STATE OF ILLINOIS

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

Financial Statements

June 30, 2021

(With Independent Auditors' Report Thereon)

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

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021

The Uniform Guidance single audit report will be issued under separate cover.

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
BOARD OFFICERS AND AGENCY OFFICIALS
YEAR ENDED JUNE 30, 2021

BOARD OFFICERS

Chairman (07/11/16 – Present)	Mr. King Harris
Vice Chair (10/21/05 – 07/17/20)	Ms. Karen Davis
Vice Chair (03/13/17 – Present)	Ms. Luz Ramirez
Secretary (02/25/13 – Present)	Mr. Salvatore Tornatore
Treasurer (10/21/19 – Present)	Mr. Darrell Hubbard
Member (09/25/20 – 05/05/21)	Dr. Rita Ali
Member (10/21/19 – Present)	Ms. Sonia Berg
Member (01/10/20 – Present)	Ms. Aarti Kotak
Member (11/19/19 – Present)	Mr. Tom Morsch

AGENCY OFFICIALS

Executive Director	Ms. Kristin Faust
Assist. Executive Director/Chief of Staff	Mr. Herman Brewer
Deputy Executive Director (as of 8/18/20)	Ms. Karen Davis
General Counsel	Ms. Maureen G. Ohle
Chief Information Officer	Mr. Scot Berkey
Chief Financial Officer	Mr. Edward Gin
Deputy Chief Financial Officer/ Assistant Treasurer	Ms. Tracy Grimm
Controller	Mr. Timothy J. Hicks
Chief Internal Auditor (as of 12/15/2020)	Ms. Christina Monroe
Chief Internal Auditor (07/20-12/14/20)	Vacant

Agency Officials are located at:

111 E. Wacker Drive, Suite 1000
Chicago, Illinois 60601

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT REPORT

Summary

The audit of the accompanying financial statements of the Illinois Housing Development Authority (the Authority) was performed by CliftonLarsonAllen LLP.

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

Summary of Findings

Number of	Current Report	Prior Report(s)
Findings	2	1
Repeated Findings	1	1
Prior Recommendations Implemented or Not Repeated	0	2

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
			Current Findings	
2021-001	86	2020/2015	Inaccurate Financial Reporting	Material Weakness
2021-002	93	New	Inadequate controls over Investments	Significant Deficiency

Exit Conference

The Authority waived an exit conference in correspondence from Edward Gin, Chief Financial Officer, on March 7, 2022. The responses to the recommendations were provided by Edward Gin, Chief Financial Officer, on March 7, 2022.

INDEPENDENT AUDITORS' REPORT

The Honorable Frank J. Mautino
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, 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, 2021, and the related notes to the financial statements, which collectively comprise the entity'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 accounting principles generally accepted in the United States of America; 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.

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

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

The summarized comparative information presented within Note 8 to the financial statements as of June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 18 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 Illinois Housing Development Authority's, basic financial statements. The supplementary information on pages 75 through 83 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2022, 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 solely 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 the effectiveness of the Authority's 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.

CliftonLarsonAllen LLP

Oak Brook, Illinois
March 11, 2022

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 ended June 30, 2021. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's net position increased by $99.0 million, to $1,374.8 million as of June 30, 2021, from an increase in the Authority's governmental activities ($56.1 million) and an increase in business-type activities ($42.9 million).

- The Authority's net position from governmental activities increased to $471.2 million, a $56.1 million increase during the year, primarily due to increases in federal funding ($455.4 million), and state funding ($87.3 million), lower program income transferred to the State of Illinois ($0.5 million), lower financing costs ($0.4 million), offset by lower interest and investment income ($2.4 million), offset by higher grant disbursements ($396.3 million) and higher general and administrative ($28.5 million). The Authority's net position from governmental activities overall increases mainly from an increase of federal and state program revenue in the HOME Program Fund and Build Illinois Bond Program fund respectively partially offset by a decrease in Nonmajor Government Programs due to Hardest Hit Program closeout.

- The Authority's net position from business-type activities increased to $903.6 million, a $42.9 million increase from the prior year, primarily due to increases in tax credit reservation and monitoring fees ($3.1 million), state assistance programs of ($0.1 million), lower interest expense ($3.4 million), lower federal assistance programs ($20.1 million), offset by lower investment income ($26.7 million), higher salaries and benefits ($2.4 million), higher professional fees ($0.6 million), higher general and administrative expenses ($2.3 million), and higher financing costs ($0.3 million).

- The Authority's gross debt issuances during the fiscal year ended June 30, 2021, totaled $749.0 million. The Authority's debt outstanding (net of discounts and premiums) totaled $1.7 billion as of June 30, 2021, which was $201.4 million more than the amount outstanding as of June 30, 2020.

- The Authority issued three (3) new series of fixed rate, tax-exempt Revenue Bonds, totaling $300 million, to fund its homeownership loan program. The bonds are secured by Government National Mortgage Association (GNMA) certificates, Fannie Mae (FNMA) mortgage-backed securities, and Freddie Mac (FHLMC) mortgage-backed securities.

- The Authority issued one (1) new series of fixed rate, taxable Revenue Bonds, totaling $19.28 million, to fund its homeownership loan program. The bonds are secured by GNMA certificates, FNMA mortgage-backed securities, and FHLMC mortgage-backed securities.

- The Authority issued one (1) new series of variable rate, tax-exempt Revenue Bonds, totaling $40 million, to fund its homeownership loan program. The bonds are secured by GNMA certificates, FNMA mortgage-backed securities, and FHLMC mortgage-backed securities.

- The Authority issued one (1) series of fixed rate, tax-exempt Multi-Family Revenue Bonds totaling $2.93 million, to finance a portion of the acquisition, rehabilitation and equipping by the Series 2020B borrower of a 48-unit multi-family residential housing development known as "Oso Apartments" located in Chicago, Illinois.

- The Authority issued one (1) series of fixed rate, tax-exempt Multi-Family Revenue Bonds totaling $1.65 million, to finance a portion of the acquisition, rehabilitation and equipping by the Series 2020C borrower of a 40-unit multi-family residential housing development known as "Chelsea" located in Chicago, Illinois.

- The Authority issued one (1) series of fixed rate, taxable Multi-Family Revenue Bonds totaling $1.69 million, to finance a portion of the acquisition, rehabilitation and equipping by the Series 2020D borrower of a 62-unit multi-family residential housing development known as "Cary Senior" located in Chicago, Illinois.

- The Authority issued one (1) series of fixed rate, tax-exempt Multi-Family Revenue Bonds totaling $84.9 million, to finance a portion of the acquisition, rehabilitation and equipping by the Series 2021A borrower of a 418-unit multi-family residential housing development known as "Circle Park" located in Chicago, Illinois.

- The Authority issued one (1) series of fixed rate, tax-exempt Multi-Family Revenue Bonds totaling $28.7 million, to finance a portion of the acquisition, rehabilitation and equipping by the Series 2021B borrower of a 171-unit multi-family residential housing development known as "Morningside Court" located in Chicago, Illinois.

- Program loan originations for fiscal year 2021 totaled $68.6 million and $157.7 million in the Authority's governmental and business-type activities, respectively, compared to fiscal year 2020 loan originations of $61.1 million and $49.8 million, respectively.

- The Authority has continued to sponsor home buying in the State, and particularly in the four Illinois counties hardest hit by the foreclosure crisis. Using funds provided by the United States Department of the Treasury's Hardest Hit Fund (HHF) program, the Authority disbursed $4.2 million in fiscal year 2021 down payment assistance that helped 561 homebuyers buy their first home. On March 31, 2021, the Authority returned $11.9 million of program funds to the United States Department of Treasury, in accordance with Section 3 of the financial instruments due to close out of the HHF program in the current fiscal year.

- During the fiscal year, the Authority continued to offer its ACCESS down payment program. Available statewide, the program offers an affordable, fixed interest rate and up to $10,000 to assist eligible borrowers with their down payment and closing costs for the purchase of a new or existing home. Based on program structure and anticipated demand, the Authority's Administrative Fund and excess revenues held under various Authority bond funds are used to fund the ACCESS program.

- The CARES Act established the Coronavirus Relief Fund (CRF). The Authority became the designated administrator for the Emergency Rental Assistance (ERA), and Emergency Mortgage Assistance (EMA) Program in Illinois. The purpose of CRF is to use monies appropriated from the State Coronavirus Urgent Remediation Emergency Fund to make ERA and EMA grants to eligible borrowers. During the fiscal year IHDA issued grants related to ERA in the amount of $220.2 million and to EMA in the amount of $97.2 million.

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (2020) and the Coronavirus Response and Consolidated Appropriations Act (2021) established the Emergency Rental Assistance Program (ERAP). In partnership with the Department of Commerce and Economic Opportunity (DCEO), the Authority administers and manages the ERAP program to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The Authority appropriated $493.4 million in the Emergency Rental Assistance Program, with $104.0 million expended through grants, and $7.7 million in general and administrative.

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 types 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 15 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 three proprietary funds, which operate similar to business activities and for which the Authority follows the accrual basis of accounting.

- The basic financial statements 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 the 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 but not the Authority as a whole.

The Authority manages two types of funds:

- Governmental funds – The Authority is the administrator of fifteen governmental funds, of which the revenues are appropriated annually to the Illinois Department of Revenue, with the exception of revenues received directly from the HOME program and National Housing Trust Fund. The Authority also received Emergency Rental Assistance Funds directly from Department of Commerce and Economic Development, with the Authority having intergovernmental agreements with the following counties: Will County, DuPage County, and Kane County. These fund statements focus on how cash and other assets flowing into the funds have been used.

- Proprietary funds – The Authority's primary activities are in its three enterprise funds; for which activities are accounted in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuances of both tax-exempt and taxable bonds, the proceeds of which are primarily used to provide various types of loans to finance low and moderate-income housing.

Financial Analysis of the Authority as a Whole

Net Position

The combined net position of the Authority increased by $99.0 million, or 7.8%, from July 1, 2020, through June 30, 2021. The following table shows a summary of changes from prior year amounts.

Condensed Statements of Net Position

Net Position
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Increase/(Decrease)	
	2021	2020	2021	2020	2021	2020	Amount	Percentage
Current assets:								
Cash and investments – unrestricted	$ 416.9	$ 147.1	$ 783.6	$ 699.8	$ 1,200.5	$ 846.9	$ 353.6	41.8%
Investments - restricted	12.0	48.8	163.3	143.3	175.3	192.1	(16.8)	(8.7)%
Program loans receivable	23.2	18.9	18.0	23.1	41.2	42.0	(0.8)	(1.9)%
Other current assets	36.5	10.2	16.1	12.7	52.6	22.9	29.7	129.7%
Total current assets	488.6	225.0	981.0	878.9	1,469.6	1,103.9	365.7	33.1%
Noncurrent assets:								
Investments	-	-	87.0	70.9	87.0	70.9	16.1	22.7%
Investments – restricted	-	-	1,117.5	1,070.5	1,117.5	1,070.5	47.0	4.4%
Net program loans receivable	672.5	658.7	509.5	426.8	1,182.0	1,085.5	96.5	8.9%
Capital assets, net	-	-	26.1	27.3	26.1	27.3	(1.2)	(4.4)%
Other assets	-	-	91.3	91.1	91.3	91.1	0.2	0.2%
Total noncurrent assets	672.5	658.7	1,831.4	1,686.6	2,503.9	2,345.3	158.6	6.8%
Total assets	$ 1,161.1	$ 883.7	$ 2,812.4	$ 2,565.5	$ 3,973.5	$ 3,449.2	$ 524.3	15.2%
Deferred outflow of resources:								
Accumulated decrease in fair value of hedge derivatives	$ -	$ -	$ 6.2	$ 9.1	$ 6.2	$ 9.1	$ (2.9)	(31.9)%
Total deferred outflow of resources	$ -	$ -	$ 6.2	$ 9.1	$ 6.2	$ 9.1	$ (2.9)	(31.9)%
Current liabilities:								
Due to grantees	64.9	60.3	-	-	64.9	60.3	4.6	7.6%
Due to State of Illinois	98.4	100.7	-	-	98.4	100.7	(2.3)	(2.3)%
Bonds and notes payable	-	-	82.2	58.8	82.2	58.8	23.4	39.8%
Deposits held in escrow	-	-	140.3	136.3	140.3	136.3	4.0	2.9%
Bank note cash collateral	-	-	-	-	-	-	-	—%
Other current liabilities	213.7	-	32.4	34.3	246.1	34.3	211.8	617.5%
Total current liabilities	377.0	161.0	254.9	229.4	631.9	390.4	241.5	61.9%
Noncurrent liabilities:								
Due to State of Illinois	312.9	307.6	-	-	312.9	307.6	5.3	1.7%
Bonds and notes payable	-	-	1,648.9	1,471.1	1,648.9	1,471.1	177.8	12.1%
Other liabilities	-	-	9.6	13.4	9.6	13.4	(3.8)	(28.4)%
Total noncurrent liabilities	312.9	307.6	1,658.5	1,484.5	1,971.4	1,792.1	179.3	10.0%
Total liabilities	$ 689.9	$ 468.6	$ 1,913.4	$ 1,713.9	$ 2,603.3	$ 2,182.5	$ 420.8	19.3%

Condensed Statements of Net Position (Continued)

Net Position
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Increase/(Decrease)	
	2021	2020	2021	2020	2021	2020	Amount	Percentage
Deferred inflow of resources:								
Accumulated increase in fair value of hedging derivatives	$ -	$ -	$ 1.6	$ -	$ 1.6	$ -	$ 1.6	—%
Unearned revenue	-	-	-	-	-	-	-	—%
Total deferred inflows of resources	$ -	$ -	$ 1.6	$ -	$ 1.6	$ -	$ 1.6	—%
Net position:								
Net investment in capital assets	$ -	$ -	$ 7.9	$ 6.9	$ 7.9	$ 6.9	$ 1.0	14.5%
Restricted	471.2	415.1	616.7	597.6	1,088.0	1,012.7	75.3	7.4%
Unrestricted	-	-	279.0	256.2	279.0	256.2	22.8	8.9%
Total net position	$ 471.2	$ 415.1	$ 903.6	$ 860.7	$ 1,374.9	$ 1,275.8	$ 99.1	7.8%

Governmental Activities

Net position of the Authority's governmental activities increased by $56.1 million, or 13.5%, to $471.2 million, mainly from an increase of federal and state program revenue in the HOME Program Fund and Build Illinois Bonds Program fund respectively partially offset by decrease in Nonmajor Government Funds due to Hardest Hit Program closeout. There is no net position for four of the Authority's governmental activities recorded on the Authority's financial statements. The net position of the Illinois Affordable Housing Trust Fund is recorded as due to the State of Illinois. Revenues from the Rental Housing Support Program Fund, CV Urgent Remediation Emergency Fund and Emergency Rental Assistance Program Fund are disbursed as grant or administrative expenses, and therefore no net position is recorded on the Authority's financial statements.

Total net program loans receivable (current and noncurrent), increased by $18.0 million, or 2.7%, to $695.7 million, mainly attributable to increases in the Federal HOME Program Fund ($9.3 million), and the Illinois Affordable Housing Trust Fund ($8.1 million). Cash and investment increased by $233.0 million, mainly from the new program - the Emergency Rental Assistance Program ($213.0 million), and an increase in the Build Illinois Bonds Program ($62.2 million), partially offset by decreases in the Hardest Hit Fund ($15.0 million), Illinois Affordable Housing Trust Fund ($14.8 million), and Rental Housing Support Program Fund ($9.3 million). State statute and federal regulations restrict the use of the governmental funds to program activities.

The Authority's liability (current and noncurrent) increased by $221.2 million, mainly due to unearned revenue for Coronavirus Urgent Remediation Emergency Fund and Emergency Rental Assistance Program Fund. Due to the State of Illinois (current and noncurrent) increased by $3.0 million. This item reflects a liability for the State of Illinois interest in the net position of the Affordable Housing Trust Fund as the Authority acts only as the administrator of the Housing Program and accounts for the interest in the net position to be that of the State of Illinois.

Business-Type Activities

The Authority's net position from business-type activities increased by $42.9 million, or 5.0% to $903.6 million.

Net program loans receivable (current and noncurrent) increased by $77.6 million, or 17.2% to $527.5 million due to the increases in the Mortgage Loan Program Fund ($98.3 million) and the Administrative Fund ($1.1 million), offset by the decrease in the Single Family Program Fund ($21.8 million). The increase in Mortgage Loan Program Fund is mainly due to the increase ($130.8 million) in Multi-Family Revenue Bonds Program's noncurrent loans receivable, funded by the two new issuances of the Multi-Family Revenue Bonds in FY2021.

Cash and investments (current and noncurrent) increased by $166.9 million, or 8.4%, due to an increase in the Single Family Program Fund ($204.2 million), which was offset by decreases in the Administrative Fund ($26.9 million) and the Mortgage Loan Program Fund ($10.4 million).

Total bonds and notes payable (current and noncurrent) increased by $201.2 million, or 13.2%, due to increases in the Single Family Program Fund ($110.0 million) and in the Mortgage Loan Program Fund ($92.2 million), offset by a decrease in the Administrative Fund ($0.8 million).

The restricted net position of the Authority's business-type activities increased by $19.1 million, or 3.2%, mostly due to net increases within the Authority's Mortgage Loan Program Fund and Single Family Program Fund (Bond Funds). The net position of the Authority's Bond Funds is classified as restricted, except for the $6.3 million net position invested in capital assets within the Mortgage Loan Program 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.

The governmental activities consist of programs recorded in six major governmental funds: Illinois Affordable Housing Trust Fund, HOME Program Fund, Rental Housing Support Program Fund, Coronavirus Urgent Remediation Emergency Fund, Build Illinois Bonds Program Fund, and Emergency Rental Assistance Program Fund. Other programs are recorded in Nonmajor Governmental Funds and consist of Foreclosure Prevention Program Fund, Community Development Block Grant Fund, American Recovery and Reinvestment Act Fund, Foreclosure Prevention Graduated Program Fund, Hardest Hit Fund, Neighborhood Stabilization Program Fund, Abandoned Property Program Fund, National Housing Trust Fund, and 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).

