interest expense	0.8	1.0	18.0	22.6	18.8	25.5	—	—
Federal assistance programs	114.3	116.9	2.0	3.0	—	—	—	—
Salaries and benefits	15.9	15.4	—	—	—	—	—	0.1
Professional fees	2.3	0.4	—	—	—	—	—	—
Other general and administrative	4.3	5.8	0.1	0.2	3.3	3.6	0.1	0.6
Financing costs	0.6	0.6	0.9	1.0	3.1	2.8	—	—
Program grants	3.3	4.3	—	—	—	—	—	—
Change in accrual for estimated losses on mortgage participation certificate program	—	(0.6)	—	—	—	—	—	—
Provision for (reversal of) estimated losses on program loans receivable	0.1	(0.9)	(0.7)	2.5	(0.6)	2.5	—	—
Provision for estimated losses on real estate held for sale	—	—	0.2	—	6.2	—	—	—
Total operating expenses	141.6	142.9	20.5	29.3	30.8	34.4	0.1	0.7
Operating income (loss)	27.9	19.9	10.1	5.9	(5.3)	(3.3)	—	0.3
Capital contribution	—	—	—	—	—	—	0.3	0.1
Gain on disposition	—	—	—	—	—	—	—	1.1
Transfers	(14.5)	(3.2)	4.7	16.7	15.0	0.3	—	(8.6)
Change in net position	13.4	16.7	14.8	22.6	9.7	(3.0)	0.3	(7.1)
Net position at beginning of year	185.4	168.7	241.3	218.7	81.4	84.4	0.2	7.3
Net position at end of year	$ 198.8	185.4	256.1	241.3	91.1	81.4	0.5	0.2

Net position of the Administrative Fund increased $13.4 million, compared to the prior year increase of $16.7 million. Administrative Fund operating income was $27.9 million, an increase of $8.0 million from the prior year, and net transfers (out) were $14.5 million compared to $3.2 million in the prior year. The fiscal year 2015 increase in operating earnings was primarily from increases in other revenue ($1.0 million), increases in investment income ($9.2 million) and increases in interest earned on program loans ($0.3 million), partially offset by decreases in federal assistance programs ($2.6 million).

Net position of the Mortgage Loan Program Fund increased $14.8 million, compared to a prior year increase of $22.6 million, due to operating income of $10.1 million and net transfers in of $4.7 million. Operating income was $4.2 million above the prior year, primarily due to lower interest expense ($4.6 million), lower federal assistance programs ($1.0 million) and decreased provision ($3.2 million) for estimated losses on program loans receivable, partially offset by increased provision ($0.2 million) for estimated losses on real estate held for sale and a decrease in interest earned on program loans ($3.5 million). The net transfer in represents the annual transfer (in) of $5.2 million from the Illinois Affordable Housing Trust Fund and $0.5 million transfer (out) from the Multi-Family Housing Revenue Bonds (Marywood) related to the loan write-off of the Marywood property.

Net position of the Single Family Program Fund increased $9.7 million, compared to a prior year decrease of $3.0 million. Operating loss was $2.0 million higher than the prior year operating loss primarily due to decreases in the provision ($3.1 million) for estimated losses on program loans, lower interest expense ($6.7 million) and lower other general and administrative ($0.3 million), partially offset by a decrease in interest earned on program loans ($1.6 million), an increase in the provision ($6.2 million) for estimated losses on real estate held for sale, higher financing costs ($0.3 million) and lower investment income ($4.0 million).

Net position of the LLC increased $0.3 million, compared to a prior year decrease of $7.1 million, primarily due to an increase of $0.2 million in capital contributions, lower salaries and benefits ($0.1 million) and lower other general and administrative ($0.5 million), partially offset by lower rental income ($0.8 million) and lower other revenue ($0.1 million). These amounts represent the disposition and transfers of REO properties from the IHDA Dispositions LLC to the Mortgage Loan Program Fund for the Primera Ves and Renaissance Apartments holdings.

Authority Debt

Authority gross debt issuances during fiscal year 2015 totaled $179.7 million with the issuance of Housing Bonds ($66.5 million) within the Mortgage Loan Program Fund and Homeowner Mortgage Revenue Bonds ($111.3 million) within the Single Family Program Fund. Debt retirements within the Mortgage Loan Program, Single Family Program and Administrative Funds were $96.2 million, $241.8 million and $39.8 million, respectively. Total bonds and notes payable decreased $198.1 million. For additional information, see note 8, Bonds and Notes Payable in the Notes to the Financial Statements.

As of July 1, 2014, the Authority's Issuer Credit Ratings were A1 (Stable) by Moody's Investors Service, AA- (Stable) by Standard and Poor's and AA – (Stable) by Fitch Ratings.

The Authority's Issuer Credit Ratings by Moody's Investors Service, Standard and Poor's and Fitch Ratings remain unchanged.

Economic Factors

During fiscal year 2015, short term and long term interest rates continued to remain low despite the end of the Federal Reserve's program to purchase U.S. Treasury Bonds and Federally guaranteed mortgage backed securities aimed at stimulating the economy.

Although bond market conditions did not favor any new issuances, economic refunding of prior bonds were attractive alternatives due to historically low interest rates. The Authority optionally redeemed and refunded $94.1 million of bonds issued under the Single Family Program Fund and $66.5 million of bonds issued under the Mortgage Loan Program Fund.

During fiscal year 2015, the Authority continued to finance its activity relating to homeownership in the State of Illinois through the sale of mortgage backed securities to the secondary market. The Authority uses forward commitments to lock in the price of securities related to secondary market sales.

Contacting the Authority's Financial Management

This financial report is designed to provide the citizens of Illinois, our constituents and investors with a general overview of the Authority's finances and to demonstrate the Authority's financial accountability over its resources. If you have questions about this report or need additional financial information, contact the Controller at the Illinois Housing Development Authority, 401 North Michigan Ave, Suite 700, Chicago, IL 60611 or visit our web site at: www.ihda.org.

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

Statement of Net Position

June 30, 2015

	Governmental activities	Business-type activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 121,836,414	537,279,257	659,115,671
Funds held by State Treasurer	522,252	—	522,252
Investments	50,994,290	53,299,538	104,293,828
Investment income receivable	25,860	553,720	579,580
Investment income receivable – restricted	—	836,817	836,817
Program loans receivable	22,259,694	51,162,903	73,422,597
Grant receivable	2,732,655	—	2,732,655
Securities lending collateral	360,000	—	360,000
Interest receivable on program loans	358,381	3,648,243	4,006,624
Internal balances	(4,474,355)	4,474,355	—
Other	—	776,390	776,390
Total current assets	194,615,191	652,031,223	846,646,414
Noncurrent assets:			
Investments – restricted	—	306,216,011	306,216,011
Program loans receivable, net of current portion	666,492,331	754,377,644	1,420,869,975
Less allowance for estimated losses	(31,299,279)	(16,738,001)	(48,037,280)
Net program loans receivable	635,193,052	737,639,643	1,372,832,695
Real estate held for sale	—	11,342,468	11,342,468
Less allowance for estimated losses	—	(6,439,974)	(6,439,974)
Net real estate held for sale	—	4,902,494	4,902,494
Due from Fannie Mae	—	92,884,148	92,884,148
Due from Freddie Mac	—	4,736,347	4,736,347
Capital assets, net	123,458	25,312,021	25,435,479
Derivative instrument asset	—	9,148	9,148
Other	107,621	13,404,914	13,512,535
Total noncurrent assets	635,424,131	1,185,104,726	1,820,528,857
Total assets	830,039,322	1,837,135,949	2,667,175,271
Deferred Outflows of Resources			
Accumulated decrease in fair value of hedging derivatives	—	1,663,047	1,663,047
Unamortized loss on bond refunding	—	1,403,305	1,403,305
Total deferred outflows of resources	—	3,066,352	3,066,352

(Continued)

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

Statement of Net Position

June 30, 2015

	Governmental activities	Business-type activities	Total
Liabilities			
Current liabilities:			
Due to grantees	$ 45,302,087	—	45,302,087
Due to State of Illinois	43,126,968	—	43,126,968
Securities lending collateral obligation	360,000	—	360,000
Bonds and notes payable	—	30,208,968	30,208,968
Accrued interest payable	—	13,764,636	13,764,636
Unearned revenue	—	2,772,371	2,772,371
Deposits held in escrow	—	150,156,886	150,156,886
Accrued liabilities and other	684,772	12,525,145	13,209,917
Total current liabilities	89,473,827	209,428,006	298,901,833
Noncurrent liabilities:			
Due to State of Illinois	305,097,435	—	305,097,435
Bonds and notes payable, net of current portion	—	1,053,772,598	1,053,772,598
Unearned revenue	—	8,388,583	8,388,583
Derivative instrument liability	—	1,663,047	1,663,047
Security deposits	—	8,665	8,665
Total noncurrent liabilities	305,097,435	1,063,832,893	1,368,930,328
Total liabilities	394,571,262	1,273,260,899	1,667,832,161
Deferred Inflows of Resources			
Accumulated increase in fair value of hedging derivatives	—	9,148	9,148
Unamortized gain on bond refunding	—	266,668	266,668
Unearned revenue	—	20,061,377	20,061,377
Total deferred inflows of resources	—	20,337,193	20,337,193
Net Position			
Net investment in capital assets	123,458	(3,772,979)	(3,649,521)
Restricted for bond resolution purposes	—	352,081,420	352,081,420
Restricted for loan and grant programs	435,344,602	41,842,372	477,186,974
Unrestricted	—	156,453,396	156,453,396
Total net position	$ 435,468,060	546,604,209	982,072,269

See accompanying notes to financial statements.

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

Statement of Activities

Year ended June 30, 2015

		Program revenues			Net (expenses) revenues and changes in net position		
Functions/programs	**Expenses**	**Charges for services and interest income**	**Operating grant/federal revenues**	**Capital contributions**	**Governmental activities**	**Business-type activities**	**Total**
Governmental activities:							
Illinois Affordable Housing Trust Program	$ 28,716,779	13,183	33,903,596	—	5,200,000	—	5,200,000
HOME Program	11,367,784	2,185,572	22,705,798	—	13,523,586	—	13,523,586
Rental Housing Support Program	515,723	87,088	428,635	—	—	—	—
Hardest Hit Fund Program	48,616,605	11,872,267	35,000,000	—	(1,744,338)	—	(1,744,338)
Build Illinois Bond Program	102,396,242	105,920	57,813,020	—	(44,477,302)	—	(44,477,302)
Other Programs	10,532,713	1,070,107	3,172,157	—	(6,290,449)	—	(6,290,449)
Total governmental activities	202,145,846	15,334,137	153,023,206	—	(33,788,503)	—	(33,788,503)
Business-type activities:							
Administrative Programs	17,776,979	1,958,748	—	—	—	(15,818,231)	(15,818,231)
Multi-Family Mortgage Loan Programs	21,554,716	45,702,775	—	—	—	24,148,059	24,148,059
Multi-Family Federal Assistance Programs	116,262,641	—	116,262,641	—	—	—	—
Single-Family Mortgage Loan Programs	35,700,914	18,895,381	—	—	—	(16,805,533)	(16,805,533)
Tax Credit Authorization and Monitoring	1,631,256	5,239,797	—	—	—	3,608,541	3,608,541
FAF Lending Program	—	119,593	527,120	—	—	646,713	646,713
IHDA Dispositions LLC	113,437	140,816	—	—	—	27,379	27,379
Total business-type activities	193,039,943	72,057,110	116,789,761	—	—	(4,193,072)	(4,193,072)
Total Authority	$ 395,185,789	87,391,247	269,812,967	—	(33,788,503)	(4,193,072)	(37,981,575)
General revenues:							
Unrestricted investment income					—	36,934,972	36,934,972
Capital contributions					—	340,000	340,000
Transfers					(5,200,000)	5,200,000	—
Total general revenues, capital contributions and transfers					(5,200,000)	42,474,972	37,274,972
Change in net position					(38,988,503)	38,281,900	(706,603)
Net position at beginning of year					474,456,563	508,322,309	982,778,872
Net position at end of year					$ 435,468,060	546,604,209	982,072,269

See accompanying notes to financial statements.

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

Governmental Funds

Balance Sheet

June 30, 2015

	Major Funds						
Assets	**Illinois Affordable Housing Trust Fund**	**Home Program Fund**	**Rental Housing Support Program Fund**	**Build Illinois Bond Program Fund**	**Hardest Hit Fund**	**Nonmajor Governmental Funds**	**Total**
Current assets:							
Cash and cash equivalents	$ 25,863,322	—	3,282,153	50,657,609	35,477,412	6,555,918	121,836,414
Funds held by State Treasurer	—	522,252	—	—	—	—	522,252
Investments	8,998,180	—	41,996,110	—	—	—	50,994,290
Investment income receivable	1,705	—	23,870	—	285	—	25,860
Program loans receivable	8,308,869	6,753,951	—	—	7,049,841	147,033	22,259,694
Grant receivable	2,080,972	51,750	90,365	—	—	509,568	2,732,655
Securities lending collateral	—	360,000	—	—	—	—	360,000
Interest receivable on program loans	158,605	194,489	—	—	—	5,287	358,381
Due from other funds	250,000	—	—	—	—	—	250,000
Total current assets	45,661,653	7,882,442	45,392,498	50,657,609	42,527,538	7,217,806	199,339,546
Noncurrent assets:							
Program loans receivable, net of current portion	322,698,809	244,235,349	—	2,407,566	18,062,987	79,087,620	666,492,331
Less allowance for estimated losses	(17,601,374)	(9,723,468)	—	(1,203,783)	(1,366,793)	(1,403,861)	(31,299,279)
Net program loans receivable	305,097,435	234,511,881	—	1,203,783	16,696,194	77,683,759	635,193,052
Other	—	—	—	—	106,001	1,620	107,621
Total noncurrent assets	305,097,435	234,511,881	—	1,203,783	16,802,195	77,685,379	635,300,673
Total assets	$ 350,759,088	242,394,323	45,392,498	51,861,392	59,329,733	84,903,185	834,640,219
Liabilities and Fund Balances							
Current liabilities:							
Due to grantees	$ —	—	45,302,087	—	—	—	45,302,087
Due to State of Illinois	43,126,968	—	—	—	—	—	43,126,968
Securities lending collateral obligation	—	360,000	—	—	—	—	360,000
Unearned revenue	—	194,489	—	—	—	5,287	199,776
Accrued liabilities and other	—	403,678	—	—	281,094	—	684,772
Due to other funds	2,534,685	69,344	90,411	—	962,374	1,067,541	4,724,355
Total current liabilities	45,661,653	1,027,511	45,392,498	—	1,243,468	1,072,828	94,397,958
Noncurrent liabilities:							
Due to State of Illinois	305,097,435	—	—	—	—	—	305,097,435
Total liabilities	350,759,088	1,027,511	45,392,498	—	1,243,468	1,072,828	399,495,393
Fund balances:							
Restricted	—	241,366,812	—	51,861,392	58,086,265	83,830,357	435,144,826
Total fund balances	—	241,366,812	—	51,861,392	58,086,265	83,830,357	435,144,826
Total liabilities and fund balances	$ 350,759,088	242,394,323	45,392,498	51,861,392	59,329,733	84,903,185	
Amounts reported for governmental activities in the statement of net position are different due to:							
Unearned interest receivable on certain program loans receivable							199,776
Capital assets							123,458
Net position of governmental activities							$ 435,468,060

See accompanying notes to financial statements.

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

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

June 30, 2015

		Major Funds						
		Illinois Affordable Housing Trust Fund	**Home Program Fund**	**Rental Housing Support Program Fund**	**Build Illinois Bond Program Fund**	**Hardest Hit Program**	**Nonmajor Governmental Funds**	**Total**
Revenues:								
Grant from State of Illinois	$	33,903,596	—	428,635	57,813,020	—	1,451,524	93,596,775
Federal funds		—	22,705,798	—	—	35,000,000	1,720,633	59,426,431
Interest and investment income		13,183	2,199,840	87,088	105,920	11,872,267	1,070,107	15,348,405
Total revenues		33,916,779	24,905,638	515,723	57,918,940	46,872,267	4,242,264	168,371,611
Expenditures:								
General and administrative		4,859,293	2,248,341	433,409	15,041,246	4,589,818	558,766	27,730,873
Grants		23,844,304	7,256,610	82,314	86,151,213	59,912,212	9,694,370	186,941,023
Program income transferred to State of Illinois		13,182	—	—	—	—	—	13,182
Provision for (reversal of) estimated losses on program loans receivable		—	1,862,833	—	1,203,783	(15,937,301)	279,577	(12,591,108)
Total expenditures		28,716,779	11,367,784	515,723	102,396,242	48,564,729	10,532,713	202,093,970
Excess (deficiency) of revenues over (under) expenditures		5,200,000	13,537,854	—	(44,477,302)	(1,692,462)	(6,290,449)	(33,722,359)
Other financing uses:								
Transfers out		(5,200,000)	—	—	—	—	—	(5,200,000)
Net change in fund balances		—	13,537,854	—	(44,477,302)	(1,692,462)	(6,290,449)	(38,922,359)
Fund balances at beginning of year		—	227,828,958	—	96,338,694	59,778,727	90,120,806	
Fund balances at end of year	$	—	241,366,812	—	51,861,392	58,086,265	83,830,357	
Amounts reported for governmental activities in the statement of activities are different due to:								
Unearned interest receivable on certain program loans receivable								(14,268)
Capital outlay								31,500
Depreciation on capital assets								(83,376)
Change in net position of governmental activities								$ (38,988,503)

See accompanying notes to financial statements.

