ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Financial Statements

June 30, 2012

(With Independent Auditors' Report Thereon)

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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	Mary R. Kenney	
Assistant Executive Director/Chief of Staff	Bryan E. Zises	
Acting General Counsel	Kristi S. Poskus	10/15/2010 – 7/31/2011
General Counsel	Maureen G. Ohle	8/1/2011 – Current
Chief Financial Officer	Hazim Taib	
Controller	Michele Williams	

Agency Officials are located at:

401 North Michigan Avenue, Suite 700
Chicago, Illinois 60611

McGladrey

Independent Auditor's Report

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

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Illinois Housing Development Authority (the Authority), a component unit of the State of Illinois, as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Authority's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Authority as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining and individual fund schedules are presented for additional analysis and are not a required part of the basic financial statements. Such 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. The 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

McGladrey LLP

Chicago, Illinois
December 13, 2012

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, 2012. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- Net assets of the Authority increased $120.5 million, to $832.7 million as of June 30, 2012, from an increase in the Authority's business-type ($22.1 million) and governmental ($98.4 million) activities.
- The increase in net assets, after transfers, of the Authority's business-type activities increased $0.2 million from the prior year primarily due to lower interest expense by $3.2 million, and lower salaries and benefits by $1.5 million, partially offset by higher service fees ($3.5 million), higher investment income ($11.3 million, primarily from higher investment yields on Mortgage Backed Securities ("MBS") and gains from the sale of MBS), a decline in interest earned on program loans ($7.8 million), and increases in the estimated losses on program loans ($16.7 million).
- Authority debt issuances during fiscal year 2012 totaled $217 million. The Authority's debt outstanding (net of discounts and premiums) of $1,511.4 million as of June 30, 2012 was $57.1 million below the amount outstanding as of June 30, 2011.
- With the cost of borrowing remaining high due to weakness in the economy, the United States Department of the Treasury ("Treasury") initiated a program ("Treasury Program") whereby the Treasury through Fannie Mae and Freddie Mac will purchase bonds directly from Housing Finance Authorities and act as bondholders. In December 2009, the Authority participated in the Treasury Program by issuing $184 million of Multifamily Initiative Bonds (the "Bonds") and $200 million of Homeowner Mortgage Revenue Bonds ("HMRB") held in escrow until conversion to long term fixed rate bonds and will be used to fund loans within the Mortgage Loan Fund and Single Family Loan Fund, respectively. The Treasury Program also required the Authority to convert all funds in escrow before December 31, 2010. Any funds remaining in escrow on December 31, 2010 are subject to a mandatory tender. On September 1, 2010, the Treasury amended the program by extending it from December 31, 2010 to December 31, 2011. In December 2011, the Treasury extended the program again to December 31, 2012, providing the Authority the ability to convert three additional times (nine in aggregate) to long term fixed rate bonds. The Authority converted all Multifamily Initiative Bonds by June 30, 2012.
- Loan originations for the year totaled $33.1 million and $40.7 million in the Authority's governmental and business-type activities, respectively, compared to fiscal year 2011 loan originations of $67.9 million and $37.0 million, respectively. The Authority has continued to add whole loans to its Single Family Program Fund during fiscal year 2012 by investing in Government National Mortgage Association ("GNMA") certificates and Fannie Mae ("FNMA") Mortgage Backed Securities ("MBS") secured with Illinois whole loans, including the issuance of $67.6 million in Housing Revenue Bonds under the Single Family Program.
- During fiscal year 2012 the Authority has continued to address foreclosure issues throughout the State of Illinois through continued implementation of the Hardest Hit Fund Program ("HHF"). The Authority approved and disbursed $32.9 million in direct mortgage payment assistance that helped 2,813 households avoid foreclosure on their homes.
- During fiscal year 2012 the Authority met the program guidelines within the Federal ARRA Fund pursuant to Section 1602 and the Tax Credit Assistance Program ("TCAP") by awarding and disbursing grants or loans to sub-grantees for the development of low income housing.

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

Management's Discussion and Analysis

June 30, 2012

(Unaudited)

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 assets and the statement of activities.
- The remaining statements are fund financial statements of the Authority's seven governmental funds, for which activities are funded from State appropriation (grants), 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 assets includes all of the Authority's assets and liabilities. 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 seven governmental funds. The Authority is the administrator of these funds, the revenues of which are appropriated annually to the Illinois Department of Revenue except for revenues received directly from HUD and the U.S. Treasury for the purpose of making housing grants and loans. These fund statements focus on how cash and other financial assets flowing into the funds have been used. Revenues converted to long-term loans comprise a substantial portion of the funds' net assets.
- 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 Illinois Housing Authority, LLC (the LLC) is primarily rental incomes collected by the property until such time as disposition occurs. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes.

Financial Analysis of the Authority as a Whole

Net Assets – The combined net assets of the Authority increased by $120.5 million or 16.9% from the June 30, 2011 amount. The following table shows a summary of changes from prior year amounts.

Net Assets
(In millions of dollars)

	Governmental activities		Business-type activities		Total		Inc./(Dec.)	
	2012	2011	2012	2011	2012	2011	Amount	%
Current assets:								
Cash and investments – unrestricted	$ 142.3	$ 62.7	$ 341.6	$ 277.1	$ 483.9	$ 339.8	$ 144.1	42.4 %
Program loans receivable	8.1	7.1	41.5	44.6	49.6	51.7	(2.1)	(4.1)
Other current assets	(2.0)	(1.0)	10.6	8.4	8.6	7.4	1.2	16.2
Total current assets	148.4	68.8	393.7	330.1	542.1	398.9	143.2	35.9
Investments – restricted	-	-	575.1	673.4	575.1	673.4	(98.3)	(14.6)
Net program loans receivable	598.7	579.2	1,048.5	1,149.4	1,647.2	1,728.6	(81.4)	(4.7)
Capital assets, net	0.1	0.1	30.2	27.1	30.3	27.2	3.1	11.4
Other assets	0.1	0.8	130.3	30.3	130.4	31.1	99.3	319.3
Total assets	747.3	648.9	2,177.8	2,210.3	2,925.1	2,859.2	65.9	2.3
Current liabilities:								
Due to State of Illinois	20.5	24.0	-	-	20.5	24.0	(3.5)	(14.6)
Bonds and notes payable	-	-	243.2	352.2	243.2	352.2	(109.0)	(30.9)
Deposits held in escrow	-	-	174.9	170.2	174.9	170.2	4.7	2.8
Other current liabilities	37.5	32.5	42.3	45.0	79.8	77.5	2.3	3.0
Total current liabilities	58.0	56.5	460.4	567.4	518.4	623.9	(105.5)	(16.9)
Noncurrent liabilities								
Due to State of Illinois	302.4	303.9	-	-	302.4	303.9	(1.5)	(0.5)
Bonds and notes payable	-	-	1,268.2	1,216.3	1,268.2	1,216.3	51.9	4.3
Other liabilities	-	-	3.4	3.0	3.4	3.0	0.4	13.3
Total noncurrent liabilities	302.4	303.9	1,271.6	1,219.3	1,574.0	1,523.2	50.8	3.3
Total liabilities	360.4	360.4	1,732.0	1,786.7	2,092.4	2,147.1	(54.7)	(2.5)
Net assets:								
Invested in capital assets, net of related debt	0.1	-	(6.6)	(7.5)	(6.5)	(7.5)	1.0	(13.3)
Restricted	386.8	288.5	350.3	345.4	737.1	633.9	103.2	16.3
Unrestricted	-	-	102.1	85.8	102.1	85.8	16.3	19.0
Total net assets	$ 386.9	$ 288.5	$ 445.8	$ 423.7	$ 832.7	$ 712.2	$ 120.5	16.9 %

Governmental Activities

Net assets of the Authority's governmental activities increased $98.4 million, or 34.1%, to $386.9 million from increases in the Federal HOME program due to the conversion of grant revenues to program loans receivable and grant receipts in the Hardest Hit Fund ("HHF") program, Build Illinois Bond ("BIB") Program and Nonmajor Governmental Programs. No net assets of the Authority's other two governmental activities are recorded on the Authority's financial statements. The equity of the Illinois Affordable Housing Trust Fund (Housing Program) is recorded as due to the State of Illinois. All revenues of the Rental Housing Support Program are ultimately disbursed as grant or administrative expenses, and therefore no equity is recorded on the Authority's financial statements.

Total program loans receivable (current and non-current), increased by $20.5 million, or 3.5%, to $606.8 million primarily due to the Federal HOME program. Cash and investments increased by $79.6 million, or 127% due primarily to increased HHF & BIB program revenues. State statute and federal regulations restrict the use of the governmental funds to program activities.

Due to the State of Illinois (current and non-current) decreased $5.0 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 assets of the Authority's business-type activities increased $22.1 million, to $445.8 million consisting of an increase in net assets before transfers and special items of $10.6 million, the annual transfer of $5.2 million from the Affordable Housing Trust Fund, and the $6.3 special item relating to the transfer of foreclosed property to Illinois Housing Authority, LLC. Program loans receivable (current and non-current) decreased $104.0 million, or 8.7%, to $1,090 million primarily from decreases in the Authority's Single Family Program Fund ($91.4 million), Mortgage Loan Program Funds ($11.4 million) and the Administrative Fund ($1.2 million). The decrease in program loans receivable in the Single Family Program was due to Illinois whole loans being packaged into GNMA certificates and FNMA MBS.

Cash and investments (current and noncurrent) decreased $33.8 million, or 3.6% from decreases in the Mortgage Loan Programs ($115.8 million) partially offset by increases in the Administrative Fund ($36.0 million) due to gains from the sale of MBS and more investments in MBS resulting in higher investment income, increases in the Single Family Program Funds ($4.2 million) and Illinois Housing Authority LLC ($1.1 million).

Total bonds and notes payable (current and noncurrent) decreased $57.1 million, or 3.6%, from decreases of $45.1 million in the Mortgage Loan Program Fund and $31.8 million in the Single Family Program Fund, partially offset by an increase in the Administrative Fund ($19.8 million).

Deposits held in escrow increased $4.7 million, or 2.7% due to additions in funding levels related to the implementation of programs within the Federal ARRA Fund and Treasury Program.

Restricted net assets of the Authority's business-type activities increased $4.9 million, or 1.4%, of which $2.5 million were from increases within the Authority's bond funds. Except for net assets invested in capital assets within the Mortgage Loan Program ($6.8 million deficit) and the net assets ($8.2 million deficit) of the Multifamily Housing Revenue Bonds (Marywood) and Multifamily Bonds (Turnberry), which are classified as unrestricted, all net assets of the Authority's bond funds are classified as restricted. The remaining restricted increases in net assets were from the FAF program, earnings of which are recorded in the Authority's Administrative Fund.

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

Management's Discussion and Analysis

June 30, 2012

(Unaudited)

Statement of Activities

The statement of activities shows the sources of the Authority's changes in net assets as they arise through its various programs and functions. Six programs, the Illinois Affordable Housing Trust Fund, the HOME Program, the Rental Housing Support Program, the ARRA Fund, the Hardest Hit Fund Program and the Build Illinois Bond Program are shown as major governmental activities while the non-major governmental activities include the Neighborhood Stabilization Program, the Foreclosure Prevention Program and the Community Development Block Grant Fund. The business-type activities consist of two housing lending programs, the results of which are primarily recorded within the funds comprising the two major bond funds (the Mortgage Loan Program Fund and the Single Family Program Fund), the LLC which maintains and operates rental properties until such time as disposition occurs, federal assistance activities, which involve the allocation of various federal subsidy funds directly to certain of the Authority's borrowers, and the tax credit authorization and monitoring, and FAF lending programs, both of which activities are recorded in the Authority's Administrative Fund.

A condensed summary of changes in net assets for the fiscal year ended June 30, 2012 is shown in the following table.

Changes in Net Assets

(In millions of dollars)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	$ 6.5	$ 2.2	$ 102.7	$ 93.9	$ 109.2	$ 96.1
Operating/grant/federal revenues	269.6	302.9	143.0	141.9	412.6	444.8
General revenues:						
Investment income	-	-	4.9	0.2	4.9	0.2
Total revenues	276.1	305.1	250.6	236.0	526.7	541.1
Expenses:						
Direct	172.5	233.6	228.6	206.3	401.1	439.9
Administrative	-	-	11.4	13.0	11.4	13.0
Total expenses	172.5	233.6	240.0	219.3	412.5	452.9
Increase in net assets before transfers and special item	103.6	71.5	10.6	16.7	114.2	88.2
Special item	-	-	6.3	-	6.3	-
Transfers	(5.2)	(5.2)	5.2	5.2	-	-
Increase in net assets	$ 98.4	$ 66.3	$ 22.1	$ 21.9	$ 120.5	$ 88.2

Governmental Activities

Revenues of the Authority's governmental activities decreased $29.1 million from the prior year primarily due to lower revenues in Federal ARRA Fund ($160.0 million) and in Nonmajor Governmental Funds ($2.7 million), offset by increases in the Federal HOME Program ($8.7 million), Hardest Hit Fund ($76.8 million), Build Illinois Bond ($34.2 million), Illinois Affordable Housing Trust Fund ($2.9 million) and Rental Housing Support Program ($11.0 million).

Direct expenses of the Authority's governmental activities decreased $61.1 million from the prior year, primarily due to decreases within the Federal ARRA Fund ($118.3 million) and Nonmajor Governmental Funds ($5.7 million) partially offset by increases in the Rental Housing Support Program ($11.0 million), the Illinois Affordable Housing Trust Fund ($2.9 million), the HOME Program ($2.8 million), the Hardest Hit Fund Program ($40.8 million) and Build Illinois Bond Program ($5.3 million). The transfer ($5.2 million) from the governmental activities to the Authority's business-type activities represents an annual transfer, pursuant to the Illinois Affordable Housing Act, from the Illinois Affordable Housing Trust Fund to the Multi-Family Mortgage Loan Programs.

Business-type Activities

Revenues of the Authority's business-type activities increased $14.6 million from the prior year from an increase in charges for services ($8.8 million), unrestricted investment income ($4.7 million) and federal assistance ($1.1 million). Charges for services consist of interest income on program loans ($56.9 million), program investment income ($12.4 million), servicing and development fees ($15.4 million), other income ($16.3 million) and rental incomes and vacancies ($1.7 million). Program investment income is that income earned within the Authority's bond funds, the investments and the income of which is restricted to those funds. Such income increased by $6.6 million from the prior year due primarily to higher investment yields.

Direct expenses of the Authority's business-type activities, which consist primarily of interest expense ($57 million) on Authority debt incurred to fund its various lending programs and the pass-through of federal assistance programs' funds ($140.6 million), increased $22.3 million from the prior year, due mainly to increased estimated losses on program loans receivable ($17.5 million), increases in program grants ($4.7 million) and higher federal assistance ($1.1 million), partially offset by lower interest expense ($3.2 million) and lower salaries and benefits ($1.5 million).

The Authority's business-type activities also generated $4.9 million of unrestricted investment income, which was used primarily to partially offset its administrative costs. Program revenues of the Multi-Family Mortgage Loan Programs exceeded direct expenses by $17.8 million (See the Statement of Activities) and thus provided most of the Authority's increase in net assets.