A condensed summary of changes in net position for the fiscal year ended June 30, 2021, is shown in the following table.

Changes in Net Position
(In millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue:						
Program revenues:						
Charges for services	$ 2.4	$ 5.6	$ 58.3	$ 62.3	$ 60.7	$ 67.9
Operating/grant/federal revenues	575.6	32.9	39.0	59.6	614.6	92.5
General revenues:						
Investment income	-	-	79.1	105.8	79.1	105.8
Total revenues	578.0	38.5	176.4	227.7	754.4	266.2
Expenses:						
Direct	476.1	82.8	94.2	115.2	570.3	198.0
Administrative	45.8	17.3	39.4	29.5	85.2	46.8
Total expenses	521.9	100.1	133.6	144.7	655.5	244.8
Increase (decrease) in net position	56.1	(61.6)	42.8	83.0	98.9	21.4
Net position at beginning of the year	415.1	476.7	860.7	777.7	1,275.8	1,254.4
Net position at end of the year	$ 471.2	$ 415.1	$ 903.5	$ 860.7	$ 1,374.7	$ 1,275.8

Governmental Activities

Revenues of the Authority's governmental activities, increased by $539.5 million from the prior year, due to new federal government programs Coronavirus Urgent Remediation Emergency Fund ($330.6 million), the Emergency Rental Assistance Program Fund ($111.7 million), and an increase in the Build Illinois Bonds Program Fund ($69.8 million), the Rental Housing Support Program ($9.0 million), HOME Program Fund ($7.5 million), Nonmajor Governmental Funds ($7.6 million), and Illinois Affordable Housing Trust Program ($3.3 million).

Direct expenses of the Authority's governmental activities increased by $393.3 million from the prior year, primarily due to a new federal government program CV Urgent Remediation Emergency Fund ($330.6 million), and Emergency Rental Assistance Program Fund ($111.7 million), offset by a decrease in the Home Housing Program Fund ($4.1 million) and Build Illinois Bond Program ($8.0 million). The key driver of these increases is the program grants.

Business-Type Activities

Revenues of the Authority's business-type activities decreased by $51.2 million from the prior year, due to decreases in investment income ($26.7 million), operating/grant/federal revenues ($20.1 million) and charges for services ($4.4 million).

Direct expenses of the Authority's business-type activities which consist primarily of interest expense ($32.7 million) on Authority debt incurred to fund its various lending programs and the pass-through of federal assistance programs' funds ($39.0 million), decreased by $21.0 million from the prior year. The decrease was mainly due to lower Federal Assistance Programs ($20.0 million), interest expense ($3.4 million), losses on derivative transactions ($0.8 million), provision for estimated losses on real estate held for sale ($0.6 million), losses on mortgage participation certificate program ($0.3 million), provisions for estimated losses on program loans receivable ($0.5 million); offset by higher program grants ($9.0 million), increases in salaries and benefits ($2.4 million), general and administrative ($2.4 million), and other expenses ($0.8 million).

Program revenues of the Mortgage Loan Program exceeded direct expenses by $10.6 million (see the Statement of Activities). The Authority's business-type activities also generated $79.1 million of unrestricted investment income, which was used primarily to fund and finance Single Family Loans through the use of FNMA MBSs and GNMA certificates, and to partially offset its administrative costs, and thus provided most of the Authority's increase in net position.

Proprietary Fund Results

The net position of the Authority's proprietary funds increased from June 30, 2020, amount by $43.0 million to $903.6 million. The following table summarizes the revenues, expenses, and changes in fund net position of the Authority's proprietary funds:

Changes in Net Position/Proprietary Funds
(In millions of dollars)

	Administrative Fund		Mortgage Loan Program Fund		Single Family Program Fund	
	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20
Operating revenues:						
Interest earned on program loans	$ 0.6	$ 0.8	$ 13.1	$ 13.3	$ 6.2	$ 7.5
Investment income	48.2	28.8	0.1	6.3	30.8	70.7
Service fees	7.3	8.5	-	0.1	-	-
Development fees	5.8	3.3	-	-	-	-
HUD savings	0.5	0.5	-	-	-	-
Tax credit reservation and monitoring fees	9.5	6.4	-	-	-	-
Other	4.5	4.9	10.5	17.1	-	0.1
Total operating revenues	76.4	53.2	23.7	36.8	37.0	78.3
Operating expenses:						
Interest expense	0.4	0.5	6.9	7.5	25.4	28.1
Salaries and benefits	21.9	19.5	-	-	-	-
Professional fees	3.7	3.1	-	-	-	-
Other general and administrative	5.1	3.4	6.7	6.1	0.4	0.3
Financing costs	1.3	0.9	0.1	0.1	3.1	3.2
Program grants	18.7	9.8	-	-	-	-
Change in accrual for estimated losses on mortgage participation certificate program	(0.8)	(0.5)	-	-	-	-
Provision for (reversal of) estimated losses on program loans receivable	1.2	1.0	(0.7)	0.3	0.4	0.1
Provision for estimated losses on real estate held for sale	-	-	0.1	0.1	0.3	0.9
Loss of Derivative Transaction	-	0.8	-	-	-	-
Total operating expenses	51.5	38.5	13.1	14.1	29.6	32.6
Operating income	24.9	14.7	10.6	22.7	7.4	45.7
Nonoperating revenues and expenses						
State assistance revenues	0.4	0.3	-	-	-	-
State assistance expenses	(0.4)	(0.3)	-	-	-	-
Federal assistance programs revenues	39.0	59.0	-	-	-	-
Federal assistance programs expenses	(39.0)	(59.0)	-	(0.1)	-	-
Total Nonoperating revenues and expenses	-	-	-	(0.1)	-	-
Transfers	(2.8)	(2.0)	-	-	2.8	2.0
Change in net position	22.1	12.7	10.6	22.6	10.2	47.7
Net position at beginning of year	302.5	289.8	348.5	325.9	209.7	162.0
Net position at end of year	$ 324.6	$ 302.5	$ 359.1	$ 348.5	$ 219.9	$ 209.7

The net position of the Administrative Fund increased by $22.2 million, compared to the prior year increase of $12.7 million. Administrative Fund operating income was $25.0 million, an increase of $10.3 million from the prior year, and net transfers out were $2.8 million, compared to $2.0 million in the prior year. The fiscal year 2021 operating earnings was primarily due to the increases in investment income ($19.4 million), tax credit reservation and monitoring fees ($3.1 million), offset by lower service fees ($1.2 million), other income ($0.4 million), higher salaries and benefits ($2.4 million), higher program grants ($9.0 million), higher provision for estimated losses on program loan receivable ($0.3 million), higher professional fees ($0.6 million), higher financing costs ($0.3 million), offset by a decrease in federal assistance programs ($20.0 million).

The net position of the Mortgage Loan Program Fund increased by $10.6 million, compared to the prior year's increase of $22.6 million. Operating income was lower by ($12.1 million), mainly due to the decrease in other revenue ($6.6 million), investment income ($6.2 million), and lower interest earned on program loans ($0.2 million), higher general and administration expenses ($0.6 million) offset by lower interest expense ($0.6) million and decreased estimated losses on program loans receivable ($1.0 million).

The net position of the Single Family Program Fund increased by $10.2 million, compared to the prior year increase of $47.7 million. Operating income is lower by ($38.3 million), primarily due to lower investment income ($39.9 million) and interest earned on program loans ($1.3 million), offset by lower interest expense ($2.7 million).

Nonoperating Revenues and Expenses

Total nonoperating revenues and expenses were ($39.4 million) for fiscal year 2021, a decrease of ($19.9 million) from fiscal year 2020. The decrease is primarily due to the ($20.0 million) decrease in federal assistance programs and the increase of ($0.1 million) in state assistance programs.

Authority Debt

Authority gross debt issuances during the fiscal year 2021 totaled $749.0 million with the issuance of Revenue Bonds ($359.3 million), premium on Revenue Bonds ($13.9 million) within the Single Family Program Fund, Multi-Family Revenue Bonds ($119.9 million), and Federal Home Loan Bank Advances ($255.9 million). Debt retirements within the Mortgage Loan Program, Single Family Program, and Administrative Funds were $27.7 million, $263.2 million, and $256.7 million, respectively. Total bonds and notes payable increased by $201.4 million. For additional information, see Note 8 – Bonds and Notes Payable in the Notes to the Financial Statements.

Pursuant to the IHDA Act, the Authority has the power to hold up to $3.6 billion of general and special limited obligation bonds and notes outstanding, excluding those issued to refund outstanding bonds and notes. As of June 30, 2021, amounts outstanding against this limitation were approximately $2.8 billion.

As of June 30, 2021, 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 and remain unchanged from prior year. In addition, Issuer Credit Ratings were recently affirmed by Standard and Poor's in 2021, and no rating updates are expected at this time.

Economic Factors and Outlook

During the majority of fiscal year 2021, tax-exempt bond rates were favorable for new issuance, which provided the Authority an opportunity to issue tax-exempt fixed/variable rate long-term bonds in the amount of $340.0 million, and taxable fixed rate long-term bonds in the amount of $19.3 million in the Single Family Program. The Authority correspondingly issued both tax-exempt and taxable fixed rate long-term bonds in support of its Multi-Family Program in the amount of $118.2 million and $1.7 million, respectively.

During fiscal year 2021, 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.

The global outbreak of COVID-19 is affecting national capital markets and negatively impacting the overall economy. The Authority has a Continuity of Operations Plan which has allowed it to provide continued execution of its programs with minimal disruption. In response to COVID-19, the Authority is administering a new program, with federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and may be asked to administer additional programs in the future in response to the pandemic. Furthermore, the Authority cannot predict the duration of the pandemic and how it may impact the Authority's housing and state revolving fund programs and financial position.

The Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136), signed into law on March 27, 2020, as may be amended from time to time (the CARES Act), created, through Section 5001 of the CARES Act, the Coronavirus Relief Fund (CRF), which provides $150 billion in direct assistance for domestic governments, including the State of Illinois (the State). In connection with the State's receipt of federal CRF, the State established, among other funds, the State Coronavirus Urgent Remediation Emergency Fund (IL CURE Fund). The sum of $396,000,000 was appropriated, for fiscal year 2021, from the IL CURE Fund to the Department of Revenue (DOR) for IHDA to fund affordable housing grants, for the benefit of persons impacted by the COVID-19 public health emergency, for emergency rental assistance, emergency mortgage assistance, and subordinate financing.

Further relief funds were provided through the Consolidated Appropriations Act (2021), enacted December 27, 2020, which created a $25 billion federal Emergency Rental Assistance program (ERAP) for state, local, and tribal governments, to be allocated in substantively the same manner as the Coronavirus Relief Fund. ERAP funds were distributed as grants to those state and local governments who attested to compliance with federal grant award terms "Grantees". The Illinois Department of Commerce and Economic Opportunity (DCEO) received the funds on behalf of Illinois as a Grantee and entered into a Uniform Grant Agreement with IHDA for implementation of its emergency rental assistance program. The sum of $317.1 million was appropriated for fiscal year 2021.

As the Authority moves into fiscal year 2022 and into the future, the Authority will continue to explore new methods to expand its Single Family and Multi-Family lending activities that are consistent with the State housing needs. The Authority will collaboratively work with other housing entities and stakeholders to provide effective and efficient housing solutions. The Authority will continue to explore solutions to prevent foreclosures by providing assistance to eligible homeowners who have and may still be experiencing significant financial hardship. Due to the continued impact of the COVID-19 pandemic and the inability to predict its duration, the level of uncertainty in the economy is intensified and will likely lead to a slow recovery in the housing market.

At this time, the Authority is not aware of any other facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

Capital Asset Activity

The Authority had no significant capital asset activity in Fiscal Year 2021. More details on capital asset activity can be found in Note 7 – Capital Asset in the Notes to the Financial Statements.

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, 111 E. Wacker Drive, Suite 1000, Chicago, IL 60601, or visit our web site at: www.ihda.org.

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021
(DOLLARS IN THOUSANDS)

ASSETS	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash and Cash Equivalents	$ -	$ 95,327	$ 95,327
Cash and Cash Equivalents - Restricted	416,899	639,164	1,056,063
Total Cash and Cash Equivalents	416,899	734,491	1,151,390
Investments	-	49,080	49,080
Investments – Restricted	12,030	163,281	175,311
Investment Income Receivable	-	598	598
Investment Income Receivable – Restricted	12	3,341	3,353
Program Loans Receivable	23,182	17,993	41,175
Grant Receivable	44,702	-	44,702
Interest Receivable on Program Loans	290	1,753	2,043
Other	166	1,766	1,932
Internal Balances	(8,675)	8,675	-
Total Current Assets	488,606	980,978	1,469,584
NONCURRENT ASSETS			
Investments	-	86,988	86,988
Investments – Restricted	-	1,117,536	1,117,536
Program Loans Receivable, Net of Current Portion	753,097	521,331	1,274,428
Less: Allowance for Estimated Losses	(80,611)	(11,836)	(92,447)
Net Program Loans Receivable	672,486	509,495	1,181,981
Real Estate Held for Sale	-	206	206
Less: Allowance for Estimated Losses	-	(168)	(168)
Net Real Estate Held for Sale	-	38	38
Due from Fannie Mae	-	84,194	84,194
Due from Freddie Mac	-	4,307	4,307
Capital Assets, Net	-	26,138	26,138
Derivative Instrument Asset	-	1,585	1,585
Other	-	1,196	1,196
Total Noncurrent Assets	672,486	1,831,477	2,503,963
Total Assets	1,161,092	2,812,455	3,973,547
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated Decrease in Fair Value of Hedging Derivatives	-	6,223	6,223
Total Deferred Outflows of Resources	$ -	$ 6,223	$ 6,223

See accompanying Notes to the Financial Statements.

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021
(DOLLARS IN THOUSANDS)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
CURRENT LIABILITIES			
Due to Grantees	$ 64,939	$ -	$ 64,939
Due to State of Illinois	98,377	-	98,377
Bonds and Notes Payable	-	82,338	82,338
Accrued Interest Payable	-	11,575	11,575
Unearned Revenue	211,541	2,066	213,607
Deposits Held in Escrow	-	140,281	140,281
Accrued Liabilities and Other	2,076	18,790	20,866
Total Current Liabilities	376,933	255,050	631,983
NONCURRENT LIABILITIES			
Due to State of Illinois	312,918	-	312,918
Bonds and Notes Payable, Net of Current Portion	-	1,648,901	1,648,901
Unearned Revenue	-	3,354	3,354
Derivative Instrument Liability	-	6,223	6,223
Total Noncurrent Liabilities	312,918	1,658,478	1,971,396
Total Liabilities	689,851	1,913,528	2,603,379
DEFERRED INFLOWS OF RESOURCES			
Accumulated Increase in Fair Value of Hedging Derivatives	-	1,585	1,585
Unearned Revenue	-	9	9
Total Deferred Inflows of Resources	-	1,594	1,594
NET POSITION			
Net Investment in Capital Assets	-	7,853	7,853
Restricted for Bond Resolution Purposes	-	572,656	572,656
Restricted for Loan and Grant Programs	471,241	44,083	515,324
Unrestricted	-	278,964	278,964
Total Net Position	$ 471,241	$ 903,556	$ 1,374,797

See accompanying Notes to the Financial Statements.

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)

		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	$ 11,584	$ 11	$ 11,573	$ -	$ -	$ -	$ -
HOME Program	4,735	2,003	14,022	-	11,290	-	11,290
Rental Housing Support Program	21,427	130	21,297	-	-	-	-
Build Illinois Bond Program Fund	8,786	12	70,000	-	61,226	-	61,226
CV Urgent Remediation Emg Fund	330,621	28	330,593	-	-	-	-
Emergency Rental Assistance Program	111,701	-	111,701	-	-	-	-
Other Programs	33,016	225	16,435	-	(16,356)	-	(16,356)
Total Governmental activities	521,870	2,409	575,621	-	56,160	-	56,160
Business-Type Activities:							
Administrative Programs	90,899	28,640	39,040	-	-	(23,219)	(23,219)
Mortgage Loan Programs	13,071	23,549	-	-	-	10,478	10,478
Single Family Mortgage Loan Programs	29,686	6,149	-	-	-	(23,537)	(23,537)
Total Business-Type Activities	133,656	58,338	39,040	-	-	(36,278)	(36,278)
Total Authority	$ 655,526	$ 60,747	$ 614,661	$ -	56,160	(36,278)	19,882
GENERAL REVENUES							
Unrestricted Investment Income					-	79,119	79,119
Total General Revenues					-	79,119	79,119
CHANGE IN NET POSITION					56,160	42,841	99,001
Net Position - Beginning of Year					415,081	860,715	1,275,796
NET POSITION - END OF YEAR					$ 471,241	$ 903,556	$ 1,374,797

See accompanying Notes to the Financial Statements.