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

Proprietary Funds

Statement of Net Position

June 30, 2015

Assets	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	IHDA Dispositions LLC	Total
Current assets:					
Cash and cash equivalents	$ 277,993,594	217,323,109	41,942,682	19,872	537,279,257
Investments	53,299,538	—	—	—	53,299,538
Investment income receivable	553,720	—	—	—	553,720
Investment income receivable – restricted	35,135	95,049	706,633	—	836,817
Program loans receivable	25,128,331	13,372,572	12,662,000	—	51,162,903
Interest receivable on program loans	53,468	1,201,052	2,393,723	—	3,648,243
Due from other funds	8,061,681	9,932,124	345,457	—	18,339,262
Other	763,535	—	—	12,855	776,390
Total current assets	365,889,002	241,923,906	58,050,495	32,727	665,896,130
Noncurrent assets:					
Investments – restricted	11,762,685	27,304,873	267,148,453	—	306,216,011
Program loans receivable, net of current portion	52,061,801	425,051,247	277,264,596	—	754,377,644
Less allowance for estimated losses	(1,047,675)	(6,442,691)	(9,247,635)	—	(16,738,001)
Net program loans receivable	51,014,126	418,608,556	268,016,961	—	737,639,643
Real estate held for sale	33,438	298,724	10,470,306	540,000	11,342,468
Less allowance for estimated losses	(9,329)	(254,926)	(6,175,719)	—	(6,439,974)
Net real estate held for sale	24,109	43,798	4,294,587	540,000	4,902,494
Due from Fannie Mae	—	92,884,148	—	—	92,884,148
Due from Freddie Mac	—	4,736,347	—	—	4,736,347
Capital assets, net	1,102,861	24,209,160	—	—	25,312,021
Derivative instrument asset	—	9,148	—	—	9,148
Other	1,243,715	52,728	12,108,471	—	13,404,914
Total noncurrent assets	65,147,496	567,848,758	551,568,472	540,000	1,185,104,726
Total assets	431,036,498	809,772,664	609,618,967	572,727	1,851,000,856
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives	—	—	1,663,047	—	1,663,047
Unamortized loss on bond refunding	—	1,403,305	—	—	1,403,305
Total deferred outflows of resources	—	1,403,305	1,663,047	—	3,066,352

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

Proprietary Funds

Statement of Net Position

June 30, 2015

Liabilities	**Administrative Fund**	**Mortgage Loan Program Fund**	**Single Family Program Fund**	**IHDA Dispositions LLC**	**Total**
Current liabilities:					
Bonds and notes payable	146,693	17,590,000	12,472,275	—	30,208,968
Accrued interest payable	43,530	8,062,920	5,658,186	—	13,764,636
Unearned revenue	2,772,371	—	—	—	2,772,371
Deposits held in escrow	150,156,886	—	—	—	150,156,886
Accrued liabilities and other	11,363,810	999,219	154,128	7,988	12,525,145
Due to other funds	10,527,581	2,741,676	595,650	—	13,864,907
Total current liabilities	175,010,871	29,393,815	18,880,239	7,988	223,292,913
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	33,933,112	520,174,764	499,664,722	—	1,053,772,598
Unearned revenue	8,388,583	—	—	—	8,388,583
Derivative instrument liability	—	—	1,663,047	—	1,663,047
Security deposits	—	—	—	8,665	8,665
Total noncurrent liabilities	42,321,695	520,174,764	501,327,769	8,665	1,063,832,893
Total liabilities	217,332,566	549,568,579	520,208,008	16,653	1,287,125,806
Deferred Inflows of Resources					
Accumulated increase in fair value of hedging derivatives	—	9,148	—	—	9,148
Unamortized gain on bond refunding	—	266,668	—	—	266,668
Unearned revenue	14,861,377	5,200,000	—	—	20,061,377
Total deferred inflows of resources	14,861,377	5,475,816	—	—	20,337,193
Net Position					
Net investment in capital assets	1,102,861	(4,875,840)	—	—	(3,772,979)
Restricted for bond resolution purposes	—	261,007,414	91,074,006	—	352,081,420
Restricted for loan and grant programs	41,842,372	—	—	—	41,842,372
Unrestricted	155,897,322	—	—	556,074	156,453,396
Total net position	$ 198,842,555	256,131,574	91,074,006	556,074	546,604,209

See accompanying notes to financial statements.

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

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position

Year ended June 30, 2015

		Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	IHDA Dispositions LLC	Total
Operating revenues:						
Interest and other investment income	$	28,848,281	565,688	7,901,923	—	37,315,892
Net increase (decrease) in fair value of investments		870,060	(289,269)	(961,711)	—	(380,920)
Total investment income		29,718,341	276,419	6,940,212	—	36,934,972
Interest earned on program loans		2,257,710	21,406,225	18,566,185	—	42,230,120
Federal assistance programs		114,250,508	2,012,133	—	—	116,262,641
Service fees		11,756,295	—	—	—	11,756,295
Development fees		986,375	—	—	—	986,375
HUD savings		646,713	—	—	—	646,713
Rental income		—	—	—	109,915	109,915
Other		9,898,715	6,921,728	3,468	30,901	16,854,812
Total operating revenues		169,514,657	30,616,505	25,509,865	140,816	225,781,843
Operating expenses:						
Interest expense		837,486	17,951,997	18,824,692	—	37,614,175
Federal assistance programs		114,250,508	2,012,133	—	—	116,262,641
Salaries and benefits		15,935,708	—	—	—	15,935,708
Professional fees		2,310,043	—	—	—	2,310,043
Other general and administrative		4,266,213	159,953	3,313,876	113,437	7,853,479
Financing costs		633,667	885,296	3,121,658	—	4,640,621
Program grants		3,271,772	—	—	—	3,271,772
Change in accrual for estimated losses on mortgage participation certificate program		(29,357)	—	—	—	(29,357)
Provision for (reversal of) estimated losses on program loans receivable		98,384	(728,767)	(628,730)	—	(1,259,113)
Provision for estimated losses on real estate held for sale		9,329	254,926	6,175,719	—	6,439,974
Total operating expenses		141,583,753	20,535,538	30,807,215	113,437	193,039,943
Operating income (loss)		27,930,904	10,080,967	(5,297,350)	27,379	32,741,900
Capital contributions		—	—	—	340,000	340,000
Transfers in		492,558	5,200,000	15,000,000	—	20,692,558
Transfers out		(15,000,000)	(492,558)	—	—	(15,492,558)
Total capital contributions and transfers		(14,507,442)	4,707,442	15,000,000	340,000	5,540,000
Change in net position		13,423,462	14,788,409	9,702,650	367,379	38,281,900
Net position at beginning of year		185,419,093	241,343,165	81,371,356	188,695	508,322,309
Net position at end of year	$	198,842,555	256,131,574	91,074,006	556,074	546,604,209

See accompanying notes to financial statements.

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

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2015

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	IHDA Dispositions LLC	Total
Cash flows from operating activities:					
Receipts for program loans, interest, and service fees	$ 42,083,725	73,081,404	76,137,076	—	191,302,205
Receipts for rental operations	—	—	—	146,851	146,851
Payments for program loans	(288,316)	(3,597,338)	(497,375)	—	(4,383,029)
Receipts for federal assistance programs	114,250,508	2,012,133	—	—	116,262,641
Payments for federal assistance programs	(114,250,508)	(2,012,133)	—	—	(116,262,641)
Receipts for credit enhancements	—	1,081,020	—	—	1,081,020
Payments for program grants	(3,374,028)	—	—	—	(3,374,028)
Payments to suppliers	(6,435,132)	(983,054)	(6,372,558)	—	(13,790,744)
Payments to employees	(16,169,554)	—	—	—	(16,169,554)
Payments for rental operations	—	—	—	(1,365,883)	(1,365,883)
Interest paid on revenue bonds and notes	(860,654)	(19,438,976)	(21,716,621)	—	(42,016,251)
Other receipts	9,895,643	8,015,214	—	—	17,910,857
Net cash provided by (used in) operating activities	24,851,684	58,158,270	47,550,522	(1,219,032)	129,341,444
Cash flows from noncapital financing activities:					
Due to other funds	(4,131,268)	(2,162,174)	5,296,731	—	(996,711)
Due from other funds	3,973,375	4,381,268	(5,158,235)	—	3,196,408
Proceeds from sale of revenue bonds and notes	—	66,540,000	111,251,529	—	177,791,529
Principal paid on revenue bonds and notes	(39,798,770)	(96,201,716)	(239,885,403)	—	(375,885,889)
Transfers in	492,558	5,200,000	20,553,344	—	26,245,902
Transfers out	(15,000,000)	(492,558)	(5,553,344)	—	(21,045,902)
Net cash used in noncapital financing activities	(54,464,105)	(22,735,180)	(113,495,378)	—	(190,694,663)
Cash flows from capital financing and related activities:					
Acquisition and disposition of capital assets	(246,111)	(1,139,517)	—	—	(1,385,628)
Cash flows from investing activities:					
Purchase of investment securities	(1,434,920,753)	(184,129,850)	(132,611,564)	—	(1,751,662,167)
Proceeds from sales and maturities of investment securities	1,442,569,184	271,647,902	163,071,168	—	1,877,288,254
Interest received on investments	32,326,663	298,151	6,998,025	—	39,622,839
Net cash provided by investing activities	39,975,094	87,816,203	37,457,629	—	165,248,926
Net increase (decrease) in cash and cash equivalents	10,116,562	122,099,776	(28,487,227)	(1,219,032)	102,510,079
Cash and cash equivalents, beginning of year	267,877,032	95,223,333	70,429,909	1,238,904	434,769,178
Cash and cash equivalents, end of year	$ 277,993,594	217,323,109	41,942,682	19,872	537,279,257

(Continued)

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

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2015

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	IHDA Dispositions LLC	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 27,930,904	10,080,967	(5,297,350)	27,379	32,741,900
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Investment income	(29,718,341)	(276,419)	(6,940,212)	—	(36,934,972)
Depreciation and amortization	345,725	989,458	—	—	1,335,183
Change in accrual for estimated losses on mortgage participation certificate program	(29,357)	—	—	—	(29,357)
Provision for (reversal of) estimated losses on program loans receivable	98,384	(728,767)	(628,730)	—	(1,259,113)
Provision for estimated losses on real estate held for sale	9,329	254,926	6,175,719	—	6,439,974
Changes in assets and liabilities:					
Program loans receivable	17,373,275	45,935,903	56,666,516	—	119,975,694
Interest receivable on program loans	119,076	42,963	1,086,451	—	1,248,490
Other liabilities	9,095,022	(363,965)	(2,828,953)	(1,233,676)	4,668,428
Other assets	(372,333)	1,142,184	(682,919)	(12,735)	74,197
Due from Fannie Mae	—	1,081,020	—	—	1,081,020
Total adjustments	(3,079,220)	48,077,303	52,847,872	(1,246,411)	96,599,544
Net cash provided by (used in) operating activities	$ 24,851,684	58,158,270	47,550,522	(1,219,032)	129,341,444
Noncash investing capital and financing activities:					
Transfer of foreclosed assets	$ 33,438	307,671	14,964,814	340,000	15,645,923
The fair value of investments increased (decreased)	991,257	(87,792)	(3,448,185)	—	(2,544,720)

See accompanying notes to financial statements.

(1) Authorizing Legislation

The Illinois Housing Development Authority (the Authority) is a body politic and corporate of the State of Illinois (the State) created by the Illinois Housing Development Act, as amended (the Act), for the purposes of assisting in the financing of decent, safe, and sanitary housing for persons and families of low and moderate income in the State and assisting in the financing of residential mortgages in the State. To accomplish its purposes, the Authority is authorized by the Act to make mortgage or other loans to nonprofit corporations and limited profit entities for the acquisition, construction, or rehabilitation of dwelling accommodations and to acquire, and to contract and enter into advance commitments to acquire, residential mortgage loans from lending institutions. The Act also authorizes the Authority to issue its bonds and notes to fulfill corporate purposes, including the financing of mortgage and construction loans, the acquisition of residential mortgage loans and the making of loans for housing related commercial facilities. The Authority has issued various bonds and notes to finance mortgage loans and construction loans, to purchase residential mortgage loans from lending institutions, and to make loans to private lending institutions for making new residential mortgage loans.

The bonds and notes outstanding as of June 30, 2015, as shown on the Authority's financial statements consist of both general and special limited obligations of the Authority (see note 8). The full faith and credit of the Authority are pledged for payment of general obligation bonds and notes. The Authority has the power under the Act to have up to $3.6 billion of general and special limited obligation bonds and notes outstanding, excluding those issued to refund outstanding bonds and notes. At June 30, 2015, amounts outstanding against this limitation were approximately $1.7 billion.

(2) Summary of Significant Accounting Policies

The following summarizes the significant accounting policies of the Authority:

(a) Reporting Entity

As defined by U.S. generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

(a) Appointment of a voting majority of the component unit's board, and either a) the ability of the primary government to impose its will, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

(b) Fiscal dependency on the primary government.

For financial reporting purposes, the Authority is a component unit of the State of Illinois. The Authority has one component unit, the IHDA Dispositions LLC (the LLC). Separate financial statements are not prepared for the LLC.

The LLC was organized on September 25, 2012 as a member-managed limited liability company under the Illinois Limited Liability Company Act. The LLC was organized by, and is a component unit of, the

Authority, a body politic and corporate of the State of Illinois. The sole member of the LLC is the Authority. To the extent provided by the Illinois Limited Liability Company Act, the Authority's liability is limited. The LLC maintains, improves and disposes of multi-family properties, acquired through foreclosure or deed-in-lieu of foreclosure, that are owned by single asset entity LLC's of which the LLC will be the sole member. Since the LLC qualifies as a disregarded entity-single member LLC, income from the LLC would pass through to the 100% owner, the Authority.

With the creation of the LLC, a separate legal entity of the Authority, the criteria for reporting component units was considered. Under GAAP, a component unit can be reported as a discretely presented or blended component unit of the primary government. In considering the criteria of both presentations, the Authority found the LLC to be a component unit of the Authority and should be reported as a blended component unit based on the following criteria defined as:

(a) The Authority and the LLC share a common governing body. GAAP requires that the boards be "substantively the same" need not be identical and there is sufficient representation whereas the voting majority of the component unit's board also functions as a voting majority of the primary government's board.

(b) There is an exclusive or almost exclusive benefit to the Authority, as the LLC (1) provides service entirely or almost entirely to the primary government; or (2) otherwise exclusively or almost exclusively benefits the primary government even though it does not provide services directly to it.

(b) Basis of Presentation

Government-Wide Statements – The government-wide statement of net position and statement of activities report the overall financial activity of the Authority. Eliminations have been made to help minimize the double-counting of internal activities of the Authority. These statements distinguish between the governmental and business-type activities of the Authority. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Authority and for each function of the Authority's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the Authority's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis on fund financial statements is on major and nonmajor governmental and proprietary (enterprise) funds, each displayed in a separate column.

The Authority reports the following major governmental funds:

Illinois Affordable Housing Trust Fund

The Authority is designated administrator of the Illinois Affordable Housing Program (the Housing Program). The program is funded by the Illinois Affordable Housing Trust Fund with funds generated from a portion of the State real estate transfer tax collected by the Illinois Department of Revenue and held within the State Treasury. The funds are appropriated annually to the Illinois Department of Revenue by the General Assembly. In accordance with State statute, the Authority makes grants and low or no interest mortgages or other loans, some with deferred repayment terms, to acquire, construct, rehabilitate, develop, operate, insure, and retain affordable single family and Multi-Family housing for low and very low income households.

As the administrator of the Housing Program, the Authority considers the interest in equity of the Housing Program to be that of the State of Illinois and the Authority records a liability to the State of Illinois for their equity share. Additionally, the Authority records amounts received to administer the Housing Program as grant revenue.

HOME Program Fund

The Authority is designated program administrator for the HOME Investment Partnerships Program (HOME Program) for the State, the funds of which are appropriated to the Illinois Department of Revenue by the General Assembly. Under this program, the Authority seeks applicants and approves funding commitments for federal affordable housing funds made available under the HOME Program provisions of the 1990 National Affordable Housing Act.

Rental Housing Support Program Fund

The Authority is designated administrator of the Rental Housing Support Program (the Support Program). The program is funded by a surcharge for the recording of any real estate-related document. The funds are appropriated to the Illinois Department of Revenue by the General Assembly. The Authority awards funds to local administering agencies, which will contract with local landlords to make rental units affordable to households who earn less than 30% of the area median income.

As the administrator of the Support Program, the Authority initially records amounts received as revenue and a due to grantee liability is recorded. As funds are disbursed from the program, the Authority reduces the liability.

Build Illinois Bond Program Fund

The Authority's Build Illinois Bond Program (BIBP) is funded by bond proceeds, allocated for affordable housing, from the Build Illinois Bond Fund. BIBP funds are appropriated to the Illinois Department of Revenue by the General Assembly. Under this program, the Authority makes affordable housing grants, loans and investments for low-income families, individuals, senior citizens and persons with disabilities, and at-risk displaced veterans.

(Continued)

Hardest Hit Fund

The Authority is designated program administrator for the Hardest Hit Fund (HHF) for grants appropriated to the State of Illinois by the United States Department of the Treasury (the Treasury) as authorized by the Emergency Economic Stabilization Act of 2008 (Public Law 110-343), as amended, as the same may be amended from time to time (EESA). The funds can be used to assist unemployed or substantially underemployed homeowners with interim mortgage payment assistance that will allow them to pursue sustainable income and homeownership through new employment or job training efforts without the immediate threat of default or foreclosure. Approved grants are paid directly to mortgage loan servicers and the Authority is responsible for compliance monitoring and reporting of these funds.

The Authority reports the following major proprietary funds:

Administrative Fund

Development fee and financing fee income related to Multi-Family mortgage loans, income from service fees, and operating expenses of the Authority are accounted for in the Administrative Fund. In addition, the Administrative Fund has provided for supplemental financing of certain developments through residual income loans and below market financing for various developments through the Authority's Housing Partnership Program (see note 5), and its lending program in conjunction with a debt service savings sharing agreement (the FAF Savings Program) with the United States Department of Housing and Urban Development (HUD) (see note 13).

The Administrative Fund's net position that is classified as restricted by contractual agreement for loan and grant programs consist of the FAF Savings Program and income from insurance proceeds that was required to be disbursed as a loan to Lake Grove Village (ML-248).

Mortgage Loan Program Fund

The Mortgage Loan Program Fund accounts for the financing of low and moderate income housing developments from the proceeds of Housing Bonds, Multifamily Initiative Bonds, Multi-Family Housing Revenue Bonds (Marywood) and Affordable Housing Program Trust Fund Bonds, and for the retirement of such obligations.

The Authority holds first mortgage liens on such developments. Affordable Housing Program Trust Fund Bond accounts include a transfer of funds from the Illinois Affordable Housing Trust Fund.

Single Family Program Fund

The Single Family Program Fund accounts for the proceeds of Homeowner Mortgage Revenue Bonds, Housing Revenue Bonds and Residential Mortgage Revenue Bonds issued to provide funds for the purchase from lending institutions of mortgage loans on owner-occupied, one to four unit dwellings acquired by eligible buyers.

