KPMG

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Financial Statements

June 30, 2018

(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	Audra Hamernik
Assist. Executive Director/Chief of Staff	Debra Olson
General Counsel	Maureen G. Ohle
Chief Financial Officer	Nandini Natarajan
Controller	Vanessa Boykin (Acting)
Chief Internal Auditor	Kevin O’Connor

Agency Officials are located at:

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.

KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
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, 2018, 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, 2018, 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, 2017 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated October 27, 2017. In our opinion, the summarized comparative information presented within note 8 to the financial statements as of June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information on pages 68 through 78 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

Chicago, Illinois
January 21, 2019

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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, 2018. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- Net position of the Authority decreased $86.4 million, to $1,120.1 million as of June 30, 2018, from a decrease in the Authority's governmental activities ($122.6 million) and an increase in business-type activities ($36.2 million).

- The decrease in net position of the Authority's governmental activities decreased $225.5 million from the prior year primarily due to lower federal revenue ($156.8 million), lower grants from the State of Illinois ($13.4 million), higher grant disbursements ($37.2 million), higher provision for estimated losses on program loan receivables ($20.8 million), higher general and administrative expenses ($3.0 million), partially offset by lower net transfers out ($5.2 million).

- The increase in net position of the Authority's business-type activities decreased $16.9 million from the prior year primarily due to lower investment income ($3.3 million), lower net transfers in ($5.2 million), lower interest earned on program loans ($2.1 million), lower fees and other income ($2.9 million), higher salaries and benefits ($1.1 million) and higher provision for estimated losses on program loans receivable and mortgage participation certificate program ($5.1 million), partially offset by lower financing costs ($2.2 million) and decreases in the provision for estimated losses on real estate held for sale ($1.2 million).

- Authority debt issuances during fiscal year 2018 totaled $740.1 million. The Authority's debt outstanding (net of discounts and premiums) of $1,164.4 million as of June 30, 2018 was $16.7 million above the amount outstanding as of June 30, 2017.

- The rating on all outstanding long-term Homeowner Mortgage Revenue Bonds ("HMRB") was upgraded to Aa2 from Aa3. The outlook on the ratings were revised to stable. The rating upgrade reflects the HMRB legal protections, the financial position of the program and the continued change in the composition of the loan portfolio from the home loans to mortgage-backed securities (MBS).

- The Authority issued one new series of tax-exempt Revenue Bonds totaling $120.0 million secured by Government National Mortgage Association (GNMA) certificates and Fannie Mae (FNMA) MBS to fund its homeownership loan program.

- The Authority issued one new series of taxable Multifamily Revenue Bonds totaling $10.7 million to economically refund prior series of Authority bonds secured by loans insured under Section 542 (c) of the Housing and Community Development Act of 1992 whereby HUD is permitted to provide federal credit enhancement through the Federal Housing Administration (FHA) for loans for affordable multifamily developments (FHA-HFA Risk Sharing Program).

- The Authority issued one new series of direct tax-exempt bank notes totaling $3.0 million to finance the acquisition and rehabilitation of thirty-one (31) townhome units in Elgin, Illinois.

(Continued)

- The Authority committed to provide a permanent mortgage loan in an amount not to exceed $7.8 million for the construction and rehabilitation of a 90-unit multifamily housing development located in Chicago using the Federal Financing Bank (FFB) program. The Authority entered into a forward starting interest rate swap agreement with Barclays Bank PLC to hedge the interest rate risk associated with the forward loan commitment. The commitment to provide the loan expires on September 30, 2020.

- The Authority authorized the issuance of tax-exempt Homeowner Mortgage Revenue Bonds, 2018 Series A, on July 11, 2018, in an amount not to exceed $150.0 million, which have not been issued as of June 30, 2018. To hedge the interest rate on those 2018 Series A Bonds, which are expected to be variable rate bonds, Homeowner Mortgage Revenue Bonds, 2018 Subseries A-2, the Authority entered into a long-term fixed payer interest rate swap with the Royal Bank of Canada on May 4, 2018. The interest rate swap's effective date is August 1, 2018.

- The Authority sold beneficial ownership interest in a loan for $6.5 million to finance an affordable multifamily development to the FFB, an arm of the United States Department of the Treasury. The loan is insured under the FHA-HFA Risk Sharing Program.

- Program loan originations for the year totaled $23.9 million and $45.5 million in the Authority's governmental and business-type activities, respectively, compared to fiscal year 2017 loan originations of $26.6 million and $90.5 million, respectively.

- During fiscal year 2018, the Authority has continued to boost home buying in the State, and particularly in ten Illinois counties hardest hit by the foreclosure crisis. Using funds provided by the United States Department of the Treasury's Hardest Hit Fund (HHF) program, the Authority disbursed $34.7 million in down payment assistance that helped 4,632 homebuyers buy their first home.

- The Authority further expanded its down payment assistance offerings during the fiscal year with the rollout of the ACCESS programs that are available statewide, and come with an affordable, fixed interest rate and up to $10,000 to assist eligible borrowers with their down payment and closing costs for the purchase of a new or existing home. The source of down payment assistance funds, based on program structure and anticipated demand, include the Authority's Administrative Fund and excess revenues held under various Authority Bond Funds.

- The Authority has continued to address foreclosure issues throughout the State and has disbursed $65.4 million in direct mortgage assistance, using funds provided by the United States Department of the Treasury's Hardest Hit Fund Program (HHF), that enabled 3,268 households avoid foreclosure on their homes. The Authority disbursed approximately $40 million more in direct mortgage assistance in comparison to fiscal year 2017, and the average amount of assistance per household increased from $12,236 to $20,000, demonstrating the increasing need for such assistance throughout the State's hardest hit counties. Additionally, the Authority is one of two states in the nation to offer a refinance program that enables existing homeowners with underwater mortgages to write down the balance on their first mortgage loan and refinance their debt into an affordable loan with a smaller balance. This important program called "i-Refi" has helped 219 households with $8.2 million in assistance during the fiscal year. In order to be eligible for assistance through the i-Refi program, the homeowner must be current on their mortgage for at least twelve months, and qualify for the new first mortgage loan under the Authority's income and credit requirements.

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 thirteen 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 thirteen 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.
- 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 Nonmajor Proprietary Fund - IHDA Dispositions LLC is primarily rental income collected by the property until such time as disposition occurs. The net position of these funds represents accumulated earnings since their inception, of which $230.2 million is unrestricted.

Financial Analysis of the Authority as a Whole

Net Position

The combined net position of the Authority decreased by $86.4 million, or 7.7% from the June 30, 2017 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)	
	2018	2017	2018	2017	2018	2017	Amount	Percentage
Current assets:								
Cash and investments – unrestricted	$ 125.7	236.9	387.3	509.6	513.0	746.5	(233.5)	(31.3)%
Investments - restricted	—	—	189.3	—	189.3	—	189.3	100.0%
Program loans receivable	20.3	17.3	59.8	41.5	80.1	58.8	21.3	36.2%
Other current assets	22.9	39.5	41.9	13.6	64.8	53.1	11.7	22.0%
Total current assets	168.9	293.7	678.3	564.7	847.2	858.4	(11.2)	(1.3)%
Noncurrent assets:								
Investments	27.5	—	222.4	—	249.9	—	249.9	100.0%
Investments – restricted	—	—	519.9	745.6	519.9	745.6	(225.7)	(30.3)%
Net program loans receivable	607.4	639.5	527.6	608.6	1,135.0	1,248.1	(113.1)	(9.1)%
Capital assets, net	0.1	0.1	26.7	26.1	26.8	26.2	0.6	2.3%
Other assets	0.3	0.1	96.2	97.2	96.5	97.3	(0.8)	(0.8)%
Total noncurrent assets	635.3	639.7	1,392.8	1,477.5	2,028.1	2,117.2	(89.1)	(4.2)%
Total assets	$ 804.2	933.4	2,071.1	2,042.2	2,875.3	2,975.6	(100.3)	(3.4)%
Deferred outflow of resources:								
Accumulated decrease in fair value of hedge derivatives	$ —	—	0.5	0.7	0.5	0.7	(0.2)	(28.6)%
Total deferred outflow of resources	$ —	—	0.5	0.7	0.5	0.7	(0.2)	(28.6)%
Current liabilities:								
Due to grantees	$ 66.9	57.2	—	—	66.9	57.2	9.7	17.0%
Due to State of Illinois	47.6	44.5	—	—	47.6	44.5	3.1	7.0%
Bonds and notes payable	—	—	177.4	53.7	177.4	53.7	123.7	230.4%
Deposits held in escrow	—	—	139.7	141.6	139.7	141.6	(1.9)	(1.3)%
Bank note cash collateral	—	—	21.5	21.0	21.5	21.0	0.5	2.4%
Other current liabilities	1.1	1.1	26.2	23.5	27.3	24.6	2.7	11.0%
Total current liabilities	115.6	102.8	364.8	239.8	480.4	342.6	137.8	40.2%
Noncurrent liabilities:								
Due to State of Illinois	276.4	295.8	—	—	276.4	295.8	(19.4)	(6.6)%
Bonds and notes payable	—	—	987.0	1,094.0	987.0	1,094.0	(107.0)	(9.8)%
Bank note cash collateral	—	—	—	21.5	—	21.5	(21.5)	(100.0)%
Other liabilities	—	—	6.7	7.6	6.7	7.6	(0.9)	(11.8)%
Total noncurrent liabilities	276.4	295.8	993.7	1,123.1	1,270.1	1,418.9	(148.8)	(10.5)%
Total liabilities	$ 392.0	398.6	1,358.5	1,362.9	1,750.5	1,761.5	(11.0)	(0.6)%

Net Position
(In millions of dollars)

	Governmental activities 2018	Governmental activities 2017	Business-type activities 2018	Business-type activities 2017	Total 2018	Total 2017	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Deferred inflow of resources:								
Accumulated increase in fair value of hedging derivatives	$ —	—	0.3	0.1	0.3	0.1	0.2	200.0%
Unamortized gain on bond refunding	—	—	0.1	0.1	0.1	0.1	—	—%
Unearned revenue	—	—	4.8	8.1	4.8	8.1	(3.3)	(40.7)%
Total deferred inflows of resources	$ —	—	5.2	8.3	5.2	8.3	(3.1)	(37.3)%
Net position:								
Net investment in capital assets	$ 0.1	0.1	2.5	0.2	2.6	0.3	2.3	766.7%
Restricted	412.1	534.7	475.2	466.7	887.3	1,001.4	(114.1)	(11.4)%
Unrestricted	—	—	230.2	204.8	230.2	204.8	25.4	12.4%
Total net position	$ 412.2	534.8	707.9	671.7	1,120.1	1,206.5	(86.4)	(7.2)%

Governmental Activities

Net position of the Authority's governmental activities decreased $122.6 million, or 22.9%, to $412.2 million, mainly from decreases of grant receipts in the Hardest Hit Fund (HHF) Program, Federal HOME Program Fund and Rental Housing Support Program Fund and increased grant disbursements between the HHF Program and Nonmajor Governmental Funds, partially offset by decreased grant disbursements in the Rental Housing Support Program. There is no net position of two of the Authority's governmental activities 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 net program loans receivable (current and noncurrent), decreased by $29.1 million, or 4.9%, to $627.6 million, attributable to decreases in the Federal HOME Program Fund ($13.8 million), the Illinois Affordable Housing Trust Fund ($14.4 million) and the HHF Program ($1.8 million), offset by increases in Non-Major Funds ($0.9 million). Cash and investments decreased by $83.7 million, or 35.3%, attributable to decreases in the HHF Program ($116.8 million), offset by increases in the Illinois Affordable Housing Trust Fund ($15.4 million), the Rental Housing Support Program Fund ($12.0 million), Nonmajor Governmental Funds ($4.3 million) and HOME Program Fund ($1.4 million). State statute and federal regulations restrict the use of the governmental funds to program activities.

Due to the State of Illinois (current and noncurrent) decreased $16.3 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 $36.2 million, or 5.4%, to $707.9 million. Net program loans receivable (current and noncurrent) decreased $62.7 million, or 9.6%, to $587.4 million from decreases in the Single Family Program Fund ($30.4 million), Mortgage Loan Program Fund ($16.2 million) and Administrative Fund ($16.1 million) due to loan repayments exceeding loan originations. The decrease in program loans receivable in the Single Family Program Fund was due to Illinois whole loans being packaged into GNMA certificates and MBSs.

Cash and investments (current and noncurrent) increased $63.7 million, or 5.1%, from increases in the Administrative Fund ($28.1 million), Single Family Program Fund ($74.4) offset by a decrease in the Mortgage Loan Program Fund ($38.8 million).

Total bonds and notes payable (current and noncurrent) increased $16.7 million, or 1.5%, from increases in the Single Family Program Fund ($48.5 million) and Administrative Fund ($6.9 million), offset by a decrease of ($38.7 million) in the Mortgage Loan Program Fund.

Deposits held in escrow decreased $1.8 million, or 1.3% due to lower required funding levels.

Bank note cash collateral decreased $21.0 million and represents amounts held on behalf of the purchaser of Authority issued short-term tax-exempt direct bank notes.

Restricted net position of the Authority's business-type activities increased $8.5 million, or 1.8%, of which $9.7 million were from net increases within the Authority's Mortgage Loan Program Fund and Single Family Program Fund (Bond Funds). The net position of the Authority's Bond Funds are classified as restricted, except for a $0.8 million 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.

The governmental activities consist of programs recorded in four major governmental funds: the Illinois Affordable Housing Trust Fund, the HOME Program Fund, the Rental Housing Support Program Fund and the Hardest Hit Fund. Other programs are recorded in Nonmajor Governmental Funds and consist of the Foreclosure Prevention Program Fund, the Community Development Block Grant Fund, the American Recovery and Reinvestment Act (ARRA) Fund, the Foreclosure Prevention Graduated Program Fund, the Build Illinois Bond Program Fund, the Neighborhood Stabilization Program Fund, the Abandoned Property Program Fund, the National Housing Trust 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), Nonmajor Proprietary Fund - IHDA Dispositions LLC, which maintains and operates rental properties until such time as disposition occurs, and programs recorded in the Authority's Administrative Fund, which include federal assistance activities that involve the allocation of various federal subsidy funds directly to certain of the Authority's borrowers, tax credit authorization and monitoring, and the Financial Adjustment Factor (FAF) lending program.

A condensed summary of changes in net position for the fiscal year ended June 30, 2018 is shown in the following table.