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021
(DOLLARS IN THOUSANDS)

	Major Funds							
	Illinois Affordable Housing Trust Fund	HOME Program Fund	Rental Housing Support Program Fund	Build Illinois Bond Program Fund	CV Urgent Remediation Emgergency Fund	Emergency Rental Assistance Program Fund	Nonmajor Governmental Funds	Total
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents - Restricted	$ 65,013	$ 12,575	$ 40,459	$ 72,388	$ 5,940	$ 213,010	$ 7,514	$ 416,899
Investments - Restricted	-	-	12,030	-	-	-	-	12,030
Investment Income Receivable - Restricted	-	-	12	-	-	-	-	12
Program Loans Receivable	10,548	12,340	-	26	-	-	268	23,182
Grant Receivable	22,682	46	14,624	-	-	-	7,350	44,702
Interest Receivable on Program Loans	122	148	-	-	-	-	20	290
Others	-	-	-	-	90	76	-	166
Due from Other Funds	12	-	-	-	164	-	4	180
Total Current Assets	98,377	25,109	67,125	72,414	6,194	213,086	15,156	497,461
NONCURRENT ASSETS								
Program Loans Receivable, Net of Current Portion	352,226	299,738	-	8,392	-	-	92,741	753,097
Less: Allowance for Estimated Losses	(39,308)	(29,035)	-	(4,429)	-	-	(7,839)	(80,611)
Total Noncurrent Assets	312,918	270,703	-	3,963	-	-	84,902	672,486
Total Assets	$ 411,295	$ 295,812	$ 67,125	$ 76,377	$ 6,194	$ 213,086	$ 100,058	$ 1,169,947
LIABILITIES AND FUND BALANCES								
CURRENT LIABILITIES								
Due to Grantees	$ -	$ -	$ 64,939	$ -	$ -	$ -	$ -	$ 64,939
Due to State of Illinois	98,377	-	-	-	-	-	-	98,377
Unearned Revenue	-	148	-	-	6,186	205,356	21	211,711
Accrued Liabilities and Other	-	-	2,063	-	8	-	5	2,076
Due to Other Funds	-	958	123	3	-	7,730	41	8,855
Total Current Liabilities	98,377	1,106	67,125	3	6,194	213,086	67	385,958
NONCURRENT LIABILITIES								
Due to State of Illinois	312,918	-	-	-	-	-	-	312,918
Total Liabilities	411,295	1,106	67,125	3	6,194	213,086	67	698,876
FUND BALANCES								
Restricted	-	294,706	-	76,374	-	-	99,991	471,071
Total Fund Balances	-	294,706	-	76,374	-	-	99,991	471,071
Total Liabilities and Fund Balances	$ 411,295	$ 295,812	$ 67,125	$ 76,377	$ 6,194	$ 213,086	$ 100,058	$ 1,169,947
Amounts reported for governmental activities in the statement of net position are different due to:								
Unearned Interest Receivable on Certain Program Loans Receivable								$ 170
Net Position of Governmental Activities								$ 471,241

See accompanying Notes to the Financial Statements.

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
JUNE 30, 2021
(DOLLARS IN THOUSANDS)

	Major Funds							
	Illinois Affordable Housing Trust Fund	HOME Program Fund	Rental Housing Support Program Fund	Build Illinois Bond Program Fund	CV Urgent Remediation Emgergency Fund	Emergency Rental Assistance Program Fund	Nonmajor Governmental Funds	Total
REVENUES								
Grant from State of Illinois	$ 11,573	$ -	$ 21,297	$ 70,000	$ -	$ -	$ 7,928	$ 110,798
Federal Funds	-	14,022	-	-	330,593	111,701	8,507	464,823
Interest and Investment Income	11	1,999	130	12	28	-	231	2,411
Other Income	-	-	-	-	-	-	2	2
Total Revenues	11,584	16,021	21,427	70,012	330,621	111,701	16,668	578,034
EXPENDITURES								
General and Administrative	7,661	2,400	417	-	10,741	7,729	16,848	45,796
Grants	3,912	-	21,010	7,790	319,879	103,971	14,439	471,001
Financing Costs	-	-	-	-	1	1	139	141
Program Income Transferred to State of Illinois	11	-	-	-	-	-	-	11
Provision for Estimated Losses on Program Loans Receivable	-	2,335	-	996	-	-	1,568	4,899
Total Expenditures	11,584	4,735	21,427	8,786	330,621	111,701	32,994	521,848
EXCESS OF REVENUES (UNDER) EXPENDITURES	-	11,286	-	61,226	-	-	(16,326)	56,186
NET CHANGE IN FUND BALANCES	-	11,286	-	61,226	-	-	(16,326)	56,186
Fund Balances - Beginning of Year	-	283,420	-	15,148	-	-	116,317	
FUND BALANCES - END OF YEAR	$ -	$ 294,706	$ -	$ 76,374	$ -	$ -	$ 99,991	

Amounts reported for governmental activities in the statemnet of activities are different due to:	
Unearned Interest Receivable on Certain Program Loans Receivable	$ (4)
Depreciation on Capital Assets	(22)
Change in Net Position of Governmental Activities	$ 56,160

See accompanying Notes to the Financial Statements.

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021
(DOLLARS IN THOUSANDS)

	Major Funds			
	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 95,327	$ -	$ -	$ 95,327
Cash and Cash Equivalents - Restricted	156,352	208,038	274,774	639,164
Total Cash and Cash Equivalents	251,679	208,038	274,774	734,491
Investments	49,080	-	-	49,080
Investments – Restricted	10,086	82,929	70,266	163,281
Investment Income Receivable	598	-	-	598
Investment Income Receivable – Restricted	8	229	3,104	3,341
Program Loans Receivable	1,112	5,798	11,083	17,993
Interest Receivable on Program Loans	70	1,091	592	1,753
Due from Other Funds	75,769	33,526	2,031	111,326
Other	1,766	-	-	1,766
Total Current Assets	390,168	331,611	361,850	1,083,629
NONCURRENT ASSETS				
Investments	86,988	-	-	86,988
Investments – Restricted	12,032	21,175	1,084,329	1,117,536
Program Loans Receivable, Net of Current Portion	54,925	360,673	105,733	521,331
Less: Allowance for Estimated Losses	(5,657)	(3,573)	(2,606)	(11,836)
Net Program Loans Receivable	49,268	357,100	103,127	509,495
Real Estate Held for Sale	-	-	206	206
Less: Allowance for Estimated Losses	-	-	(168)	(168)
Net Real Estate Held for Sale	-	-	38	38
Due from Fannie Mae	-	84,194	-	84,194
Due from Freddie Mac	-	4,307	-	4,307
Capital Assets, Net	1,580	24,558	-	26,138
Derivative Instrument Asset	-	12	1,573	1,585
Other	1,031	165	-	1,196
Total Noncurrent Assets	150,899	491,511	1,189,067	1,831,477
Total Assets	541,067	823,122	1,550,917	2,915,106
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Derivatives	-	358	5,865	6,223
Total Deferred Outflows of Resources	-	358	5,865	6,223

See accompanying Notes to the Financial Statements.

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021
(DOLLARS IN THOUSANDS)

	Major Funds			
	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Total
LIABILITIES				
CURRENT LIABILITIES				
Bonds and Notes Payable	$ 6,652	$ 41,464	$ 34,222	$ 82,338
Accrued Interest Payable	-	3,616	7,959	11,575
Unearned Revenue	2,038	28	-	2,066
Deposits Held in Escrow	140,281	-	-	140,281
Accrued Liabilities and Other	17,368	1,120	302	18,790
Due to Other Funds	35,737	8,336	58,578	102,651
Total Current Liabilities	202,076	54,564	101,061	357,701
NONCURRENT LIABILITIES				
Bonds and Notes Payable, Net of Current Portion	11,001	409,447	1,228,453	1,648,901
Unearned Revenue	3,354	-	-	3,354
Derivative Instrument Liability	-	358	5,865	6,223
Total Noncurrent Liabilities	14,355	409,805	1,234,318	1,658,478
Total Liabilities	216,431	464,369	1,335,379	2,016,179
DEFERRED INFLOWS OF RESOURCES				
Accumulated Increase in Fair Value of Hedging Derivatives	-	12	1,573	1,585
Unearned Revenue	9	-	-	9
Total Deferred Inflows of Resources	9	12	1,573	1,594
NET POSITION				
Net Investment in Capital Assets	1,580	6,273	-	7,853
Restricted for Bond Resolution Purposes	-	352,826	219,830	572,656
Restricted for Loan and Grant Programs	44,083	-	-	44,083
Unrestricted	278,964	-	-	278,964
Total Net Position	$ 324,627	$ 359,099	$ 219,830	$ 903,556

See accompanying Notes to the Financial Statements.

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Total
OPERATING REVENUES				
Interest and Other Investment Income	$ 45,722	$ 1,240	$ 32,728	$ 79,690
Net Increase in Fair Value of Investments	2,457	(1,145)	(1,883)	(571)
Total Investment Income	48,179	95	30,845	79,119
Interest Earned on Program Loans	555	13,070	6,143	19,768
Service Fees	7,295	-	-	7,295
Development Fees	5,764	-	-	5,764
HUD Savings	513	-	-	513
Tax Credit Reservation and Monitoring Fees	9,520	-	-	9,520
Other Income	4,542	10,479	6	15,027
Total Operating Revenues	76,368	23,644	36,994	137,006
OPERATING EXPENSES				
Interest Expense	365	6,912	25,457	32,734
Salaries and Benefits	21,920	-	-	21,920
Professional Fees	3,686	-	-	3,686
Other General and Administrative	5,076	6,718	364	12,158
Financing Costs	1,257	73	3,107	4,437
Program Grants	18,686	-	-	18,686
Change in Accrual for Estimated Losses on Mortgage Participation Certificate Program	(814)	-	-	(814)
Provision for Estimated Losses on Program Loans Receivable	1,232	(688)	420	964
Provision for Estimated Losses on Real Estate Held for Sale	-	56	338	394
Total Operating Expenses	51,408	13,071	29,686	94,165
Total Operating Income	24,960	10,573	7,308	42,841
NONOPERATING REVENUES AND EXPENSES				
State Assistance Programs Revenues	451	-	-	451
State Assistance Programs Expenses	(451)	-	-	(451)
Federal Assistance Programs Revenues	39,040	-	-	39,040
Federal Assistance Programs Expenses	(39,040)	-	-	(39,040)
Total Nonoperating Income	-	-	-	-
INCOME BEFORE TRANSFERS	24,960	10,573	7,308	42,841
Transfers In	-	-	2,781	2,781
Transfers Out	(2,781)	-	-	(2,781)
Total Transfers	(2,781)	-	2,781	-
CHANGE IN NET POSITION	22,179	10,573	10,089	42,841
Net Position - Beginning of Year	302,448	348,526	209,741	860,715
NET POSITION - END OF YEAR	$ 324,627	$ 359,099	$ 219,830	$ 903,556

See accompanying Notes to the Financial Statements.

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)

	Major Funds			
	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Total
CASH FLOWS FROM OPERATING/NONOPERATING ACTIVITIES				
Receipts for Program Loans, Interest, and Service Fees	$ 17,364	$ 61,394	$ 38,020	$ 116,778
Payments for Program Loans	(3,528)	(144,608)	(10,735)	(158,871)
Receipts for State Assistance Programs	451	-	-	451
Payments for State Assistance Programs	(451)	-	-	(451)
Receipts for Federal Assistance Programs	39,040	-	-	39,040
Payments for Federal Assistance Programs	(39,040)	-	-	(39,040)
Receipts for Credit Enhancements	-	1,676	-	1,676
Payments for Program Grants	(18,686)	-	-	(18,686)
Payments to Suppliers	(9,176)	(7,180)	(3,345)	(19,701)
Payments to Employees	(21,920)	-	-	(21,920)
Receipts for Tax Credit Reservations and Monitoring Fees	9,520	-	-	9,520
Other Receipts	5,055	10,479	6	15,540
Net Cash Provided (Used) by Operating Activities	(21,371)	(78,239)	23,946	(75,664)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interest Paid on Revenue Bonds and Notes	(365)	(6,232)	(24,809)	(31,406)
Due to / from Other Funds	(49,320)	(17,670)	62,817	(4,173)
Proceeds from Sale of Bonds and Notes	255,920	119,875	373,209	749,004
Principal Paid on Bonds and Notes	(256,749)	(27,690)	(263,196)	(547,635)
Transfers In	-	-	2,781	2,781
Transfers Out	(2,781)	-	-	(2,781)
Net Cash Provided (Used) by Noncapital Financing Activities	(53,295)	- 68,283	150,802	165,790
CASH FLOWS FROM CAPITAL FINANCING AND RELATED ACTIVITIES				
Acquisition of Capital Assets	(266)	(547)	-	(813)
Net Cash Provided (Used) by Capital Financing and Related Activities	(266)	(547)	-	(813)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investment Securities	(1,886,225)	(507,017)	(824,890)	(3,218,132)
Proceeds from Sales and Maturities of Investment Securities	2,024,966	505,802	744,636	3,275,404
Interest Received on Investments	8,604	1,854	36,488	46,946
Net Cash Provided (Used) by Investing Activities	147,345	639	(43,766)	104,218
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72,413	(9,864)	130,982	193,531
Cash and Cash Equivalents - Beginning of Year	179,266	217,902	143,792	540,960
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 251,679	$ 208,038	$ 274,774	$ 734,491

See accompanying Notes to the Financial Statements.

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)

		Major Funds		
	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Income (Loss)	$ 24,960	$ 10,573	$ 7,308	$ 42,841
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Investment Income	(48,179)	(95)	(30,845)	(79,119)
Interest Expense	365	6,912	25,457	32,734
Depreciation and Amortization	843	1,162	-	2,005
Change in Accrual for Estimated Losses on Mortgage Participation Certificate Program	(814)	-	-	(814)
Changes in Provision for (Reversal of) Estimated Losses on Program Loans Receivable	1,232	(688)	420	964
Changes in Assets and Liabilities:				
Program Loans Receivable	(2,288)	(97,151)	21,452	(77,987)
Interest Receivable on Program Loans	(9)	(188)	28	(169)
Other Liabilities	2,425	(275)	126	2,276
Other Assets	94	(165)	-	(71)
Due from Fannie Mae	-	1,676	-	1,676
Total adjustments	(46,331)	(88,812)	16,638	(118,505)
Net Cash Provided (used) by Operating Activities	$ (21,371)	$ (78,239)	$ 23,946	$ (75,664)
NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES				
Transfer of Foreclosed Assets	$ -	$ 5	$ 665	$ 670
Increase (Decrease) in the Fair Value of Investments	$ 2,457	$ (1,145)	$ (1,883)	$ (571)

See accompanying Notes to the Financial Statements.

NOTE 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, 2021, 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, 2021, amounts outstanding against this limitation were approximately $2.8 billion.

NOTE 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). The LLC has no activity for fiscal year 2021.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

As a quasi-governmental agency, the annual operating budget of the Authority is approved by the Board of Directors. Therefore, the Authority is not required to formally adopt budgets for each fund.

The Authority reports the following major governmental funds:

<u>Illinois Affordable Housing Trust Fund</u>
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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

HOME Program Fund

The Authority is the designated program administrator and the Participating Jurisdiction for the federally funded HOME Investment Partnerships Program (the HOME Program) for the State of Illinois. HOME funds are utilized for a variety of housing activities, according to local housing needs. Eligible uses of funds include tenant-based rental assistance, housing rehabilitation; assistance to homebuyers; and new construction of housing. HOME funding may also be used for site acquisition, site improvements, demolition, relocation, and other necessary and reasonable activities related to the development of non-luxury housing.

Rental Housing Support Program Fund

The Authority is the 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 Bonds Program

The Authority is the designated program administrator for the Build Illinois Bonds Program (BIBP). BIBP funds are utilized for a variety of housing activities, loans, and investments for low-income families, low-income senior citizens, low-income persons with disabilities and at-risk displaced veterans.

Coronavirus Urgent Remediation Emergency Fund

The Authority is the designated program administrator of The Coronavirus Urgent Remediation Emergency Fund Program. The State established the Coronavirus Urgent Remediation Emergency Fund (IL CURE Fund), in the sum of $396,000,000. The Authority received $337 million in fiscal year 2021. The CURE Funds are for IHDA to fund affordable housing grants for the benefit of persons impacted by the COVID-19 public health emergency, for emergency rental assistance, and emergency mortgage assistance.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Emergency Rental Assistance Program Fund

The Authority is the designated program administrator of the Emergency Rental Assistance (ERA) program. The State established the Emergency Rental Assistance (ERA) program, in the sum of $493.8 million. The Authority used $317.1 million during fiscal year 2021 to assist households that were unable to pay rent and utilities due to the COVID-19 pandemic. The Authority has received ($254.7 million) from DCEO and has intergovernmental agreements with the following counties in Illinois to help administer these funds: DuPage County ($26.8 million), Will County ($20.1 million), and Kane County ($15.5 million).

The Authority reports the following major proprietary funds:

Administrative Fund

Development and financing fees 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 also includes Section 8 New Construction, Section 8 Mod Rehab, and Land Bank Capacity Program.

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, Multi-Family Initiative Bonds, Multi-Family Revenue Bonds 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, 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 more than such maximum amounts are absorbed by the Administrative Fund.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and expenses resulting from exchange and exchange-like transactions are recognized when the exchange takes place, 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 are 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 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 GAAP, as promulgated in the pronouncements of 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 nor committed.

Unassigned – This consists of residual deficit fund balances.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Balances (Continued)

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 expenses.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Net Position (Continued)

A portion of the Authority's Administrative Fund unrestricted net position, as of the most recent fiscal year-end, is designated as follows, in thousands:

Homeownership Mortgage Loan Program		
Provide funds to support Single Family Homeownership in the State of Illinois through second lien position loans and/or grants	$	75,000
Multifamily Mortgage Loan Program		
To pay possible losses arising in the Multifamily Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans		25,000
Homeownership Mortgage Loan Program		
To pay possible losses arising in the Homeownership Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans		5,000
Homeownership Mortgage Loan Program		
Provide funds to purchase homeownership mortgage loans and/or mortgage-backed securities under the Program which may eventually be purchased with proceeds from future issuances of Authority debt or sold in the secondary market		115,000
Multifamily Mortgage Loan Program		
Provide funds to finance Multifamily loans originated under the Program		10,000
Provide funds for the Authority's planned technology enhancements		10,000
	$	240,000

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 GAAP 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.

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic may impact various parts of the Authority's operations and financial results, including the loan loss reserve.

