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

Financial Statements

June 30, 2016

(With Independent Auditors' Report Thereon)

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

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

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ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Agency Officials

Executive Director (2/22/16 – present)	Audra A. Hamernik
Acting Executive Director (9/18/15 – 1/15/16)	Bryan E. Zises
Executive Director (3/28/11 – 9/18/15)	Mary R. Kenney
Asst. Executive Director/Chief of Staff (4/12/16 – present)	Debra Olson
Asst. Executive Director/Chief of Staff (5/23/11 – 9/18/15)	Brian Zises
General Counsel	Maureen G. Ohle
Chief Financial Officer	Nandini Natarajan
Controller (6/20/16 – present)	Vanessa Boykin
Acting Controller (3/7/16 – 6/17/16)	Ronald J. Gajos
Controller (5/19/10 – 3/7/16)	Michelle Williams

Agency Officials are located at:

401 North Michigan Avenue, Suite 700
Chicago, Illinois 60611

Agency moved to new location October 31, 2016:

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

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

Financial Statement Report

Summary

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

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

Exit Conference

On December 7, 2016, the Illinois Housing Development Authority waived the exit conference relating to the audit of the June 30, 2016 financial statements.

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

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 of the State of Illinois, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Housing Development Authority (the Authority), a component unit of the State of Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Housing Development Authority, a component unit of the State of Illinois, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Authority's June 30, 2015 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 16, 2015. In our opinion, the summarized comparative information presented within note 8 to the financial statements as of June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information on pages 72 through 82 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.

KPMG LLP

Chicago, Illinois
December 12, 2016

This Section of the Illinois Housing Development Authority's (the Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- Net position of the Authority increased $68.4 million, to $1,050.5 million as of June 30, 2016, from an increase in the Authority's business-type activities ($72.0 million), offset by a decrease in governmental activities ($3.6 million).
- The increase in net position, after transfers, of the Authority's business-type activities increased $33.7 million from the prior year primarily due to lower interest expense ($3.7 million), lower other general and administrative ($4.1 million), increases in investment income ($4.8 million), increases in other income ($5.2 million) and increases in net transfers in ($19.9 million), partially offset by lower interest earned on program loans ($5.0 million).
- Authority debt issuances during fiscal year 2016 totaled $246.8 million. The Authority's debt outstanding (net of discounts and premiums) of $1,080.3 million as of June 30, 2016 was $3.7 million below the amount outstanding as of June 30, 2015.
- The Authority issued one new series of tax-exempt Revenue Bonds totaling $70.1 million secured by Government National Mortgage Association (GNMA) certificates and Fannie Mae mortgage-backed securities (FNMA) to fund its homeownership loan program.
- The Authority issued one new series of taxable Homeowner Mortgage Revenue Bonds totaling $88.7 million to economically refund prior series of Authority bonds and to provide proceeds in support of loan originations in its homeownership program.
- The Authority financed five short-term Multi-Family loans totaling $47.9 million to existing affordable developments that will be permanently financed with tax-exempt bond or taxable financing and private investment via the Low Income Housing Tax Credit (LIHTC) program.
- Loan originations for the year totaled $25.7 million and $67.7 million in the Authority's governmental and business-type activities, respectively, compared to fiscal year 2015 loan originations of $33.1 million and $4.3 million, respectively.
- The Authority launched the 1st HomeIllinois program in August 2015 to boost home buying in ten Illinois counties hardest hit by the foreclosure crisis. The program provides generous down payment assistance to first-time homebuyers that is coupled with a 30 year fixed rate first mortgage loan at an attractive rate. The down payment assistance is funded through the U.S. Department of Treasury's Hardest Hit Fund (HHF), a resource that the Authority received to curb foreclosures in Illinois. The Authority also continued to provide funding for first-time and Nonfirst-time homebuyers in the State through the @HomeIllinois program. During fiscal year 2016 the Authority received an allocation of $269 million in Hardest Hit Fund (HHF) funds from the U.S. Department of the Treasury. Funds will be available to assist homeowners and communities in Illinois through the programs that have been approved by the U.S. Department of the Treasury.

(Continued)

Overview of the Financial Statements

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

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

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

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

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

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

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

Financial Analysis of the Authority as a Whole

Net Position

The combined net position of the Authority increased by $68.4 million, or 7.0% from the June 30, 2015 amount. The following table shows a summary of changes from prior year amounts.

Net Position

(In millions of dollars)

	Governmental activities		Business-type activities		Total		Increase/(Decrease)	
	2016	2015	2016	2015	2016	2015	Amount	Percentage
Current assets:								
Cash and investments – unrestricted	$ 145.2	173.3	487.7	590.6	632.9	763.9	(131.0)	(17.1)%
Program loans receivable	18.4	22.3	80.0	51.2	98.4	73.5	24.9	33.9%
Other current assets	43.3	(1.0)	9.4	10.2	52.7	9.2	43.5	472.8%
Total current assets	206.9	194.6	577.1	652.0	784.0	846.6	(62.6)	(7.4)%
Investments – restricted	—	—	513.7	306.2	513.7	306.2	207.5	67.8%
Net program loans receivable	636.7	635.2	671.4	737.6	1,308.1	1,372.8	(64.7)	(4.7)%
Capital assets, net	0.1	0.1	25.3	25.3	25.4	25.4	—	—%
Other assets	0.1	0.1	102.8	116.0	102.9	116.1	(13.2)	(11.4)%
Total noncurrent assets	636.9	635.4	1,313.2	1,185.1	1,950.1	1,820.5	129.6	7.1%
Total assets	843.8	830.0	1,890.3	1,837.1	2,734.1	2,667.1	67.0	2.5%

Net Position

(In millions of dollars)

	Governmental activities		Business-type activities		Total		Increase/(Decrease)	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**Amount**	**Percentage**
Deferred outflow of resources:								
Accumulated decrease in fair value of hedge derivatives	—	—	1.3	1.6	1.3	1.6	(0.3)	(18.8)%
Unamortized loss on bond refunding	—	—	—	1.4	—	1.4	(1.4)	(100.0)%
Total deferred outflow of resources	—	—	1.3	3.0	1.3	3.0	(1.7)	(56.7)%
Current liabilities:								
Due to grantees	61.2	45.3	—	—	61.2	45.3	15.9	35.1%
Due to State of Illinois	43.7	43.1	—	—	43.7	43.1	0.6	1.4%
Bonds and notes payable	—	—	48.0	30.2	48.0	30.2	17.8	58.9%
Deposits held in escrow	—	—	143.1	150.2	143.1	150.2	(7.1)	(4.7)%
Other current liabilities	1.8	1.0	28.8	29.0	30.6	30.0	0.6	2.0%
Total current liabilities	106.7	89.4	219.9	209.4	326.6	298.8	27.8	9.3%
Noncurrent liabilities:								
Due to State of Illinois	305.2	305.1	—	—	305.2	305.1	0.1	—%
Bonds and notes payable	—	—	1,032.4	1,053.8	1,032.4	1,053.8	(21.4)	(2.0)%
Other liabilities	—	—	9.0	10.0	9.0	10.0	(1.0)	(10.0)%
Total noncurrent liabilities	305.2	305.1	1,041.4	1,063.8	1,346.6	1,368.9	(22.3)	(1.6)%
Total liabilities	$ 411.9	394.5	1,261.3	1,273.2	1,673.2	1,667.7	5.5	0.3%

Net Position

(In millions of dollars)

	Governmental activities		Business-type activities		Total		Increase/(Decrease)	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**Amount**	**Percentage**
Deferred inflow of resources:								
Accumulated increase in fair value of hedging derivatives	$ —	—	—	—	—	—	—	0.0%
Unamortized gain on bond refunding	—	—	0.2	0.2	0.2	0.2	—	0.0%
Unearned revenue	—	—	11.5	20.1	11.5	20.1	(8.6)	0.0%
Total deferred inflows of resources	—	—	11.7	20.3	11.7	20.3	(8.6)	-42.4%
Net position:								
Net investment in capital assets	0.1	0.1	(2.3)	(3.8)	(2.2)	(3.7)	1.5	40.5%
Restricted	431.8	435.4	442.2	393.9	874.0	829.3	44.7	5.4%
Unrestricted	—	—	178.7	156.5	178.7	156.5	22.2	14.2%
Total net position	$ 431.9	435.5	618.6	546.6	1,050.5	982.1	68.4	7.0%

Governmental Activities

Net position of the Authority's governmental activities decreased $3.6 million, or 0.8%, to $431.9 million, mainly from decreases of grant receipts in the Build Illinois Bond Program (BIBP) Fund and Nonmajor Governmental Funds, offset by increases in the Hardest Hit Fund (HHF) Program due to increased grant receipts and Federal HOME Program Fund due to the conversion of grant revenues to program loans receivable. No net position of the Authority's other two governmental activities are recorded on the Authority's financial statements. The equity of the Illinois Affordable Housing Trust Fund (Housing Program) is recorded as due to the State of Illinois. All revenues of the Rental Housing Support Program Fund are ultimately disbursed as grant or administrative expenses, and therefore no net position is recorded on the Authority's financial statements.

Total program loans receivable (current and noncurrent), decreased by $2.4 million, or 0.4%, to $655.1 million primarily attributable to decreases in the HHF Program ($13.0 million), partially offset by increases in the Federal HOME Program Fund ($8.5 million) and the BIBP Fund ($2.5 million). Cash and investments decreased by $28.1 million, or 16.2% primarily attributable to decreases in the BIBP Fund ($35.1 million), Illinois Affordable Housing Trust Fund ($17.6 million) and Rental Housing Support Program (RHSP) Fund ($7.6 million), offset by an increase in the HHF Program ($29.7 million). State statute and federal regulations restrict the use of the governmental funds to program activities.

Due to the State of Illinois (current and noncurrent) increased $0.7 million. This item reflects a liability for the State of Illinois' interest in the equity of the Housing Program as the Authority acts only as the administrator of the Housing Program and accounts for the interest in the equity to be that of the State of Illinois.

Business-type Activities

Net position of the Authority's business-type activities increased $72.0 million, or 13.2%, to $618.6 million mainly consisting of an increase in net position before transfers of $47.2 million, the annual transfer of $5.2 million from the Illinois Affordable Housing Trust Fund, and a $19.9 million transfer from the BIBP Fund. Program loans receivable (current and noncurrent) decreased $37.4 million, or 4.7%, to $751.4 million from decreases in the Authority's Administrative Fund ($2.4 million) and Mortgage Loan Program Fund ($5.6 million) due to loan repayments exceeding loan originations and decreases in the Single Family Program Fund ($29.4 million). The decrease in program loans receivable in the Single Family Program Fund was due to Illinois whole loans being packaged into GNMA certificates and FNMA Mortgage Backed Securities (MBS).

Cash and investments (current and noncurrent) increased $104.6 million, or 11.7%, from increases in the Administrative Fund ($34.2 million) and Single Family Program Fund ($87.4), offset by a decrease in the Mortgage Loan Program Fund ($17.0 million).

Total bonds and notes payable (current and noncurrent) decreased $3.6 million, or 0.3%, from decreases of $37.8 million in the Mortgage Loan Program Fund, offset by increases in the Single Family Program Fund ($16.0 million) and in the Administrative Fund ($18.2 million).

Deposits held in escrow decreased $7.1 million, or 4.7% due to lower required funding levels.

Restricted net position of the Authority's business-type activities increased $48.3 million, or 12.3%, of which $47.6 million were from 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 are classified as restricted, except for, a $3.2 million deficit net position invested in capital assets within the Mortgage Loan Program Fund. The remaining restricted increases in net position were from the FAF program, earnings of which are recorded in the Authority's Administrative Fund.

Statement of Activities

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

A condensed summary of changes in net position for the fiscal year ended June 30, 2016 is shown in the following table.

Changes in Net Position

(In millions of dollars)

	Governmental activities		Business-type activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Revenue:						
Program revenues:						
Charges for services	$ 6.2	15.3	90.1	72.1	96.3	87.4
Operating/grant/federal revenues	107.3	153.0	110.1	116.8	217.4	269.8
Capital contributions	—	—	(0.2)	—	(0.2)	—
General revenues:						
Investment income	—	—	24.1	36.9	24.1	36.9
Total revenues	113.5	168.3	224.1	225.8	337.6	394.1
Expenses:						
Direct	92.0	202.1	162.6	175.2	254.6	377.3
Administrative	—	—	14.6	17.8	14.6	17.8
Total expenses	92.0	202.1	177.2	193.0	269.2	395.1
Increase in net position before transfers and special items	21.5	(33.8)	46.9	32.8	68.4	(1.0)
Capital contributions	—	—	—	0.3	—	0.3
Transfers	(25.1)	(5.2)	25.1	5.2	—	—
Increase (decrease) in net position	(3.6)	(39.0)	72.0	38.3	68.4	(0.7)
Net position at beginning of year	435.5	474.5	546.6	508.3	982.1	982.8
Net position at end of year	$ 431.9	435.5	618.6	546.6	1,050.5	982.1

Governmental Activities

Revenues of the Authority's governmental activities decreased $54.8 million from the prior year, due to decreases in the Illinois Affordable Housing Trust Fund ($18.1 million), HOME Program Fund ($6.9 million), BIBP Fund ($57.2 million) and Nonmajor Governmental Funds ($1.1 million), offset by increases in the Rental Housing Support Program Fund ($23.1 million), HHF ($5.4 million).

Direct expenses of the Authority's governmental activities decreased $110.1 million from the prior year, due to decreases in the HOME Program Fund ($7.1 million), Illinois Affordable Housing Trust Fund ($18.1 million), BIBP Fund ($89.0 million), HHF ($13.1 million), and Nonmajor Governmental Funds ($5.9 million), offset by increases in the Rental Housing Support Program Fund ($23.1 million). Transfers of $25.1 million from the governmental activities to the Authority's business-type activities represent an annual transfer ($5.2 million), pursuant to the Illinois Affordable Housing Act, from the Illinois Affordable Housing Trust Fund to the Mortgage Loan Program Fund and a transfer ($19.9 million) from the BIBP Fund to the Single Family Program Fund to support loan origination activities.

Business-Type Activities

Revenues of the Authority's business-type activities decreased $1.7 million from the prior year primarily from increases in charges for services ($18.0 million), partially offset by decreased investment income ($12.8 million) and lower federal assistance ($6.7 million). Charges for services mainly consist of interest income on program loans ($37.2 million), program investment income ($17.6 million), servicing and development fees ($13.0 million) and other income ($22.1 million). Program investment income is that income earned within the Authority's bond funds, the investments and income of which is restricted to those funds. Such income increased by $10.4 million from the prior year due primarily to increases in the fair value of investments.

Direct expenses of the Authority's business-type activities, which consist primarily of interest expense ($33.9 million) on Authority debt incurred to fund its various lending programs and the pass-through of federal assistance programs' funds ($109.7 million), decreased $12.6 million from the prior year, due mainly to lower federal assistance ($6.7 million), lower interest expense ($3.7 million), and lower program grants ($1.7 million).