Changes in Net Position
(In millions of dollars)

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue:						
Program revenues:						
Charges for services	$ 5.5	4.8	76.0	83.1	81.5	87.9
Operating/grant/federal revenues	52.1	222.3	80.7	98.4	132.8	320.7
General revenues:						
Investment income	0.0	0.0	29.2	30.6	29.2	30.6
Total revenues	57.6	227.1	185.9	212.1	243.5	439.2
Expenses:						
Direct	163.4	105.2	130.8	148.7	294.2	253.9
Administrative	16.8	13.8	18.9	15.7	35.7	29.5
Total expenses	180.2	119.0	149.7	164.4	329.9	283.4
Increase (decrease) in net position before transfers and special items	(122.6)	108.1	36.2	47.7	(86.4)	155.8
Capital contributions	0.0	0.0	0.0	0.2	0.0	0.2
Transfers	0.0	(5.2)	0.0	5.2	0.0	0.0
Increase (decrease) in net position	(122.6)	102.9	36.2	53.1	(86.4)	156.0
Net position at beginning of year	534.8	431.9	671.7	618.6	1,206.5	1,050.5
Net position at end of year	$ 412.2	534.8	707.9	671.7	1,120.1	1,206.5

(Continued)

Governmental Activities

Revenues of the Authority's governmental activities decreased $169.5 million from the prior year, primarily due to decreases in HHF ($142.4 million), Rental Housing Support Program Fund ($10.7 million) and HOME Program Fund ($16.1 million).

Direct expenses of the Authority's governmental activities increased $58.2 million from the prior year, primarily due to increases in HHF ($39.1 million), Nonmajor Governmental Funds ($11.0 million), the HOME program Fund ($15.2 million), and the Illinois Affordable Housing Trust Fund ($3.7 million), offset by decreases in the Rental Housing Support Program Fund ($10.9 million). Administrative expenses increased $3.0 million mainly due to increases in HHF ($0.7 million), the HOME Program Fund ($0.9 million), the Illinois Affordable Housing Trust Fund ($0.6 million) and Nonmajor Governmental Funds ($0.6 million). Transfers from the governmental activities to the Authority's business-type activities decreased $5.2 million due to the redemption of the Illinois Affordable Housing Trust Fund bonds.

Business-Type Activities

Revenues of the Authority's business-type activities decreased $26.2 million from the prior year from decreases in charges for services ($7.1 million), lower operating grant/federal revenues ($17.7 million) and lower investment income ($1.5 million). Charges for services mainly consist of interest income on program loans ($30.1 million), program investment income ($8.2 million), servicing and development fees ($12.1 million), tax credit reservation and monitoring fees ($8.1 million) and other income ($17.4 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 decreased by $2.1 million from the prior year due primarily to decreases in the fair value of investments.

Direct expenses of the Authority's business-type activities, which consist primarily of interest expense ($30.6 million) on Authority debt incurred to fund its various lending programs and the pass-through of federal assistance programs' funds ($80.0 million), decreased $17.9 million from the prior year, due mainly to lower federal assistance ($17.9 million), lower Mortgage Loan Program general and administrative costs ($1.6 million), lower Mortgage Loan Program Fund and Single Family Program Fund financing costs ($1.9 million) and decreased provision for estimated losses on real estate held for sale ($1.3 million), partially offset by higher provision for estimated losses on program loans receivable ($3.1 million), higher change in accrual for estimated losses on mortgage participation certificate program ($2.0 million).

Program revenues of Multi-Family Mortgage Loan Programs exceeded direct expenses by $20.7 million (See the Statement of Activities). The Authority's business-type activities also generated $29.2 million of unrestricted investment income, which was used primarily to fund and finance single family loans through the use of FNMA MBSs and GNMA certificates, and to partially offset its administrative costs, and thus provided most of the Authority's increase in net position.

Proprietary Fund Results

Net position of the Authority's proprietary funds increased from the June 30, 2017 amount by $36.2 million, to $707.9 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, 2018 and 2017.

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

	Administrative Fund		Mortgage Loan Program Fund		Single Family Program Fund		Nonmajor Proprietary Fund - IHDA Dispositions, LLC	
	2018	2017	2018	2017	2018	2017	2018	2017
Operating revenues:								
Interest earned on program loans	$ 2.0	1.3	17.5	18.6	10.6	12.3	—	—
Investment income	29.2	30.6	2.8	1.0	5.5	9.2	—	—
Federal assistance programs	80.0	97.8	0.1	0.2	—	—	—	—
Service fees	8.4	9.2	—	—	—	—	—	—
Development fees	3.7	4.5	—	—	—	—	—	—
HUD savings	0.7	0.6	—	—	—	—	—	—
Rental income and vacancies	—	—	—	—	—	—	0.1	0.1
Tax Credit Reservation and Monitoring Fees	8.1	5.1	—	—	—	—	—	—
Other	6.6	6.1	10.6	11.5	0.1	4.0	—	—
Total operating revenues	138.7	155.2	31.0	31.3	16.2	25.5	0.1	0.1
Operating expenses:								
Interest expense	1.2	0.5	10.4	12.1	18.9	17.6	—	—
Federal assistance programs	80.0	97.7	0.1	0.2	—	—	—	—
Salaries and benefits	20.0	18.9	—	—	—	—	—	—
Professional fees	2.3	1.8	—	—	—	—	—	—
Other general and administrative	2.7	1.7	5.1	6.7	0.4	0.5	0.1	0.1
Financing costs	0.5	0.8	0.6	1.7	2.6	3.4	—	—
Program grants	0.4	—	—	—	—	—	—	—
Change in accrual for estimated losses on mortgage participation certificate program	1.6	(0.4)	—	—	—	—	—	—
Provision for (reversal of) estimated losses on program loans receivable	1.6	1.8	1.0	(2.6)	(0.8)	(0.5)	—	—
Provision for estimated losses on real estate held for sale	—	—	0.2	0.2	0.7	1.9	—	—
Total operating expenses	110.3	122.8	17.4	18.3	21.8	22.9	0.1	0.1
Operating income (loss)	28.4	32.4	13.6	13.0	(5.6)	2.6	—	—
Capital contribution	—	—	—	—	—	—	—	0.2
Loss on disposition	—	—	—	—	—	—	(0.2)	(0.3)
Transfers	(1.7)	(5.2)	0.6	8.0	1.1	2.4	—	—
Change in net position	26.7	27.2	14.2	21.0	(4.5)	5.0	(0.2)	(0.1)
Net position at beginning of year	249.0	221.8	295.9	274.9	126.6	121.6	0.2	0.3
Net position at end of year	$ 275.7	249.0	310.1	295.9	122.1	126.6	—	0.2

Net position of the Administrative Fund increased $26.7 million, compared to the prior year increase of $27.2 million. Administrative Fund operating income was $28.4 million, a decrease of $4.0 million from the prior year, and net transfers out were $1.7 million compared to $5.2 million in the prior year. The fiscal year 2018 decrease in operating earnings was primarily from decreases in investment income ($1.4 million), higher salaries and benefits ($1.1 million), higher general and administrative expenses ($1.0 million) and increased accrual for estimated losses in the mortgage participation certificate program ($2.0 million), partially offset by higher fees and other income ($2.0 million).

Net position of the Mortgage Loan Program Fund increased $14.2 million, compared to a prior year increase of $21.0 million, due to operating income of $13.6 million and net transfers in of $0.6 million. Operating income was higher than the prior year ($0.6 million), mainly due to decreased general and administrative expenses ($1.6 million), lower interest expense ($1.7 million) and decreased financing costs ($1.1), partially offset by an increase in the provision for estimated losses on program loans receivable ($3.6 million).

Net position of the Single Family Program Fund decreased $4.5 million, compared to a prior year increase of $5.0 million. Operating income was $8.2 million below the prior year, primarily due to lower investment income ($3.7 million), lower other income ($3.9 million), decreased interest earned on program loans ($1.7 million) and higher interest expense ($1.3 million), partially offset by a decrease in provision for estimated losses on real estate held for sale ($1.2 million) and lower financing costs ($0.8 million).

Net position of the Nonmajor Proprietary Fund - IHDA Dispositions LLC decreased $0.2 million, compared to a prior year decrease of $0.1 million.

Authority Debt

Authority gross debt issuances during fiscal year 2018 totaled $740.1 million with the issuance of Revenue Bonds ($120.0 million) and premium on Revenue Bonds ($3.2 million) within the Single Family Program Fund, Multifamily Revenue Bonds ($10.7 million) within the Mortgage Loan Program Fund, and direct bank notes ($3.0 million) and Federal Home Loan Bank Advances ($603.2 million) within the Administrative Fund. Debt retirements within the Mortgage Loan Program, Single Family Program and Administrative Funds were $49.4 million, $74.7 million and $599.3 million, respectively. Total bonds and notes payable increased $16.7 million. For additional information, see note 8, Bonds and Notes Payable in the Notes to the Financial Statements.

As of July 1, 2017, 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 2018, 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 $120.0 million. The Authority correspondingly issued variable-rate short-term notes in the Administrative Fund in the amount of $3.0 million.

Economic refunding of prior bonds were attractive as well due to historically low interest rates. The Authority optionally redeemed and refunded $10.7 million of bonds issued under the Mortgage Loan Program Fund.

During fiscal year 2018, 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, 2018

Assets		**Governmental activities**	**Business-type activities**	**Total**
Current assets:				
Cash and cash equivalents	$	112,862,162	337,104,480	449,966,642
Funds held by State Treasurer		46,374	—	46,374
Investments		12,816,879	50,233,831	63,050,710
Investments – restricted		—	189,251,359	189,251,359
Investment income receivable		149,498	1,099,610	1,249,108
Investment income receivable – restricted		—	1,844,451	1,844,451
Program loans receivable		20,258,009	59,834,470	80,092,479
Grant receivable		22,418,295	—	22,418,295
Securities lending collateral		19,000	—	19,000
Interest receivable on program loans		323,233	2,243,246	2,566,479
Amounts due from brokers for securities matured		2,056,406	31,423,562	33,479,968
Other		—	3,200,700	3,200,700
Internal balances		(2,051,624)	2,051,624	—
Total current assets		168,898,232	678,287,333	847,185,565
Noncurrent assets:				
Investments		27,528,386	222,451,738	249,980,124
Investments – restricted		—	519,874,993	519,874,993
Program loans receivable, net of current portion		673,727,369	540,560,970	1,214,288,339
Less allowance for estimated losses		(66,350,956)	(13,010,000)	(79,360,956)
Net program loans receivable		607,376,413	527,550,970	1,134,927,383
Real estate held for sale		166,228	3,238,813	3,405,041
Less allowance for estimated losses		—	(1,112,798)	(1,112,798)
Net real estate held for sale		166,228	2,126,015	2,292,243
Due from Fannie Mae		—	88,934,863	88,934,863
Due from Freddie Mac		—	4,383,640	4,383,640
Capital assets, net		69,032	26,707,305	26,776,337
Derivative instrument asset		—	294,054	294,054
Other		108,432	504,877	613,309
Total noncurrent assets		635,248,491	1,392,828,455	2,028,076,946
Total assets		804,146,723	2,071,115,788	2,875,262,511
Deferred Outflows of Resources				
Accumulated decrease in fair value of hedging derivatives		—	523,772	523,772
Total deferred outflows of resources		—	523,772	523,772

(Continued)

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

Statement of Net Position

June 30, 2018

Liabilities	**Governmental activities**	**Business-type activities**	**Total**
Current liabilities:			
Due to grantees	$ 66,901,429	—	66,901,429
Due to State of Illinois	47,651,620	—	47,651,620
Securities lending collateral obligation	19,000	—	19,000
Bonds and notes payable	—	177,392,856	177,392,856
Accrued interest payable	—	10,215,542	10,215,542
Unearned revenue	—	3,152,339	3,152,339
Deposits held in escrow	—	139,757,584	139,757,584
Bank note cash collateral	—	21,450,000	21,450,000
Accrued liabilities and other	1,069,187	12,843,846	13,913,033
Total current liabilities	115,641,236	364,812,167	480,453,403
Noncurrent liabilities:			
Due to State of Illinois	276,358,844	—	276,358,844
Bonds and notes payable, net of current portion	—	987,031,868	987,031,868
Unearned revenue	—	6,185,887	6,185,887
Derivative instrument liability	—	523,772	523,772
Total noncurrent liabilities	276,358,844	993,741,527	1,270,100,371
Total liabilities	392,000,080	1,358,553,694	1,750,553,774
Deferred Inflows of Resources			
Accumulated increase in fair value of hedging derivatives	—	294,054	294,054
Unamortized gain on bond refunding	—	111,514	111,514
Unearned revenue	—	4,739,909	4,739,909
Total deferred inflows of resources	—	5,145,477	5,145,477
Net Position			
Net investment in capital assets	69,032	2,522,305	2,591,337
Restricted for bond resolution purposes	—	431,445,905	431,445,905
Restricted for loan and grant programs	412,077,611	43,798,573	455,876,184
Unrestricted	—	230,173,606	230,173,606
Total net position	$ 412,146,643	707,940,389	1,120,087,032

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, 2018

		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	$ 7,301,940	222,827	7,079,113	—	—	—	—
HOME Program	18,266,884	2,235,703	3,810,215	—	(12,220,966)	—	(12,220,966)
Rental Housing Support Program	20,553,059	144,445	20,408,614	—	—	—	—
Hardest Hit Fund	116,164,137	1,117,127	—	—	(115,047,010)	—	(115,047,010)
Other Programs	17,958,368	1,834,816	20,783,574	—	4,660,022	—	4,660,022
Total governmental activities	180,244,388	5,554,918	52,081,516	—	(122,607,954)	—	(122,607,954)
Business-type activities:							
Administrative Programs	18,926,134	5,708,146	—	—	—	(13,217,988)	(13,217,988)
Multi-Family Mortgage Loan Programs	24,505,866	45,164,087	—	—	—	20,658,221	20,658,221
Multi-Family Federal Assistance Programs	80,118,448	—	80,118,448	—	—	—	—
Single-Family Mortgage Loan Programs	23,648,330	16,535,971	—	—	—	(7,112,359)	(7,112,359)
Tax Credit Authorization and Monitoring	2,273,964	8,476,003	—	—	—	6,202,039	6,202,039
FAF Lending Program	—	130,671	560,755	—	—	691,426	691,426
IHDA Dispositions LLC	209,987	38,516	—	—	—	(171,471)	(171,471)
Total business-type activities	149,682,729	76,053,394	80,679,203	—	—	7,049,868	7,049,868
Total Authority	$ 329,927,117	81,608,312	132,760,719	—	(122,607,954)	7,049,868	(115,558,086)
General revenues:							
Unrestricted investment income					—	29,161,392	29,161,392
Total general revenues					—	29,161,392	29,161,392
Change in net position					(122,607,954)	36,211,260	(86,396,694)
Net position at beginning of year					534,754,597	671,729,129	1,206,483,726
Net position at end of year					$ 412,146,643	707,940,389	1,120,087,032

