

REPORT DIGEST

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCIAL AND COMPLIANCE AUDIT
(In Accordance with the Single Audit Act of 1984
and OMB Circular A-128)
For The Year Ended June 30, 1993**

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

INTRODUCTION

The Illinois Housing Development Authority is a public corporation created by the Illinois Housing Development Act to help finance low- and moderate-income housing in the State. For this purpose it issues bonds and notes. These debt instruments, which are exempt from both State and Federal income taxes, constitute the Authority's direct and general obligations, not State debts.

Proceeds from bond and note sales provide housing grants and non-interest-bearing advances to not-for-profit entities, loans to both non-for-profit and limited-profit entities to construct and rehabilitate housing, and loans to lending institutions for new residential mortgages.

Some housing developments are also eligible for federal subsidies to pay interest and rents. The Authority receives and disburses such subsidies through programs administered by the U.S. Department of Housing and Urban Development.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

FAILURE TO MONITOR STATE LOANS

The Authority did not adequately monitor the Illinois Affordable Housing Trust Fund multifamily-type loans. Although monitoring policies exist for both single family and multifamily-type loans and grants, only single family-type loans were being monitored. Monitoring policies such as yearly visits to projects should be conducted to help insure that monies are being spent in accordance with the regulatory agreement and that repayment of the loans will be made. The lack of monitoring could result in State funds being used inappropriately and unexpected write-offs of some loans. (Finding 2, pages 6 and 7)

Authority officials agreed with our finding and recommendation. They stated that monitoring responsibilities would be transferred to the department where multifamily monitoring has been traditionally conducted.

FAILURE TO MAINTAIN COMPLETE ACCOUNTING RECORDS

The Authority did not maintain a complete set of records for the Illinois Affordable Housing Trust Fund's sub-escrow accounts. These accounts are maintained at a variety of smaller banks, primarily in downstate areas. These accounts allow grant and loan funds to be disbursed on a more timely basis. Under the escrow agreement, these banks are required to report the account activity to the Authority on a quarterly basis. The majority of these banks were not reporting any information to the Authority, and the Authority had not enforced this policy. Consequently, the Authority did not have complete records on the grants and loans disbursed from these accounts. (Finding 3, page 7)

Authority officials agreed with our recommendation to enforce the reporting requirements of the escrow agreements and to initiate follow-up procedures when necessary.

OTHER FINDINGS

The remaining findings are less significant and have been given appropriate attention by the Authority. We will review the Authority's progress towards the implementation of our recommendations in our next audit.

Mr. Peter R. Dwars, Director of the Authority, provided responses to our recommendations.

AUDITORS' OPINION

Our auditors state that the June 30, 1993 financial statements of the various funds of the Authority are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:WLB:dh

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	5	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

SPECIAL ASSISTANT AUDITORS

Arthur Andersen & Co. were our special assistant auditors for this audit.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCIAL AND COMPLIANCE AUDIT
For The Two Years Ended June 30, 1993

GOVERNMENTAL FUND REVENUE AND EXPENDITURES	FY 1993	FY 1992	FY 1991
●Total Housing Trust Fund Revenue	\$15,248,344	\$13,814,461	\$13,431,483
<u>OPERATIONS TOTAL</u>	\$15,248,344	\$13,814,461	\$13,431,483
% of Total Revenue	100.0%	100.0%	100.0%
Real Estate Transfer Taxes	\$14,265,545	\$12,615,123	\$12,425,390
% of Total Revenue	93.6%	91.3%	92.5%
Investment, Interest and Other Income	\$ 982,799	\$ 1,199,338	\$ 1,006,093
% of Total Revenue	6.4%	8.7%	7.5%
PROPRIETARY FUND REVENUE AND EXPENDITURES			
●Total Administrative Fund Revenue	\$20,669,558	\$13,719,745	\$11,351,511
<u>OPERATIONS TOTAL</u>	\$20,669,558	\$13,719,745	\$11,351,511
% of Total Revenue	100.0%	100.0%	100.0%
Development and Financing Fees	\$ 1,184,121	\$ 438,256	\$ 0
% of Total Revenue	5.7%	3.2%	0.0%
Service Fees	\$ 6,243,869	\$ 5,989,859	\$ 5,878,138
% of Total Revenue	30.2%	43.7%	51.8%
Other Income	\$13,241,568	\$ 7,291,630	\$ 5,473,373
% of Total Revenue	64.1%	53.1%	48.2%
●Total Expenses (All Funds)	\$11,269,752	\$13,733,359	\$17,590,258
<u>OPERATIONS TOTAL</u>	\$11,269,752	\$13,733,359	\$17,590,258
% of Total Operations	100.0%	100.0%	100.0%
Salaries and Benefits	\$ 5,885,038	\$ 5,103,323	\$ 5,122,551
% of Operations Expenditures	52.2%	37.1%	29.1%
Average No. of Employees	158	147	138
Contractual Services	\$ 1,362,660	\$ 1,122,433	\$ 766,213
% of Operations Expenditures	12.1%	8.2%	4.4%
All Other Operations Items	\$ 4,022,054	\$ 7,507,603	\$11,701,494
% of Operations Expenditures	35.7%	54.7%	66.5%
<u>GRANTS TOTAL</u>	\$ 0	\$ 0	\$ 0
% of Total Expenditures	0.0%	0.0%	0.0%
●Net Value of Property and Equipment	\$ 3,614,632	\$ 3,894,805	\$ 4,078,702
SELECTED ACTIVITY MEASURES	FY 1993	FY 1992	FY 1991
●Total Number of Bond Issues	57	55	51
●Total Bond Issue Value (in millions)	\$2,307	\$2,515	\$2,243
AGENCY DIRECTOR(S)			
During Audit Period: Peter Dwars			
Currently: Peter Dwars			

*Note: Statistics do not include bond activity not reflected in the Authority's financial statements.