The Authority's business-type activities also generated $24.1 million of investment income, which was used primarily to fund and finance single family loans through the use of FNMA MBS's and GNMA certificates, and to partially offset its administrative costs. Program revenues of Multi-Family Mortgage Loan Programs exceeded direct expenses by $24.8 million (See the Statement of Activities) and thus provided most of the Authority's increase in net position.

Proprietary Fund Results

Net position of the Authority's proprietary funds increased from the June 30, 2015 amount by $72.0 million, to $618.6 million. The following table summarizes the revenues, expenses, and changes in fund net position of the Authority's proprietary funds for the fiscal years ended June 30, 2016 and 2015.

Changes in Net Position/Proprietary Funds

(In millions of dollars)

	Administrative Fund		Mortgage Loan Program Fund		Single Family Program Fund		IHDA Dispositions, LLC	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Operating revenues:								
Interest earned on program loans	$ 2.2	2.3	20.9	21.4	14.1	18.6	—	—
Investment income	24.1	29.7	1.0	0.3	16.7	6.9	—	—
Federal assistance programs	108.9	114.3	0.7	2.0	—	—	—	—
Service fees	10.5	11.8	—	—	—	—	—	—
Development fees	2.6	1.0	—	—	—	—	—	—
HUD savings	0.6	0.6	—	—	—	—	—	—
Rental income and vacancies	—	—	—	—	—	—	0.1	0.1
Other	12.9	9.8	9.1	6.9	—	—	—	—
Total operating revenues	161.8	169.5	31.7	30.6	30.8	25.5	0.1	0.1
Operating expenses:								
Interest expense	0.9	0.8	16.3	18.0	16.7	18.8	—	—
Federal assistance programs	108.9	114.3	0.7	2.0	—	—	—	—
Salaries and benefits	16.9	15.9	—	—	—	—	—	—
Professional fees	1.8	2.3	—	—	—	—	—	—
Other general and administrative	2.5	4.3	0.1	0.1	1.0	3.3	0.1	0.1
Financing costs	0.6	0.6	0.3	0.9	3.4	3.1	—	—
Program grants	0.9	3.3	—	—	0.7	—	—	—
Change in accrual for estimated losses on mortgage participation certificate program	0.2	—	—	—	—	—	—	—
Provision for (reversal of) estimated losses on program loans receivable	0.4	0.1	0.8	(0.7)	(5.2)	(0.6)	—	—
Provision for estimated losses on real estate held for sale	—	—	(0.1)	0.2	9.3	6.2	—	—
Total operating expenses	133.1	141.6	18.1	20.5	25.9	30.8	0.1	0.1
Operating income (loss)	28.7	27.9	13.6	10.1	4.9	(5.3)	—	—
Capital contribution	—	—	—	—	—	—	(0.2)	0.3
Gain on disposition	—	—	—	—	—	—	—	—
Transfers	(5.7)	(14.5)	5.2	4.7	25.6	15.0	—	—
Change in net position	23.0	13.4	18.8	14.8	30.5	9.7	(0.2)	0.3
Net position at beginning of year	198.8	185.4	256.1	241.3	91.1	81.4	0.5	0.2
Net position at end of year	$ 221.8	198.8	274.9	256.1	121.6	91.1	0.3	0.5

Net position of the Administrative Fund increased $23.0 million, compared to the prior year increase of $13.4 million. Administrative Fund operating income was $28.7 million, an increase of $0.8 million from the prior year, and net transfers (out) were $5.7 million compared to $14.5 million in the prior year. The fiscal year 2016 increase in operating earnings was primarily from increases in other revenue ($3.1 million), decreased general and administrative expenses ($1.8 million) and lower grant expense ($2.4 million), partially offset by a decrease in investment income ($5.6 million) and increased salaries and benefits ($1.0 million).

Net position of the Mortgage Loan Program Fund increased $18.8 million, compared to a prior year increase of $14.8 million, due to operating income of $13.6 million and net transfers in of $5.2 million. Operating income was $3.5 million above the prior year, primarily due to higher other revenue ($2.2 million) and lower interest expense $1.7 million, The net transfer in represents the annual transfer of $5.2 million from the Illinois Affordable Housing Trust Fund.

Net position of the Single Family Program Fund increased $30.5 million, compared to a prior year increase of $9.7 million. Operating income was $10.2 million above the prior year operating loss of $5.3 million primarily due to higher investment income ($9.8 million), decreases in the provision ($4.6 million) for estimated losses on program loans, and lower other general and administrative ($2.3 million), partially offset by a decrease in interest earned on program loans ($4.5 million).

Net position of the LLC decreased $0.2 million, compared to a prior year increase of $0.3 million, due to a decrease of $0.5 million in capital contributions representing the disposition and transfers of REO properties from the IHDA Dispositions LLC to the Illinois Affordable Housing Trust Fund for the Primera Ves and Renaissance Apartments holdings.

Authority Debt

Authority gross debt issuances during fiscal year 2016 totaled $246.8 million with the issuance of Homeowner Mortgage Revenue Bonds ($88.7 million) and Revenue Bonds ($70.1 million) within the Single Family Program Fund and direct bank loans ($47.9 million) and Federal Home Loan Bank Advances ($36.5 million) within the Administrative Fund ($84.4 million). Debt retirements within the Mortgage Loan Program, Single Family Program and Administrative Funds were $37.8 million, $145.9 million and $66.2 million, respectively. Total bonds and notes payable decreased $3.7 million. For additional information, see note 8, Bonds and Notes Payable in the Notes to the Financial Statements.

As of July 1, 2015, the Authority's Issuer Credit Ratings were A1 (Stable) by Moody's Investors Service, AA-(Stable) by Standard and Poor's and AA – (Stable) by Fitch Ratings.

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

Economic Factors

During fiscal year 2016, tax-exempt bond rates were favorable for new issuance, which provided the Authority an opportunity to issue fixed rate long-term bonds in the Single Family Program in the amount of $70.1 million.

Economic refunding of prior bonds were attractive as well due to historically low interest rates. The Authority optionally redeemed and refunded $88.7 million of bonds issued under the Single Family Program.

During fiscal year 2016, the Authority continued to finance its activity relating to homeownership in the State of Illinois through the sale of mortgage backed securities to the secondary market. The Authority uses forward commitments to lock in the price of securities related to secondary market sales.

Contacting the Authority's Financial Management

This financial report is designed to provide the citizens of Illinois, our constituents and investors with a general overview of the Authority's finances and to demonstrate the Authority's financial accountability over its resources. If you have questions about this report or need additional financial information, contact the Controller at the Illinois Housing Development Authority, 111 E. Wacker Drive, Suite 1000, Chicago, IL 60601 or visit our web site at: www.ihda.org.

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

Statement of Net Position

June 30, 2016

Assets		Governmental activities	Business-type activities	Total
Current assets:				
Cash and cash equivalents	$	109,439,860	282,890,983	392,330,843
Funds held by State Treasurer		4,019,148	—	4,019,148
Investments		31,778,843	204,787,473	236,566,316
Investment income receivable		8,287	971,325	979,612
Investment income receivable – restricted		—	1,186,626	1,186,626
Program loans receivable		18,399,480	79,955,919	98,355,399
Grant receivable		42,751,352	—	42,751,352
Securities lending collateral		1,063,000	—	1,063,000
Interest receivable on program loans		355,118	2,761,843	3,116,961
Internal balances		(855,088)	855,088	—
Other		—	3,638,377	3,638,377
Total current assets		206,960,000	577,047,634	784,007,634
Noncurrent assets:				
Investments – restricted		—	513,741,455	513,741,455
Program loans receivable, net of current portion		672,163,671	684,120,087	1,356,283,758
Less allowance for estimated losses		(35,463,031)	(12,700,486)	(48,163,517)
Net program loans receivable		636,700,640	671,419,601	1,308,120,241
Real estate held for sale		—	5,585,531	5,585,531
Less allowance for estimated losses		—	(3,857,607)	(3,857,607)
Net real estate held for sale		—	1,727,924	1,727,924
Due from Fannie Mae		—	91,651,852	91,651,852
Due from Freddie Mac		—	4,524,723	4,524,723
Capital assets, net		50,658	25,319,962	25,370,620
Derivative instrument asset		—	1,341	1,341
Other		88,334	4,854,787	4,943,121
Total noncurrent assets		636,839,632	1,313,241,645	1,950,081,277
Total assets		843,799,632	1,890,289,279	2,734,088,911
Deferred Outflows of Resources				
Accumulated decrease in fair value of hedging derivatives		—	1,276,715	1,276,715
Total deferred outflows of resources		—	1,276,715	1,276,715

(Continued)

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

Statement of Net Position

June 30, 2016

Liabilities		**Governmental activities**	**Business-type activities**	**Total**
Current liabilities:				
Due to grantees	$	61,197,348	—	61,197,348
Due to State of Illinois		43,728,177	—	43,728,177
Securities lending collateral obligation		1,063,000	—	1,063,000
Bonds and notes payable		—	47,972,027	47,972,027
Accrued interest payable		—	12,475,455	12,475,455
Unearned revenue		—	1,561,935	1,561,935
Deposits held in escrow		—	143,067,342	143,067,342
Accrued liabilities and other		733,406	14,802,691	15,536,097
Total current liabilities		106,721,931	219,879,450	326,601,381
Noncurrent liabilities:				
Due to State of Illinois		305,218,657	—	305,218,657
Bonds and notes payable, net of current portion		—	1,032,368,753	1,032,368,753
Unearned revenue		—	7,708,568	7,708,568
Derivative instrument liability		—	1,276,715	1,276,715
Security deposits		—	3,605	3,605
Total noncurrent liabilities		305,218,657	1,041,357,641	1,346,576,298
Total liabilities		411,940,588	1,261,237,091	1,673,177,679
Deferred Inflows of Resources				
Accumulated increase in fair value of hedging derivatives		—	1,341	1,341
Unamortized gain on bond refunding		—	185,866	185,866
Unearned revenue		—	11,507,828	11,507,828
Total deferred inflows of resources		—	11,695,035	11,695,035
Net Position				
Net investment in capital assets		50,658	(2,265,038)	(2,214,380)
Restricted for bond resolution purposes		—	399,697,878	399,697,878
Restricted for loan and grant programs		431,808,386	42,478,467	474,286,853
Unrestricted		—	178,722,561	178,722,561
Total net position	$	431,859,044	618,633,868	1,050,492,912

See accompanying notes to financial statements.

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

Statement of Activities

Year ended June 30, 2016

		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	$ 10,632,652	29,283	15,803,369	—	5,200,000	—	5,200,000
HOME Program	4,287,866	2,588,829	15,395,061	—	13,696,024	—	13,696,024
Rental Housing Support Program	23,673,316	75,390	23,597,926	—	—	—	—
Hardest Hit Fund	35,510,094	1,678,748	50,603,557	—	16,772,211	—	16,772,211
Build Illinois Bond Program	13,358,746	669,030	—	—	(12,689,716)	—	(12,689,716)
Other Programs	4,592,256	1,149,022	1,933,699	—	(1,509,535)	—	(1,509,535)
Total governmental activities	92,054,930	6,190,302	107,333,612	—	21,468,984	—	21,468,984
Business-type activities:							
Administrative Programs	14,627,899	3,535,603	—	—	—	(11,092,296)	(11,092,296)
Multi-Family Mortgage Loan Programs	22,187,467	47,006,563	—	—	—	24,819,096	24,819,096
Multi-Family Federal Assistance Programs	109,660,510	—	109,660,510	—	—	—	—
Single-Family Mortgage Loan Programs	28,198,229	32,357,060	—	—	—	4,158,831	4,158,831
Tax Credit Authorization and Monitoring	2,511,320	7,069,882	—	—	—	4,558,562	4,558,562
FAF Lending Program	—	140,022	496,073	—	—	636,095	636,095
IHDA Dispositions LLC	41,630	55,310	—	—	—	13,680	13,680
Total business-type activities	177,227,055	90,164,440	110,156,583	—	—	23,093,968	23,093,968
Total Authority	$ 269,281,985	96,354,742	217,490,195	—	21,468,984	23,093,968	44,562,952
General revenues:							
Unrestricted investment income					—	24,072,985	24,072,985
Capital contributions					—	(215,294)	(215,294)
Transfers					(25,078,000)	25,078,000	—
Total general revenues, capital contributions and transfers					(25,078,000)	48,935,691	23,857,691
Change in net position					(3,609,016)	72,029,659	68,420,643
Net position at beginning of year					435,468,060	546,604,209	982,072,269
Net position at end of year					$ 431,859,044	618,633,868	1,050,492,912

See accompanying notes to financial statements.

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

Governmental Funds

Balance Sheet

June 30, 2016

Assets	Major Funds: Illinois Affordable Housing Trust Fund	HOME Program Fund	Rental Housing Support Program Fund	Build Illinois Bond Program Fund	Hardest Hit Fund	Nonmajor Governmental Funds	Total
Current assets:							
Cash and cash equivalents	$ 17,225,186	1,751,056	5,936,155	15,585,123	65,211,319	3,731,021	109,439,860
Funds held by State Treasurer	—	4,019,148	—	—	—	—	4,019,148
Investments	—	—	31,778,843	—	—	—	31,778,843
Investment income receivable	—	—	7,748	—	539	—	8,287
Program loans receivable	7,129,742	4,058,840	—	—	7,049,841	161,057	18,399,480
Grant receivable	19,225,000	51,750	23,474,602	—	—	—	42,751,352
Securities lending collateral	—	1,063,000	—	—	—	—	1,063,000
Interest receivable on program loans	148,249	189,328	—	—	—	17,541	355,118
Total current assets	43,728,177	11,133,122	61,197,348	15,585,123	72,261,699	3,909,619	207,815,088
Noncurrent assets:							
Program loans receivable, net of current portion	324,653,771	255,879,631	—	4,459,099	7,194,607	79,976,563	672,163,671
Less allowance for estimated losses	(19,435,114)	(10,186,843)	—	(750,546)	(3,561,112)	(1,529,416)	(35,463,031)
Net program loans receivable	305,218,657	245,692,788	—	3,708,553	3,633,495	78,447,147	636,700,640
Other	—	—	—	—	88,334	—	88,334
Total noncurrent assets	305,218,657	245,692,788	—	3,708,553	3,721,829	78,447,147	636,788,974
Total assets	$ 348,946,834	256,825,910	61,197,348	19,293,676	75,983,528	82,356,766	844,604,062
Liabilities and Fund Balances							
Current liabilities:							
Due to grantees	$ —	—	61,197,348	—	—	—	61,197,348
Due to State of Illinois	43,728,177	—	—	—	—	—	43,728,177
Securities lending collateral obligation	—	1,063,000	—	—	—	—	1,063,000
Unearned revenue	—	189,328	—	—	—	17,541	206,869
Accrued liabilities and other	—	403,678	—	—	329,728	—	733,406
Due to other funds	—	101,907	—	—	722,524	30,657	855,088
Total current liabilities	43,728,177	1,757,913	61,197,348	—	1,052,252	48,198	107,783,888
Noncurrent liabilities:							
Due to State of Illinois	305,218,657	—	—	—	—	—	305,218,657
Total liabilities	348,946,834	1,757,913	61,197,348	—	1,052,252	48,198	413,002,545
Fund balances:							
Restricted	—	255,067,997	—	19,293,676	74,931,276	82,308,568	431,601,517
Total fund balances	—	255,067,997	—	19,293,676	74,931,276	82,308,568	431,601,517
Total liabilities and fund balances	$ 348,946,834	256,825,910	61,197,348	19,293,676	75,983,528	82,356,766	
Amounts reported for governmental activities in the statement of net position are: different due to:							
Unearned interest receivable on certain program loans receivable							206,869
Capital assets							50,658
Net position of governmental activities							$ 431,859,044

See accompanying notes to financial statements.