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

Management's Discussion and Analysis

June 30, 2012

(Unaudited)

Proprietary Fund Results

Net assets of the Authority's proprietary funds increased from the June 30, 2011 amount by $22.1 million, to $445.8 million. The following table summarizes the statement of revenues, expenses, and changes in fund net assets of the Authority's proprietary funds for the fiscal years ended June 30, 2012 and 2011.

Changes in Net Assets/Proprietary Funds

(In millions of dollars)

	Administrative Fund		Mortgage Loan Program Fund		Single Family Program Fund		Illinois Housing Authority, LLC	
	2012	2011	2012	2011	2012	2011	2012	2011
Operating revenues:								
Interest earned on program loans	$ 3.9	$ 4.1	$ 26.5	$ 27.6	$ 26.5	$ 33.0	$ -	$ -
Investment income	4.9	0.2	1.5	0.8	10.9	5.0	-	-
Federal assistance programs	136.7	135.9	3.9	3.6	-	-	-	-
Service fees	14.0	10.5	-	-	-	-	-	-
Development fees	1.4	0.8	-	-	-	-	-	-
HUD savings	2.5	2.6	-	-	-	-	-	-
Rental income and vacancies	-	-	-	-	-	-	1.7	-
Other	10.7	7.1	5.5	4.8	-	-	0.1	-
Total operating revenues	174.1	161.2	37.4	36.8	37.4	38.0	1.8	-
Operating expenses:								
Interest expense	0.2	0.1	24.4	25.0	32.4	35.1	-	-
Federal assistance programs	136.7	135.9	3.9	3.6	-	-	-	-
Salaries and benefits	13.5	15.2	-	-	-	-	0.3	-
Professional fees	0.5	0.8	-	-	-	-	-	-
Other general and administrative	2.7	2.6	0.3	0.2	1.3	1.1	0.4	-
Financing costs	0.3	0.3	0.7	0.7	2.3	0.7	-	-
Program grants	1.6	-	1.3	0.2	2.2	-	-	-
Change in accrual for estimated losses on mortgage participation certificate program	0.6	-	-	-	-	-	-	-
Provision for (reversal) of estimated losses on real estate held for sale	-	-	-	-	(0.8)	0.8	-	-
Provision for (reversal) of estimated losses on program loans receivable	2.2	(0.5)	1.9	(3.4)	10.4	0.9	-	-
Operating expenses	-	-	-	-	-	-	0.4	-
Taxes and insurance	-	-	-	-	-	-	0.3	-
Total operating expenses	158.3	154.4	32.5	26.3	47.8	38.6	1.4	-
Operating income (loss)	15.8	6.8	4.9	10.5	(10.4)	(0.6)	0.4	-
Special item	-	-	6.3	-	-	-	-	-
Transfers	(0.9)	(0.5)	(1.1)	5.2	0.9	0.5	6.3	-
Change in net assets	14.9	6.3	10.1	15.7	(9.5)	(0.1)	6.7	-
Net assets at beginning of year	127.2	120.9	202.9	187.2	93.6	93.7	-	-
Net assets at end of year	$ 142.1	$ 127.2	$ 213.0	$ 202.9	$ 84.1	$ 93.6	$ 6.7	$ -

Net assets of the Administrative Fund increased $14.9 million, compared to the prior year increase of $6.3 million. Administrative Fund operating income was $15.8 million, an increase of $9.0 million from the prior year, and net operating transfers (out) were $0.9 million compared to net transfers (out) of $0.5 million in the prior year. The fiscal year 2012 increase in operating earnings was primarily from increases in investment income ($4.7 million), service fees ($3.5 million), and other income ($3.6 million), offset by increased provisions for estimated losses on program loans receivable ($2.7 million).

Net assets of the Mortgage Loan Program Fund increased $10.1 million, compared to a prior year increase of $15.7 million, due to operating income of $4.9 million and net transfers in and special item of $5.2 million. Operating income was $5.6 million below the prior year, primarily due to higher provisions ($5.3 million) for estimated losses on program loans receivable. The net transfer in represents the annual transfer (in) of $5.2 million from the Illinois Affordable Housing Trust Fund. The special item ($6.3 million) for the foreclosed property was equally offset by a transfer to the LLC.

Net assets of the Single Family Program Fund decreased $9.5 million, compared to a prior year decrease of $0.1 million. The operating loss was $9.8 million higher than the prior year operating loss due to a $6.5 million decrease in interest earned on program loans, higher operating expenses ($3.4 million) and higher provisions ($9.5 million) for estimated losses on program loans receivable, partially offset by a $5.9 million increase in investment income and lower interest expense of $2.7 million.

Authority Debt

Authority debt issuances during fiscal year 2012 (which includes issuances under the Treasury Program) totaled $216.9 million (net of discounts and premiums), with the issuance of Multifamily Initiative Bonds ($121.5 million) within the Mortgage Loan Program Fund, Housing Revenue Bonds ($67.6 million) within the Single Family Program Fund and Federal Home Loan Bank Advances ($27.7 million) within the Administrative Fund. Debt retirements within the Mortgage Loan, Single Family Program and Administrative Funds were $167.8 million, $99.4 million and $7.9 million, respectively. Total bonds and notes payable decreased $57.1 million. For additional information, see Note 8, Bonds and Notes Payable in the Notes to Financial Statements.

During fiscal year 2012, the Authority's Issuer Credit Ratings remained at A1 (Stable) by Moody's Investors Service, A+ (Positive) by Standard and Poor's and AA- (Stable) by Fitch Ratings.

On August 5, 2011, Standard and Poor's downgraded the United States of America long term rating from AAA to AA+. The downgrade only impacted the Multifamily Initiative Bonds (the "Bonds") by reducing the rating on the Bonds from AAA to AA+ as its assets are primarily backed by the full faith and credit of the United States of America. The Authority believes the downgrade will not impact its rating and other bond programs as the ratings are based on the strength of various assets class and not relying solely on federal guarantees.

Economic Factors

The current state of the financial market continues to cause difficulty for the Authority to issue bonds to traditional buyers as it is not economically feasible.

As such, the Authority has been utilizing the Treasury Program initiated by U.S. Treasury in December 2009. During fiscal year 2012, the Authority has issued seven multifamily bonds under the Treasury Program through Multifamily Initiative Bonds totaling $121.5 million.

The Authority also targeted MBS investors to fund its homeownership program by issuing a single family bond under the Single Family Program totaling $67.6 million.

With investment yields of United States Government and Agency obligations continuing to remain at historically low levels, the Authority began investing and trading more in mortgage backed securities specifically in GNMA and FNMA MBS that provide higher investment yields and allow the Authority to pursue its mission in providing first mortgage loans and down payment assistance to first-time homebuyers.

Contacting the Authority's Financial Management

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

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the State of Illinois)
Statement of Net Assets
June 30, 2012

	Governmental activities	Business-type activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	$ 107,408,639	$ 280,006,495	$ 387,415,134
Funds held by State Treasurer	450,782	-	450,782
Investments	34,485,417	61,560,097	96,045,514
Investment income receivable	8,912	123,501	132,413
Investment income receivable – restricted	-	725,455	725,455
Program loans receivable	8,114,923	41,539,227	49,654,150
Grant receivable	3,304,673	-	3,304,673
Interest receivable on program loans	696,972	3,723,752	4,420,724
Internal balances	(6,056,159)	6,056,159	-
Tenant accounts receivable	-	2,866	2,866
Utility deposits	-	11,512	11,512
Total current assets	148,414,159	393,749,064	542,163,223
Noncurrent assets:			
Investments – restricted	-	575,082,700	575,082,700
Program loans receivable, net of current portion	631,206,588	1,084,623,928	1,715,830,516
Less allowance for estimated losses	(32,532,233)	(36,127,276)	(68,659,509)
Net program loans receivable	598,674,355	1,048,496,652	1,647,171,007
Unamortized bond issuance costs	-	11,647,988	11,647,988
Real estate held for sale, net	-	11,630,776	11,630,776
Due from Fannie Mae	-	84,177,143	84,177,143
Due from Freddie Mac	-	7,759,547	7,759,547
Land	-	2,600,000	2,600,000
Capital assets, net	116,047	30,232,242	30,348,289
Derivative instrument asset	-	107,270	107,270
Deferred outflow of resources	-	3,182,942	3,182,942
Other	93,434	9,188,143	9,281,577
Total noncurrent assets	598,883,836	1,784,105,403	2,382,989,239
Total assets	747,297,995	2,177,854,467	2,925,152,462
Liabilities:			
Current liabilities:			
Due to grantees	37,505,496	-	37,505,496
Due to State of Illinois	20,534,595	-	20,534,595
Bonds and notes payable	-	243,213,206	243,213,206
Accrued interest payable	-	22,174,902	22,174,902
Unearned revenue	-	11,391,564	11,391,564
Deposits held in escrow	-	174,905,975	174,905,975
Accrued liabilities and other	-	8,343,568	8,343,568
Accrued property taxes	-	415,000	415,000
Prepaid rent	-	2,283	2,283
Total current liabilities	58,040,091	460,446,498	518,486,589
Noncurrent liabilities:			
Due to State of Illinois	302,356,565	-	302,356,565
Bonds and notes payable, net of current portion	-	1,268,208,926	1,268,208,926
Derivative instrument liability	-	3,182,942	3,182,942
Deferred inflows of resources	-	107,270	107,270
Security deposits	-	84,513	84,513
Total noncurrent liabilities	302,356,565	1,271,583,651	1,573,940,216
Total liabilities	360,396,656	1,732,030,149	2,092,426,805
Net assets:			
Invested in capital assets, net of related debt	116,047	(6,580,031)	(6,463,984)
Restricted for bond resolution purposes	-	312,108,700	312,108,700
Restricted for loan and grant programs	386,785,292	38,214,187	424,999,479
Unrestricted	-	102,081,462	102,081,462
Total net assets	$ 386,901,339	$ 445,824,318	$ 832,725,657

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, 2012

		Program revenues		Net (expenses) revenues and changes in net assets		
Functions/programs	**Expenses**	**Charges for services and interest income**	**Operating grant/federal revenues**	**Governmental activities**	**Business-type activities**	**Total**
Governmental activities:						
Illinois Affordable Housing Trust Program	$ 7,425,265	$ 1,567	$ 12,623,698	$ 5,200,000	$ -	$ 5,200,000
HOME Program	14,895,565	2,272,627	31,022,545	18,399,607	-	18,399,607
Rental Housing Support Program	21,008,165	35,017	20,973,148	-	-	-
ARRA Program	68,692,185	1,666	70,230,698	1,540,179	-	1,540,179
Hardest Hit Fund Program	41,785,639	3,274,018	85,000,000	46,488,379	-	46,488,379
Build Illinois Bond Program	5,259,787	858	34,220,000	28,961,071	-	28,961,071
Other Programs	13,417,736	919,745	15,469,985	2,971,994	-	2,971,994
Total governmental activities	172,484,342	6,505,498	269,540,074	103,561,230	-	103,561,230
Business-type activities:						
Administrative	11,394,375	3,207,650	-	-	(8,186,725)	(8,186,725)
Multi-Family Mortgage Loan Programs	35,072,247	52,822,287	-	-	17,750,040	17,750,040
Multi-Family Federal Assistance Programs	140,555,118	-	140,555,118	-	-	-
Single-Family Mortgage Loan Programs	50,626,662	37,709,988	-	-	(12,916,674)	(12,916,674)
Tax Credit Authorization and Monitoring	913,815	7,167,435	-	-	6,253,620	6,253,620
FAF Lending Program	-	57,173	2,448,547	-	2,505,720	2,505,720
Illinois Housing Authority LLC	1,367,403	1,731,064	-	-	363,661	363,661
Total business-type activities	239,929,620	102,695,597	143,003,665	-	5,769,642	5,769,642
Total Authority	$ 412,413,962	$ 109,201,095	$ 412,543,739	103,561,230	5,769,642	109,330,872
	General revenues:					
	Unrestricted investment income			-	4,887,382	4,887,382
	Special item - foreclosed property			-	6,307,176	6,307,176
	Transfers			(5,200,000)	5,200,000	-
	Total general revenues, special items and transfers			(5,200,000)	16,394,558	11,194,558
	Change in net assets			98,361,230	22,164,200	120,525,430
	Net assets at beginning of year			288,540,109	423,660,118	712,200,227
	Net assets at end of year			$ 386,901,339	$ 445,824,318	$ 832,725,657

See accompanying notes to financial statements.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Governmental Funds

Balance Sheet

June 30, 2012

	Major Funds			
	Illinois Affordable Housing Trust Fund	**HOME Program Fund**	**Rental Housing Support Program Fund**	**ARRA Fund**
Assets:				
Current assets:				
Cash	$ 14,212,717	$ -	$ 3,011,279	$ 5,237
Funds held by State Treasurer	-	450,782	-	-
Investments	-	-	34,485,417	-
Investment income receivable	-	-	8,800	-
Program loans receivable	5,846,171	2,131,667	-	137,085
Grant receivable	1,149,878	821,782	155,992	-
Interest receivable on program loans	475,707	219,732	-	1,533
Total current assets	21,684,473	3,623,963	37,661,488	143,855
Noncurrent assets:				
Program loans receivable, net of current portion	325,079,561	229,980,718	-	73,401,238
Less allowance for estimated losses	(22,722,996)	(7,993,642)	-	(443,060)
Net program loans receivable	302,356,565	221,987,076	-	72,958,178
Other	-	-	-	-
Total noncurrent assets	302,356,565	221,987,076	-	72,958,178
Total assets	$ 324,041,038	$ 225,611,039	$ 37,661,488	$ 73,102,033
Liabilities and Fund Balances:				
Current liabilities:				
Deferred revenue	$ -	$ 219,732	$ -	$ 1,533
Due to grantees	-	-	37,505,496	-
Due to other funds	1,149,878	821,782	155,992	-
Due to State of Illinois	20,534,595	-	-	-
Total current liabilities	21,684,473	1,041,514	37,661,488	1,533
Noncurrent liabilities:				
Due to State of Illinois	302,356,565	-	-	-
Total liabilities	324,041,038	1,041,514	37,661,488	1,533
Fund balances:				
Restricted	-	224,569,525	-	73,100,500
Total fund balances	-	224,569,525	-	73,100,500
Total liabilities and fund balances	$ 324,041,038	$ 225,611,039	$ 37,661,488	$ 73,102,033

Amounts reported for governmental activities in the statement of net assets are different due to:

Deferral of interest receivable on certain program loans receivable

Capital assets

Net assets of governmental activities

See accompanying notes to financial statements.