See accompanying notes to financial statements.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Governmental Funds

Balance Sheet

June 30, 2018

	Major Funds					
Assets	**Illinois Affordable Housing Trust Fund**	**HOME Program Fund**	**Rental Housing Support Program Fund**	**Hardest Hit Fund**	**Nonmajor Governmental Funds**	**Total**
Current assets:						
Cash and cash equivalents	$ 29,350,305	9,648,070	14,140,369	27,848,760	31,874,658	112,862,162
Funds held by State Treasurer	—	46,374	—	—	—	46,374
Investments	—	—	12,816,879	—	—	12,816,879
Investment income receivable	—	—	149,498	—	—	149,498
Program loans receivable	11,132,873	7,815,183	—	984,825	325,128	20,258,009
Grant receivable	6,799,336	—	10,338,959	—	5,280,000	22,418,295
Securities lending collateral	—	19,000	—	—	—	19,000
Interest receivable on program loans	135,457	160,267	—	6,313	21,196	323,233
Amounts due from brokers for securities matured	—	—	2,056,406	—	—	2,056,406
Due from other funds	256,754	455,238	—	—	3,625	715,617
Total current assets	47,674,725	18,144,132	39,502,111	28,839,898	37,504,607	171,665,473
Noncurrent assets:						
Investments	—	—	27,528,386	—	—	27,528,386
Program loans receivable, net of current portion	310,633,174	271,673,535	—	1,128,113	90,292,547	673,727,369
Less allowance for estimated losses	(34,274,330)	(26,026,489)	—	(145,246)	(5,904,891)	(66,350,956)
Net program loans receivable	276,358,844	245,647,046	—	982,867	84,387,656	607,376,413
Real estate held for sale	—	—	—	166,228	—	166,228
Other	—	—	—	108,432	—	108,432
Total noncurrent assets	276,358,844	245,647,046	27,528,386	1,257,527	84,387,656	635,179,459
Total assets	$ 324,033,569	263,791,178	67,030,497	30,097,425	121,892,263	806,844,932
Liabilities and Fund Balances						
Current liabilities:						
Due to grantees	$ —	—	66,901,429	—	—	66,901,429
Due to State of Illinois	47,651,620	—	—	—	—	47,651,620
Securities lending collateral obligation	—	19,000	—	—	—	19,000
Unearned revenue	—	160,267	—	6,313	21,196	187,776
Accrued liabilities and other	—	543,738	—	522,953	2,496	1,069,187
Due to other funds	23,105	212,672	129,068	2,400,708	1,688	2,767,241
Total current liabilities	47,674,725	935,677	67,030,497	2,929,974	25,380	118,596,253
Noncurrent liabilities:						
Due to State of Illinois	276,358,844	—	—	—	—	276,358,844
Total liabilities	324,033,569	935,677	67,030,497	2,929,974	25,380	394,955,097
Fund balances:						
Restricted	—	262,855,501	—	27,167,451	121,866,883	411,889,835
Total fund balances	—	262,855,501	—	27,167,451	121,866,883	411,889,835
Total liabilities and fund balances	$ 324,033,569	263,791,178	67,030,497	30,097,425	121,892,263	
Amounts reported for governmental activities in the statement of net position are: different due to:						
Unearned interest receivable on certain program loans receivable						187,776
Capital assets						69,032
Net position of governmental activities						$ 412,146,643

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, 2018

	Major Funds					
	Illinois Affordable Housing Trust Fund	**HOME Program Fund**	**Rental Housing Support Program Fund**	**Hardest Hit Fund**	**Nonmajor Governmental Funds**	**Total**
Revenues:						
Grant from State of Illinois	$ 7,079,113	—	20,408,614	—	18,089,434	45,577,161
Federal funds	—	3,810,215	—	—	2,694,140	6,504,355
Interest and investment income	222,827	2,236,821	144,445	665,774	1,830,555	5,100,422
Other	—	—	—	445,040	—	445,040
Total revenues	7,301,940	6,047,036	20,553,059	1,110,814	22,614,129	57,626,978
Expenditures:						
General and administrative	2,720,050	2,764,986	358,027	9,728,427	1,228,383	16,799,873
Grants	4,359,063	—	20,195,032	107,510,758	12,083,672	144,148,525
Program income transferred to State of Illinois	222,827	—	—	—	—	222,827
Provision for (reversal of) estimated losses on program loans receivable	—	15,501,898	—	(1,113,164)	4,646,313	19,035,047
Total expenditures	7,301,940	18,266,884	20,553,059	116,126,021	17,958,368	180,206,272
Excess of revenues over (under) expenditures	—	(12,219,848)	—	(115,015,207)	4,655,761	(122,579,294)
Net change in fund balances	—	(12,219,848)	—	(115,015,207)	4,655,761	(122,579,294)
Fund balances at beginning of year	—	275,075,349	—	142,182,658	117,211,122	
Fund balances at end of year	$ —	262,855,501	—	27,167,451	121,866,883	
Amounts reported for governmental activities in the statement of activities are different due to:						
Unearned interest receivable on certain program loans receivable						9,456
Depreciation on capital assets					.	(38,116)
Change in net position of governmental activities						$ (122,607,954)

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, 2018

Assets	**Major Funds: Administrative Fund**	**Major Funds: Mortgage Loan Program Fund**	**Major Funds: Single Family Program Fund**	**Nonmajor Proprietary Fund - IHDA Dispositions LLC**	**Total**
Current assets:					
Cash and cash equivalents	$ 157,884,602	161,351,713	17,866,596	1,569	337,104,480
Investments	50,233,831	—	—	—	50,233,831
Investments – restricted	24,785,338	66,452,197	98,013,824	—	189,251,359
Investment income receivable	1,099,610	—	—	—	1,099,610
Investment income receivable – restricted	199,753	123,400	1,521,298	—	1,844,451
Program loans receivable	25,355,782	23,400,818	11,077,870	—	59,834,470
Interest receivable on program loans	148,178	1,141,261	953,807	—	2,243,246
Due from other funds	6,016,994	10,153,905	686,958	—	16,857,857
Amounts due from brokers for securities matured	—	31,423,562	—	—	31,423,562
Other	3,191,380	—	—	9,320	3,200,700
Total current assets	268,915,468	294,046,856	130,120,353	10,889	693,093,566
Noncurrent assets:					
Investments	222,451,738	—	—	—	222,451,738
Investments – restricted	1,373,301	20,747,521	497,754,171	—	519,874,993
Program loans receivable, net of current portion	52,343,953	313,196,242	175,020,775	—	540,560,970
Less allowance for estimated losses	(4,744,752)	(5,658,768)	(2,606,480)	—	(13,010,000)
Net program loans receivable	47,599,201	307,537,474	172,414,295	—	527,550,970
Real estate held for sale	36,809	693,096	2,483,908	25,000	3,238,813
Less allowance for estimated losses	—	(201,200)	(911,598)	—	(1,112,798)
Net real estate held for sale	36,809	491,896	1,572,310	25,000	2,126,015
Due from Fannie Mae	—	88,934,863	—	—	88,934,863
Due from Freddie Mac	—	4,383,640	—	—	4,383,640
Capital assets, net	1,724,951	24,982,354	—	—	26,707,305
Derivative instrument asset	269,150	24,904	—	—	294,054
Other	504,877	—	—	—	504,877
Total noncurrent assets	273,960,027	447,102,652	671,740,776	25,000	1,392,828,455
Total assets	542,875,495	741,149,508	801,861,129	35,889	2,085,922,021
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives	—	—	523,772	—	523,772
Total deferred outflows of resources	—	—	523,772	—	523,772

(Continued)

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

Proprietary Funds

Statement of Net Position

June 30, 2018

Liabilities		Major Funds: Administrative Fund	Major Funds: Mortgage Loan Program Fund	Major Funds: Single Family Program Fund	Nonmajor Proprietary Fund - IHDA Dispositions LLC	Total
Current liabilities:						
Bonds and notes payable	$	52,263,934	56,145,080	68,983,842	—	177,392,856
Accrued interest payable		110,416	4,362,314	5,742,812	—	10,215,542
Unearned revenue		3,095,719	56,620	—	—	3,152,339
Deposits held in escrow		139,757,584	—	—	—	139,757,584
Bank note cash collateral		21,450,000	—	—	—	21,450,000
Accrued liabilities and other		11,758,441	756,880	328,525	—	12,843,846
Due to other funds		11,556,480	2,791,984	457,769	—	14,806,233
Total current liabilities		239,992,574	64,112,878	75,512,948	—	379,618,400
Noncurrent liabilities:						
Bonds and notes payable, net of current portion		16,168,284	366,678,959	604,184,625	—	987,031,868
Unearned revenue		6,044,337	141,550	—	—	6,185,887
Derivative instrument liability		—	—	523,772	—	523,772
Total noncurrent liabilities		22,212,621	366,820,509	604,708,397	—	993,741,527
Total liabilities		262,205,195	430,933,387	680,221,345	—	1,373,359,927
Deferred Inflows of Resources						
Accumulated increase in fair value of hedging derivatives		269,150	24,904	—	—	294,054
Unamortized gain on bond refunding		—	111,514	—	—	111,514
Unearned revenue		4,739,909	—	—	—	4,739,909
Total deferred inflows of resources		5,009,059	136,418	—	—	5,145,477
Net Position						
Net investment in capital assets		1,724,951	797,354	—	—	2,522,305
Restricted for bond resolution purposes		—	309,282,349	122,163,556	—	431,445,905
Restricted for loan and grant programs		43,798,573	—	—	—	43,798,573
Unrestricted		230,137,717	—	—	35,889	230,173,606
Total net position	$	275,661,241	310,079,703	122,163,556	35,889	707,940,389

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, 2018

	Major Funds				
	Administrative Fund	**Mortgage Loan Program Fund**	**Single Family Program Fund**	**Nonmajor Proprietary Fund - IHDA Dispositions LLC**	**Total**
Operating revenues:					
Interest and other investment income	$ 29,962,360	3,386,590	16,980,487	—	50,329,437
Net decrease in fair value of investments	(800,968)	(639,894)	(11,501,334)	—	(12,942,196)
Total investment income	29,161,392	2,746,696	5,479,153	—	37,387,241
Interest earned on program loans	2,001,581	17,524,772	10,611,061	—	30,137,414
Federal assistance programs	79,877,059	103,781	—	—	79,980,840
Service fees	8,364,853	—	—	—	8,364,853
Development fees	3,746,990	—	—	—	3,746,990
HUD savings	691,426	—	—	—	691,426
Rental income	—	—	—	38,516	38,516
Tax credit reservation and monitoring fees	8,129,288	—	—	—	8,129,288
Other	6,729,847	10,549,845	137,729	—	17,417,421
Total operating revenues	138,702,436	30,925,094	16,227,943	38,516	185,893,989
Operating expenses:					
Interest expense	1,174,335	10,416,039	18,971,383	—	30,561,757
Federal assistance programs	79,877,059	103,781	—	—	79,980,840
Salaries and benefits	19,970,427	—	—	—	19,970,427
Professional fees	2,349,129	—	—	—	2,349,129
Other general and administrative	2,677,724	5,063,753	408,190	34,987	8,184,654
Financing costs	503,859	585,721	2,596,415	—	3,685,995
Program grants	459,098	—	—	—	459,098
Change in accrual for estimated losses on mortgage participation certificate program	1,601,565	—	—	—	1,601,565
Provision for (reversal of) estimated losses on program loans receivable	1,638,493	1,017,925	(836,185)	—	1,820,233
Provision for estimated losses on real estate held for sale	—	216,686	677,345	—	894,031
Total operating expenses	110,251,689	17,403,905	21,817,148	34,987	149,507,729
Operating income (loss)	28,450,747	13,521,189	(5,589,205)	3,529	36,386,260
Nonoperating revenues (expenses):					
Loss on disposition	—	—	—	(175,000)	(175,000)
Total nonoperating expenses	—	—	—	(175,000)	(175,000)
Income (loss) before transfers	28,450,747	13,521,189	(5,589,205)	(171,471)	36,211,260
Transfers in	3,369	633,935	1,092,084	—	1,729,388
Transfers out	(1,726,019)	—	(3,369)	—	(1,729,388)
Total transfers	(1,722,650)	633,935	1,088,715	—	—
Change in net position	26,728,097	14,155,124	(4,500,490)	(171,471)	36,211,260
Net position at beginning of year	248,933,144	295,924,579	126,664,046	207,360	671,729,129
Net position at end of year	$ 275,661,241	310,079,703	122,163,556	35,889	707,940,389

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, 2018

	Major Funds				
	Administrative Fund	**Mortgage Loan Program Fund**	**Single Family Program Fund**	**Nonmajor Proprietary Fund - IHDA Dispositions LLC**	**Total**
Cash flows from operating activities:					
Receipts for program loans, interest, and service fees	$ 35,456,452	65,261,993	44,330,397	—	145,048,842
Receipts for rental operations	—	—	—	29,196	29,196
Payments for program loans	(10,984,341)	(31,448,448)	(3,088,358)	—	(45,521,147)
Receipts for federal assistance programs	79,877,059	103,781	—	—	79,980,840
Payments for federal assistance programs	(79,877,059)	(103,781)	—	—	(79,980,840)
Receipts for credit enhancements	—	1,474,461	—	—	1,474,461
Payments for program grants	(459,098)	—	—	—	(459,098)
Payments to suppliers	(5,147,560)	(5,600,954)	(2,997,613)	—	(13,746,127)
Payments to employees	(19,802,280)	—	—	—	(19,802,280)
Payments for rental operations	—	—	—	(34,987)	(34,987)
Interest paid on revenue bonds and notes	(1,126,578)	(11,267,592)	(18,584,823)	—	(30,978,993)
Payment of bank note cash collateral	(21,020,000)	—	—	—	(21,020,000)
Receipts for tax credit reservations and monitoring fees	8,129,288	—	—	—	8,129,288
Other receipts	6,729,847	10,549,845	137,729	—	17,417,421
Net cash provided by (used in) operating activities	(8,224,270)	28,969,305	19,797,332	(5,791)	40,536,576
Cash flows from noncapital financing activities:					
Due to other funds	1,078,285	128,463	12,765,757	—	13,972,505
Due from other funds	2,920,500	(65,806)	(13,030,125)	—	(10,175,431)
Proceeds from sale of bonds and notes	606,217,000	10,693,777	123,213,007	—	740,123,784
Principal paid on bonds and notes	(599,305,229)	(49,378,336)	(74,688,713)	—	(723,372,278)
Transfers in	3,368	778,134	1,101,655	—	1,883,157
Transfers out	(1,726,018)	(144,199)	(12,940)	—	(1,883,157)
Net cash provided by (used in) noncapital financing activities	9,187,906	(37,987,967)	49,348,641	—	20,548,580
Cash flows from capital financing and related activities:					
Acquisition of capital assets	(1,044,743)	(1,194,301)	—	—	(2,239,044)
Net cash used in capital financing and related activities	(1,044,743)	(1,194,301)	—	—	(2,239,044)
Cash flows from investing activities:					
Purchase of investment securities	(1,320,295,907)	(639,990,107)	(460,454,873)	—	(2,420,740,887)
Proceeds from sales and maturities of investment securities	1,298,685,224	710,275,223	378,561,258	—	2,387,521,705
Interest received on investments	4,871,955	1,927,693	18,075,859	—	24,875,507
Net cash provided by (used in) investing activities	(16,738,728)	72,212,809	(63,817,756)	—	(8,343,675)
Net increase (decrease) in cash and cash equivalents	(16,819,835)	61,999,846	5,328,217	(5,791)	50,502,437
Cash and cash equivalents, beginning of year	174,704,437	99,351,867	12,538,379	7,360	286,602,043
Cash and cash equivalents, end of year	$ 157,884,602	161,351,713	17,866,596	1,569	337,104,480