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

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

June 30, 2016

		Major Funds					
	Illinois Affordable Housing Trust Fund	**HOME Program Fund**	**Rental Housing Support Program Fund**	**Build Illinois Bond Program Fund**	**Hardest Hit Fund**	**Nonmajor Governmental Funds**	**Total**
Revenues:							
Grant from State of Illinois	$ 15,803,369	—	23,597,926	—	—	183,332	39,584,627
Federal funds	—	15,395,061	—	—	50,603,557	1,750,367	67,748,985
Interest and investment income	29,283	2,593,990	75,390	669,030	1,678,748	1,136,768	6,183,209
Total revenues	15,832,652	17,989,051	23,673,316	669,030	52,282,305	3,070,467	113,516,821
Expenditures:							
General and administrative	2,209,779	1,108,244	123,278	29,736	3,650,834	420,243	7,542,114
Grants	8,409,093	2,716,247	23,550,038	12,791,699	29,592,141	4,046,459	81,105,677
Program income transferred to State of Illinois	13,780	—	—	—	—	—	13,780
Provision for (reversal of) estimated losses on program loans receivable	—	463,375	—	537,311	2,194,319	125,554	3,320,559
Total expenditures	10,632,652	4,287,866	23,673,316	13,358,746	35,437,294	4,592,256	91,982,130
Excess (deficiency) of revenues over (under) expenditures	5,200,000	13,701,185	—	(12,689,716)	16,845,011	(1,521,789)	21,534,691
Other financing uses:							
Transfers out	(5,200,000)	—	—	(19,878,000)	—	—	(25,078,000)
Net change in fund balances	—	13,701,185	—	(32,567,716)	16,845,011	(1,521,789)	(3,543,309)
Fund balances at beginning of year	—	241,366,812		51,861,392	58,086,265	83,830,357	
Fund balances at end of year	$ —	255,067,997	—	19,293,676	74,931,276	82,308,568	
Amounts reported for governmental activities in the statement of activities are different due to:							
Unearned interest receivable on certain program loans receivable							7,093
Depreciation on capital assets							(72,800)
Change in net position of governmental activities							$ (3,609,016)

See accompanying notes to financial statements.

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

Proprietary Funds

Statement of Net Position

June 30, 2016

Assets	**Administrative Fund**	**Mortgage Loan Program Fund**	**Single Family Program Fund**	**IHDA Dispositions LLC**	**Total**
Current assets:					
Cash and cash equivalents	$ 162,157,694	110,714,578	9,993,414	25,297	282,890,983
Investments	204,787,473	—	—	—	204,787,473
Investment income receivable	971,325	—	—	—	971,325
Investment income receivable – restricted	59,941	175,580	951,105	—	1,186,626
Program loans receivable	436,976	66,340,379	13,178,564	—	79,955,919
Interest receivable on program loans	10,732	1,214,442	1,536,669	—	2,761,843
Due from other funds	3,794,809	9,829,740	357,664	—	13,982,213
Other	3,637,350	—	—	1,027	3,638,377
Total current assets	375,856,300	188,274,719	26,017,416	26,324	590,174,759
Noncurrent assets:					
Investments – restricted	10,359,399	116,884,559	386,497,497	—	513,741,455
Program loans receivable, net of current portion	74,704,181	367,281,579	242,134,327	—	684,120,087
Less allowance for estimated losses	(1,455,820)	(7,231,807)	(4,012,859)	—	(12,700,486)
Net program loans receivable	73,248,361	360,049,772	238,121,468	—	671,419,601
Real estate held for sale	—	215,643	5,029,888	340,000	5,585,531
Less allowance for estimated losses	—	(69,700)	(3,787,907)	—	(3,857,607)
Net real estate held for sale	—	145,943	1,241,981	340,000	1,727,924
Due from Fannie Mae	—	91,651,852	—	—	91,651,852
Due from Freddie Mac	—	4,524,723	—	—	4,524,723
Capital assets, net	925,654	24,394,308	—	—	25,319,962
Derivative instrument asset	—	1,341	—	—	1,341
Other	1,181,152	59,680	3,613,955	—	4,854,787
Total noncurrent assets	85,714,566	597,712,178	629,474,901	340,000	1,313,241,645
Total assets	461,570,866	785,986,897	655,492,317	366,324	1,903,416,404
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives	—	—	1,276,715	—	1,276,715
Total deferred outflows of resources	—	—	1,276,715	—	1,276,715

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

Proprietary Funds

Statement of Net Position

June 30, 2016

Liabilities	**Administrative Fund**	**Mortgage Loan Program Fund**	**Single Family Program Fund**	**IHDA Dispositions LLC**	**Total**
Current liabilities:					
Bonds and notes payable	$ 15,654,266	16,120,000	16,197,761	—	47,972,027
Accrued interest payable	39,281	7,419,774	5,016,400	—	12,475,455
Unearned revenue	1,561,935	—	—	—	1,561,935
Deposits held in escrow	143,067,342	—	—	—	143,067,342
Accrued liabilities and other	13,419,532	1,105,963	268,937	8,259	14,802,691
Due to other funds	10,187,404	2,484,150	455,571	—	13,127,125
Total current liabilities	183,929,760	27,129,887	21,938,669	8,259	233,006,575
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	36,652,488	483,799,977	511,916,288	—	1,032,368,753
Unearned revenue	7,708,568	—	—	—	7,708,568
Derivative instrument liability	—	—	1,276,715	—	1,276,715
Security deposits	—	—	—	3,605	3,605
Total noncurrent liabilities	44,361,056	483,799,977	513,193,003	3,605	1,041,357,641
Total liabilities	228,290,816	510,929,864	535,131,672	11,864	1,274,364,216
Deferred Inflows of Resources					
Accumulated increase in fair value of hedging derivatives	—	1,341	—	—	1,341
Unamortized gain on bond refunding	—	185,866	—	—	185,866
Unearned revenue	11,507,828	—	—	—	11,507,828
Total deferred inflows of resources	11,507,828	187,207	—	—	11,695,035
Net Position					
Net investment in capital assets	925,654	(3,190,692)	—	—	(2,265,038)
Restricted for bond resolution purposes	—	278,060,518	121,637,360	—	399,697,878
Restricted for loan and grant programs	42,478,467	—	—	—	42,478,467
Unrestricted	178,368,101	—	—	354,460	178,722,561
Total net position	$ 221,772,222	274,869,826	121,637,360	354,460	618,633,868

See accompanying notes to financial statements.

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

Proprietary Funds

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

Year ended June 30, 2016

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	IHDA Dispositions LLC	Total
Operating revenues:					
Interest and other investment income	$ 19,565,529	1,055,200	8,298,525	—	28,919,254
Net increase (decrease) in fair value of investments	4,507,456	(113,044)	8,372,953	—	12,767,365
Total investment income	24,072,985	942,156	16,671,478	—	41,686,619
Interest earned on program loans	2,225,277	20,894,876	14,122,456	—	37,242,609
Federal assistance programs	108,917,341	743,169	—	—	109,660,510
Service fees	10,437,703	—	—	—	10,437,703
Development fees	2,607,498	—	—	—	2,607,498
HUD savings	636,095	—	—	—	636,095
Rental income	—	—	—	50,962	50,962
Other	12,930,266	9,119,997	17,401	126	22,067,790
Total operating revenues	161,827,165	31,700,198	30,811,335	51,088	224,389,786
Operating expenses:					
Interest expense	866,130	16,356,188	16,654,913	—	33,877,231
Federal assistance programs	108,917,341	743,169	—	—	109,660,510
Salaries and benefits	16,916,703	—	—	—	16,916,703
Professional fees	1,775,058	—	—	—	1,775,058
Other general and administrative	2,553,244	78,749	1,025,168	41,630	3,698,791
Financing costs	637,329	278,629	3,397,339	—	4,313,297
Program grants	900,334	—	692,826	—	1,593,160
Change in accrual for estimated losses on mortgage participation certificate program	232,882	—	—	—	232,882
Provision for (reversal of) estimated losses on program loans receivable	408,145	789,117	(5,234,776)	—	(4,037,514)
Provision for estimated losses on real estate held for sale	(9,330)	(83,906)	9,290,173	—	9,196,937
Total operating expenses	133,197,836	18,161,946	25,825,643	41,630	177,227,055
Operating income	28,629,329	13,538,252	4,985,692	9,458	47,162,731
Nonoperating revenues:					
Gain on disposition	—	—	—	4,222	4,222
Total nonoperating revenues	—	—	—	4,222	4,222
Income before contributions and transfers	28,629,329	13,538,252	4,985,692	13,680	47,166,953
Capital contributions	—	—	—	(215,294)	(215,294)
Transfers in	—	5,200,000	25,577,662	—	30,777,662
Transfers out	(5,699,662)	—	—	—	(5,699,662)
Total capital contributions and transfers	(5,699,662)	5,200,000	25,577,662	(215,294)	24,862,706
Change in net position	22,929,667	18,738,252	30,563,354	(201,614)	72,029,659
Net position at beginning of year	198,842,555	256,131,574	91,074,006	556,074	546,604,209
Net position at end of year	$ 221,772,222	274,869,826	121,637,360	354,460	618,633,868

See accompanying notes to financial statements.

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

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2016

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	IHDA Dispositions LLC	Total
Cash flows from operating activities:					
Receipts for program loans, interest, and service fees	$ 32,064,272	56,199,561	63,137,580	—	151,401,413
Receipts for rental operations	—	—	—	49,528	49,528
Payments for program loans	(26,769,294)	(28,121,827)	(11,270,015)	—	(66,161,136)
Receipts for federal assistance programs	108,917,341	743,169	—	—	109,660,510
Payments for federal assistance programs	(108,917,341)	(743,169)	—	—	(109,660,510)
Receipts for credit enhancements	—	1,443,920	—	—	1,443,920
Payments for program grants	(900,334)	—	—	—	(900,334)
Payments to suppliers	(2,401,278)	(250,634)	(4,307,698)	—	(6,959,610)
Payments to employees	(16,813,538)	—	—	—	(16,813,538)
Payments of program grants	—	—	(692,826)	—	(692,826)
Payments for rental operations	—	—	—	(33,031)	(33,031)
Interest paid on revenue bonds and notes	(870,379)	(17,080,136)	(17,296,699)	—	(35,247,214)
Receipts from sale of property	—	—	—	204,222	204,222
Other receipts	10,056,451	3,919,997	—	—	13,976,448
Net cash provided by (used in) operating activities	(5,634,100)	16,110,881	29,570,342	220,719	40,267,842
Cash flows from noncapital financing activities:					
Due to other funds	(340,177)	(257,526)	863,615	—	265,912
Due from other funds	4,266,872	102,384	(1,015,901)	—	3,353,355
Proceeds from sale of revenue bonds and notes	84,380,041	—	162,360,077	—	246,740,118
Principal paid on revenue bonds and notes	(66,153,093)	(37,844,787)	(146,383,025)	—	(250,380,905)
Transfers in	—	5,200,000	25,577,662	—	30,777,662
Transfers out	(5,699,662)	—	—	—	(5,699,662)
Net cash provided by (used in) noncapital financing activities	16,453,981	(32,799,929)	41,402,428	—	25,056,480
Cash flows from capital financing and related activities:					
Acquisition and disposition of capital assets	(201,707)	(1,201,422)	—	—	(1,403,129)
Capital contributions	—	—	—	(215,294)	(215,294)
Net cash used in capital financing and related activities	(201,707)	(1,201,422)	—	(215,294)	(1,618,423)
Cash flows from investing activities:					
Purchase of investment securities	(980,496,918)	(390,168,858)	(318,351,611)	—	(1,689,017,387)
Proceeds from sales and maturities of investment securities	830,412,270	300,589,172	199,002,567	—	1,330,004,009
Interest received on investments	23,630,574	861,625	16,427,006	—	40,919,205
Net cash used in investing activities	(126,454,074)	(88,718,061)	(102,922,038)	—	(318,094,173)
Net increase (decrease) in cash and cash equivalents	(115,835,900)	(106,608,531)	(31,949,268)	5,425	(254,388,274)
Cash and cash equivalents, beginning of year	277,993,594	217,323,109	41,942,682	19,872	537,279,257
Cash and cash equivalents, end of year	$ 162,157,694	110,714,578	9,993,414	25,297	282,890,983

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

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2016

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	IHDA Dispositions LLC	Total
Reconciliation of operating income to net cash provided by Operating income	$ 28,629,329	13,538,252	4,985,692	9,458	47,162,731
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Gain on disposition	—	—	—	4,222	4,222
Investment income	(24,072,985)	(942,156)	(16,671,478)	—	(41,686,619)
Depreciation and amortization	378,914	1,016,274	—	—	1,395,188
Change in accrual for estimated losses on mortgage participation certificate program	232,882	—	—	—	232,882
Provision for (reversal of) estimated losses on program loans receivable	408,145	789,117	(5,234,776)	—	(4,037,514)
Reversal of estimated losses on real estate held for sale	(9,329)	(185,227)	(2,387,812)	—	(2,582,368)
Changes in assets and liabilities:					
Program loans receivable	2,082,413	4,884,942	40,054,123	—	47,021,478
Interest receivable on program loans	42,736	(13,390)	857,054	(4,789)	881,611
Other liabilities	(10,514,953)	(5,825,011)	(526,977)	211,828	(16,655,113)
Other assets	(2,811,252)	1,404,160	8,494,516	—	7,087,424
Due from Fannie Mae	—	1,232,296	—	—	1,232,296
Due from Freddie Mac	—	211,624	—	—	211,624
Total adjustments	(34,263,429)	2,572,629	24,584,650	211,261	(6,894,889)
Net cash provided by (used in) operating activities	$ (5,634,100)	16,110,881	29,570,342	220,719	40,267,842
Noncash investing capital and financing activities:					
Transfer of foreclosed assets	$ —	436,646	11,502,823	—	11,939,469
The fair value of investments increased	3,637,396	176,225	9,334,664	—	13,148,285

See accompanying notes to financial statements.

(1) Authorizing Legislation

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

The bonds and notes outstanding as of June 30, 2016, 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, 2016, amounts outstanding against this limitation were approximately $1.8 billion.