Hardest Hit Fund	Build Illinois Bond Program Fund	Nonmajor Governmental Funds	Total
$ 58,204,942	$ 28,961,070	$ 3,013,394	$ 107,408,639
-	-	-	450,782
-	-	-	34,485,417
112	-	-	8,912
-	-	-	8,114,923
-	-	1,177,021	3,304,673
-	-	-	696,972
58,205,054	28,961,070	4,190,415	154,470,318
2,745,071	-	-	631,206,588
(1,372,535)	-	-	(32,532,233)
1,372,536	-	-	598,674,355
93,434	-	-	93,434
1,465,970	-	-	598,767,789
$ 59,671,024	$ 28,961,070	$ 4,190,415	$ 753,238,107
$ -	$ -	$ -	$ 221,265
-	-	-	37,505,496
2,751,533	-	1,176,974	6,056,159
-	-	-	20,534,595
2,751,533	-	1,176,974	64,317,515
-	-	-	302,356,565
2,751,533	-	1,176,974	366,674,080
56,919,491	28,961,070	3,013,441	386,564,027
56,919,491	28,961,070	3,013,441	386,564,027
$ 59,671,024	$ 28,961,070	$ 4,190,415	
			221,265
			116,047
			$ 386,901,339

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2012

	Major Funds			
	Illinois Affordable Housing Trust Fund	HOME Program Fund	Rental Housing Support Program Fund	ARRA Fund
Revenues:				
Grant from State of Illinois	$ 12,623,698	$ -	$ 20,973,148	$ -
Federal funds	-	31,022,545	-	70,230,698
Interest and investment income	1,567	2,238,805	35,017	1,666
Total revenues	12,625,265	33,261,350	21,008,165	70,232,364
Expenditures:				
Grants	5,223,614	11,871,780	20,490,767	68,701,839
General and administrative	2,200,084	2,769,427	517,398	-
Program income transferred to State of Illinois	1,567	-	-	-
Provision for (reversal of) estimated losses on program loans receivable	-	254,358	-	(9,654)
Total expenditures	7,425,265	14,895,565	21,008,165	68,692,185
Excess of revenues over expenditures	5,200,000	18,365,785	-	1,540,179
Other financing uses:				
Transfer out	(5,200,000)	-	-	-
Net change in fund balances	-	18,365,785	-	1,540,179
Fund balances at beginning of year	-	206,203,740	-	71,560,321
Fund balances at end of year	$ -	$ 224,569,525	$ -	$ 73,100,500

Amounts reported for governmental activities in the statement of activities are different due to:

Deferral of interest receivable on certain program loans receivable

Capital outlay

Depreciation and amortization on capital assets

Change in net assets of governmental activities

See accompanying notes to financial statements.

Hardest Hit Fund	Build Illinois Bond Program Fund	Nonmajor Governmental Funds	Total
$ -	$ 34,220,000	$ 3,970,629	$ 71,787,475
85,000,000	-	11,499,356	197,752,599
3,274,018	857	919,746	6,471,676
88,274,018	34,220,857	16,389,731	276,011,750
32,886,987	5,259,787	11,432,389	155,867,163
7,593,553	-	1,985,347	15,065,809
-	-	-	1,567
1,372,535	-	-	1,617,239
41,853,075	5,259,787	13,417,736	172,551,778
46,420,943	28,961,070	2,971,995	103,459,972
-	-	-	(5,200,000)
46,420,943	28,961,070	2,971,995	98,259,972
10,498,548	-	41,446	
$ 56,919,491	$ 28,961,070	$ 3,013,441	
			33,822
			99,440
			(32,004)
			$ 98,361,230

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the State of Illinois)

Proprietary Funds

Statement of Net Assets

June 30, 2012

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Illinois Housing Authority, LLC	Total
Assets:					
Current assets:					
Cash and cash equivalents	$ 213,482,952	$ 49,958,079	$ 15,498,457	$ 1,067,007	$ 280,006,495
Investments	61,560,097	-	-	-	61,560,097
Investment income receivable	123,501	-	-	-	123,501
Investment income receivable - restricted	156	165,134	560,165	-	725,455
Program loans receivable	1,485,222	26,383,148	13,670,857	-	41,539,227
Interest receivable on program loans	177,817	1,383,543	2,162,392	-	3,723,752
Due from other funds	10,909,663	14,332,551	351,293	-	25,593,507
Tenant accounts receivable	-	-	-	2,866	2,866
Utility deposits	-	-	-	11,512	11,512
Total current assets	287,739,408	92,222,455	32,243,164	1,081,385	413,286,412
Noncurrent assets:					
Investments – restricted	7,722,392	147,874,421	419,485,887	-	575,082,700
Program loans receivable, net of current portion	87,511,683	503,169,809	493,942,436	-	1,084,623,928
Less allowance for estimated losses	(6,749,716)	(16,732,044)	(12,645,516)	-	(36,127,276)
Net program loans receivable	80,761,967	486,437,765	481,296,920	-	1,048,496,652
Unamortized bond issuance costs	-	6,318,638	5,329,350	-	11,647,988
Real estate held for sale, net	-	108,461	11,522,315	-	11,630,776
Due from Fannie Mae	-	84,177,143	-	-	84,177,143
Due from Freddie Mac	-	7,759,547	-	-	7,759,547
Land	-	-	-	2,600,000	2,600,000
Capital assets, net	202,273	26,502,696	-	3,527,273	30,232,242
Derivative instrument asset	-	107,270	-	-	107,270
Deferred outflow of resources	-	-	3,182,942	-	3,182,942
Other	199,137	204,727	8,767,963	16,316	9,188,143
Total noncurrent assets	88,885,769	759,490,668	929,585,377	6,143,589	1,784,105,403
Total assets	376,625,177	851,713,123	961,828,541	7,224,974	2,197,391,815
Liabilities:					
Current liabilities:					
Bonds and notes payable	5,000,000	27,635,000	210,578,206	-	243,213,206
Accrued interest payable	25,282	10,204,278	11,945,342	-	22,174,902
Deferred revenue	11,084,460	307,104	-	-	11,391,564
Deposits held in escrow	174,905,975	-	-	-	174,905,975
Accrued liabilities and other	6,252,045	868,773	1,170,409	52,341	8,343,568
Due to other funds	14,683,844	4,413,856	439,648	-	19,537,348
Accrued property taxes	-	-	-	415,000	415,000
Prepaid rent	-	-	-	2,283	2,283
Total current liabilities	211,951,606	43,429,011	224,133,605	469,624	479,983,846
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	22,670,000	595,166,303	650,372,623	-	1,268,208,926
Derivative instrument liability	-	-	3,182,942	-	3,182,942
Deferred inflows of resources	-	107,270	-	-	107,270
Security deposits	-	-	-	84,513	84,513
Total noncurrent liabilities	22,670,000	595,273,573	653,555,565	84,513	1,271,583,651
Total liabilities	234,621,606	638,702,584	877,689,170	554,137	1,751,567,497
Net assets:					
Invested in capital assets, net of related debt	202,273	(6,782,304)	-	-	(6,580,031)
Restricted for bond resolution purposes	-	227,969,329	84,139,371	-	312,108,700
Restricted for loan and grant programs	38,214,187	-	-	-	38,214,187
Unrestricted	103,587,111	(8,176,486)	-	6,670,837	102,081,462
Total net assets	$ 142,003,571	$ 213,010,539	$ 84,139,371	$ 6,670,837	$ 445,824,318

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 Assets
Year ended June 30, 2012

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Illinois Housing Authority, LLC	Total
Operating revenues:					
Interest and other investment income	$ 4,572,635	$ 975,130	$ 4,818,872	$ -	$ 10,366,637
Net increase in fair value of investments	314,747	504,609	6,109,197	-	6,928,553
Total investment income	4,887,382	1,479,739	10,928,069	-	17,295,190
Interest earned on program loans	3,877,931	26,500,320	26,532,212	-	56,910,463
Federal assistance programs	136,700,053	3,855,065	-	-	140,555,118
Service fees	13,989,518	-	-	-	13,989,518
Development fees	1,340,750	-	-	-	1,340,750
HUD savings	2,505,720	-	-	-	2,505,720
Other	10,729,537	5,529,284	-	76,331	16,335,152
Rental income	-	-	-	2,036,324	2,036,324
Vacancies & adjustments	-	-	-	(381,591)	(381,591)
Total operating revenues	174,030,891	37,364,408	37,460,281	1,731,064	250,586,644
Operating expenses:					
Interest expense	156,276	24,364,148	32,458,927	-	56,979,351
Federal assistance programs	136,700,053	3,855,065	-	-	140,555,118
Salaries and benefits	13,511,041	-	-	279,009	13,790,050
Professional fees	513,693	-	-	-	513,693
Other general and administrative	2,723,810	269,826	1,251,738	238,980	4,484,354
Financing costs	306,553	753,339	2,293,476	-	3,353,368
Program grants	1,575,468	1,287,902	2,221,247	-	5,084,617
Change in accrual for estimated losses on mortgage participation certificate program	566,045	-	-	-	566,045
Reversal of estimated losses on real estate held for sale	-	-	(773,197)	-	(773,197)
Provision for estimated losses on program loans receivable	2,241,767	1,921,762	10,363,278	-	14,526,807
Advertising expenses	-	-	-	31,702	31,702
Operating expenses	-	-	-	104,315	104,315
Utilities	-	-	-	170,272	170,272
Maintenance expenses	-	-	-	121,380	121,380
Taxes and insurance	-	-	-	323,296	323,296
Depreciation	-	-	-	72,727	72,727
Miscellaneous	-	-	-	25,722	25,722
Total operating expenses	158,294,706	32,452,042	47,815,469	1,367,403	239,929,620
Operating income (loss)	15,736,185	4,912,366	(10,355,188)	363,661	10,657,024
Special item - foreclosed property	-	6,307,176	-	-	6,307,176
Transfers in	8,836	5,200,000	878,170	6,307,176	12,394,182
Transfers out	(878,170)	(6,307,176)	(8,836)	-	(7,194,182)
Total transfers and special item	(869,334)	5,200,000	869,334	6,307,176	11,507,176
Change in net assets	14,866,851	10,112,366	(9,485,854)	6,670,837	22,164,200
Net assets at beginning of year	127,136,720	202,898,173	93,625,225	-	423,660,118
Net assets at end of year	$ 142,003,571	$ 213,010,539	$ 84,139,371	$ 6,670,837	$ 445,824,318

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, 2012

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Illinois Housing Authority, LLC	Total
Cash flows from operating activities:					
Receipts for program loans, interest and service fees	$ 33,000,005	$ 66,691,895	$ 101,145,047	$ -	$ 200,836,947
Receipts for real estate held for sale	-	13,063	2,456,770	-	2,469,833
Receipts for rental operations	-	-	-	1,839,546	1,839,546
Payments for program loans	(7,870,154)	(29,972,822)	-	-	(37,842,976)
Receipts for federal assistance programs	136,700,053	3,855,065	-	-	140,555,118
Payments for federal assistance programs	(136,700,053)	(3,855,065)	-	-	(140,555,118)
Payments for credit enhancements	-	(91,936,690)	-	-	(91,936,690)
Payments for program grants	(1,575,468)	(1,287,902)	(2,221,247)	-	(5,084,617)
Payments to suppliers	(5,494,594)	(1,460,061)	(3,355,322)	-	(10,309,977)
Payments to employees	(13,363,878)	-	-	(279,009)	(13,642,887)
Payments for rental operations	-	-	-	(1,040,495)	(1,040,495)
Other receipts	10,729,537	5,528,076	-	-	16,257,613
Net cash provided by (used in) operating activities	15,425,448	(52,424,441)	98,025,248	520,042	61,546,297
Cash flows from noncapital financing activities:					
Proceeds from sale of revenue bonds and notes	27,670,000	121,550,000	67,809,245	-	217,029,245
Principal paid on revenue bonds and notes	(7,900,000)	(166,609,247)	(99,581,261)	-	(274,090,508)
Interest paid on revenue bonds and notes	(214,797)	(25,053,007)	(32,843,902)	-	(58,111,706)
Due to other funds	-	272,327	(267,408)	-	4,919
Due from other funds	(2,746,704)	-	-	-	(2,746,704)
Balance transfer to Illinois Housing Authority, LLC	-	-	-	546,965	546,965
Transfers in	8,836	5,200,000	878,170	-	6,087,006
Transfers out	(878,170)	-	(8,836)	-	(887,006)
Net cash provided by (used in) noncapital financing activities	15,939,165	(64,639,927)	(64,013,992)	546,965	(112,167,789)
Cash flows from capital financing and related activities:					
Acquisition of capital assets	(166,717)	(289,006)	-	-	(455,723)
Cash flows from investing activities:					
Purchase of investment securities	(246,426,924)	(739,134,938)	(2,863,973,472)	-	(3,849,535,334)
Proceeds from sales and maturities of investment securities	252,843,290	871,657,875	2,823,402,294	-	3,947,903,459
Interest received on investments	4,803,654	1,521,496	10,805,574	-	17,130,724
Net cash provided by (used in) investing activities	11,220,020	134,044,433	(29,765,604)	-	115,498,849
Net increase in cash and cash equivalents	42,417,916	16,691,059	4,245,652	1,067,007	64,421,634
Cash and cash equivalents at beginning of year	171,065,036	33,267,020	11,252,805	-	215,584,861
Cash and cash equivalents at end of year	$ 213,482,952	$ 49,958,079	$ 15,498,457	$ 1,067,007	$ 280,006,495

(Continued)

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the State of Illinois)
Proprietary Funds
Statement of Cash Flows (Continued)
Year ended June 30, 2012

	Administrative Fund	Mortgage Loan Program Fund	Single Family Program Fund	Illinois Housing Authority, LLC	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 15,736,185	$ 4,912,366	$ (10,355,188)	$ 363,661	$ 10,657,024
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Investment income	(4,887,382)	(1,479,739)	(10,928,069)	-	(17,295,190)
Interest expense	156,276	24,364,148	32,458,927	-	56,979,351
Depreciation and amortization	39,542	800,000	-	72,727	912,269
Change in accrual for estimated losses on					-
mortgage participation certificate program	566,045	-	-	-	566,045
Reversal of estimated losses on real estate held for sale	-	-	(773,197)	-	(773,197)
Provision for estimated losses					-
on program loans receivable	2,241,767	1,921,762	10,363,278	-	14,526,807
Changes in assets and liabilities:					-
Program loans receivable	(989,261)	9,347,404	78,383,735	-	86,741,878
Interest receivable on program loans	(41,889)	13,198	643,725	-	615,034
Other liabilities	2,251,366	(757,235)	789,187	32,753	2,316,071
Other assets	352,799	390,345	(2,557,150)	(16,316)	(1,830,322)
Tenants accounts receivable	-	-	-	63,609	63,609
Utility deposits	-	-	-	3,608	3,608
Due from Fannie Mae	-	(84,177,143)	-	-	(84,177,143)
Due from Freddie Mac	-	(7,759,547)	-	-	(7,759,547)
Total adjustments	(310,737)	(57,336,807)	108,380,436	156,381	50,889,273
Net cash provided by (used in) operating activities	$ 15,425,448	$ (52,424,441)	$ 98,025,248	$ 520,042	$ 61,546,297
Noncash investing, capital and financing activities:					
Transfer of foreclosed assets	$ -	$ 70,994	$ 5,125,859	$ -	$ 5,196,853
The fair value of investments increased	$ 374,130	$ 971,111	$ 4,115,335	$ -	$ 5,460,576

See accompanying notes to financial statements.

Note 1. Authorizing Legislation

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

The bonds and notes outstanding as of June 30, 2012, 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, 2012, amounts outstanding against this limitation were approximately $1.9 billion.

The Illinois Housing Authority, LLC (the LLC) was organized on August 10, 2011 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 Illinois Housing Development Authority (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.

Note 2. Summary of Significant Accounting Policies

The following summarizes the significant accounting policies of the Authority:

Reporting Entity

As defined by accounting principles generally accepted in the United States of America 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 Illinois Housing Authority, LLC.