The use of tax-exempt financing to provide eligible borrowers with affordable-rate mortgage loans involves federal restrictions on expenses chargeable to the program. Unless described otherwise in the indenture, any expenses incurred in the program in excess of such maximum amounts are absorbed by the Administrative Fund.

IHDA Dispositions LLC

The LLC maintains, improves, and disposes of Multi-Family properties, acquired through foreclosure or deed-in-lieu of foreclosure, that are owned by single asset entity LLC's of which the LLC will be the sole member. Tenant rental receipts and other operating expenses of the property are reported by the LLC until such time as disposition occurs. Since the LLC qualifies as a disregarded entity-single member LLC, income from the LLC would pass through to the 100% owner, the Authority.

(c) Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Authority receives value without directly giving equal value in exchange, include federal and state grant revenue. Revenue from these sources is recognized in the fiscal year in which all eligibility requirements have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Separate fund financial statements are provided for governmental and proprietary funds. Major governmental and proprietary funds are reported as separate columns in the fund financial statements.

The accounting policies and financial reporting practices of the Authority conform to U.S. generally accepted accounting principles (GAAP), as promulgated in pronouncements of the Governmental Accounting Standards Board (GASB).

(d) Fund Balances

In the fund financial statements, governmental funds report fund balances in the following categories:

Nonspendable – This consists of amounts that cannot be spent because they are either a) not in spendable form, or b) legally or contractually required to be maintained intact.

Restricted – This consists of amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through constitutional provisions or enabling legislation.

Committed – This consists of amounts constrained by limitations that the Authority imposes upon itself through resolution by its board of directors. The commitment amount will be binding unless removed or amended in the same manner.

Assigned – This consists of net amounts that are constrained by the Authority's intent to be used for specific purposes, but that are neither restricted not committed.

Unassigned – This consists of residual deficit fund balances.

In instances where restricted, committed, and assigned fund balances are available for use, the Authority's policy is to use restricted resources first, followed by committed resources, then assigned resources, as needed. Currently, all of the Authority's governmental funds fund balances are restricted.

(e) Net Position

In the government-wide and proprietary fund financial statements, net position is displayed in the following components:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation and related debt.

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

All net position of the governmental activities column of the government-wide financial statements is restricted with respect to the use of cash, investments and loan amounts that are to be repaid to the Authority. (See note 5 for schedules of aging for the loans made under these programs.)

The use of assets of each of the proprietary fund program funds is restricted by the related bond and note resolutions of the Authority. Certain amounts in the above program funds are considered subject to the restriction that they be applied to the financing of housing for the respective program purposes or to the retirement of obligations issued for such purposes; these amounts may include certain investment earnings attributable to the respective fund net position. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net position that does not meet the criteria of the two preceding categories.

Designations of net position represents tentative plans by the Authority for financial resource utilization in a future period as documented in the minutes or budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenditures.

A portion of the Authority's Administrative Fund unrestricted net position as of June 30, 2015 is designated as follows:

Downpayment Assistance Program	$	10,000,000
To pay possible losses arising in the Multi-Family Bond Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans		10,000,000
Provide funds to purchase homeownership mortgage mortgage-backed securities under the Homeownership Mortgage Loan Program, which may eventually be purchased with proceeds from future issuances of Authority debt or sold in the secondary market		50,000,000
Provide funds and reserves to support the Mortgage Participation Certificate Program, including the purchase and/or repurchase of loans and/or certificates within the Program		50,000,000
To pay possible losses arising in the Single Family Bond Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans		15,000,000
To pay expenses for planned technology enhancements		5,000,000
	$	140,000,000

The designations of the Administrative Fund unrestricted net position may be amended or rescinded by the board members of the Authority.

(f) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from the estimates.

(g) Deferred Inflow/Outflow of Resources

A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period and a deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources has a negative impact on net position similar to liabilities but is required to be reported within the statement of net position in a separate section following liabilities and the total may be added to the total for liabilities. A deferred outflow of resources has a positive effect on net position similar to assets but is required to be reported in the statement of net position in a separate section following assets and the total may be added to the total for assets.

Deferred outflows/inflows of resources include: (i) unamortized losses/gains on bond refundings, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt, (ii) amounts reported as accumulated decrease/increase in fair value of hedging derivatives, which represent the anticipated future utilization of the net position of interest rate swap agreements deemed to be effective hedging derivatives, and (iii) unearned revenue for fees earned from the buy down of homeowner mortgage interest rates to below market levels and amortized over the forgivable loan period of the down payment assistance provided.

(h) Risks and Uncertainties

The Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. Such changes could materially affect the amounts reported in the financial statements.

The allowances for estimated losses on loans are reported based on certain assumptions pertaining to the Authority's periodic review and evaluation of the loan portfolio, which is subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(i) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all cash, certificates of deposits, time deposits, and short-term repurchase agreements with original maturity dates of three months or less from date of purchase to be cash equivalents.

(j) Investments

Investments of the Authority are reported at fair value, with the exception of nonparticipating investment contracts (demand repurchase agreements), which are reported at cost. Fair value is determined by reference to public market prices and quotations from a securities pricing service.

The investment of funds is restricted by various bond and note resolutions of the Authority and the Act, generally, to direct obligations of the United States government; specific bank obligations, certain of which are fully secured as required by the bond and note resolutions; and obligations of other governmental entities that meet defined standards. The type of collateral instruments that secure the demand repurchase agreements held by the Authority is subject to the same restrictions described above. Generally, collateral instruments are held by third-party institutions.

(k) Program Loans Receivable

Program loans receivable include mortgage loans receivable, advances receivable, and residual income loans receivable. Mortgage loans receivable include certain amounts of interest and fees that have been charged by the Authority and added to the loan balance. The due dates for advances and residual income loans receivable are dependent upon future events as specified in the related loan or advance agreements.

(l) Capital Assets

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. Leasehold improvements are amortized over the term of the lease.

The Authority records depreciation against Lakeshore Plaza (ML-181) on a straight-line basis over forty years. At June 30, 2015, the net carrying value of ML-181 was $24,209,160 which is net of accumulated depreciation of $19,253,310. Depreciation expense for fiscal year 2015 was $989,457. 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, 2015 totaling $253,342 are used in the HHF. Depreciation and amortization for these items are recorded on a straight-line basis over three years and amounted to $83,376 during fiscal year 2015.

(m) IHDA Dispositions LLC Real Estate Held for Sale

At June 30, 2015, two multi-family properties were reported by the LLC as follows:

Property name	Net carrying value	Total no. of units	Out-of-service units	Estimated annual real estate taxes	FY 2015 management fees
Primera Ves	$ 200,000	8	1	$ 7,734	16,860
Renaissance Apartments	340,000	8	—	8,190	—

The LLC properties are subject to one or more land use restriction agreements (LURA) that restrict occupancy to households that are low income, very low income, or extremely low income. The Authority recorded the LURA against each property at the time it originally provided financing and enforces the LURA until it disposes of the properties. Primera Ves is valued at current signed sales contract. Renaissance Apartments is valued at fair value based on a third party appraisal.

(n) Real Estate Held for Sale

Real estate held for sale arises from foreclosures or other mortgage default-related actions on properties pledged as collateral on mortgage loans. Real estate held for sale is recorded at the unpaid principal balance plus accrued interest on the loans as of the date the loans become real estate owned, plus subsequent expenses incurred less any insurance or other loan-related payments received. Since a number of loans covered by pool insurance have reached maximum reimbursements allowable for loss claims and other loans in the portfolio are uninsured, it is anticipated that proceeds arising from the sale of such property and certain insurance proceeds may not fully cover any losses experienced. Therefore the Authority has established a provision for estimated losses on real estate held for sale based on a periodic review of such conditions which considers factors as interest costs, holding costs, sales proceeds, mortgage insurance and pool insurance recoveries to estimate losses.

(o) Bond Premium/Discount, Issuance Costs and Gain/Loss on Refunding

Premium/discount on bonds is netted with bonds payable and amortized using a method approximating the effective interest method over the life of the bonds. Debt issuance costs are recorded as an expense in the period incurred. Unamortized gains and losses on refunding are reported as deferred inflows and outflows of resources, respectively, and are amortized over the shorter of the life of the old or new debt as a component of interest expense.

(p) Operations

Proprietary funds loan origination fees, development fee, and financing fee income are recognized as revenue in the period received. Fees earned on loans, which the Authority does not directly originate, such as loans financed through other financings (see note 8), are recognized as income in the Administrative Fund generally at the time of initial closing.

Proprietary funds annual service fees charged by the Authority to loan recipients, which are deposited in the respective program funds or added to program loans receivable, are recorded as income in the Administrative Fund through interfund accounts.

Proprietary funds rental revenue, reported in the LLC, is principally derived from one-year leases on apartment units, which are accounted for as operating leases. Accordingly, rental revenue is recognized when the rentals become due. Rentals received in advance are accounted for as prepaid rent.

Proprietary funds operating expenses include general and administrative expenses of the Authority; salaries and benefits; costs and expenses incurred in connection with the amortization, issuance, and sale of certain bonds and notes; fees and expenses of trustees and depository and paying agents; and costs related to analyses, surveys, appraisals, and other matters pertaining to maintenance and evaluation of program loans receivable. Operating costs and expenses are charged to expense as incurred.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund including interest income, service fees, and development fees. Exchange transactions are those in which each party receives and gives up essentially equal values.

A portion of the Authority's operating expenses of administering the Illinois Affordable Housing Trust Fund, HOME Program, Rental Housing Support Program, HHF, and Nonmajor Governmental Funds are recorded within these governmental funds. Similarly, other related special assistance programs and resolutions of various bond programs allow for these program accounts to record a certain level of operating expenses. Expenses in excess of the allowable ceilings set forth in the resolutions are charged to the Administrative Fund.

Direct expenses as shown in the statement of activities include allocations of Administrative Fund expenses of Authority departments directly involved in the production or monitoring activities associated with the programs, as well as certain costs, both internally and externally incurred, associated with these programs. Administrative costs include certain administrative and supportive functions and all overhead expenses.

(q) Compensated Absences

The Authority grants vacation and sick leave to all employees and accrues for unused compensated absences. Vacations are allotted on a calendar year basis and are intended to be taken during that year. Unused sick leave allowance is carried forward and accumulated. In the event of termination, employees are paid for all earned but unused vacation time, and one-half of unused accumulated sick leave earned, to a maximum of 30 days. The Authority has no other post-employment benefits (OPEB).

The following is the activity for the compensated absences recorded as accrued liabilities and other:

Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due within one year
$ 642,899	1,612,218	(1,556,716)	698,401	698,401

These amounts are recorded as accrued liabilities and other and liquidated from the Proprietary Fund Administrative Fund.

(r) Provision for Estimated Losses on Program Loans

The Authority provides for estimated losses on program loans in its proprietary and governmental funds based upon the periodic review and evaluation of the Multi-Family and developer loan portfolios and provides additional amounts, if it deems necessary, for estimated losses for individual loans in the funds. In making such review and evaluation, the Authority considers current economic conditions, occupancy and rental level projections, financial statement analyses, on-site inspections, independent appraisals of certain developments, insurance coverage, and such other factors as it deems necessary. The estimated losses of the single family loan portfolio are based upon a periodic review and evaluation of the whole loan portfolio, including real estate owned properties and considers such factors as delinquencies, interest costs, holding costs, sales proceeds, mortgage insurance and pool insurance recoveries for estimating losses. The estimated losses of the Build Illinois Bond Program Fund are based upon losses associated with single family homes purchased in targeted communities suffering from abandoned and foreclosed homes that have been rehabilitated and subsequently sold at less than the amount of the investment due to poor market conditions. The estimated losses of the HHF are based upon non-recoverable fees, loan holding costs, going concern, and market conditions on the ability to resell the acquired mortgage loan portfolio.

(s) Correction of HOME Program Fund

The July 1, 2014 net position-restricted for loan and grant programs of the Governmental Activities and the July 1, 2014 fund balance-restricted of the Home Program Fund have been adjusted to reflect an immaterial correction of prior period financial statements. This error related to the overstatement of the prior year asset balance of Funds Held by State Treasurer and an overstatement of the prior year net position-restricted/fund balance-restricted, in the amount of $11,613,795.

(t) Future Accounting Pronouncements

GASB Statement No.72, *Fair Value Measurement and Application,* addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value focuses on market price from the perspective of a seller (exit price). The fair value of a financial asset is determined based on real or potential market transactions in the government's principal market, or in the absence of a principal market, a government's most advantageous market. The fair value of a nonfinancial asset takes into account the highest and best use of that asset, which normally is presumed its current use. A fair value measurement of a liability assumes that the liability would be transferred to a market participant and not settled with the counterparty (such as certain liabilities related to derivatives). Therefore the fair value would be the price that would have to be paid for a third party to assume the liability, not the price that would have to be paid to the counterparty to settle the obligation. GASB Statement No. 72 explains that the government could determine the market price of an asset in one of three ways: 1) actual market transactions for identical or similar items (market approach); 2) the current cost to replace the service capacity of an asset (cost approach); or 3) discounting the current value of future cash flows (income approach). It also establishes a three-tier hierarchy of input quality as follows:

- **Level 1 inputs** are quoted prices in active markets for identical items;
- **Level 2 inputs** are all inputs that are directly or indirectly observable, but not on level 1; and
- **Level 3 inputs** are all inputs that are unobservable.

The statement directs governments to maximize their use of observable inputs and to minimize the use of unobservable inputs.

Fair value is most frequently applied to investments which GASB Statement No. 72 defines as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. The statement goes on to describe investment measurements and related disclosures required.

This new standard will take effect starting with the fiscal period that ends June 30, 2016. The Authority has not implemented this new standard as of its fiscal period ending June 30, 2015.

(3) Cash and Investments

The Authority's Financial Management Policy (the Policy) contains the following stated objectives:

- *Safety of principal* – Preservation and safety of principal is the foremost objective of the Authority's investments. Each investment transaction shall seek to ensure that capital losses within the investment portfolio are avoided, whether they are from securities defaults or erosion of market value.
- *Liquidity* – The investments portfolio shall remain sufficiently flexible to enable the Authority to meet all operating requirements that may be reasonably anticipated in any fund. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demand.
- *Maximum rate of return* – The investment portfolio shall be designed with the purpose of regularly exceeding the average return of U.S. Treasury obligations of comparable maturities. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified herein and prudent investment principles.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. The Authority's policy does not limit the maturity of investments as a means of managing its exposure to fair value losses arising from an increasing rate environment.

All of the LLC's deposits are in commercial checking and bank money market accounts that are not subject to maturity and therefore do not have interest rate risk.

As of June 30, 2015, the Authority had cash & cash equivalents totaling $659,115,671 which consists of cash of $369,207,423 and cash equivalents held in investments of $ 289,908,248 as noted below:

		Investment maturities (in days)			
Investment	**Carrying amount**	**Less than 7**	**Less than 30**	**Less than 60**	**Less than 90**
Sweep Accounts-Repurchase Agreement	$ 56,757,245	56,757,245	—	—	—
Sweep Accounts-Money Market Fund	233,151,003	233,151,003	—	—	—
	$ 289,908,248	289,908,248	—	—	—

Repurchase agreements and money market funds are collateralized by obligations of the U.S. Government or its agencies, or direct investments of such obligations overnight and funds are available the next day.

As of June 30, 2015, the Authority had the following investments:

		Investment maturities (in years)			
Investment	**Carrying amount**	**Less than 1**	**1–5**	**6–10**	**More than 10**
Demand repurchase agreements	$ 195,079	—	100,000	—	95,079
Federal Home Loan Bank Bonds	14,799,543	14,799,543	—	—	—
Federal Farm Credit Bank Bonds	20,735,728	19,496,195	1,239,533	—	—
Federal Home Loan Mortgage Corp.	27,682,603	—	26,151,150	—	1,531,453
Federal National Mortgage Assn. Benchmark Notes	1,682,107	—	—	—	1,682,107
Federal Home Loan Bank Discount Notes	39,243,885	39,243,885	—	—	—
Federal Home Loan Bank Government Agencies	25,001,300	25,001,300	—	—	—
Federal Home Loan Mortgage Corp. Discount Notes	12,490,825	12,490,825	—	—	—
Government National Mortgage Association	161,899,293	—	—	—	161,899,293
Federal National Mortgage Assn.	92,746,747	24,036,950	2,499,375	—	66,210,422
U.S. Treasury Bills	400,000	400,000	—	—	—
U.S. Treasury Strips	1,277,210	—	—	—	1,277,210
U.S. Treasury Bonds	6,702,352	—	—	6,702,352	—
U.S. Treasury Notes	5,653,167	489,754	5,163,413	—	—
	$ 410,509,839	135,958,452	35,153,471	6,702,352	232,695,564

Demand repurchase agreements are collateralized by obligations of the U.S. Government or its agencies, or direct investments of such obligations and have one-day demand of funds provisions exercisable at the Authority's option. The market value of securities subject to such agreements must be maintained at least equal to 100% of the principal of and accrued interest on the invested funds by marking to market at least weekly and using an immediate under value cure provision.

(b) Credit Risk

Credit risk is the risk the Authority will not recover its investments due to the inability of the counterparty to fulfill its obligation. Statutes of the State and resolutions of the Authority authorize the Authority to invest in obligations of the U.S. Government, agencies, and instrumentalities of the U.S. Government, demand repurchase agreements, and other banking arrangements. The Authority may also invest its funds in such investments as may be lawful for fiduciaries in the State. All funds are held outside of the State Treasury in various banks and financial institutions, except for a portion of funds for the HOME Program Fund.

The Authority's investments in U.S. Government and Agency Obligations are rated Aaa by Moody's and/or AA+ by Standard & Poor's.

The counterparties to the demand repurchase agreements and repurchase agreements are institutions whose unsecured debt securities are rated at least equal to the ratings on the Authority's debt, or in the case of short-term program fund investments, the highest short-term rating category.

The counterparties, carrying amount of the repurchase agreements, and ratings as of June 30, 2015 are listed below.