(2) Summary of Significant Accounting Policies

The following summarizes the significant accounting policies of the Authority:

(a) Reporting Entity

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

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

(b) Fiscal dependency on the primary government.

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

The LLC was organized on September 25, 2012 as a member-managed limited liability company under the Illinois Limited Liability Company Act. The LLC was organized by, and is a component unit of, the Authority, a body politic and corporate of the State of Illinois. The sole member of the LLC is the Authority. To the extent provided by the Illinois Limited Liability Company Act, the Authority's liability is limited. The LLC maintains, improves and disposes of multi-family properties, acquired through foreclosure or deed-in-lieu of foreclosure, that are owned by single asset entity LLC's of which the LLC will be the sole member. Since the LLC qualifies as a disregarded entity-single member LLC, income from the LLC would pass through to the 100% owner, the Authority.

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

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

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

(b) Basis of Presentation

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

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

Fund Financial Statements – The fund financial statements provide information about the Authority's funds. Separate statements for each fund category, governmental and proprietary, are presented. The

(Continued)

emphasis on fund financial statements is on major and nonmajor governmental and proprietary (enterprise) funds, each displayed in a separate column.

The Authority reports the following major governmental funds:

Illinois Affordable Housing Trust Fund

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

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

HOME Program Fund

During fiscal year 2016, the Authority served as the designated program administrator for the federally funded HOME Investment Partnerships Program (HOME Program) for the State of Illinois until May 5, 2016. During that time, the State of Illinois was classified as the "Participating Jurisdiction" under the HOME Program and the federal pass-through HOME funds were appropriated for expenditure via the Illinois General Assembly to the Illinois Department of Revenue (DOR). The Authority is a nonappropriated body politic and corporate of the State of Illinois and DOR serves as its funding agent for programs requiring appropriation by the General Assembly. Effective May 6, 2016, the Authority was designated as the Participating Jurisdiction under the HOME Program. Once designated as the Participating Jurisdiction the Authority was authorized to receive HOME funds directly from the federal government thereby eliminating the need for DOR to serve as funding agent which in turn meant a state level appropriation of the federal pass-through funds was not needed. Participating jurisdictions may use HOME funds 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 nonluxury housing.

Rental Housing Support Program Fund

The Authority is designated administrator of the Rental Housing Support Program (the Support Program). The program is funded by a surcharge for the recording of any real estate-related document. The funds are appropriated to the Illinois Department of Revenue by the General Assembly. The

Authority awards funds to local administering agencies, which will contract with local landlords to make rental units affordable to households who earn less than 30% of the area median income.

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

Build Illinois Bond Program Fund

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

Hardest Hit Fund

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

The Authority reports the following major proprietary funds:

Administrative Fund

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

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

Mortgage Loan Program Fund

The Mortgage Loan Program Fund accounts for the financing of low and moderate income housing developments from the proceeds of Housing Bonds, Multifamily Initiative Bonds 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 in excess of such maximum amounts are absorbed by the Administrative Fund.

IHDA Dispositions LLC

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

(c) Basis of Accounting

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

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

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

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

(d) Fund Balances

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

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

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

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

Assigned – This consists of net amounts that are constrained by the Authority's intent to be used for specific purposes, but that are neither restricted nor committed.

Unassigned – This consists of residual deficit fund balances.

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

(e) Net Position

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

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

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

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

The use of assets of each of the proprietary fund program funds is restricted by the related bond and note resolutions of the Authority. Certain amounts in the above program funds are

(Continued)

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

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

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

A portion of the Authority's Administrative Fund unrestricted net position as of June 30, 2016 is designated as follows:

Downpayment Assistance Program	$	10,000,000
Multi-Family Bond Program		5,000,000
To pay possible losses arising in the Multi-Family Bond Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans		
Single Family Bond Program		5,000,000
To pay possible losses arising in the Single Family Bond Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans		
Homeownership Mortgage Loan Program		75,000,000
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 IHDA debt or sold in the secondary market		
Multi-Family Mortgage Loan Program		50,000,000
Provide funds to support the purchase of Multi-Family loans originated under the Mortgage Loan Program and/or the purchase/repurchase of Mortgage Participation Certificates originated under the Mortgage Participation Certificate Program		
To pay expenses for planned technology program enhancements		5,000,000
	$	150,000,000

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

(f) Use of Estimates

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

(g) Deferred Inflow/Outflow of Resources

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

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

(h) Risks and Uncertainties

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

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

(i) Cash and Cash Equivalents

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

(j) Investments

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

(Continued)

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

(k) Program Loans Receivable

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

(l) Capital Assets

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

The Authority records depreciation against Lakeshore Plaza (ML-181) on a straight-line basis over forty years. At June 30, 2016, the net carrying value of ML-181 was $24,394,308 which is net of accumulated depreciation of $20,269,584. Depreciation expense for fiscal year 2016 was $1,016,274. Although the Authority does not regularly own and operate properties as part of its normal business operations for the benefit of furthering their affordable housing mission it is within their scope to do so. Since its acquisition ML-181 has continued to be owned and operated by the Authority as part of its business operations and therefore is reported as a capital asset. The Authority will continue to evaluate the operation of ML-181 and its impact on operations accordingly.

Capital assets for governmental activities at June 30, 2016 totaling $199,657 are used in the Hardest Hit Fund. Depreciation and amortization for these items are recorded on a straight-line basis over three years and amounted to $72,800 during fiscal year 2016.

(m) IHDA Dispositions LLC Real Estate Held for Sale

At June 30, 2016, one multi-family property was reported by the LLC as follows:

Property name	Net carrying value	Total no. of units	Out-of-service units	Estimated annual real estate taxes	FY 2016 management fees
Renaissance Apartments	$ 340,000	8	—	$ —	—

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

(n) Real Estate Held for Sale

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

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

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

(p) Operations

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

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

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

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

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

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

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

(q) Compensated Absences

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

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

Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due within one year
$ 698,401	1,797,939	(1,762,427)	733,913	733,913

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

(r) Provision for Estimated Losses on Program Loans

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

(s) Income Taxes

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

(t) Recent Accounting Pronouncement

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The Authority implemented this new standard in its fiscal period ending June 30, 2016. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value focuses on market price from the perspective of a seller (exit price). The fair value of a financial asset is determined based on real or potential market transactions in the government's principal market, or in the absence of a principal market, a government's most advantageous market. The fair value of a nonfinancial asset takes into account the highest and best use of that asset, which normally is presumed its current use. A fair value measurement of a liability assumes that the liability would be transferred to a market participant and not settled with the counterparty (such as certain liabilities related to derivatives). Therefore the fair value would be the price that would have to be paid for a third party to assume the liability, not the price that would have to be paid to the counterparty to settle the obligation.

(3) Cash and Investments

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

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

program shall seek to augment returns above this threshold, consistent with risk limitations identified herein and prudent investment principles.

(a) Interest Rate Risk

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

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

As of June 30, 2016, the Authority had cash & cash equivalents totaling $392,330,843 which consists of cash of $143,571,518 and cash equivalents held in investments of $248,759,325 as noted below:

			Investment maturities (in days)			
Investment		**Carrying amount**	**Less than 7**	**Less than 30**	**Less than 60**	**Less than 90**
Sweep accounts-repurchase agreement	$	27,537,967	27,537,967	—	—	—
Sweep accounts-money market fund		221,221,358	221,221,358	—	—	—
	$	248,759,325	248,759,325	—	—	—

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

As of June 30, 2016, the Authority had the following investments:

		Investment maturities (in years)			
Investment	**Carrying amount**	**Less than 1**	**1–5**	**6–10**	**More than 10**
Demand repurchase agreements	$ 100,000	—	100,000	—	—
Federal Home Loan Bank Bonds	31,517,061	20,783,710	10,733,351	—	—
Federal Farm Credit Bank Bonds	21,081,090	13,577,475	7,503,615	—	—
Federal Home Loan Mortgage Corp.	70,214,025	42,634,951	27,579,074	—	—
Federal National Mortgage Assn. Benchmark Notes	1,800,976	—	—	—	1,800,976
Federal Home Loan Bank Discount Notes	69,603,740	66,476,448	3,127,292	—	—
Federal Home Loan Bank Government Agencies	3,492,658	3,492,658	—	—	—
Federal Home Loan Mortgage Corp. Discount Notes	55,671,795	53,998,283	—	—	1,673,512
Government National Mortgage Association	273,525,926	—	—	—	273,525,926
Federal National Mortgage Assn.	201,688,053	76,755,543	26,363,496	—	98,569,014
U.S. Treasury Strips	2,435,294	77,887	863,027	—	1,494,380
U.S. Treasury Bonds	6,694,653	—	6,694,653	—	—
U.S. Treasury Notes	12,482,500	12,482,500	—	—	—
	$ 750,307,771	290,279,455	82,964,508	—	377,063,808

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

(b) Credit Risk

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

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

(Continued)

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

The counterparties, carrying amount of the repurchase agreements, and ratings as of June 30, 2016 are listed below.

Counterparty	Rating S&P / Moody's		Carrying value
Morgan Guaranty Trust Company	NR/Aa3	$	100,000
Total investments		$	100,000
Bank of America	BBB+ (Stable)/Baa1 (Stable)	$	27,537,967
Total repurchase agreements		$	27,537,967

(c) Custodial Credit Risk

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

The Authority's cash carrying value balance totaled $143,571,518 at June 30, 2016, and the cash bank balance totaled $143,572,688, which was fully insured or collateralized. Additionally, the Authority's cash equivalents at June 30, 2016, consisted of sweep accounts, held in the Authority's name, with the funds in these accounts invested in money market funds that invest in U.S. Treasury securities, or were held in accounts that were either FDIC insured or collateralized with U.S. government obligations. A portion of the LLC's cash consisted of checking and money market accounts held in the names of property management agents, however, the LLC has the sole right to these account balances. The Authority's investments at June 30, 2016 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%

(Continued)

of total investments. Investments which comprise more than 5% of the Authority's investments as of June 30, 2016 are as follows:

Investment		Fair value
Federal National Mortgage Association	$	203,489,029
Federal Home Loan Mortgage Corporation		125,885,820
Federal Home Loan Bank		104,613,459

(e) Forward Commitments

The Authority sells forward commitments to deliver Ginnie Mae guaranteed mortgage-backed securities and Fannie Mae mortgage-backed securities. Commitments are sold as mortgage loan reservations are taken to hedge against market fluctuations prior to loan origination and securitization. The Authority is subject to market value fluctuations in the event that mortgage loans are not originated as expected and the committed securities cannot be delivered. A net decrease in fair value of $2,716,647 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, 2016. In addition, $1,953,112 of forward commitments is recorded on the statement of net position in accrued liabilities and other at June 30, 2016.

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, 2016.

Counterparty	Rating (1)	Number of Contracts		Par Amount
Bank of New York Mellon	AA-/A-1+ (Stable); Aa1/P-1(cr) (Stable)	18	$	48,255,117
Citigroup Global Markets	BBB+/A-2 (Stable); Baa1/WR (Stable)	17		71,786,751
Jefferies LLC	BBB-/BBB – (Stable); Baa3/Baa3 (Stable)	14		25,000,000
Mesirow Financial Inc.	Not Rated	2		5,500,000
Morgan Stanley	A+t/ (Stable); A1	24		55,335,010
Raymond James & Associates, Inc.	BBB (Pos); BAA2 (Pos)	6		22,991,098
Simmons First Investment Group	Not Rated	13		41,856,190
Wells Fargo Securities, LLC	AA-/A-1+ (Stable); Aa1/P-1(cr) (Stable)	20		44,939,545
Total forward commitments		114	$	315,663,711

(1) S&P;Moody's

(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). It also establishes a three-tier hierarchy of input quality as follows:

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

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

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

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles. 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; 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 in the methods and assumptions used at June 30, 2016. 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.

Funds held in sweep repurchase agreements and money market funds are valued at cost.

Investments and derivative instruments measured at fair value as of June 30, 2016 are as follows:

Investment	At June 30, 2016	Fair value measurements using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments:				
Demand repurchase agreements	$ 100,000	100,000	—	—
Federal Home Loan Bank Bonds	31,517,061	—	31,517,061	—
Federal Farm Credit Bank Bonds	21,081,090	—	21,081,090	—
Federal Home Loan Mortgage Corp.	70,214,025	—	70,214,025	—
Federal National Mortgage Assn. Benchmark Notes	1,800,976	—	1,800,976	—
Federal Home Loan Bank Discount Notes	69,603,740	—	69,603,740	—
Federal Home Loan Bank Government Agencies	3,492,658	—	3,492,658	—
Federal Home Loan Mortgage Corp. Discount Notes	55,671,795	—	55,671,795	—
Government National Mortgage Association	273,525,926	—	273,525,926	—
Federal National Mortgage Assn.	201,688,053	—	201,688,053	—
U.S. Treasury Strips	2,435,294	2,435,294	—	—
U.S. Treasury Bonds	6,694,653	6,694,653	—	—
U.S. Treasury Notes	12,482,500	12,482,500	—	—
	$ 750,307,771	21,712,447	728,595,324	—
Derivative Instruments:				
Interest rate swaps and caps	$ (1,275,374)	—	(1,275,374)	—
Forward Commitments	(1,953,112)	—	(1,953,112)	—
	$ (3,228,486)	—	(3,228,486)	—

(g) *Securities Lending Transactions*

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

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

During fiscal year 2016, Deutsche Bank Group lent U.S. Treasury and U.S. agency securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregated market value of the loaned securities. Loans are marked to market daily. If the market value of collateral falls below 100%, the borrower must provide additional collateral to raise the market value to 100%.

The Treasurer did not impose any restrictions on loan amounts of available and eligible securities during fiscal year 2016. In the event of borrower default, Deutsche Bank Group provides the Treasurer with counterparty default indemnification. In addition, Deutsche Bank Group is obligated to indemnify the Treasurer if Deutsche Bank Group loses any securities, collateral or investments of the Treasurer in Deutsche Bank Group's custody. Moreover, there were no losses during fiscal year 2016 resulting from a default of the borrowers or Deutsche Bank Group.

During fiscal year 2016, the Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank Group and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. The Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent. The securities lending collateral invested in repurchase agreements and the fair value of the securities on loan for the Treasurer as of June 30, 2016 were $2,603,015,000 and $2,587,869,617, respectively. The Authority recorded a share of the securities lending cash collateral and associated liability in the HOME Program Fund in the amount of $1,063,000 as of June 30, 2016.