With the creation of the Illinois Housing Authority, LLC (the LLC), a separate legal entity of the Authority the criteria for reporting component units was considered. Under GAAP a component unit can be reported as a discretely presented or blended component unit of the primary government. In considering

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

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

The LLC does issue its own separate, stand-alone report. A copy of that report can be provided by contacting the Authority's Controller at 401 North Michigan Ave, Suite 700, Chicago, IL 60611 or visit our website at: www.ihda.org

Basis of Presentation

Government-Wide Statements – The government-wide statement of net assets and statement of activities report the overall financial activity of the Authority. Eliminations have been made to 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 non-major governmental and proprietary (enterprise) funds, each displayed in a separate column. Proprietary fund 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.

The Authority reports the following major governmental funds:

Illinois Affordable Housing Trust Fund

The Authority is designated administrator of the Illinois Affordable Housing Program (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

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Department of Revenue by the General Assembly. In accordance with State statute, the Authority makes grants and low or no interest mortgages or other loans, some with deferred repayment terms, to acquire, construct, rehabilitate, develop, operate, insure, and retain affordable single family and multi-family housing for low and very low income households.

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

HOME Program Fund

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

Rental Housing Support Program Fund

The Authority is designated administrator of the Rental Housing Support Program (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.

ARRA Fund

The Authority is designated program administrator for Section 1602 of the American Recovery and Reinvestment Act of 2009 (“ARRA”) for grants appropriated to the State of Illinois by the United States Department of the Treasury to finance construction or acquisition and rehabilitation of qualified low-income building for low-income housing in lieu of low-income housing tax credits. In addition, HUD makes awards to the Authority under the Tax Credit Assistance Program (“TCAP”) to facilitate the development of projects that received or will receive funding in order to be completed and placed in service in accordance with the requirements of Section 42 of the Internal Revenue Code of 1986 and the regulations promulgated there under. These awards are then allocated to sub-grantees and the Authority will be responsible for the monitoring and reporting of the use of these funds.

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

Build Illinois Bond Program Fund

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

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

Mortgage Loan Program Fund

The Mortgage Loan Program Fund accounts for the financing of low and moderate income housing developments from the proceeds of Housing Bonds, Multifamily Initiative Bonds, Multi-family Housing Revenue Bonds (Marywood), Multi-family Bonds (Turnberry II) 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 Bonds, Housing Revenue Bonds and Residential 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.

Illinois Housing Authority, LLC

The Illinois Housing Authority, LLC (the LLC) maintains, improves and disposes of multi-family properties acquired through foreclosure or deed-in-lieu of foreclosure. Tenant rental receipts and other operating expenses of the property are reported by the LLC until such time as disposition occurs.

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 and non-major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements.

The accounting policies and financial reporting practices of the Illinois Housing Development Authority (the Authority), a component unit of the State of Illinois, conform to generally accepted accounting principles (GAAP), as promulgated in pronouncements of the Governmental Accounting Standards Board (GASB). Additionally, in the government-wide and proprietary fund financial statements, the Authority applies the pronouncements of the Financial Accounting Standards Board (FASB) issued before December 1, 1989, which are not in conflict with GASB pronouncements. As permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to not apply FASB pronouncements issued after November 30, 1989.

Fund Balances

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

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

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

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

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

Unassigned – This consists of residual deficit fund balances.

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

Net Assets

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

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

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

All net assets of the governmental activities column of the government-wide financial statements are 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 assets. 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 assets that do not meet the criteria of the two preceding categories.

Designations of net assets represent 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 assets as of June 30, 2012 are designated as follows:

Downpayment Assistance Program	$ 5,000,000
To pay expenses for planned technology enhancements	5,000,000
To pay possible losses arising in the Multi-Family Bond Program attributable, but not limited to, delinquencies or defaults on uninsured or unsubsidized loans	15,000,000
Provide funds to purchase homeownership mortgage loans and/or mortgage-backed securities under the Homeownership Mortgage Loan Program which will eventually be purchased with proceeds from future issuance of Authority debt or sold in the secondary market	45,000,000
Provide funds and reserves to support the Mortgage Participation Certificate Program, including the purchase of loans within the Program	30,000,000
	$ 100,000,000

The designations of the Administrative Fund unrestricted net assets may be amended or rescinded by the Members of the Authority.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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 balance sheet and the statement of net assets.

The allowances for estimated losses 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.

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 to be cash equivalents.

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Investments

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

The investment of funds is restricted by various bond and note resolutions of the Authority and the Act, generally, to direct obligations of the United States government; specific bank obligations, certain of which are fully secured as required by the bond and note resolutions; and obligations of other governmental entities which 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.

Program Loans Receivable

Program loans receivable include mortgage loans receivable, advances receivable, and residual income loans receivable. Mortgage loans receivable include initial development fees and certain amounts of interest and service 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. All loans are reported at undiscounted face value.

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 cost of $5,000 or more. Depreciation and amortization is on a straight-line basis over a period of five to ten years, depending upon the nature of the asset. Leasehold improvements are amortized over the term of the lease. Depreciation and amortization expenses for fiscal year 2012 were $39,542. Capital assets in the Mortgage Loan Program Fund represent the net carrying value of Lakeshore Plaza (ML-181), which the Authority acquired by deed in lieu of foreclosure on April 27, 1990. The Authority records depreciation against ML-181 on a straight-line basis over forty years, as past market conditions did not allow for a sale of the property. At June 30, 2012, the net carrying value of ML-181 was $26,502,696 which is net of accumulated depreciation of $15,011,000. Depreciation expense for fiscal year 2012 was $800,000. The Authority will continue to own and operate ML-181 until the sale or other disposition of the development occurs. Capital assets for governmental activities totaling $149,440 are used in the Hardest Hit Fund program. Depreciation and amortization for these items are recorded on a straight-line basis over three years and amounted to $32,004 during fiscal year 2012. Capital assets within the LLC consist of building at $3,527,273, net of accumulated depreciation, and land at $2,600,000. Accumulated depreciation of the building is $72,727 and was calculated on a straight line basis from the date of the acquisition by the LLC to May 15, 2012, which is the date that the LLC contracted to put the development up for sale.

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 lesser of 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 or fair market value less costs to sell. Since a substantial majority of all such loans are covered by pool insurance, based on the Authority's past experience, it is anticipated that the Authority will recover a majority of the unpaid principal balances of the loans through proceeds arising from the sale of such property and certain insurance proceeds.

Bond Discount, Issuance Costs and Deferred Amounts on Refunding

Discounts on bonds are deferred and amortized using a method approximating the effective interest method. Debt issuance costs are deferred in the corresponding bond accounts and amortized over the life of the related bonds using a method approximating the effective interest method. When these costs exceed the designated amounts per the bond agreements, the excess amortized bond issuance costs are expensed to the Administrative Fund. Deferred amounts on refunding are amortized over the shorter of the life of the old or new debt as a component of interest expense.

Operations

Development fee and financing fee income are deferred and amortized over the contractual life of the loan as a yield adjustment using a method approximating the effective interest method. Such amortized fees are recognized as interest income. Fees earned on loans, which the Authority does not directly originate, such as loans financed through Other Financings (see Note 8), are recognized as income in the Administrative Fund generally at the time of initial closing.

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.

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, except those directly related to loan or program originations, which are deferred, netted against fee income for loans originated, and amortized over the contractual life of the related loan or program.

A portion of the Authority's operating expenses of administering the Illinois Affordable Housing Trust Fund, HOME Program, Rental Housing Support Program, Hardest Hit Fund and Nonmajor Governmental Funds is absorbed by these programs. Similarly, other related special assistance programs and resolutions of various bond programs allow for these program accounts to absorb 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.

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, within a

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maximum time limit, for one half of accumulated sick leave earned. 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, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
$ 545,880	$ 1,573,360	$ (1,426,197)	$ 693,043	$ 693,043

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

Provision for Estimated Losses on Program Loans

The Authority provides for estimated losses on program loans in its proprietary and governmental funds based upon the periodic review and evaluation of the multi-family and developer loan portfolios and provides additional amounts, if it deems necessary, for estimated losses for individual loans in the funds. In making such review and evaluation, the Authority considers current economic conditions, occupancy and rental level projections, financial statement analyses, on-site inspections, independent appraisals of certain developments, insurance coverage, and such other factors as it deems necessary. The estimated losses of the single family loan portfolio are based upon a periodic review and evaluation of the whole loan portfolio, excluding real estate owned properties and considers such factors as delinquencies, interest costs, holding costs, sales proceeds, and mortgage insurance recoveries for estimating losses. The estimated losses of the Hardest Hit Fund are based upon non-recoverable fees and the ability to resell the acquired mortgage loan portfolio.

New and Pending Accounting Pronouncements

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34,* will be effective for the Authority beginning with its year ending June 30, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, will be effective for the Authority beginning with its year ending June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions

3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, was established to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The Authority is required to implement this Statement for the year ending June 30, 2013.

Statement No. 65, *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The Authority is required to implement this Statement for the year ending June 30, 2014.

Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62* was established to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The Authority is required to implement this Statement for the year ending June 30, 2014.

Statement No. 68, *Accounting and Financial Reporting for Pensions* requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The Authority is required to implement this Statement for the year ending June 30, 2015.

Management has not determined the impact of the pending pronouncements not yet adopted on its financial statements.

Note 3. Cash and Investments

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

- *Safety of principal* – Preservation and safety of principal is the foremost objective of the Authority's investments. Each investment transaction shall seek to ensure that capital losses within the investment portfolio are avoided, whether they are from securities defaults or erosion of market value.
- *Liquidity* – The investments portfolio shall remain sufficiently flexible to enable the Authority to meet all operating requirements which 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 United States 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.

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 which are not subject to maturity and therefore do not have interest rate risk.

As of June 30, 2012, the Authority had the following cash equivalents held in investments:

			Investment maturities (in days)		
Investment	Carrying amount	Less than 7	Less than 30	Less than 60	Less than 90
Sweep Accounts-Repurchase Agreement	$ 20,454,050	$ 20,454,050	$ -	$ -	$ -
Sweep Accounts-Money Market Fund	259,395,048	259,395,048	-	-	-
	$ 279,849,098	$ 279,849,098	$ -	$ -	$ -

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

As of June 30, 2012, the Authority had the following investments:

		Investment maturities (in years)			
Investment	Carrying Amount	Less than 1	1 - 5	6 - 10	More than 10
Demand repurchase agreements	$ 6,497,261	$ -	$ -	$ 300,000	$ 6,197,261
Federal Home Loan Bank Bonds	16,078,735	14,580,172	1,498,563	-	-
Federal Farm Credit Bank Bonds	1,376,198	-	1,376,198	-	-
Federal Home Loan Mortgage Corp.	4,950,058	-	3,298,845	-	1,651,213
Federal National Mortgage Assn. Benchmark Notes	3,058,903	-	1,271,710	-	1,787,193
Federal National Mortgage Assn. Discount Notes	60,550,666	60,550,666	-	-	-
Federal Home Loan Bank Discount Notes	127,871,152	127,871,152	-	-	-
Federal Home Loan Mortgage Corp. Discount Notes	68,634,910	68,634,910	-	-	-
Government National Mortgage Association	107,826,735	-	-	-	107,826,735
Federal National Mortgage Assn.	23,004,558	-	-	-	23,004,558
United States Treasury Strips	1,224,206	-	-	-	1,224,206
United States Treasury Bonds	8,098,223	-	-	8,098,223	-
United States Treasury Notes	54,707,509	5,235,666	49,471,843	-	-
United States Treasury Bill	187,249,100	187,249,100	-	-	-
	$ 671,128,214	$ 464,121,666	$ 56,917,159	$ 8,398,223	$ 141,691,166

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

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 United States Government, agencies and instrumentalities of the United States Government, demand repurchase agreements, and other banking arrangements. The Authority may also invest its funds in such investments as may be lawful for fiduciaries in the State. All funds are held outside of the State Treasury in various banks and financial institutions, except for a portion of funds for the HOME program.

The Authority's investments in United States Government and Agency Obligations are rated Aaa by Moody's and/or AA+ by Standard & Poors.

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

The counterparties, carrying amount of the repurchase agreements, and ratings as of June 30, 2012 are listed below.

Counterparty	Rating S&P / Moody's	Carrying Value
Morgan Guaranty Trust Company	A+ (STABLE) /Aa3	$ 300,000
Morgan Stanley & Co., Inc.	A- (NEGATIVE / Baa1	1,248,116
Trinity Plus Funding Co.	AA+ (STABLE) /Aa2	1,341,150
Westdeutsche Landesbank (1)	NR (STABLE) /A3	3,607,994
Total Investments		$ 6,497,260
Bank of America	A- (NEGATIVE) /Baa2	$ 20,454,050
Total Cash and Cash Equivalents		$ 20,454,050

(1) Rating is in accordance with a grandfathering arrangement agreed to by the EU Commission and the German authorities.

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 and cash equivalents at June 30, 2012, consisted of sweep accounts, held in the Authority's name, with the funds in these accounts invested in money market funds that invest in U.S. Treasury securities, or were held in accounts that were either FDIC insured or collateralized with U.S. government obligations. The Authority's investments at June 30, 2012 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.

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, 2012 are as follows:

Investment	Fair Value
Federal Home Loan Bank	$ 143,949,887
Federal National Mortgage Association	86,614,127
Federal Home Loan Mortgage Corporation	73,584,968

The LLC maintains a commercial checking and money market account at one bank. Accounts at this financial institution are insured by the Federal Deposit Insurance Corporation. During fiscal year 2012 the LLC had a cash balance in excess of insured limits. At June 30, 2012, the LLC had $823,000 in uninsured cash. The LLC has not experienced any losses on this account, and monitors the credit worthiness of the financial institution with which it conducts business. The Authority believes that the LLC is not exposed to any significant credit risk with respect to its cash balances.

Note 4. Interfund Receivables, Payables, and Transfers

Interfund Balances

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

Interfund accounts receivable (payable) balances at June 30, 2012 consisted of the following:

	Payable From								
Receivable To	Affordable Housing Trust Fund	Home Program	Rental Housing Support	Hardest Hit Fund	Nonmajor Governmental Funds	Administrative	Mortage Loan Program	Single Family Program	Total
Administrative	$1,149,878	$821,782	$155,992	$2,751,533	$1,176,974	$ -	$4,413,856	$439,648	$10,909,663
Mortage Loan Program	-	-	-	-	-	14,332,551	-	-	14,332,551
Single Family Program	-	-	-	-	-	351,293	-	-	351,293
	$1,149,878	$821,782	$155,992	$2,751,533	$1,176,974	$14,683,844	$4,413,856	$439,648	$25,593,507

The interfund accounts receivable (payable) between the Mortgage Loan Program Fund and the Administrative Fund primarily consist of a fiscal year 2000 operating transfer of $10.4 million to the Multi-Family Housing Revenue Bond Accounts made from the Administrative Fund in conjunction with the issuance of the Multi-Family Housing Revenue Bonds, Series 2000A (Lakeshore Plaza Development) and the corresponding transfer of the carrying value of the real estate investment, ML-181, to these accounts, partially reversed by a $5.4 million fiscal year 2006 transfer to the Administrative Fund, plus interfund accounts receivables related to mortgage assistance provided to two previously distressed loans, Innsbruck Apartments ($4.4 million) and Larkin Village ($2.8 million). The Authority intends to reverse the remaining amounts of the transfers upon the disposition of the properties. Interfund accounts payable from governmental funds represent reimbursements due to the Authority for a portion of operating expenses incurred to administer certain governmental programs. Other interfund accounts receivable to the Administrative Fund mainly consist of reimbursements for certain costs incurred in administering programs.