Management believes the Authority is taking appropriate actions to mitigate the negative impact, including the increase of the loan loss reserve. However, the full impact of COVID-19 on future allowance for loan loss is difficult to reasonably estimate as these events are still developing.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Use of Estimates (Continued)

The Authority has allocated its loan loss reserve as follows: $0.8 million to Mortgage Loan Program Fund, $0.6 million to Single Family Program Fund, $7.3 million to Major Governmental Funds, $1.6 million to Nonmajor Governmental Funds, and $1.2 million to Administrative Fund; totaling $11.5 million allocated to loan loss reserve.

G. Deferred Inflows/Outflows of Resources

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all cash, certificates of deposit, 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. Fair value is determined by reference to public market prices and quotations from a securities pricing service. The Authority records investment transactions based on trade date.

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 are 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, except for computers, camera, and video equipment, which are capitalized at any cost. Depreciation and amortization are recorded 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 on a straight-line basis over forty years. At June 30, 2021, the net carrying value was $24.5 million which is net of accumulated depreciation of $25.8 million. Depreciation expense for fiscal year 2021 was $1.2 million. Although the Authority does not regularly own and operate properties as part of its normal business operations, for the benefit of furthering its affordable housing mission, it is within its scope to do so. Since its acquisition Lakeshore Plaza has continued to be owned and operated by the Authority as part of its business operations and therefore is reported as a capital asset of the Mortgage Loan Program Fund. This property is collateral for Housing Bond 2008B.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

The Authority will continue to evaluate the operation of Lakeshore Plaza and its impact on operations accordingly.

Capital Assets for governmental activities, having a net carrying value of zero on June 30, 2021, are used in the Hardest Hit Fund. Depreciation and amortization for these items is recorded on a straight-line basis over three years and amounted to $22 thousand during fiscal year 2021.

M. 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 Loan Program ($0), and Single Family ($37,866). See Note 6 for analysis of real estate for sale, net of allowance for estimated losses. 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 several 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 such as interest costs, holding costs, sales proceeds, mortgage insurance and pool insurance recoveries to estimate losses.

N. 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.

O. Operations

Proprietary funds loan origination fee, 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 8E), are recognized as revenue in the Administrative Fund generally at the time of initial closing.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Operations (Continued)

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 recognized as revenue in the Administrative Fund through interfund transfers.

Proprietary funds operating revenues and expenses are activities classified as core business activities of the fund. 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, development fees, interest, and other investment income. Proprietary funds operating expenses include grant program expenses, 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 recognized as incurred.

Proprietary funds nonoperating revenues and expenses include the reporting of Land Bank Capacity Program, Section 8 Model Rehabilitation, and Section 8 New Construction. Also included in this section are activities not classified as core business activities to the Proprietary fund.

A portion of the Authority's operating expenses of administering the Illinois Affordable Housing Trust Fund, HOME Program, Rental Housing Support Program, Build Illinois Bond Fund, CV Urgent Remediation Emergency Fund, Emergency Rental Assistance Program Fund, 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.

Expenses are shown in the statement of activities by identifiable programs.

P. 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).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Compensated Absences (Continued)

The following is the activity for the compensated absences recorded as accrued liabilities and other and liquidated from the Administrative Fund in thousands.

Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
$ 938	$ 2,023	$ 1,517	$ 1,444	$ 1,444

Q. 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 a 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. Although management uses the best available information to assess the adequacy of its provisions, adjustments may be required if the actual experience differs from the factors used in making those assessments.

Pursuant to Resolution 2021-05-IHDA-090, authorizing the CFO to make manual adjustments to the Multi-Family Loan Rating and Loan Loss Reserve. Illinois Housing Development Authority completed a review and deemed it necessary to adjust our reserves to reflect the current market conditions. The loan loss reserve requirement has increased due to additional risk-based factors applied to the entire portfolio. For this reason, management is recommending an increase of an additional $11.5 million to the existing loan loss reserve for fiscal year 2021.

R. Income Taxes

The Authority is a component unit of the State of Illinois and is generally exempt from federal, state, and local income taxes.

NOTE 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.

As of June 30, 2021, the Authority had cash and cash equivalent totaling $1,151 million which consists of cash of $269 million and cash equivalents held in investments of $882 million.

The below table indicates the Authority's cash and cash equivalents held in investments as of June 30, 2021, in thousands.

		Investment Maturities (in Days)			
Investment	Carrying Amount	Less Than 7	Less Than 30	Less Than 60	Less Than 90
Sweep Accounts - Money Market Fund - Restricted	$ 868,982	$ 868,982	$ -	$ -	$ -
Sweep Accounts - Money Market Fund	12,914	12,914	-	-	-
Total Cash Equivalents Held in Investment	$ 881,896	$ 881,896	$ -	$ -	$ -

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.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

A. Interest Rate Risk (Continued)

As of June 30, 2021, the Authority had the following investments in thousands:

		Investment Maturities (in Years)			
Investment	Carrying Amount	Less Than 1	1–5	6–10	More Than 10
Commercial Paper	$ 54,540	$ 54,540	$ -	$ -	$ -
Federal Home Loan Bank Bonds	28,148	21,308	6,840	-	-
Federal Farm Credit Bank Bonds	5,471	1,668	3,173	630	-
Federal Home Loan Mortgage Corp.	40,656	252	-	8,396	32,008
Federal Home Loan Discount Notes	48,919	48,919	-	-	-
Federal National Mortgage Association	474,544	18,368	1,842	12,172	442,162
Federal National Mortgage Association Benchmark Notes	1,684	-	-	1,684	-
Government National Mortgage Association	677,390	-	-	-	677,390
Municipal Bonds	34,289	33,366	667	256	-
U.S. Treasury Bills	5,095	5,095	-	-	-
U.S. Treasury Strips	6,197	-	4,497	1,600	100
U.S. Treasury Bonds	5,059	5,059	-	-	-
U.S. Treasury Notes	46,923	35,816	11,107	-	-
Total	$ 1,428,915	$ 224,391	$ 28,126	$ 24,738	$ 1,151,660

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.

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

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.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

C. Custodial Credit Risk (Continued)

The Authority's cash carrying value balance totaled $269 million at June 30, 2021. The June 30, 2021, cash bank balance for the Authority totaled $332 million, which includes $15.5 million of conduit bank balances. Also, $27 million was not covered by federal depository insurance or by collateral held by an agent in the Authority's name. The amount is further addressed in Note 14 – Subsequent Events. Additionally, the Authority's cash equivalents at June 30, 2021, 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. The Authority's investments at June 30, 2021, 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, 2021, are as follows, in thousands:

Investment	Fair Value
Federal Home Loan Bank	$ 117,723
Federal National Mortgage Association	476,228

E. Forward Commitments

The Authority sells forward commitments to deliver Government National Mortgage Association (GNMA) certificates and Fannie Mae (FNMA) mortgage-backed securities (MBS). 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 $1.9 million 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, 2021. In addition, $653 thousand of forward commitments is recorded on the statement of net position as accrued liabilities and other current liabilities at June 30, 2021.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

E. Forward Commitments (Continued)

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, 2021, in thousands:

Counterparty	Rating (1)	Number of Contracts	Par Amount
Bank of New York Mellon	AA-/A-1+ Stable; Aa1(cr)/P-1(cr) Stable	18	$ 36,395
Bank of Oklahoma	A-/A-2 Stable; A1(cr)/P-1(cr) Stable	7	43,742
Citigroup Global Markets	BBB+/A-2 Stable; A3 / Stable	12	41,644
Fannie Mae	AA+u/A-1+u Stable; Aaa /WR Stable	28	126,882
Hilltop Securities	NR; Baa2 Stable (2)	2	-
Jefferies LLC	BBB/BBB Stable; Baa3/Baa3 POS	18	67,400
Morgan Stanley	BBB+ / A-2 POS; A1/ P-1	19	76,188
Piper Sandler	BBB+ / A-2 POS; A1/ P-1	14	24,120
Raymond James	BBB+ Stable; Baa1 Stable	11	65,550
Stifel	BBB - POS; NR	9	25,500
Wells Fargo Securities, LLC	A+ / A-1 Stable; Aa1(cr)/P-1(cr) NEG	5	17,525
Total Forward Commitments		143	$ 524,946

(1) S&P; Moody's

(2) Hilltop Securities par value at 6/30/21 was zero.

F. Fair Value Measurements

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).

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

F. Fair Value Measurements (Continued)

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 government holds primarily for the purpose of income or profit and has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a description of the valuation methods and assumptions used by the Authority to estimate the fair value of its financial instruments. There have been no changes to the methods or assumptions used at June 30, 2021. The Authority management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Agency securities classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar securities.

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

F. Fair Value Measurements (Continued)

Investments and derivative instruments measured at fair value as of June 30, 2021, are as follows, in thousands:

		Fair Value Measurements Using		
	At June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
Investments:				
Commercial Paper	$ 54,540	$ -	$ 54,540	$ -
Federal Home Loan Bank Bonds	28,148	-	28,148	-
Federal Farm Credit Bank Bonds	5,471	-	5,471	-
Federal Home Loan Mortgage Corp.	40,656	-	40,656	-
Federal National Mortgage Association Benchmark Notes	1,684	-	1,684	-
Federal Home Loan Bank Discount Notes	48,919	-	48,919	-
Government National Mortgage Association	677,390	-	677,390	-
Federal National Mortgage Association	474,544	-	474,544	-
Municipal Bonds:	34,289	-	34,289	-
U.S. Treasury Bills	5,095	5,095	-	-
U.S. Treasury Strips	6,197	6,197	-	-
U.S. Treasury Bonds	5,059	5,059	-	-
U.S. Treasury Notes	46,923	46,923	-	-
	$ 1,428,915	$ 63,274	$ 1,365,641	$ -
Derivative Instrument:				
Interest Rate Caps	$ 12	$ -	$ 12	$ -
Interest Rate Swaps	(4,650)	-	(4,650)	-
Forward Commitments	653	-	653	-
	$ (3,985)	$ -	$ (3,985)	$ -

NOTE 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, 2021, consisted of the following, in thousands:

	Payable from										
	Governmental Funds							Proprietary Funds			
Receivable to	Illinois Affordable Housing Trust Fund	HOME Program Fund	Rental Housing Support Program Fund	CV Remediation Emer Fund	Emergency Rental Assist Fund	Build IL Bonds Pgm Fund	Nonmajor Governmental Funds	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Total
Governmental Funds:											
Illnois Affordable Housing Trust Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12	$ -	$ -	$ 12
CV Remediation Emer Fund	-	-	-	-	-	-	-	164	-	-	164
Nonmajor Govermental Funds	-	-	-	-	-	-	-	4	-	-	4
Proprietary Funds:											-
Administrative Fund	-	958	123	-	7,730	3	41	-	8,336	58,578	75,769
Mortgage Loan Program Fund	-	-	-	-	-	-	-	33,526	-	-	33,526
Single Family Program Fund	-	-	-	-	-	-	-	2,031	-	-	2,031
Total	$ -	$ 958	$ 123	$ -	$ 7,730	$ 3	$ 41	$ 35,737	$ 8,336	$ 58,578	$ 111,506

The interfund accounts receivable (payable) between the Mortgage Loan Program Fund and the Administrative Fund primarily consist of Housing Bonds transfer for funding access 4% Down Payment Assistance program and Multi-Family Revenue Bond special program fund and Affordable Housing Trust Fund transfer for funding Single Family loan origination and securitization programs of $18 million in fiscal year 2021. It also includes the fiscal year 2000 operating transfer of $10.4 million to 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, subsequently refunded with the Housing Bond 2008B, (Lakeshore Plaza Development) and the corresponding transfer of the carrying value of the real estate investment, partially reversed by a $5.4 million fiscal year 2006 transfer to the Administrative Fund. The Authority intends to reverse the remaining amounts of the transfers upon the disposition of Lakeshore Plaza.

Other interfund payables from the Administrative Fund to governmental and proprietary funds primarily consist of deposits of loan debt service payments that will be transferred subsequent to the fiscal year end. Funds are transferred from one fund to support expenses of other funds, including operating activities, bond issuances, and bond redemptions in accordance with authority established for the individual fund. Interfund balances result from timing differences between the date a disbursement is made by the Proprietary Funds and Governmental Funds and the date the Proprietary Funds and Governmental Funds receives reimbursement from other funds.

Transfers

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

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Transfers (Continued)

Transfers (in thousands) for the year ended June 30, 2021 consisted of the following:

	Transfers Out		
	Proprietary Funds		
Transfers In	Administrative Fund	Single Family Program Fund	Total
Proprietary Funds:			
Single Family Program Fund	$ 2,781	$ -	$ 2,781
	$ 2,781	$ -	$ 2,781

Transfer totaling $2,781 thousand from the Administrative Fund to the Single Family Program Fund funded costs related to the issuance of Revenue Bonds ($815 thousand – RB 2020 B&C) and ($818 thousand – RB 2021A), and ($1,148 thousand – RB 2021 B&C).

NOTE 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, 2021, follows, in thousands:

	Net Program Loans Receivable June 30, 2020	Loan Disbursements	Loan Repayments	Loan Transfer In/(Out)	(Increase)/ Decrease in Loan Loss Allowance	Net Program Loans Receivable June 30, 2021
Governmental Funds:						
Illinois Affordable Housing Trust Fund	$ 315,403	$ 30,278	$ (13,709)	$ -	$ (8,506)	$ 323,466
HOME Program Fund	273,743	15,900	(4,313)	-	(2,287)	283,043
Build Illinois Bond Program	5,012	-	(27)	-	(996)	3,989
ARRA Program	69,068	39	(269)	-	(2,212)	66,626
Hardest Hit Fund	769	134	(34)	(869)	-	-
NSP	2,651	-	(6)	-	(13)	2,632
CDBG	5,390	-	-	-	753	6,143
National Housing Trust Fund	5,521	4,344	-	-	(96)	9,769
Nonmajor Governmental Funds	83,399	4,517	(309)	(869)	(1,568)	85,170
Total Governmental Funds	$ 677,557	$ 50,695	$ (18,358)	$ (869)	$ (13,357)	$ 695,668
Proprietary Fund:						
Administrative Fund	49,291	2,659	(1,240)	869	(1,199)	50,380
Mortgage Loan Program Fund:						
Housing Bonds	$ 149,839	$ 12,550	$ (44,511)	$ -	$ 647	$ 118,525
Multi-Family Initiative Bonds	39,715	-	(1,056)	-	(171)	38,488
Affordable Housing Program Trust Fund Bonds	6,402	198	(631)	-	(57)	5,912
Multi-Family Revenue Bonds	68,663	131,860	(824)	-	274	199,973
Total Mortgage Loan Program Fund	264,619	144,608	(47,022)	-	693	362,898
Single Family Program Fund:						
Homeowner Mortgage Revenue Bonds	135,675	10,735	(31,955)	-	(428)	114,027
Revenue Bonds	288	-	(114)	-	9	183
Total Single Family Program Fund	135,963	10,735	(32,069)	-	(419)	114,210
Total Proprietary Funds	$ 449,873	$ 158,002	$ (80,331)	$ 869	$ (925)	$ 527,488

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.

NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

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.

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.

At June 30, 2021, for loans financed under the Mortgage Loan Program Fund, one loan was in arrears in amounts equal to more than three months debt service payments or required deposits to tax and insurance and/or replacement reserves, totaling $0.5 million and $1.1 million, respectively.

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.

NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

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.

The Authority does not accrue interest income on approximately $5.8 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 $108.2 thousand.

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.

In fiscal year 2016, the Authority entered into a new financing agreement with the Federal Financing Bank (FFB), an arm of the United States Department of Treasury, for selling beneficial ownership interests in mortgage loans originated by housing finance agencies and insured under the FHA-HFA Risk Sharing Program. The Authority sells beneficial ownership interest in its mortgages under this program to FFB. Beneficial ownership interest in mortgage loans that the Authority sells to the FFB will be evidenced by certificates of participation from the Authority. The monthly mortgage payments from the borrower will be used to repay the interest to the FFB and principal payments will reflect the scheduled mortgage principal payments. Through fiscal year 2021, the Authority sold beneficial ownership interests in loans for seventeen affordable multi-family developments totaling $121.5 million to the FFB.

The Authority, as of June 30, 2021, has 55 outstanding Risk Sharing Loans totaling $441.9 million and elected that HUD assume 10% to 90% of the loss with respect to those loans as a result of the existing Risk Sharing agreement. Three of these loans totaling $13.5 million were financed through the issuance of the Authority's Housing Bonds, eight loans totaling $38.9 million were financed through the issuance of the Authority's Multi-Family Initiative Bonds, thirteen loans totaling $199.0 million were financed through the issuance of the Authority's Multi-Family Revenue Bonds and four loans totaling $8.74 million were financed by the Administrative Fund. The remaining 28 loans totaling $181.7 million are not included in the Authority's financial statements as the Authority sold 10% to 90% participation interests in the loans to outside parties.

At June 30, 2021, for loans financed under the FHA-HFA Risk Sharing Program where the Authority sold 100% participation interest 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.

NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

At June 30, 2021, for loans financed under the Mortgage Participation Certificate Program, where the Authority has sold 100% participation interests in the loans to outside parties, one loan was in arrears in amounts equal to more than three months debt service payments and required deposits to tax and insurance and/or replacement reserves, totaling $9.2 thousand and $472.8 thousand respectively. The loss reserve for loans financed under this program, totaling $962 thousand as of June 30, 2021, is recorded in accrued liabilities (and other) in the Administrative Fund.

As of June 30, 2021, for mortgage loans insured with Ambac Assurance Corporation (Ambac) on Multi-Family housing developments under the Authority's Mortgage Participation Certificate Program, the Authority has outstanding three Ambac loans totaling $5.5 million. 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.

In March of 2021, the remaining loan receivables of the Hardest Hit Fund (HHF) were transferred to the Administrative Fund in the amount of $869 thousand due to the close out of the HHF program.