Counterparty	**Rating S&P / Moody's**		**Carrying value**
Morgan Guaranty Trust Company	A+ (Stable)/Aa3	$	100,000
Portigon AG	NR (N/R)/Aa1		95,079
Total investments		$	195,079
Bank of America	A- (Negative)/A	$	56,757,245
Total repurchase agreements		$	56,757,245

(c) Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The Authority's cash carrying value balance totaled $369,207,423 at June 30, 2015, and the cash bank balance totaled $370,341,802, which was fully insured or collateralized. Additionally, the Authority's cash equivalents at June 30, 2015, consisted of sweep accounts, held in the Authority's name, with the funds in these accounts invested in money market funds that invest in U.S. Treasury securities, or were held in accounts that were either FDIC insured or collateralized with U.S. government obligations. A portion of the LLC's cash consisted of checking and money market accounts held in the names of property management agents, however, the LLC has the sole right to these account balances. The Authority's investments at June 30, 2015 were held in the Authority's name in separate Authority custodial accounts. Collateral is pledged in the Authority's name and consists of U.S. Treasury obligations.

(d) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The Authority's policy does not limit the amounts the Authority may invest in any one issuer. The Authority is considered to have a concentration of credit risk if its investments in any one single issuer (other than securities explicitly guaranteed by the U.S. government) are greater than 5%

of total investments. Investments which comprise more than 5% of the Authority's investments as of June 30, 2015 are as follows:

Investment		Fair value
Federal National Mortgage Association	$	94,428,854
Federal Home Loan Bank		79,044,728
Federal Home Loan Mortgage Corporation		40,173,428
Federal Farm Credit Bank		20,735,728

(e) Forward Commitments

The Authority sells forward commitments to deliver Ginnie Mae guaranteed mortgage-backed securities and Fannie Mae mortgage-backed securities. Commitments are sold as mortgage loan reservations are taken to hedge against market fluctuations prior to loan origination and securitization. The Authority is subject to market value fluctuations in the event that mortgage loans are not originated as expected and the committed securities cannot be delivered. A net increase in fair value of $763,535 on these forward commitments, classified as investment derivative instruments, has been recorded in investment income in the Administrative Fund for the year ended June 30, 2015. In addition, $763,535 of forward commitments is recorded on the statement of net position as other current assets at June 30, 2015.

The Authority is subject to credit risk with respect to counterparties for the forward commitment contracts, summarized below with their credit ratings as of June 30, 2015.

Counterparty	Rating (1)	Number of Contracts		Par Amount
Bank of New York Mellon	A+/A-1 (Neg); A1/P-1	19	$	41,980,000
Citi Mortgage	A/A-1 (Stable); A1/P-1 (Stable)	21		35,500,000
Morgan Stanley	A-/A-2 (Neg); A3/P-2 (Stable)	19		37,699,296
Piper Jaffray & Co.	A-/A-2 (Neg); A3/P-2 (Stable)	8		13,098,000
Raymond James & Associates, Inc.	BBB (Pos); Baa2 (Pos)	8		14,200,000
Simmons First Investment Group	Not Rated	6		9,800,000
Wells Fargo Securities, LLC	AA-/A-1+ (Stable); Aa2/P-1 (Stable)	23		42,300,000
Total forward commitments		104	$	194,577,296

(1) S&P;Moody's

(f) Securities Lending Transactions

The HOME Program Fund records deposits of loan repayments and grant recaptures within the Funds Held by the Illinois State Treasurer (the Treasurer) representing the Authority's proportionate share of HOME Program funds held and maintained by the Treasurer. As the Treasurer also participates in securities lending activities, the Authority additionally records its proportionate share of such securities lending activities.

The Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The Treasurer has, through a Securities Lending Agreement, authorized Deutsche Bank Group to lend the Treasurer's securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2015, Deutsche Bank Group lent U.S. Treasury and U.S. agency securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregated market value of the loaned securities. Loans are marked to market daily. If the market value of collateral falls below 100%, the borrower must provide additional collateral to raise the market value to 100%.

The Treasurer did not impose any restrictions on loan amounts of available and eligible securities during fiscal year 2015. In the event of borrower default, Deutsche Bank Group provides the Treasurer with counterparty default indemnification. In addition, Deutsche Bank Group is obligated to indemnify the Treasurer if Deutsche Bank Group loses any securities, collateral or investments of the Treasurer in Deutsche Bank Group's custody. Moreover, there were no losses during fiscal year 2015 resulting from a default of the borrowers or Deutsche Bank Group

During fiscal year 2015, the Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank Group and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. The Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent. The securities lending collateral invested in repurchase agreements and the fair value of the securities on loan for the Treasurer as of June 30, 2015 were $4,007,450,623 and $3,980,606,070, respectively. The Authority recorded a share of the securities lending cash collateral and associated liability in the HOME Program Fund in the amount of $360,000 as of June 30, 2015.

(4) Interfund Receivables, Payables, and Transfers

Interfund Balances

The Authority reports interfund balances among its funds. These balances generally consist of accruals for various revenues or expenses due to a fund, but received or paid to another, and subsidy transfers between funds. These amounts are generally paid or received within the subsequent fiscal year.

Interfund accounts receivable (payable) balances at June 30, 2015 consisted of the following:

	Payable From								
	Governmental Funds					Proprietary Funds			
Receivable To	**Illinois Affordable Housing Trust Fund**	**Home Program Fund**	**Rental Housing Support Program Fund**	**Hardest Hit Fund**	**Nonmajor Govern-mental Funds**	**Adminis-trative Fund**	**Mortgage Loan Program Fund**	**Single Family Program Fund**	**Total**
Governmental Funds:									
Illinos Affordable Housing Trust Fund	$ —	—	—	—	—	250,000	—	—	250,000
Proprietary Funds:									
Administrative Fund	2,534,685	69,344	90,411	962,374	1,067,541	—	2,741,676	595,650	8,061,681
Mortgage Loan Program Fund	—	—	—	—	—	9,932,124	—	—	9,932,124
Single Family Program Fund	—	—	—	—	—	345,457	—	—	345,457
	$ 2,534,685	69,344	90,411	962,374	1,067,541	10,527,581	2,741,676	595,650	18,589,262

The interfund accounts receivable (payable) between the Mortgage Loan Program Fund and the Administrative Fund primarily consist of a fiscal year 2000 operating transfer of $10.4 million to the Multi-Family Housing Revenue Bond Accounts made from the Administrative Fund in conjunction with the issuance of the Multi-Family Housing Revenue Bonds, Series 2000A (Lakeshore Plaza Development) and the corresponding transfer of the carrying value of the real estate investment, ML-181, to these accounts, partially reversed by a $5.4 million fiscal year 2006 transfer to the Administrative Fund, plus interfund accounts receivable related to mortgage assistance provided to a previously distressed loan, Larkin Village ($2.8 million). The Authority intends to reverse the remaining amounts of the transfers upon the dispositions of Lakeshore Plaza and Larkin Village.

Interfund accounts payable from governmental funds represent reimbursements due to the Authority for a portion of operating expenses incurred to administer certain governmental programs. Other interfund accounts receivable to the Administrative Fund mainly consist of reimbursements for certain costs incurred in administering programs.

The Authority records transfers between program funds for various purposes including fund closings, earnings transfers, program subsidies, and equity contributions for the initial financing of the Authority's programs.

Transfers

Transfers for the year ended June 30, 2015 consisted of the following:

	Transfers out			
Transfers in	**Illinois Affordable Housing Trust Fund**	**Administrative Fund**	**Mortgage Loan Program Fund**	**Total**
Administrative Fund	$ —	—	492,558	492,558
Mortgage Loan Program Fund	5,200,000	—	—	5,200,000
Single Family Program Fund	—	15,000,000	—	15,000,000
	$ 5,200,000	15,000,000	492,558	20,692,558

Pursuant to the Illinois Affordable Housing Act, amounts up to $10,000,000 in any fiscal year may be transferred, following an annual Authority certification to the Illinois Department of Revenue of the amounts required to be withdrawn, from the Illinois Affordable Housing Trust Fund to the Affordable Housing Program Trust Fund Bond Accounts. The amounts transferred during the year ended June 30, 2015 totaled $5,200,000.

The transfer of $15,000,000 from the Administrative Fund to the Single Family Program Fund was made to acquire mortgage loans and fund costs related to the issuance of Homeowner Mortgage Revenue Bonds.

The transfer of $492,558 from the Mortgage Loan Program Fund to the Administrative Fund was the residual balance of Multifamily Housing Revenue Bonds (Marywood) net assets.

(5) Program Loans Receivable

The following summarizes program loans receivable, net of allowance for estimated losses, activity for the Authority for the year ended June 30, 2015:

		Net program loans receivable June 30, 2014	Loan disbursements	Loan repayments	Change in loan loss provision	Net program loans receivable June 30, 2015
				(Dollars in thousands)		
Governmental Funds:						
Illinois Affordable Housing Trust Fund	$	309,946	12,639	(8,841)	(338)	313,406
HOME Program Fund		227,495	17,857	(2,224)	(1,862)	241,266
Build Illinois Bond Program Fund		2,717	2,571	(2,880)	(1,204)	1,204
Hardest Hit Fund		9,350	—	(1,541)	15,937	23,746
Nonmajor governmental funds		78,298	—	(187)	(280)	77,831
Total Governmental Funds	$	627,806	33,067	(15,673)	12,253	657,453
Proprietary Funds:						
Administrative Fund	$	93,606	288	(20,203)	2,452	76,143
Mortgage Loan Program Funds:						
Housing Bonds		390,407	2,662	(35,334)	1,926	359,661
Multifamily Initiative Bonds		52,321	200	(1,009)	81	51,593
Multifamily Housing Revenue Bonds (Marywood)		6,493	—	(15,039)	8,546	—
Affordable Housing Program Trust Fund Bonds		27,803	673	(8,343)	594	20,727
Total Mortgage Loan Program Fund		477,024	3,535	(59,725)	11,147	431,981
Single Family Program Fund		331,735	497	(52,182)	629	280,679
Total Proprietary Funds	$	902,365	4,320	(132,110)	14,228	788,803

Loans receivable in the Mortgage Loan Program Fund are secured by first mortgage liens on the related developments. Each development is subject to a regulatory agreement under which the Authority has certain powers relating to rents, profits, occupancy, management, and operations. Monies are required to be deposited in reserve accounts monthly by all mortgagors for real estate tax reserves and by substantially all mortgagors for insurance and replacement reserves. See note 9 regarding these reserves and other deposits held in escrow.

The ability of the mortgagors to make required payments on the mortgage loans receivable depends principally upon the related developments achieving and sustaining sufficient occupancy and rental levels to support such payments. With respect to most developments financed from proceeds of Housing Bonds, the Authority, HUD, and the owners of the developments have entered into agreements whereby HUD will make, under its Section 8 Program, housing assistance payments for the developments. With respect to a portion of loans within its Housing Bond accounts, the Authority has made loans to finance developments entitled to interest reduction payments by HUD under Section 236 of the National Housing Act for all or a portion of the dwelling units in the developments. Such federal subsidies, together with the rents to be paid by the tenants, are estimated by the Authority prior to its issuing an initial mortgage loan commitment, to provide sufficient funds to pay the costs of operation, maintenance, administration, mortgage payments, and Authority fees with respect to each of the developments.

At June 30, 2015, for loans financed under the Mortgage Loan Program Fund, there were no amounts in arrears equal to more than two months debt service payments or required deposits to tax and insurance and/or replacement reserves.

For certain past delinquencies, the related developments have not been able to generate net rental income sufficient to pay scheduled debt service and reserve deposits in full. In the opinion of the Authority, these deficiencies of net rental income have arisen for various reasons including (i) the existence of physical defects in the development which have caused operational problems, (ii) higher than anticipated operating expenses of the development, and (iii) depressed rental market conditions in the development's local area.

In certain cases, cash deficiencies of developments, including certain developments as to which the related mortgage loans are not delinquent as to scheduled debt service payments or required reserve deposits, have been funded in part by advances from the owners of the respective developments. However, there generally can be no assurance that the owners will make additional advances for this purpose. For certain mortgage loans, the Authority holds reserve deposits and letters of credit that may be applied toward delinquencies.

The Authority has pursued actions available under the mortgage and regulatory agreements to cure certain delinquencies. With respect to some developments, the need for capital improvements, repairs, marketing campaigns and other expenditures may be indicated. Where necessary and appropriate, the Authority has committed and/or advanced residual income loans from the Administrative Fund or mortgage loan increases from the related program account to finance these expenditures. In certain instances the Authority has initiated actions to effect necessary changes in the management of the developments. In addition, the Authority has, in some cases, filed suit against the applicable general contractors and/or bonding companies seeking corrections of the development's physical defects and has instituted foreclosure proceedings for certain developments.

The Authority's policy for converting mortgage loans, except for loans financed under the Single Family Mortgage Loan Program, to nonaccrual status is to discontinue the accrual of interest when a loan becomes 90 days past due. In addition, the Authority does not accrue interest income on loans in which payments are to be made from residual receipts of the development. Payments on such loans are recognized only as received. For loans receivable within the Single Family Mortgage Loan Program, the Authority accrues interest income on all loans unless they become real estate owned properties, at which time the accrual is suspended.

As of June 30, 2015, no mortgage loans in the Mortgage Loan Program Fund were on nonaccrual status. In addition, the Authority does not accrue interest income on approximately $8.6 million of mortgage loans recorded in the Administrative Fund. Payments made on such loans, which generally are payable from residual receipts, if any, of the affected development funds, are recognized only as received. The annual amount of interest on these loans is approximately $173,000.

The Authority, through its Housing Partnership Program, provides loans to not-for-profit organizations, community groups and cities to finance the rehabilitation of existing housing and for the construction of new housing for low and moderate income persons and families. The program's activities are recorded in the Administrative Fund. At June 30, 2015, loans receivable under this program were approximately $124,000.

In June 1994, the Authority entered into a Risk Sharing Agreement (the Agreement) with HUD that permitted the Authority to participate in HUD's Risk Sharing Program, which has since been converted to a permanent program. Under this program, HUD will insure certain mortgage loans on Multi-Family housing developments (the Risk Sharing loans). HUD has authorized the Authority to make an unlimited amount of loans for such developments. Under the Agreement, the Authority will underwrite the Risk Sharing Loans following its underwriting guidelines. HUD will insure the Risk Sharing Loans and will bear 10% to 90% of the loss as elected by the Authority, in the event of a foreclosure. The Authority will bear the remainder of the risk. The program's service and insurance fee incomes are recorded in the Administrative Fund.

The Authority, as of June 30, 2015, has entered into forty-five Risk Sharing Loans totaling $254,055,699 and elected that HUD assume 10% to 90% of the loss with respect to those loans. Nine of these loans totaling $59,121,699 were financed through the issuance of the Authority's Housing Bonds, ten loans totaling $67,898,000 were financed through the issuance of the Authority's Multi-Family Initiative Bonds and three loans totaling $14,725,000 were financed by the Administrative Fund. The remaining twenty-three loans totaling $112,311,000 are not included in the Authority's financial statements as the Authority sold 100% participation interests in the loans to outside parties.

At June 30, 2015 for loans financed under the risk sharing program where the Authority sold 100% participation interests in the loans to outside parties, there were no amounts in arrears equal to more than two months debt service payments or required deposits to tax and insurance and/or replacement reserves.

As of June 30, 2015, for mortgage loans insured with Ambac Assurance Corporation (Ambac Loans) on Multi-Family housing developments under the Authority's Mortgage Participation Certificate Program, the Authority has entered into four Ambac Loans totaling $14,891,200 These loans are not included in the Authority's financial statements as the Authority sold 100% participation interests in the loans to outside parties. Ambac has guaranteed repayment of principal and interest due on a timely or accelerated basis in accordance with the agreement between the Authority and Ambac. The agreement allows (or provides) the Authority to share its risk with Ambac on the aggregate loan portfolio after the satisfaction of certain requirements and thresholds.

At June 30, 2015, for loans financed under the Mortgage Participation Certificate Program where the Authority sold 100% participation interests in the loans to outside parties, there were no amounts in arrears equal to more than two months debt service payments or required deposits to tax and insurance and/or replacement reserves.

With respect to the mortgage loans funded by the Homeowner Mortgage Revenue Bonds, a substantial majority of all delinquent mortgage loans receivable at June 30, 2015 have reached maximum reimbursements allowable for loss claims and as a result insurance proceeds may not fully cover any losses experienced and therefore the Authority establishes a provision for estimated losses related to such conditions.

(Continued)

Loans made through the Illinois Affordable Housing Trust Fund, governmental fund, are to acquire, construct, rehabilitate, develop, operate, insure, and retain affordable single family and Multi-Family housing for low and very low-income households. Interest rates on these loans are set at below market rates and have ranged from 0% to 5.75%, with most rates set at 2.0% or below. Loans have maturities of up to 40 years, with some loans carrying deferred payment terms. The approximate aging of the Illinois Affordable Housing Trust Fund gross receivables balances as of June 30, 2015 are as follows:

	Principal due by June 30				
Interest rate %	**2016**	**2017-2021**	**2022-2031**	**After 2031**	**Total**
	(Dollars in thousands)				
0 - 0.99	$ 3,414	10,785	50,692	102,544	167,435
1 - 1.99	4,044	13,055	59,907	67,365	144,371
2 - 3.99	459	2,623	5,987	7,147	16,216
4 - 5.75	392	550	1,220	824	2,986
	$ 8,309	27,013	117,806	177,880	331,008

Loans are made through the HOME Program Fund, governmental fund, in order to provide decent and affordable housing, particularly housing for low and very low income Americans. Interest rates on these loans are set at below market rates and have ranged from 0% to 6.5%, with most rates set at 2.0% or below. The approximate aging of the gross receivables balances of the HOME program as of June 30, 2015 are as follows:

	Principal due by June 30				
Interest rate %	**2016**	**2017-2021**	**2022-2031**	**After 2031**	**Total**
	(Dollars in thousands)				
0 - 0.99	$ 418	2,093	35,293	30,103	67,907
1 - 1.99	5,500	16,367	77,711	68,310	167,888
2 - 3.99	561	1,720	3,897	3,364	9,542
4 - 6.50	275	899	3,222	1,256	5,652
	$ 6,754	21,079	120,123	103,033	250,989

(Continued)

The Authority has reviewed each program loan receivable, including those for developments in the construction or rent-up phases, for the purpose of determining ultimate collectability. The Authority believes that the allowances for estimated losses at June 30, 2015 in the accompanying financial statements are adequate to cover estimated losses of the various funds. The following summarizes the changes in the allowance for estimated losses on program loans receivable during the year ended June 30, 2015:

		Allowance for estimated losses June 30, 2014	Provision for estimated losses	Write-offs of uncollectible losses, net of recoveries	Allowance for estimated losses June 30, 2015
			(Dollars in thousands)		
Governmental Funds:					
Illinois Affordable Housing Trust Fund	$	17,264	530	(193)	17,601
HOME Program Fund		7,861	1,862	—	9,723
Build Illinois Bond Program Fund		—	1,204	—	1,204
Hardest Hit Fund		17,304	(15,937)	—	1,367
Nonmajor Governmental Funds		1,124	280	—	1,404
Total governmental funds	$	43,553	(12,061)	(193)	31,299
Proprietary Funds:					
Administrative Fund	$	3,499	98	(2,550)	1,047
Mortgage Loan Program Fund		17,591	(729)	(10,419)	6,443
Single Family Program Fund		9,876	(628)	—	9,248
Total proprietary funds	$	30,966	(1,259)	(12,969)	16,738

The provision for estimated losses for the Illinois Affordable Housing Trust Fund is recorded as a reduction to the amount due to the State of Illinois to reflect the State of Illinois equity interest in the program.