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

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2018

	Major Funds				
	Administrative Fund	**Mortgage Loan Program Fund**	**Single Family Program Fund**	**Nonmajor Proprietary Fund - IHDA Dispositions LLC**	**Total**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 28,450,747	13,521,189	(5,589,205)	3,529	36,386,260
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Loss on disposition	—	—	—	(175,000)	(175,000)
Investment income	(29,161,392)	(2,746,696)	(5,479,153)	—	(37,387,241)
Depreciation and amortization	508,113	1,074,848	—	—	1,582,961
Change in accrual for estimated losses on mortgage participation certificate program	1,601,565	—	—	—	1,601,565
Changes in provision for (reversal of) estimated losses on program loans receivable	1,638,493	1,017,927	(862,279)	—	1,794,141
Changes in provision for (reversal of) estimated losses on real estate held for sale	—	152,058	(810,089)	—	(658,031)
Changes in assets and liabilities:					
Program loans receivable	14,401,178	14,536,486	31,980,306	—	60,917,970
Interest receivable on program loans	(63,334)	82,381	164,200	—	183,247
Other liabilities	(4,818,227)	(469,340)	393,552	—	(4,894,015)
Other assets	238,587	325,991	—	165,680	730,258
Bank note cash collateral	(21,020,000)	—	—	—	(21,020,000)
Due from Fannie Mae	—	1,393,842	—	—	1,393,842
Due from Freddie Mac	—	80,619	—	—	80,619
Total adjustments	(36,675,017)	15,448,116	25,386,537	(9,320)	4,150,316
Net cash provided by (used in) operating activities	$ (8,224,270)	28,969,305	19,797,332	(5,791)	40,536,576
Noncash investing capital and financing activities:					
Transfer of foreclosed assets	$ 36,809	868,320	6,102,602	—	7,007,731
Increase (decrease) in the fair value of investments	$ 3,699,122	265,302	(7,899,003)	—	(3,934,579)

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, 2018, 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, 2018, amounts outstanding against this limitation were approximately $2.0 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 Generally Accepted Accounting Principles (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 or burden 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 or burdens the primary government even though it does not provide services directly to it.

(b) Basis of Presentation

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

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

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

The Authority reports the following major governmental funds:

Illinois Affordable Housing Trust Fund

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

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

HOME Program Fund

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

Rental Housing Support Program Fund

The Authority is 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.

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 are used to help prevent foreclosure and stabilize housing markets through programs that provide interim mortgage payment assistance and principal reduction for distressed homeowners, down payment assistance for homebuyers in targeted areas, and assistance to demolish vacant, blighted structures.

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, Multifamily Revenue Bonds and Affordable Housing Program Trust Fund Bonds, and for the retirement of such obligations.

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

Single Family Program Fund

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

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

(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 GAAP, as promulgated in pronouncements of GASB.

(d) Fund Balances

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

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

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

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

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

Unassigned – This consists of residual deficit fund balances.

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

(e) Net Position

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

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

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

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

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

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

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

A portion of the Authority's Administrative Fund unrestricted net position as of June 30, 2018 is designated as follows:

Homeownership Mortgage Loan Program Provide funds to support Single Family Homeownership in the State of Illinois through second lien position loans and/or grants	$	30,000,000
Multi-Family Mortgage Loan Program To pay possible losses arising in the Multi-Family Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans		5,000,000
Homeownership Mortgage Loan Program To pay possible losses arising in the Homeownership Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans		5,000,000
Homeownership Mortgage Loan Program Provide funds to purchase homeownership mortgage loans and/or mortgage-backed securities under the Program which may eventually be purchased with proceeds from future issuances of Authority debt or sold in the secondary market		100,000,000
Multi-Family Mortgage Loan Program Provide funds to finance Multi-Family loans originated under the Program		50,000,000
Provide funds for the Authority's planned technology enhancements		15,000,000
	$	205,000,000

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 GAAP requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from the estimates.

(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. 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.

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. Fair value is determined by reference to public market prices and quotations from a securities pricing service. The Authority records investment transactions based on trade date.

The investment of funds is restricted by various bond and note resolutions of the Authority and the Act, generally, to direct obligations of the United States government; specific bank obligations, certain of which are fully secured as required by the bond and note resolutions; and obligations of other governmental entities that meet defined standards. The type of collateral instruments that secure the demand repurchase agreements held by the Authority 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, except for computers, camera and video equipment, which are capitalized at any cost. 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, 2018, the net carrying value of ML-181 was $24,982,354 which is net of accumulated depreciation of $22,388,810. Depreciation expense for fiscal year 2018 was $1,074,848. 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, having a net carrying value of $69,032 at June 30, 2018 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 $38,116 during fiscal year 2018.

(m) IHDA Dispositions LLC Real Estate Held for Sale

At June 30, 2018, 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 2018 management fees
Delta Terrace Apartments	$ 25,000	10	3	$ —	$ 7,200

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. Delta Terrace Apartments is valued at an agreed upon purchase price per an executed sales contract on September 18, 2018. See footnote 14, Subsequent Events.

(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(f)), 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.

(Continued)

(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, 2017	Additions	Retirements	Balance June 30, 2018	Due within one year
$	805,497	2,061,666	(2,216,149)	651,014	651,014

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, onsite 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 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.

(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, 2018, the Authority had cash & cash equivalents totaling $449,966,642, which consists of cash of $137,541,986 and cash equivalents held in investments of $312,424,656 as noted below:

		Investment maturities (in days)			
Investment	**Carrying amount**	**Less than 7**	**Less than 30**	**Less than 60**	**Less than 90**
Sweep accounts-money market fund	$ 312,424,656	312,424,656	—	—	—

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, 2018, the Authority had the following investments:

		Investment maturities (in years)			
Investment	**Carrying amount**	**Less than 1**	**1–5**	**6–10**	**More than 10**
Certificate of Deposit	$ 21,637,769	21,637,769			
Federal Home Loan Bank Bonds	78,425,880	38,668,692	39,757,188	—	—
Federal Farm Credit Bank Bonds	29,972,251	13,241,190	16,731,061	—	—
Federal Home Loan Mortgage Corp.	46,201,445	5,170,031	39,553,289	—	1,478,125
Federal National Mortgage Assn. Benchmark Notes	1,584,950	—	—	1,584,950	—
Federal Home Loan Bank Discount Notes	161,299,285	161,299,285	—	—	—
Government National Mortgage Association	445,233,121	—	—	—	445,233,121
Federal National Mortgage Assn.	205,905,609	1,983,980	30,003,255	9,599,127	164,319,247
U.S. Treasury Strips	1,373,301	—	—	811,729	561,572
U.S. Treasury Bonds	5,757,811	—	5,757,811	—	—
U.S. Treasury Notes	24,765,764	10,301,124	14,464,640	—	—
	$ 1,022,157,186	252,302,071	146,267,244	11,995,806	611,592,065

(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 approximately $46,374 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.

(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 $137,541,986 at June 30, 2018, and the cash bank balance totaled $137,541,982, which was fully insured or collateralized. Additionally, the Authority's cash equivalents at June 30, 2018, consisted of sweep accounts, held in the Authority's name, with the funds in these accounts invested in money market funds that invest in U.S. Treasury securities, or were held in accounts that were either FDIC insured or collateralized with U.S. government obligations. The 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, 2018 were held in the Authority's name in separate Authority custodial accounts. Collateral is pledged in the Authority's name and consists of U.S. Treasury obligations.

(d) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The Authority's policy does not limit the amounts the Authority may invest in any one issuer. The Authority is considered to have a concentration of credit risk if its investments in any one single issuer (other than securities explicitly guaranteed by the U.S. government) are greater than 5% of total investments. Investments which comprise more than 5% of the Authority's investments as of June 30, 2018 are as follows:

Investment	Fair value
Federal Home Loan Bank	$ 239,725,165
Federal National Mortgage Association	207,490,559

(e) Forward Commitments

The Authority sells forward commitments to deliver Government National Mortgage Association (GNMA) certificates and Fannie Mae (FNMA) mortgage-backed securities (MBS). Commitments are sold as mortgage loan reservations are taken to hedge against market fluctuations prior to loan origination and securitization. The Authority is subject to market value fluctuations in the event that mortgage loans are not originated as expected and the committed securities cannot be delivered. A net decrease in fair value of $1,154,578 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, 2018. In addition, $713,115 of forward commitments is recorded on the statement of net position as accrued liabilities and other current liabilities at June 30, 2018.

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, 2018.

Counterparty	Rating [1]	Number of Contracts		Par Amount
Bank of New York Mellon	AA-/A-1+ (Stable); Aa1(cr)/P-1(cr) (Stable)	17	$	31,385,947
Citigroup Global Markets	BBB+/A-2 (Stable); Baa1/WR (POS)	24		64,071,591
Jefferies LLC	BBB-/BBB – (Stable); Baa3/Baa3 (Stable)	11		22,037,000
Morgan Stanley	BBB+ (Stable); A3 (Stable)	21		42,827,452
Piper Jaffray	BBB+ / A-2 (Stable) A3 / P-2 (Stable)	14		30,163,897
Raymond James & Associates, Inc.	BBB+ (Stable); Baa1 (Stable)	8		11,921,234
Fannie Mae	AA+u/A-1+u (Stable); Aaa /P-1 (Stable)	16		35,791,565
Wells Fargo Securities, LLC	A+ / A-1 (Stable); Aa1(cr)/P-1(cr) (Neg)	21		71,663,214
Total forward commitments		132	$	309,861,900

(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 Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; 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, 2018. 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.

Investments and derivative instruments measured at fair value as of June 30, 2018 are as follows:

	At June 30, 2018	Fair value measurements using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable (Level 3)
Investments:				
Certificate of Deposit	$ 21,637,769	21,637,769	—	—
Federal Home Loan Bank Bonds	78,425,880	—	78,425,880	—
Federal Farm Credit Bank Bonds	29,972,251	—	29,972,251	—
Federal Home Loan Mortgage Corp.	46,201,445	—	46,201,445	—
Federal National Mortgage Assn. Benchmark Notes	1,584,950	—	1,584,950	—
Federal Home Loan Bank Discount Notes	161,299,285	—	161,299,285	—
Government National Mortgage Association	445,233,121	—	445,233,121	—
Federal National Mortgage Assn.	205,905,609	—	205,905,609	—
U.S. Treasury Strips	1,373,301	1,373,301	—	—
U.S. Treasury Bonds	5,757,811	5,757,811	—	—
U.S. Treasury Notes	24,765,764	24,765,764	—	—
	$ 1,022,157,186	53,534,645	968,622,541	—
Derivative Instruments:				
Interest rate swaps and caps	$ 294,054	—	294,054	—
Interest rate swap	(523,772)	—	(523,772)	—
Forward Commitments	(713,115)	—	(713,115)	—
	$ (942,833)	—	(942,833)	—

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

During fiscal year 2018, Deutsche Bank AG lent U.S. Agency securities and U.S. Treasury 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 aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The State Treasurer did not impose any restrictions during fiscal year 2018 on the amount of loans amounts of available, eligible securities. In the event of borrower default, Deutsche Bank AG provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the State Treasurer if Deutsche Bank AG loses any securities, collateral or investments of the State Treasurer in Deutsche Bank AG's custody. There were no losses during fiscal year 2018 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal year 2018, the State 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 AG 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 cash collateral. The State 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 securities on loan for the State Treasurer as of June 30, 2018 were $4,521,091,000 and $4,451,198,793, respectively. The Authority recorded a share of the securities lending cash collateral and associated liability in the HOME Program Fund in the amount of $19,000 as of June 30, 2018.

(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, 2018 consisted of the following:

	Payable from								
	Governmental Funds					Proprietary Funds			
Receivable to	Illinois Affordable Housing Trust Fund	HOME Program Fund	Rental Housing Support Program Fund	Hardest Hit Fund	Nonmajor Governmental Funds	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Total
Governmental Funds:									
Illinois Affordable Housing Housing Trust Fund	$ —	—	—	—	—	256,754	—	—	256,754
HOME Program Fund	—	—	—	—	—	455,238	—	—	455,238
Nonmajor Governmental Funds	—	—	—	—	—	3,625	—	—	3,625
Proprietary Funds:									
Administrative Fund	23,105	212,672	129,068	2,400,708	1,688	—	2,791,984	457,769	6,016,994
Mortgage Loan Program Fund	—	—	—	—	—	10,153,905	—	—	10,153,905
Single Family Program Fund	—	—	—	—	—	686,958	—	—	686,958
	$ 23,105	212,672	129,068	2,400,708	1,688	11,556,480	2,791,984	457,769	17,573,474

The interfund accounts receivable (payable) between the Mortgage Loan Program Fund and the Administrative Fund primarily consist of a fiscal year 2000 operating transfer of $10.4 million to 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. Other interfund payables from the Administrative Fund to governmental and proprietary funds primarily consist of deposits of loan debt service payments that will be transferred subsequent to the fiscal year end.