The following summarizes the changes in the allowance for estimated losses on program loans receivable during the year ended June 30, 2021, follows in, thousands:

	Allowance for Estimated Losses June 30, 2020	Provision for/ (Reversal of) Estimated Losses	Write-Offs of Uncollectible Losses, Net of Recoveries	Allowance for Estimated Losses June 30, 2021
Governmental Funds:				
Illinois Affordable Housing Trust Fund	$ 30,802	$ 8,594	$ (88)	$ 39,308
HOME Program Fund	26,748	2,335	(48)	29,035
Build IL Bond Program - BIBP	3,432	996	1	4,429
Nonmajor Governmental Funds	6,270	1,568	1	7,839
Total Governmental Funds	$ 67,252	$ 13,493	$ (134)	$ 80,611
Proprietary Funds:				
Administrative Fund	$ 4,458	$ 1,232	$ (33)	$ 5,657
Mortgage Loan Program Fund	4,266	(688)	(5)	3,573
Single Family Program Fund	2,186	420	-	2,606
Total Proprietary Funds	$ 10,910	$ 964	$ (38)	$ 11,836

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 net position interest in the program.

NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

State statute (30 ILCS 205/2) 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, 2021, the Authority has eleven loans certifications outstanding, totaling $214 thousand. 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.

In response to the COVID-19 pandemic and related economic disruption to non-essential businesses and increased unemployment, the Authority has increased its Allowance for Loan Loss by $11.5 million to reflect current market conditions. Per paragraph 33 of GASB Statement No. 62, the Authority prorated this increase based on the share of the account balance across the funds except for the Illinois Affordable Housing Trust Fund. The loan loss reserve requirement has increased due to additional risk-based factors applied to the entire portfolio, including credit, market, operational factors, and macro-economic factors.

However, as the full impact of the pandemic and related economic disruption are still developing, the actual COVID-19 related losses may be higher or lower than this amount.

Scheduled receipts of principal on gross program loans receivable in certain governmental funds and proprietary funds in the five years subsequent to June 30, 2021, and thereafter are as follows (in thousands):

Governmental Funds

	Illinois Affordable Housing Trust Fund	HOME Program Fund	Build Illinois Bonds Program Fund	American Recovery and Reinvestment Act Fund
2022	$ 10,548	$ 12,340	$ 26	$ 235
2023	12,539	11,202	26	220
2024	9,964	19,128	26	227
2025	10,136	6,461	26	236
2026	12,541	14,305	26	246
After 2026	307,046	248,642	8,288	72,949
	$ 362,774	$ 312,078	$ 8,418	$ 74,113

NOTE 5 PROGRAM LOANS RECEIVABLE (CONTINUED)

Proprietary Funds

	Administrative Fund	Mortgage Loan Fund	Single Family Fund
2022	$ 1,112	$ 5,798	$ 11,083
2023	627	6,035	11,062
2024	928	7,005	11,063
2025	1,674	8,932	11,025
2026	9,195	8,473	11,005
After 2026	42,501	330,228	61,578
	$ 56,037	$ 366,471	$ 116,816

Amounts recorded as due from FNMA (Fannie Mae) 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.

NOTE 6 REAL ESTATE HELD FOR SALE

An analysis of real estate for sale, net of allowance for estimated losses, as of June 30, 2021, is shown below in, thousands:

Proprietary Funds

	Mortgage Loan Program Fund	Single Family Program Fund	Total
Balance at June 30, 2020	$ 385	$ 155	$ 540
Transfers of Loans	5	665	670
Proceeds Received/Write-Offs	(410)	(968)	(1,378)
Change in Loan Loss Allowance	20	186	206
Balance at June 30, 2021	$ -	$ 38	$ 38

NOTE 7 CAPITAL ASSETS

Capital asset activity for year ended June 30, 2021, for governmental activities was as follows, in thousands:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets Being Depreciated:				
Furniture and Equipment	$ 153	$ -	$ (153)	$ -
Total Capital Assets Being Depreciated	153	-	(153)	-
Accumulated Depreciation:				
Furniture and Equipment	131	22	(153)	-
Total Accumulated Depreciation	131	22	(153)	-
Capital Assets, Net of Depreciation	$ 22	$ (22)	$ -	$ -

All depreciation expense in governmental activities was charged to other programs.

Capital asset activity for the fiscal year ended June 30, 2021, for business-type activities was as follows, in thousands:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets Being Depreciated:				
Administrative Fund Furniture and Equipment	$ 6,600	$ 289	$ (23)	$ 6,866
Mortgage Loan Program Fund Real Estate	49,818	782	(236)	50,364
Total Capital Assets Being Depreciated	56,418	1,071	(259)	57,230
Total Capital Assets	56,418	1,071	(259)	57,230
Accumulated Depreciation:				
Administrative Fund Furniture and Equipment	4,443	866	(23)	5,286
Mortgage Loan Program Fund Real Estate	24,644	1,162	-	25,806
Total Accumulated Depreciation	29,087	2,028	(23)	31,092
Capital Assets, Net of Depreciation	$ 27,331	$ (957)	$ (236)	$ 26,138

NOTE 8 BONDS AND NOTES PAYABLE

The following summarizes the debt activity for the Authority's proprietary funds for the fiscal year ended June 30, 2021, in thousands:

	June 30, 2020	Additions	Deductions	June 30, 2021	Amount Due Within One Year
Administrative Fund:					
Direct Borrowing					
Federal Home Loan Bank Advances	$ 18,482	$ 255,920	$ (256,749)	$ 17,653	$ 6,652
Total Administrative Fund	18,482	255,920	(256,749)	17,653	6,652
Mortgage Loan Program Fund:					
Direct Placement					
Multi-Family Initiative Bonds	130,850	-	(2,761)	128,089	2,779
Multi-Family Revenue Bonds	5,750	119,875	-	125,625	285
Other Debt:					
Housing Bonds	130,710	-	(24,199)	106,511	37,626
Multi-Family Revenue Bonds	91,416	-	(730)	90,686	774
Total Mortgage Loan Program Fund	358,726	119,875	(27,690)	450,911	41,464
Single Family Program Fund:					
Other Debt:					
Homeowner Mortgage Revenue Bonds	328,550	-	(67,395)	261,155	9,920
Premium on Homeowner Mortgage Revenue Bonds	4,718	-	(1,050)	3,668	-
Housing Revenue Bonds	80,275	-	(23,373)	56,902	1,595
Premium on Housing Revenue Bonds	134	-	(110)	24	-
Discount on Housing Revenue Bonds	(802)	-	24	(778)	-
Revenue Bonds	715,763	359,280	(165,887)	909,156	22,707
Premium on Revenue Bonds	24,024	13,930	(5,406)	32,548	-
Total Single Family Program Fund	1,152,662	373,210	(263,197)	1,262,675	34,222
Total Proprietary Funds	$ 1,529,870	$ 749,005	$ (547,636)	$ 1,731,239	$ 82,338

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

Bonds and notes outstanding are general obligations (G.O.) of the Authority with the exception of Homeowner Mortgage Revenue Bonds, Housing Revenue Bonds, Revenue Bonds, Multi-Family Initiative Bonds and Multi-Family Revenue Bonds, which are special limited obligations (S.L.O.) of the Authority. S.L.O. bonds, other than Housing Revenue Bonds, Revenue Bonds, and specific series of Homeowner Mortgage Revenue Bonds are payable from pledged property as defined in their respective general resolutions. Housing Revenue Bonds, Revenue Bonds, and specific series of Homeowner Mortgage Revenue Bonds are payable from pledged mortgage-backed securities. Certain issues of Multi-Family Initiative Bonds are credit enhanced by FNMA and FHLMC. The Authority has also pledged its general obligations to the payment of the Affordable Housing Program Trust Fund Bonds to a limited extent and amounts. Per GASB Statement No. 88 disclosure requirements, the Authority is required to disclose direct borrowings, direct placement of debt, as well as other debt that it may hold. As seen in the table above, the Authority currently holds $17.6 million in direct borrowings of debt, all within the Administrative Fund. The Authority also holds $253.7 million in direct placements of debt, all within the Mortgage Loan Program fund. The remainder of debt held by the Authority is classified as Other Debt, and is located within the Mortgage Loan Program Fund, $197.1 million and the Single Family Program Fund, $1.2 billion, for an Other Debt total of $1.4 billion.

The Authority has pledged future mortgage loan and mortgage-backed security revenues, net of specified operating expenses, to repay outstanding principal $1.57 billion of 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 $2.31 billion. For S.L.O. bonds payable from pledged property, interest paid for the fiscal year ended June 30, 2021, was $31.0 million, and total related mortgage loan principal and interest received were $31.0 million and $12.8 million, respectively.

Bonds and notes outstanding at June 30, 2021, are as follows. Listed maturity dates are indicated as calendar years. The June 30, 2020, amounts are shown for comparative purposes only.

The Authority’s outstanding obligations from direct borrowing relating to business-type activities contain provisions declaring events of default based on nonpayment on monies owed, failure to meet certain conditions under the governing documents, the Authority ceasing to be eligible as a housing associate under the Act, and other defined provisions within the applicable agreements. The lenders under each of the agreements have rights of principal acceleration under the governing documents based on aforementioned events of default. Subject to the provisions outlined within the respective agreements, additional remedies and enforcement exist.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

A. Mortgage Loan Program Fund

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

	Maturity Dates	Interest Rate Range%	Debt Class	Amount June 30, 2021	Amount June 30, 2020
Housing Bonds:					
2008 Series A (1)	2021-2027	Variable	G.O.	$ 9,850	$ 10,210
2008 Series B (1)	2021-2027	Variable	G.O.	18,285	20,385
2008 Series C (1)	2021-2041	Variable	G.O.	4,351	4,470
2013 Series B (Taxable)	2021-2033	2.90-4.44	G.O.	15,525	21,385
2015 Series A-1	2021–2034	2.30-3.85	G.O.	5,125	9,665
2015 Series A-2 (Taxable)	2021-2022	3.04-3.26	G.O.	980	1,730
2015 Series A-3 (Taxable) (1)	2045	Variable	G.O.	20,415	22,580
2017 Series A-1 (Taxable)	2021-2022	2.62-2.91	G.O.	1,980	10,285
2017 Series A-2 (Taxable) (1)	2027-2048	Variable	G.O.	30,000	30,000
Total Housing Bonds				$ 106,511	$ 130,710

(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 0.04% to 0.06% at June 30, 2021. 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 expire on April 24, 2024. The current agreements for 2015 Series A-3 and 2017 Series A-2 expire on December 30, 2024, and February 14, 2022, respectively.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

A. Mortgage Loan Program Fund (Continued)

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.

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

	Maturity Dates	Interest Rate Range%	Debt Class	Amount June 30, 2021	Amount June 30, 2020
Multi-Family Initiative Bonds:					
Series 2009 B	2021–2051	3.50%	S.L.O.	$ 6,840	$ 7,110
Series 2009 C	2021–2051	3.01	S.L.O.	17,410	17,810
Series 2009 D	2021–2041	3.48	S.L.O.	52,630	53,580
Series 2009 E	2021–2042	2.32	S.L.O.	4,120	4,200
Series 2009 F	2021–2041	2.32	S.L.O.	4,940	5,040
Series 2009 G	2021–2041	2.32	S.L.O.	7,400	7,570
Series 2009 H	2021–2041	2.32	S.L.O.	9,820	10,020
Series 2009 I	2021–2051	2.32	S.L.O.	8,709	8,870
Series 2009 J	2021–2043	3.84	S.L.O.	16,220	16,650
Total Multi-Family Initiative Bonds				128,089	130,850
Multi-Family Revenue Bonds:					
2016 Series A (Taxable)	2021–2048	2.63	S.L.O.	13,601	13,904
2017 Series A	2021–2059	4.05	S.L.O.	25,526	25,743
2017 Series B	2021–2043	3.21	S.L.O.	10,008	10,219
2019 Series A	2023-2063	1.50-3.40	S.L.O.	41,550	41,550
2020 Series A	2021-2060	1.45-3.85	S.L.O.	5,750	5,750
2020 Series B	2022-2062	2.15-4.10	S.L.O.	2,935	-
2020 Series C	2022-2062	2.20-4.10	S.L.O.	1,650	-
2020 Series D (Taxable)	2022-2062	3.30-4.65	S.L.O.	1,695	-
2021 Series A	2024-2041	2.07	S.L.O.	84,895	-
2021 Series B	2022-2042	0.40-2.06	S.L.O.	28,700	-
Total Multi-Family Revenue Bonds				216,311	97,165
Total Mortgage Loan Program Fund				$ 450,911	$ 358,725

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

B. Single Family Program Fund

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

	Maturity Dates	Interest Rate Range%	Debt Class	Amount June 30, 2021	Amount June 30, 2020
Homeowner Mortgage Revenue Bonds:					
2001 Series F (Taxable)	2021	Variable	S.L.O.	$ -	$ 920
2002 Series B (Taxable) (1)	2021-2023	Variable	S.L.O.	270	465
2004 Series C-3 (2)	2025–2034	Variable	S.L.O.	10,095	10,725
2011 Series B	2021	4.00-5.00	S.L.O.	-	80
2014 Series A	2021-2035	2.75-4.00	S.L.O.	14,520	25,090
2014 Series A-4 (Taxable) (2)	2026-2034	Variable	S.L.O.	10,675	10,675
2014 Series A-5 (Taxable) (2)	2025-2035	Variable	S.L.O.	20,000	20,000
2014 Series B	2021-2024	2.75-3.40	S.L.O.	1,345	1,730
2016 Series A (Taxable)	2021-2034	2.91-4.00	S.L.O.	19,550	50,245
2016 Series B	2021-2046	1.85-3.50	S.L.O.	10,410	17,535
2016 Series C	2022-2046	1.50-3.50	S.L.O.	81,065	86,405
2018 Series A-1	2026-2048	2.95-4.00	S.L.O.	48,125	56,255
2018 Series A-2	2038	Variable	S.L.O.	30,000	30,000
2018 Series A-3	2021-2026	2.65-3.35	S.L.O.	15,100	18,425
				261,155	328,550
Plus Unamortized Premium Thereon				3,668	4,718
Total Homeowner Mortgage Revenue Bonds				$ 264,823	$ 333,268

(1) In accordance with the indenture, interest rates on the 2002 Series B bonds are determined and paid semi-annually based upon an index of the one-month LIBOR rate plus 0.415%. The variable rates paid on the subject bonds was 0.5009 % at June 30, 2021.

(2) 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 0.14% to 0.22% at June 30, 2021. 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, LIBOR plus 150 basis points for 2014 Series A-4 and 2014 Series A-5, and LIBOR plus 150 basis points for Series 2018 A-2. The liquidity agreement for 2004 Series C-3 expires on July 13, 2025. The liquidity agreements for 2014 Series A-4 and 2014 Series A-5 expire on March 15, 2024, and March 10, 2024, respectively, and the liquidity agreements for 2018 Series A-2 expire on July 11,2023.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

B. Single Family Program Fund (Continued)

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

	Maturity Dates	Interest Rate Range%	Debt Class	Amount June 30, 2021	Amount June 30, 2020
Housing Revenue Bonds:					
Series 2011-1A	2021–2041	3.285%	S.L.O.	$ 2,977	$ 4,769
Series 2011-1B	2021	3.285	S.L.O.	937	6,017
Series 2011-1C	2021–2041	3.285	S.L.O.	7,500	7,500
Series 2012A (Taxable)	2021–2042	2.625	S.L.O.	10,123	14,224
Series 2013A	2021–2043	2.450	S.L.O.	23,705	31,619
Series 2013B (Taxable)	2021–2043	2.750	S.L.O.	6,257	8,764
Series 2013C	2021–2043	3.875	S.L.O.	5,403	7,382
				56,902	80,275
Plus Unamortized Premium Thereon				24	134
Less Unamortized Discount Thereon				(778)	(802)
Total Housing Revenue Bonds				$ 56,148	$ 79,607

	Maturity Dates	Interest Rate Range%	Debt Class	Amount June 30, 2021	Amount June 30, 2020
Revenue Bonds:					
2016 Series A	2021-2046	0.95-4.00%	S.L.O.	$ 31,680	$ 47,415
2017 Series A	2021–2047	3.13	S.L.O.	31,705	49,443
2017 Series B	2021–2048	1.35-4.00	S.L.O.	74,895	105,225
2018 Series A	2021–2048	2.05-4.50	S.L.O.	62,790	84,160
2019 Series A	2021–2049	1.60-4.25	S.L.O.	44,070	61,325
2019 Series B (1)	2042	variable	S.L.O.	30,000	30,000
2019 Series C	2021–2049	1.35-4.00	S.L.O.	68,580	88,955
2019 Series D	2021-2050	1.20-3.75	S.L.O.	99,890	124,240
2020 Series A	2021-2050	0.75-3.75	S.L.O.	108,165	125,000
2020 Series B	2021-2050	0.15-3.00	S.L.O.	78,101	-
2020 Series C (1)	2042	variable	S.L.O.	40,000	-
2021 Series A	2021-2051	0.10-3.00	S.L.O.	95,000	-
2021 Series B	2021-2051	0.10-3.00	S.L.O.	125,000	-
2021 Series C (taxable)	2022-2031	0.015-2.228	S.L.O.	19,280	-
				909,156	715,763
Plus Unamortized Premium Thereon				32,548	24,024
Total Revenue Bonds				941,704	739,788
Total Single Family Program Fund				$ 1,262,675	$ 1,152,663

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

B. Single Family Program Fund (Continued)

(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 0.02% to 0.03% at June 30, 2021, 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 for 2019 Series B. The interest rate that is to be paid during the put periods is SOFR plus 175 basis points for 2020 Series C. The liquidity agreement for 2019 Series B expires on March 7, 2024, and the liquidity agreement for 2020 Series C expires on October 15, 2025.