(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, 2016 consisted of the following:

	Payable from						
				Proprietary Funds			
Receivable to	Home Program Fund	Hardest Hit Fund	Nonmajor Governmental Funds	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Total
Proprietary Funds:							
Administrative Fund	$ 101,907	722,524	30,657	—	2,484,150	455,571	3,794,809
Mortgage Loan Program Fund	—	—	—	9,829,740	—	—	9,829,740
Single Family Program Fund	—	—	—	357,664	—	—	357,664
	$ 101,907	722,524	30,657	10,187,404	2,484,150	455,571	13,982,213

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

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

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

Transfers

Transfers for the year ended June 30, 2016 consisted of the following:

		Transfers out			
Transfers in		**Illinois Affordable Housing Trust Fund**	**Build Illinois Bond Program Fund**	**Administrative Fund**	**Total**
Mortgage Loan Program Fund	$	5,200,000	—	—	5,200,000
Single Family Program Fund		—	19,878,000	5,699,662	25,577,662
	$	5,200,000	19,878,000	5,699,662	30,777,662

Pursuant to the Illinois Affordable Housing Act, amounts up to $10,000,000 in any fiscal year may be transferred, following an annual Authority certification to the Illinois Department of Revenue of the amounts required to be withdrawn, from the Illinois Affordable Housing Trust Fund to the Affordable Housing Program Trust Fund Bond Accounts. The amounts transferred during the year ended June 30, 2016 totaled $5,200,000.

The transfer of $19,878,000 from the Build Illinois Bond Program Fund to the Single Family Program Fund was made to Homeowner Mortgage Revenue Bonds in support of loan origination activities of the Authority.

Transfers of $5,699,662 from the Administrative Fund to the Single Family Program Fund consisted of $4,899,688 to transfer securities and $799,974 to fund costs related to the issuance of Revenue Bonds.

(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, 2016:

	Net program loans receivable June 30, 2015	Loan disbursements	Loan repayments	Change in loan loss provision	Net program loans receivable June 30, 2016
			(Dollars in thousands)		
Governmental Funds:					
Illinois Affordable Housing Trust Fund	$ 313,406	8,763	(7,987)	(1,834)	312,348
HOME Program Fund	241,266	11,643	(2,694)	(464)	249,751
Build Illinois Bond Program Fund	1,204	4,224	(2,173)	454	3,709
Hardest Hit Fund	23,746	—	(10,868)	(2,194)	10,684
Nonmajor governmental funds	77,831	1,050	(147)	(126)	78,608
Total Governmental Funds	$ 657,453	25,680	(23,869)	(4,164)	655,100
Proprietary Funds:					
Administrative Fund	$ 76,143	26,769	(28,818)	(408)	73,686
Mortgage Loan Program Funds:					
Housing Bonds	359,661	29,204	(27,686)	(646)	360,533
Multifamily Initiative Bonds	51,593	—	(2,616)	64	49,041
Affordable Housing Program Trust Fund Bonds	20,727	115	(3,819)	(207)	16,816
Total Mortgage Loan Program Fund	431,981	29,319	(34,121)	(789)	426,390
Single Family Program Fund	280,679	11,270	(45,884)	5,235	251,300
Total Proprietary Funds	$ 788,803	67,358	(108,823)	4,038	751,376

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

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

At June 30, 2016, for loans financed under the Mortgage Loan Program Fund, there were no amounts in arrears equal to more than two months debt service payments or required deposits to tax and insurance and/or replacement reserves.

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

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

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

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

As of June 30, 2016, no mortgage loans in the Mortgage Loan Program Fund were on nonaccrual status. In addition, the Authority does not accrue interest income on approximately $6.1 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 $120,000.

The Authority, through its Housing Partnership Program, provides loans to not-for-profit organizations, community groups and cities to finance the rehabilitation of existing housing and for the construction of new housing for low and moderate income persons and families. The program's activities are recorded in the Administrative Fund. At June 30, 2016, there is one loan receivable under this program in the amount of $114,539.

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

The Authority, as of June 30, 2016, has outstanding forty-three Risk Sharing Loans totaling $204,688,319 and elected that HUD assume 10% to 90% of the loss with respect to those loans. Ten of these loans totaling $55,531,992 were financed through the issuance of the Authority's Housing Bonds, nine loans totaling $49,189,839 were financed through the issuance of the Authority's Multi-Family Initiative Bonds and three loans totaling $12,979,014 were financed by the Administrative Fund. The remaining twenty-one loans totaling $86,987,474 are not included in the Authority's financial statements as the Authority sold 100% participation interests in the loans to outside parties.

At June 30, 2016 for loans financed under the risk sharing program where the Authority sold 100% participation interests in the loans to outside parties, there were no amounts in arrears equal to more than two months debt service payments or required deposits to tax and insurance and/or replacement reserves.

As of June 30, 2016, for mortgage loans insured with Ambac Assurance Corporation (Ambac Loans) on Multi-Family housing developments under the Authority's Mortgage Participation Certificate Program, the Authority has outstanding four Ambac Loans totaling $14,123,624 These loans are not included in the Authority's financial statements as the Authority sold 100% participation interests in the loans to outside parties. Ambac has guaranteed repayment of principal and interest due on a timely or accelerated basis in accordance with the agreement between the Authority and Ambac. The agreement allows (or provides) the Authority to share its risk with Ambac on the aggregate loan portfolio after the satisfaction of certain requirements and thresholds.

At June 30, 2016, for loans financed under the Mortgage Participation Certificate Program where the Authority sold 100% participation interests in the loans to outside parties, one loan was in arrears in amounts equal to more than two months debt service payments and required deposits to tax and insurance and/or replacement reserves, totaling $3,277 and $90,424, respectively.

With respect to the mortgage loans funded by the Homeowner Mortgage Revenue Bonds, a substantial majority of all delinquent mortgage loans receivable at June 30, 2016, were covered by pool insurance which provides for loss claim reimbursement up to an aggregate limit equal to 3.5% of the aggregate original principal amount of mortgage loans so covered. With respect to these pool insurance policies, some have reached the maximum reimbursements allowable for loss claims and as a result may not fully cover any losses experienced, and therefore the Authority establishes a provision for estimated losses related to such conditions.

Loans made through the Illinois Affordable Housing Trust Fund, governmental fund, are to acquire, construct, rehabilitate, develop, operate, insure, and retain affordable single family and Multi-Family housing for low and very low-income households. Interest rates on these loans are set at below market rates and have ranged from 0% to 5.75%, with most rates set at 2% or below. Loans have maturities of up to 40 years, with some loans carrying deferred payment terms. The approximate aging of the Illinois Affordable Housing Trust Fund gross receivables balances as of June 30, 2016 are as follows:

	Principal due by June 30				
Interest rate%	**2017**	**2018 - 2022**	**2023 - 2032**	**After 2032**	**Total**
			(Dollars in thousands)		
0 – 0.99	$ 3,645	13,730	49,578	104,189	171,142
1 – 1.99	3,084	15,546	61,526	62,184	142,340
2 – 3.99	344	2,850	5,785	6,765	15,744
4 – 5.75	57	573	1,142	786	2,558
	$ 7,130	32,699	118,031	173,924	331,784

Loans are made through the HOME Program Fund, governmental fund, in order to provide decent and affordable housing, particularly housing for low and very low income Americans. Interest rates on these loans are set at below market rates and have ranged from 0% to 6.5%, with most rates set at 2% or below. The approximate aging of the gross receivables balances of the HOME program as of June 30, 2016 are as follows:

	Principal due by June 30				
Interest rate%	**2017**	**2018- 2022**	**2023- 2032**	**After 2032**	**Total**
			(Dollars in thousands)		
0 – 0.99	$ 211	2,697	36,362	42,111	81,381
1 – 1.99	3,570	16,943	79,147	63,280	162,940
2 – 3.99	229	2,175	5,152	4,134	11,690
4 – 6.50	49	509	2,267	1,102	3,927
	$ 4,059	22,324	122,928	110,627	259,938

The Authority has reviewed each program loan receivable, including those for developments in the construction or rent-up phases, for the purpose of determining ultimate collectability. The Authority believes that the allowances for estimated losses at June 30, 2016 in the accompanying financial statements are adequate to cover estimated losses of the various funds. The following summarizes the changes in the allowance for estimated losses on program loans receivable during the year ended June 30, 2016:

		Allowance for estimated losses June 30, 2015	**Provision for estimated losses**	**Write-offs of uncollectible losses, net of recoveries**	**Allowance for estimated losses June 30, 2016**
		(Dollars in thousands)			
Governmental Funds:					
Illinois Affordable Housing Trust Fund	$	17,601	3,139	(1,305)	19,435
HOME Program Fund		9,723	464	—	10,187
Build Illinois Bond Program Fund		1,204	538	(991)	751
Hardest Hit Fund		1,367	2,194	—	3,561
Nonmajor Governmental Funds		1,404	125	—	1,529
Total governmental funds	$	31,299	6,460	(2,296)	35,463
Proprietary Funds:					
Administrative Fund	$	1,047	408	—	1,455
Mortgage Loan Program Fund		6,443	789	—	7,232
Single Family Program Fund		9,248	(5,235)	—	4,013
Total proprietary funds	$	16,738	(4,038)	—	12,700

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

State statute requires that all uncollected receivables due that exceed $1,000 be submitted to the Illinois Attorney General to be certified as uncollectible before the Authority can delete such receivables from its records. As of June 30, 2016, the Authority has requested four certifications totaling $732,043 for loans within the Illinois Affordable Housing Trust Fund and four certifications totaling $359,416 for loans within the Build Illinois Bond Program Fund. Additional certification requests are anticipated to be filed as loss amounts are determined following the conclusion of foreclosure or other loss mitigation activities. The Authority has established provisions for estimated losses against such loans requested and to be requested for such certifications in amounts equal to the outstanding principal balances of the loans.

Scheduled receipts of principal on proprietary fund program loans gross receivable balance in the five years subsequent to June 30, 2016 and thereafter are as follows (dollars in thousands):

2017	$	79,956
2018		52,296
2019		29,944
2020		28,438
2021		29,543
After 2021		543,899
	$	764,076

Amounts recorded as due from the Federal National Mortgage Association (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.

(6) Real Estate Held for Sale

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

		Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	IHDA Dispositions LLC	Total
Balance at June 30, 2015	$	24,109	43,798	4,294,587	540,000	4,902,494
Transfers of loans		—	436,646	11,502,823	—	11,939,469
Proceeds received		(33,438)	(519,727)	(16,943,241)	(200,000)	(17,696,406)
Change in loan loss provision		9,329	185,226	2,387,812	—	2,582,367
Balance at June 30, 2016	$	—	145,943	1,241,981	340,000	1,727,924

(7) Capital Assets

Capital asset activity for the year ended June 30, 2016 for governmental activities was as follows:

		Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets being depreciated					
Furniture and equipment	$	253,342	—	(53,685)	199,657
Total capital assets being depreciated		253,342	—	(53,685)	199,657
Accumulated depreciation					
Furniture and equipment		129,884	72,800	(53,685)	148,999
Total accumulated depreciation		129,884	72,800	(53,685)	148,999
Capital assets, net of depreciation	$	123,458	(72,800)	—	50,658

Capital asset activity for the year ended June 30, 2016 for business-type activities was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets being depreciated				
Administrative Fund				
Furniture and equipment	$ 3,435,333	201,707	(144,461)	3,492,579
Mortgage Loan Program Fund				
Real estate	43,462,470	1,201,422	—	44,663,892
Total capital assets being depreciated	46,897,803	1,403,129	(144,461)	48,156,471
Total capital assets	46,897,803	1,403,129	(144,461)	48,156,471
Accumulated depreciation				
Administrative Fund				
Furniture and equipment	2,332,472	378,914	(144,461)	2,566,925
Mortgage Loan Program Fund				
Real estate	19,253,310	1,016,274	—	20,269,584
Total accumulated depreciation	21,585,782	1,395,188	(144,461)	22,836,509
Capital assets, net of depreciation	$ 25,312,021	7,941	—	25,319,962

(Continued)

(8) Bonds and Notes Payable

The following summarizes the debt activity for the Authority's proprietary funds for the year ended June 30. 2016:

	June 30, 2015	Additions	Deductions	June 30, 2016	Amount due within one year
Administrative Fund					
Direct Bank Loans	$ 24,116,400	47,940,000	(45,706,400)	26,350,000	—
Federal Home Loan Bank Advances	9,963,405	36,440,041	(20,446,692)	25,956,754	15,654,266
Total Administrative Fund	34,079,805	84,380,041	(66,153,092)	52,306,754	15,654,266
Mortgage Loan Program Fund:					
Housing Bonds	369,410,000	—	(30,420,000)	338,990,000	12,200,000
Discount on Housing Bonds	(100,236)	—	213	(100,023)	—
Multi-Family Initiative Bonds	150,320,000	—	(4,060,000)	146,260,000	2,500,000
Affordable Housing Program Trust Fund Bonds	18,135,000	—	(3,365,000)	14,770,000	1,420,000
Total Mortgage Loan Program Fund	537,764,764	—	(37,844,787)	499,919,977	16,120,000
Single Family Program Fund:					
Homeowner Mortgage Revenue Bonds	336,125,000	88,695,000	(124,290,000)	300,530,000	11,200,000
Premium on Homeowner Mortgage Revenue Bonds	1,684,457	910,538	(380,267)	2,214,728	—
Housing Revenue Bonds	174,502,173	—	(21,610,430)	152,891,743	3,372,761
Premium on Housing Revenue Bonds	625,666	—	(117,830)	507,836	—
Discount on Housing Revenue Bonds	(909,225)	—	19,725	(889,500)	—
Residential Mortgage Revenue Bonds	108,926	777	(5,000)	104,703	5,000
Revenue Bonds	—	70,115,000	—	70,115,000	1,620,000
Premium on Revenue Bonds	—	2,654,417	(14,878)	2,639,539	—
Total Single Family Program Fund	512,136,997	162,375,732	(146,398,680)	528,114,049	16,197,761
Total Proprietary Funds	$ 1,083,981,566	246,755,773	(250,396,559)	1,080,340,780	47,972,027

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

The Authority has pledged future mortgage loan revenues, net of specified operating expenses, to repay outstanding $684.6 million (principal) in S.L.O. Bonds as noted in the following schedules for the Mortgage Loan Program Fund and Single Family Program Fund. The total principal and interest remaining to be paid on the S.L.O. Bonds is $1,009.7 million. For bonds payable from pledged property, interest paid for the current year was $20.2 million, and total related mortgage loan principal and interest received were $52.3 million and $17.4 million, respectively.

Bonds and notes outstanding at June 30, 2016 are as follows. The June 30, 2015 amounts are shown for comparative purposes only.