State statute requires that all uncollected receivables due that exceed $1,000 be submitted to the Illinois Attorney General to be certified as uncollectible before the Authority can delete such receivables from its records. As of June 30, 2015, the Authority has requested six such certifications totaling $1,189,299, all for loans within the Illinois Affordable Housing Trust Fund. Additional certification requests are anticipated to be filed as loss amounts are determined following the conclusion of foreclosure or other loss mitigation activities. The Authority has established provisions for estimated losses against such loans requested and to be requested for such certifications in amounts equal to the outstanding principal balances of the loans.

Scheduled receipts of principal on proprietary fund program loans gross receivable balance in the five years subsequent to June 30, 2015 and thereafter are as follows (dollars in thousands):

2016	$	51,163
2017		65,704
2018		35,486
2019		39,520
2020		37,289
After 2020		576,379
	$	805,541

Amounts recorded as due from the Federal National Mortgage Association (FNMA/FannieMae) and the Federal Home Loan Mortgage Corporation (FHLMC/Freddie Mac) in the Mortgage Loan Program Fund represent the disbursed bond proceeds and accrued interest on certain bond issues which are secured by credit enhancements provided by FNMA and FHLMC. Under these obligations, the bond trustee may draw funds directly from FNMA and FHLMC when needed and in amounts sufficient to make timely payments of principal and interest on the bond issues when due and payable.

(6) Real Estate Held for Sale

An analysis of real estate held for sale is as follows:

		Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	IHDA Dispositions LLC	Total
Balance at June 30, 2014	$	41,943	463,330	15,451,956	200,000	16,157,229
Transfers of loans		33,438	307,671	14,964,814	340,000	15,645,923
Proceeds received		(41,943)	(472,277)	(19,946,464)	—	(20,460,684)
Change in loan loss provision		(9,329)	(254,926)	(6,175,719)	—	(6,439,974)
Balance at June 30, 2015	$	24,109	43,798	4,294,587	540,000	4,902,494

(7) Capital Assets

Capital asset activity for the year ended June 30, 2015 for governmental activities was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets being depreciated				
Furniture and equipment	$ 285,867	31,500	(64,025)	253,342
Total capital assets being depreciated	285,867	31,500	(64,025)	253,342
Accumulated depreciation				
Furniture and equipment	110,533	83,376	(64,025)	129,884
Total accumulated				—
depreciation	110,533	83,376	(64,025)	129,884
Capital assets, net of depreciation	$ 175,334	(51,876)	—	123,458

Capital asset activity for the year ended June 30, 2015 for business-type activities was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets being depreciated				
Administrative Fund				
Furniture and equipment	$ 3,189,222	246,111	—	3,435,333
Mortgage Loan Program Fund				
Real estate	42,322,953	1,139,517	—	43,462,470
Total capital assets being depreciated	45,512,175	1,385,628	—	46,897,803
Total capital assets	45,512,175	1,385,628	—	46,897,803
Accumulated depreciation				
Administrative Fund				
Furniture and equipment	1,986,747	345,725	—	2,332,472
Mortgage Loan Program Fund				
Real estate	18,263,852	989,458	—	19,253,310
Total accumulated depreciation	20,250,599	1,335,183	—	21,585,782
Capital assets, net of depreciation	$ 25,261,576	50,445	—	25,312,021

(8) Bonds and Notes Payable

The following summarizes the debt activity for the Authority's proprietary funds for the year ended June 30. 2015:

	June 30, 2014	Additions	Deductions	June 30, 2015	Amount due within one year
Administrative Fund-Direct Bank Loans	$ 73,878,575	—	(39,798,770)	34,079,805	146,693
Mortgage Loan Program Fund:					
Housing Bonds	393,970,000	66,540,000	(91,100,000)	369,410,000	13,745,000
Discount on Housing Bonds	(103,520)		3,284	(100,236)	—
Multi-Family Initiative Bonds	152,500,000	—	(2,180,000)	150,320,000	2,350,000
Affordable Housing Program Trust Fund Bonds	21,060,000	—	(2,925,000)	18,135,000	1,495,000
Total Mortgage Loan Program Fund	567,426,480	66,540,000	(96,201,716)	537,764,764	17,590,000
Single Family Program Fund:					
Residential Mortgage Revenue Bonds	217,397	1,529	(110,000)	108,926	5,000
Homeowner Mortgage Revenue Bonds	444,430,000	111,250,000	(219,555,000)	336,125,000	8,845,000
Premium on Homeowner Mortgage Revenue Bonds	714,234	1,897,938	(927,715)	1,684,457	—
Housing Revenue Bonds	195,568,550	—	(21,066,377)	174,502,173	3,622,275
Premium on Housing Revenue Bonds	768,815	—	(143,149)	625,666	—
Discount on Housing Revenue Bonds	(928,125)	—	18,900	(909,225)	—
Total Single Family Program Fund	640,770,871	113,149,467	(241,783,341)	512,136,997	12,472,275
Total Proprietary Funds	$ 1,282,075,926	179,689,467	(377,783,827)	1,083,981,566	30,208,968

Bonds and notes outstanding are general obligations (G.O.) of the Authority with the exception of Homeowner Mortgage Revenue Bonds, Housing Revenue Bonds, Multi-Family Initiative Bonds and Affordable Housing Program Trust Fund Bonds, which are special limited obligations (S.L.O.) of the Authority. S.L.O. bonds, other than Housing Revenue Bonds, are payable from pledged property as defined in their respective general resolutions. Housing Revenue Bonds are payable from pledged mortgage-backed securities. Certain issues of Multi-Family Initiative Bonds are credit enhanced by Fannie Mae and Freddie Mac. The Authority has also pledged its general obligation to the payment of the Affordable Housing Program Trust Fund Bonds to a limited extent and amounts.

The Authority has pledged future mortgage loan revenues, net of specified operating expenses, to repay outstanding $679.1 million (principal) in S.L.O. Bonds as noted in the following schedules for the Mortgage Loan Program Fund and Single Family Program Fund. The total principal and interest remaining to be paid on the S.L.O. Bonds is $1.0 billion. For bonds payable from pledged property, interest paid for the current year was $24.8 million, and total related mortgage loan principal and interest received were $60.1 million and $25.3 million, respectively.

Bonds and notes outstanding at June 30, 2015 are as follows. The June 30, 2014 amounts are shown for comparative purposes only.

(a) Mortgage Loan Program Fund

Bonds outstanding of the Mortgage Loan Program Fund are as follows:

	Maturity dates	Interest rate range %		Debt class		Amount June 30 2015	Amount June 30 2014
Housing Bonds:							
2004 Series A	2015–2040	4.05-4.70	%	G.O.	$	—	14,940,000
2004 Series B	2014–2035	variable		G.O.		—	4,400,000
2004 Series C	2014–2045	4.75-5.45		G.O.		—	8,975,000
2005 Series A	2014–2036	3.80-4.60		G.O.		—	13,175,000
2005 Series C	2015–2042	4.38-5.00		G.O.		9,620,000	9,780,000
2005 Series D	2015–2048	4.88		G.O.		6,125,000	6,195,000
2005 Series E	2014–2036	4.00-4.80		G.O.		—	23,505,000
2005 Series F (Taxable)	2014–2029	5.12-5.84		G.O.		—	11,370,000
2006 Series A	2015–2039	4.90-5.05		G.O.		7,215,000	7,370,000
2006 Series B	2015–2047	4.75-5.00		G.O.		12,400,000	12,605,000
2006 Series E	2015–2042	4.45-4.95		G.O.		7,390,000	7,510,000
2006 Series F	2015–2047	4.45-5.00		G.O.		3,295,000	3,405,000
2006 Series G	2015–2037	4.20-4.85		G.O.		19,745,000	21,455,000
2006 Series H (Taxable)	2015–2029	5.46-6.06		G.O.		7,055,000	7,470,000
2006 Series I	2015–2049	4.70-4.85		G.O.		6,845,000	6,915,000
2006 Series J	2015–2049	4.50-5.00		G.O.		3,280,000	3,320,000
2006 Series K	2015–2024	4.25-4.60		G.O.		1,645,000	1,920,000
2006 Series M	2015–2048	4.00-4.50		G.O.		11,585,000	11,725,000
2007 Series A	2015–2048	4.40-5.55		G.O.		3,660,000	3,900,000
2007 Series C	2015–2045	4.25-5.38		G.O.		9,080,000	9,190,000
2007 Series D	2015–2043	4.05-5.05		G.O.		19,115,000	19,635,000
2007 Series E (Taxable)	2015–2033	5.66-6.54		G.O.		6,385,000	6,885,000
2007 Series F	2015–2044	4.70-5.35		G.O.		6,305,000	6,390,000
2007 Series G	2015–2044	4.70-5.35		G.O.		5,250,000	5,320,000
2008 Series A (1)	2027	variable		G.O.		12,010,000	12,370,000
2008 Series B (1)	2015–2028	variable		G.O.		29,085,000	30,585,000
2008 Series C (1)	2041	variable		G.O.		5,005,000	5,095,000
2013 Series B (Taxable)	2015–2047	0.92-4.79		G.O.		96,900,000	100,835,000
2013 Series C	2015–2047	1.75-4.60		G.O.		5,640,000	5,730,000
2013 Series D	2015–2048	0.70-4.95		G.O.		8,235,000	12,000,000
2015 Series A-1	2015–2036	0.50-3.85		G.O.		30,665,000	—
2015 Series A-2 (Taxable)	2015-2029	0.80-4.07		G.O.		13,295,000	—
2015 Series A-3 (Taxable) (1)	2045	variable		G.O.		22,580,000	—
						369,410,000	393,970,000
Less unamortized discount thereon						(100,236)	(103,520)
Total Housing Bonds					$	369,309,764	393,866,480

(1) In accordance with the indenture, interest rates on the bonds are determined weekly and are paid monthly at a rate established by the remarketing agents on each rate determination date. The variable rates paid on the subject bonds ranged from 0.03% to .014% at June 30, 2015. Pursuant to the liquidity agreements, the bonds are subject for purchase by liquidity providers in the event of a tender by bondholders (Bank Bonds). Subject to other provisions within the liquidity agreements, the Bank Bonds will bear interest at a rate specified within the agreements and continue to be subject for remarketing by remarketing agents. In the event the remarketing agents are unable to remarket the Bank Bonds over a certain period of time, the Bank Bonds are subject to a put whereby the Authority is required to purchase and redeem the Bank Bonds over a period stated within the agreements. The Authority has a take-out agreement with the liquidity providers to convert the bonds to an installment loan payable over a three-to-five year period. The interest rate that is to be paid during the put periods is LIBOR plus 150 basis points. The current liquidity agreements for 2008 Series A, B, and C and 2015 Series A-3 expire on April 24, 2019 and January 21, 2020, respectively.

The bonds and Bank Bonds are general obligations of the Authority and the timely payment of principal and interest on the bonds and Bank Bonds are subject to credit enhancement agreements with credit enhancement providers. The Authority has a general obligation to reimburse the liquidity providers and credit enhancement providers for any such payments made.

	Maturity dates	Interest rate range %	Debt class	Amount June 30 2015	Amount June 30 2014
Multifamily Initiative Bonds:					
Series 2009 B	2015–2051	3.50 %	S.L.O.	$ 13,870,000	14,160,000
Series 2009 C	2015–2051	3.01	S.L.O.	21,160,000	21,620,000
Series 2009 D	2015–2041	3.48	S.L.O.	57,690,000	58,400,000
Series 2009 E	2015–2042	2.32	S.L.O.	4,700,000	4,700,000
Series 2009 F	2015–2041	2.32	S.L.O.	5,520,000	5,610,000
Series 2009 G	2015–2041	2.32	S.L.O.	8,280,000	8,400,000
Series 2009 H	2015–2041	2.32	S.L.O.	10,890,000	11,040,000
Series 2009 I	2015–2051	2.32	S.L.O.	9,570,000	9,570,000
Series 2009 J	2015–2043	3.84	S.L.O.	18,640,000	19,000,000
Total Multifamily Initiative Bonds				150,320,000	152,500,000
Affordable Housing Program:					
Trust Fund Bonds:					
Series 2005 A (Taxable)	2015–2027	5.60-6.35	S.L.O.	18,135,000	21,060,000
Total Mortgage Loan Program Fund				$ 537,764,764	567,426,480

(b) Single Family Program Fund

Bonds outstanding of the Single Family Program Fund are as follows:

	Maturity dates	Interest rate range %	Debt class	Amount June 30 2015	Amount June 30 2014
Homeowner Mortgage					
Revenue Bonds:					
1998 Series A (Taxable)	2015	6.45-6.52 %	S.L.O.	$ 175,000	515,000
2001 Series F (Taxable) (1)	2016–2020	variable	S.L.O.	10,000,000	10,000,000
2002 Series B (Taxable) (2)	2015–2023	variable	S.L.O.	1,340,000	3,395,000
2003 Series B	2013–2034	4.45-5.15	S.L.O.	—	18,610,000
2004 Series A	2013–2035	3.55-4.75	S.L.O.	—	14,620,000
2004 Series A-3	2026–2035	variable	S.L.O.	—	10,675,000
2004 Series C	2013–2035	4.45-5.35	S.L.O.	—	36,065,000
2004 Series C-3 (3)	2025–2034	variable	S.L.O.	15,590,000	16,000,000
2005 Series A	2013–2036	3.80-4.80	S.L.O.	—	21,125,000
2005 Series A-3	2025–2036	variable	S.L.O.	—	20,000,000
2005 Series C	2013–2036	3.80-5.25	S.L.O.	—	49,620,000
2006 Series A	2015–2036	4.10-5.00	S.L.O.	29,505,000	38,340,000
2006 Series C	2015–2037	4.35-5.15	S.L.O.	63,025,000	69,880,000
2007 Series A	2015–2037	4.00-4.90	S.L.O.	43,335,000	45,425,000
2007 Series D	2015–2038	4.60-5.30	S.L.O.	27,600,000	34,270,000
2007 Series H					
(remarketed 1/30/08)	2015–2039	3.50-5.20	S.L.O.	32,720,000	38,375,000
2008 Series A	2015–2038	3.50-5.20	S.L.O.	2,970,000	4,205,000
2011 Series A	2015–2018	3.40-4.30	S.L.O.	3,300,000	4,535,000
2011 Series B	2015–2028	3.40-5.00	S.L.O.	4,100,000	8,775,000
2014 Series A	2015--2035	2.75-4.00	S.L.O.	54,385,000	—
2014 Series A-3 (Taxable)	2015--2017	0.68-1.23	S.L.O.	3,415,000	—
2014 Series A-4 (Taxable) (3)	2034	variable	S.L.O.	10,675,000	—
2014 Series A-5 (Taxable) (3)	2035	variable	S.L.O.	20,000,000	—
2014 Series B	2015--2024	0.50-3.40	S.L.O.	13,990,000	—
				336,125,000	444,430,000
Plus unamortized premium thereon				1,684,457	714,234
Total Homeowner Mortgage Revenue Bonds				$ 337,809,457	445,144,234

(1) In accordance with the indenture, interest rates on the bonds are determined and paid monthly based upon an index of one month LIBOR rate plus .040% for 2001 Series F. The variable rates paid on the subject bonds was 0.587% at June 30, 2015. The Authority has entered into pay-fixed, receive variable, interest rate swap agreements in connection with these bonds, the objective of which is to establish a maximum debt service which may be paid over the life of the underlying bonds.

(2) In accordance with the indenture, interest rates on the bonds are determined and paid semi-annually based upon an index of one month LIBOR rate plus 0.415%. The variable rates paid on the subject bonds was .0602% at June 30, 2015.

(3) In accordance with the indenture, interest rates on the bonds are determined weekly and are paid monthly at a rate established by the remarketing agents on each rate determination date. The variable rates paid on the subject bonds ranged from 0.03% to 0.12% at June 30, 2015. Pursuant to the liquidity agreements, the bonds are subject for purchase by liquidity providers in the event of a tender by bondholders (Bank Bonds). Subject to other provisions within the liquidity agreements, the Bank Bonds will bear interest at a rate specified within the agreements and continue to be subject for remarketing by remarketing agents. In the event the remarketing agents are unable to remarket the Bank Bonds over a certain period of time, the Bank Bonds are subject to a put whereby the Authority is required to purchase and redeem the Bank Bonds over a period stated within the agreements. The Authority has a take-out agreement with the liquidity providers to convert the bonds to an installment loan payable over a three-to-five year period. The interest rate that is to be paid during the put periods is LIBOR plus 50 basis points for 2004 Series C-3 and LIBOR plus 150 basis points for 2014 Series A-4 and 2014 Series A-5. The liquidity agreements for 2004 Series C-3, 2014 Series A-4 and 2014 Series A-5 will expire on July 13, 2020, March 15, 2019 and March 10, 2019, respectively.

The Bank Bonds are general obligations of the Authority and the timely payment of principal and interest on some bonds are subject to credit enhancement agreements with credit enhancement providers. The Authority has a general obligation to reimburse the liquidity providers and credit enhancement providers for any such payments made.