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 receivables to the Administrative Fund mainly consist of reimbursements for certain costs incurred in administering programs.

Transfers

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 for the year ended June 30, 2018 consisted of the following:

	Transfers Out		
	Proprietary Funds		
Transfers in	Administrative Fund	Single Family Program Fund	Total
Proprietary Funds:			
Administrative Fund	$ —	3,369	3,369
Mortgage Loan Program Fund	633,935	—	633,935
Single Family Program Fund	1,092,084	—	1,092,084
	$ 1,726,019	3,369	1,729,388

The $633,935 transfer from the Administrative Fund to the Mortgage Loan Program Fund funded costs related to issuance of Multifamily Revenue Bonds.

Transfers totaling $1,092,084 from the Administrative Fund to the Single Family Program Funds funded costs related to issuance of Revenue Bonds.

(Continued)

(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, 2018:

		Net program loans receivable June 30, 2017	Loan disbursements	Loan repayments	Change in loan loss allowance	Net program loans receivable June 30, 2018
				(Dollars in thousands)		
Governmental Funds:						
Illinois Affordable Housing Trust Fund	$	301,905	13,269	(14,446)	(13,236)	287,492
HOME Program Fund		267,220	4,903	(3,159)	(15,502)	253,462
Hardest Hit Fund		3,775	1	(2,921)	1,113	1,968
Nonmajor governmental funds		83,853	5,757	(475)	(4,423)	84,712
Total Governmental Funds	$	656,753	23,930	(21,001)	(32,048)	627,634
Proprietary Funds:						
Administrative Fund	$	89,031	10,984	(25,422)	(1,638)	72,955
Mortgage Loan Program Fund:						
Housing Bonds		267,605	11,857	(44,302)	(577)	234,583
Multifamily Initiative Bonds		42,805	—	(932)	(204)	41,669
Multifamily Revenue Bonds		28,270	19,466	(581)	(311)	46,844
Affordable Housing Program Trust Fund Bonds		8,457	125	(814)	74	7,842
Total Mortgage Loan Program Fund		347,137	31,448	(46,629)	(1,018)	330,938
Single Family Program Fund:						
Homeowner Mortgage Revenue Bonds		213,324	3,082	(34,321)	874	182,959
Revenue Bonds		626	6	(87)	(12)	533
Total Single Family Program Fund		213,950	3,088	(34,408)	862	183,492
Total Proprietary Funds	$	650,118	45,520	(106,459)	(1,794)	587,385

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, 2018, for loans financed under the Mortgage Loan Program Fund, two loans were in arrears in amounts equal to more than three months debt service payments or required deposits to tax and insurance and/or replacement reserves, totaling $228,047 and $410,990, respectively.

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.

The Authority does not accrue interest income on approximately $6.0 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, 2018, there is one loan receivable under this program in the amount of $94,639.

Under Section 542 (c) of the Housing and Community Development Act of 1992, HUD is permitted to provide federal credit enhancement through the Federal Housing Administration (FHA) for loans for affordable multifamily developments (FHA-HFA Risk Sharing Program). In June 1994, the Authority entered into a Risk Sharing Agreement (the Agreement) with HUD that permitted the Authority to participate in the FHA-HFA 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) through a system of risk-sharing agreements. 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.

In fiscal year 2016, the Authority entered into a new financing agreement with the Federal Financing Bank (FFB), an arm of the United States Department of Treasury, for selling beneficial ownership interests in mortgage loans originated by housing finance agencies and insured under the FHA-HFA Risk Sharing Program. The Authority sells beneficial ownership interest in its mortgages under this program to FFB. Beneficial ownership interest in mortgage loans that the Authority sells to the FFB will be evidenced by certificates of participation from the Authority. The monthly mortgage payments from the borrower will be used to repay the interest to the FFB and principal payments will reflect the scheduled mortgage principal payments. Through fiscal year 2018, the Authority sold beneficial ownership interests in loans for six affordable multifamily developments totaling $57.9 million to the FFB. For one of these developments as of June 30, 2018, the Authority issued a $21.5 million short-term tax-exempt direct bank note in connection with the financing of a construction loan. An amount equal to the principal balance of the short-term note is being held as a restricted investment in the Administrative Fund, with a corresponding liability to the bank reported as Bank Note Cash Collateral, and is expected to repay the purchaser of the note upon its maturity.

The Authority, as of June 30, 2018, has outstanding forty-five Risk Sharing Loans totaling $256,085,707 and elected that HUD assume 10% to 100% of the loss with respect to those loans. Three of these loans totaling $16,989,460 were financed through the issuance of the Authority's Housing Bonds, eight loans totaling $41,966,220 were financed through the issuance of the Authority's Multi-Family Initiative Bonds, eight loans totaling $60,487,741 were financed through the issuance of the Authority's Multifamily Revenue Bonds and three loans totaling $12,519,090 were financed by the Administrative Fund. The remaining twenty-three loans totaling $124,123,196 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, 2018 for loans financed under the FHA-HFA 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.

(Continued)

As of June 30, 2018, 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 $13,758,971. 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, 2018, 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 three months debt service payments and required deposits to tax and insurance and/or replacement reserves, totaling $8,902 and $259,155, respectively. The loss reserve for loans financed under this program, totaling $2,140,458 as of June 30, 2018, is recorded in accrued liabilities and other.

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, 2018, were covered by pool insurance policies which provide 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.

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, 2018 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, 2018:

		Allowance for estimated losses June 30, 2017	Provision for estimated losses	Write-offs of uncollectible losses, net of recoveries	Allowance for estimated losses June 30, 2018
		(Dollars in thousands)			
Governmental Funds:					
Illinois Affordable Housing Trust Fund	$	21,039	16,554	(3,319)	34,274
HOME Program Fund		10,525	15,502	—	26,027
Hardest Hit Fund		1,258	(1,113)	—	145
Nonmajor Governmental Funds		1,482	4,646	(223)	5,905
Total governmental funds	$	34,304	35,589	(3,542)	66,351
Proprietary Funds:					
Administrative Fund	$	3,106	1,639	—	4,745
Mortgage Loan Program Fund		4,641	1,018	—	5,659
Single Family Program Fund		3,469	(837)	(26)	2,606
Total proprietary funds	$	11,216	1,820	(26)	13,010

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, 2018, the Authority has requested twelve certifications totaling $5,537,854 for loans within the Illinois Affordable Housing Trust Fund. Additional certification requests are anticipated to be filed as loss amounts are determined following the conclusion of foreclosure or other loss mitigation activities. The Authority has established provisions for estimated losses against such loans requested and to be requested for such certifications in amounts equal to the outstanding principal balances of the loans.

Scheduled receipts of principal on gross program loans receivable in certain government funds and proprietary funds in the five years subsequent to June 30, 2018 and thereafter are as follows (dollars in thousands):

Governmental Funds:

	Illinois Affordable Housing Trust Fund	HOME Program Fund	ARRA Fund
2019	$ 11,133	$ 7,816	$ 295
2020	4,144	3,327	196
2021	5,862	6,071	204
2022	9,433	2,307	212
2023	13,339	14,674	220
After 2023	277,855	245,294	72,240
	$ 321,766	$ 279,489	$ 73,367

Proprietary Funds:

2019	$ 59,835
2020	26,004
2021	23,650
2022	23,519
2023	23,951
After 2023	443,436
	$ 600,395

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

(6) Real Estate Held for Sale

An analysis of real estate held for sale, net of allowance for estimated losses as of June 30, 2018 is as follows:

Governmental Funds:

	Hardest Hit Fund
Balance at June 30, 2017	$ —
Transfers of loans	166,228
Proceeds received/write-offs	—
Change in loan loss allowance	—
Balance at June 30, 2018	$ 166,228

Proprietary Funds:

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	IHDA Dispositions LLC	Total
Balance at June 30, 2017	$ —	—	1,422,523	200,000	1,622,523
Transfers of loans	36,809	868,320	6,102,602	—	7,007,731
Proceeds received/write-offs	—	(224,366)	(6,762,905)	(175,000)	(7,162,271)
Change in loan loss allowance	—	(152,058)	810,090	—	658,032
Balance at June 30, 2018	$ 36,809	491,896	1,572,310	25,000	2,126,015

(Continued)

(7) Capital Assets

Capital asset activity for the year ended June 30, 2018 for governmental activities was as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets being depreciated				
Furniture and equipment	$ 153,099	—	—	153,099
Total capital assets being depreciated	153,099	—	—	153,099
Accumulated depreciation				
Furniture and equipment	45,951	38,116	—	84,067
Total accumulated depreciation	45,951	38,116	—	84,067
Capital assets, net of depreciation	$ 107,148	(38,116)	—	69,032

Capital asset activity for the year ended June 30, 2018 for business-type activities was as follows:

		Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets being depreciated					
Administrative Fund					
Furniture and equipment	$	4,079,378	1,044,744	—	5,124,122
Mortgage Loan Program Fund					
Real estate		46,176,863	1,194,302	—	47,371,165
Total capital assets being depreciated		50,256,241	2,239,046	—	52,495,287
Total capital assets		50,256,241	2,239,046	—	52,495,287
Accumulated depreciation					
Administrative Fund					
Furniture and equipment		2,891,057	508,115	—	3,399,172
Mortgage Loan Program Fund					
Real estate		21,313,962	1,074,848	—	22,388,810
Total accumulated depreciation		24,205,019	1,582,963	—	25,787,982
Capital assets, net of depreciation	$	26,051,222	656,083	—	26,707,305

(8) Bonds and Notes Payable

The following summarizes the debt activity for the Authority's proprietary funds for the year ended June 30, 2018:

	June 30, 2017	Additions	Deductions	June 30, 2018	Amount due within one year
Administrative Fund					
Direct Bank Notes	$ 42,470,000	3,000,000	(23,387,000)	22,083,000	22,083,000
Federal Home Loan Bank Advances	19,050,446	603,217,000	(575,918,228)	46,349,218	30,180,934
Total Administrative Fund	61,520,446	606,217,000	(599,305,228)	68,432,218	52,263,934
Mortgage Loan Program Fund:					
Housing Bonds	272,645,000	—	(46,335,000)	226,310,000	51,195,000
Discount on Housing Bonds	(99,798)	—	238	(99,560)	—
Multifamily Initiative Bonds	138,550,000	—	(2,480,000)	136,070,000	3,780,000
Multifamily Revenue Bonds	50,413,396	10,693,777	(563,574)	60,543,599	1,170,080
Total Mortgage Loan Program Fund	461,508,598	10,693,777	(49,378,336)	422,824,039	56,145,080
Single Family Program Fund:					
Homeowner Mortgage Revenue Bonds	358,185,000	—	(42,540,000)	315,645,000	49,255,000
Premium on Homeowner Mortgage Revenue Bonds	5,762,839	—	(852,424)	4,910,415	—
Housing Revenue Bonds	130,131,726	—	(19,832,693)	110,299,033	12,282,173
Premium on Housing Revenue Bonds	372,504	—	(111,968)	260,536	—
Discount on Housing Revenue Bonds	(869,025)	—	21,375	(847,650)	—
Residential Mortgage Revenue Bonds	100,000	—	(100,000)	—	—
Revenue Bonds	128,510,798	120,000,000	(11,074,765)	237,436,033	7,446,669
Premium on Revenue Bonds	2,450,331	3,213,007	(198,238)	5,465,100	—
Total Single Family Program Fund	624,644,173	123,213,007	(74,688,713)	673,168,467	68,983,842
Total Proprietary Funds	$ 1,147,673,217	740,123,784	(723,372,277)	1,164,424,724	177,392,856

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 Multifamily Revenue 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 FNMA and FHLMC. 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 principal ($860.0 million) of S.L.O. bonds as noted in the following schedules for the Mortgage Loan Program Fund and Single Family Program Fund. The total principal and interest remaining to be paid on the S.L.O. Bonds is $1,241.5 million. For bonds payable from pledged property, interest paid for the current year was $22.0 million, and total related mortgage loan principal and interest received were $32.6 million and $15.5 million, respectively.

Bonds and notes outstanding at June 30, 2018 are as follows. Listed maturity dates are indicated as calendar years. The June 30, 2017 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 2018	Amount June 30 2017
Housing Bonds:					
2006 Series M	2018–2047	4.00-4.50 %	G.O.	$ —	11,290,000
2007 Series A	2018–2048	5.00-5.55	G.O.	3,525,000	3,575,000
2007 Series C	2018–2044	5.20-5.38	G.O.	8,660,000	8,850,000
2007 Series D	2018–2038	4.63-4.95	G.O.	12,225,000	12,830,000
2007 Series F	2018–2044	4.70-5.35	G.O.	—	6,115,000
2007 Series G	2018–2044	4.70-5.35	G.O.	—	5,095,000
2008 Series A (1)	2018-2027	variable	G.O.	10,930,000	11,290,000
2008 Series B (1)	2018–2027	variable	G.O.	24,185,000	25,885,000
2008 Series C (1)	2018-2041	variable	G.O.	4,700,000	4,805,000
2013 Series B (Taxable)	2018–2047	1.94-4.79	G.O.	48,485,000	53,580,000
2013 Series C	2018–2048	1.75-4.60	G.O.	5,370,000	5,460,000
2013 Series D	2018–2034	2.00-4.95	G.O.	7,845,000	7,975,000
2015 Series A-1	2018–2036	1.50-3.85	G.O.	20,970,000	28,475,000
2015 Series A-2 (Taxable)	2018-2029	2.22-4.07	G.O.	5,280,000	10,425,000
2015 Series A-3 (Taxable) (1)	2045	variable	G.O.	22,580,000	22,580,000
2017 Series A-1 (Taxable)	2018-2027	1.75-3.77	G.O.	21,555,000	24,415,000
2017 Series A-2 (Taxable) (1)	2027-2045	variable	G.O.	30,000,000	30,000,000
				226,310,000	272,645,000
Less unamortized discount thereon				(99,560)	(99,798)
Total Housing Bonds				$ 226,210,440	272,545,202