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

Transfers

Transfers for the year ended June 30, 2012 consisted of the following:

	Transfers Out				
Transfer in	**Illinois Affordable Housing Trust**	**Administrative**	**Single Family Program**	**Mortgage Loan Program Fund**	**Total**
Administrative	$ -	$ -	$ 8,836	$ -	$ 8,836
Mortgage Loan Program	5,200,000	-	-	-	5,200,000
Single Family Program	-	878,170	-	-	878,170
Illinois Housing Authority, LLC	-	-	-	6,307,176	6,307,176
	$ 5,200,000	$ 878,170	$ 8,836	$ 6,307,176	$ 12,394,182

Pursuant to the Illinois Affordable Housing Act, amounts up to $10,000,000 in any fiscal year may be transferred, following an annual Authority certification to the Illinois Department of Revenue of the amounts required to be withdrawn, from the Illinois Affordable Housing Trust Fund to the Affordable Housing Program Trust Fund Bond Accounts. The amounts transferred during the year ended June 30, 2012 totaled $5,200,000. The $878,170 transfer from the Administrative Fund to the Single Family Program Fund was to pay issuance and other costs of Housing Revenue Bonds.

There was a transfer of $6,307,176 to the LLC during the year ended June 30, 2012 to account for the transfer of property from the Mortgage Loan Program Fund to the LLC.

Note 5. Program Loans Receivable

The Authority has loans throughout the State, of which approximately two-thirds are in the Chicago metropolitan area. The following summarizes the Program Loans Receivable activity for the Authority for the year ended June 30, 2012:

	Net program loans receivable June 30, 2011	Loan disbursements	Loan repayments	Change in loan loss provision	Change in net deferred fees	Net program loans receivable June 30, 2012
Governmental Funds:		(Dollars in thousands)				
Illinois Affordable Housing Trust Fund	$ 308,926	$ 8,020	$ (9,070)	$ 327	$ -	$ 308,203
HOME Program Fund	205,838	20,802	(2,267)	(254)	-	224,119
ARRA Program	71,560	1,529	(4)	10	-	73,095
Hardest Hit Fund	-	2,745	-	(1,372)	-	1,373
Total Governmental Funds	$ 586,324	$ 33,096	$ (11,341)	$ (1,289)	$ -	$ 606,790
Proprietary Funds:						
Administrative Fund	$ 83,500	$ 7,870	$ (6,577)	$ (2,242)	$ (304)	$ 82,247
Mortgage Loan Program Fund						
Housing Bonds	438,975	1,080	(29,914)	430	158	410,729
Multifamily Initiative Bonds	31,383	28,893	(9,510)	(5)	-	50,761
Multifamily Housing Revenue Bonds (Marywood)	10,933	-	-	(2,606)	-	8,327
Multifamily Bonds (Turnberry)	4,715	-	(67)	251	-	4,899
Affordable Housing Program Trust Fund Bonds	38,142	2,849	(2,893)	7	-	38,105
Total Mortgage Loan Program Fund	524,148	32,822	(42,384)	(1,923)	158	512,821
Single Family Program Fund	586,384	-	(80,044)	(10,363)	(1,009)	494,968
Total Proprietary Funds	$ 1,194,032	$ 40,692	$ (129,005)	$ (14,528)	$ (1,155)	$ 1,090,036

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, 2012, for loans financed under the Mortgage Loan Program Fund, amounts in arrears equal to more than two months debt service payments and required deposits to tax and insurance and/or replacement reserves were $905,500 and $960,569, 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 has a second mortgage agreement relating to a $3.8 million first mortgage for Innsbruck Apartments, ML-19. Under this agreement, upon the development's payment of a debt service amount as set forth in the agreement, the Authority, from its Administrative Fund, was obligated to subsidize debt service payments related to the first mortgage up to a maximum of $6.2 million. The subsidy payments were applied to receivables within the Mortgage Loan Program. The maximum subsidy amount was reached in May 1999, after which the development became fully obligated for debt service of the receivables of the above bond accounts. The development is obligated to reimburse the Administrative Fund debt service subsidy payments from a portion of residual receipts generated from the development or upon sale of the development.

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

As of June 30, 2012, the accrual of interest and service fee income was suspended on approximately $2.1 million of mortgage loans in the Mortgage Loan Program Fund and such income was recognized only as received. Interest and service fee income due but not accrued was approximately $458,000 in the Mortgage Loan Program Fund and $136,000 in the Administrative Fund. In addition, the Authority does not accrue interest income on approximately $13.3 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 $296,000.

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

(Continued)

the Administrative Fund. At June 30, 2012, loans receivable under this program were approximately $853,000.

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

The Authority, as of June 30, 2012, has entered into fifty-three Risk Sharing Loans totaling $309,446,699 and elected that HUD assume 10% to 90% of the loss with respect to those loans. Eleven of these loans totaling $67,412,699 were financed through the issuance of the Authority's Housing Bonds, twelve loans totaling $79,620,000 were financed through the issuance of the Authority's Multifamily Initiative Bonds and one loan in the amount of $15,460,000 was financed through the issuance of the Authority's Multi-Family Housing Revenue Bonds (Marywood), The remaining twenty-nine loans totaling $146,954,000 are not included in the Authority's financial statements as the Authority sold 100% participation interests in the loans to outside parties.

Marywood Apartments Homes, L.P., the borrower for the Marywood Apartment Homes development, has defaulted under the loans made by the Authority, which include the Risk Sharing Loan within the Authority's Multi-Family Housing Revenue Bonds (Marywood) and loans within the Administrative Fund and Housing Bond Fund Accounts. The Authority has filed a foreclosure action and a claim with HUD for payment of the Risk Share Insurance. HUD has paid to the Authority during fiscal year 2009 the Risk Share Insurance and the Authority has taken the proceeds of the insurance and redeemed the Authority's Multi-Family Housing Revenue Bonds (Marywood). The Risk Share Insurance regulations required the Authority to issue to HUD a debenture, which bears interest at an annual rate of 5% and matures in five years, in the amount of $14,884,996, which is the amount of the proceeds of the Risk Share Insurance provided by HUD.

Under the terms of the Risk Share insurance in respect to the above development, HUD will bear 50% of the loss on the Risk Sharing loan. The Authority has reviewed the program loans receivable pertaining to the Marywood Apartment Homes development, for the purpose of determining ultimate collectability, and believes that the allowances for estimated losses at June 30, 2012 in the accompanying financial statements are adequate to cover estimated losses of the loans.

At June 30, 2012 for loans financed under the Risk Sharing Program where the Authority sold 100% participation interests in the loans to outside parties, there were no amounts in arrears equal to more than two months debt service payments or required deposits to tax and insurance and/or replacement reserves.

As of June 30, 2012, for mortgage loans insured with Ambac Assurance Corporation (Ambac Loans) on multi-family housing developments under the Authority's Mortgage Participation Certificate Program, the Authority has entered into eight Ambac Loans totaling $32,392,200. Except for one loan in the amount of $5,320,000 financed through the issuance of the Authority's Multifamily Bonds (Turnberry), 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

(Continued)

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, 2012, for loans financed under the Mortgage Participation Certificate Program where the Authority sold 100% participation interests in the loans to outside parties, there were no amounts in arrears equal to more than two months debt service payments or required deposits to tax and insurance and/or replacement reserves.

With respect to the mortgage loans funded by the Homeowner Mortgage Revenue Bonds, a substantial majority of all delinquent mortgage loans receivable at June 30, 2012, were covered by pool insurance, which provides for an aggregate limit equal to 3.5% of the aggregate original principal amount of mortgage loans so covered, less a deductible ranging from 0% to 1.0% of the aggregate of the original amount of all mortgage loans covered.

Loans made through the Illinois Affordable Housing Trust Fund are to acquire, construct, rehabilitate, develop, operate, insure, and retain affordable single family and multi-family housing for low and very low-income households. Interest rates on these loans are set at below market rates and have ranged from 0% to 5.75%, with most rates set at 2.0% or below. Loans have maturities of up to 40 years, with some loans carrying deferred payment terms. The approximate aging of the Illinois Affordable Housing Trust Fund receivables as of June 30, 2012 are as follows:

	Principal due by June 30				
Interest rate %	**2013**	**2014 - 2018**	**2019 - 2028**	**After 2028**	**Total**
			(Dollars in thousands)		
0 – 0. 99	$ 2,031	$ 9,123	$ 43,422	$ 97,054	$ 151,630
1 – 1.99	3,138	16,197	58,295	81,122	158,752
2 – 3.99	551	2,758	6,691	6,733	16,733
4 – 5.75	126	661	1,904	1,119	3,810
	$ 5,846	$ 28,739	$ 110,312	$ 186,028	$ 330,925

Loans are made through the HOME Program in order to provide decent and affordable housing, particularly housing for low- and very low-income Americans. Interest rates on these loans are set at below market rates and have ranged from 0% to 6.50%, with most rates set at 2.0% or below. The approximate aging of the receivables of the HOME program as of June 30, 2012 are as follows:

	Principal due by June 30				
Interest rate %	**2013**	**2014 - 2018**	**2019 - 2028**	**After 2028**	**Total**
			(Dollars in thousands)		
0 – 0. 99	$ 270	$ 3,826	$ 27,321	$ 30,391	$ 61,808
1 – 1.99	1,336	15,384	63,866	73,488	154,074
2 – 3.99	365	2,038	3,627	4,278	10,308
4 – 6.50	160	1,015	3,842	905	5,922
	$ 2,131	$ 22,263	$ 98,656	$ 109,062	$ 232,112

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 collectibility. The Authority believes that the allowances for estimated losses at June 30, 2012 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, 2012:

	Allowance for estimated losses June 30, 2011	Provision for estimated losses	Write-offs of uncollectible losses, net of recoveries	Allowance for estimated losses June 30, 2012
		(Dollars in thousands)		
Illinois Affordable Housing Trust Fund	$ 23,050	$ 1,774	$ (2,101)	$ 22,723
HOME Program Fund	7,739	255	-	7,994
ARRA Fund	453	(10)	-	443
Hardest Hit Fund	-	1,372	-	1,372
Total governmental funds	$ 31,242	$ 3,391	$ (2,101)	$ 32,532
Administrative Fund	$ 4,508	$ 2,242	$ -	$ 6,750
Mortgage Loan Program Fund	14,810	1,922	-	16,732
Single Family Program Fund	2,282	10,363	-	12,645
Total proprietary funds	$ 21,600	$ 14,527	$ -	$ 36,127

State statute requires that all uncollected receivables due that exceed $1,000 be submitted to the Attorney General to be certified as uncollectible before the Authority can delete such receivables from its records. As of June 30, 2012, the Authority has requested thirty-six such certifications totaling $7,429,160, all for loans within the Illinois Affordable Housing Trust Fund. Additional certification requests are anticipated to be filed as loss amounts are determined following the conclusion of foreclosure or other loss mitigation activities. The Authority has established provisions for estimated losses against such loans requested and to be requested for such certifications in amounts equal to the outstanding principal balances of the loans.

Scheduled receipts of principal on proprietary fund program loans receivable in the five years subsequent to June 30, 2012 and thereafter are as follows (dollars in thousands):

2013	$ 41,539
2014	78,466
2015	39,845
2016	36,925
2017	70,178
After 2018	859,210
	$ 1,126,163

Amounts recorded as due from the Federal National Mortgage Association (“FNMA”) and the Federal Home Loan Mortgage Corporation (“FHLMC”) in the Mortgage Loan Program 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 from FNMA and FHLMC when needed and in amounts sufficient to make timely payments of principal and interest on the bond issues when due and payable.

Note 6. Real Estate Held for Sale

An analysis of other real estate owned is as follows:

	Mortgage Loan Program	Single Family Program	Total
Balance at 6/30/11	$ 50,530	$ 8,080,029	$ 8,130,559
Transfers of loans	70,994	5,125,859	5,196,853
Adjustment to realizable value	-	773,197	773,197
Proceeds received	(13,063)	(2,456,770)	(2,469,833)
Balance at 6/30/12	$ 108,461	$ 11,522,315	$ 11,630,776

Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2012 for governmental activities was as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Cost				
Capital Assets Being Depreciated:				
Furniture and Equipment	$ 50,000	$ 99,440	$ -	$ 149,440
Total Capital Assets Being Depreciated	50,000	99,440	-	149,440
Accumulated Depreciation				
Furniture and Equipment	1,389	32,004	-	33,393
Total Accumulated Depreciation	1,389	32,004	-	33,393
Capital Assets, Net of Depreciation	$ 48,611	$ 67,436	$ -	$ 116,047

(Continued)

Capital asset activity for the year ended June 30, 2012 for business-type activities was as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Cost				
Illinois Housing Authority, LLC				
Land	$ -	$ 2,600,000	$ -	$ 2,600,000
Capital Assets Being Depreciated				
Administrative Fund				
Furniture and Equipment	1,677,630	166,717	5,330	1,839,017
Mortgage Loan Program Fund				
Real Estate	41,224,690	289,006	-	41,513,696
Illinois Housing Authority, LLC				
Building	-	3,600,000	-	3,600,000
Total Capital Assets Being Depreciated	42,902,320	4,055,723	5,330	46,952,713
Total Capital Assets	42,902,320	6,655,723	5,330	49,552,713
Accumulated Depreciation				
Administrative Fund				
Furniture and Equipment	1,602,532	39,542	5,330	1,636,744
Mortgage Loan Program Fund				
Real Estate	14,211,000	800,000	-	15,011,000
Illinois Housing Authority, LLC				
Building	-	72,727	-	72,727
Total Accumulated Depreciation	15,813,532	912,269	5,330	16,720,471
Capital Assets, Net of Depreciation	$ 27,088,788	$ 5,743,454	$ -	$ 32,832,242

Note 8. Bonds and Notes Payable

Bonds and notes outstanding are general obligations (G.O.) of the Authority with the exception of Homeowner Mortgage Revenue Bonds, Housing Revenue Bonds, Multifamily Initiative Bonds, Affordable Housing Program Trust Fund Bonds and Multi-family Bonds (Turnberry), which are special limited obligations (S.L.O.) of the Authority. Certain 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 Multifamily Initiative Bonds are credit enhanced by Fannie Mae and Freddie Mac. The Authority has also pledged its general obligation to the payment of the Affordable Housing Program Trust Fund Bonds to a limited extent and amounts.

The Authority has pledged future mortgage loan revenues, net of specified operating expenses, to repay the outstanding $1.1 billion (principal) in S.L.O. Bonds as noted in the following schedules for the Mortgage Loan Program and Single Family Program Funds. The total principal and interest remaining to be paid on the S.L.O. Bonds is $1.7 billion. For bonds payable from pledged property, interest paid for the current year was $37.2 million, and total related mortgage loan principal and interest received were $105.8 million and $32.0 million, respectively.

Bonds and notes outstanding at June 30, 2012 are as follows. The June 30, 2011 amounts are shown for comparative purposes only.