	Maturity dates	Interest rate range %	Debt class	Amount June 30 2015	Amount June 30 2014
Housing Revenue Bonds:					
Series 2011-1A	2015–2041	3.285 %	S.L.O.	$ 11,498,173	13,286,730
Series 2011-1B	2015–2041	3.285	S.L.O.	25,093,357	30,163,298
Series 2011-1C	2015–2041	3.285	S.L.O.	7,500,000	7,500,000
Series 2012A (Taxable)	2015–2042	2.625	S.L.O.	31,050,598	35,366,944
Series 2013A	2015–2043	2.450	S.L.O.	65,032,057	72,490,241
Series 2013B (Taxable)	2015–2043	2.750	S.L.O.	18,853,282	20,101,305
Series 2013C	2015–2043	3.875	S.L.O.	15,474,706	16,660,032
				174,502,173	195,568,550
Plus unamortized premium thereon				625,666	768,815
Less unamortized discount thereon				(909,225)	(928,125)
Total Housing Revenue Bonds				$ 174,218,614	195,409,240

	Maturity dates	Interest rate range %	Debt class	Amount June 30 2015	Amount June 30 2014
Residential Mortgage Revenue Bonds:					
1983 Series A	2015	10.872%	G.O.	$ —	4,700
1983 Series B	2015	10.746	G.O.	—	4,703
1984 Series B	2016	11.257	G.O.	4,690	4,179
1985 Series A	2017	10.75	G.O.	4,236	3,815
1987 Series B	2014	8.13	G.O.	—	100,000
1987 Series D	2017	8.65	G.O.	100,000	100,000
Total Residential Mortgage Revenue Bonds				$ 108,926	217,397

The cumulative accretion in value from the date of issuance of the capital appreciation bonds included in the above amounts is summarized as follows:

Series	Redemption basis and period	Original issue amount (1)	Accreted Value June 30 2015	Accreted Value June 30 2014	Aggregate value to be redeemed
1983 Series A	Maturity 2/1/15	$ 180	—	4,700	5,000
1983 Series B	Maturity 2/1/15	193	—	4,703	5,000
1984 Series B	Maturity 2/1/16	166	4,690	4,179	5,000
1985 Series A	Maturity 2/1/17	190	4,236	3,815	5,000

(1) Amounts reflect original issue amounts of capital appreciation bonds outstanding as of June 30, 2015.

	2015	2014
Total Single Family Program Fund	$ 512,136,997	640,770,871

(c) *Administrative Fund*

Outstanding debt of the Administrative Fund is as follows:

	Maturity date	Interest rate	Debt class	Amount June 30 2015	Amount June 30 2014
Direct bank loans:					
	2014	0.33 %	Loan	$ —	2,750,000
	2016	0.85	Loan	—	14,530,000
	2017	1.05	Loan	24,116,400	24,116,400
	2022	2.31	Loan	—	7,000,000
	2022	2.32	Loan	—	15,377,000
	2027	2.70	Loan	9,963,405	10,105,175
				$ 34,079,805	73,878,575

(d) Current Refundings of Debt

On July 24, 2014, the Authority issued its Homeowner Mortgage Revenue Bonds, 2014 Series A and B. A portion of the proceeds of these bonds were used to redeem the Authority's outstanding Homeowner Mortgage Revenue Bonds, 2003 Series B, 2004 Series A, 2004 Series C, 2005 Series A and 2005 Series C (the "Refunded Bonds"). On August 1, 2014, $95,945,000 of the Series 2014 A and B bonds proceeds redeemed the Refunded Bonds.

On January 21, 2015, the Authority issued its Housing Bonds, 2015 Series A. The proceeds of these bonds were used to redeem the Authority's outstanding Housing Bonds, 2004 Series A, 2004 Series C, 2005 Series A, 2005 Series E and 2005 Series F on January 22, 2015.

The Authority, by these current refundings, reduced the present value of its aggregate debt service over the life of the newly issued bonds. The table below shows the anticipated reductions in debt service requirements and the economic gains from the current refundings.

New Issues	Debt Service Reductions		Present Value
	$ - Millions	Years	$ - Millions
Homeowner Mortgage Revenue Bonds, 2014 Series A & B	$ 20.6	21	$ 6.5
Housing Bonds, 2015 Series A	6.6	21	5.8

(e) Defeased Debt

The Authority has defeased debt by placing the proceeds of new bonds and other amounts in an irrevocable trust to provide for all future debt service payments of the old bonds. At June 30, 2015, the following outstanding bonds are considered defeased.

Issue	Amount
Insured Mortgage Housing Development Bonds, 1976 Series A	$ 1,005,000
Multi-Family Housing Bonds, 1981 Series A	22,040,000
	$ 23,045,000

(f) Other Financings

From time to time the Authority has issued special limited obligations with a claim for repayment solely from payments received with respect to the mortgage loans. The bonds are not general obligations of the Authority, and they are not a debt of the State of Illinois; neither is liable to pay interest and principal on the bonds. Accordingly, the bonds and the related mortgage loans are not included in the Authority's financial statements. The bonds do, however, apply toward the Authority's authorized debt limitation.

As of June 30, 2015, there were forty-six series of such bonds or notes outstanding, with an aggregate principal amount payable of $575,703,281.

(Continued)

(g) Assets Restricted for Capital and Debt Service Reserves

Pursuant to the Act and various resolutions of the Authority, certain assets (principally investments) are maintained in capital and debt service reserve funds and may be used only for the payment of principal and interest on certain bonds. The reserve funds must be maintained at an amount at least equal to the following:

Bonds	Requirement
Affordable Housing Program Trust Fund Bonds	Maximum amounts of principal, sinking fund installments and interest due in the then current or any future bond year for all bonds then outstanding.
Housing Bonds	The amount established by each series resolution, currently six months of maximum principal and interest payments.
Multi-Family Initiative Bonds	The maximum amount of principal and interest due on any interest payment date excluding the final interest payment date.
Homeowner Mortgage Revenue Bonds Residential Mortgage Revenue Bonds	The sum of all amounts established by each series resolution, but such amount cannot be less than 2% for the Homeowner Mortgage Revenue Bonds, and 4% for the Residential Mortgage Revenue Bonds, of the sum of (i) the outstanding principal balance of related mortgage loans and (ii) the amount on deposit to the credit of series program accounts of the program fund.

The amounts of such reserves, for measurement purposes against the various bond resolution reserve requirements, are valued at book value or par, or, if purchased at less than par, at their cost to the Authority. At June 30, 2015, these reserve amounts, which were not less than the amounts required, are as follows:

Housing Bonds	$	13,694,054
Multi-Family Initiative Bonds		1,662,000
Homeowner Mortgage Revenue Bonds		8,711,050
	$	24,067,104

In addition to the above, the debt service reserve requirement of the following bond issue is satisfied by a surety arrangement.

Issue	Valuation
Affordable Housing Program Trust Fund Bonds, Series 2005A	$ 1,868,650

(h) *Debt Service Requirements*

Debt service requirements (dollars in millions) through 2020 and in five-year increments thereafter to maturity for the Authority's proprietary funds are as follows:

	Administrative Fund		Mortgage Loan Program Fund		Single Family Program Fund		Total	
	Principal	Interest	Principal	Interest	Principal*	Interest	Principal*	Interest
Year ending June 30:								
2016	$ 0.1	0.5	17.6	18.3	12.4	9.9	30.1	28.7
2017	24.3	0.4	16.5	17.3	16.8	9.5	57.6	27.2
2018	0.1	0.3	17.4	17.6	16.6	13.0	34.1	30.9
2019	0.2	0.3	17.4	17.1	15.1	15.5	32.7	32.9
2020	0.2	0.2	17.8	16.6	15.8	15.1	33.8	31.9
Five years ending June 30:								—
2021-2025	1.0	1.2	85.2	74.1	80.7	66.4	166.9	141.7
2026-2030	8.2	0.5	90.4	56.7	112.2	52.4	210.8	109.6
2031-2035	—	—	87.3	41.6	130.8	32.6	218.1	74.2
2036-2040	—	—	71.4	25.4	90.0	10.8	161.4	36.2
2041-2045	—	—	99.2	9.8	20.3	0.7	119.5	10.5
2046-2050	—	—	15.9	1.4	—	—	15.9	1.4
2051-2055	—	—	1.8	0.1	—	—	1.8	0.1
	$ 34.1	3.4	537.9	296.0	510.7	225.9	1,082.7	525.3

* Includes capital appreciation bonds at their final redemption values.

(i) *Derivative Instruments*

The incurring of obligations by the Authority involves a variety of interest rate payments and other risks, for which a variety of financial instruments are available to offset, hedge, or reduce these payments and risks. It is the policy of the Authority to utilize risk management agreements to better manage its assets and liabilities. The Authority may execute risk management agreements if the transaction can be expected to result in at least one of, but not limited to, the following:

a) The reduction of exposure to changes in interest rates on a particular financial transaction;

b) A lower net cost of borrowing with respect to the Authority's debt;

c) The management of variable interest rate exposure consistent with prudent debt practices; and

d) The achievement of more flexibility meeting overall financial and programmatic objectives that cannot be achieved in conventional markets.

As of June 30, 2015, the Authority has one active swap contract and three active interest rate caps. Details are shown in the following tables.

	Changes in fair value		Fair value at June 30, 2015		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Business-type activities:					
Cash flow hedges:					
Pay-fixed/receive variable, interest rate swap:					
Series 2001 F	Deferred outflow	$ 434,111	*	$ (1,663,047)	$ 10,000,000
Rate caps	Deferred inflow	(32,667)	**	9,148	47,180,000

* The fair value is classified as derivative instrument liability and a deferred outflow of resources.
** The fair value is classified as derivative instrument asset and a deferred inflow of resources.

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

The fair value of the interest rate swap and rate caps were estimated by the Authority using data provided by the counterparties.

June 30, 2015

Associated bond issue	Notional amounts	Effective date	Fixed rate paid (3)	Variable rate received	Fair values (1)	Termination date	Counter-party credit rating (2)
Single Family Program Fund:							
Active Swap contract:							
HMRB*:							
Series 2001 F	$ 10,000,000	01/2002	6.615	%1 mo LIBOR+40bp	$ (1,663,047)	08/2020	A-/Baa2
Mortgage Loan Program Fund:							
Active Interest Rate Caps:							
HB**:							
Series 2008 A	$ 13,090,000	01/2013	5.75	NIA	$ 7	12/2017	AA-/Aa2
Series 2008 B	29,085,000	07/2011	5.50	NIA	—	06/2016	A/A2
Series 2008 C	5,005,000	06/2006	4.75	NIA	9,141	06/2021	A/A2
	$ 47,180,000				$ 9,148		

* Homeowner Mortgage Revenue Bonds
** Housing Bonds
(1) Includes accrued interest.
(2) S&P/Moody's
(3) Represents rate for swap and cap rate for interest rate caps.

To protect against the potential of rising interest rates, the Authority has entered into one pay-fixed, receive variable, interest rate swap agreement, the objective of which is to achieve a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had the Authority issued fixed-rate debt. In addition, the Authority has entered into three interest rate cap agreements, the objective of which is to establish a maximum debt service which may be paid over the life of the underlying bonds.

The terms, fair values, and credit ratings of the outstanding agreements as of June 30, 2015 are shown in the above table. The notional amount of the swap and caps match the principal amount of the associated debt except in the case of Series 2008 A where scheduled amortization of the bonds have reduced the outstanding bond amount leaving the notional amount of the interest rate cap at its original value.

The Authority's swap and cap agreements in most cases contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or an anticipated reduction in the associated bonds payable category.

Because interest rates have declined since the implementation of the swap agreement, it had negative fair value as of June 30, 2015. The negative fair value may be countered by reductions in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the Authority's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes.

As of June 30, 2015, the Authority was not exposed to credit risk for the swap that had negative fair value. As interest rates change and the fair value becomes positive, the Authority is exposed to credit risk in the amount of the swap's or cap's fair value. The Authority is exposed to credit risk on the caps with positive fair value (2008 A and 2008 C). The aggregate fair value of hedging derivative instruments with positive fair value at June 30, 2015 was $9,148. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. Fair value is a factor only upon termination.

Basis risk on a swap occurs when the variable payment received is based on an index other than the index on the underlying bonds. The Authority believes its swap agreement has been structured to minimize or eliminate this risk.

The Authority or the counter-party may terminate the swap agreement if the other party fails to perform under the terms of the agreement. If a swap is insured, a termination event occurs if the insurer fails to meet its obligations under the agreement.

The Authority is not exposed to rollover risk on its swap agreement. The Authority is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the Authority will be re-exposed to the risks being hedged by the hedging derivative instrument. The Authority is exposed to rollover risk on the caps which have termination dates that occur prior to the final maturity of the related bonds.

As of June 30, 2015, debt service requirements of the Authority's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows:

	Variable-rate bonds		Interest rate	
	Principal	**Interest**	**swap, net**	**Total**
Year ending June 30:				
2016	$ 3,080,000	99,668	603,100	3,782,768
2017	4,340,000	88,548	512,635	4,941,183
2018	4,335,000	74,266	392,015	4,801,281
2019	4,550,000	59,928	271,395	4,881,323
2020	4,560,000	45,470	150,775	4,756,245
	20,865,000	367,880	1,929,920	23,162,800
Five years ending June 30:				
2025	15,580,000	114,318	30,155	15,724,473
2030	18,050,000	36,316	—	18,086,316
2035	1,075,000	9,928	—	1,084,928
2040	1,365,000	5,124	—	1,370,124
2045	505,000	418	—	505,418
	36,575,000	166,104	30,155	36,771,259
Total	$ 57,440,000	533,984	1,960,075	59,934,059

As rates vary, variable-rate bond interest payments and net swap payments will vary.

(9) Deposits Held In Escrow

Deposits from developers, which are held in escrow in the Administrative Fund, may be used when necessary to pay principal and interest payments and fund construction cost overruns, change orders, tax and insurance payments and capital improvements (see note 5). In addition, on certain developments, letters of credit and assignments of syndication proceeds are held by the Authority for similar purposes and to fund potential operating deficits of the related developments; investment income earned on deposited funds is credited to the respective developer's escrow accounts.

(10) Operating Leases

The Authority leases office facilities at two locations, 401 N. Michigan Ave. (401 facility) and 122 S. Michigan Ave. (122 facility) in Chicago, Illinois.

The lease for the 401 facility extends through July 31, 2016 and provides the Authority two successive five-year options to extend the lease beyond that date and, during certain time periods, to lease additional office facilities. The office lease provides for annual base rent of approximately $975,000 for fiscal year 2015, plus approximately $983,000 for the Authority's 7.16% share of ownership taxes and operating expenses, which also are subject to adjustment, based on the actual costs incurred by the lessor. Under this lease, total rent expense for fiscal year 2015 was $1,690,649.

The 122 facility is leased through July 31, 2016 under a space utilization agreement with another Illinois agency. Total rent expense under this agreement for fiscal year 2015 was $ 419,679.

The future minimum lease commitments of the two operating leases subsequent to June 30, 2015 are as follows:

Year		401 Facility	122 Facility
2016	$	1,001,036	364,073
2017		83,603	31,279
	$	1,084,639	395,352

(11) Other Liabilities

The bonds issued by the Authority after 1980 are subject to a variety of Internal Revenue Service (IRS) regulations that limit the amount of income that may be earned with nonmortgage investments to an amount not greater than the amount that would have been earned had the funds been invested at the yield on the bonds as defined by the IRS.

Excess earnings must be rebated annually, or every five years, depending on the date and type of bond issue. Included in other liabilities at June 30, 2015, is an estimated rebate liability of $384,627.

The Authority is a defendant in various legal actions arising from normal business activities. Management believes, after consultation with legal counsel, that the ultimate liability, if any, resulting from these legal actions, will not materially affect the Authority's financial position or results of operations.

In connection with various federal and state grant programs, the Authority is obligated to administer related programs and spend the grant funding in accordance with regulatory restrictions and is subject to audits by the grantor agencies. In the opinion of Authority management, any grant expenditures that may be disallowed by the grantor agency, if any, would not result in a material liability to the Authority.

The Authority carries commercial insurance for directors and officers liability, general liability, employee health, workers' compensation, and automobile ownership and usage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Insurance coverage has not changed significantly since the prior year.

(12) Retirement Plan

The Authority provides a defined contribution retirement plan for the benefit of its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full time employees are eligible to participate in and are fully vested in the plan from the date of employment. All plan assets and investments are administered by a trustee, which maintains an individual account for each participant. The Authority contributes 6% of its employees' salaries and employees, at their option, may contribute up to 100% (within a maximum dollar limit) of their salaries to the plan. In addition, the Authority,

(Continued)

under the provisions of the Economic Growth and Tax Relief Act of 2001, permits additional contributions each calendar year for those employees who attain age 50 (or higher) during the calendar year. The plan may be amended or terminated by the Authority at any time and for any reason in the future, but no such action can deprive employees of their vested interests.

The Authority's total payroll in fiscal year 2015 was $16,544,541 The Authority's contributions were calculated using the base salary amount of $16,028,100. The Authority contributed $ 961,686 or 6.0% of the base salary amount, in fiscal year 2015. Employee contributions amounted to $997,722, in fiscal year 2015, or approximately 6.2 % of the base salary amount.

(13) Commitments

At June 30, 2015, the Authority had authorized loans and grants totaling $31.5 million for the Illinois Affordable Housing Trust Fund.

Under the HOME Program, $483 million and $25.6 million for federal fiscal years 1992 through 2014 and 2015, respectively, have been allocated to the State by HUD, to be administered by the Authority, under the HOME Program provisions of the 1990 National Affordable Housing Act. In fiscal year 1994, the Authority was allocated $10.2 million of additional HOME funds to be used for flood disaster relief. At June 30, 2015, the Authority had authorized loans and grants totaling $8.2 million for the HOME Program.

In accordance with an agreement (the FAF Agreement) entered into by the Authority and HUD at the time of delivery of the Authority's Multi-Family Housing Bonds, 1982 Series A, 1982 Series B, and 1983 Series A, annual Section 8 contributions payable to HUD with respect to the developments financed by these bonds would be reduced to the extent of the debt service savings resulting from the early redemptions of these Bonds.