(a) Mortgage Loan Program Fund

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

	Maturity dates	Interest rate range%	Debt class	Amount June 30 2016	Amount June 30 2015
Housing Bonds:					
2005 Series C	2016–2042	4.80-5.00%	G.O.	$ 9,450,000	9,620,000
2005 Series D	2016–2047	4.88	G.O.	6,055,000	6,125,000
2006 Series A	2016–2038	4.90-5.05	G.O.	7,055,000	7,215,000
2006 Series B	2016–2046	4.75-5.00	G.O.	12,190,000	12,400,000
2006 Series E	2016–2042	4.50-4.95	G.O.	7,270,000	7,390,000
2006 Series F	2016–2047	4.50-5.00	G.O.	3,190,000	3,295,000
2006 Series G	2016–2037	4.55-4.85	G.O.	17,790,000	19,745,000
2006 Series H (Taxable)	2016	5.46	G.O.	235,000	7,055,000
2006 Series I	2016–2048	4.70-4.85	G.O.	6,775,000	6,845,000
2006 Series J	2016–2048	4.50-5.00	G.O.	3,245,000	3,280,000

	Maturity dates	Interest rate range%	Debt class		Amount June 30 2016	2015
2006 Series K	2016–2023	4.35-4.60	G.O.	$	1,365,000	1,645,000
2006 Series M	2016–2047	4.00-4.50	G.O.		11,440,000	11,585,000
2007 Series A	2016–2048	4.50-5.55	G.O.		3,620,000	3,660,000
2007 Series C	2016–2044	4.38-5.38	G.O.		8,965,000	9,080,000
2007 Series D	2016–2038	4.13-4.95	G.O.		13,395,000	19,115,000
2007 Series E (Taxable)	2016–2017	5.66	G.O.		685,000	6,385,000
2007 Series F	2016–2044	4.70-5.35	G.O.		6,210,000	6,305,000
2007 Series G	2016–2044	4.70-5.35	G.O.		5,175,000	5,250,000
2008 Series A (1)	2027	variable	G.O.		11,650,000	12,010,000
2008 Series B (1)	2016–2027	variable	G.O.		27,585,000	29,085,000
2008 Series C (1)	2041	variable	G.O.		4,910,000	5,005,000
2013 Series B (Taxable)	2016–2047	1.24-4.79	G.O.		93,015,000	96,900,000
2013 Series C	2016–2048	1.75-4.60	G.O.		5,550,000	5,640,000
2013 Series D	2016–2034	1.10-4.95	G.O.		8,105,000	8,235,000
2015 Series A-1	201–2036	0.80-3.85	G.O.		29,605,000	30,665,000
2015 Series A-2 (Taxable)	2016-2029	1.40-4.07	G.O.		11,880,000	13,295,000
2015 Series A-3 (Taxable) (1)	2045	variable	G.O.		22,580,000	22,580,000
					338,990,000	369,410,000
Less unamortized discount thereon					(100,023)	(100,236)
Total Housing Bonds				$	338,889,977	369,309,764

(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 0.42% to 0.56% at June 30, 2016. Pursuant to the liquidity agreements, the bonds are subject for purchase by liquidity providers in the event of a tender by bondholders (Bank Bonds). Subject to other provisions within the liquidity agreements, the Bank Bonds will bear interest at a rate specified within the agreements and continue to be subject for remarketing by remarketing agents. In the event the remarketing agents are unable to remarket the Bank Bonds over a certain period of time, the Bank Bonds are subject to a put whereby the Authority is required to purchase and redeem the Bank Bonds over a period stated within the agreements. The Authority has a take-out agreement with the liquidity providers to convert the bonds to an installment loan payable over a three-to-five year period. The interest rate that is to be paid during the put periods is LIBOR plus 150 basis points. The current liquidity agreements for 2008 Series A, B, and C and 2015 Series A-3 expire on April 24, 2019 and January 21, 2020, respectively.

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

	Maturity dates	Interest rate range%	Debt class	Amount June 30 2016	Amount June 30 2015
Multifamily Initiative Bonds:					
Series 2009 B	2016–2051	3.50%	S.L.O.	$ 13,570,000	13,870,000
Series 2009 C	2016–2051	3.01	S.L.O.	19,200,000	21,160,000
Series 2009 D	2016–2041	3.48	S.L.O.	56,950,000	57,690,000
Series 2009 E	2016–2042	2.32	S.L.O.	4,490,000	4,700,000
Series 2009 F	2016–2041	2.32	S.L.O.	5,440,000	5,520,000
Series 2009 G	2016–2041	2.32	S.L.O.	8,150,000	8,280,000
Series 2009 H	2016–2041	2.32	S.L.O.	10,730,000	10,890,000
Series 2009 I	2016–2051	2.32	S.L.O.	9,460,000	9,570,000
Series 2009 J	2016–2043	3.84	S.L.O.	18,270,000	18,640,000
Total Multifamily Initiative Bonds				146,260,000	150,320,000
Affordable Housing Program:					
Trust Fund Bonds:					
Series 2005 A (Taxable)	2016–2027	6.25-6.35	S.L.O.	14,770,000	18,135,000
Total Mortgage Loan Program Fund				$ 499,919,977	537,764,764

(b) Single Family Program Fund

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

	Maturity dates	Interest rate range %	Debt class	Amount June 30 2016	Amount June 30 2015
Homeowner Mortgage Revenue Bonds:					
1998 Series A (Taxable)	2015	6.45-6.52 %	S.L.O.	$ —	175,000
2001 Series F (Taxable) (1)	2016–2020	variable	S.L.O.	8,500,000	10,000,000
2002 Series B (Taxable) (2)	2016–2023	variable	S.L.O.	1,170,000	1,340,000
2004 Series C-3 (3)	2025–2034	variable	S.L.O.	14,585,000	15,590,000
2006 Series A	2016–2036	4.10-5.00	S.L.O.	—	29,505,000
2006 Series C	2016–2037	4.35-5.15	S.L.O.	—	63,025,000
2007 Series A	2016–2037	4.05-4.90	S.L.O.	40,210,000	43,335,000
2007 Series D	2016–2038	4.70-5.30	S.L.O.	18,955,000	27,600,000
2007 Series H (remarketed 1/30/08)	2016–2039	3.63-5.20	S.L.O.	27,710,000	32,720,000
2008 Series A	2016–2038	3.63-5.20	S.L.O.	2,140,000	2,970,000
2011 Series A	2016–2018	3750-4.55	S.L.O.	2,275,000	3,300,000
2011 Series B	2016–2028	3.75-5.00	S.L.O.	3,345,000	4,100,000
2014 Series A	2016--2035	2.75-4.00	S.L.O.	48,835,000	54,385,000
2014 Series A-3 (Taxable)	2016--2017	0.87-1.23	S.L.O.	2,085,000	3,415,000
2014 Series A-4 (Taxable) (3)	2034	variable	S.L.O.	10,675,000	10,675,000
2014 Series A-5 (Taxable) (3)	2035	variable	S.L.O.	20,000,000	20,000,000
2014 Series B	2016--2039	0.70-4.35	S.L.O.	11,350,000	13,990,000
2016 Series A	2016--2034	1.11-4.18	S.L.O.	88,695,000	—
				300,530,000	336,125,000
Plus unamortized premium thereon				2,214,728	1,684,457
Total Homeowner Mortgage Revenue Bonds				$ 302,744,728	337,809,457

(1) In accordance with the indenture, interest rates on the bonds are determined and paid monthly based upon an index of one month LIBOR rate plus 0.40% for 2001 Series F. The variable rates paid on the subject bonds was 0.587% at June 30, 2016. The Authority has entered into pay-fixed, receive variable, interest rate swap agreements in connection with these bonds, the objective of which is to establish a maximum debt service which may be paid over the life of the underlying bonds.

(2) In accordance with the indenture, interest rates on the bonds are determined and paid semi-annually based upon an index of one month LIBOR rate plus 0.415%. The variable rates paid on the subject bonds was 0.872% at June 30, 2016.

(3) In accordance with the indenture, interest rates on the bonds are determined weekly and are paid monthly at a rate established by the remarketing agents on each rate determination date. The variable rates paid on the subject bonds ranged from 0.45% to 0.47% at June 30, 2016. Pursuant to the liquidity agreements, the bonds are subject for purchase by liquidity providers in the event of a tender by bondholders (Bank Bonds). Subject to other provisions within the liquidity agreements, the Bank Bonds will bear interest at a rate specified within the agreements and continue to be subject for remarketing by remarketing agents. In the event the remarketing agents are unable to remarket the Bank Bonds over a certain period of time, the Bank Bonds are subject to a put whereby the Authority is required to purchase and redeem the Bank Bonds over a period stated within the agreements. The Authority has a take-out agreement with the liquidity providers to convert the bonds to an installment loan payable over a three-to-five year period. The interest rate that is to be paid during the put periods is LIBOR plus 50 basis points for 2004 Series C-3 and LIBOR plus 150 basis points for 2014 Series A-4 and 2014 Series A-5. The liquidity agreements for 2004 Series C-3, 2014 Series A-4 and 2014 Series A-5 will expire on July 13, 2020, March 15, 2019 and March 10, 2019, respectively.

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

	Maturity dates	Interest rate range %	Debt class	Amount June 30 2016	Amount June 30 2015
Housing Revenue Bonds:					
Series 2011-1A	2016–2041	3.285%	S.L.O.	$ 9,998,820	11,498,173
Series 2011-1B	2016–2041	3.285	S.L.O.	20,843,210	25,093,357
Series 2011-1C	2016–2041	3.285	S.L.O.	7,500,000	7,500,000
Series 2012A (Taxable)	2016–2042	2.625	S.L.O.	27,071,691	31,050,598
Series 2013A	2016–2043	2.450	S.L.O.	57,352,321	65,032,057
Series 2013B (Taxable)	2016–2043	2.750	S.L.O.	16,236,617	18,853,282
Series 2013C	2016–2043	3.875	S.L.O.	13,889,084	15,474,706
				152,891,743	174,502,173
Plus unamortized premium thereon				507,836	625,666
Less unamortized discount thereon				(889,500)	(909,225)
Total Housing Revenue Bonds				$ 152,510,079	174,218,614

	Maturity dates	Interest rate range %	Debt class		Amount June 30 2016	Amount June 30 2015
Residential Mortgage Revenue Bonds:						
1984 Series B	2016	11.257%	G.O.	$	—	4,690
1985 Series A	2017	10.75	G.O.		4,703	4,236
1987 Series D	2017	8.65	G.O.		100,000	100,000
Total Residential Mortgage Revenue Bonds				$	104,703	108,926

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

Series	Redemption basis and period	Original issue amount (1)	Accreted Value June 30 2016	Accreted Value June 30 2015	Aggregate value to be redeemed
1984 Series B	Maturity 2/1/16	166	—	4,690	5,000
1985 Series A	Maturity 2/1/17	190	4,703	4,236	5,000

(1) Amounts reflect original issue amounts of capital appreciation bonds outstanding as of June 30, 2016.

	Maturity dates	Interest rate range %	Debt class		2016	2015
Revenue Bonds:						
2016 Series A	2016–2038	0.50-4.00	S.L.O.		70,115,000	—
Plus unamortized premium thereon					2,639,539	—
Total Revenue Bonds				$	72,754,539	—
Total Single Family Program Fund				$	528,114,049	512,136,997

(c) Administrative Fund

Outstanding debt of the Administrative Fund is as follows:

	Maturity date	Interest rate (1)	Debt class	Amount June 30 2016	Amount June 30 2015
Direct bank loans:					
	2017	1.05%	Loan	$ —	24,116,400
	2018	0.20	Loan	9,180,000	—
	2018	0.20	Loan	17,170,000	—
Federal Home Loan Bank Advances:					
	2017	0.38	Loan	15,500,000	—
	2018	1.05	Loan	350,000	—
	2018	0.96	Loan	290,041	—
	2027	2.70	Loan	9,816,713	9,963,405
				$ 52,306,754	34,079,805

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

(d) Current Refundings of Debt

On January 27, 2016, the Authority issued its Homeowner Mortgage Revenue Bonds, 2016 Series A. The proceeds of these bonds were used to redeem the Authority's outstanding Homeowner Mortgage Revenue Bonds, 2006 Series A and 2006 Series C (the Refunded Bonds). On February 3, 2016, $88,695,000 of the Series 2016 A bonds proceeds redeemed the Refunded Bonds.

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

New Issues	Debt Service Reductions Millions	Debt Service Reductions Years	Present Value Millions
Homeowner Mortgage Revenue Bonds, 2016 Series A	$ 13.0	21	$ 7.2

(e) Defeased Debt

The Authority has defeased debt by placing the proceeds of new bonds and other amounts in an irrevocable trust to provide for all future debt service payments of the old bonds. At June 30, 2016, the following outstanding bonds are considered defeased.

Issue		Amount
Insured Mortgage Housing Development Bonds, 1976 Series A	$	520,000
Multi-Family Housing Bonds, 1981 Series A		22,040,000
	$	22,560,000

(f) Other Financings

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

As of June 30, 2016, there were fifty-nine series of such bonds or notes outstanding, with an aggregate principal amount payable of $703,340,375.

(g) Assets Restricted for Capital and Debt Service Reserves

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

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

The amounts of such reserves, for measurement purposes against the various bond resolution reserve requirements, are valued at book value or par, or, if purchased at less than par, at their cost to the Authority. At June 30, 2016, these reserve amounts, which were not less than the amounts required, are as follows:

Housing Bonds	$	18,408,995
Multi-Family Initiative Bonds		1,665,938
Homeowner Mortgage Revenue Bonds		9,516,467
	$	29,591,400

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

Issue		Valuation
Affordable Housing Program Trust Fund Bonds, Series 2005A	$	1,193,519

(h) Debt Service Requirements

Debt service requirements (dollars in millions) through 2021 and in five-year increments thereafter to maturity for the Authority's proprietary funds are as follows:

		Administrative Fund		Mortgage Loan Program Fund		Single Family Program Fund		Total	
		Principal	Interest	Principal	Interest	Principal*	Interest	Principal*	Interest
Year ending June 30:									
2017	$	15.7	0.7	16.1	17.2	16.2	15.5	48.0	33.4
2018		0.8	0.7	16.3	16.8	19.0	16.1	36.1	33.6
2019		26.5	0.4	16.3	16.4	17.5	15.7	60.3	32.5
2020		0.2	0.3	16.6	15.9	18.0	15.2	34.8	31.4
2021		0.2	0.2	17.0	15.3	17.4	14.7	34.6	30.2
Five years ending June 30:								—	—
2022-2026		1.0	1.2	79.0	69.0	94.1	66.0	174.1	136.2
2027-2031		7.9	0.3	87.5	54.9	110.5	49.4	205.9	104.6
2032-2036		—	—	87.2	38.3	129.3	30.1	216.5	68.4
2037-2041		—	—	62.7	22.4	76.4	11.7	139.1	34.1
2042-2046		—	—	90.6	7.0	25.2	2.1	115.8	9.1
2047-2051		—	—	10.5	0.6	—	—	10.5	0.6
2052-2056		—	—	0.2	0.1	—	—	0.2	0.1
	$	52.3	3.8	500.0	273.9	523.6	236.5	1,075.9	514.2

* Includes capital appreciation bonds at their final redemption values.

(i) Derivative Instruments

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

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

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

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

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

As of June 30, 2016, the Authority has one active swap contract and two active interest rate caps. Details are shown in the following tables.