(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 1.55% to 2.07% at June 30, 2018. Pursuant to the liquidity agreements, the bonds are subject for purchase by liquidity providers in the event of a tender by bondholders (Bank Bonds). Subject to other provisions within the liquidity agreements, the Bank Bonds will bear interest at a rate specified within the agreements and continue to be subject for remarketing by remarketing agents. In the event the remarketing agents are unable to remarket the Bank Bonds over a certain period of time, the Bank Bonds are subject to a put whereby the Authority is required to purchase and redeem the Bank Bonds over a period stated within the agreements. The Authority has a take-out agreement with the liquidity providers to convert the bonds to an installment loan payable over a three-to-five year period. The interest rate that is to be paid during the put periods is LIBOR plus 150 basis points. The current liquidity agreements for 2008 Series A, B, and C expire on April 24, 2019 and the related debt is recorded in current

liabilities in the financial statements. The current agreements for 2015 Series A-3 and 2017 Series A-2 expire on January 21, 2020 and February 14, 2022, 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 2018	Amount June 30 2017
Multifamily Initiative Bonds:					
Series 2009 B	2018–2051	3.50%	S.L.O.	$ 7,630,000	7,890,000
Series 2009 C	2018–2051	3.01	S.L.O.	18,560,000	18,920,000
Series 2009 D	2018–2041	3.48	S.L.O.	55,350,000	56,170,000
Series 2009 E	2018–2042	2.32	S.L.O.	4,350,000	4,430,000
Series 2009 F	2018–2041	2.32	S.L.O.	5,250,000	5,350,000
Series 2009 G	2018–2041	2.32	S.L.O.	7,860,000	8,020,000
Series 2009 H	2018–2041	2.32	S.L.O.	10,390,000	10,560,000
Series 2009 I	2018–2051	2.32	S.L.O.	9,190,000	9,320,000
Series 2009 J	2018–2043	3.84	S.L.O.	17,490,000	17,890,000
Total Multifamily Initiative Bonds				136,070,000	138,550,000
Multifamily Revenue Bonds:					
2016 Series A (Taxable)	2018–2048	2.63	S.L.O.	23,939,470	24,413,396
2017 Series A	2018–2059	4.05	S.L.O.	26,000,000	26,000,000
2017 Series B	2018–2043	3.21	S.L.O.	10,604,129	—
Total Multifamily Revenue Bonds				60,543,599	50,413,396
Total Mortgage Loan Program Fund				$ 422,824,039	461,508,598

(Continued)

(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 2018	Amount June 30 2017
Homeowner Mortgage Revenue Bonds:					
2001 Series F (Taxable) (1)	2018-2020	variable	S.L.O.	$ 4,500,000	6,500,000
2002 Series B (Taxable) (2)	2018-2023	variable	S.L.O.	825,000	995,000
2004 Series C-3 (3)	2025–2034	variable	S.L.O.	12,205,000	13,120,000
2007 Series D	2018–2038	5.20 %	S.L.O.	8,635,000	15,110,000
2007 Series H (remarketed 1/30/08)	2018–2033	4.85-5.15	S.L.O.	14,580,000	16,190,000
2008 Series A	2018–2028	5.05	S.L.O.	100,000	855,000
2011 Series A	2018–2019	4.30-4.55	S.L.O.	770,000	1,315,000
2011 Series B	2018–2028	4.00-5.00	S.L.O.	1,950,000	2,780,000
2014 Series A	2018-2035	2.00-4.00	S.L.O.	37,765,000	44,565,000
2014 Series A-3 (Taxable)	2017	1.23	S.L.O.	—	530,000
2014 Series A-4 (Taxable) (3)	2026-2034	variable	S.L.O.	10,675,000	10,675,000
2014 Series A-5 (Taxable) (3)	2025-2035	variable	S.L.O.	20,000,000	20,000,000
2014 Series B	2018-2039	1.60-4.35	S.L.O.	8,065,000	8,430,000
2016 Series A (Taxable)	2018-2034	1.98-4.18	S.L.O.	67,250,000	77,155,000
2016 Series B	2018-2046	1.20-3.50	S.L.O.	28,830,000	35,195,000
2016 Series C	2022-2046	1.50-3.50	S.L.O.	99,495,000	104,770,000
				315,645,000	358,185,000
Plus unamortized premium thereon				4,910,415	5,762,839
Total Homeowner Mortgage Revenue Bonds				$ 320,555,415	363,947,839

(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 2.38% at June 30, 2018. 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 2.40% at June 30, 2018.

(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 1.6% to 2.08% at June 30, 2018. 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 agreement for 2004 Series C-3 expires on July 13, 2020. The liquidity agreements for 2014 Series A-4 and 2014 Series A-5 expire on March 15, 2019 and March 10, 2019, respectively, and the related debt is reflected in current liabilities in the financial statements.

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 2018	Amount June 30 2017
Housing Revenue Bonds:					
Series 2011-1A	2018–2041	3.285%	S.L.O.	$ 6,588,860	8,163,140
Series 2011-1B	2018–2041	3.285	S.L.O.	11,177,147	15,639,689
Series 2011-1C	2018–2041	3.285	S.L.O.	7,500,000	7,500,000
Series 2012A (Taxable)	2018–2042	2.625	S.L.O.	20,690,858	23,889,441
Series 2013A	2018–2043	2.450	S.L.O.	41,885,442	48,826,062
Series 2013B (Taxable)	2018–2043	2.750	S.L.O.	12,388,159	13,675,034
Series 2013C	2018–2043	3.875	S.L.O.	10,068,567	12,438,360
				110,299,033	130,131,726
Plus unamortized premium thereon				260,536	372,504
Less unamortized discount thereon				(847,650)	(869,025)
Total Housing Revenue Bonds				$ 109,711,919	129,635,205

	Maturity dates	Interest rate range %		Debt class		Amount June 30 2018	Amount June 30 2017
Residential Mortgage Revenue Bonds:							
1987 Series D	2018	10.75	%	G.O.	$	—	100,000
Revenue Bonds:							
2016 Series A	2018-2046	0.95-4.00%		S.L.O.		59,785,000	66,735,000
2017 Series A	2018–2047	3.13		S.L.O.		58,366,033	61,775,798
2017 Series B	2018–2048	1.35-4.00		S.L.O.		119,285,000	—
						237,436,033	128,510,798
Plus unamortized premium thereon						5,465,100	2,450,331
Total Revenue Bonds					$	242,901,133	130,961,129
Total Single Family Program Fund					$	673,168,467	624,644,173

(Continued)

(c) Administrative Fund

Outstanding debt of the Administrative Fund is as follows:

	Maturity date	Interest rate (1)	Debt class	Amount June 30 2018	Amount June 30 2017
Direct bank notes:					
	2018	0.70 %	Loan	$ 21,450,000	21,450,000
	2018	0.75	Loan	633,000	—
	2018	1.93	Loan	—	11,300,000
	2018	0.87	Loan	—	9,720,000
Federal Home Loan Bank Advances:					
	2018	1.44	Loan	—	939,000
	2018	2.04	Loan	28,500,000	—
	2019	1.56	Loan	1,221,000	1,221,000
	2020	1.74	Loan	1,503,000	1,503,000
	2021	1.89	Loan	1,503,000	1,503,000
	2022	2.03	Loan	1,313,000	1,313,000
	2024	2.35	Loan	1,406,000	1,406,000
	2027	2.37	Loan	1,401,720	1,503,000
	2027	2.70	Loan	9,501,498	9,662,446
				$ 68,432,218	61,520,446

(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 November 14, 2017, the Authority issued its Multifamily Revenue Bonds, 2017 Series B. The proceeds of the Series 2017 B bonds, together with other funds, were used to redeem the Authority's outstanding Housing Bonds, 2007 Series F and 2007 Series G (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	Economic Gain Present Value (Millions)
Multifamily Revenue Bonds 2017 Series B	$ 4.3	27	$ 3.3

(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, 2018, the following outstanding bonds are considered defeased.

Issue	Amount
Multi-Family Housing Bonds, 1981 Series A	$ 22,040,000

(f) Other Financings

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

As of June 30, 2018, there were sixty-eight series of such bonds or notes outstanding, with an aggregate principal amount payable of $852,847,051.

(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
Housing Bonds	The amount established by each series resolution, currently six months of maximum principal and interest payments.
Multifamily Initiative Bonds	The maximum amount of principal and interest due on any interest payment date excluding the final interest payment date.
Multifamily Revenue Bonds	One-half of the maximum amount of principal and interest due for the then-current or any future calendar year.
Homeowner Mortgage Revenue Bonds	The sum of all amounts established by each series resolution, but such amount cannot be less than 2% for the Homeowner Mortgage Revenue Bonds of the sum of (i) the outstanding principal balance of related mortgage loans and (ii) the amount on deposit to the credit of series program accounts of the program fund.

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, 2018, these reserve amounts, which were not less than the amounts required, are as follows:

Housing Bonds	$ 17,434,076
Multifamily Initiative Bonds	1,689,155
Multifamily Revenue Bonds	1,932,779
Homeowner Mortgage Revenue Bonds	9,972,954
	$ 31,028,964

(h) Debt Service Requirements

Debt service requirements (dollars in millions) through 2023 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:								
2019	$ 52.3	0.9	56.1	20.0	69.0	27.0	177.4	47.9
2020	1.8	0.4	11.4	12.1	33.0	18.5	46.2	31.0
2021	1.8	0.3	10.9	11.8	32.2	17.7	44.9	29.8
2022	1.7	0.3	10.7	11.4	33.2	16.8	45.6	28.5
2023	0.3	0.3	9.8	11.1	34.5	16.0	44.6	27.4
Five years ending June 30:								
2024-2028	10.5	0.9	52.6	50.2	149.0	66.4	212.1	117.5
2029-2033	—	—	57.9	39.8	104.8	48.4	162.7	88.2
2034-2038	—	—	56.1	29.2	77.1	31.9	133.2	61.1
2039-2043	—	—	72.1	18.1	70.6	18.5	142.7	36.6
2044-2048	—	—	69.8	8.2	60.0	5.1	129.8	13.3
2049-2053	—	—	8.5	2.1	—	—	8.5	2.1
2054-2058	—	—	6.7	0.8	—	—	6.7	0.8
2059	—	—	0.3	—	—	—	0.3	—
	$ 68.4	3.1	422.9	214.8	663.4	266.3	1,154.7	484.2

(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 achievement of savings over alternative products existing in the capital markets;

b) The management of the Authority's exposure to floating and fixed interest rates;

c) Ability to access the capital markets more rapidly than may be possible with conventional debt instruments;

d) The management of the Authority's exposure to the risk of changes in the legal and regulatory treatment of tax-exempt bonds; and

e) The ability of the Authority to increase income, lower costs, or strengthen the Authority's financial position.

As of June 30, 2018, the Authority has two active swap contracts, one executed swap contract effective on August 1, 2018, and two active interest rate caps. Details are shown in the following tables.

	Changes in fair value		Fair value at June 30, 2018		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Business-type activities:					
Cash flow hedges:					
Pay-fixed/receive variable, interest rate swaps:					
Administrative	Deferred inflow	$ (269,150)	**	$ 269,150	$ 7,422,295
HMRB	Deferred outflow	165,049	*	(523,772)	35,000,000
Rate caps					
Housing Bonds	Deferred inflow	(24,009)	**	24,904	15,630,000

* 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 swaps were 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 swaps and rate caps were estimated by the Authority using data provided by the Authority's swap advisor.

June 30, 2018

Associated bond issue	Notional amounts	Effective date	Fixed rate paid (3)	Variable rate received	Fair values (1)	Termination date	Counter-party credit rating (2)
Active Swap contracts:							
Administrative Fund							
FFB*:							
Marshall Hotel – FFB	$ 7,422,295	09/2017	2.660	%LIBOR-BBA	$ 269,150	02/2048	A2/ A/A *+
Single Family Program Fund:							
HMRB**:							
Series 2001 F	$ 5,000,000	01/2002	6.615	%1 mo LIBOR+40bp	$ (321,297)	08/2020	A3/ A-/A+
HMRB 2018 A-2	30,000,000	08/2018	2.394	USD-LIBOR BBA*70.00%	(202,475)	02/2038	Aa3/ AA- /AA
	$ 35,000,000				$ (523,772)		
Active Interest Rate Caps:							
Mortgage Loan Program Fund:							
HB***:							
Series 2008 A	$ 10,930,000	01/2018	6.00	NIA	$ 24,429	01/2027	A2/ A /A *+
Series 2008 C	4,700,000	06/2006	4.75	NIA	475	06/2021	Aa3/ A+ /AA-
	$ 15,630,000				$ 24,904		

* Federal Financing Bank
** 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 three pay-fixed, receive variable, interest rate swap agreements. The objective of two of these agreements is to achieve a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had the Authority issued fixed rate debt. The objective of the third interest rate swap agreement is to protect the Authority's exposure to interest rates relative to a forward commitment for a permanent mortgage loan financing an affordable multifamily development. 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, 2018 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 2001 F where early redemption of bonds have reduced the outstanding bond amount leaving the notional amount of the interest rate cap at its original scheduled value.

The terms, fair values, and credit ratings of the outstanding agreements as of June 30, 2018 are shown in the above table. The notional amount of the swap and caps match the principal amount of the associated debt, as applicable, except in the case of Series 2001 F where early redemption of the bonds have reduced the outstanding bond amount leaving the notional amount of the interest rate cap at its original scheduled value.

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

Because interest rates have declined since the execution of the swap agreements in the Single Family Program Fund, they have negative fair values as of June 30, 2018. 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, 2018, the Authority was not exposed to credit risk for the swaps that had negative fair value. As interest rates change and the fair value becomes positive, the Authority is exposed to credit risk in the amount of the swap's or cap's fair value. The Authority is exposed to credit risk on the caps and swaps with positive fair value. The aggregate fair value of hedging derivative instruments with positive fair value at June 30, 2018 was $294,054. 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 agreements has been structured to minimize or eliminate this risk.

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

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

As of June 30, 2018, 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:				
2019	$ 1,970,000	349,357	696,398	3,015,755
2020	2,480,000	300,142	105,800	2,885,942
2021	1,480,000	244,850	21,160	1,746,010
2022	490,000	225,263	—	715,263
2023	495,000	217,472	—	712,472
	6,915,000	1,337,084	823,358	9,075,442
Five years ending June 30:				
2028	9,905,000	844,648	—	10,749,648
2033	980,000	229,636	—	1,209,636
2038	1,240,000	142,703	—	1,382,703
2043	1,090,000	36,133	—	1,126,133
	13,215,000	1,253,120	—	14,468,120
Total	$ 20,130,000	2,590,204	823,358	23,543,562

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

The Authority entered into a ten-year lease at 111 E. Wacker Drive in Chicago, Illinois, which commenced on November 6, 2016. The office lease provides for annual base rent of approximately $1,245,560 for fiscal year 2018, plus approximately $963,672 for the Authority's 6.5974% share of ownership taxes and operating expenses, which also are subject to adjustment, based on the actual costs incurred by the lessor. Base rent, ownership taxes and operating expenses totaling $180,692 per month were abated for the first ten months of the lease. Under this lease, total rent expense for fiscal year 2018 was $2,732,117.