These redemptions were accomplished through the issuance of the Authority's Multi-Family Housing Bonds, 1991 Series A and B, 1992 Series A and B, and 1993 Series A and B. In November of 2006, the Authority entered into a new agreement (the FAF Refunding Agreement) with HUD at the time of delivery of the Authority's Housing Bonds, 2006 Series G to refund the Multi-Family Housing Bonds, 1991 Series A, 1992 Series A, and 1993 Series A. Pursuant to federal legislation and a written agreement with the Authority, HUD has agreed to share a portion of such savings (the FAF Savings Program) with the Authority in order to create and maintain affordable housing opportunities for individuals of "very low income" (as such term is defined in the 1937 Housing Act) in the State. These savings, which are to be used solely for the purpose stated above, became available beginning in fiscal year 1992 for the 1991 Series A and B Bonds, in fiscal year 1993 for the 1992 Series A and B Bonds, in fiscal year 1994 for the 1993 Series A and B Bonds, and in fiscal year 2008 for the 2006 Series E, and are recorded as other income of the Administrative Fund. At June 30, 2015, loans receivable under this program were approximately $27.8 million.

(14) Subsequent Events

On June 24, 2015 the Authority entered into a Real Estate contract for the purchase of the Primera Ves property, a holding of the IHDA Dispositions, LLC. On August 17, 2015 the property was sold for $235,000.

On August 26, 2015 a pool of 53 HHF loans closed for a total contract price of $3,596,719. On October 6, 2015 a second pool of 25 HHF loans closed for a total contract price of $1,832,552. On November 13, 2015 a third pool of 90 HHF loans closed for a total contract price of $6,620,733.

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

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2015

Assets		**Foreclosure Prevention Program Fund**	**Community Development Block Grant Fund**	**ARRA Fund**	**Neighborhood Stabilization Program Fund**	**Abandoned Property Program Fund**	**Section 811 Project Rental Assistance Demonstration Program Fund**	**Total**
Current assets:								
Cash and Cash Equivalents	$	1,106,116	—	1,229,083	1,612,703	2,608,016	—	6,555,918
Program loans receivable		—	—	147,033	—	—	—	147,033
Grant receivable		44,242	367,524	—	—	21,039	76,763	509,568
Interest receivable on program loans		—	—	5,287	—	—	—	5,287
Total current assets		1,150,358	367,524	1,381,403	1,612,703	2,629,055	76,763	7,217,806
Noncurrent assets:								
Program loans receivable, net of current portion		—	6,234,338	72,853,282	—	—	—	79,087,620
Less allowance for estimated losses			(185,843)	(1,218,018)				(1,403,861)
Other		1,620	—	—	—	—	—	1,620
Net program loans receivable		1,620	6,048,495	71,635,264	—	—	—	77,685,379
Total noncurrent assets		1,620	6,048,495	71,635,264	—	—	—	77,685,379
Total assets	$	1,151,978	6,416,019	73,016,667	1,612,703	2,629,055	76,763	84,903,185
Liabilities and Fund Balances								
Current liabilities:								
Unearned revenue	$	—	—	5,287	—	—	—	5,287
Due to other funds		859,239	—	—	98,421	33,118	76,763	1,067,541
Total current liabilities		859,239	—	5,287	98,421	33,118	76,763	1,072,828
Fund balances:								
Restricted		292,739	6,416,019	73,011,380	1,514,282	2,595,937	—	83,830,357
Total fund balances		292,739	6,416,019	73,011,380	1,514,282	2,595,937	—	83,830,357
Total liabilities and fund balances	$	1,151,978	6,416,019	73,016,667	1,612,703	2,629,055	76,763	84,903,185

See accompanying independent auditors' report.

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

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2015

		Foreclosure Prevention Program Fund	Community Development Block Grant Fund	ARRA Fund	Neighborhood Stabilization Program Fund	Abandoned Property Program Fund	Section 811 Project Rental Assistance Demonstration Program Fund	Total
Revenues:								
Grant from State of Illinois	$	936,809	—	—	—	514,715	—	1,451,524
Federal funds		—	1,409,143	—	—	—	311,490	1,720,633
Interest and other investment income		—	—	231,692	838,415	—	—	1,070,107
Total revenues		936,809	1,409,143	231,692	838,415	514,715	311,490	4,242,264
Expenditures:								
General and administrative		155,717	—	—	—	91,559	311,490	558,766
Grants		3,123,886	1,176,518	—	776,268	4,617,698	—	9,694,370
Provision for estimated losses on program loans receivable		—	77,880	201,697	—	—	—	279,577
Total expenditures		3,279,603	1,254,398	201,697	776,268	4,709,257	311,490	10,532,713
Net change in fund balances		(2,342,794)	154,745	29,995	62,147	(4,194,542)	—	(6,290,449)
Fund balances at beginning of year		2,635,533	6,261,274	72,981,385	1,452,135	6,790,479	—	90,120,806
Fund balances at end of year	$	292,739	6,416,019	73,011,380	1,514,282	2,595,937	—	83,830,357

See accompanying independent auditors' report.

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

Mortgage Loan Program Fund

Combining Schedule of Net Position

June 30, 2015

		Housing Bonds	Multifamily Initiative Bonds	Multifamily Housing Revenue Bonds (Marywood)	Affordable Housing Program Trust Fund Bonds	Total
Assets:						
Currents assets:						
Cash and cash equivalents	$	190,371,741	3,613,357	—	23,338,011	217,323,109
Investment income receivable – restricted		95,049	—	—	—	95,049
Program loans receivable		10,090,143	1,046,827	—	2,235,602	13,372,572
Interest receivable on program loans		936,958	180,257	—	83,837	1,201,052
Due from other funds		9,932,124	—	—	—	9,932,124
Total current assets		211,426,015	4,840,441	—	25,657,450	241,923,906
Noncurrent assets:						
Investments – restricted		27,304,873	—	—	—	27,304,873
Program loans receivable, net of current portion		352,306,877	50,758,763	—	21,985,607	425,051,247
Less allowance for estimated losses		(2,736,014)	(212,561)	—	(3,494,116)	(6,442,691)
Net program loans receivable		349,570,863	50,546,202	—	18,491,491	418,608,556
Real estate held for sale		237,001	—	—	61,723	298,724
Less allowance for estimated losses		(237,001)	—	—	(17,925)	(254,926)
Net real estate held for sale		—	—	—	43,798	43,798
Due from Fannie Mae		—	92,884,148	—	—	92,884,148
Due from Freddie Mac		—	4,736,347	—	—	4,736,347
Capital assets, net		24,209,160	—	—	—	24,209,160
Derivative instrument assets		9,148	—	—	—	9,148
Other		44,000	—	—	8,728	52,728
Total noncurrent assets		401,138,044	148,166,697	—	18,544,017	567,848,758
Total assets		612,564,059	153,007,138	—	44,201,467	809,772,664
Deferred outflow of resources:						
Unamortized loss on bond refunding		1,403,305	—	—	—	1,403,305
Liabilities:						
Current liabilities:						
Bonds and notes payable		13,745,000	2,350,000	—	1,495,000	17,590,000
Accrued interest payable		6,385,240	1,583,209	—	94,471	8,062,920
Accrued liabilities and other		496,159	355,397	—	147,663	999,219
Due to other funds		2,627,803	73,615	—	40,258	2,741,676
Total current liabilities		23,254,202	4,362,221	—	1,777,392	29,393,815
Noncurrent liabilities:						
Bonds and notes payable, net of current portion		355,564,764	147,970,000	—	16,640,000	520,174,764
Total noncurrent liabilities		355,564,764	147,970,000	—	16,640,000	520,174,764
Total liabilities		378,818,966	152,332,221	—	18,417,392	549,568,579
Deferred inflows of resources:						
Accumulated increase in fair value of hedging derivatives		9,148	—	—	—	9,148
Unamortized gain on bond refunding		266,668	—	—	—	266,668
Unearned revenue		—	—	—	5,200,000	5,200,000
Total deferred inflows of resources		275,816	—	—	5,200,000	5,475,816
Net position:						
Net investment in capital assets		(4,875,840)	—	—	—	(4,875,840)
Restricted for bond resolution purposes		239,748,422	674,917	—	20,584,075	261,007,414
Total net position	$	234,872,582	674,917	—	20,584,075	256,131,574

See accompanying independent auditors' report.

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

Mortgage Loan Program Fund

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position

Year ended June 30, 2015

		Housing Bonds	Multifamily Initiative Bonds	Multifamily Housing Revenue Bonds (Marywood)	Affordable Housing Program Trust Fund Bonds	Total
Operating revenues:						
Interest and other investment income	$	565,688	—	—	—	565,688
Net decrease in fair value of investments		(289,269)	—	—	—	(289,269)
Total investment income		276,419	—	—	—	276,419
Interest earned on program loans		18,715,099	2,162,546	—	528,580	21,406,225
Federal assistance programs		2,012,133	—	—	—	2,012,133
Other		6,721,724	200,004	—	—	6,921,728
Total operating revenues		27,725,375	2,362,550	—	528,580	30,616,505
Operating expenses:						
Interest expense		14,949,270	1,853,988	—	1,148,739	17,951,997
Federal assistance programs		2,012,133	—	—	—	2,012,133
Other general and administrative		—	159,953	—	—	159,953
Financing costs		811,264	29,300	—	44,732	885,296
Provision for (reversal of) estimated losses on program loans receivable		(1,444,131)	(81,187)	—	796,551	(728,767)
Provision for estimated losses on real estate held for sale		237,001	—	—	17,925	254,926
Total operating expenses		16,565,537	1,962,054	—	2,007,947	20,535,538
Operating income (loss)		11,159,838	400,496	—	(1,479,367)	10,080,967
Transfers in		—	—	—	5,200,000	5,200,000
Transfers out		—	—	(492,558)	—	(492,558)
Total transfers		—	—	(492,558)	5,200,000	4,707,442
Change in net position		11,159,838	400,496	(492,558)	3,720,633	14,788,409
Net position at beginning of year		223,712,744	274,421	492,558	16,863,442	241,343,165
Net position at end of year	$	234,872,582	674,917	—	20,584,075	256,131,574

See accompanying independent auditors' report.

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

Mortgage Loan Program Fund

Combining Schedule of Cash Flows

Year ended June 30, 2015

		Housing Bonds	Multifamily Initiative Bonds	Multifamily Housing Revenue Bonds (Marywood)	Affordable Housing Program Trust Fund Bonds	Total
Cash flows from operating activities:						
Receipts for program loans, interest service fees	$	55,911,269	3,165,121	6,492,625	7,512,389	73,081,404
Payments for program loans		(2,662,539)	(200,004)	—	(734,795)	(3,597,338)
Receipts for federal assistance programs		2,012,133	—	—	—	2,012,133
Payments for federal assistance programs		(2,012,133)	—	—	—	(2,012,133)
Receipts for credit enhancements		—	1,081,020	—	—	1,081,020
Payments to suppliers		(749,069)	(189,253)	—	(44,732)	(983,054)
Interest paid on revenue bonds and notes		(16,328,775)	(1,877,614)	—	(1,232,587)	(19,438,976)
Other receipts (payments)		6,721,724	200,004	(4,106,514)	5,200,000	8,015,214
Net cash provided by operating activities		42,892,610	2,179,274	2,386,111	10,700,275	58,158,270
Cash flows from noncapital financial activities:						
Due to other funds		(175,298)	(85,598)	(1,893,553)	(7,725)	(2,162,174)
Due from other funds		4,381,268	—	—	—	4,381,268
Proceeds from sale of revenue bonds and notes		66,540,000	—	—	—	66,540,000
Principal paid on revenue bonds and notes		(91,096,716)	(2,180,000)	—	(2,925,000)	(96,201,716)
Transfers in		—	—	—	5,200,000	5,200,000
Transfers out		—	—	(492,558)	—	(492,558)
Net cash provided by (used in) noncapital financing activities		(20,350,746)	(2,265,598)	(2,386,111)	2,267,275	(22,735,180)
Cash flows from capital financing and related activities:						
Acquisition of capital assets		(1,139,517)	—	—	—	(1,139,517)
Cash flows from investing activities:						
Purchase of investment securities		(184,129,850)	—	—	—	(184,129,850)
Proceeds from sales and maturities of investment securities		271,647,902	—	—	—	271,647,902
Interest received on investments		298,151	—	—	—	298,151
Net cash provided by investing activities		87,816,203	—	—	—	87,816,203
Net increase (decrease) in cash and cash equivalents		109,218,550	(86,324)	—	12,967,550	122,099,776
Cash and cash equivalents at beginning of year		81,153,191	3,699,681	—	10,370,461	95,223,333
Cash and cash equivalents at end of year	$	190,371,741	3,613,357	—	23,338,011	217,323,109
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	$	11,159,838	400,496	—	(1,479,367)	10,080,967
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Investment income		(276,419)	—	—	—	(276,419)
Depreciation and amortization		989,458	—	—	—	989,458
Provision for (reversal of) estimated losses on program loans receivable		(1,444,131)	(81,187)	—	796,551	(728,767)
Provision for estimated losses on real estate held for sale		237,001	—	—	17,925	254,926
Changes in assets and liabilities:						
Program loans receivable		32,416,125	809,269	6,492,625	6,217,884	45,935,903
Interest receivable on program loans		33,577	(6,698)	—	16,084	42,963
Other liabilities		(1,349,977)	(23,626)	(4,106,514)	5,116,152	(363,965)
Other assets		1,127,138	—	—	15,046	1,142,184
Due from Fannie Mae		—	1,081,020	—	—	1,081,020
Total adjustments		31,732,772	1,778,778	2,386,111	12,179,642	48,077,303
Net cash provided by operating activities	$	42,892,610	2,179,274	2,386,111	10,700,275	58,158,270
Noncash investing capital and financing activities:						
Transfer of foreclosed assets	$	245,948	—	—	61,723	307,671
The fair value of investments increased (decreased)	$	(81,842)	1,191	—	(7,141)	(87,792)

See accompanying independent auditors' report.

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

Single Family Program Fund

Combining Schedule of Net Position

June 30, 2015

	Homeowner Mortgage Revenue Bonds	Residential Mortgage Revenue Bonds	Housing Revenue Bonds	Inter-Account Eliminations	Total
Assets:					
Current assets:					
Cash and cash equivalents	$ 37,199,232	131,345	4,612,105	—	41,942,682
Investment income receivable – restricted	163,479	2,744	540,410	—	706,633
Program loans receivable	12,662,000	—	—	—	12,662,000
Interest receivable on program loans	2,393,723	—	—	—	2,393,723
Due from other funds	5,503,692	—	—	(5,158,235)	345,457
Total current assets	57,922,126	134,089	5,152,515	(5,158,235)	58,050,495
Noncurrent assets:					
Investments – restricted	80,901,077	100,000	186,147,376	—	267,148,453
Program loans receivable, net of current portion	277,264,596	—	—	—	277,264,596
Less allowance for estimated losses	(9,247,635)	—	—	—	(9,247,635)
Net program loans receivable	268,016,961	—	—	—	268,016,961
Real estate held for sale	10,470,306	—	—	—	10,470,306
Less allowance for estimated losses	(6,175,719)	—	—	—	(6,175,719)
Net real estate held for sale	4,294,587	—	—	—	4,294,587
Other	12,108,471	—	—	—	12,108,471
Total noncurrent assets	365,321,096	100,000	186,147,376	—	551,568,472
Total assets	423,243,222	234,089	191,299,891	(5,158,235)	609,618,967
Deferred outflow of resources:					
Accumulated decrease in fair value of hedging derivatives	1,663,047	—	—	—	1,663,047
Liabilities					
Current liabilities:					
Bonds and notes payable	8,845,000	5,000	3,622,275	—	12,472,275
Accrued interest payable	5,240,009	3,604	414,573	—	5,658,186
Accrued liabilities and other	135,014	—	19,114	—	154,128
Due to other funds	312,097	—	5,441,788	(5,158,235)	595,650
Total current liabilities	14,532,120	8,604	9,497,750	(5,158,235)	18,880,239
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	328,964,457	103,926	170,596,339	—	499,664,722
Derivative instrument liability	1,663,047	—	—	—	1,663,047
Total noncurrent liabilities	330,627,504	103,926	170,596,339	—	501,327,769
Total liabilities	345,159,624	112,530	180,094,089	(5,158,235)	520,208,008
Net position:					
Restricted for bond resolution purposes	79,746,645	121,559	11,205,802	—	91,074,006
Total net position	$ 79,746,645	121,559	11,205,802	—	91,074,006

See accompanying independent auditors' report.

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

Single Family Program Fund

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position

Year ended June 30, 2015

	Homeowner Mortgage Revenue Bonds	Residential Mortgage Revenue Bonds	Housing Revenue Bonds	Inter-Account Eliminations	Total
Operating revenues:					
Interest and other investment income	$ 1,050,947	7,212	6,843,764	—	7,901,923
Net decrease in fair value of investments	(206,976)	—	(754,735)	—	(961,711)
Total investment income	843,971	7,212	6,089,029	—	6,940,212
Interest earned on program loans	18,566,185	—	—	—	18,566,185
Other	3,468	—	—	—	3,468
Total operating revenues	19,413,624	7,212	6,089,029	—	25,509,865
Operating expenses:					
Interest expense	13,690,846	10,856	5,122,990	—	18,824,692
Other general and administrative	3,313,876	—	—	—	3,313,876
Financing costs	2,335,246	—	786,412	—	3,121,658
Reversal of estimated losses on program loans receivable	(628,730)	—	—	—	(628,730)
Provision for estimated losses on real estate held for sale	6,175,719	—	—	—	6,175,719
Total operating expenses	24,886,957	10,856	5,909,402	—	30,807,215
Operating income (loss)	(5,473,333)	(3,644)	179,627	—	(5,297,350)
Transfers in	20,553,344	—	—	(5,553,344)	15,000,000
Transfers out	—	—	(5,553,344)	5,553,344	—
Total transfers	20,553,344	—	(5,553,344)	—	15,000,000
Change in net position	15,080,011	(3,644)	(5,373,717)	—	9,702,650
Net position at beginning of year	64,666,634	125,203	16,579,519	—	81,371,356
Net position at end of year	$ 79,746,645	121,559	11,205,802	—	91,074,006

See accompanying independent auditors' report.