C. Administrative Fund

Outstanding debt of the Administrative Fund is as follows, in thousands:

	Maturity Date	Interest Rate (1)	Debt Class	Amount June 30, 2021	Amount June 30, 2020
Direct Borrowing:					
Federal Home Loan Bank Advances:					
	2021	—	Loan	$ -	$ 4,000
	2021	1.89	Loan	-	1,503
	2021	2.03	Loan	1,313	1,313
	2022	—	Loan	5,000	-
	2024	2.35	Loan	1,406	1,406
	2027	2.37	Loan	956	1,101
	2027	2.70	Loan	8,978	9,160
				$ 17,653	$ 18,482

(1) Interest rate on the loan(s) may be fixed or variable, and is determined by type, length, and use of proceeds.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

D. 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, 2021, the following outstanding bonds are considered defeased. Table shown in thousands:

Issue	Amount
Multi-Family Housing Bonds, 1981 Series A	$ 14,930

E. Other Financings

From time to time the Authority has issued conduit 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, 2021, there were 88 series of such bonds or notes outstanding, with an aggregate principal amount payable of $1,147 million.

F. 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
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.
Multi-Family Revenue Bonds	One-half of the maximum amount of principal and interest due for the then-current or any future calendar year.
Homeowner 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 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.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

F. Assets Restricted for Capital and Debt Service Reserves (Continued))

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, 2021, these reserve amounts, which were not less than the amounts required are as follows, in thousands:

Housing Bonds	$	4,077
Multi-Family Initiative Bonds		1,385
Multi-Family Revenue Bonds		5,210
Homeowner Mortgage Revenue Bonds		2,929
Total	$	13,601

G. Debt Service Requirements

Debt service requirements (dollars in millions) through 2026 and five year increments thereafter to maturity for the Authority's proprietary fund are as follows:

	Administrative Fund Direct Borrowing		Single Family Program Fund Other Debt	
	Principal	Interest	Principal	Interest
Year Ending June 30:				
2022	$ 6.7	$ 0.3	$ 34.2	$ 32.9
2023	0.4	0.3	39.8	32.3
2024	1.8	0.3	40.5	31.6
2025	0.4	0.2	40.3	30.8
2026	0.4	0.2	40.2	30.0
Five Years Ending June 30:				
2027-2031	8.0	0.3	210.0	136.6
2032-2036	-	-	200.8	112.1
2037-2041	-	-	149.8	91.4
2042-2046	-	-	295.5	55.7
2047-2051	-	-	176.1	13.5
	$ 17.7	$ 1.6	$ 1,227.2	$ 566.9

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

G. Debt Service Requirements (Continued)

	Mortgage Loan					
	Direct Placement of Debt		Other Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending June 30:						
2022	$ 3.1	$ 6.8	$ 38.4	$ 3.7	$ 41.5	$ 10.5
2023	3.6	6.7	6.3	3.5	9.9	10.2
2024	3.7	6.6	18.9	3.3	22.6	9.9
2025	5.9	6.4	6.8	3.1	12.7	9.5
2026	5.7	6.3	7.1	2.9	12.8	9.2
Five Years Ending June 30:						
2027-2031	31.7	29.0	31.8	12.6	63.5	41.6
2032-2036	36.5	24.3	11.1	10.5	47.6	34.8
2037-2041	42.6	18.8	14.1	8.7	56.7	27.5
2042-2046	108.2	4.0	31.5	6.7	139.7	10.7
2047-2051	7.2	1.7	8.9	5.1	16.1	6.8
2052-2056	2.9	0.7	10.5	3.2	13.4	3.9
2057-2061	2.4	0.3	9.3	1.2	11.7	1.5
2062-2066	0.2	-	2.5	-	2.7	-
	$ 253.7	$ 111.6	$ 197.2	$ 64.5	$ 450.9	$ 176.1

The Authority's outstanding obligations from direct borrowing relating to business-type activities contain provisions declaring events of default based on nonpayment on monies owed, failure to meet certain conditions under the governing documents, the authority ceasing to be eligible as a housing associate under the Act and other defined provisions within the applicable agreements. The lenders under each of the agreements have rights of principal acceleration under the governing documents based on aforementioned events of default. Subject to the provisions outlined within the respective agreements, additional remedies and enforcement exist.

The Authority has a line of credit for cash advances with the Federal Home Loan Bank of Chicago for up to $250 million. The current undrawn portion of the Authority's authorized amount is $232,347 thousand.

H. 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:

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

H. Derivative Instruments (Continued)

a) The achievement of savings over alternative products existing in the capital markets;
b) The management of the Authority's exposure to floating and fixed interest rates;
c) Ability to access the capital markets more rapidly than may be possible with conventional debt instruments;
d) The management of the Authority's exposure to the risk of changes in the legal and regulatory treatment of tax-exempt bonds; and
e) The ability of the Authority to increase income, lower costs, or strengthen the Authority's financial position.

As of June 30, 2021, the Authority has active swap and interest rate cap contracts. Details are shown in the following tables, in thousands.

	Changes in Fair Value		Fair Value at June 30, 2021		
	Classification	Amount	Classification	Amount	Notional
Business-Type Activities:					
Cash Flow Hedges:					
Pay-Fixed/Receive Variable,					
Interest Rate Swaps:					
HMRB	Deferred Outflow	$ 1,610	*	$ (2,992)	$ 30,000
RB	Deferred Outflow	$ 1,657	*	$ (2,873)	$ 30,000
RB	Deferred Inflow	$ 1,573	**	$ 1,573	$ 40,000
MFRB Maywood	Deferred Outflow	$ (358)	*	$ (358)	$ 24,995
Rate Caps					
Housing Bonds	Deferred Inflow	$ (2)	**	$ 12	$ 15,280

* 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 swaps 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.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

H. Derivative Instruments (Continued)

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

6/30/2021 (Dollars in thousands)

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid (3)	Variable Rate Received	Fair Values (1)	Termination Date	Counter-Party Credit Rating (2)
Active Swap Contracts:							
Single Family Program Fund:							
HMRB**:							
HMRB 2018 A-2	$ 30,000	8/1/2018	2.3940	70% 1M LIBOR	$ (2,992)	2/1/2038	Aa2 / AA- / AA
RB***:							
RB 2018B	30,000	3/7/2019	2.4310	100% SIFMA -> 70% LIBOR	(2,873)	4/1/2042	Aa2/ A+/ AA
RB 2020C	40,000	10/15/2020	1.0570	100% SIFMA -> 70% LIBOR	1,573	4/1/2042	Aa2 / AA- / AA
	$ 100,000				$ (4,292)		
Active Swap Contracts:							
Mortgage Loan Program Fund:							
RB***:							
MFRB Maywood	$ 24,995	7/1/2024	2.1470	70% SOFR Compound + 0.08% -> 70% LIBOR	$ (358)	7/1/2064	Aa2 / AA- / AA
Active Interest Rate Caps:							
Mortgage Loan Program Fund:							
HB****:							
Series 2008 A	$ 10,930	1/1/2018	6.0000	100% SIFMA	$ 12	1/1/2027	A1 / A / A+
Series 2008 C	4,350	6/28/2006	4.7500	100% SIFMA	-	6/30/2021	Aa2 / A+ / AA
	$ 15,280				$ 12		

** Homeowner Mortgage Revenue Bonds
*** 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 pay fixed, receive variable, interest rate swap agreements. The objective of these agreements 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 interest rate cap agreement, 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, 2021, 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 early redemption of bonds have reduced the outstanding bond amount leaving the notional amount of the interest rate cap at its original scheduled 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.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

H. Derivative Instruments (Continued)

Because interest rates have declined since the execution of the swap agreements in the Single Family Program Fund, they have negative fair values as of June 30, 2021, except for RB 2020C which was entered in the current fiscal year. 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, 2021, the Authority was not exposed to credit risk for the swaps 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 and swaps with positive fair value. The aggregate fair value of hedging derivative instruments with positive fair value on June 30, 2021, was $1.6 million. This represents the maximum loss that would be recognized at the reporting date if all counter-parties 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 agreements has been structured to minimize or eliminate this risk.

The Authority or the counterparty may terminate the swap agreements if the other party fails to perform under the terms of the agreements. 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 agreements. 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.

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

H. Derivative Instruments (Continued)

As of June 30, 2021, 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, in thousands:

	Variable-Rate Bonds		Interest Rate	
	Principal	Interest	Swap, Net	Total
Year Ending June 30:				
2022	$ -	$ 30	$ 1,841	$ 1,871
2023	490	36	1,841	2,367
2024	495	36	1,840	2,371
2025	500	36	1,840	2,376
2026	505	35	1,840	2,380
	1,990	173	9,202	11,365
Five Years Ending June 30:				
2031	9,265	165	9,202	18,632
2036	46,140	129	7,668	53,937
2041	48,770	44	2,684	51,498
2046	8,035	2	94	8,131
	112,210	340	19,648	132,198
Total	$ 114,200	$ 513	$ 28,850	$ 143,563

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

NOTE 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.

NOTE 10 OPERATING LEASES

The Authority leased office facilities at one location 111 E. Wacker Ave. (111 facility) in Chicago, Illinois.

NOTE 10 OPERATING LEASES (CONTINUED)

The Authority entered into a 10-year lease at 111 E. Wacker Drive in Chicago, Illinois, which commenced on November 6, 2016. The office lease provides for annual base rent of approximately $1,344,764 for fiscal year 2021, plus approximately $1,053,032 for the Authority's 6.5974% share of ownership taxes and operating expenses, which also are subject to adjustment, based on the actual costs incurred by the lessor. Base rent, ownership taxes and operating expenses totaling $180,692 per month were abated for the first 10 months of the lease. Under this lease, total rent expense for fiscal year 2021 was $2,732,116.

The future minimum lease commitments in the five years subsequent to June 30, 2021, and thereafter are as follows, in thousands:

Year	Amount
2022	$ 2,122
2023	1,817
2024	1,817
2025	1,817
2026	1,817
2027 and thereafter	606
Total	$ 9,996

NOTE 11 RISK MANAGEMENT

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. It has been determined that there is no estimated rebate liability as of June 30, 2021.

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 officer's liability, general liability, employee health, workers' compensation, cyber liability, crime, property, 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.

NOTE 12 RETIREMENT PLAN

The Authority provides a defined contribution retirement plan for the benefit of its employees through an agreement with Vanguard Investments. 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, 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 for the fiscal year 2021 was $26.6 million. The Authority's contributions were calculated using the base salary amount of $25.9 million. The Authority's contributed $1.6 million, or 6% of the base salary amount, in fiscal year 2021. Employee contributions amounted to $2.1 million, in fiscal year 2021, or approximately 8.024% of the base salary amount.

NOTE 13 COMMITMENTS AND CONTINGENCIES

A. Loans

At June 30, 2021, the Authority had authorized loans and grants totaling $32.7 million for the Illinois Affordable Housing Trust Fund.

Under the HOME Program, $548.6 million and $16.6 million for federal fiscal years 1992 through 2020 and 2021, 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. At June 30, 2021, the Authority had authorized loans totaling $7.8 million for the HOME Program.

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

These redemptions were accomplished through subsequent issuance of Multi-Family Housing Bonds.

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

A. Loans (Continued)

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 Bond refunding bonds. 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 purposes stated above, are recorded as other income of the Administrative Fund. At June 30, 2021, loans receivable under this program were approximately $42.3 million.

In addition, due to the ongoing COVID-19 pandemic the Authority has been appropriated further funds (CRF II) to assist with rental (ERA) and mortgage assistance (EMA) in the approximate amounts of $500 million.

B. Issuances

A Summary of the Authority's outstanding issuances as of June 30, 2021, is as follows, in thousands:

Series	Date of Commitment	Estimated Delivery Date	Amount Not to Exceed
Multifamily Revenue Bonds:			
Southbridge 4% - As Part of a 2022 Nontaxable Refunding Issuance	5/17/2019	2/1/2024	$ 9,000
Southbridge 9% - As Part of a 2022 Taxable Refunding Issuance	5/17/2019	2/1/2024	7,000
Barwell Manor - As Part of a 2022 Refunding Issuance	10/18/2019	4/1/2024	13,500
Major Jenkins - As Part of a 2023 Refunding Issuance	10/29/2020	11/1/2023	8,640
Hebron Apartments - As Part of a 2023 Refunding Issuance	12/22/2020	1/1/2024	5,300
Maywood SLF - As Part of a 2024 Refunding Issuance	6/18/2021	6/18/2024	35,000

C. Legal

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.

NOTE 14 SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Authority has issued the following debt instruments, is as follows, in thousands:

Series	Date of Issuance		Amount of Issuance	Interest Rates	Maturities
Revenue Bonds:					
Series 2021 D (Fixed Rate)	9/23/2021	$	125,000	0.10-3.00	2022-2051
Series 2021 E (Taxable)	9/23/2021	$	19,300	0.27-2.08	2022-2031
Multi-Family Revenue Bonds:					
Series 2021 C (Non-AMT)	9/29/2021	$	78,005	0.60-3.05	2025-2065
Series 2022 A (Non-AMT)	2/17/2022	$	21,800	3.53	2022-2062

On September 23, 2021, the Authority issued $78.0 million in aggregate principal amount of its Multi-Family Revenue Bonds, 2021 Series C (Non-AMT) (FHA Risk Sharing Insured Pass-Through) (the Bonds), the proceeds of which will be used to make a loan (the Bond Loan) for rehabilitation and equipping of a 394-unit multi-family residential housing development (Sheffield Seniors Development) located in Chicago, Illinois.

On September 29, 2021, the Authority issued its Revenue Bonds, 2021 Series D and E, in aggregate principal amount of $144.3 million. Proceeds of the Series 2021D and E Bonds together with other funds of the Authority are expected to be used to: (a) purchase, and/or reimburse the Authority for its prior purchase of mortgage-backed securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation (or participation interests in such mortgage-backed securities), and (b) pay/reimburse the Authority for certain costs incurred in connection with the issuance of the Series 2021 D and E Bonds.

On February 17, 2022, the Authority issued $21.8 million in an aggregate principal amount of its Multifamily Revenue Bonds, Series A (Non-AMT) (FHA Risking Sharing Insured) (the Bonds), the proceeds of which will be used to make a loan (the Bond Loan) for rehabilitations and equipping 87-unit (two multifamily residential housing development) (Orlando Apartments) located City of Decatur Illinois.

Due to the ongoing COVID-19 pandemic the Authority has been appropriated further relief funds were provided through the American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, Pub L. No. 117-2 (March 11, 2021), is a $1.9 trillion economic stimulus bill passed by the 117th United States Congress and signed into law by President Joe Biden on March 11, 2021, to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. The COVID-19 relief package includes almost $50 billion in essential housing and homelessness assistance, including more than $27 billion for rental assistance, $10 billion for homeowner assistance, $5 billion for homelessness assistance, $4.5 billion for utility assistance, $100 million for housing counseling and $20 million for fair housing activities. Of this, more than $1.5 billion in direct funding to address pandemic-related housing needs is coming to Illinois, including more than $660 million in emergency rent assistance, almost $400 million in emergency mortgage assistance and more than

NOTE 14 SUBSEQUENT EVENTS (CONTINUED)

$200 million in assistance for people experiencing homelessness. Illinois is also receiving more than 2,100 emergency housing vouchers. The Authority was appropriated $317.1 million on August 17, 2021, to assist Illinois residents who are unable to pay rent and utilities due to the COVID-19 pandemic.

On July 1, 2021, the $27 million of the Authority's bank balances that were not covered by federal depository insurance, or collateral held by an agent – as described in Note 3 – was fully collateralized by additional securities provided by the banking institution.

At this time, the Authority is not aware of any other facts, decisions or conditions that are expected to have a significant impact on financial position or results of operations.