The future minimum lease commitments in the five years subsequent to June 30, 2018 and thereafter are as follows:

Year		Amount
2019	$	2,732,117
2020		2,732,117
2021		2,732,117
2022		2,122,254
2023		1,817,323
2024 and thereafter		6,057,744
	$	18,193,672

(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. It has been determined that there is no estimated rebate liability as of June 30, 2018.

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.

The Authority's total payroll in fiscal year 2018 was $21,498,117. The Authority's contributions were calculated using the base salary amount of $21,006,050. The Authority contributed $1,260,363 or 6% of the base salary amount, in fiscal year 2018. Employee contributions amounted to $1,459,495, in fiscal year 2018, or approximately 6.948% of the base salary amount.

(13) Commitments

At June 30, 2018, the Authority had authorized loans and grants totaling $13,914,523 for the Illinois Affordable Housing Trust Fund.

Under the HOME Program, $498 million and $18 million for federal fiscal years 1992 through 2017 and 2018, 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, 2018, the Authority had authorized loans totaling $20,236,357 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, 2018, loans receivable under this program were approximately $37.0 million.

On July 21, 2017, the Authority authorized the issuance of tax-exempt Multifamily Revenue Bonds (Refunding Bonds) in an amount not to exceed $7 million to refund the tax-exempt Multifamily Mortgage Revenue Note, 2017 Series A (Concord at Sheridan) (2017 Series A Note), the proceeds of which are to be used to finance the acquisition, construction and equipping of a 111-unit multifamily rental housing development located in Chicago, Illinois. The Authority intends to place the Refunding Bonds with Citibank, N.A. pursuant to a forward bond purchase agreement by and between the Authority and Citibank, with an estimated delivery date of December 31, 2020. Although the Refunding Bonds have not been issued as of June 30, 2018, the 2017 Series A Note was issued on November 2, 2017.

(14) Subsequent Events

On May 18, 2018, The Authority authorized the issuance of tax-exempt Multifamily Revenue Bonds (Refunding Bonds) in an amount not to exceed $4.0 million to refund the tax-exempt Multifamily Mortgage Revenue Note, 2018 Series A (Oso Apartments) (2018 Series A Note), the proceeds of which will be used to finance the acquisition, construction and equipping of a 48-unit multifamily rental housing developments located in Chicago, Illinois. The Authority intends to place the Refunding Bonds with Citibank, N.A. pursuant to a forward bond purchase agreement by and between the Authority and Citibank, with an estimated delivery date of September 1, 2021. Although the Refunding Bonds have not been issued as of June 30, 2018, the 2018 Series A Note was issued on August 31, 2018.

On June 15, 2018, The Authority authorized the issuance of tax-exempt Multifamily Revenue Bonds (Refunding Bonds) in an amount not to exceed $2.5 million to refund the tax-exempt Multifamily Mortgage Revenue Note, 2018 Series A (Chelsea Senior Commons) (2018 Series A Note), the proceeds of which will be used to finance the acquisition, construction and equipping of a 40-unit multifamily rental housing developments located in Sugar Grove, Illinois. The Authority intends to place the Refunding Bonds with Citibank, N.A. pursuant to a forward bond purchase agreement by and between the Authority and Citibank, with an estimated delivery date of September 1, 2021. Although the Refunding Bonds have not been issued as of June 30, 2018, the 2018 Series A Note was issued on September 13, 2018.

On June 15, 2018, The Authority authorized the issuance of Multifamily Revenue Bonds (Refunding Bonds) in an amount not to exceed $2.3 million to refund a taxable construction loan to be made by Citi Community Capital (Taxable Note), the proceeds of which will be used to finance the acquisition, construction and equipping of a 62-unit multifamily rental housing developments located in Cary, Illinois. The Authority intends to place the Refunding Bonds with Citibank, N.A. pursuant to a forward bond purchase agreement by and between the Authority and Citibank, with an estimated delivery date of September 1, 2021. Although the Refunding Bonds have not been issued as of June 30, 2018, the Taxable Note was issued on August 15, 2018.

On September 18, 2018, the Authority executed a sales contract in connection with the Delta Terrace Apartments property, a holding of the IHDA Dispositions, LLC, which was approved by the Board, for $25,000.

On July 11, 2018, the Authority issued its Homeowner Mortgage Revenue Bonds, 2018 Series A, in the aggregate principal amount of $120,615,000. Proceeds of the bonds will be used to purchase and/or reimburse the Authority for its prior purchase of mortgage-backed securities, finance second-lien loans, pay or reimburse the Authority for certain costs of issuance, and refund all outstanding Homeowner Mortgage Revenue Bonds, 2007 Series D, 2007 Series H-2 and 2008 Series A-2.

On August 8, 2018 the Authority issued its Multifamily Collateralized Revenue Notes, Series 2018A and Multifamily Revenue Notes, Series 2018B, in the aggregate principal amount of $11,840,000. Proceeds of the bonds will be used to finance the acquisition, rehabilitation, construction, and equipping of a multifamily rental housing development located in Chicago, Illinois.

On October 25, 2018, the Authority issued its Revenue Bonds, 2018 Series A, in the aggregate principal amount of $91,000,000. Proceeds of the bonds will be used to purchase and/or reimburse the Authority for its prior purchase of mortgage-backed securities, finance second-lien loans, and pay or reimburse the Authority for certain costs of issuance.

On January 18, 2019, the Authority authorized the issuance of its Revenue Bonds, 2019 Series A, and Revenue Bonds, 2019 Series B, in an amount not to exceed $100 million to provide proceeds for the purchase of Government National Mortgage Association (GNMA) certificates and Fannie Mae (FNMA) mortgage backed securities (MBS) to fund its homeownership loan program.

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

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2018

Assets	**Foreclosure Prevention Program Fund**	**Community Development Block Grant Fund**	**ARRA Fund**	**Foreclosure Prevention Graduated Program Fund**	**Neighborhood Stabilization Program Fund**	**Build Illinois Bond Program Fund**	**Abandoned Property Program Fund**	**National Housing Trust Fund**	**Section 811 Project Rental Assistance Demonstration Program Fund**	**Total**
Current assets:										
Cash and cash equivalents	$ 3,218,189	—	1,468,170	2,461,194	319,728	10,030,613	14,376,764	—	—	31,874,658
Program loans receivable	—	—	295,128	—	30,000	—	—	—	—	325,128
Grant receivable	—	—	—	5,280,000	—	—	—	—	—	5,280,000
Interest receivable on program loans	—	—	21,196	—	—	—	—	—	—	21,196
Due from other funds	—	—	—	—	—	3,625	—	—	—	3,625
Total current assets	3,218,189	—	1,784,494	7,741,194	349,728	10,034,238	14,376,764	—	—	37,504,607
Noncurrent assets:										
Program loans receivable, net of current portion	—	6,234,338	73,072,176	—	2,680,191	7,488,439	—	817,403	—	90,292,547
Less allowance for estimated losses	—	(73,816)	(4,418,244)	—	(44,176)	(1,205,174)	—	(163,481)	—	(5,904,891)
Net program loans receivable	—	6,160,522	68,653,932	—	2,636,015	6,283,265	—	653,922	—	84,387,656
Total noncurrent assets	—	6,160,522	68,653,932	—	2,636,015	6,283,265	—	653,922	—	84,387,656
Total assets	$ 3,218,189	6,160,522	70,438,426	7,741,194	2,985,743	16,317,503	14,376,764	653,922	—	121,892,263
Liabilities and Fund Balances										
Current liabilities:										
Unearned revenue	$ —	—	21,196	—	—	—	—	—	—	21,196
Accrued liabilities and other	—	—	2,496	—	—	—	—	—	—	2,496
Due to other funds	—	—	—	—	—	—	1,688	—	—	1,688
Total current liabilities	—	—	23,692	—	—	—	1,688	—	—	25,380
Fund balances:										
Restricted	3,218,189	6,160,522	70,414,734	7,741,194	2,985,743	16,317,503	14,375,076	653,922	—	121,866,883
Total fund balances	3,218,189	6,160,522	70,414,734	7,741,194	2,985,743	16,317,503	14,375,076	653,922	—	121,866,883
Total liabilities and fund balances	$ 3,218,189	6,160,522	70,438,426	7,741,194	2,985,743	16,317,503	14,376,764	653,922	—	121,892,263

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, 2018

		Foreclosure Prevention Program Fund	Community Development Block Grant Fund	ARRA Fund	Foreclosure Prevention Graduated Program Fund	Neighborhood Stabilization Program Fund	Build Illinois Bond Program Fund	Abandoned Property Program Fund	National Housing Trust Fund	Section 811 Project Rental Assistance Demonstration Program Fund	Total
Revenues:											
Grant from State of Illinois	$	3,989,344	—	—	5,377,378	—	—	8,722,712	—	—	18,089,434
Federal funds		—	—	—	—	1,614,284	—	—	845,519	234,337	2,694,140
Interest and other investment income		—	—	195,242	—	58,133	1,577,180	—	—	—	1,830,555
Total revenues		3,989,344	—	195,242	5,377,378	1,672,417	1,577,180	8,722,712	845,519	234,337	22,614,129
Expenditures:											
General and administrative		329,206	—	—	97,378	436,867	—	272,322	28,116	64,494	1,228,383
Grants		2,945,578	—	—	3,298,806	—	1,364,125	4,305,320	—	169,843	12,083,672
Provision for (reversal of) estimated losses on program loans receivable		—	5,410	3,223,147	—	44,176	1,210,099	—	163,481	—	4,646,313
Total expenditures		3,274,784	5,410	3,223,147	3,396,184	481,043	2,574,224	4,577,642	191,597	234,337	17,958,368
Net change in fund balances		714,560	(5,410)	(3,027,905)	1,981,194	1,191,374	(997,044)	4,145,070	653,922	—	4,655,761
Fund balances at beginning of year		2,503,629	6,165,932	73,442,639	5,760,000	1,794,369	17,314,547	10,230,006	—	—	117,211,122
Fund balances at end of year	$	3,218,189	6,160,522	70,414,734	7,741,194	2,985,743	16,317,503	14,375,076	653,922	—	121,866,883

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, 2018

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Revenue Bonds	Affordable Housing Program Trust Fund Bonds	Total
Assets:					
Currents assets:					
Cash and cash equivalents	$ 146,010,659	254,633	14,269,645	816,776	161,351,713
Investments – restricted	32,757,016	3,537,288	3,182,463	26,975,430	66,452,197
Investment income receivable – restricted	123,400	—	—	—	123,400
Program loans receivable	21,249,617	965,307	757,231	428,663	23,400,818
Interest receivable on program loans	686,124	135,766	268,586	50,785	1,141,261
Due from other funds	10,153,905	—	—	—	10,153,905
Amounts due from brokers for securities matured	31,423,562	—	—	—	31,423,562
Total current assets	242,404,283	4,892,994	18,477,925	28,271,654	294,046,856
Noncurrent assets:					
Investments – restricted	20,747,521	—	—	—	20,747,521
Program loans receivable, net of current portion	215,428,498	41,000,913	46,414,722	10,352,109	313,196,242
Less allowance for estimated losses	(2,094,931)	(297,677)	(326,996)	(2,939,164)	(5,658,768)
Net program loans receivable	213,333,567	40,703,236	46,087,726	7,412,945	307,537,474
Real estate held for sale	322,777	—	—	370,319	693,096
Less allowance for estimated losses	(103,685)	—	—	(97,515)	(201,200)
Net real estate held for sale	219,092	—	—	272,804	491,896
Due from Fannie Mae	—	88,934,863	—	—	88,934,863
Due from Freddie Mac	—	4,383,640	—	—	4,383,640
Capital assets, net	24,982,354	—	—	—	24,982,354
Derivative instrument assets	24,904	—	—	—	24,904
Total noncurrent assets	259,307,438	134,021,739	46,087,726	7,685,749	447,102,652
Total assets	501,711,721	138,914,733	64,565,651	35,957,403	741,149,508
Liabilities:					
Current liabilities:					
Bonds and notes payable	51,195,000	3,780,000	1,170,080	—	56,145,080
Accrued interest payable	2,766,221	1,427,610	168,483	—	4,362,314
Unearned revenue	56,620	—	—	—	56,620
Accrued liabilities and other	257,094	352,123	—	147,663	756,880
Due to other funds	2,452,962	45,736	138,416	154,870	2,791,984
Total current liabilities	56,727,897	5,605,469	1,476,979	302,533	64,112,878
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	175,015,440	132,290,000	59,373,519	—	366,678,959
Unearned Revenue	141,550	—	—	—	141,550
Total noncurrent liabilities	175,156,990	132,290,000	59,373,519	—	366,820,509
Total liabilities	231,884,887	137,895,469	60,850,498	302,533	430,933,387
Deferred inflows of resources:					
Accumulated increase in fair value of hedging derivatives	24,904	—	—	—	24,904
Unamortized gain on bond refunding	111,514	—	—	—	111,514
Total deferred inflows of resources	136,418	—	—	—	136,418
Net position:					
Net investment in capital assets	797,354	—	—	—	797,354
Restricted for bond resolution purposes	268,893,062	1,019,264	3,715,153	35,654,870	309,282,349
Total net position	$ 269,690,416	1,019,264	3,715,153	35,654,870	310,079,703

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, 2018

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Revenue Bonds	Affordable Housing Program Trust Fund Bonds	Inter-Account Eliminations	Total
Operating revenues:						
Interest and other investment income	$ 2,934,156	29,166	173,039	250,229	—	3,386,590
Net increase (decrease) in fair value of investments	(673,745)	931	20,543	12,377	—	(639,894)
Total investment income	2,260,411	30,097	193,582	262,606	—	2,746,696
Interest earned on program loans	12,769,559	1,738,033	2,813,492	203,688	—	17,524,772
Federal assistance programs	103,781	—	—	—	—	103,781
Other	10,542,893	—	—	6,952	—	10,549,845
Total operating revenues	25,676,644	1,768,130	3,007,074	473,246	—	30,925,094
Operating expenses:						
Interest expense	7,022,640	1,512,029	1,881,370	—	—	10,416,039
Federal assistance programs	103,781	—	—	—	—	103,781
Other general and administrative	4,943,049	120,704	—	—	—	5,063,753
Financing costs	288,573	18,238	278,910	—	—	585,721
Provision for (reversal of) estimated losses on program loans receivable	576,721	204,075	310,641	(73,512)	—	1,017,925
Provision for estimated losses on real estate held for sale	117,871	—	—	98,815	—	216,686
Total operating expenses	13,052,635	1,855,046	2,470,921	25,303	—	17,403,905
Operating income (loss)	12,624,009	(86,916)	536,153	447,943	—	13,521,189
Transfers in	58,875	—	719,259	—	(144,199)	633,935
Transfers out	(144,199)	—	—	—	144,199	—
Total transfers	(85,324)	—	719,259	—	—	633,935
Change in net position	12,538,685	(86,916)	1,255,412	447,943	—	14,155,124
Net position at beginning of year	257,151,731	1,106,180	2,459,741	35,206,927	—	295,924,579
Net position at end of year	$ 269,690,416	1,019,264	3,715,153	35,654,870	—	310,079,703