	Changes in fair value		Fair value at June 30, 2016		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Business-type activities:					
Cash flow hedges:					
Pay-fixed/receive variable, interest rate swap:					
Series 2001 F	Deferred outflow	$ 386,332	*	$ (1,276,715)	$ 9,000,000
Rate caps	Deferred inflow	(7,807)	**	1,341	18,000,000

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

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

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

Associated bond issue	**Notional amounts**	**Effective date**	**Fixed rate paid (3)**	**Variable rate received**	**Fair values (1)**	**Termination date**	**Counter-party credit rating (2)**
Single Family Program Fund:							
Active Swap contract:							
HMRB*:							
Series 2001 F	$ 9,000,000	01/2002	6.615	%1 mo LIBOR+40bp	$ (1,276,715)	08/2020	NR/Baa1
Mortgage Loan Program Fund:							
Active Interest Rate Caps:							
HB**:							
Series 2008 A	$ 13,090,000	01/2013	5.75	NIA	$ —	12/2017	AA-/Aa2
Series 2008 C	4,910,000	06/2006	4.75	NIA	1,341	06/2021	A/A2
	$ 18,000,000				$ 1,341		

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

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

The terms, fair values, and credit ratings of the outstanding agreements as of June 30, 2016 are shown in the above table. The notional amount of the swap and caps match the principal amount of the associated debt except in the case of Series 2008 A where scheduled amortization of the bonds have reduced the outstanding bond amount leaving the notional amount of the interest rate cap at its original value.

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

Because interest rates have declined since the implementation of the swap agreement, it had negative fair value as of June 30, 2016. 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, 2016, the Authority was not exposed to credit risk for the swap that had negative fair value. As interest rates change and the fair value becomes positive, the Authority is exposed to credit risk in the amount of the swap's or cap's fair value. The Authority is exposed to credit risk on the caps with positive fair value (2008 C). The aggregate fair value of hedging derivative instruments with positive fair value at June 30, 2016 was $1,341. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. Fair value is a factor only upon termination.

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

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

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

As of June 30, 2016, debt service requirements of the Authority's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows:

	Variable-rate bonds		Interest rate	
	Principal	Interest	swap, net	Total
Year ending June 30:				
2017	$ 1,965,000	155,144	991,573	3,111,717
2018	2,465,000	137,794	374,270	2,977,064
2019	2,470,000	118,288	259,110	2,847,398
2020	2,480,000	98,754	143,950	2,722,704
2021	1,480,000	79,178	28,790	1,587,968
	10,860,000	589,158	1,797,693	13,246,851
Five years ending June 30:				
2026	2,505,000	336,945	—	2,841,945
2031	8,945,000	130,683	—	9,075,683
2036	1,130,000	63,392	—	1,193,392
2041	1,430,000	28,140	—	1,458,140
2046	190,000	532	—	190,532
	14,200,000	559,692	—	14,759,692
Total	$ 25,060,000	1,148,850	1,797,693	28,006,543

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

(9) Deposits Held In Escrow

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

(10) Operating Leases

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

The lease for the 401 facility extends through November 6, 2016. The office lease provides for annual base rent of approximately $1,001,000 for fiscal year 2016, plus approximately $990,000 for the Authority's 7.16% share of ownership taxes and operating expenses, which also are subject to adjustment, based on the actual costs incurred by the lessor. Under this lease, total rent expense for fiscal year 2016 was $1,708,542.

The 122 facility is leased on a monthly basis under a space utilization agreement with another Illinois agency. Total rent expense under this agreement for fiscal year 2016 was $369,333.

The future minimum lease commitments of the two operating leases subsequent to June 30, 2016 are as follows:

Year		401 Faciltiy	122 Facility
2017	$	438,984	123,988

(11) Other Liabilities

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

Excess earnings must be rebated annually, or every five years, depending on the date and type of bond issue. Included in other liabilities at June 30, 2016, is an estimated rebate liability of $446,124.

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

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

The Authority carries commercial insurance for directors and officers liability, general liability, employee health, workers' compensation, 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.

(12) Retirement Plan

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

(Continued)

The Authority's total payroll in fiscal year 2016 was $16,839,591. The Authority's contributions were calculated using the base salary amount of $16,660,800. The Authority contributed $999,648 or 6.0% of the base salary amount, in fiscal year 2016. Employee contributions amounted to $1,124,100, in fiscal year 2016, or approximately 6.7% of the base salary amount.

(13) Commitments

At June 30, 2016, the Authority had authorized loans and grants totaling $20,475,000 for the Illinois Affordable Housing Trust Fund.

Under the HOME Program, $494.2 million and $16.7 million for federal fiscal years 1992 through 2015 and 2016, respectively, have been allocated to the State by HUD, to be administered by the Authority, under the HOME Program provisions of the 1990 National Affordable Housing Act. In fiscal year 1994, the Authority was allocated $10.2 million of additional HOME funds to be used for flood disaster relief. At June 30, 2016, the Authority had authorized loans and grants totaling $21,472,005 for the HOME Program.

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

These redemptions were accomplished through the issuance of the Authority's Multi-Family Housing Bonds, 1991 Series A and B, 1992 Series A and B, and 1993 Series A and B. In November of 2006, the Authority entered into a new agreement (the FAF Refunding Agreement) with HUD at the time of delivery of the Authority's Housing Bonds, 2006 Series G to refund the Multi-Family Housing Bonds, 1991 Series A, 1992 Series A, and 1993 Series A. Pursuant to federal legislation and a written agreement with the Authority, HUD has agreed to share a portion of such savings (the FAF Savings Program) with the Authority in order to create and maintain affordable housing opportunities for individuals of "very low income" (as such term is defined in the 1937 Housing Act) in the State. These savings, which are to be used solely for the purpose stated above, became available beginning in fiscal year 1992 for the 1991 Series A and B Bonds, in fiscal year 1993 for the 1992 Series A and B Bonds, in fiscal year 1994 for the 1993 Series A and B Bonds, and in fiscal year 2008 for the 2006 Series E, and are recorded as other income of the Administrative Fund. At June 30, 2016, loans receivable under this program were approximately $29.9 million.

On or shortly before November 6, 2016, the Authority will relocate its offices to the 10th and 11th floors of 111 E. Wacker Drive in Chicago, Illinois pursuant to the terms of a lease dated April 6, 2016.

(14) Subsequent Events

On July 15, 2016, the Authority authorized the issuance of its Multifamily Revenue Bonds, 2016 Series A and 2016 Series B. On September 15, 2016, the Authority issued its Multifamily Revenue Bonds, 2016 Series A, in the aggregate principal amount of $24,715,534. Proceeds of the bonds were used to refund a portion of the Authority's outstanding Housing Bonds. The bonds are special limited obligations and not general obligations of the Authority.

On September 22, 2016, the Authority issued its Homeowner Mortgage Revenue Bonds, 2016 Series B and C, in the aggregate principal amount of $144,130,000. Proceeds of the bonds will be used to refund a portion of the Authority's outstanding Homeowner Mortgage Revenue Bonds, purchase mortgage-backed securities and finance second lien down payment assistance loans. The bonds are special limited obligations and not general obligations of the Authority.

On November 18, 2016, the Members of the Authority resolved to transfer cash and short-term securities maturing on or prior to March 1, 2017 into the pledged accounts of the Affordable Housing Program Trust Fund Refunding Bonds, Series 2005A (the Bonds), in an amount such that the total amount of cash and short-term securities equals no less than the sum of (a) the total amount of Bonds outstanding as of November 15, 2016, and (b) all interest due on the Bonds on December 1, 2016 and March 1, 2017. As a result of the above-described planned transfer, Standard & Poor's Global Ratings has determined to raise the rating on the Bonds from 'A' to 'AA+'. The Members of the Authority also resolved to redeem all outstanding Bonds on or prior to March 1, 2017. When the redemption date is set, a notice of such redemption will be transmitted to bondholders in accordance with the terms of the applicable bond documents.

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

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2016

Assets		Foreclosure Prevention Program Fund	Community Development Block Grant Fund	ARRA Fund	Neighborhood Stabilization Program Fund	Abandoned Property Program Fund	Section 811 Project Rental Assistance Demonstration Program Fund	Total
Current assets:								
Cash and cash equivalents	$	120,642	—	527,059	1,843,634	1,209,029	30,657	3,731,021
Program loans receivable		—	—	161,057	—	—	—	161,057
Interest receivable on program loans		—	—	17,541	—	—	—	17,541
Total current assets		120,642	—	705,657	1,843,634	1,209,029	30,657	3,909,619
Noncurrent assets:								
Program loans receivable, net of current portion		—	6,234,338	73,742,225	—	—	—	79,976,563
Less allowance for estimated losses		—	(19,734)	(1,509,682)	—	—	—	(1,529,416)
Net program loans receivable		—	6,214,604	72,232,543	—	—	—	78,447,147
Total noncurrent assets		—	6,214,604	72,232,543	—	—	—	78,447,147
Total assets	$	120,642	6,214,604	72,938,200	1,843,634	1,209,029	30,657	82,356,766
Liabilities and Fund Balances								
Current liabilities:								
Unearned revenue	$	—	—	17,541	—	—	—	17,541
Due to other funds		—	—	—	—	—	30,657	30,657
Total current liabilities		—	—	17,541	—	—	30,657	48,198
Fund balances:								
Restricted		120,642	6,214,604	72,920,659	1,843,634	1,209,029	—	82,308,568
Total fund balances		120,642	6,214,604	72,920,659	1,843,634	1,209,029	—	82,308,568
Total liabilities and fund balances	$	120,642	6,214,604	72,938,200	1,843,634	1,209,029	30,657	82,356,766

See accompanying independent auditors' report.

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

Nonmajor Governmental Funds

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

Year ended June 30, 2016

	Foreclosure Prevention Program Fund	Community Development Block Grant Fund	ARRA Fund	Neighborhood Stabilization Program Fund	Abandoned Property Program Fund	Section 811 Project Rental Assistance Demonstration Program Fund	Total
Revenues:							
Grant from State of Illinois	$ 102,511	—	—	—	80,821	—	183,332
Federal funds	—	1,513,226	—	—	—	237,141	1,750,367
Interest and other investment income	—	—	200,942	935,826	—	—	1,136,768
Total revenues	102,511	1,513,226	200,942	935,826	80,821	237,141	3,070,467
Expenditures:							
General and administrative	102,281	—	—	—	80,821	237,141	420,243
Grants	172,327	1,880,750	—	606,474	1,386,908	—	4,046,459
Reversal of estimated losses on program loans receivable	—	(166,109)	291,663	—	—	—	125,554
Total expenditures	274,608	1,714,641	291,663	606,474	1,467,729	237,141	4,592,256
Net change in fund balances	(172,097)	(201,415)	(90,721)	329,352	(1,386,908)	—	(1,521,789)
Fund balances at beginning of year	292,739	6,416,019	73,011,380	1,514,282	2,595,937	—	83,830,357
Fund balances at end of year	$ 120,642	6,214,604	72,920,659	1,843,634	1,209,029	—	82,308,568

See accompanying independent auditors' report.

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

Mortgage Loan Program Fund

Combining Schedule of Net Position

June 30, 2016

	Housing Bonds	Multifamily Initiative Bonds	Affordable Housing Program Trust Fund Bonds	Total
Assets:				
Currents assets:				
Cash and cash equivalents	$ 110,056,024	6,262	652,292	110,714,578
Investment income receivable – restricted	138,818	—	36,762	175,580
Program loans receivable	63,748,158	972,654	1,619,567	66,340,379
Interest receivable on program loans	967,770	161,153	85,519	1,214,442
Due from other funds	9,813,994	15,746	—	9,829,740
Total current assets	184,724,764	1,155,815	2,394,140	188,274,719
Noncurrent assets:				
Investments – restricted	90,955,469	3,687,716	22,241,374	116,884,559
Program loans receivable, net of current portion	300,166,451	48,217,185	18,897,943	367,281,579
Less allowance for estimated losses	(3,381,498)	(149,073)	(3,701,236)	(7,231,807)
Net program loans receivable	296,784,953	48,068,112	15,196,707	360,049,772
Real estate held for sale	138,966	—	76,677	215,643
Less allowance for estimated losses	(35,475)	—	(34,225)	(69,700)
Net real estate held for sale	103,491	—	42,452	145,943
Due from Fannie Mae	—	91,651,852	—	91,651,852
Due from Freddie Mac	—	4,524,723	—	4,524,723
Capital assets, net	24,394,308	—	—	24,394,308
Derivative instrument assets	1,341	—	—	1,341
Other	44,000	—	15,680	59,680
Total noncurrent assets	412,283,562	147,932,403	37,496,213	597,712,178
Total assets	597,008,326	149,088,218	39,890,353	785,986,897
Liabilities:				
Current liabilities:				
Bonds and notes payable	12,200,000	2,500,000	1,420,000	16,120,000
Accrued interest payable	5,801,108	1,541,387	77,279	7,419,774
Accrued liabilities and other	606,177	352,123	147,663	1,105,963
Due to other funds	2,452,962	—	31,188	2,484,150
Total current liabilities	21,060,247	4,393,510	1,676,130	27,129,887
Noncurrent liabilities:				
Bonds and notes payable, net of current portion	326,689,977	143,760,000	13,350,000	483,799,977
Total noncurrent liabilities	326,689,977	143,760,000	13,350,000	483,799,977
Total liabilities	347,750,224	148,153,510	15,026,130	510,929,864
Deferred inflows of resources:				
Accumulated increase in fair value of hedging derivatives	1,341	—	—	1,341
Unamortized gain on bond refunding	185,866	—	—	185,866
Total deferred inflows of resources	187,207	—	—	187,207
Net position:				
Net investment in capital assets	(3,190,692)	—	—	(3,190,692)
Restricted for bond resolution purposes	252,261,587	934,708	24,864,223	278,060,518
Total net position	$ 249,070,895	934,708	24,864,223	274,869,826

See accompanying independent auditors' report.

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

Mortgage Loan Program Fund

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

Year ended June 30, 2016

		Housing Bonds	Multifamily Initiative Bonds	Affordable Housing Program Trust Fund Bonds	Total
Operating revenues:					
Interest and other investment income	$	984,922	6,571	63,707	1,055,200
Net decrease in fair value of investments		(76,798)	(7,918)	(28,328)	(113,044)
Total investment income		908,124	(1,347)	35,379	942,156
Interest earned on program loans		18,503,228	2,076,310	315,338	20,894,876
Federal assistance programs		743,169	—	—	743,169
Other		9,119,997	—	—	9,119,997
Total operating revenues		29,274,518	2,074,963	350,717	31,700,198
Operating expenses:					
Interest expense		13,533,132	1,789,411	1,033,645	16,356,188
Federal assistance programs		743,169	—	—	743,169
Other general and administrative		—	78,749	—	78,749
Financing costs		254,625	10,500	13,504	278,629
Provision for (reversal of) estimated losses on program loans receivable		645,485	(63,488)	207,120	789,117
Provision for (reversal of) estimated losses on real estate held for sale		(100,206)	—	16,300	(83,906)
Total operating expenses		15,076,205	1,815,172	1,270,569	18,161,946
Operating income (loss)		14,198,313	259,791	(919,852)	13,538,252
Transfers in		—	—	5,200,000	5,200,000
Total transfers		—	—	5,200,000	5,200,000
Change in net position		14,198,313	259,791	4,280,148	18,738,252
Net position at beginning of year		234,872,582	674,917	20,584,075	256,131,574
Net position at end of year	$	249,070,895	934,708	24,864,223	274,869,826

See accompanying independent auditors' report.