SUPPLEMENTARY INFORMATION

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021
(DOLLARS IN THOUSANDS)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	Foreclosure Prevention Program Fund	Community Development Block Grant Fund	American Recovery and Reinvestment Act Fund	Foreclosure Prevention Graduated Program Fund	Neighborhood Stabilization Program Fund	Abandoned Property Program Fund	National Housing Trust Fund	Section 811 Project Rental Assistance Demonstration Program Fund	Hardest Hit Fund	Total
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents - Restricted	$ 867	$ -	$ 1,277	$ 730	$ 95	$ 4,518	$ 21	$ 6	$ -	$ 7,514
Program Loans Receivable	-	-	235	-	3	-	30	-	-	268
Grant Receivable	7,350	-	-	-	-	-	-	-	-	7,350
Interest Receivable on Program Loans	-	-	20	-	-	-	-	-	-	20
Due from Other Funds	-	-	-	-	4	-	-	-	-	4
Total Current Assets	8,217	-	1,532	730	102	4,518	51	6	-	15,156
NONCURRENT ASSETS										
Program Loans Receivable, Net of Current Portion	-	6,235	73,878	-	2,703	-	9,925	-	-	92,741
Less Allowance for Estimated Losses	-	(91)	(7,487)	-	(74)	-	(187)	-	-	(7,839)
Net Program Loans Receivable	-	6,144	66,391	-	2,629	-	9,738	-	-	84,902
Total Noncurrent Assets	-	6,144	66,391	-	2,629	-	9,738	-	-	84,902
Total Assets	$ 8,217	$ 6,144	$ 67,923	$ 730	$ 2,731	$ 4,518	$ 9,789	$ 6	$ -	$ 100,058
LIABILITIES AND FUND BALANCES										
CURRENT LIABILITIES										
Unearned Revenue	$ -	$ -	$ 21	$ -	$ -	$ -	$ -	$ -	$ -	$ 21
Accrued Liabilities and Other	-	-	-	-	-	-	-	5	-	5
Due to Other Funds	-	1	3	14	-	2	20	1	-	41
Total Current Liabilities	-	1	24	14	-	2	20	6	-	67
FUND BALANCES										
Restricted	8,217	6,143	67,899	716	2,731	4,516	9,769	-	-	99,991
Total Fund Balances	8,217	6,143	67,899	716	2,731	4,516	9,769	-	-	99,991
Total Liabilities and Fund Balances	$ 8,217	$ 6,144	$ 67,923	$ 730	$ 2,731	$ 4,518	$ 9,789	$ 6	$ -	$ 100,058

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	Foreclosure Prevention Program Fund	Community Development Block Grant Fund	American Recovery and Reinvestment Act Fund	Foreclosure Prevention Graduated Program Fund	Neighborhood Stabilization Program Fund	Abandoned Property Program Fund	National Housing Trust Fund	Section 811 Project Rental Assistance Demonstration Program Fund	Hardest Hit Fund	Total
REVENUES										
Grant from State of Illinois	$ 7,552	$ -	$ -	$ 152	$ -	$ 224	$ -	$ -	$ -	$ 7,928
Federal Funds	-	-	-	-	359	-	7,088	1,060	-	8,507
Interest and Other Investment Income	-	-	175	-	18	-	-	-	38	231
Other Income	-	-	2	-	-	-	-	-	-	2
Total Revenues	7,552	-	177	152	377	224	7,088	1,060	38	16,668
EXPENDITURES										
General and Administrative	$ 262	$ -	$ -	$ 201	$ -	$ 1,349	$ 459	$ 99	$ 14,478	$ 16,848
Grants	-	-	-	-	-	-	-	-	139	139
Financing Costs	2,334	-	-	2,894	380	5,443	2,286	961	141	14,439
Provision for (Reversal of) Estimated Losses on Program Loans Receivable	-	(754)	2,213	-	14	-	95	-	-	1,568
Total Expenditures	2,596	(754)	2,213	3,095	394	6,792	2,840	1,060	14,758	32,994
NET CHANGE IN FUND BALANCES	4,956	754	(2,036)	(2,943)	(17)	(6,568)	4,248	-	(14,720)	(16,326)
Fund Balances - Beginning of Year	3,261	5,389	69,935	3,659	2,748	11,084	5,521	-	14,720	116,317
FUND BALANCES - END OF YEAR	$ 8,217	$ 6,143	$ 67,899	$ 716	$ 2,731	$ 4,516	$ 9,769	$ -	$ -	$ 99,991

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MORTGAGE LOAN PROGRAM FUND
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2021
(DOLLARS IN THOUSANDS)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Revenue Bonds	Affordable Housing Program Trust Fund Bonds	Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents - Restricted	$ 191,638	$ 694	$ 14,308	$ 1,398	$ 208,038
Investments - Restricted	58,808	3,288	1,029	19,804	82,929
Investment Income Receivable - Restricted	190	3	14	22	229
Program Loans Receivable	3,118	1,093	1,296	291	5,798
Interest Receivable on Program Loans	359	126	591	15	1,091
Due from Other Funds	23,217	208	-	10,101	33,526
Total Current Assets	277,330	5,412	17,238	31,631	331,611
NONCURRENT ASSETS					
Investments - Restricted	5,495	1	15,679	-	21,175
Program Loans Receivable, Net of Current Portion	117,730	37,832	199,363	5,748	360,673
Less Allowance for Estimated Losses	(2,323)	(437)	(686)	(127)	(3,573)
Net Program Loans Receivable	115,407	37,395	198,677	5,621	357,100
Real Estate Held for Sale	-	-	-	-	-
Less Allowance for Estimated Losses	-	-	-	-	-
Net Real Estate Held for Sale	-	-	-	-	-
Due from Fannie Mae	-	84,194	-	-	84,194
Due from Freddie Mac	-	4,307	-	-	4,307
Capital Assets, Net	24,558	-	-	-	24,558
Others	165	-	-	-	165
Derivative Instrument Assets	12	-	-	-	12
Total Noncurrent Assets	145,637	125,897	214,356	5,621	491,511
Total Assets	422,967	131,309	231,594	37,252	823,122
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	358	-	358
Total Deferred Outflows of Resources	-	-	358	-	358
LIABILITIES					
CURRENT LIABILITIES					
Bonds and Notes Payable	37,626	2,779	1,059	-	41,464
Accrued Interest Payable	427	1,343	1,846	-	3,616
Unearned Revenue	28	-	-	-	28
Accrued Liabilities and Other	82	-	1,038	-	1,120
Due to Other Funds	2,453	145	5,583	155	8,336
Total Current Liabilities	40,616	4,267	9,526	155	54,564
NONCURRENT LIABILITIES					
Bonds and Notes Payable, Net of Current Portion	68,885	125,310	215,252	-	409,447
Derivative Instrument Liability	-	-	358	-	358
Total Noncurrent Liabilities	68,885	125,310	215,610	-	409,805
Total Liabilities	109,501	129,577	225,136	155	464,369
DEFERRED INFLOWS OF RESOURCES					
Accumulated Increase in Fair Value of Hedging Derivatives	12	-	-	-	12
Total Deferred Inflows of Resources	12	-	-	-	12
NET POSITION					
Net Investment in Capital Assets	6,273	-	-	-	6,273
Restricted for Bond Resolution Purposes	307,181	1,732	6,816	37,097	352,826
Total Net Position	$ 313,454	$ 1,732	$ 6,816	$ 37,097	$ 359,099

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MORTGAGE LOAN PROGRAM FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Revenue Bonds	Affordable Housing Program Trust Fund Bonds	Total
OPERATING REVENUES					
Interest and Other Investment Income	$ 991	$ 9	$ 229	$ 11	$ 1,240
Net Decrease in Fair Value of Investments	(892)	(7)	(239)	(7)	(1,145)
Total Investment Income	99	2	(10)	4	95
Interest Earned on Program Loans	6,164	1,614	5,143	149	13,070
Other Income	10,479	-	-	-	10,479
Total Operating Revenues	16,742	1,616	5,133	153	23,644
OPERATING EXPENSES					
Interest Expense	1,283	1,402	4,227	-	6,912
Other General and Administrative	6,664	54	-	-	6,718
Financing Costs	26	7	40	-	73
Provision for (Reversal of) Estimated Losses on Program Loans Receivable	(641)	170	(274)	57	(688)
Provision for Estimated Losses on Real Estate Held for Sale	-	-	-	56	56
Total Operating Expenses	7,332	1,633	3,993	113	13,071
OPERATING INCOME	9,410	(17)	1,140	40	10,573
CHANGE IN NET POSITION	9,410	(17)	1,140	40	10,573
Net Position - Beginning of Year	304,044	1,749	5,676	37,057	348,526
NET POSITION - END OF YEAR	$ 313,454	$ 1,732	$ 6,816	$ 37,097	$ 359,099

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
MORTGAGE LOAN PROGRAM FUND
COMBINING SCHEDULE OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Revenue Bonds	Affordable Housing Program Trust Fund Bonds	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts for Program Loans, Interest Service Fees	$ 51,662	$ 2,674	$ 5,898	$ 1,160	$ 61,394
Payments for Program Loans	(12,550)	-	(131,860)	(198)	(144,608)
Receipts for Credit Enhancements	-	1,676	-	-	1,676
Payments to Suppliers	(7,079)	(61)	(40)	-	(7,180)
Other Receipts	10,479	-	-	-	10,479
Net Cash Provided (Used) by Operating Activities	42,512	4,289	(126,002)	962	(78,239)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interest Paid on Revenue Bonds and Notes	(1,679)	(1,430)	(3,123)	-	(6,232)
Due to / from Other Funds	(12,766)	(58)	5,191	(10,037)	(17,670)
Proceeds from Sales of Bonds and Notes	-	-	119,875	-	119,875
Principal Paid on Bonds and Notes	(24,199)	(2,761)	(730)	-	(27,690)
Net Cash Provided (Used) by Noncapital Financing Activities	(38,644)	(4,249)	121,213	(10,037)	68,283
CASH FLOWS FROM CAPITAL FINANCING AND RELATED ACTIVITIES					
Acquisition of Capital Assets	(547)	-	-	-	(547)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investment Securities	(429,869)	(2,578)	(34,747)	(39,823)	(507,017)
Proceeds from Sales and Maturities of Investment Securities	451,240	642	33,975	19,945	505,802
Interest Received on Investments	1,619	18	216	1	1,854
Net Cash Provided (Used) by Investing Activities	22,990	(1,918)	(556)	(19,877)	639
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,311	(1,878)	(5,345)	(28,952)	(9,864)
Cash and Cash Equivalents - Beginning of Year	165,327	2,572	19,653	30,350	217,902
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 191,638	$ 694	$ 14,308	$ 1,398	$ 208,038
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income	$ 9,410	$ (17)	$ 1,140	$ 40	$ 10,573
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Investment Income	(99)	(2)	10	(4)	(95)
Interest Expense	1,283	1,402	4,227	-	6,912
Depreciation and Amortization	1,162	-	-	-	1,162
Changes in Provision for (Reversal of) Estimated Losses on Program Loans Receivable	(641)	170	(274)	57	(688)
Changes in Assets and Liabilities:					
Program Loans Receivable	31,956	1,057	(131,036)	872	(97,151)
Interest Receivable on Program Loans	51	3	(239)	(3)	(188)
Other Assets	(165)	-	-	-	(165)
Other Liabilities	(445)	-	170	-	(275)
Due from Fannie Mae	-	1,676	-	-	1,676
Total Adjustments	33,102	4,306	(127,142)	922	(88,812)
Net Cash Provided (Used) by Operating Activities	$ 42,512	$ 4,289	$ (126,002)	$ 962	$ (78,239)
NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES					
Transfer of Foreclosed Assets	$ -	$ -	$ -	$ 5	$ 5
Increase (Decrease) in the Fair Value of Investments	$ (892)	$ (7)	$ (239)	$ (7)	$ (1,145)

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
SINGLE FAMILY PROGRAM FUND
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2021
(DOLLARS IN THOUSANDS)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	Homeowner Mortgage Revenue Bonds	Housing Revenue Bonds	Revenue Bonds	Inter-Account Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents - Restricted	$ 67,306	$ 6,562	$ 200,906	$ -	$ 274,774
Investments - Restricted	68,532	1,002	732	-	70,266
Investment Income Receivable - Restricted	487	179	2,438	-	3,104
Program Loans Receivable	11,025	-	58	-	11,083
Interest Receivable on Program Loans	592	-	-	-	592
Due from Other Funds	33,156	459	58	(31,642)	2,031
Total Current Assets	181,098	8,202	204,192	(31,642)	361,850
NONCURRENT ASSETS					
Investments – Restricted	111,156	62,873	910,300	-	1,084,329
Program Loans Receivable, Net of Current Portion	105,599	-	134	-	105,733
Less Allowance for Estimated Losses	(2,597)	-	(9)	-	(2,606)
Net Program Loans Receivable	103,002	-	125	-	103,127
Real Estate Held for Sale	206	-	-	-	206
Less Allowance for Estimated Losses	(168)	-	-	-	(168)
Net Real Estate Held for Sale	38	-	-	-	38
Derivative Instrument Assets	-	-	1,573	-	1,573
Other Receivables	-	-	-	-	-
Total Noncurrent Assets	214,196	62,873	911,998	-	1,189,067
Total Assets	395,294	71,075	1,116,190	(31,642)	1,550,917
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivatives	2,992	-	2,873	-	5,865
Total Deferred Outflows of Resources	2,992	-	2,873	-	5,865
LIABILITIES					
CURRENT LIABILITIES					
Bonds and Notes Payable	9,920	1,595	22,707	-	34,222
Accrued Interest Payable	2,563	134	5,262	-	7,959
Accrued Liabilities and Other	296	5	1	-	302
Due to Other Funds	217	2,786	87,217	(31,642)	58,578
Total Current Liabilities	12,996	4,520	115,187	(31,642)	101,061
NONCURRENT LIABILITIES					
Bonds and notes payable, net of current portion	254,903	54,553	918,997	-	1,228,453
Derivative instrument liability	2,992	-	2,873	-	5,865
Total Noncurrent Liabilities	257,895	54,553	921,870	-	1,234,318
Total Liabilities	270,891	59,073	1,037,057	(31,642)	1,335,379
DEFERRED INFLOWS OF RESOURCES					
Accumulated Increase in Fair Value of Hedging Derivatives	-	-	1,573	-	1,573
Total Deferred Inflows of Resources	-	-	1,573	-	1,573
NET POSITION					
Restricted for Bond Resolution Purposes	127,395	12,002	80,433	-	219,830
Total Net Position	$ 127,395	$ 12,002	$ 80,433	$ -	$ 219,830

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
SINGLE FAMILY PROGRAM FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	Homeowner Mortgage Revenue Bonds	Housing Revenue Bonds	Revenue Bonds	Total
OPERATING REVENUES				
Interest and Other Investment Income	$ 5,315	$ 2,432	$ 24,981	$ 32,728
Net Increase (Decrease) in Fair Value of Investments	(3,636)	(2,475)	4,228	(1,883)
Total Investment Income	1,679	(43)	29,209	30,845
Interest Earned on Program Loans	6,143	-	-	6,143
Other Income	6	-	-	6
Total Operating Revenues	7,828	(43)	29,209	36,994
OPERATING EXPENSES				
Interest Expense	6,978	1,787	16,692	25,457
Other General and Administrative	364	-	-	364
Financing Costs	46	258	2,803	3,107
Provision for (Reversal of) Estimated Losses on Program Loans Receivable	428	-	(8)	420
Provision for Estimated Losses on Real Estate Held for Sale	338	-	-	338
Total Operating Expenses	8,154	2,045	19,487	29,686
OPERATING INCOME (LOSS)	(326)	(2,088)	9,722	7,308
Transfers In	-	-	2,781	2,781
Total Transfers	-	-	2,781	2,781
CHANGE IN NET POSITION	(326)	(2,088)	12,503	10,089
Net Position - Beginning of Year	127,721	14,090	67,930	209,741
NET POSITION - END OF YEAR	$ 127,395	$ 12,002	$ 80,433	$ 219,830

STATE OF ILLINOIS
ILLINOIS HOUSING DEVELOPMENT AUTHORITY
SINGLE FAMILY PROGRAM FUND
COMBINING SCHEDULE OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	Homeowner Mortgage Revenue Bonds	Housing Revenue Bonds	Revenue Bonds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts for Program Loans, Interest, and Service Fees	$ 37,906	$ -	$ 114	$ 38,020
Payments for Loan Program Loans	(10,735)	-	-	(10,735)
Payments to Suppliers	(284)	(258)	(2,803)	(3,345)
Other Receipts	6	-	-	6
Net Cash Provided (Used) by Operating Activities	26,893	(258)	(2,689)	23,946
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interest Paid on Revenue Bonds and Notes	(7,941)	(1,838)	(15,030)	(24,809)
Due to / from Other Funds	(4,786)	(657)	68,260	62,817
Proceeds from Sale of Revenue Bonds and Notes	-	-	373,209	373,209
Principal Paid on Revenue Bonds and Notes	(68,445)	(23,459)	(171,292)	(263,196)
Transfers In	-	-	2,781	2,781
Net Cash Provided (Used) by Noncapital Financing Activities	(81,172)	(25,954)	257,928	150,802
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investment Securities	(299,462)	-	(525,428)	(824,890)
Proceeds from Sales and Maturities of investment Securities	330,606	25,509	388,521	744,636
Interest received on investments	6,116	2,537	27,835	36,488
Net Cash Provided (Used) by Investing Activities	37,260	28,046	(109,072)	(43,766)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,019)	1,834	146,167	130,982
Cash and Cash Equivalents - Beginning of Year	84,325	4,728	54,739	143,792
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 67,306	$ 6,562	$ 200,906	$ 274,774
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (326)	$ (2,088)	$ 9,722	$ 7,308
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Investment Income	(1,679)	43	(29,209)	(30,845)
Interest Expense	6,978	1,787	16,692	25,457
Changes in Provision for (Reversal of) Estimated Losses on Program Loans Receivable	428	-	(8)	420
Changes in Assets and Liabilities:				
Program Loans Receivable	21,338	-	114	21,452
Interest Receivable on Program Loans	28	-	-	28
Other Liabilities	126	-	-	126
Total adjustments	27,219	1,830	(12,411)	16,638
Net cash provided by (used in) operating activities	$ 26,893	$ (258)	$ (2,689)	$ 23,946
NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES				
Transfer of Foreclosed Assets	$ -	$ -	$ 665	$ 665
Increase (Decrease) in the Fair Value of Investments	$ (3,636)	$ (2,475)	$ 4,228	$ (1,883)

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

As Special Assistant Auditors for the Auditor General, 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 Illinois Housing Development Authority (the Authority), a component unit of the State of Illinois, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 11, 2022.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Authority's 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 have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-001 to be a material weakness.

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

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 item 2021-002 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 financial statements. 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*.

Illinois Housing Development Authority's Responses to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. 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.

CliftonLarsonAllen LLP

Oak Brook, Illinois
March 11, 2022

Finding 2021-001 – Inaccurate Financial Reporting

The Illinois Housing Development Authority (Authority) has not established adequate internal controls over the financial reporting process and the recording of financial transactions within its books and records.

During the year under audit, financial reporting problems continued to exist as the Authority failed to establish proper oversight and monitoring procedures to ensure the financial statements were properly prepared and presented. As a result, the draft financial statements prepared by management and provided to the auditors contained material errors which required numerous adjustments to the financial statementsand footnotes.