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 2012	Amount June 30 2011
Housing Bonds:					
1999 Series A	2013-2031	4.75-5.25 %	G.O.	$ 4,750,000	$ 7,880,000
2003 Series A	2013-2046	4.00-5.05	G.O.	17,775,000	18,255,000
2003 Series B	2013-2041	3.55-5.05	G.O.	33,925,000	36,595,000
2003 Series C	2013-2035	4.00-4.95	G.O.	4,190,000	4,490,000
2004 Series A	2013-2040	2.90-4.70	G.O.	17,325,000	18,445,000
2004 Series B(1)	2013-2035	Variable	G.O.	4,600,000	5,450,000
2004 Series C	2013-2045	4.30-5.45	G.O.	9,895,000	10,385,000
2005 Series A	2013-2036	3.45-4.60	G.O.	18,305,000	19,405,000
2005 Series B (Taxable)	2013	4.95-5.02	G.O.	-	140,000
2005 Series C	2015-2042	4.38-5.00	G.O.	10,075,000	10,210,000
2005 Series D	2013-2048	4.88	G.O.	6,325,000	6,385,000
2005 Series E	2013-2036	3.65-4.80	G.O.	24,375,000	24,760,000
2005 Series F (Taxable)	2013-2029	4.95-5.84	G.O.	13,235,000	14,120,000
2006 Series A	2013-2039	4.20-5.05	G.O.	7,655,000	7,790,000
2006 Series B	2013-2047	4.75-5.00	G.O.	12,965,000	13,130,000
2006 Series D	2013-2042	4.85-5.00	G.O.	5,920,000	5,985,000
2006 Series E	2013-2042	4.10-4.95	G.O.	7,720,000	7,820,000
2006 Series F	2013-2047	4.10-5.00	G.O.	3,595,000	3,680,000
2006 Series G	2013-2037	3.95-4.85	G.O.	33,360,000	40,400,000
2006 Series H (Taxable)	2013-2029	5.31-6.06	G.O.	8,605,000	9,195,000
2006 Series I	2013-2049	4.70-4.85	G.O.	7,045,000	7,100,000
2006 Series J	2013-2049	4.50-5.00	G.O.	3,385,000	3,415,000
2006 Series K	2013-2024	3.95-4.60	G.O.	2,435,000	2,685,000
2006 Series M	2013-2048	3.75-4.50	G.O.	11,985,000	12,110,000
2007 Series A	2013-2048	3.90-5.55	G.O.	4,700,000	5,100,000
2007 Series C	2013-2045	3.90-5.38	G.O.	9,395,000	9,490,000
2007 Series D	2013-2043	3.75-5.05	G.O.	20,615,000	31,470,000
2007 Series E (Taxable)	2013-2033	5.66-6.54	G.O.	7,785,000	8,190,000
2007 Series F	2013-2044	4.70-5.35	G.O.	6,560,000	6,635,000
2007 Series G	2013-2044	4.70-5.35	G.O.	5,460,000	5,525,000
2008 Series A(1)	2027	Variable	G.O.	13,090,000	13,450,000
2008 Series B(1)	2013-2028	Variable	G.O.	33,285,000	34,585,000
2008 Series C(1)	2042	Variable	G.O.	5,270,000	5,350,000
				375,605,000	409,625,000
Less unamortized discount thereon				129,073	132,444
Less deferred loss on refunding				5,074,700	6,413,184
Plus deferred gain on refunding				630,080	766,182
Total Housing Bonds				371,031,307	403,845,554

(Continued)

	Maturity dates	Interest rate range %	Debt class	Amount June 30 2012	Amount June 30 2011
Multifamily Initiative Bonds[(2)]:					
Series 2009A	2013	Variable %	S.L.O.	$ -	$ 121,550,000
Series 2009B	2013-2051	3.50	S.L.O.	30,730,000	34,670,000
Series 2009C	2013-2051	3.01	S.L.O.	22,430,000	27,860,000
Series 2009D	2013-2041	3.48	S.L.O.	59,500,000	-
Series 2009E	2013-2042	2.32	S.L.O.	7,700,000	-
Series 2009F	2013-2041	2.32	S.L.O.	5,770,000	-
Series 2009G	2013-2041	2.32	S.L.O.	8,640,000	-
Series 2009H	2013-2041	2.32	S.L.O.	11,230,000	-
Series 2009I	2015-2051	2.32	S.L.O.	9,570,000	-
Series 2009J	2014-2043	1.47	S.L.O.	19,090,000	-
Total Multifamily Initiative Bonds				174,660,000	184,080,000
Multifamily Housing Revenue Bonds:					
Marywood Apartment Homes					
HUD Riskshare Debenture	2014	5.00	G.O	14,884,996	14,884,996
Multifamily Bonds:					
Turnberry Village II Apartments	2013-2045	4.50-4.75	S.L.O.	4,935,000	4,995,000
Affordable Housing Program					
Trust Fund Bonds:					
Series 2004	2013-2026	5.50-6.21	S.L.O.	33,420,000	34,910,000
Series 2005 A	2013-2027	5.60-6.35	S.L.O.	23,870,000	25,145,000
Total Affordable Housing Program Trust Fund Bonds				57,290,000	60,055,000
Total Mortgage Loan Program Fund				$ 622,801,303	$ 667,860,550

(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 .18 to .23% at June 30, 2012. Pursuant to the liquidity agreements, the bonds are subject for purchase by liquidity providers (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 liquidity and the put periods is 1 Month LIBOR plus 50 basis points for the Housing Bonds 2004 Series B, and the higher of 7.5%, Prime Rate or Adjusted One Month LIBOR rate for the Housing Bonds 2008 A, B and C. The liquidity agreements for Housing Bonds 2004 Series B and Housing Bonds 2008 A, B and C will expire on March 31, 2014 and April 30, 2014, 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 the credit enhancement agreements with credit enhancement providers (Enhancement Providers). The Authority has a general obligation to reimburse the Liquidity Providers and Enhancement Providers for any such payments made.

(2) In December 2009, the Authority participated in the Treasury Program by issuing $184 million of Multifamily Initiative bonds held in escrow to be converted to long-term fixed rate and used to fund and finance multifamily developments within the Mortgage Loan Program Fund. The Treasury Program provided the Authority the ability to convert the proceeds from the Bonds held in escrow and required the Authority to convert all funds held in escrow before December 31, 2012. The Authority has converted all $184 million in proceeds under this program to long-term fixed rate bonds.

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 2012	Amount June 30 2011
Residental Mortgage Revenue Bonds:					
1983 Series A	2015	10.872 %	G.O.	$ 3,803	$ 3,421
1983 Series B	2015	10.746	G.O.	3,815	3,436
1984 Series B	2016	11.257	G.O.	3,377	3,027
1985 Series A	2017	10.75	G.O.	3,094	2,786
1987 Series B	2015	8.13	G.O.	100,000	100,000
1987 Series C	2014	7.50	G.O.	100,000	100,000
1987 Series D	2018	8.65	G.O.	100,000	100,000
Total Residental Mortgage Revenue Bonds				$ 314,089	$ 312,670

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

Series	Redemption basis and period	Original issue amount (1)	Accreted value June 30 2012	Accreted value June 30 2011	Aggregate value to be redeemed
1983 Series A	Maturity 2/1/15	$ 180	$ 3,803	$ 3,421	$ 5,000
1983 Series B	Maturity 2/1/15	193	3,815	3,436	5,000
1984 Series B	Maturity 2/1/16	166	3,377	3,027	5,000
1985 Series A	Maturity 2/1/17	190	3,094	2,786	5,000

(1) Amounts reflect original issue amounts of capital appreciation bonds outstanding as of June 30, 2012.

	Maturity dates	Interest rate range %	Debt class	Amount June 30 2012	Amount June 30 2011
Housing Revenue Bonds:					
Series 2011-1A	2013-2041	3.285 %	S.L.O.	$ 16,957,604	$ -
Series 2011-1B	2013-2041	3.285	S.L.O.	40,568,963	-
Series 2011-1C	2013-2041	3.285	S.L.O.	7,500,000	-
				65,026,567	-
Plus unamortized premium thereon				1,078,452	
Less unamortized discount thereon				963,750	
Total Housing Revenue Bonds				$ 65,141,269	$ -

(Continued)

	Maturity dates	Interest rate range %	Debt class	Amount June 30 2012	Amount June 30 2011
Homeowner Mortgage					
Revenue Bonds:					
1998 Series A (Taxable)	2013-2016	6.45-6.52	S.L.O.	$ 1,120,000	$ 1,390,000
1998 Series D					
(remarketed 10/7/98)	2013-2018	5.00	S.L.O.	4,530,000	4,925,000
1998 Series D					
(remarketed 12/17/98)	2013-2018	5.05	S.L.O.	2,585,000	2,790,000
1998 Series D					
(remarketed 4/29/99)	2013-2018	5.10	S.L.O.	4,880,000	5,300,000
1998 Series G	2013-2030	5.00-5.25	S.L.O.	-	10,500,000
2001 Series A	2013-2019	4.70-5.35	S.L.O.	-	7,145,000
2001 Series C	2013-2018	4.55-5.10	S.L.O.	4,705,000	5,760,000
2001 Series E	2013-2018	5.00-5.20	S.L.O.	-	5,680,000
2001 Series F (Taxable) (1)	2016-2021	Variable	S.L.O.	10,000,000	10,000,000
2002 Series B (Taxable) (2)	2013-2023	Variable	S.L.O.	4,295,000	4,655,000
2002 Series C	2013-2032	4.00-5.30	S.L.O.	29,555,000	30,775,000
2003 Series B	2013-2034	3.90-5.15	S.L.O.	23,000,000	25,775,000
2004 Series A	2013-2035	3.15-4.75	S.L.O.	17,950,000	20,585,000
2004 Series A-3 (3)	2026-2035	Variable	S.L.O.	10,675,000	10,675,000
2004 Series C	2013-2035	4.15-5.35	S.L.O.	43,530,000	47,975,000
2004 Series C-3 (3)	2025-2035	Variable	S.L.O.	16,000,000	16,000,000
2005 Series A	2013-2036	3.50-5.00	S.L.O.	26,650,000	31,560,000
2005 Series A-3 (3)	2025-2036	Variable	S.L.O.	20,000,000	20,000,000
2005 Series C	2013-2036	3.55-5.25	S.L.O.	63,715,000	71,850,000
2006 Series A	2013-2037	3.80-5.00	S.L.O.	52,345,000	61,580,000
2006 Series C	2013-2038	4.05-5.15	S.L.O.	87,920,000	101,380,000
2007 Series A	2013-2038	4.00-4.90	S.L.O.	52,625,000	57,970,000
2007 Series D	2013-2039	4.25-5.35	S.L.O.	47,690,000	54,015,000
2007 Series H					
(remarketed 1/30/08)	2013-2039	3.25-5.20	S.L.O.	46,585,000	51,070,000
2008 Series A	2013-2039	3.15-5.20	S.L.O.	5,695,000	6,845,000
2009 Series B (4)	2013	Variable	S.L.O.	179,000,000	179,000,000
2009 Series B-1 (4)	2028-2042	3.70	S.L.O.	18,510,000	21,000,000
2011 Series A	2013-2019	1.60-4.30	S.L.O.	8,710,000	11,000,000
2011 Series B	2013-2029	1.20-5.00	S.L.O.	12,170,000	14,000,000
				794,440,000	891,200,000
Plus unamortized premium thereon				1,055,471	1,210,175
Total Homeowner Mortgage Revenue Bonds				795,495,471	892,410,175
Total Single Family Program Fund				$ 860,950,829	$ 892,722,845

(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 .63875% at June 30, 2012. 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 .6538% at June 30, 2012.

(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 .18% to .23 % at June 30, 2012. Pursuant to the liquidity agreements, the bonds are subject for purchase by liquidity providers (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 liquidity and the put periods is 1 Month LIBOR plus 50 basis points for the Homeowner Mortgage Revenue Bonds (HMRB) 2004 Subseries A-3, and 3 Month LIBOR plus 150 basis points for the HMRB 2004 Subseries C-3 and the HMRB 2005 Subseries A-3. The liquidity agreements for HMRB 2004 Subseries A-3, HMRB 2004 Subseries C-will expire on March 16, 2014, July 13, 2015, respectively. The current liquidity agreement for HMRB 2005 Subseries A-3 expires on March 10, 2013 and will be renewed.

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

(4) In December 2009, the Authority participated in the Treasury Program by issuing $200 million of Homeowner Mortgage Revenue bonds held in escrow to be converted to long-term fixed rate and used to fund and finance single family loans within the Single Family Program Fund. The Treasury Program provided the Authority the ability to convert, up to three times, the proceeds from the Bonds held in escrow. It also required the Authority to convert all funds held in escrow before December 31, 2010. On September 1, 2010, Treasury amended the Treasury Program by extending it from December 31, 2010 to December 31, 2011 and subsequently extended the program to December 31, 2012. The amended Treasury Program also provides the Authority the ability to convert three additional times (or six in aggregate) to long-term fixed rate bonds and also allows for a lower rate to be paid on the roll out of the long-term fixed rate bonds. Any funds remaining in escrow on December 31, 2012 are subject to a mandatory tender.

Administrative Fund

Outstanding debt of the Administrative Fund is as follows:

	Maturity date	Interest rate	Debt class	Amount June 30 2012	Amount June 30 2011
Term loans	2012	1.79-5.45%	Loan	$ -	$ 7,900,000
Federal Home Loan Bank Advances:					
	2012	0.15%	Loan	5,000,000	-
	2022	2.31%	Loan	7,000,000	-
	2022	2.32%	Loan	15,670,000	-
Total Administrative Fund				$ 27,670,000	$ 7,900,000

The following summarizes the debt activity for the Authority's proprietary funds for the year ended June 30, 2012:

	June 30, 2011	Additions	Deductions	June 30, 2012	Amount due within one year
Administrative Fund	$ 7,900,000	$ 27,670,000	$ (7,900,000)	$ 27,670,000	$ 5,000,000
Mortgage Loan Program Fund:					
Housing Bonds	409,625,000	-	(34,020,000)	375,605,000	16,085,000
Discount on Housing Bonds	(132,444)	-	3,371	(129,073)	-
Deferred loss on refunding Housing Bonds	(6,413,184)	-	1,338,484	(5,074,700)	-
Deferred gain on refunding Housing Bonds	766,182	-	(136,102)	630,080	-
Multifamily Initiative Bonds	184,080,000	121,550,000	(130,970,000)	174,660,000	8,530,000
Multifamily Housing Revenue Bonds (Marywood)	14,884,996	-	-	14,884,996	-
Multifamily Bonds (Turnberry II)	4,995,000	-	(60,000)	4,935,000	70,000
Affordable Housing Program Trust Fund Bonds	60,055,000	-	(2,765,000)	57,290,000	2,950,000
Total Mortgage Loan Program Fund	667,860,550	121,550,000	(166,609,247)	622,801,303	27,635,000
Single Family Program Fund:					
Residential Mortgage Revenue Bonds	312,670	1,419	-	314,089	-
Homeowner Mortgage Revenue Bonds	891,200,000	-	(96,760,000)	794,440,000	209,525,000
Premium on Homeowner Mortgage Revenue Bonds	1,210,175	-	(154,704)	1,055,471	-
Housing Revenue Bonds	-	67,638,829	(2,612,262)	65,026,567	1,053,206
Premium on Housing Revenue Bonds	-	1,143,997	(65,545)	1,078,452	-
Discount on Housing Revenue Bonds	-	(975,000)	11,250	(963,750)	-
Total Single Family Program Fund	892,722,845	67,809,245	(99,581,261)	860,950,829	210,578,206
Total Proprietary Funds	$ 1,568,483,395	$ 217,029,245	$ (274,090,508)	$ 1,511,422,132	$ 243,213,206

Debt Covenant Compliance

The Authority covenants in its various bond indentures to provide audited financial statements to the trustees named by the bond indentures within 120 days following the end of its fiscal year. The delivery of the audited financial statements with respect to the fiscal year ended on June 30, 2012 was delayed by approximately 46 days for non-financial purposes. The delay does not result in any adverse consequences to the Authority under the bond indentures.