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, 2018

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Revenue Bonds	Affordable Housing Program Trust Fund Bonds	Total
Cash flows from operating activities:					
Receipts for program loans, interest service fees	$ 58,596,315	2,673,155	3,345,337	647,186	65,261,993
Payments for program loans	(11,857,259)	—	(19,466,623)	(124,566)	(31,448,448)
Receipts for federal assistance programs	103,781	—	—	—	103,781
Payments for federal assistance programs	(103,781)	—	—	—	(103,781)
Receipts for credit enhancements	—	1,474,461	—	—	1,474,461
Payments to suppliers	(5,183,102)	(138,942)	(278,910)	—	(5,600,954)
Interest paid on revenue bonds and notes	(7,875,295)	(1,538,256)	(1,854,041)	—	(11,267,592)
Other receipts	10,542,893	—	—	6,952	10,549,845
Net cash provided by (used in) operating activities	44,223,552	2,470,418	(18,254,237)	529,572	28,969,305
Cash flows from noncapital financial activities:					
Due to other funds	—	7,880	88,481	32,102	128,463
Due from other funds	(212,935)	—	—	147,129	(65,806)
Proceeds from sales of bonds and notes	—	—	10,693,777	—	10,693,777
Principal paid on bonds and notes	(46,334,762)	(2,480,000)	(563,574)	—	(49,378,336)
Transfers in	58,875	—	719,259	—	778,134
Transfers out	(144,199)	—	—	—	(144,199)
Net cash provided by (used in) noncapital financing activities	(46,633,021)	(2,472,120)	10,937,943	179,231	(37,987,967)
Cash flows from capital financing and related activities:					
Acquisition of capital assets	(1,194,301)	—	—	—	(1,194,301)
Cash flows from investing activities:					
Purchase of investment securities	(475,525,935)	(9,237,861)	(9,119,473)	(146,106,838)	(639,990,107)
Proceeds from sales and maturities of investment securities	536,736,373	9,134,000	18,294,850	146,110,000	710,275,223
Interest received on investments	1,710,472	—	128,208	89,013	1,927,693
Net cash provided by (used) in investing activities	62,920,910	(103,861)	9,303,585	92,175	72,212,809
Net increase (decrease) in cash and cash equivalents	59,317,140	(105,563)	1,987,291	800,978	61,999,846
Cash and cash equivalents at beginning of year	86,693,519	360,196	12,282,354	15,798	99,351,867
Cash and cash equivalents at end of year	$ 146,010,659	254,633	14,269,645	816,776	161,351,713
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 12,624,009	(86,916)	536,153	447,943	13,521,189
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Investment income	(2,260,411)	(30,097)	(193,582)	(262,606)	(2,746,696)
Depreciation and amortization	1,074,848	—	—	—	1,074,848
Changes in provision for (reversal of) estimated losses on program loans receivable	576,721	204,075	310,642	(73,511)	1,017,927
Changes in provision for estimated losses on real estate held for sale	54,543	—	—	97,515	152,058
Changes in assets and liabilities:					
Program loans receivable	32,171,106	932,150	(18,885,728)	318,958	14,536,486
Interest receivable on program loans	127,187	2,972	(49,051)	1,273	82,381
Other liabilities	(470,442)	(26,227)	27,329	—	(469,340)
Other assets	325,991	—	—	—	325,991
Due from Fannie Mae	—	1,393,842	—	—	1,393,842
Due from Freddie Mac	—	80,619	—	—	80,619
Total adjustments	31,599,543	2,557,334	(18,790,390)	81,629	15,448,116
Net cash provided by (used in) operating activities	$ 44,223,552	2,470,418	(18,254,237)	529,572	28,969,305
Noncash investing capital and financing activities:					
Transfer of foreclosed assets	$ 337,263	—	—	531,057	868,320
Increase (decrease) in the fair value of investments	$ 233,730	(5,830)	41,343	(3,941)	265,302

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, 2018

	Homeowner Mortgage Revenue Bonds	Housing Revenue Bonds	Revenue Bonds	Inter-Account Eliminations	Total
Assets:					
Current assets:					
Cash and cash equivalents	$ 9,601,700	1,601,144	6,663,752	—	17,866,596
Investments – restricted	93,231,931	4,781,893	—	—	98,013,824
Investment income receivable – restricted	369,471	339,749	812,078	—	1,521,298
Program loans receivable	11,011,045	—	66,825	—	11,077,870
Interest receivable on program loans	953,807	—	—	—	953,807
Due from other funds	32,923,537	—	—	(32,236,579)	686,958
Total current assets	148,091,491	6,722,786	7,542,655	(32,236,579)	130,120,353
Noncurrent assets:					
Investments – restricted	109,784,537	114,075,103	273,894,531	—	497,754,171
Program loans receivable, net of current portion	174,532,411	—	488,364	—	175,020,775
Less allowance for estimated losses	(2,584,382)	—	(22,098)	—	(2,606,480)
Net program loans receivable	171,948,029	—	466,266	—	172,414,295
Real estate held for sale	2,483,908	—	—	—	2,483,908
Less allowance for estimated losses	(911,598)	—	—	—	(911,598)
Net real estate held for sale	1,572,310	—	—	—	1,572,310
Total noncurrent assets	283,304,876	114,075,103	274,360,797	—	671,740,776
Total assets	431,396,367	120,797,889	281,903,452	(32,236,579)	801,861,129
Deferred outflow of resources:					
Accumulated decrease in fair value of hedging derivatives	523,772	—	—	—	523,772
Total deferred outflows of resources	523,772	—	—	—	523,772
Liabilities					
Current liabilities:					
Bonds and notes payable	49,255,000	12,282,173	7,446,669	—	68,983,842
Accrued interest payable	3,810,185	260,845	1,671,782	—	5,742,812
Accrued liabilities and other	328,525	—	—	—	328,525
Due to other funds	176,776	3,677,300	28,840,272	(32,236,579)	457,769
Total current liabilities	53,570,486	16,220,318	37,958,723	(32,236,579)	75,512,948
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	271,300,415	97,429,746	235,454,464	—	604,184,625
Derivative instrument liability	523,772	—	—	—	523,772
Total noncurrent liabilities	271,824,187	97,429,746	235,454,464	—	604,708,397
Total liabilities	325,394,673	113,650,064	273,413,187	(32,236,579)	680,221,345
Net position:					
Restricted for bond resolution purposes	106,525,466	7,147,825	8,490,265	—	122,163,556
Total net position	$ 106,525,466	7,147,825	8,490,265	—	122,163,556

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, 2018

	Homeowner Mortgage Revenue Bonds	Residential Mortgage Revenue Bonds	Housing Revenue Bonds	Revenue Bonds	Inter-Account Eliminations	Total
Operating revenues:						
Interest and other investment income	$ 5,177,668	578	4,438,328	7,363,913	—	16,980,487
Net decrease in fair value of investments	(3,665,679)	—	(4,130,132)	(3,705,523)	—	(11,501,334)
Total investment income	1,511,989	578	308,196	3,658,390	—	5,479,153
Interest earned on program loans	10,611,061	—	—	—	—	10,611,061
Other	134,254	—	3,475		—	137,729
Total operating revenues	12,257,304	578	311,671	3,658,390	—	16,227,943
Operating expenses:						
Interest expense	9,768,440	721	3,294,053	5,908,169	—	18,971,383
Other general and administrative	408,190	—	—	—	—	408,190
Financing costs	1,131,343	—	461,117	1,003,955	—	2,596,415
Provision for (reversal of) estimated losses on program loans receivable	(848,356)	—	—	12,171	—	(836,185)
Provision for estimated losses on real estate held for sale	677,345	—	—	—	—	677,345
Total operating expenses	11,136,962	721	3,755,170	6,924,295	—	21,817,148
Operating income (loss)	1,120,342	(143)	(3,443,499)	(3,265,905)	—	(5,589,205)
Transfers in	9,884	—	—	1,091,771	(9,571)	1,092,084
Transfers out	(6,213)	(6,727)	—	—	9,571	(3,369)
Total transfers	3,671	(6,727)	—	1,091,771	—	1,088,715
Change in net position	1,124,013	(6,870)	(3,443,499)	(2,174,134)	—	(4,500,490)
Net position at beginning of year	105,401,453	6,870	10,591,324	10,664,399	—	126,664,046
Net position at end of year	106,525,466	—	7,147,825	8,490,265	—	122,163,556

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, 2018

		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	$	44,243,323	—	—	87,074	44,330,397
Payments for loan program loans		(3,082,145)	—	—	(6,213)	(3,088,358)
Payments to suppliers		(1,532,541)	—	(461,117)	(1,003,955)	(2,997,613)
Interest paid on revenue bonds and notes		(10,311,459)	(4,325)	(3,342,348)	(4,926,691)	(18,584,823)
Other receipts		134,254	—	3,475	—	137,729
Net cash provided by (used in) operating activities		29,451,432	(4,325)	(3,799,990)	(5,849,785)	19,797,332
Cash flows from noncapital financing activities:						
Due to other funds		—	—	(771,413)	13,537,170	12,765,757
Due from other funds		(13,030,125)	—	—	—	(13,030,125)
Proceeds from sale of revenue bonds and notes		—	—	—	123,213,007	123,213,007
Principal paid on revenue bonds and notes		(43,392,424)	(100,000)	(19,923,286)	(11,273,003)	(74,688,713)
Transfers in		9,884	—	—	1,091,771	1,101,655
Transfers out		(6,213)	(6,727)	—	—	(12,940)
Net cash provided by (used in) noncapital financing activities		(56,418,878)	(106,727)	(20,694,699)	126,568,945	49,348,641
Cash flows from investing activities:						
Purchase of investment securities		(296,222,198)	—	(4,775,542)	(159,457,133)	(460,454,873)
Proceeds from sales and maturities of investment securities		324,885,379	100,000	20,037,199	33,538,680	378,561,258
Interest received (paid) on investments		4,434,710	6,627	4,510,048	9,124,474	18,075,859
Net cash provided by (used in) investing activities		33,097,891	106,627	19,771,705	(116,793,979)	(63,817,756)
Net increase (decrease) in cash and cash equivalents		6,130,445	(4,425)	(4,722,984)	3,925,181	5,328,217
Cash and cash equivalents at beginning of year		3,471,255	4,425	6,324,128	2,738,571	12,538,379
Cash and cash equivalents at end of year	$	9,601,700	—	1,601,144	6,663,752	17,866,596
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$	1,120,342	(143)	(3,443,499)	(3,265,905)	(5,589,205)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:						
Investment income		(1,511,989)	(578)	(308,196)	(3,658,390)	(5,479,153)
Changes in provision for (reversal of) estimated losses on program loans receivable		(874,451)	—	—	12,172	(862,279)
Changes in reversal of estimated losses on real estate held for sale		(810,089)	—	—	—	(810,089)
Changes in assets and liabilities:						
Program loans receivable		31,899,446	—	—	80,860	31,980,306
Interest receivable on program loans		164,200	—	—	—	164,200
Other liabilities		(536,027)	(3,604)	(48,295)	981,478	393,552
Total adjustments		28,331,090	(4,182)	(356,491)	(2,583,880)	25,386,537
Net cash provided by (used in) operating activities	$	29,451,432	(4,325)	(3,799,990)	(5,849,785)	19,797,332
Noncash investing capital and financing activities:						
Transfer of foreclosed assets	$	6,102,602	—	—	—	6,102,602
Increase (decrease) in the fair value of investments	$	(6,492,084)	(359)	1,130,712	(2,537,272)	(7,899,003)

See accompanying independent auditors' report.

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

Nonmajor Proprietary Fund - IHDA Dispositions LLC

Combining Schedule of Net Position

June 30, 2018

	Delta Terrace Apartments	Total
Assets:		
Current assets:		
Cash and cash equivalents	$ 1,569	1,569
Other	9,320	9,320
Total current assets	10,889	10,889
Noncurrent assets:		
Real estate held for sale	25,000	25,000
Total noncurrent assets	25,000	25,000
Total assets	35,889	35,889
Liabilities:		
Current liabilities:	—	—
Total current liabilities	—	—
Noncurrent liabilities:		
Total noncurrent liabilities	—	—
Total liabilities	—	—
Net position:		
Unrestricted	35,889	35,889
Total net position	$ 35,889	35,889

See accompanying independent auditors' report.

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

Nonmajor Proprietary Fund - IHDA Dispositions LLC

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

Year ended June 30, 2018

		Delta Terrace Apartments	Total
Operating revenues:			
Rental income	$	38,516	38,516
Total operating revenues		38,516	38,516
Operating expenses:			
Other general and administrative		34,987	34,987
Total operating expenses		34,987	34,987
Operating income		3,529	3,529
Nonoperating revenues (expenses):			
Loss on disposition		(175,000)	(175,000)
Total nonoperating revenues (expenses)		(175,000)	(175,000)
Change in net position		(171,471)	(171,471)
Net position at beginning of year		207,360	207,360
Net position at end of year	$	35,889	35,889

See accompanying independent auditors' report.

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

Nonmajor Proprietary Fund - IHDA Dispositions LLC

Combining Schedule of Cash Flows

Year ended June 30, 2018

		Delta Terrace Apartments	**Total**
Cash flows from operating activities:			
Receipts for rental operations	$	29,196	29,196
Payments for rental operations		(34,987)	(34,987)
Net cash used in operating activities		(5,791)	(5,791)
Net decrease in cash and cash equivalents		(5,791)	(5,791)
Cash and cash equivalents at beginning of year		7,360	7,360
Cash and cash equivalents at end of year	$	1,569	1,569
Reconciliation of operating income to net cash used in operating activities:			
Operating income	$	3,529	3,529
Loss on disposition		(175,000)	(175,000)
Adjustments to reconcile operating income to net cash used in operating activities:			
Changes in assets and liabilities:			
Other assets		165,680	165,680
Total adjustments		(9,320)	(9,320)
Net cash used in operating activities	$	(5,791)	(5,791)

See accompanying independent auditors' report.