During our review of the Authority's interim financial statements, we noted the Authority was initially recording all federal funding for the Emergency Rental Assistance Program Fund and the Coronavirus Urgent Remediation Emergency Fund as program revenue without having incurred any expenses. Program revenue not earned should have been recorded as a liability and recorded as revenue once earned. Due to these errors in therecording of these program revenues during the year, the Authority's major governmental fund determinations were impacted which resulted in the Authority not identifying the Build Illinois Bond Program Fund as a major governmental fund. Upon review of the final trial balance, the Authority attempted to correct the balances but did notmake the correct entries to appropriately recognize the program revenue to match the Authority's program expenses. The following correcting entries were made to the Emergency Rental Assistance Program Fund and the Coronavirus Urgent Remediation Emergency Fund to correct program revenue:

Fund	Account Description	Originally Reported Amount	Correct Amount	Difference
Coronavirus Urgent Remediation Emergency Fund	Unearned Revenue	$ -	$ (6,185,872)	$ (6,185,872)
	Federal Program Revenue	(173,038,000)	(166,852,128)	6,185,872
Emergency Rental Assistance Program Fund	Unearned Revenue	(213,086,446)	(205,356,453)	7,729,993
	Federal Program Revenue	(103,971,429)	(111,701,422)	(7,729,993)

The following errors noted during the audit were corrected by the Authority after we brought them to their attention:

Fund	Account Description	Originally Reported Amount	Correct Amount	Difference
Administrative Fund	Miscellaneous Fees	$ (58,353)	$ (72,366)	$ (14,013)
	Unrestricted Equity	(256,140,082)	(256,126,069)	14,013
	Other Miscellaneous Expenses	(97,186)	1,117,113	1,214,299
	Miscellaneous Payable	(2,509,980)	(2,503,497)	6,483
	Admin Fund Accounts Payable	(3,244,393)	(4,465,175)	(1,220,782)
	Safekeeping Account	(6,383,073)	-	6,383,073
	Bond Pledged Security Account	351,202	-	(351,202)
	Access 4% DPA Safekeeping	6,000,000	-	(6,000,000)
	TBA Op Inc Safekeeping	31,871	-	(31,871)
	Bond Pledged Cash Account	(33,000)	-	33,000
	Cash DDA	78,078,511	78,045,511	(33,000)

Fund	Account Description	Originally Reported Amount	Correct Amount	Difference
Administrative Fund	Investment Discount Amortization	$ 65,870,250	$ (30,484,352)	$ (96,354,602)
	Investment Premium Amortization	(65,091,779)	31,262,823	96,354,602
	TBA Securities Value - Asset	-	652,901	652,901
	TBA Securities Value - Liability	652,901	-	(652,901)
	Allowance for Estimated Losses	(16,005,577)	(5,656,843)	10,348,734
	Provisions for Estimated Losses on Loans	11,580,535	1,231,801	(10,348,734)
	Intercompany Transfers	24,610,404	49,800,404	25,190,000
	Due To Administrative Fund	(10,546,938)	(35,736,938)	(25,190,000)
Mortgage Loan Program Fund	Allowance for Estimated Losses	(2,793,678)	(3,572,335)	(778,657)
	Provisions for Estimated Losses on Loans	(1,466,918)	(688,261)	778,657
Single Family Program Fund	Bonds Payable	(253,530,000)	(251,235,000)	2,295,000
	Current Bonds Payable	(7,625,000)	(9,920,000)	(2,295,000)
	Allowance for Estimated Losses	(2,037,823)	(2,605,808)	(567,985)
	Provisions for Estimated Losses on Loans	(148,847)	419,138	567,985
HOME Program	Allowance for Estimated Losses	(22,706,038)	(29,034,699)	(6,328,661)
	Prov for Est Losses on Loans	(3,993,424)	2,335,237	6,328,661
Build Illinois Bonds	Allowance for Estimated Losses	(3,462,522)	(4,427,601)	(965,079)
	Provisions for Estimated Losses on Loans	30,371	995,450	965,079
Nonmajor Governmental Program Fund - ARRA	Allowance for Estimated Losses	(5,855,300)	(7,487,298)	(1,631,998)
	Provisions for Estimated Losses on Loans	580,859	2,212,857	1,631,998
Nonmajor Governmental Program Fund - Neighborhood Stabilization Fund	Allowance for Estimated Losses	(56,809)	(72,643)	(15,834)
	Provisions for Estimated Losses on Loans	(2,760)	13,074	15,834
Nonmajor Governmental Program Fund - Community Development Block Grant	Allowance for Estimated Losses	(71,220)	(91,071)	(19,851)
	Provisions for Estimated Losses on Loans	(773,469)	(753,618)	19,851
Nonmajor Governmental Program Fund - National Housing Trust Fund	Allowance for Estimated Losses	(145,908)	(186,576)	(40,668)
	Provisions for Estimated Losses on Loans	54,265	94,933	40,668
	Loans Receivable	12,211,342	9,924,862	(2,286,480)
	Program Grants	-	2,286,480	2,286,480

- The Authority did not properly classify parts of cash and cash equivalents and investments as restricted and unrestricted in the Statement of Net Position resulting in a reclassification of $99.8 million of cash to unrestricted and a reclassification of $2.1 million of investments to non-current unrestricted.

- The Authority did not properly classify the fair market value adjustments between the Administrative Fund and the Single Family Fund resulting in a reclassification of $2.1 million from the Single Family Fund to the Administrative Fund.

- Within the Statement of Cash Flows, the Authority incorrectly reported the following amounts:

Fund	Item	Originally Reported Amount	Correct Amount	Difference
Administrative Fund	Receipts for state assistance programs	$ -	$ 451,000	$ 451,000
	Payments for state assistance programs	-	(451,000)	(451,000)
	Payments for program grant	(19,136,000)	(18,686,000)	450,000
	Other Receipts	5,505,000	5,055,000	(450,000)
	Purchases of investments	(3,662,746,000)	(1,886,225,000)	1,776,521,000
	Proceeds from sales and maturities of investments	1,877,403,000	2,024,966,000	147,563,000
	Interest received on investments	1,932,688,000	8,604,000	(1,924,084,000)
Mortgage Loan Program Fund	Purchases of investments	(979,283,000)	(507,017,000)	472,266,000
	Proceeds from sales and maturities of investments	977,681,000	505,802,000	(471,879,000)
	Interest received on investments	2,241,000	1,854,000	(387,000)
Single Family Program Fund	Purchases of investments	(439,250,000)	(824,890,000)	(385,640,000)
	Proceeds from sales and maturities of investments	358,996,000	744,636,000	385,640,000

- Within the Statement of Net Position for the Administrative Fund under Business-Type Activities, the Authority incorrectly reported the following amounts:

Fund	Business-Type Activities	Originally Reported Amount	Correct Amount	Difference
Administrative Fund	Cash and cash equivalents-restricted	$ 251,679,000	156,352,000	$ (95,327,000)
	Cash and cash equivalents	—	95,327,000	95,327,000

- Within the Statement of Activities for the Administrative Fund, the Authority incorrectly grouped the following amounts:

Fund	Item	Originally Reported Amount	Correct Amount	Difference
Administrative Fund	Charges for Services and Interest	$ (28,189,000)	$ (28,640,000)	$ (451,000)
	Operating Grant/Federal	(39,491,000)	(39,040,000)	451,000

- Within the Statement of Net Position and the Combining Schedule of Net Position for the Mortgage Loan Program Fund, the Authority incorrectly grouped the following amounts:

Fund	Item	Originally Reported Amount	Correct Amount	Difference
Mortgage Loan Program Fund	Deposits held in escrow	$ 1,003,000	$ -	$ (1,003,000)
	Accrued liabilities and other	117,000	1,120,000	1,003,000

Uncorrected misstatements:
Within the statement of net position, the Authority did not book adjustments related to the following amounts (i.e. uncorrected misstatements):

Fund	Account Description	Uncorrected Misstatements
Administrative Fund	Investment Income	$ 4,632,605
	Beginning Net Position	(4,632,605)
	Other Miscellaneous Expenses	(1,214,299)
	Ending Net Position	1,214,999
	Investments	934,697
	Ending Net Position	(934,697)
	Restricted Ending Net Position	5,894,900
	Unrestricted Ending Net Position	(5,894,900)

Fund	Account Description	Uncorrected Misstatements
Single Family Program Fund	Investments	$ (3,343,561)
	Ending Net Position	3,343,561
National Housing Trust Fund	Program Grants	(455,570)
	Beginning Net Position	455,570

Errors/Omissions from Required Financial Statement Disclosures Identified:
Additionally, the following were errors noted within the Management Discussion Analysis (MD&A) and footnote disclosures of the financial statements which were all corrected by the Authority:

- The Authority failed to present condensed financial information within the MD&A as required by governmental reporting standards to include items such as total assets, distinguishing between capital and other assets; total liabilities, distinguishing between long-term liabilities and other liabilities; total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts, program revenues, by major source, general revenues, by major source, total revenues, program expenses, at a minimum by function, total expenses, transfers, and change in net assets.

- Within footnote 1 of the financial statements, the Authority did not disclose required governmental reporting disclosure requirements regarding enabling legislation restrictions of the Authority's net position as of year-end.

- Within footnote 3 of the financial statements, the Authority:

  - Did not disclose total cash and cash equivalents of $1.15 billion consisting of cash equivalents held in investments of $882 million and cash of $269.5 million.
  - Incorrectly reported cash & cash equivalents held in investments over interest rate risk by including cash as part of the sweep accounts resulting in an error of $617.3 million, an error of $334.9 million for restricted cash equivalents held in sweep accounts, and an error of $12.9million in unrestricted cash equivalents held in sweep accounts.
  - Incorrectly reported the cash carrying value and bank balance resulting in an error of $348 million and $333 million.
  - Incorrectly reported fair value measurements over investments for the following:

Investments	Originally Reported Amount	Correct Amount	Difference
Federal National Mortgage Association	$ 474,863,000	$ 474,544,000	$ (319,000)
Government National Mortgage Association	677,905,000	677,390,000	(515,000)
Federal Home Loan Mortgage Corp.	39,821,000	40,655,000	834,000

- Within footnote 4 of the financial statements, the Authority:

  - Incorrectly reported the proprietary funds interfund receivable to and payable for the following below:

Item	Originally Reported Amount	Correct Amount	Difference
Administrative Payable due to Mortgage Loan Program	$ 10,366,000	$ 33,526,000	$ 23,160,000
Administrative Payable due to Single Family	-	2,031,000.00	2,031,000
Single Family Program due to Administrative	33,387,000	58,578,000.00	25,191,000
Single Family Program due to Mortgage Loan Program	23,160,000	-	(23,160,000)
Single Family Program due to Single Family	2,031,000	-	(2,031,000)

- Did not disclose within the footnotes, details about interfund transfers which should have included transfers of $18 million, $10.4 million, and $5.4 million between the Mortgage Loan Program and Administrative Fund.

- Within footnote 5 of the financial statements, the Authority:

  - Incorrectly reported beginning net program receivables for governmental funds and loan repayments made during the year resulting in an error of $5 million and $30 thousand, respectively.
  - Incorrectly reported the total amounts of Risk Sharing loans financed through Multi-Family Revenue Bonds and Administrative Fund resulting in an error of $1.6 million for each fund.
  - Incorrectly reported amounts related to loans in arrears for loans financed under the Mortgage Participation Certificate program where the Authority had sold 100% participation interests in loans resulting in an error of $72 thousand in debt service payments and an error of $479 thousand in required deposits to tax and insurance and/or replacement reserves.
  - Did not disclose loans financed under the Mortgage Loan Program Funds for amounts equal to more than three months debt service payments of $507 thousand or required deposits to tax and insurance and/or replacement reserves of $1 million.
  - Did not disclose the nonaccrual of interest income on mortgage loans of $5.8 million and annual interest of $108 thousand within the Administrative Fund.
  - Did not disclose 17 loans for a total amount of $121 million for sold beneficial ownership interests in mortgage loans originated by housing finance agencies and insured under the FHA-HFA Risk Sharing Program.

- Within footnote 8 of the financial statements, the Authority:

  - Incorrectly reported debt activity resulting in an error of $1.2 billion for Single Family Program Fund for other debt.
  - Did not disclose that the 2020 Series D totaling $1.7 million under Multifamily Revenue Bonds was a taxable bond.
  - Incorrectly reported debt service reserves resulting in an error of $2 million for Housing Bonds, an error of $2.5 million for Multifamily Revenue Bonds, and error of $740 thousand for Homeowner Mortgage Revenue Bonds.
  - Utilized incorrect interest and principal amounts in calculating the future debt service requirements for the Authority's proprietary funds resulting in an error of $35.5 million for the Single Family principal's amount and a net error of $300 thousand for the Mortgage Loan Program's interest.
  - Incorrectly reported the Homeowner Revenue Bond interest swap for $3 million and Revenue Bond interest swaps for $2.9 million as deferred inflows when they should have been presented as deferred outflows and the Housing Bonds Interest Rate cap for $12 thousand as deferred outflows when they should have been presented as deferred inflows.
  - Incorrectly reported total outstanding principal of the special limited obligations bonds for the

Mortgage Loan Program Fund and Single Family Program Fund resulting in an error of $50 million.

- Utilized incorrect interest principal, interest, and interest rate swap net amount in calculating debt service requirements of the Authority's outstanding variable-rate debt and net swap payments resulting in a total error of $40 million in principal, a total error of $195 thousand in interest, and a total error of $6.7 million in interest rate swap, net.

- Within footnote 10 of the financial statements, the Authority did not disclose the required operating lease disclosures regarding their annual base rent amount of $1.3 million, $1 million of ownership taxes and operating expenses, the monthly amount of base rent abated for the first ten months of the lease of $181 thousand per month, and the total rent expense of $2.7 million. In addition, the Authority overstated the amount of future minimum lease commitments by $915 thousand.

- Within footnote 12 of the financial statements, the Authority incorrectly reported payroll contributions resulting in an understatement of $100 thousand for the Authority's contributions and an understatement of $2.1 million for employee contributions.

- Within footnote 13 of the financial statements, the Authority incorrectly reported the series related tooutstanding issuances for the Multifamily Revenue Bonds resulting in an error of $8.6 million for the Major Jenkins series, an error of $460 thousand for the Hebron Apartment series, and an error of $10 million for the Maywood Support Living Facility Series.

- Within footnote 14 of the financial statements, the Authority did not disclose subsequent bond issuances for two Revenue Bonds for a combined total of $144.3 million, and one Multifamily Revenue Bond for $78 million.

Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires that resources transmitted before the eligibility requirements are met should be reported as advances by the provider and as unearned revenues by recipients.

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, requires that each fund financial statements should report separate columns for the general fund and for other major governmental and enterprise funds. Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. Any other fund may be reported as a major fund if agency officials believe that a fund is particularly important to financial statement users. Nonmajor funds should be reported in the aggregate in a separate column. Internal service funds also should be reported in the aggregate in a separate column on the proprietary fund statements. Condensed financial information derived from government-wide financial statements should present the information needed to support their analysis of financial positions and results of operations and included elements: total assets, distinguishing between capital and other assets, total liabilities, distinguishing between long-term liabilities and other liabilities, total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts, program revenues, by major source, general revenues, by major source, total revenues, program expenses, at a minimum by function, total expenses, transfers, and change in net assets. Governments that charge fund or programs (through internal service funds or the general fund) for "centralized" expenses, which may include an administrative overhead component, the summary of significant accounting policies should disclose they are included in direct expenses.

Governmental Accounting Standards Board (GASB) Statement No. 38, *Certain Financial Statement Note Disclosures*, requires disclosure of amounts transferred from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type, general description of the principal purposes of the government's interfund transfers, and the intended purpose and the amount of significant transfers.

Governmental Accounting Standards Board (GASB) Statement No. 46, *Net Assets Restricted by Enabling Legislation*, requires governments to disclose the portion of total net assets that is restricted by enabling legislation.

Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained Pre-November 30, 1989 FASB and AICPA Pronouncements*, requires disclosed in the notes all operating leases, rental expense/expenditure for each period for which a flows statement is presented, with separate amounts for minimum rentals, contingent rentals, and sublease rentals.

The Internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles. 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. Effective internal controls should include procedures to accurately record financial transactions and accurately prepare the financial statements.

Authority management stated the misstatements related to the financial statements and footnote disclosures were mainly due to oversight, miscommunication and staff errors.

Failure to accurately record financial transactions resulted in misstatement of the Authority's financial statements. (Finding Code No. 2021-001, 2020-001, 2019-001, 2018-003, 2017-002, 2016-001, 2015-001)

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

AUTHORITY RESPONSE
Authority management agreed with the finding and stated in FY21, the Authority continued to enhance its internal control policies and procedures related to the preparation of its financial statements. The Authority management acknowledges that the financial reporting team needs to continue its efforts to focus on significantly enhancing its internal review processes to meaningfully improve the quality of the financial statements. Although some improvements have been made, miscommunications and following faulty precedent resulted in certain uncorrected misstatements.

Finding 2021-002 – Inadequate Controls over Investments

The Illinois Housing Development Authority (Authority) did not have adequate controls over investments.

During our review of investments, we noted the Authority did not perform a monthly reconciliation of its investment statements to the general ledger. Although, the investments were recorded in the general ledger correctly, the Authority was unable to detect the following:

- An overstatement of 17,609,936 shares totaling $18,015,123 on an investment statement

- Reconciling items due to timing of investment purchases at year-end totaling $4,813,306

Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain systems of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law; and funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Effective internal controls should ensure procedures are implemented to ensure that adequate monthly reconciliations are being performed between the Authority's accounting records and investment statements.

Authority management stated the bank error for investments and reconciling items were due to timing at year-end and insufficient reconciliations.

Failure to exercise adequate internal control over financial reporting by properly reporting investments of the Authority could have, if not detected and corrected, could result in a material misstatement of the Authority's financial statements. (Finding Code No. 2021-002)

RECOMMENDATION

We recommend the Authority perform monthly reconciliations of its investments recorded in the general ledger with the investment statements they receive from their investment companies.

AUTHORITY RESPONSE

Authority management agreed with the finding and stated moving forward, the Authority will further enhance its reconciliation controls to ensure that the GL balance and holdings report from the subledger is equal to the bank statement. In the future if the figures do not match, we will escalate to the bank promptly and clear the discrepancy in an efficient manner.