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, 2012, the following outstanding bonds are considered defeased.

Issue		Amount
Insured Mortgage Housing Development Bonds, 1976 Series A	$	2,290,000
Multi-Family Housing Bonds, 1981 Series A		22,040,000
	$	24,330,000

Other Financings

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

As of June 30, 2012, there were forty series of such bonds or notes outstanding, with an aggregate principal amount payable of $377,607,815.

Assets Restricted for Capital and Debt Service Reserves

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

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

The amounts of such reserves, for measurement purposes against the various bond resolution reserve requirements, are valued at book value or par, or, if purchased at less than par, at their cost to the

Authority. At June 30, 2012, these amounts, which were not less than the amounts required, are as follows:

Housing Bonds	$ 18,155,165
Multifamily Initiative Bonds	1,998,520
Homeowner Mortgage Revenue Bonds	19,724,274
	$ 39,877,959

In addition to the above, the debt service reserve requirements of the following bond issues are satisfied by surety arrangements.

Issue	Valuation
Housing Bonds, 2003 Series C	$ 260,000
Housing Bonds, 2004 Series B	500,000
Multifamily Bonds, Series 2003 (Turnberry II)	Not Applicable
Affordable Housing Program Trust Fund Bonds, Series 2004 and 2005A	6,499,659

Debt service requirements (dollars in millions) through 2017 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:								
2013	$ 5.0	$ 0.5	$ 27.6	$ 25.1	$ 210.6	$ 29.1	$ 243.2	$ 54.7
2014	-	0.5	36.5	24.4	20.6	28.8	57.1	53.7
2015	-	0.5	22.5	22.8	22.7	28.2	45.2	51.5
2016	-	0.5	22.8	21.8	24.1	27.5	46.9	49.8
2017	-	0.5	20.5	20.9	26.1	26.6	46.6	48.0
Five years ending June 30:								
2018-2022	7.0	2.5	97.8	91.4	111.4	115.6	216.2	209.5
2023-2027	15.7	0.1	103.8	71.1	113.4	87.9	232.9	159.1
2028-2032	-	-	76.4	53.6	140.3	60.9	216.7	114.5
2033-2037	-	-	86.4	36.7	147.4	26.7	233.8	63.4
2038-2042	-	-	93.0	19.3	43.2	2.8	136.2	22.1
2043-2047	-	-	32.1	4.6	-	-	32.1	4.6
2048-2052	-	-	8.1	0.6	-	-	8.1	0.6
	$ 27.7	$ 5.1	$ 627.5	$ 392.3	$ 859.8	$ 434.1	$ 1,515.0	$ 831.5

*Includes capital appreciation bonds at their final redemption values.

Derivatives

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

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

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

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

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

The Authority, as of June 30, 2012 has one active swap contract, three active interest rate caps and one forward (pending) interest rate cap. Details are shown in the following tables.

	Changes in Fair Value		Fair Value at June 30, 2012		
Business-type activities	Classification	Amount	Classification	Amount	Notional
Cash flow hedges:					
Pay-fixed interest rate swap:					
Series 2001 F	Deferred outflow	$ (599,295)	Debt*	$ (3,182,942)	$ 10,000,000
Rate caps	Deferred inflow	(320,337)	Debt**	107,270	64,735,000

* The fair value is classified as derivative instrument liability

** The fair value is classified as derivative instrument asset

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

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

Associated bond issue	Notional amounts	Effective date	Fixed rate paid (3)	Variable rate received	Fair values(1)	Termi-nation date	Counter-party credit rating(2)
Active Swap contract:							
HMRB*:							
Series 2001 F	$ 10,000,000	01/2002	6.615	%1 mo LIBOR +40bp	$ (3,182,942)	08/2020	A-/Baa2
Active Interest Rate Caps:							
HB**:							
Series 2008 A	13,090,000	01/2008	5.75	N/A	0	12/2012	A+/Aa3
Series 2008 A (4)	13,090,000	01/2013	5.75	N/A	27,800	12/2017	AA-/Aa1
Series 2008 B	33,285,000	07/2011	5.50	N/A	20,916	06/2016	A/A2
Series 2008 C	5,270,000	06/2006	4.75	N/A	58,554	06/2021	A/A3

*Homeowner Mortgage Revenue Bonds
**Housing Bonds
(1) includes accrued interest.
(2) Standard & Poors/Moody's
(3) Represents rate for swap and cap rate for interest rate caps.
(4) Series 2008 A cap was entered into with a trade date of 2/15/12 and an effective date of 1/2/2013. The fair value of the cap is shown as of 6/30/12.

To protect against the potential of rising interest rates, the Authority has entered into one pay-fixed, receive variable, interest rate swap agreement, the objective of which is to achieve a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had the Authority issued fixed-rate debt. In addition, the Authority has entered into four 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, 2012 are shown in the above table. The notional amount of the swap and caps match the principal amount of the associated debt.

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

Because interest rates have declined since the implementation of the swap agreement, it had negative fair value as of June 30, 2012. 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, 2012, the Authority was not exposed to credit risk for the swap that had negative fair value. As interest rates change and the fair value becomes positive, the Authority is exposed to credit risk in the amount of the swap's or cap's fair value. The Authority is exposed to credit risk on the caps with positive fair value (2008 A, 2008 B, and 2008 C). The aggregate fair value of hedging derivative instruments with positive fair value at June 30, 2012 was $107,270. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. Fair value is a factor only upon termination.

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

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

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

As of June 30, 2012, 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:

Illinois Housing Development Authority
Derivative Payments and Associated Debt

	Variable-rate bonds		Interest rate	
	Principal	Interest	swap, net	Total
Year ending June 30:				
2013	$ 1,845,000	$ 175,323	$ 597,625	$ 2,617,948
2014	1,950,000	171,633	597,625	2,719,258
2015	2,060,000	167,753	597,625	2,825,378
2016	3,070,000	163,759	597,625	3,831,384
2017	4,290,000	149,981	507,981	4,947,962
Five years ending June 30:				
2022	19,935,000	497,300	836,675	21,268,975
2027	24,260,000	267,809	-	24,527,809
2032	5,415,000	57,459	-	5,472,459
2037	2,060,000	26,479	-	2,086,479
2042	1,360,000	8,200	-	1,368,200
Total	$ 66,245,000	$ 1,685,696	$ 3,735,156	$ 71,665,852

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

Note 9. Deposits Held in Escrow

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

(Continued)

Note 10. Leases

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

The lease for the 401 facility extends through July 31, 2016 and provides the Authority two successive five-year options to extend the lease beyond that date and, during certain time periods, to lease additional office facilities. The office lease provides for annual base rent of approximately $895,000 for fiscal year 2012, plus approximately $898,000 for the Authority's 7.16% share of ownership taxes and operating expenses, which also are subject to adjustment, based on the actual costs incurred by the lessor. Under this lease, total rent expense for fiscal year 2012 was $1,625,054.

The 122 facility is leased through July 31, 2016 under a space utilization agreement with another Illinois agency. Total rent expense under this agreement for fiscal year 2012 was $321,241.

The future minimum lease commitments of the two leases in the five years subsequent to June 30, 2012 are as follows:

Year	401 Facility	122 Facility
2013	$ 921,835	$ 330,634
2014	948,236	342,657
2015	974,636	353,928
2016	1,001,036	364,073
2017	83,603	31,279
	$ 3,929,346	$ 1,422,571

Note 11. Other Liabilities

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

Excess earnings must be rebated annually, or every five years, depending on the date and type of bond issue. Included in other liabilities at June 30, 2012, is an estimated rebate liability of $252,688.

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.

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

Note 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 19% (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 2012 was $15,800,716. The Authority's contributions were calculated using the base salary amount of $15,340,000. The Authority contributed $920,400 or 6% of the base salary amount, in fiscal year 2012. Employee contributions amounted to $948,236 in fiscal year 2012, or approximately 6.2% of the base salary amount.

Note 13. Commitments

At June 30, 2012, unexpended funds held by the Authority in the form of cash and investments amounting to $29,423,047 in the Multifamily Initiative Bond accounts were identified for the purpose of constructing and rehabbing properties. At June 30, 2012, bond proceeds held by the Authority in the form of cash and investments amounting to $179,000,000 in the Homeowner Mortgage Revenue Bond accounts were identified for the purpose of making various mortgage loans.

At June 30, 2012, the Authority had authorized loans and grants totaling $15,734,755 for the Illinois Affordable Housing Trust Fund.

Under the HOME Program, $457.2 million and $24.8 million for federal fiscal years 1992 through 2010 and 2012, respectively, have been allocated to the State, 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, 2012, the Authority had authorized loans and grants totaling $33,989,849 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, 2007 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 and in fiscal year 1994 for the 1993 Series A and B Bonds, and are recorded as other income of the Administrative Fund. At June 30, 2012, loans receivable under this program were approximately $31.5 million.

Note 14. Special Item

During fiscal year 2012, the ownership interest in a foreclosed property was transferred to the Mortgage Loan Program Fund in the amount of $6,307,176. Title to this property and this ownership interest amount was subsequently transferred to the LLC.

Note 15. Subsequent Events

On August 16, 2012, the Authority issued three series of bonds totaling $12,000,000 to finance the acquisition and rehabilitation of Woodlawn Six Apartments. The bonds are special limited obligations and not general obligations of the Authority. Series A bonds are secured with a credit enhancement from Freddie Mac, Series B bonds are secured with equity and Series C bonds are secured with a note.

On September 25, 2012 the Authority created IHDA Dispositions LLC (the Company), a member-managed limited liability company under the Illinois Limited Liability Company Act. The Company was organized by, and is a component unit of, the Illinois Housing Development Authority (Authority), a body politic and corporate of the State of Illinois. The sole member of the Company is the Authority. To the extent provided by the Illinois Limited Liability Company Act, the Authority's liability is limited.

The purpose of the Company is to maintain, improve and dispose of properties acquired through foreclosure or deed-in-lieu of foreclosure that are owned by single asset entity LLC's of which IHDA Dispositions LLC will be the sole member. On September 25, 2012 IHDA Dispositions 2012-1 LLC was created and took title to Kankakee Scattered Sites on October 15, 2012. The Authority's interest in Illinois Housing Authority, LLC which owns Marywood Apartment Homes (Marywood) was transferred to IHDA Dispositions LLC on December 5, 2012.

On October 31, 2012, the Authority issued bonds under a stand-alone indenture in the amount of $8,000,000. Proceeds from the bonds were used to finance the acquisition and rehabilitation of Phoenix Tower Apartments. The bonds are special limited obligations and not general obligations of the Authority. The bonds are secured by direct obligations of the United States Government.

On November 27, 2012, the Authority anticipates an issuance of bonds under a stand-alone indenture in the amount of $40,863,097. Proceeds from the bonds will be used to provide funds for first-time homebuyers under its Single Family Program. The bonds are limited obligations and not general obligations of the Authority. The bonds will be secured with Fannie Mae mortgage-backed securities and Ginnie Mae certificates.

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

Combining Balance Sheet
June 30, 2012

	Neighborhood Stabilization Program Fund	Foreclosure Prevention Program Fund	Community Development Block Grant Fund	Total
Assets:				
Current Assets:				
Cash	$ 159,088	$ 2,854,306	$ -	$ 3,013,394
Grant receivable	757,236	281,038	138,747	1,177,021
Total current assets	916,324	3,135,344	138,747	4,190,415
Total assets	$ 916,324	$ 3,135,344	$ 138,747	$ 4,190,415
Liabilities and Fund Balances:				
Current liabilities:				
Due to other funds	$ 757,189	$ 281,038	$ 138,747	$ 1,176,974
Total current liabilities	757,189	281,038	138,747	1,176,974
Fund balances:				
Restricted	159,135	2,854,306	-	3,013,441
Total fund balances	159,135	2,854,306	-	3,013,441
Total liabilities and fund balances	$ 916,324	$ 3,135,344	$ 138,747	$ 4,190,415

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, 2012

	Neighborhood Stabilization Program Fund	Foreclosure Prevention Program Fund	Community Development Block Grant Fund	Total
Revenues:				
Grant from State of Illinois	$ -	$ 3,970,629	$ -	$ 3,970,629
Federal funds	11,083,585	-	415,771	11,499,356
Interest and investment income	919,746	-	-	919,746
Total revenues	12,003,331	3,970,629	415,771	16,389,731
Expenditures:				
Grants	10,550,440	835,285	46,664	11,432,389
General and administrative	1,335,202	281,038	369,107	1,985,347
Total expenditures	11,885,642	1,116,323	415,771	13,417,736
Net change in fund balances	117,689	2,854,306	-	2,971,995
Fund balances at beginning of year	41,446	-	-	41,446
Fund balances at end of year	$ 159,135	$ 2,854,306	$ -	$ 3,013,441

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the State of Illinois)
Mortgage Loan Program Fund