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

Mortgage Loan Program Fund

Combining Schedule of Cash Flows

Year ended June 30, 2016

	Housing Bonds	Multifamily Initiative Bonds	Affordable Housing Program Trust Fund Bonds	Total
Cash flows from operating activities:				
Receipts for program loans, interest service fees	$ 47,362,904	4,711,165	4,125,492	56,199,561
Payments for program loans	(27,991,784)	—	(130,043)	(28,121,827)
Receipts for federal assistance programs	743,169	—	—	743,169
Payments for federal assistance programs	(743,169)	—	—	(743,169)
Receipts for credit enhancements	—	1,443,920	—	1,443,920
Payments to suppliers	(144,607)	(92,523)	(13,504)	(250,634)
Interest paid on revenue bonds and notes	(14,198,066)	(1,831,233)	(1,050,837)	(17,080,136)
Other receipts (payments)	9,119,997	—	(5,200,000)	3,919,997
Net cash provided by (used in) operating activities	14,148,444	4,231,329	(2,268,892)	16,110,881
Cash flows from noncapital financial activities:				
Due to other funds	(174,841)	(73,615)	(9,070)	(257,526)
Due from other funds	118,130	(15,746)	—	102,384
Principal paid on revenue bonds and notes	(30,419,787)	(4,060,000)	(3,365,000)	(37,844,787)
Transfers in	—	—	5,200,000	5,200,000
Net cash provided by (used in) noncapital financing activities	(30,476,498)	(4,149,361)	1,825,930	(32,799,929)
Cash flows from capital financing and related activities:				
Acquisition of capital assets	(1,201,422)	—	—	(1,201,422)
Cash flows from investing activities:				
Purchase of investment securities	(332,731,049)	(5,764,451)	(51,673,358)	(390,168,858)
Proceeds from sales and maturities of investment securities	269,080,453	2,076,735	29,431,984	300,589,172
Interest received (paid)on investments	864,355	(1,347)	(1,383)	861,625
Net cash used in investing activities	(62,786,241)	(3,689,063)	(22,242,757)	(88,718,061)
Net decrease in cash and cash equivalents	(80,315,717)	(3,607,095)	(22,685,719)	(106,608,531)
Cash and cash equivalents at beginning of year	190,371,741	3,613,357	23,338,011	217,323,109
Cash and cash equivalents at end of year	$ 110,056,024	6,262	652,292	110,714,578
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 14,198,313	259,791	(919,852)	13,538,252
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Investment income	(908,124)	1,347	(35,379)	(942,156)
Depreciation and amortization	1,016,274	—	—	1,016,274
Provision for (reversal of) estimated losses on program loans receivable	645,485	(63,488)	207,120	789,117
Provision for (reversal of) estimated losses on real estate held for sale	(201,527)	—	16,300	(185,227)
Changes in assets and liabilities:				
Program loans receivable	(1,419,554)	2,615,751	3,688,745	4,884,942
Interest receivable on program loans	(30,812)	19,104	(1,682)	(13,390)
Other liabilities	(562,723)	(45,096)	(5,217,192)	(5,825,011)
Other assets	1,411,112	—	(6,952)	1,404,160
Due from Fannie Mae	—	1,232,296	—	1,232,296
Due from Freddie Mac	—	211,624	—	211,624
Total adjustments	(49,869)	3,971,538	(1,349,040)	2,572,629
Net cash provided by (used in) operating activities	$ 14,148,444	4,231,329	(2,268,892)	16,110,881
Noncash investing capital and financing activities:				
Transfer of foreclosed assets	$ 359,969	—	76,677	436,646
The fair value of investments increased (decreased)	212,471	(7,918)	(28,328)	176,225

See accompanying independent auditors' report.

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

Single Family Program Fund

Combining Schedule of Net Position

June 30, 2016

	Homeowner Mortgage Revenue Bonds	Residential Mortgage Revenue Bonds	Housing Revenue Bonds	Revenue Bonds	Inter-Account Eliminations	Total
Assets:						
Current assets:						
Cash and cash equivalents	$ 3,665,668	358	5,422,892	904,496	—	9,993,414
Investment income receivable – restricted	237,548	6,066	473,491	234,000	—	951,105
Program loans receivable	13,178,564	—	—	—	—	13,178,564
Interest receivable on program loans	1,536,669	—	—	—	—	1,536,669
Due from other funds	5,791,944	—	—	727,649	(6,161,929)	357,664
Total current assets	24,410,393	6,424	5,896,383	1,866,145	(6,161,929)	26,017,416
Noncurrent assets:						
Investments – restricted	136,856,455	223,612	166,971,924	82,445,506	—	386,497,497
Program loans receivable, net of current portion	242,134,327	—	—	—	—	242,134,327
Less allowance for estimated losses	(4,012,859)	—	—	—	—	(4,012,859)
Net program loans receivable	238,121,468	—	—	—	—	238,121,468
Real estate held for sale	5,029,888	—	—	—	—	5,029,888
Less allowance for estimated losses	(3,787,907)	—	—	—	—	(3,787,907)
Net real estate held for sale	1,241,981	—	—	—	—	1,241,981
Other	3,613,955	—	—	—	—	3,613,955
Total noncurrent assets	379,833,859	223,612	166,971,924	82,445,506	—	629,474,901
Total assets	404,244,252	230,036	172,868,307	84,311,651	(6,161,929)	655,492,317
Deferred outflow of resources:						
Accumulated decrease in fair value of hedging derivatives	1,276,715	—	—	—	—	1,276,715
Liabilities						
Current liabilities:						
Bonds and notes payable	11,200,000	5,000	3,372,761	1,620,000	—	16,197,761
Accrued interest payable	4,100,570	3,604	363,334	548,892	—	5,016,400
Accrued liabilities and other	250,198	—	18,739	—	—	268,937
Due to other funds	943,210	—	4,926,648	747,642	(6,161,929)	455,571
Total current liabilities	16,493,978	8,604	8,681,482	2,916,534	(6,161,929)	21,938,669
Noncurrent liabilities:						
Bonds and notes payable, net of current portion	291,544,728	99,703	149,137,318	71,134,539	—	511,916,288
Derivative instrument liability	1,276,715	—	—	—	—	1,276,715
Total noncurrent liabilities	292,821,443	99,703	149,137,318	71,134,539	—	513,193,003
Total liabilities	309,315,421	108,307	157,818,800	74,051,073	(6,161,929)	535,131,672
Net position:						
Restricted for bond resolution purposes	96,205,546	121,729	15,049,507	10,260,578	—	121,637,360
Total net position	$ 96,205,546	121,729	15,049,507	10,260,578	—	121,637,360

See accompanying independent auditors' report.

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

Single Family Program Fund

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

Year ended June 30, 2016

		Homeowner Mortgage Revenue Bonds	Residential Mortgage Revenue Bonds	Housing Revenue Bonds	Revenue Bonds	Total
Operating revenues:						
Interest and other investment income	$	1,392,510	9,955	5,991,350	904,710	8,298,525
Net decrease in fair value of investments		488,319	(358)	2,963,153	4,921,839	8,372,953
Total investment income		1,880,829	9,597	8,954,503	5,826,549	16,671,478
Interest earned on program loans		14,122,456	—	—	—	14,122,456
Other		17,401	—	—	—	17,401
Total operating revenues		16,020,686	9,597	8,954,503	5,826,549	30,811,335
Operating expenses:						
Interest expense		11,609,467	9,427	4,502,005	534,014	16,654,913
Other general and administrative		1,025,168	—	—	—	1,025,168
Financing costs		2,056,927	—	608,793	731,619	3,397,339
Program grants		692,826	—	—	—	692,826
Reversal of estimated losses on program loans receivable		(5,234,776)	—	—	—	— (5,234,776)
Provision for estimated losses on real estate held for sale		9,290,173	—	—	—	— 9,290,173
Total operating expenses		19,439,785	9,427	5,110,798	1,265,633	25,825,643
Operating income (loss)		(3,419,099)	170	3,843,705	4,560,916	4,985,692
Transfers in		19,878,000	—	—	5,699,662	25,577,662
Total transfers		19,878,000	—	—	5,699,662	25,577,662
Change in net position		16,458,901	170	3,843,705	10,260,578	30,563,354
Net position at beginning of year		79,746,645	121,559	11,205,802	—	91,074,006
Net position at end of year	$	96,205,546	121,729	15,049,507	10,260,578	121,637,360

See accompanying independent auditors' report.

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

Single Family Program Fund

Combining Schedule of Cash Flows

Year ended June 30, 2016

	Homeowner Mortgage Revenue Bonds	Residential Mortgage Revenue Bonds	Housing Revenue Bonds	Revenue Bonds	Total
Cash flows from operating activities:					
Receipts for program loans, interest and service fees	$ 63,137,580	—	—	—	63,137,580
Payments for loan program loans	(11,270,015)	—	—	—	(11,270,015)
Payments to suppliers	(2,966,911)	—	(609,168)	(731,619)	(4,307,698)
Payments for program grants	(692,826)	—	—	—	(692,826)
Interest paid on revenue bonds and notes	(12,748,906)	(9,427)	(4,553,244)	14,878	(17,296,699)
Net cash provided by (used in) operating activities	35,458,922	(9,427)	(5,162,412)	(716,741)	29,570,342
Cash flows from noncapital financing activities:					
Due to other funds	631,113	—	(515,140)	747,642	863,615
Due from other funds	(288,252)	—	—	(727,649)	(1,015,901)
Proceeds from sale of revenue bonds and notes	89,605,538	—	—	72,754,539	162,360,077
Principal paid on revenue bonds and notes	(124,670,267)	(4,223)	(21,708,535)	—	(146,383,025)
Transfers in	19,878,000	—	—	5,699,662	25,577,662
Net cash provided by (used in) noncapital financing activities	(14,843,868)	(4,223)	(22,223,675)	78,474,194	41,402,428
Cash flows from investing activities:					
Purchase of investment securities	(230,752,934)	(123,612)	(4,459,107)	(83,015,958)	(318,351,611)
Proceeds from sales and maturities of investment securities	174,797,556	—	23,634,559	570,452	199,002,567
Interest received on investments	1,806,760	6,275	9,021,422	5,592,549	16,427,006
Net cash provided by (used in) investing activities	(54,148,618)	(117,337)	28,196,874	(76,852,957)	(102,922,038)
Net increase (decrease) in cash and cash equivalents	(33,533,564)	(130,987)	810,787	904,496	(31,949,268)
Cash and cash equivalents at beginning of year	37,199,232	131,345	4,612,105	—	41,942,682
Cash and cash equivalents at end of year	$ 3,665,668	358	5,422,892	904,496	9,993,414
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (3,419,099)	170	3,843,705	4,560,916	4,985,692
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Investment income	(1,880,829)	(9,597)	(8,954,503)	(5,826,549)	(16,671,478)
Reversal of estimated losses on program loans receivable	(5,234,776)	—	—	—	(5,234,776)
Provision for estimated losses on real estate held for sale	(2,387,812)	—	—	—	(2,387,812)
Changes in assets and liabilities:					
Program loans receivable	40,054,123	—	—	—	40,054,123
Interest receivable on program loans	857,054	—	—	—	857,054
Other liabilities	(1,024,255)	—	(51,614)	548,892	(526,977)
Other assets	8,494,516	—	—	—	8,494,516
Total adjustments	38,878,021	(9,597)	(9,006,117)	(5,277,657)	24,584,650
Net cash provided by (used in) operating activities	$ 35,458,922	(9,427)	(5,162,412)	(716,741)	29,570,342
Noncash investing capital and financing activities:					
Transfer of foreclosed assets	$ 11,502,823	—	—	—	11,502,823
The fair value of investments increased (decreased)	695,295	(358)	3,717,888	4,921,839	9,334,664

See accompanying independent auditors' report.

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

IHDA Dispositions LLC

Combining Schedule of Net Position

June 30, 2016

		Renaissance Apartments	Total
Assets:			
Current assets:			
Cash and cash equivalents	$	25,297	25,297
Other		1,027	1,027
Total current assets		26,324	26,324
Noncurrent assets:			
Real estate held for sale		340,000	340,000
Total noncurrent assets		340,000	340,000
Total assets		366,324	366,324
Liabilities:			
Current liabilities:			
Accrued liabilities and other		8,259	8,259
Total current liabilities		8,259	8,259
Noncurrent liabilities:			
Security deposits		3,605	3,605
Total noncurrent liabilities		3,605	3,605
Total liabilities		11,864	11,864
Net position:			
Unrestricted		354,460	354,460
Total net position	$	354,460	354,460

See accompanying independent auditors' report.

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

IHDA Dispositions LLC

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

Year ended June 30, 2016

	Primera Ves	Renaissance Apartments	Total
Operating revenues:			
Rental income	$ 4,075	46,887	50,962
Other	—	126	126
Total operating revenues	4,075	47,013	51,088
Operating expenses:			
Other general and administrative	5,213	36,417	41,630
Total operating expenses	5,213	36,417	41,630
Operating income (loss)	(1,138)	10,596	9,458
Nonoperating revenues:			
Gain on disposition	4,222	—	4,222
Total nonoperating revenues	4,222	—	4,222
Income before contributions and and transfers	3,084	10,596	13,680
Capital contributions	(215,294)	—	(215,294)
Change in net position	(212,210)	10,596	(201,614)
Net position at beginning of year	212,210	343,864	556,074
Net position at end of year	$ —	354,460	354,460

See accompanying independent auditors' report.

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

IHDA Dispositions LLC

Combining Schedule of Cash Flows

Year ended June 30, 2016

		Primera Ves	Renaissance Apartments	Total
Cash flows from operating activities:				
Receipts for rental operations	$	4,075	45,453	49,528
Payments for rental operations		(1,321)	(31,710)	(33,031)
Receipts from sale of property		204,222	—	204,222
Net cash provided by operating activities		206,976	13,743	220,719
Cash flows from capital financing and related activities:				
Capital contributions		(215,294)	—	(215,294)
Net cash used in capital financing activities and related activities		(215,294)	—	(215,294)
Net increase (decrease) in cash and cash equivalents		(8,318)	13,743	5,425
Cash and cash equivalents at beginning of year		8,318	11,554	19,872
Cash and cash equivalents at end of year	$	—	25,297	25,297
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$	(1,138)	10,596	9,458
Gain on disposition		4,222	—	4,222
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Changes in assets and liabilities:				
Other liabilities		(3,658)	(1,131)	(4,789)
Other assets		207,550	4,278	211,828
Total adjustments		208,114	3,147	211,261
Net cash provided by operating activities	$	206,976	13,743	220,719

See accompanying independent auditors' report.