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

Single Family Program Fund

Combining Schedule of Cash Flows

Year ended June 30, 2015

	Homeowner Mortgage Revenue Bonds	Residential Mortgage Revenue Bonds	Housing Revenue Bonds	Total
Cash flows from operating activities:				
Receipts for program loans, interest and service fees	$ 76,137,076	—	—	76,137,076
Payments for loan program loans	(497,375)			(497,375)
Payments to suppliers	(5,586,521)	—	(786,037)	(6,372,558)
Interest paid on revenue bonds and notes	(16,529,258)	(14,241)	(5,173,122)	(21,716,621)
Net cash provided by (used in) operating activities	53,523,922	(14,241)	(5,959,159)	47,550,522
Cash flows from noncapital financing activities:				
Due to other funds	107,056		5,189,675	5,296,731
Due from other funds	(5,158,235)	—	—	(5,158,235)
Proceeds from sale of revenue bonds and notes	111,250,000	1,529	—	111,251,529
Principal paid on revenue bonds and notes	(218,584,777)	(110,000)	(21,190,626)	(239,885,403)
Transfers in	20,553,344	—	—	20,553,344
Transfers out	—	—	(5,553,344)	(5,553,344)
Net cash used in noncapital financing activities	(91,832,612)	(108,471)	(21,554,295)	(113,495,378)
Cash flows from investing activities:				
Purchase of investment securities	(132,611,564)	—	—	(132,611,564)
Proceeds from sales and maturities of investment securities	139,989,395	100,000	22,981,773	163,071,168
Interest received on investments	830,402	10,235	6,157,388	6,998,025
Net cash provided by investing activities	8,208,233	110,235	29,139,161	37,457,629
Net increase (decrease) in cash and cash equivalents	(30,100,457)	(12,477)	1,625,707	(28,487,227)
Cash and cash equivalents at beginning of year	67,299,689	143,822	2,986,398	70,429,909
Cash and cash equivalents at end of year	$ 37,199,232	131,345	4,612,105	41,942,682
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (5,473,333)	(3,644)	179,627	(5,297,350)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Investment income	(843,971)	(7,212)	(6,089,029)	(6,940,212)
Reversal of estimated losses on program loans receivable	(628,730)	—	—	(628,730)
Provision for estimated losses on real estate held for sale	6,175,719	—	—	6,175,719
Changes in assets and liabilities:				
Program loans receivable	56,666,516	—	—	56,666,516
Interest receivable on program loans	1,086,451	—	—	1,086,451
Other liabilities	(2,775,811)	(3,385)	(49,757)	(2,828,953)
Other assets	(682,919)	—	—	(682,919)
Total adjustments	58,997,255	(10,597)	(6,138,786)	52,847,872
Net cash provided by (used in) operating activities	$ 53,523,922	(14,241)	(5,959,159)	47,550,522
Noncash investing capital and financing activities:				
Transfer of foreclosed assets	$ 14,964,814	—	—	14,964,814
The fair value of investments increased (decreased)	$ (115,859)	—	(3,332,326)	(3,448,185)

See accompanying independent auditors' report.

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

IHDA Dispositions LLC

Combining Schedule of Net Position

June 30, 2015

		Primera Ves	Renaissance Apartments	Total
Assets:				
Current assets:				
Cash and cash equivalents	$	8,318	11,554	19,872
Other		7,550	5,305	12,855
Total current assets		15,868	16,859	32,727
Noncurrent assets:				
Real estate held for sale		200,000	340,000	540,000
Total noncurrent assets		200,000	340,000	540,000
Total assets		215,868	356,859	572,727
Liabilities:				
Current liabilities:				
Accrued liabilities and other		158	7,830	7,988
Total current liabilities		158	7,830	7,988
Noncurrent liabilities:				
Security deposits		3,500	5,165	8,665
Total noncurrent liabilities		3,500	5,165	8,665
Total liabilities		3,658	12,995	16,653
Net position:				
Unrestricted		212,210	343,864	556,074
Total net position	$	212,210	343,864	556,074

See accompanying independent auditors' report.

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

IHDA Dispositions LLC

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position

Year ended June 30, 2015

		Primera Ves	Renaissance Apartments	Total
Operating revenues:				
Rental income	$	57,550	52,365	109,915
Other		30,741	160	30,901
Total operating revenues		88,291	52,525	140,816
Operating expenses:				
Other general and administrative		64,776	48,661	113,437
Total operating expenses		64,776	48,661	113,437
Operating income		23,515	3,864	27,379
Capital contributions		—	340,000	340,000
Change in net position		23,515	343,864	367,379
Net position at beginning of year		188,695	—	188,695
Net position at end of year	$	212,210	343,864	556,074

See accompanying independent auditors' report.

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

IHDA Dispositions LLC

Combining Schedule of Cash Flows

Year ended June 30, 2015

		Marywood Apartment Homes	Kankakee Scattered Sites	School Street Apartments	Primera Ves	Renaissance Apartments	Total
Cash flows from operating activities:							
Receipts for rental operations	$	—	—	—	89,161	57,690	146,851
Payments for rental operations		(1,125,222)	(46,249)	(62,587)	(85,689)	(46,136)	(1,365,883)
Net cash provided by (used in) operating activities		(1,125,222)	(46,249)	(62,587)	3,472	11,554	(1,219,032)
Net increase (decrease) in cash and cash equivalents		(1,125,222)	(46,249)	(62,587)	3,472	11,554	(1,219,032)
Cash and cash equivalents at beginning of year		1,125,222	46,249	62,587	4,846	—	1,238,904
Cash and cash equivalents at end of year	$	—	—	—	8,318	11,554	19,872
Reconciliation of operating income to net cash provided by(used in) operating activities:							
Operating income	$	—	—	—	23,515	3,864	27,379
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Changes in assets and liabilities:							
Other liabilities		(1,125,222)	(46,249)	(62,587)	(12,613)	12,995	(1,233,676)
Other assets		—	—	—	(7,430)	(5,305)	(12,735)
Total adjustments		(1,125,222)	(46,249)	(62,587)	(20,043)	7,690	(1,246,411)
Net cash provided by operating activities	$	(1,125,222)	(46,249)	(62,587)	3,472	11,554	(1,219,032)
Noncash investing capital and financing activities:							
Transfer of foreclosed assets	$	—	—	—	—	340,000	340,000

See accompanying independent auditors' report.

KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
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 William G. Holland
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, 2015, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated December 16, 2015.

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 significant deficiencies.

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 2015-001 and 2015-002 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 2015-003 to be a significant deficiency.

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 responses. 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.

KPMG LLP

Chicago, Illinois
December 16, 2015

Current Findings – *Government Auditing Standards*

Finding 2015-001 Inaccurate Financial Reporting

The Illinois Housing Development Authority (Authority) has not established adequate internal controls over the financial reporting process.

During our audit of the financial statements as of June 30, 2015, we noted the following:

- The Funds held by State Treasurer in the Home Program Fund balance sheet, which is also included in the governmental activities statement of net position, was overstated by $11,613,795 as of June 30, 2015 as program income payouts/withdrawals were being recorded within the general ledger as a credit to federal funds revenue rather than as a credit to Funds held by State Treasurer. This general ledger error occurred in fiscal years 2013 and 2014. An adjustment was made by the Authority to adjust the July 1, 2014 beginning fund balance of the Home Program Fund and the beginning net position of the governmental activities by $11,613,795.

- The Authority correctly recorded $5,200,000 of receipts related to fiscal year 2016 as unearned revenue within the Mortgage Loan Program Fund. However, the Authority also incorrectly recorded the $5,200,000 as both unearned revenue and an other asset within the Illinois Affordable Housing Trust Fund. An adjustment was made by the Authority to remove the $5,200,000 recorded as unearned revenue and as an other asset within the Illinois Affordable Housing Trust Fund.

- The Authority incorrectly recorded $11,160,954 of unearned revenue as a current liability in the Administrative Fund. However, $8,388,583 of the unearned revenue represented a noncurrent liability. An adjustment was made by the Authority to record $8,388,583 of unearned revenue as a noncurrent liability.

- The Authority incorrectly recorded an Illinois Affordable Housing Trust Fund loan payment received during fiscal year 2015 as a liability within the Administrative Fund. As a result, program loans receivable for the Illinois Affordable Housing Trust Fund were overstated by $250,000, and accrued liabilities and other for the Administrative Fund were overstated by $250,000. A proposed adjustment for this difference was recorded by the Authority.

- The Authority did not record updated financial information for Renaissance Apartments, which is included within the IHDA Dispositions LLC Fund. Preliminary financial statements for the year ended June 30, 2015 for Renaissance Apartments were provided to the Authority by its property manager in July 2015, however, these preliminary financial statements were subsequently updated and the IHDA Dispositions LLC Fund activity was not updated for the final financial statements. Proposed adjustments for the differences between the preliminary financial statements and the final financial statements were recorded by the Authority.

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, which shall 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 they reasonably believed the recording of the $5.2 million receipts as both unearned revenue and as an other asset in the Illinois Affordable Housing Trust Fund to be justified since it related to the certification by the Authority to the Illinois Department of Revenue for debt service to be paid on the Affordable Housing Trust Fund Bonds during fiscal year 2016, although the funds were received in fiscal year 2015. The reclassification of approximately $8.4 million of unearned revenue to a noncurrent liability was due to an oversight of certain fees with time related conditions. The $11.6 million Home Program Fund adjustment related to staff error, and a subsequent oversight of the reported cash balance of Funds held by State Treasurer as reported within the Authority’s GAAP package during the reconciliation process with the Illinois Department of Revenue. The $250,000 loan payment was received in June 2015 and held pending a final loan modification agreement. The Authority relied on financial statements as submitted by Renaissance Apartments during our fiscal year end close in July 2015 and we were notified on November 17, 2015 of revised statements which was approximately 4 months after the closing of the Authority’s books on July 31, 2015 and subsequent to the Authority submitting its financial audit report to the external auditors on September 2, 2015.

Failure to accurately record financial transactions results in the misstatement of the Authority’s financial statements. (Finding Code 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.

Authority Response:

Authority management concurs with the recommendation. We note that current accounting policies and procedures address reviewing accounts during the close process to ensure transactions are properly recorded in the general ledger, and that the discrepancies noted were reasonably believed to be recorded correctly. An additional review of final general ledger balances will occur with executive staff prior to submission of the audit draft report to ensure all transactions have been accurately reported in the financial statements. As to the specific HOME program finding, we note that the process used in 2013 and 2014 for recording HOME program income/payout transactions as received from the loan servicing subsidiary ledger into the

(Continued)

general ledger has been changed from a manual journal entry process to an automated entry from the servicing subsidiary ledger to the correct general ledger account and that this change in process was recently tested for accuracy by the Accounting department. With regards to the Trust Fund loan repayment, we note that the Loan and Portfolio Management Department ("LPM") held funds pending receipt of an executed final loan modification agreement and that LPM has developed new policies and procedures to ensure loan payments continue to be applied to the loan while the loan is pending a workout resolution. Authority management will continue its financial and compliance due diligence of properties owned by the LLC to achieve accuracy of the information reported until such time as disposition can be achieved.

Finding 2015-002 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 both the single family loan programs and the multi-family loan programs. Additionally, the Authority has not established adequate internal controls over updating loan ratings with current information, documenting the rationale for certain loan ratings, and 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 single family loan program and 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 for the single family loan program (probability of default) or the multi-family loan program (probability of default and expected loss) that are used in its allowance for loan loss calculation and has not recently performed an analysis to further substantiate the ongoing appropriateness of the metrics' used in the allowance for loan loss estimate. The Authority has not documented how the loan loss reserve factors 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 either the single family loan program or the multi-family loan program 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.

Additionally, during our testing of 41 multi-family loan relationships risk ratings (62 loans) as of June 30, 2015, 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 on 27 of the 41 relationships (41 of the 62 loans) and we found the Authority's risk ratings to be unreasonable for 14 of the 41 relationships (21 of the 62 loans). These loan rating differences are primarily attributable to the Authority's application of various aspects of their allowance for loan loss rating policy and the timing of updating the loan risk ratings by the Authority.

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

- Six differences in Housing Trust Fund loan ratings resulted in an under reserve of $1,131,263 and one difference in a Housing Trust Fund loan rating resulted in an over reserve of $55,550 for the Illinois Affordable Housing Trust Fund. A proposed adjustment for these differences was not recorded by the Authority.

- Two differences in Home loan ratings resulted in an under reserve of $1,021,499 for the Home Program Fund. A proposed adjustment for this difference was not recorded by the Authority.

- Two differences in Administrative loan ratings resulted in an under reserve of $536,395 for the Administrative Fund. A proposed adjustment for this difference was not recorded by the Authority.

- One difference in a Housing Bonds loan rating resulted in an over reserve of $81,615 for the Mortgage Loan Program Fund. A proposed adjustment for this difference was not recorded by the Authority.

- Two differences in a Trust Fund Bond loan ratings resulted in an under reserve of $505,148 for the Mortgage Loan Program Fund. A proposed adjustment for these differences was not recorded by the Authority.

The following differences in loan ratings are attributable to the timing of updating the loan risk ratings by the Authority:

- One difference in a Housing Trust Fund loan rating resulted in an under reserve of $9,000 for the Illinois Affordable Housing Trust Fund. A proposed adjustment for this difference was not recorded by the Authority.

- One difference in a Home loan rating resulted in an under reserve of $119,800 and one difference in a Home loan rating resulted in an over reserve of $15,207 for the Home Program Fund. A proposed adjustment for these differences was not recorded by the Authority.

- One difference in a Community Development Block Grant loan rating resulted in an over reserve of $83,780 for the Nonmajor Government Funds. A proposed adjustment for this difference was not recorded by the Authority.

- One difference in a Housing Bonds loan rating resulted in an under reserve of $51,372 and two differences in Housing Bonds loan ratings resulted in an over reserve of $39,803 for the Mortgage Loan Program Fund. A proposed adjustment for these differences was not recorded by the Authority.

Additionally, there were six additional loans where our testing indicated that the Authority had approved updated loan ratings for loan conditions existing as of year-end; however, the Authority did not update the loan rating used to calculate the related loan reserves as of year-end. This resulted in the following differences:

- Two differences in Housing Trust Fund loan ratings resulted in a net over reserve of $58,500 for the Illinois Affordable Housing Trust Fund. A proposed adjustment for this difference was not recorded by the Authority.

- One difference in a Home loan rating resulted in an over reserve of $224,848 for the Home Program Fund. A proposed adjustment for this difference was not recorded by the Authority.

(Continued)

- Three differences in Housing Bond loan ratings resulted in a net over reserve of $78,674 for the Mortgage Loan Program Fund. A proposed adjustment for this difference was not recorded by the Authority.

Furthermore, the Authority incorrectly calculated the June 30, 2015 allowance for loan loss for the Hardest Hit Fund which resulted in an under reserve of $72,872. 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, which shall 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 they agree with the auditor ratings in 8 cases where, due to timing, rating changes were made during the normal course of business after fiscal year end. The Authority believes that alternative interpretations of facts and policies result in different outcomes in 9 instances where the Authority believes said facts and policies are in accordance with the loan rating policy and loan loss ratings as calculated. In 3 cases the Authority believes a combination of interpretation and timing resulted in rating discrepancies. In 1 case, IHDA clerical error was the cause of the discrepancy in loan ratings.

Failure to support the assumptions in the allowance for loan loss calculation, appropriately document loan ratings, and calculate the allowance for loan loss may result in the misstatement of the allowance for loan loss in the Authority's financial statements. (Finding Codes 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, loan rating assessments are performed timely based on available financial information, and that loan ratings are adequately documented.

(Continued)

Authority Response:

Authority management concurs with the recommendations to continue improving the loan rating and allowance for loan loss processes. IHDA is reviewing current policies and procedures to ensure methodologies used in the allowance for loan loss calculation are appropriate. In addition, IHDA has performed an internal review of historical losses and is in the process of seeking a qualified financial services firm to conduct an independent verification and review of the Authority's allowance for loan loss system. The objective of the review will be to evaluate the policies and methodology of the loan loss system to ensure assumptions are accurate and appropriate based on GAAP standards, historical performance and the Agency's mission to finance the creation and preservation of affordable housing across Illinois. Additionally, as part of this review, IHDA will evaluate procedures to ensure reasonable timelines and documentation standards for loan ratings and allowances for loan loss are more clearly stated and achieved.

Finding 2015-003 Duplicate Vendors in the Accounts Payable Master Vendor File

The Illinois Housing Development Authority (Authority) has duplicate vendors within its accounts payable master vendor file.

During our review of the Authority's accounts payable master vendor file (with 3,462 total vendors), we noted there were 202 duplicate records (5.8%) representing 96 vendors. The vendors had the same name, address, and tax identification number, but were given different vendor identification numbers in the accounts payable system.

Good business practices recommend that the accounts payable master vendor file be reviewed for possible duplicate vendor data. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires each State Agency to establish and maintain an effective system of internal control, which would include controls over the master vendor file.

Authority management stated there is an established policy and procedure that addresses reviewing the Master Vendor listing for duplicate vendors and required approvals for adding new vendors to the listing. The Authority implemented a new general ledger ERP system, which included accounts payable, during June 2014 in which the number of vendors transferred matched the vendor records in the old system. This discrepancy is believed to have occurred during fiscal year 2015 when the policy in place was not consistently followed by accounts payable staff. In addition, the annual review process for the Master Vendor listing would not be scheduled to occur until after the end of fiscal year 2015. The timing of such review usually coincides with the annual financial audit, at which time such discrepancies would have been expected to be found and subsequently corrected.

Failure to remove duplicate vendors from the accounts payable master vendor file may result in an unauthorized vendor payment. (Finding Code 2015-003)

Recommendation:

We recommend the Authority review its current procedures for identifying duplicate vendors and consider any changes necessary to ensure duplicate vendor records are purged from the system.

Authority Response:

Authority management concurs with the recommendation. We note that current accounting policies and procedures have an established process for additions/updates to the listing and also require an annual review of the master vendor listing. The timing of such review normally coincides with the annual financial audit, and so the Accounting department has rescheduled this review to begin during December 2015 and to be completed by January 31, 2016. Discrepancies noted during this review, including duplicate vendors, will be removed per the policy guidelines. Accounting will revise its policies and procedures to conduct an initial review of the master vendor listing prior to the fiscal year end to assess any potential risks within the

(Continued)

accounts payable process. This revision will include a review of the vendor add/update forms to ensure continued compliance related to additions/changes to the master vendor listing.

A. Inaccurate Recording of Grant Revenue

The Authority did not accurately record grant revenue received from the State of Illinois. (Finding Code 2014-002)

In the current year, similar exceptions were not identified in the sample tested.