Combining Schedule of Net Assets
June 30, 2012

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Housing Revenue Bonds (Marywood)	Multifamily Bonds (Turnberry)	Affordable Housing Program Trust Fund Bonds	Total
Assets:						
Current assets:						
Cash and cash equivalents	$ 3,160,392	$ 32,982,693	$ -	$ 261,337	$ 13,553,657	$ 49,958,079
Investment income receivable – restricted	161,794	-	-	-	3,340	165,134
Program loans receivable	18,208,673	4,845,192	-	61,109	3,268,174	26,383,148
Interest receivable on program loans	991,410	250,075	-	22,098	119,960	1,383,543
Due from other funds	14,310,611	-	-	21,940	-	14,332,551
Total current assets	36,832,880	38,077,960	-	366,484	16,945,131	92,222,455
Noncurrent assets:						
Investments – restricted	131,110,427	-	-	-	16,763,994	147,874,421
Program loans receivable, net of current portion	398,301,038	45,933,501	15,039,073	4,887,499	39,008,698	503,169,809
Less allowance for estimated losses	(5,780,903)	(17,659)	(6,711,970)	(49,485)	(4,172,027)	(16,732,044)
Net program loans receivable	392,520,135	45,915,842	8,327,103	4,838,014	34,836,671	486,437,765
Unamortized bond issuance costs	2,188,170	1,801,274	-	-	2,329,194	6,318,638
Real estate held for sale, net	108,461	-	-	-	-	108,461
Due from Fannie Mae	-	84,177,143	-	-	-	84,177,143
Due from Freddie Mac	-	7,759,547	-	-	-	7,759,547
Capital assets, net	26,502,696	-	-	-	-	26,502,696
Derivative instrument asset	107,270	-	-	-	-	107,270
Other	179,663	-	-	-	25,064	204,727
Total noncurrent assets	552,716,822	139,653,806	8,327,103	4,838,014	53,954,923	759,490,668
Total assets	589,549,702	177,731,766	8,327,103	5,204,498	70,900,054	851,713,123
Liabilities:						
Current liabilities:						
Bonds and notes payable	16,085,000	8,530,000	-	70,000	2,950,000	27,635,000
Accrued interest payable	7,736,850	1,628,987	469,291	76,638	292,512	10,204,278
Deferred revenue	307,104	-	-	-	-	307,104
Accrued liabilities and other	319,534	401,576	-	-	147,663	868,773
Due to other funds	3,193,017	47,703	1,149,302	5,759	18,075	4,413,856
Total current liabilities	27,641,505	10,608,266	1,618,593	152,397	3,408,250	43,429,011
Noncurrent liabilities:						
Bonds and notes payable, net of current portion	354,946,307	166,130,000	14,884,996	4,865,000	54,340,000	595,166,303
Deferred inflows of resources	107,270	-	-	-	-	107,270
Total noncurrent liabilities	355,053,577	166,130,000	14,884,996	4,865,000	54,340,000	595,273,573
Total liabilities	382,695,082	176,738,266	16,503,589	5,017,397	57,748,250	638,702,584
Net assets:						
Invested in capital assets, net of related debt	(6,782,304)	-	-	-	-	(6,782,304)
Restricted for bond resolution purposes	213,636,924	993,500	-	187,101	13,151,804	227,969,329
Unrestricted	-	-	(8,176,486)	-	-	(8,176,486)
Total net assets	$ 206,854,620	$ 993,500	$ (8,176,486)	$ 187,101	$ 13,151,804	$ 213,010,539

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 Assets
Year ended June 30, 2012

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Housing Revenue Bonds (Marywood)	Multifamily Bonds (Turnberry)	Affordable Housing Program Trust Fund Bonds	Total
Operating revenues:						
Interest and other investment income	$ 889,639	$ 5,302	$ -	$ 29	$ 80,160	$ 975,130
Net increase (decrease) in fair value of investments	564,331	324	-	(25)	(60,021)	504,609
Total investment income	1,453,970	5,626	-	4	20,139	1,479,739
Interest earned on program loans	22,146,776	2,390,415	628,635	254,815	1,079,679	26,500,320
Federal assistance programs	3,855,065	-	-	-	-	3,855,065
Other	5,528,076	1,208	-	-	-	5,529,284
Total operating revenues	32,983,887	2,397,249	628,635	254,819	1,099,818	37,364,408
Operating expenses:						
Interest expense	17,559,102	1,949,826	744,249	231,038	3,879,933	24,364,148
Federal assistance programs	3,855,065	-	-	-	-	3,855,065
Other general and administration	-	269,826	-	-	-	269,826
Financing costs	628,645	21,706	-	4,003	98,985	753,339
Program grants	-	-	-	-	1,287,902	1,287,902
Provision for (reversal of) estimated losses on program loans receivable	(429,379)	4,660	2,605,396	(251,480)	(7,435)	1,921,762
Total operating expenses	21,613,433	2,246,018	3,349,645	(16,439)	5,259,385	32,452,042
Operating income (loss)	11,370,454	151,231	(2,721,010)	271,258	(4,159,567)	4,912,366
Special item - foreclosed property	-	-	6,307,176	-	-	6,307,176
Transfers in	-	-	-	-	5,200,000	5,200,000
Transfers out	-	-	(6,307,176)	-	-	(6,307,176)
Total transfers and special item	-	-	-	-	5,200,000	5,200,000
Change in net assets	11,370,454	151,231	(2,721,010)	271,258	1,040,433	10,112,366
Net assets at beginning of year	195,484,166	842,269	(5,455,476)	(84,157)	12,111,371	202,898,173
Net assets at end of year	$ 206,854,620	$ 993,500	$ (8,176,486)	$ 187,101	$ 13,151,804	$ 213,010,539

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, 2012

	Housing Bonds	Multifamily Initiative Bonds	Multifamily Housing Revenue Bonds (Marywood)	Multifamily Bonds (Turnberry)	Affordable Housing Program Trust Fund Bonds	Total
Cash flows from operating activities:						
Receipts for program loans, interest and service fees	$ 52,650,396	$ 11,864,379	$ 628,635	$ 356,387	$ 1,192,098	$ 66,691,895
Receipts for real estate held for sale	13,063	-	-	-	-	13,063
Payments for program loans	(1,079,490)	(28,893,332)	-	-	-	(29,972,822)
Receipts for federal assistance programs	3,855,065	-	-	-	-	3,855,065
Payments for federal assistance programs	(3,855,065)	-	-	-	-	(3,855,065)
Payments for credit enhancements	-	(91,936,690)	-	-	-	(91,936,690)
Payments to suppliers	(1,176,685)	(180,388)	-	(4,003)	(98,985)	(1,460,061)
Payments for program grants	-	-	-	-	(1,287,902)	(1,287,902)
Other receipts	5,528,076	-	-	-	-	5,528,076
Net cash provided by (used in) operating activities	55,935,360	(109,146,031)	628,635	352,384	(194,789)	(52,424,441)
Cash flows from noncapital financing activities:						
Proceeds from sale of revenue bonds and notes	-	121,550,000	-	-	-	121,550,000
Principal paid on revenue bonds and notes	(32,814,247)	(130,970,000)	-	(60,000)	(2,765,000)	(166,609,247)
Interest paid on revenue bonds and notes	(17,961,559)	(2,489,621)	(744,250)	(231,936)	(3,625,641)	(25,053,007)
Due to other funds	132,178	33,589	115,615	(5,367)	(3,688)	272,327
Transfers in	-	-	-	-	5,200,000	5,200,000
Net cash used in noncapital financing activities	(50,643,628)	(11,876,032)	(628,635)	(297,303)	(1,194,329)	(64,639,927)
Cash flows from capital financing and related activities:						
Acquisition of capital assets	(289,006)	-	-	-	-	(289,006)
Cash flows from investing activities:						
Purchase of investment securities	(255,303,131)	(391,795,514)	-	-	(92,036,293)	(739,134,938)
Proceeds from sales and maturities of investment securities	249,516,894	515,601,869	-	128,994	106,410,118	871,657,875
Interest received on investments	1,444,413	5,874	-	4	71,205	1,521,496
Net cash provided by (used in) investing activities	(4,341,824)	123,812,229	-	128,998	14,445,030	134,044,433
Net increase in cash and equivalents	660,902	2,790,166	-	184,079	13,055,912	16,691,059
Cash and cash equivalents at beginning of year	2,499,490	30,192,527	-	77,258	497,745	33,267,020
Cash and cash equivalents at end of year	$ 3,160,392	$ 32,982,693	$ -	$ 261,337	$ 13,553,657	$ 49,958,079
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ 11,370,454	$ 151,231	$ (2,721,010)	$ 271,258	$ (4,159,567)	$ 4,912,366
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Investment income	(1,453,970)	(5,626)		(4)	(20,139)	(1,479,739)
Interest expense	17,559,102	1,949,826	744,249	231,038	3,879,933	24,364,148
Depreciation and amortization	800,000	-	-	-	-	800,000
Provision for (reversal of) estimated losses on program loans receivable	(429,379)	4,660	2,605,396	(251,480)	(7,435)	1,921,762
Changes in assets and liabilities:						
Program loans receivable	28,618,257	(19,383,022)	-	67,475	44,694	9,347,404
Interest receivable on program loans	(21,401)	(37,552)	-	34,097	38,054	13,198
Other liabilities	(868,377)	111,142	-	-	-	(757,235)
Other assets	360,674	-	-	-	29,671	390,345
Due from Fannie Mae	-	(84,177,143)	-	-	-	(84,177,143)
Due from Freddie Mac	-	(7,759,547)	-	-	-	(7,759,547)
Total adjustments	44,564,906	(109,297,262)	3,349,645	81,126	3,964,778	(57,336,807)
Net cash provided by (used in) operating activities	$ 55,935,360	$ (109,146,031)	$ 628,635	$ 352,384	$ (194,789)	$ (52,424,441)
Noncash investing, capital and financing activities:						
Transfer of foreclosed assets	$ 70,994	$ -	$ -	$ -	$ -	$ 70,994
The fair value of investments increased (decreased)	$ 949,227	$ 725	$ -	$ (27)	$ 21,186	$ 971,111

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the State of Illinois)
Single Family Program Fund

Combining Schedule of Net Assets
June 30, 2012

	Homeowner Mortgage Revenue Bonds	Residential Mortgage Revenue Bonds	Housing Revenue Bonds	Total
Assets:				
Current assets:				
Cash and cash equivalents	$ 15,149,324	$ 761	$ 348,372	$ 15,498,457
Investment income receivable – restricted	319,580	8,445	232,140	560,165
Program loans receivable	13,670,857	-	-	13,670,857
Interest receivable on program loans	2,162,392	-	-	2,162,392
Due from other funds	351,293	-	-	351,293
Total current assets	31,653,446	9,206	580,512	32,243,164
Noncurrent assets:				
Investments – restricted	348,243,780	450,987	70,791,120	419,485,887
Program loans receivable, net of current portion	493,942,436	-	-	493,942,436
Less allowance for estimated losses	(12,645,516)	-	-	(12,645,516)
Net program loans receivable	481,296,920	-	-	481,296,920
Unamortized bond issuance costs	4,529,185	-	800,165	5,329,350
Real estate held for sale, net	11,522,315	-	-	11,522,315
Deferred outflow of resources	3,182,942	-	-	3,182,942
Other	8,767,963	-	-	8,767,963
Total noncurrent assets	857,543,105	450,987	71,591,285	929,585,377
Total assets	889,196,551	460,193	72,171,797	961,828,541
Liabilities:				
Current liabilities:				
Bonds and notes payable	209,525,000	-	1,053,206	210,578,206
Accrued interest payable	11,602,916	10,115	332,311	11,945,342
Accrued liabilities and other	1,158,292	-	12,117	1,170,409
Due to other funds	439,648	-	-	439,648
Total current liabilities	222,725,856	10,115	1,397,634	224,133,605
Noncurrent liabilities:				
Bonds and notes payable, net of current portion	585,970,471	314,089	64,088,063	650,372,623
Derivative instrument liability	3,182,942	-	-	3,182,942
Total noncurrent liabilities	589,153,413	314,089	64,088,063	653,555,565
Total liabilities	811,879,269	324,204	65,485,697	877,689,170
Net assets:				
Restricted for bond resolution purposes	77,317,282	135,989	6,686,100	84,139,371
Total net assets	$ 77,317,282	$ 135,989	$ 6,686,100	$ 84,139,371

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 Assets
Year ended June 30, 2012

	Homeowner Mortgage Revenue Bonds	Residential Mortgage Revenue Bonds	Housing Revenue Bonds	Total
Operating revenues:				
Interest and other investment income	$ 2,658,727	$ 20,527	$ 2,139,618	$ 4,818,872
Net increase (decrease) in fair value of investments	546,002	(24)	5,563,219	6,109,197
Total investment income	3,204,729	20,503	7,702,837	10,928,069
Interest earned on program loans	26,532,212	-	-	26,532,212
Total operating revenues	29,736,941	20,503	7,702,837	37,460,281
Operating expenses:				
Interest expense	30,843,745	25,694	1,589,488	32,458,927
Other general and administrative	1,251,738	-	-	1,251,738
Financing costs	2,179,803	-	113,673	2,293,476
Program Grants	2,071,098	-	150,149	2,221,247
Provision for estimated losses on program loans receivable	9,590,081	-	-	9,590,081
Total operating expenses	45,936,465	25,694	1,853,310	47,815,469
Operating income (loss)	(16,199,524)	(5,191)	5,849,527	(10,355,188)
Transfers in	32,761	-	845,409	878,170
Transfers out	-	-	(8,836)	(8,836)
Total transfers	32,761	-	836,573	869,334
Change in net assets	(16,166,763)	(5,191)	6,686,100	(9,485,854)
Net assets at beginning of year	93,484,045	141,180	-	93,625,225
Net assets at end of year	$ 77,317,282	$ 135,989	$ 6,686,100	$ 84,139,371

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, 2012

	Homeowner Mortgage Revenue Bonds	Residential Mortgage Revenue Bonds	Housing Revenue Bonds	Total
Cash flows from operating activities:				
Receipts for program loans, interest and service fees	$ 101,145,047	$ -	$ -	$ 101,145,047
Payments for program grants	(2,071,098)	-	(150,149)	(2,221,247)
Receipts for real estate held for sale	2,456,770	-	-	2,456,770
Payments to suppliers	(3,253,766)	-	(101,556)	(3,355,322)
Net cash provided by (used in) operating activities	98,276,953	-	(251,705)	98,025,248
Cash flows from noncapital financing activities:				
Proceeds from sale of revenue bonds and notes	-	1,419	67,807,826	67,809,245
Principal paid on revenue bonds and notes	(96,914,704)	-	(2,666,557)	(99,581,261)
Interest paid on revenue bonds and notes	(30,760,866)	(25,694)	(2,057,342)	(32,843,902)
Due to other funds	(267,408)	-	-	(267,408)
Transfers in	32,761	-	845,409	878,170
Transfers out	-	-	(8,836)	(8,836)
Net cash provided by (used in) noncapital financing activities	(127,910,217)	(24,275)	63,920,500	(64,013,992)
Cash flows from investing activities:				
Purchase of investment securities	(2,790,266,187)	(303,904)	(73,403,381)	(2,863,973,472)
Proceeds from sales and maturities of investment securities	2,820,482,118	307,915	2,612,261	2,823,402,294
Interest received on investments	3,314,431	20,446	7,470,697	10,805,574
Net cash provided by (used in) investing activities	33,530,362	24,457	(63,320,423)	(29,765,604)
Net increase in cash and cash equivalents	3,897,098	182	348,372	4,245,652
Cash and cash equivalents at beginning of year	11,252,226	579	-	11,252,805
Cash and cash equivalents at end of year	$ 15,149,324	$ 761	$ 348,372	$ 15,498,457
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (16,199,524)	$ (5,191)	$ 5,849,527	$ (10,355,188)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Investment income	(3,204,729)	(20,503)	(7,702,837)	(10,928,069)
Interest expense	30,843,745	25,694	1,589,488	32,458,927
Reversal of estimated losses on real estate held for sale	(773,197)	-	-	(773,197)
Provision for estimated losses on program loans receivable	10,363,278	-	-	10,363,278
Changes in assets and liabilities:				
Program loans receivable	78,383,735	-	-	78,383,735
Interest receivable on program loans	643,725	-	-	643,725
Other liabilities	777,070	-	12,117	789,187
Other assets	(2,557,150)	-	-	(2,557,150)
Total adjustments	114,476,477	5,191	(6,101,232)	108,380,436
Net cash provided by (used in) operating activities	$ 98,276,953	$ -	$ (251,705)	$ 98,025,248
Noncash investing, capital and financing activities:				
Transfer of foreclosed assets	$ 5,125,859	$ -	$ -	$ 5,125,859
The fair value of investments increased (decreased)	$ (1,447,860)	$ (24)	$ 5,563,219	$ 4,115,335